

7/6/93
DATE

5.
AGENDA ITEM #

() APPROVED () DENIED
() CONTINUED TO _____

To: RICHARD J. RAMIREZ, EXECUTIVE DIRECTOR

From: ROGER ELKIN, ECONOMIC DEVELOPMENT MANAGER *ME*

Subject: WOODLAND PLAZA II, OWNER PARTICIPATION AGREEMENT: JOINT MEETING OF THE CITY COUNCIL AND THE REDEVELOPMENT AGENCY

Date: JULY 6, 1993

Needs: For the Redevelopment Agency of the City of El Paso de Robles to consider a request by Woodland Plaza II and the Richard J. Woodland and Patricia D. Woodland Trust for Agency participation in the Woodland Plaza II development.

Facts:

1. On December 22, 1993, the Planning Commission adopted resolutions PC 92-072, PC 92-073, PC 92-074 and PC 92-075 approving the Environmental Findings, Planned Development, Conditional Use Permit and Parcel Map regarding the proposed regional shopping center development at the southwest corner of Niblick and South River Roads (known as Woodland Plaza II); on January 19, 1993 the City Council adopted resolutions CC 93-09, CC 93-10, CC 93-11 and CC 93-12 upholding the Planning Commission's actions.
2. The proposed request for participation is consistent with the Redevelopment Plan in that the improvements will be of primary benefit to the Project Area. Further, the improvements are regional in nature and benefit areas not only outside the project area, but outside the corporate city limits.
3. Given the regional benefits associated with the improvements and their costs, the development project could not reasonably absorb the costs of the improvements without public assistance.
4. On June 1, 1993 the Redevelopment Agency adopted Resolution No. RA 93-03 authorizing execution of a Memorandum of Understanding (MOU) between the Agency and the developer. The MOU set forth the status of the negotiations at that point; the proposed Owner Participation Agreement (OPA), if executed, would supercede the MOU and would set forth the specific agreement between the Agency and the Developer.
5. The proposed OPA specifies the following:
 - a. City/Agency contribution of \$1.6 million toward offsite improvements required as a part of Phase 1.
 - b. Agency support for the creation of a Community Facilities District (Mello-Roos) to fund a \$2 million contribution toward the Niblick Bridge, Lanes 3 & 4 and other off-site improvements required by Phases 2 and 3.

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- c. A commitment by the Agency of the Tax Increment generated by the Retail Center project to help pay debt service on the Mello-Roos District bonds (except the 20% setaside for housing and amounts paid to certain taxing entities), if Phase 2 is begun within first (5) years 2 and if Phase 3 is begun within six (6) years from the date of the execution of the Owner Participation Agreement.
- d. A contribution by the Participant of \$35,000 to the Paso Robles Main Street Program at the time of opening of the Wal Mart store; an annual contribution to Main Street of \$6,500 for ten years with the occupancy of Phase 2; and an annual contribution of \$3,500 with the occupancy of Phase 3 (for up to ten years, beginning at the time of occupancy of Phase 2).
- e. The Agency will receive in a minimum of 25% of the "Net Proceeds of Sale" of Phase 3 on a preferred basis to any return to Participant.

**Analysis and
Conclusion:**

Financial participation by the Agency in the Woodland Plaza II project is limited to off-site improvements required by the City and adopted as Conditions of Approval within Resolution No. CC 93-10 approving Planned Development 91010. Agency participation in financing or funding of the required improvements is consistent with the Redevelopment Plan, adopted November 30, 1987. Specifically, Section 100.00 of the Plan states that the Agency will undertake activities which address the "inadequate street lighting, lack of curbs and gutters," and "the need for additional public and private utilities in order to accommodate the development of properties within the Project Area boundaries, including the need for additional storm drain facilities and infrastructure". The off-site improvements to be funded by the Agency through the proposed Agreement are all of a primary benefit to the Project Area and are either in the Project Area or are in the immediate vicinity of the Project Area. The Agency has also determined that, regarding the off-site improvements, there are no other reasonable means of financing available to the community.

Policy

Reference: Redevelopment Plan, Paso Robles Redevelopment Project Area, adopted November 30, 1987: Section 100.00
Land Use Element, City of El Paso de Robles General Plan, amended August 6, 1991:
Policy COM-8: Regional Commercial
Economic Strategy of the City of El Paso de Robles: Commercial

Fiscal

Impact:

Approval of the OPA will have the following financial impacts on the City/Agency:

1. A "one time" expenditure of \$1.6 million dollars of City/Agency resources for offsite public improvements. The Agency will be required to borrow these monies from the City or a private source.

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2. The City will receive \$220,000 in building inspection and development impact fees for the Wal Mart store.
3. In the first year following completion of the Wal Mart store, the City is likely to receive a minimum of \$210,000 in increased sales tax.
4. In the first year following completion of the Wal Mart store, the Agency is likely to receive \$90,000 of increased tax increment.
5. Development of Phase 1 will create approximately 200 retail jobs and 50 to 75 construction jobs in the Project Area.

Options:

1. That Agency adopt Resolution No. 93-_____ Authorizing the Chairman and the Secretary to execute an Owner Participation Agreement by and among the Redevelopment Agency of El Paso de Robles, Woodland Plaza II and Richard J. Woodland and Patricia D. Woodland, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust.

And that the City Council adopt Resolution No. 93-_____ Authorizing the Mayor and City Clerk to execute an Owner Participation Agreement by and among the Redevelopment Agency of El Paso de Robles, Woodland Plaza II and Richard J. Woodland and Patricia D. Woodland, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust.

2. Amend, reject or modify the above option(s).

AGENCY RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES APPROVING AND AUTHORIZING EXECUTION OF AN OWNER PARTICIPATION AGREEMENT BETWEEN THE AGENCY AND WOODLAND PLAZA II, AND MAKING FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH AND APPROVING AND AUTHORIZING RELATED ACTIONS

WHEREAS, the Redevelopment Agency of the City of El Paso de Robles (the "Agency") is carrying out the Redevelopment Plan (the "Redevelopment Plan"); for the Paso Robles Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, in 1992, the City of El Paso de Robles (the "City") received an application from Halferty Development Company ("Halferty") for the development in phases of a regional shopping center (the "Retail Center") on certain real property consisting of approximately 39 acres (the "Site") located within the boundaries of the Redevelopment Project (the "Project Area"); and

WHEREAS, on August 8, 1992, the Planning Commission of the City (the "Planning Commission") adopted Resolution PC 92-049, certifying the completion and adequacy of the Final EIR regarding the proposed Regional Center, and on October 6, 1992, the City Council adopted Resolution CC 92-163 upholding the Planning Commission's action; and

WHEREAS, on November 10, 1992, the Planning Commission recommended approval of a proposed rezoning of the Site to accommodate development of the Retail Center project, and on December 1, 1992, the City Council adopted Ordinance 648 N.S. amending the municipal zoning code and approving such rezoning; and

WHEREAS, on December 22, 1993, the Planning Commission adopted Resolutions PC 92-072, PC 92-073, PC 92-074 and PC 92-075, approving the environmental findings, planned development, conditional use permit and parcel map regarding the proposed Retail Center, and on January 19, 1993, the City Council adopted Resolutions CC 93-09, CC 93-10, CC 93-11 and CC 93-12 upholding the Planning Commission's actions; and

WHEREAS, Halferty submitted a request to the Agency for assistance in financing the costs for construction of certain related regional public infrastructure improvements (the "Public Infrastructure Improvements") to be provided as part of the Retail Center project;

WHEREAS, the Agency entered into a Memorandum of Understanding, dated _____, 1993, with Woodland Plaza II, a California general partnership, whose general partners are (i) Halferty, (ii) James L. Halferty, an individual, and (iii) Richard J. Woodland and Patricia D. Woodland, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust (collectively, the "Participant"), which set forth the status of negotiations between the Agency and Participant regarding preparation of an owner participation agreement relating to development of the Retail Center project and assistance from the Agency in financing the Public Infrastructure Improvements; and

WHEREAS, in furtherance of the MOU, the Agency and the Participant have prepared a proposed owner participation agreement (the "OPA") to be entered into by the Agency and the Participant providing for the development of the Regional Center and the Public Infrastructure Improvements relating thereto in accordance with the previous approvals of the City Council and Planning Commission relating to development of the Retail Center project; and

WHEREAS, pursuant to Sections 33421 and 33421.1 of the Community Redevelopment Law, the Agency is authorized, with the consent of the City Council, to develop a site for industrial or commercial use so as to provide streets, sidewalks, utilities or other improvements which an owner or operator of the site would otherwise be obliged to provide; and

WHEREAS, pursuant to Section 33445 of the Community Redevelopment Law, the Agency is authorized, with the consent of the City Council, to pay all or any part of the value of and the cost of installation and construction of any building, facility, structure or other improvement which is publicly owned either within or without the Project Area upon a determination by the City Council that such building, facility, structure or other improvement is of benefit to the Project Area or the immediate area in which the Project is located, and that no other reasonable means of financing such building, facility, structure or other improvement is available to the community;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The proposed OPA is hereby approved substantially in the form on file with the Agency Secretary and the Chairman and Secretary of the Agency are authorized to complete and execute the OPA on behalf of the Agency, subject to such minor, technical and clarifying changes as the Executive Director and Agency Counsel shall determine are necessary or appropriate. The Executive Director of the Agency is hereby authorized and directed to do all other acts and execute all other documents which are necessary or appropriate to carry out the purposes and authority of this Resolution.

Section 2. The OPA provides for Agency financial assistance to the Participant to reimburse the Participant for certain costs, and to assist the

Participant in establishing a financing mechanism, through formation of a Mello-Roos Financing District or other similar financing district, in connection with specified Public Infrastructure Improvements to be provided by the Participant in connection with the development of the Retail Center. The Agency hereby finds and determines:

(a) That such financial assistance by the Agency is fair and reasonable and that without such financial assistance the Retail Center could not be developed by the Participant on economically feasible terms and, consequently, would not be developed by the Participant;

(b) That the Public Infrastructure Improvements, including the Mello-Roos Improvements and the Additional Improvements (as defined in the OPA), in which costs the Agency is participating are of benefit to the project area or the immediate neighborhood in which the project is located and that no other reasonable means of financing the costs of the Public Infrastructure Improvements is available to the community; and

(c) That the provision of streets, sidewalks, utilities or other improvements by the Agency, in whole or in part, for the development of the Retail Center is necessary to effectuate the purpose of the Redevelopment Plan, and the Agency is authorized, with the consent of the City Council, to provide such improvements.

Section 3. The Agency has fully considered the Final EIR for the Retail Center project and the findings and determinations, and statements of overriding considerations contained in the previous approvals relating to the Retail Center project, identified above in the third, fourth and fifth paragraphs of this Resolution (collectively, the "Previous Approvals"), and has determined that no subsequent changes are proposed in the Retail Center project and no substantial changes have occurred with respect to the circumstances under which the Retail Center project is to be undertaken and no information of substantial importance has become available which will require revisions to the Final EIR due to the involvement of new significant environmental impacts or new information of substantial importance not previously considered in the Final EIR or in the Previous Approvals relating to the Retail Center project, and that no subsequent or supplemental EIR is necessary or required; and that the proposed OPA will have no significant environmental impacts except as identified and considered in the Final EIR and the Previous Approvals relating to the Retail Center project. The Agency hereby further approves and adopts and incorporates herein the findings, determinations, conditions of approval and statements of overriding considerations contained in Planning Commission Resolutions PC 92-072, PC 92-073, PC 92-074 and PC 92-075, adopted on December 22, 1993, and City Council Resolutions CC 93-09, CC 93-10, CC 93-11 and CC 93-12, adopted on January 19, 1993, approving the environmental findings, planned development, conditional use permit and parcel map relating to the Retail

Center project, and Ordinance 648 N.S., approving the rezoning of the Site. The Agency further finds that all mitigation measures and conditions of approval included in such Previous Approvals have been incorporated in the project set forth in the OPA.

Section 4. The approvals and findings contained in this Resolution are based on the proposed OPA and documents and testimony submitted in connection therewith, and on all prior actions and approvals of the City of El Paso de Robles with respect to the approval of the Retail Center project, and actions in implementation thereof, all of which are incorporated by reference into the record before the Agency.

PASSED AND ADOPTED the _____ day of _____, 1993, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

ATTEST:

Secretary

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COUNCIL RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING AND AUTHORIZING EXECUTION OF AN OWNER PARTICIPATION AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES AND WOODLAND PLAZA II, AND MAKING FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH AND APPROVING AND AUTHORIZING RELATED ACTIONS

WHEREAS, the Redevelopment Agency of the City of El Paso de Robles (the "Agency") is carrying out the Redevelopment Plan (the "Redevelopment Plan"); for the Paso Robles Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, in 1992, the City of El Paso de Robles (the "City") received an application from Halferty Development Company ("Halferty") for the development in phases of a regional shopping center (the "Retail Center") on certain real property consisting of approximately 39 acres (the "Site") located within the boundaries of the Redevelopment Project (the "Project Area"); and

WHEREAS, on August 8, 1992, the Planning Commission of the City (the "Planning Commission") adopted Resolution PC 92-049, certifying the completion and adequacy of the Final EIR regarding the proposed Regional Center, and on October 6, 1992, the City Council adopted Resolution CC 92-163 upholding the Planning Commission's action; and

WHEREAS, on November 10, 1992, the Planning Commission recommended approval of a proposed rezoning of the Site to accommodate development of the Retail Center project, and on December 1, 1992, the City Council adopted Ordinance 648 N.S. amending the municipal zoning code and approving such rezoning; and

WHEREAS, on December 22, 1993, the Planning Commission adopted Resolutions PC 92-072, PC 92-073, PC 92-074 and PC 92-075, approving the environmental findings, planned development, conditional use permit and parcel map regarding the proposed Retail Center, and on January 19, 1993, the City Council adopted Resolutions CC 93-09, CC 93-10, CC 93-11 and CC 93-12 upholding the Planning Commission's actions; and

WHEREAS, Halferty submitted a request to the Agency for assistance in financing the costs for construction of certain related regional public infrastructure improvements (the "Public Infrastructure Improvements") to be provided as part of the Retail Center project;

Mello-Roos Financing District or other similar financing district, in connection with specified Public Infrastructure Improvements to be provided by the Participant in connection with the development of the Retail Center. The City Council hereby finds and determines:

(a) That such financial assistance by the Agency is fair and reasonable and that without such financial assistance the Retail Center could not be developed by the Participant on economically feasible terms and, consequently, would not be developed by the Participant;

(b) That the Public Infrastructure Improvements, including the Mello-Roos Improvements and the Additional Improvements (as defined in the OPA), in which costs the Agency is participating are of benefit to the project area or the immediate neighborhood in which the project is located and that no other reasonable means of financing the costs of the Public Infrastructure Improvements is available to the community; and

(c) That the provision of streets, sidewalks, utilities or other improvements by the Agency, in whole or in part, for the development of the Retail Center is necessary to effectuate the purpose of the Redevelopment Plan, and the Agency is hereby authorized to provide such improvements.

Section 3. The City Council has fully considered the Final EIR for the Retail Center project and the findings and determinations and statements of overriding considerations contained in the previous approvals relating to the Retail Center project, identified above in the third, fourth and fifth paragraphs of this Resolution (collectively, the "Previous Approvals"), and has determined that no subsequent changes are proposed in the Retail Center project and no substantial changes have occurred with respect to the circumstances under which the Retail Center project is to be undertaken and no information of substantial importance has become available which will require revisions to the Final EIR due to the involvement of new significant environmental impacts or new information of substantial importance not previously considered in the Final EIR or in the Previous Approvals relating to the Retail Center project, and that no subsequent or supplemental EIR is necessary or required; and that the proposed OPA will have no significant environmental impacts except as identified and considered in the Final EIR and the Previous Approvals relating to the Retail Center project. The City Council hereby readopts and incorporates herein the findings, determinations and conditions of approval and statements of overriding considerations contained in Planning Commission Resolutions PC 92-072, PC 92-073, PC 92-074 and PC 92-075, adopted on December 22, 1993, and City Council Resolutions CC 93-09, CC 93-10, CC 93-11 and CC 93-12, adopted on January 19, 1993, approving the environmental findings, planned development, conditional use permit and parcel map relating to the Retail Center project, and Ordinance 648 N.S., approving the rezoning of the Site. The City Council further

finds that all mitigation measures and conditions of approval included in such Previous Approvals have been incorporated in the project set forth in the OPA.

Section 4. The approvals and findings contained in this Resolution are based on the proposed OPA and documents and testimony submitted in connection therewith, and on all prior actions and approvals of the City of El Paso de Robles with respect to the approval of the Retail Center project, and actions in implementation thereof, all of which are incorporated by reference into the record before the City Council.

PASSED AND ADOPTED the _____ day of _____, 1993, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

City Clerk

OWNER PARTICIPATION AGREEMENT

BY AND BETWEEN

**THE REDEVELOPMENT AGENCY
OF THE CITY OF EL PASO DE ROBLES**

AND

**WOODLAND PLAZA II,
a California general partnership**

and

**RICHARD J. WOODLAND
and
PATRICIA D. WOODLAND,
as Co-Trustees of the Richard J. Woodland
and Patricia D. Woodland Trust**

Paso Robles Redevelopment Project

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- | | |
|-------------------|--|
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OWNER PARTICIPATION AGREEMENT

THIS AGREEMENT is entered into as of the _____ day of _____, 1993, by and among the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES (hereinafter referred to as the "Agency") and WOODLAND PLAZA II, a California general partnership (the "Partnership"), and RICHARD J. WOODLAND and PATRICIA D. WOODLAND, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust ("Woodland"). The Partnership and Woodland are hereinafter collectively referred to as the "Participant". The Agency and the Participant agree as follows:

I. [§100] SUBJECT OF AGREEMENT

A. [§101] Purpose of this Agreement

The purpose of this Agreement is to effectuate the Redevelopment Plan (the "Redevelopment Plan") for the Paso Robles Redevelopment Project (the "Project") by providing for the improvement of certain real property (the "Site") and the construction of certain related Public Infrastructure Improvements (as defined and upon the terms set forth in this Agreement) included within the boundaries of the Project (the "Project Area"). The improvement of the Site and construction of the Public Infrastructure Improvements pursuant to this Agreement and the fulfillment generally of this Agreement are in the vital and best interests of the City of El Paso de Robles (the "City") and the health, safety, morals and welfare of its residents and in accordance with the public purposes and provisions of applicable federal, state and local laws and requirements. Implementation of this Agreement will further the goals and objectives of the Redevelopment Plan.

This Agreement provides a mechanism for the Agency to participate in a portion of the costs of certain off-site public improvements. Accordingly, this Agreement constitutes a contract, obligation and evidence of indebtedness within the meaning of Section 53511 of the California Government Code.

B. [§102] The Redevelopment Plan

This Agreement is subject to the provisions of the Redevelopment Plan which was approved and adopted by the City Council of the City of El Paso de Robles on November 30, 1987, by Ordinance No. 540 N.S. Said Redevelopment Plan, as it now exists and as it may be subsequently amended pursuant to the provisions of Section 601 of this Agreement, is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. [§103] The Project Area

The Project Area is located in the City of El Paso de Robles, California, and the exact boundaries of the Project Area are specifically described in the Redevelopment Plan.

D. [§104] The Site

The Site is that portion of the Project Area shown on the "Map of the Site," attached to this Agreement as Attachment No. 1 and incorporated herein by reference, and as more particularly described in the "Legal Description of the Site," attached hereto as Attachment No. 2 and incorporated herein by reference. The Site is composed of real property presently owned or controlled by the Participant.

As more fully set forth below in this Agreement and the Scope of Development attached hereto, the Site shall be developed as a retail shopping center in three (3) phases and include a minimum of three (3) major anchor tenants (including a Wal-Mart store), retail shops, restaurants, an automobile service station, parking and on-site and off-site public improvements (the "Retail Center").

E. [§105] Memorandum of Understanding

The parties previously have entered into a Memorandum of Understanding, dated _____, 1993, (the "MOU") which set forth the status of negotiations regarding an owner participation agreement. This Agreement is in furtherance of the MOU and supercedes and replaces the MOU in its entirety.

F. [§106] Objective of Agreement

The objective of this Agreement is to effectuate the parties' present intention with respect to the following: (a) provide for the development of the Site as a regional retail center, (b) provide for the development of the Site within the framework, and subject to the terms and conditions, of the Previous Approvals (as defined in Section 203 hereof), (c) establish a schedule for actions to be taken by the Participant and Agency with respect to the development of the Site and the construction of the Public Infrastructure Improvements (as defined in Section 204 hereof) in accordance with the rights and obligations of the parties as set forth herein, (d) provide a method whereby the Agency will make available certain financial assistance to the Participant in connection with the design and construction of the Additional Improvements (as defined in Section 204) and the Mello-Roos Improvements (as defined in Section 204), which, upon completion by Participant and acceptance by City, will become public improvements, (e) provide for the reimbursement by Participant of certain expenses incurred by the Agency in connection with the Retail Center, and (f) provide a mechanism for the Agency to participate in the Net Sales Proceeds (as defined in Section 605) realized in connection with Phase 3 of the Retail Center.

G. [§107] Parties to this Agreement

1. [§108] The Agency

The Agency is a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 *et seq.*).

The principal office of the Agency is located at 910 Park Street, Paso Robles, California 93446.

"Agency," as used in this Agreement, includes the Community Development Agency of the City of El Paso de Robles and any assignee of or successor to its rights, powers and responsibilities.

2. [§109] The Participant

The Participant consists of (a) Woodland Plaza II, a California general partnership (the "Partnership"), whose three (3) general partners are (i) Halferty Development Company, a California corporation ("Halferty"); (ii) Woodland; and (iii) James L. Halferty, an individual ("JLH"); and (b) Woodland. The Participant qualifies as an "owner participant" as that term is used in the Redevelopment Plan and the Community Redevelopment Law. Whenever the term "Participant" is used herein, such term shall include any permitted nominee, assignee or successor in interest as herein provided. The Partnership and Woodland collectively constitute the Participant under this Agreement and shall be jointly and severally liable for the performance of the obligations of the Participant hereunder.

The principal address of the Participant is c/o Halferty Development Company, 199 South Los Robles, Suite 660, Pasadena, CA 91101.

The principal address of Woodland is _____

The qualifications and identity of the Participant are of particular concern to the Agency, and it is because of such qualifications and identity that the Agency has entered into this Agreement with the Participant. No voluntary or involuntary successor in interest of the Participant shall acquire any rights or powers under this Agreement except as expressly permitted herein. Except as otherwise expressly permitted in this Section 109 and Sections 214 and 216 hereof, the Participant shall not assign all or any part of this Agreement without the prior written approval of the Agency, which approval, following the issuance of Mello-Roos Bonds (as defined in and issued in the manner set forth in Section VIII of the

Method of Financing, attached hereto as Attachment No. 7 and incorporated herein by reference) for those Mello-Roos Improvements associated with Phases 1 and 2, as described in the Scope of Development, attached hereto as Attachment No. 3 and incorporated herein by reference, shall not be unreasonably delayed or withheld.

The Participant shall promptly notify the Agency of any and all changes whatsoever in the identity of the parties in ownership, management or control of the Participant, except those that occur between the partners of the Partnership pursuant to the terms of its Partnership Agreement, dated _____ (the "Partnership Agreement"), or the addition of partners owning less than 49% of the Partnership in the aggregate. The Partnership agrees not to modify any provisions of its Partnership Agreement that would affect the management, ownership or control of the Partnership without the Agency's prior written consent, which consent shall not be unreasonably withheld. In the event of any significant change (as defined below) (voluntary or involuntary) in the ownership, management or control of Participant prior to the completion of the Retail Center, as evidenced by the issuance of a Certificate of Completion (as set forth in Section 221 hereof) for the applicable portion thereof, this Agreement shall remain in full force and effect, subject to the Agency's reasonable determination that the change would not materially impair or adversely affect the ability of Participant to fully satisfy the obligations of Participant under this Agreement. Such determination shall be made by the Agency in writing delivered to the Participant within thirty (30) days after receipt of notice of such change, and the failure of the Agency to make such determination in a timely manner shall be deemed a consent by the Agency of such change. The Participant shall provide the Agency with evidence reasonably satisfactory to the Agency detailing the persons or entities involved in such transfer in ownership or change in management or control of the Partnership, including their financial capabilities and their experience in the development and construction of retail centers similar to the Retail Center. A cumulative transfer of more than forty-nine percent (49%) ownership of the Partnership, or a material change in the management or control of the Participant shall, for the purpose of this Section 109, be deemed a significant change.

H. [§110] Relationship of Parties

It is understood that this Agreement is a contract that has been negotiated and voluntarily entered into by Agency and Participant and that Participant is an independent contractor and not the agent of Agency.

Agency and Participant hereby renounce the existence of any form of joint venture or partnership between them, and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making Agency and Participant joint venturers or partners.

I. [\$111] Reimbursement of Agency Expenses

Participant agrees to reimburse Agency for all actual, documented and reasonable expenses paid to third parties in connection with the development of the Retail Center in the amounts and at the times set forth as follows:

(a) Promptly after the execution of this Agreement by the Agency, Woodland shall execute a promissory note (the "Woodland Note") in favor of the Agency, in substantially the form attached hereto and incorporated herein as Attachment No. 11, evidencing its obligation to reimburse the Agency for its expenses paid to third parties in connection with the negotiation of the MOU and this Agreement; provided, however, that the amount of such reimbursement shall not exceed SIXTY-FIVE THOUSAND DOLLARS (\$65,000);

(b) Promptly after the close of escrow for sale of the Wal-Mart Parcel (as defined in Section 207 hereof) to Wal-Mart, the Participant shall reimburse Agency, out of the sale proceeds, for its expenses associated with the preparation of the Environmental Impact Report related to the Retail Center and the hiring of certain consultants associated with the formation of the Mello-Roos District (as set forth in the Method of Financing, Attachment No. 7) in accordance with the agreements with such consultants; and

(c) The remaining costs required to be incurred directly in connection with the issuance of the Mello-Roos Bonds shall be paid when the Mello-Roos Bonds are issued, with such bond costs not to exceed contract amounts approved by the Agency and accepted by the Participant prior to the preparation of the bond documents.

II. [\$200] IMPROVEMENT OF THE SITE

A. [\$201] Improvement of the Site by the Participant

1. [\$202] Scope of Development

The Participant agrees to develop the Site in three (3) phases as provided in the Scope of Development (Attachment No. 3) and in accordance with the Previous Approvals (as defined in Section 203 hereof).

2. [\$203] Previous Approvals

The Planning Commission of the City and the City Council have taken a number of actions regarding the proposed Retail Center (the "Previous Approvals"). The Previous Approvals are identified in Attachment No. 6 and incorporated herein by reference.

3. §204 Public Infrastructure Improvements

As required by the City pursuant to the Previous Approvals, concurrently with the development of the Retail Center (as described in the Scope of Development, Attachment No. 3), the Participant shall construct or cause the construction of certain off-site public infrastructure improvements (the "Public Infrastructure Improvements"). The Public Infrastructure Improvements consist of: (i) the Mello-Roos Improvements (as defined below); and (ii) the Additional Improvements (as defined below). The Public Infrastructure Improvements are to be installed as required by the applicable development for each Phase. As more fully set forth in the Method of Financing (Attachment No. 7), the Participant desires to finance the costs of the Mello-Roos Improvements by having the Agency or City issue and sell tax-exempt bonds (the "Mello-Roos Bonds") as defined and set forth in Section VIII of the Method of Financing (Attachment No. 7). A list of the improvements to be financed by the Mello-Roos Bonds is attached hereto as Attachment No. 8 and is incorporated herein by reference (the "Mello-Roos Improvements"). The costs of the Mello-Roos Improvements shall be paid by the Participant and, to the extent legally eligible, such costs shall be financed from Mello-Roos Bonds as set forth in Section VIII of the Method of Financing (Attachment No. 7). The costs of the Mello-Roos Improvements to be paid by Participant shall include costs of all engineering services, preparation of plans, design, final working drawings and construction of the Mello-Roos Improvements. Said design and final working drawings of the Mello-Roos Improvements shall be subject to the approval of the Agency and City consistent with the terms and requirements of this Agreement and the Previous Approvals.

Subject to the conditions set forth in the the Method of Financing (Attachment No. 7), the Agency agrees to construct or cause to be constructed certain of the Public Infrastructure Improvements (the "Additional Improvements") required for the development of the Retail Center. The Additional Improvements shall be substantially consistent with those plans submitted to the City for design review on _____. The Agency agrees that it shall not require any changes that would be inconsistent with such plans. A list of the Additional Improvements is attached hereto as Attachment No. 9 and is incorporated herein by reference. The maximum aggregate amount of the Agency's obligation to pay for the cost of the Additional Improvements shall not exceed ONE MILLION SIX HUNDRED THOUSAND DOLLARS (\$1,600,000), except with respect to additional expenses caused solely by Agency delays that result in the loss of discounts or result in increased costs for the Additional Improvements, and to the extent that the Agency is notified that such consequences may result from such delays. Participant agrees that it shall pay for any costs of constructing the Additional Improvements in excess of that amount. The Agency agrees to use its reasonable good faith efforts, to the extent legally permissible, to minimize the cost of the Additional Improvements. The Agency shall not be obligated to pay for the Additional Improvements until after all of the following events have occurred: (a) the close of escrow of the sale of the Wal-Mart Parcel (as defined in Section 207

hereof) to Wal-Mart, (b) the issuance of all necessary building permits to Wal-Mart for construction on the Wal-Mart Parcel, (c) the payment of all the applicable fees for construction of the improvements on the Wal-Mart Parcel, and (d) the commencement of construction of the foundation for a Wal-Mart store. Thereafter, the Agency agrees that it shall promptly reimburse the Participant, upon submission of evidence reasonably satisfactory to the Agency, of the costs actually incurred by the Participant in connection with the development and construction of the Additional Improvements.

4. [\$205] Cost of Development

Subject to the Agency's obligations under the Method of Financing (Attachment No. 7) to participate in the costs of certain of the Public Infrastructure Improvements, the cost of developing the Site and constructing all the improvements thereon shall be borne by Participant or the Major Retail Anchor Stores (as defined in Section 207) hereof and/or other tenants of the Retail Center, except for work expressly set forth in this Agreement to be performed or paid for by the Agency or others.

5. [\$206] Submittal, Review and Approval of Construction Drawings and Related Documents

The development of the Retail Center on the Site and the Public Infrastructure Improvements shall be undertaken in substantial accordance with the Previous Approvals and preliminary and final construction drawings and landscaping plans therefor approved by the City pursuant to City's plan review process. Participant shall prepare and submit such plans, constructions drawings and related documents, and in such form and detail, as required by City's plan review processes and the Previous Approvals and within the times set forth in the Schedule of Performance, attached hereto as Attachment No. 4 and incorporated herein by reference. The Participant shall have the appeal rights granted applicants under City's plan review processes.

Agency recognizes and agrees that the Major Retail Anchor Stores, or the Participant on behalf of the Major Retail Anchor Stores, shall have the right to submit any drawings and related documents concerning the improvements of such Major Retail Anchor Stores, which are required to be submitted to the City pursuant to this Section 209 (or any other provisions of this Agreement), and such documents and related drawings may be submitted, subject to the applicable requirements of City's plan review processes, by such Major Retail Anchor Stores or by the Participant either together with or separately from any such submittals concerning the improvements to be developed and constructed by the Participant.

6. [§207] Certifications Regarding Wal-Mart and Major Retail Anchor Store

Within the times established therefor in the Schedule of Performance (Attachment No. 4), the Participant shall submit to the Agency a certification, signed by a responsible officer or general partner of the Participant, certifying that (1) Wal-Mart Stores, Inc. ("Wal-Mart") has purchased the Phase 1A portion of the Site (the "Wal-Mart Parcel") (the "Wal-Mart Certification"); (2) the Participant has obtained executed business letters from not less than two (2) major retail stores of not less than 30,000 square feet each, or two (2) or three (3) major retail stores of not less than 20,000 square feet each, and not less than 60,000 square feet in the aggregate (the "Major Retail Anchor Stores"), such letters to be in the form usually relied on by retail shopping center developers, to purchase or ground lease pads for, and to develop and construct Major Retail Anchor Stores in the locations shown on the Map of the Site (Attachment No. 1) for Phase 2 (as described in the Scope of Development, Attachment No. 3) (as applicable, the "Major Retail Anchor Stores Certifications"); and (3) the Participant will expeditiously negotiate to conclude the REA (defined in Section 602 hereof) and other final documents with Wal-Mart and such Major Retail Anchor Stores consistent with the provisions of this Agreement.

7. [§208] Schedule of Performance

Subject to the terms and conditions of this Agreement, the Participant shall promptly begin and thereafter prosecute diligently to completion the development of the Retail Center and the construction of all of the improvements on the Site, in phases, as provided in the Scope of Development (Attachment No. 3), within the times specified in the Schedule of Performance (Attachment No. 4). Any extension of time for performance agreed upon by both parties, or any delay in performance by one party which is caused by delay or failure to act of the other party, or any delay pursuant to the provisions of Section 504, shall effect an extension of all subsequent dates of the Schedule of Performance by the number of days of each such agreed upon extension and/or caused delay. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Participant and the Agency.

During the period of construction, and not less frequently than once each calendar quarter, the Participant shall submit to the Agency a written report of the progress of the construction. The report shall be in such form and detail as may be reasonably required by the Agency, and shall include a reasonable number of construction photographs taken since the last report by the Participant.

8. [§209] Indemnification During Construction:
Bodily Injury and Property Damage and
Workers' Compensation Insurance

Except with respect to the Public Infrastructure Improvements accepted by the City, and those portions of the Site for which a Certificate of Completion has been issued (or for which the Participant is entitled to a Certificate of Completion), during the periods of construction on the Site, the Participant agrees to and shall indemnify and hold the Agency and the City harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused to any person or to the property of any person which shall occur on or adjacent to the Site and which shall be caused by any acts done thereon or any errors or omissions of the Participant or its agents, servants, employees, or contractors. The Participant shall not be responsible for (and such indemnity shall not apply to) any acts, errors, or omissions of the Agency or the City, or their respective agents, servants, employees, or contractors. The Agency and the City shall not be responsible for any acts, errors, or omissions of any person or entity except the Agency and the City and their respective agents, servants, employees, or contractors.

Prior to commencing any work on the Site, the Participant shall furnish, or cause to be furnished, to the Agency duplicate originals or appropriate certificates of bodily injury and property damage insurance policies in the amount of at least \$500,000 for any person, \$1,000,000 for any occurrence and \$300,000 property damage, naming the Agency and the City as coinsureds or additional insureds. The Participant shall also furnish or cause to be furnished to the Agency evidence reasonably satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Site carries workers' compensation insurance as required by applicable laws. The obligations set forth in this Section 209 shall remain in effect until the Agency has issued a Certificate of Completion with respect to the construction of all of the improvements to be developed by Participant on the applicable portion of the Site, as provided in the Scope of Development (Attachment No. 3).

The requirements of this Section 209 shall be in addition to, and not in lieu of, indemnification and insurance requirements imposed under any governmental approval or permit, including those imposed by the City for and in furtherance of the Previous Approvals, or imposed by any financing mechanism participated in by the Participant.

9. [§210] City and Other Governmental Agency Permits

Prior to the commencement of construction (or any work related thereto) upon the Site, the Participant shall secure, or cause to be secured, any and all permits which may be required by the City or any other governmental

agency affected by such construction. The Agency shall provide all proper assistance to the Participant in securing these permits. The costs of securing such permits shall be paid by the Participant.

In the event any proposed change in the plans for the development of the Site initiated by the Participant would require additional or supplementary environmental impact reports or analysis, the Agency shall, at the Participant's expense, take such steps as shall be necessary to prepare the same and to cause it to be considered and certified as required by the California Environmental Quality Act and all applicable state regulations and local ordinances and regulations enacted pursuant thereto.

10. [§211] Rights of Access During Construction

Representatives of the Agency and the City shall have the reasonable right of access to the Site without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in rehabilitating and/or constructing the improvements. Such representatives of the Agency or the City shall check in at the Site, comply with the Participant's safety rules and be those who are identified in writing by the Executive Director of the Agency. The Agency and the City shall indemnify and defend Participant and its partners, officers, directors, agents and/or employees and hold them harmless from any claim, loss, damage or injury caused or liability, costs or expenses (including reasonable attorneys' fees and court costs) arising out of the acts or omissions of the Agency or City or their representatives in the exercise of this right to access.

11. [§212] Local, State and Federal Laws

The Participant shall carry out the construction of all of the improvements on the Site in conformity with all applicable laws, including all applicable federal and state labor standards. The Participant understands and agrees that all work on the Public Infrastructure Improvements, whether or not paid for with public funds, will be subject to prevailing wage requirements based on State wage rate determinations.

12. [§213] Antidiscrimination During Construction

The Participant, for itself and its successors and assigns, agrees that in the construction of improvements on the Site provided for in this Agreement, the Participant will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

B. §214 Taxes, Assessments, Encumbrances and Liens

The Participant shall pay prior to delinquency all real estate taxes and, in the manner set forth in Section VIII of the Method of Financing, all special taxes or special assessments for the Mello-Roos District, which shall include the Site. Nothing herein contained shall be deemed to prohibit the Participant from contesting the validity or amounts of any tax, assessment, encumbrance or lien, nor to limit the remedies available to the Participant in respect thereto; provided, however, the Participant shall not contest the validity or enforceability of the Mello-Roos District proceedings, bonds, special taxes or assessments levied pursuant thereto. The Agency agrees that upon request of the Participant, it shall cause, to the extent legally permissible, the necessary action to be taken to allocate or reallocate to the remainder of the Site the lien of the Mello-Roos Bonds from the portions of the Site owned by or leased to the Major Retail Anchor Stores (and Wal-Mart), as provided in Section VIII of the Method of Financing.

C. §215 Prohibition Against Transfer and Assignment of Agreement

The Participant shall not, except as permitted by this Agreement, assign or attempt to assign this Agreement or any rights herein; nor sell, transfer, convey, assign or lease the whole or any part of the Site or of the improvements to be constructed thereon without the prior written approval of the Agency. This prohibition shall not apply, after issuance of the Mello-Roos Bonds in connection with the development of Phase 2 or Phase 3 of the Retail Center, whichever is applicable, as provided for in Section VIII of the Method of Financing, to (a) conveyances of portions of the Site (but not the entire Site) so long as the transferee of each such portion agrees to be bound by the terms of this Agreement and assumes the obligations of this Agreement with respect to the portion of the Site conveyed to such transferee, and so long as Participant remains fully responsible for performance of the obligations under this Agreement until the issuance of the Certificate of Completion as to such conveyed portions of the Site, (b) conveyance of the Site (or any portion thereof) subsequent to the Certificate of Completion with respect to the construction of the improvements thereon, or a portion thereof, nor (c) a disposition of the Site (or portion thereof) at foreclosure (or a conveyance thereof in lieu of a foreclosure) pursuant to a foreclosure by a lender making loans under Section 217 of this Agreement or to any disposition subsequent to such foreclosure or conveyance in lieu thereof. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Site. Nothing in this Section 215 prohibits the Participant from entering into ground leases or leasing space for occupancy in the Retail Center, or prohibits the Participant from selling, transferring, conveying or leasing a portion or portions of the Site to Wal-Mart or a Major Retail Anchor Store or any other entity of the type which generally acquires an interest in a retail center for the purposes of erecting and constructing (or causing to be erected and constructed) retail store improvements thereon. The Major Retail Anchor Stores and such other retail entities (except Wal-Mart) may hereinbefore and hereinafter be collectively referred

to as the "Retail Stores." At the time of such transfer to a Retail Store, the transferee must have agreed (or have taken title subject to the obligation to do so) either in the instrument conveying title, or by separate recorded instrument, to erect and construct (or to cause the erection or construction of) such Retail Store improvements upon the portion of the Site so conveyed in accordance with the Scope of Development (Attachment No. 3) and the Previous Approvals and within the times set forth in the Schedule of Performance (Attachment No. 4) and to be bound by the terms of this Agreement as to the portion of the Site so conveyed.

Except as set forth above, in the absence of specific written agreement by the Agency, no such transfer, assignment or approval by the Agency shall be deemed to relieve the Participant or any other party from any obligations under this Agreement as to the Site (or any portion thereof) until satisfactory completion of development and construction of the improvements thereon as evidenced by a Certificate of Completion issued therefor. If that portion of the Site conveyed to Wal-Mart or a Retail Store as provided in the preceding paragraph of this Section 215 is either (a) conveyed concurrently with or subsequent to the recordation of an REA approved by the Agency pursuant to Section 602 hereof, which REA binds said Retail Store to commence and complete its improvements within the times set forth in the Schedule of Performance (Attachment No. 4), or (b) conveyed subject to a right on the part of the Participant to reenter and repossess such conveyed portion of the Site if such Retail Store does not commence and complete its improvements within the time set forth in the Schedule of Performance, with the wording of any such right to reenter and repossess to be included in the instrument of reconveyance and subject to the prior approval of the Agency, then, in such event, the Participant shall be relieved of its obligations hereunder pertaining to the commencement and construction of the improvements to be undertaken by such Retail Store, including the provisions of this Section 215 and Sections 216 through 221 of this Agreement as it pertains to such improvements and the portion of the Site conveyed to such Retail Store. Participant agrees that if the conveyance to Wal-Mart or such Retail Store has been made concurrently with or subsequent to the recordation of the REA it will exercise reasonable good faith efforts, consistent with prudent business judgment, to enforce the obligations, if any, of Wal-Mart or such Retail Store under the REA to commence construction of its improvements as provided therein. The Participant further agrees that if the conveyance to Wal-Mart or such Retail Store has been made prior to the recordation of the REA, but is made subject to a right of reentry reasonably approved by the Agency, that, if requested in writing by the Agency to do so, Participant will use its reasonable good faith efforts to exercise its right to reenter and repossess the conveyed portion of the Site in the event Wal-Mart or such Retail Store fails to comply with the provisions of this Agreement which relate to such conveyed portion of the Site. Sections 301 through 306 and 401 through 411 of this Agreement inclusive, shall be applicable to and shall include Wal-Mart or such Major Retail Anchor Stores. Notwithstanding the foregoing, or any other provision of this Agreement to the contrary, a default hereunder by the Participant or Wal-Mart or any Retail Store shall not constitute a default by any

other such party nor shall any default by any such party alter any rights or obligations of any other such party under this Agreement.

D. §216 Security Financing; Rights of Holders

1. §217 No Encumbrances Except Mortgages, Deeds of Trust, Sales and Leases-Back or Other Financing for Development

Notwithstanding Section 215, mortgages, deeds of trust, sales and leases-back or any other form conveyance required by Participant and/or by any entity permitted under Section 215 of this Agreement to acquire an interest in the Site (a "Permitted Transferee") for any commercially reasonable method of financing are permitted before issuance of a Certificate of Completion of the construction of the improvements on the applicable portion of the Site, but only for the purpose of securing loans of funds used or to be used to develop the Site or portion thereof, to construct the improvements on the Site or portion thereof, or to construct the Public Infrastructure Improvements and for any other expenditures necessary and appropriate to develop the Site or portion thereof under this Agreement along with all development and financing costs and reserves. The Participant and/or any such Permitted Transferee shall notify the Agency in advance of any mortgage, deed of trust, sale and lease-back, or other form of conveyance for financing if the Participant or such Permitted Transferee proposes to enter into the same before issuance of a Certificate of Completion of the construction of the improvements thereon or on the portion thereof to be subject to such financing arrangement. The Participant or such Permitted Transferee shall not enter into any such conveyance for financing without the prior written approval of the Agency (unless such lender shall be one of the ten (10) largest California-based banking institutions, or one of the ten (10) largest insurance lending institutions, or one of the ten (10) largest California-based pension funds, or a corporation, financial institution or other entity which makes real estate loans or investments with a net worth of at least \$60 million, or a real estate investment trust with a net worth of at least \$100 million) which approval, based on evidence submitted to the Agency regarding the lender's financial capacity and net worth, the Agency agrees to reasonably give if any such conveyance is given to a responsible financial or lending institution or other acceptable person or entity. Such lender shall be deemed approved unless rejected in writing by the Agency within ten (10) days after notice thereof to the Agency by the Participant. In any event, the Participant or Permitted Transferee shall promptly notify the Agency of any mortgage, deed of trust, sale and lease-back or other financing conveyance, encumbrance or lien that has been created or attached thereto prior to the issuance of a Certificate of Completion for the applicable portion of the improvements on the Site whether by voluntary act of the Participant or Permitted Transferee or otherwise. The words "mortgage" and "deed of trust," as used herein, include all other appropriate modes of financing real estate acquisition, construction and land development.

2. [§218] Holder Not Obligated to Construct Improvements

The holder of any mortgage, deed of trust or other security interest pertaining to the Site shall in no way be obligated by the provisions of this Agreement to rehabilitate and/or construct, or complete such construction of, the improvements, or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses, or to rehabilitate and/or construct any improvements thereon, other than for those uses or improvements provided for or authorized by this Agreement.

3. [§219] Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever the Agency shall deliver any notice or demand to the Participant with respect to any breach or default by the Participant in the completion of the construction of the improvements on any portion of the Site, the Agency shall at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement as applicable for such portion of the Site (who has previously made a request therefor) a copy of such notice or demand. Each such holder shall (insofar as the rights of the Agency are concerned) have the right, at its option within ninety (90) days after the receipt of the notice, to cure or remedy any such default (or commence to cure or remedy any such default which cannot be cured within such time, provided that it diligently prosecutes such cure to completion) and to add the cost thereof to the security interest debt and the lien on its security interest. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction of the improvements, or the completion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Participant's obligations to the Agency by written agreement reasonably satisfactory to the Agency with respect to the applicable portion of the Site. Any subsequent default of the Participant and/or such holder shall not constitute a default of the other such party. The holder in that event must agree to complete, in the manner provided in this Agreement, the construction of the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the Agency that it has the qualifications and financial responsibility necessary to perform such obligations.

E. [§220] Issuance of Taxable Bonds

In lieu of the methods of financing described in Section 216 hereof, and in consideration of the Participant's agreement to share a portion of the sales proceeds from Phase 3 of the Retail Center with the Agency (as set forth in Section 605 hereof) and Participant's other obligations described in this Agreement, the Agency agrees to cooperate with Participant, upon request by Participant, in the issuance of taxable bonds by the Agency, the proceeds of which shall be used by

Participant only for permanent financing for any phase of the Retail Center. Such taxable bonds shall be secured only by (a) the land and private improvements on the Retail Center, and/or (b) a portion of a retail center adjacent to the Site and known as Woodland Plaza I and which is owned by Woodland Plaza Associates, a California limited partnership, whose sole general partner is Halferty Investment Company, a California limited partnership, whose general partners are JLH and Halferty. Any such issuance shall require that the Participant indemnify and hold the City and Agency harmless in connection therewith and shall be subject to such further requirements as set forth in Section 606.

F. [§221] Certificate of Completion

From time to time as herein provided, the Agency shall furnish the Participant or a Permitted Transferee, as the case may be, with a Certificate of Completion, upon written request by the Participant, for such portion of the Site as the Participant shall designate. Such Certificate of Completion shall be in the form attached hereto as Attachment No. 10 and incorporated herein by reference, and shall be recorded in the Office of the Recorder of San Luis Obispo County.

The Agency shall not unreasonably withhold any such Certificate of Completion, and such Certificate of Completion shall be issued upon Satisfactory Completion (as hereinafter defined) of the Phase (as set forth in the Scope of Development, Attachment No. 3) or portion of the Site in question. For purposes of this Agreement, "Satisfactory Completion" shall be deemed to have occurred upon the issuance by the City of a Certificate of Occupancy for the shell and core of such improvements for a particular Phase or portion of the Site or, in the case of the Public Infrastructure Improvements, acceptance thereof by the City or other appropriate governmental entity. Such Certificate of Completion shall be, and shall state that it constitutes, conclusive determination of Satisfactory Completion of the construction and development required by this Agreement upon the Site or upon such portion thereof (as the case may be) and of compliance with the terms of this Agreement with respect thereto, and that this Agreement no longer affects such portion of the Site.

With respect to the Site, if the Participant or the Permitted Transferee requesting the Certificate of Completion is not in default under this Agreement with respect thereto, the Agency shall also furnish the Participant or the requesting Permitted Transferee with a Certificate of Completion pertaining to the construction of Wal-Mart or any Major Retail Anchor Store improvements and/or the Retail Store improvements (as such improvements are described in the Scope of Development, Attachment No. 3) if such improvements are properly completed (in substantial accordance with plans approved by the City as herein provided).

After issuance of a Certificate of Completion, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site (or portion thereof) for which such Certificate of Completion was issued, shall not

(because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement and only the covenants set forth in the Agreement to be Recorded Affecting Real Property described in Section 301 hereof (Attachment No. 5) shall apply. After the issuance of a Certificate of Completion for the Site or relevant portion thereof, neither the Agency (except for recourse under the bond provided hereunder) the City nor any other person shall have any rights, remedies or controls with respect to this Agreement.

If the Agency refuses or fails to furnish a Certificate of Completion after a written request therefor by any entity entitled thereto pursuant to this Section 221, the Agency shall, within ten (10) days after such written request, provide the requesting party with a written statement of the reasons why the Agency refuses or fails to furnish such Certificate of Completion. The statement shall also contain the Agency's opinion of the action the Participant or such requesting party must take to obtain a Certificate of Completion. If the reason for such refusal is confined to the immediate unavailability of specific items or materials for landscaping or Public Infrastructure Improvements, the Agency will issue its Certificate of Completion upon the posting of a bond for work not yet completed. If the Agency shall have failed to provide such written statement within said 10-day period, the requesting party shall automatically be deemed entitled to the Certificate of Completion.

Such Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of the Participant to any holder of a mortgage or any insurer of a mortgage securing money loaned to finance the construction of the improvements on the Site, or any portion thereof. Such Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

III. [§300] USE AND MAINTENANCE OF THE SITE

A. [§301] Use of the Site

The Participant covenants and agrees for itself, its successors, its assigns and every successor in interest, that during construction and thereafter, the Participant, its successors and assignees shall devote the Site to the uses specified in the Redevelopment Plan and this Agreement for the periods specified therein. The foregoing covenants shall run with the land.

Concurrently with the execution of this Agreement, the Participant and the Agency have executed two "Agreements to be Recorded Affecting Real Property," in the form attached hereto as Attachment No. 5 and incorporated herein by reference, which provides for certain covenants and agreements on the part of the Participant consistent with the terms and purpose of this Agreement and by which the Agency agrees to waive its legal right to acquire the Site by eminent domain; provided, however, that the Agreement to be Recorded Affecting Real

Property as to the Wal-Mart Parcel shall not include the provisions of Sections 6 or 7 of that Agreement. The second Agreement to be Recorded Affecting Real Property shall be recorded as to the entire Site, except the Wal-Mart Parcel and shall include the provisions of Sections 6 and 7. The Agency is authorized to and shall record both Agreements to be Recorded Affecting Real Property for the Site after the issuance of a Certificate of Completion for the Phase 1A development (as described in the Scope of Development, Attachment No. 3) of the Site.

B. [§302] Maintenance of the Site

The Participant agrees to maintain the improvements and landscaping on the Site in a clean and orderly condition and in good condition and repair and keep the Site free from any unreasonable accumulation of debris and waste materials for the period the Redevelopment Plan is in force and effect.

C. [§303] Obligation to Refrain from Discrimination

The Participant covenants and agrees for itself, its successors, its assigns and every successor in interest to the Site or any part thereof, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall the Participant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site. A breach of any of the foregoing covenants shall only constitute a default by the party legally entitled to possession of such portion of the Site and no other party. To the extent that the Participant has the right to pursue enforcement of such covenants as the result of its direct contractual relations with third parties, it shall use commercially reasonable efforts to do so, and shall reasonably cooperate with the Agency or City in such enforcement efforts to the extent deemed necessary. The foregoing covenants shall run with the land and shall remain in effect in perpetuity.

D. [§304] Form of Nondiscrimination and Nonsegregation Clause

The Participant shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, creed, religion, sex, marital status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

1. In deeds: "The grantee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital

status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

2. In leases: "The lessee herein covenants by and for himself, his heirs, executors, administrators and assigns, and all persons claiming under or through him, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased, nor shall the lessee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the land herein leased."

3. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself, or any person claiming under or through him, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

E. [§305] Rights of Access

For the purposes of assuring compliance with this Agreement, representatives of the Agency and the City shall have the reasonable right of access to the Site without charges or fees for the purpose of inspection of the Site as to maintenance of the improvements thereon. Such representatives of the Agency or the City shall check in at the Site, comply with the Participant's safety rules and be those who are so identified in writing by the Executive Director of the Agency. The Agency and City shall indemnify and defend Participant and its partners, officers, directors, agents and/or employees and hold them harmless from any claim, loss,

damage or injury caused or liability, costs or expenses (including reasonable attorneys' fees and court costs) arising out of the acts or omissions of the Agency or City or their representatives in the exercise of this right to access.

F. [§306] Effect and Duration of Covenants

Except as otherwise provided, the covenants contained in this Agreement and the Agreement to be Recorded Affecting Real Property (Attachment No. 5) shall remain in effect until the termination date of the Redevelopment Plan. The covenants against discrimination shall remain in effect in perpetuity. The covenants established in this Agreement and the Agreement to be Recorded Affecting Real Property shall, without regard to technical classification and designation, be binding on the part of the Participant and any successors and assigns to the Site or any part thereof, and the tenants, lessees, sublessees and occupants of the Site, for the benefit of and in favor of the Agency, its successors and assigns, the City and any successor in interest thereto.

The Agency is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land for and in its own rights and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided. This Agreement and the covenants shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner of any land or interest therein in the Site, any parcel or subparcel, or in the Project Area. The Agency shall have the right, if this Agreement or the covenants are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and the covenants may be entitled.

IV. [§400] DEFAULTS AND REMEDIES

A. [§401] Defaults

Subject to the extensions of time pursuant to Section 504, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement provided, however, that no party shall be deemed to be in default under this Agreement unless and until such party has received notice of default as provided in the following paragraph and the applicable cure period has expired without a cure being effected. Except as may be provided in Sections 410 and 411, which provisions shall be controlling in accordance with their terms, the party who receives such notice of default must promptly commence to cure, correct, or remedy such default, and shall complete such cure, correction or remedy with reasonable diligence or within any specifically allowed cure period under this Agreement, and during any period of curing shall not be in default. It is the intent

of this Section 401, as well as Sections 407 and 408, not to add additional cure periods to those which are expressly set forth in certain paragraphs of Sections 410 and 411.

The injured party shall give written notice of default to the party in default specifying the default complained of by the injured party. Subject to the provisions of Sections 410 and 411 which shall control as to events of termination thereunder, after the giving of such notice to cure any default, the party in default shall have: (1) ten (10) business days (excluding Saturdays) to cure a default in the payment of taxes, assessments or other sums of money; (2) forty-five (45) days to cure a default in the submission of plans, drawings or related documents; and (3) ninety (90) days to cure any other default, plus such additional time as may be reasonably necessary if the defaults described in subparts (2) and (3) above cannot be cured within such stated time periods and the party in default is diligently and continuously proceeding to cure; during any cure period, the injured party may not initiate proceedings against the party in default. Failure or delay in giving such notice shall not constitute a waiver of any default nor shall it change the time allowed for curing such default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

B. [\$402] Legal Actions

1. [\$403] Institution of Legal Actions

In addition to any other rights or remedies, either party may institute legal action to cure, correct or remedy any default, to recover damages for any default or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of San Luis Obispo, State of California, in any other appropriate court in that county, or in the Federal District Court in the appropriate district of California.

2. [\$404] Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

3. [\$405] Acceptance of Service of Process

In the event that any legal action is commenced by the participant against the Agency, service of process on the Agency shall be made by personal

service upon the Executive Director of the Agency, or in such other manner as may be provided by law.

In the event that any legal action is commenced by the Agency against the Participant, service of process on the Participant shall be made by personal service upon the Managing Partner or any general partner of the partnership comprising the Participant or in such other manner as may be provided by law, and shall be valid whether made within or without the State of California.

C. §406 Rights and Remedies are Cumulative

Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by any party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

D. §407 Damages

If either party defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. Subject to the provisions of Sections 410 and 411 which shall control as to specific events of termination thereunder and subject to the limitations set forth in this Section 407, if, after the giving of notice to cure any default such default is not cured within the applicable cure period specified in Section 401, the defaulting party shall be liable to the nondefaulting party for any damages caused by such default, and the nondefaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default. The liability of the Participant to the Agency for monetary damages shall be limited to an amount which shall not exceed the costs incurred by the Agency and City in proceedings to establish and issue Mello-Roos Bonds less any reimbursement made by Participant pursuant to Section 111, and notwithstanding any provision of this Agreement to the contrary, and except with respect to the indemnities set forth in Sections 211, 305 and 607 (regarding right of entry and brokerage fees) and its obligations in connection with the Additional Improvements, the liability of the Agency to the Participant for monetary damages shall not exceed in any year the then current past due amounts then owed by the Agency under the Promissory Note and Agreement (Exhibit B to the Method of Financing (Attachment No. 7)), plus interest thereon as specified or otherwise determined by the court.

E. §408 Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, the nondefaulting party shall serve written notice of such default upon the defaulting party. Subject to the provisions of Sections 410 and 411 which shall control as to specific events of termination thereunder, if, after the giving of notice

to cure any default such default is not cured within the applicable cure period specified in Section 401, the nondefaulting party, at its option (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default to the extent that specific performance as a remedy to such default is applicable under California law.

F. [§409] Remedies and Rights of Termination

1. [§410] Termination by the Participant

(a) In the event that the Agency, after and despite diligent efforts and within the time established therefor in the Schedule of Performance (Attachment No. 4), is unable to (i) cause the formation of a Mello-Roos District as set forth in Section VIII of the Method of Financing (Attachment No. 7), or (ii) issue or cause to be issued Mello-Roos Bonds or obtain other financing as set forth in Section VIII of the Method of Financing (Attachment No. 7) to finance the costs related to the Mello-Roos Improvements as to Phase 2 or Phase 3 specified in the Scope of Development (Attachment No. 3) and in this Agreement, then the Participant may, at its option and upon written notice thereof to the Agency, terminate this Agreement for Phase 2 or Phase 3, whichever is applicable. At its option, prior to terminating this Agreement, the Participant may submit a request and proposal to the Agency to substitute an alternative financing mechanism, through private financing or otherwise, to finance the costs related to the Mello-Roos Improvements for such Phase. The Agency shall consider any such proposal and, in its discretion, may approve or disapprove such alternative financing mechanism, provided any such alternative financing mechanism shall not result in any additional cost to the Agency nor any additional risk to the Agency, based on the Agency's reasonable judgment. In the event of termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase, and any improvements to be developed and constructed thereon, and including the obligation of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements. Upon receiving the notice of termination from Participant herein provided for, the Agency or City shall promptly take all action required in order to remove the lien of the Mello-Roos District from the property within the Mello-Roos District, including the Site.

(b) In the event the Participant, within the time established therefor in the Schedule of Performance (Attachment No. 4), does not in its opinion, have adequate financing for construction of the improvements specified in the Scope of Development (Attachment No. 3) and in this Agreement for any Phase of the Site, then the Participant may, at its option and upon written notice thereof to the Agency, terminate this Agreement with respect to such Phase. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and

constructed thereon, and including the obligations of the Agency to use Tax Increments from such Phase for the Mello-Roos Improvements.

(c) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4), the Participant is unable to make the certification required under Section 207 regarding Wal-Mart, then the Participant may, at its option and upon written notice thereof to the Agency, terminate this Agreement as to the entire Site. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the Site and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use the Tax Increments from any portion of the Site for the Mello-Roos Improvements.

(d) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4) the Participant is unable to make the certification required under Section 207 regarding the Major Retail Anchor Stores for Phase 2, then the Participant may, at its option and upon written notice thereof to the Agency, terminate this Agreement with respect to Phase 2 and any other portion of the Site for which no Certificate of Completion has been issued. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from such Phase for the Mello-Roos Improvements.

(e) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4), the Participant is unable to commence construction of the improvements for Phase 3, then the Participant may, at its option and upon written notice thereof to the Agency, terminate this Agreement with respect to Phase 3. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for Phase 3 and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from such Phase for the Mello-Roos Improvements.

2. [§411] Termination by the Agency

(a) In the event that the Agency, after and despite diligent efforts and within the dates established therefor in the Schedule of Performance (Attachment No. 4), is unable to (i) cause the formation of a Mello-Roos District as set forth in Section VIII of the Method of Financing (Attachment No. 7), or (ii) issue or cause to be issued Mello-Roos Bonds as set forth in the Method of Financing (Attachment No. 7) to finance the costs related to the Mello-Roos Improvements as to Phase 2 or Phase 3 specified in the Scope of Development (Attachment No. 3) and

in the Agreement, then the Agency may, at its option and upon written notice thereof to the Participant, terminate this Agreement for Phase 2 or Phase 3, whichever is applicable; provided, however, prior to any such termination, the Participant may propose an alternative financing method for consideration by the Agency, as provided for in Section 410(a). In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements. Upon such termination, the Agency or City shall promptly take all action required to remove the lien of the Mello-Roos District from the property within the Mello-Roos District, including the Site.

(b) In the event the Participant, on or before the date established therefor in the Schedule of Performance (Attachment No. 4) notifies the Agency, in writing, that Participant does not have adequate financing for construction of the improvements specified in the Scope of Development (Attachment No. 3) and in this Agreement for any Phase of the Site, then the Agency may, at its option and upon written notice thereof to the Participant, terminate this Agreement with respect to such Phase. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements.

(c) In the event that the Participant shall assign or attempt to assign this Agreement (or any rights herein) or shall sell, transfer, convey, assign, or lease the whole or any part of the Participant and/or the Site or the improvements to be constructed thereon, in violation of this Agreement, then the Agency shall deliver a written demand to the Participant to void, cancel, rescind, and terminate such assignment, sale, transfer, conveyance, or lease within ninety (90) days after the date of receipt of such demand. If such assignment, sale, transfer, conveyance, or lease is not voided, cancelled, rescinded, and terminated within said 90-day period, then the Agency, at its option and upon written notice to the Participant, may terminate this Agreement with respect to the portion of the Site for such Phase for which no Certificate of Completion has been issued, or which has not been conveyed or leased to a Permitted Transferee which is not in default. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the Site or such portions thereof and the development of the improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements.

(d) In the event that the Participant shall fail to (i) submit to the City the plans, construction drawings and related documents (or any proposed changes thereto) as referred to in Section 206 hereof, and in the form and manner provided in said section, or (ii) obtain City's reasonable approval of such plans, construction drawings and related documents, within the times respectively established therefor in the Schedule of Performance (Attachment No. 4), as the same may be extended or modified in accordance with the provisions of this Agreement, then the Agency shall deliver a written demand to the Participant to cure such failure within forty-five (45) days after the date of receipt of such demand. In the event that such failure is not cured within said forty-five (45) day period and does not otherwise result from the fault of the City and/or Agency, then the Agency, at its option and upon written notice to the Participant, may terminate this Agreement with respect to the portion of the Site for such Phase. In the event of any such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements.

(e) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4), the Participant shall fail to submit to Agency the certification required under Section 207 for Wal-Mart, then the Agency may, at its option and upon written notice thereof to the Participant, terminate this Agreement for the entire Site. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the Site and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from any portion of the Site for the Mello-Roos Improvements.

(f) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4); the Participant shall fail to submit to Agency the certification required under Section 207 for the Major Retail Anchor Stores for Phase 2, then the Agency may, at its option and upon written notice thereof to the Participant, terminate this Agreement with respect to Phase 2. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 for the Mello-Roos Improvements.

(g) In the event that the Participant shall fail to perform its obligations as required in the Method of Financing (Attachment No. 7), and as a result of such failure the Agency is unable to (i) cause the formation of a Mello-Roos District as provided in Section VIII of the Method of Financing, or (ii) issue or cause to be issued Mello-Roos Bonds as set forth in the Method of Financing (Attachment No. 7) to finance the costs related to the Mello-Roos Improvements as to Phase 2 or

Phase 3 within the times respectively established therefor in the Schedule of Performance (Attachment No. 4), then the Agency, at its option and upon written notice to Participant, may terminate this Agreement with respect to the portion of the Site for such Phase; provided, however, prior to any such termination, the Participant may propose an alternative financing method for consideration by the Agency, as provided for in Section 410(a). In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for such Phase and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from Phase 2 or Phase 3, whichever is applicable, for the Mello-Roos Improvements.

(h) In the event that on or by the date established therefor in the Schedule of Performance (Attachment No. 4), the Participant is unable to commence construction of the improvements for Phase 3, then the Agency may, at its option and upon written notice thereof to the Participant, terminate this Agreement with respect to Phase 3. In the event of such termination pursuant to this paragraph, neither the Agency nor the Participant shall have any further rights against or liability to the other with respect to the portion of the Site for Phase 3 and any improvements to be developed and constructed thereon, and including the obligations of the Agency to use Tax Increments from such Phase for the Mello-Roos Improvements.

V. [§500] GENERAL PROVISIONS

A. [§501] Notices, Demands and Communications Between the Parties

Formal notices, demands and communications between the Agency and the Participant shall be deemed sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Agency and the Participant as set forth in Section 107 hereof, with a copy to Woodland at the principal office of Woodland as set forth in Section 109 hereof, and shall be effective upon receipt. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time-to-time designate by mail.

B. [§502] Conflicts of Interest

No member, official or employee of the Agency shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to this Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

The Participant warrants that it has not paid or given, and will not pay or give, any third party (except its attorneys and consultants) any money or other consideration for obtaining this Agreement.

C. [§503] Nonliability of Agency Officials and Employees

No member, official or employee of the Agency shall be personally liable to the Participant in the event of any default or breach by the Agency or for any amount which may become due to the Participant or on any obligations under the terms of this Agreement.

D. [§504] Enforced Delay; Extension of Times of Performance

In addition to the specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods, earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation (other than litigation initiated by the party seeking an enforced delay as a result of such litigation, but including the existing litigation affecting the Retail Center); unusually severe weather; inability (when the party seeking the enforced delay is faultless) to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of the other party; acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of the Agency and/or the City shall not excuse performance by the Agency) or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. The inability to obtain financing for the improvements to be constructed and developed on the Site shall not be considered an enforced delay. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause or the discovery thereof, the period shall commence to run only thirty (30) days prior to the giving of such notice. Times of performance under this Agreement may also be extended in writing by the Agency and the Participant.

E. [§505] Inspection of Books and Records

The Agency has the right (at the Participant's office, upon not less than seventy-two (72) hours notice, and at all reasonable times, and at its sole expense) to inspect the books and records of the Participant pertaining to Participant's proceeding to construct the Public Infrastructure Improvements and any other monetary obligations of Participant provided for in this Agreement.

F. §506 Counterparts

This Agreement may be executed in any number of counterparts, all of which counterparts, when taken together, shall constitute one and the same Agreement.

VI. §600 SPECIAL PROVISIONS

A. §601 Amendment of Redevelopment Plan

Pursuant to provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment which changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site or otherwise directly affect the use of the Site shall be made or become effective without the written consent of the Participant, which consent shall be recorded. This provision shall be included in the Agreement to be Recorded Affecting Real Property (Attachment No. 5). Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Participant.

B. §602 Reciprocal Easement Agreement

The Participant may enter into a Reciprocal Easement Agreement (hereinafter referred to as the "REA") with Major Retail Anchor Stores to be located in the Retail Center to be developed on the Site and/or, at its election, Covenants, Conditions, and Restrictions (hereinafter referred to as "CC&Rs") governing portions of the Site not subject to an REA. The REA and/or CC&Rs may cover, among other things, the reciprocal easements in the properties; preparation of plans and specifications for construction of improvements; the construction of common area improvements and Retail Stores by the Participant, as well as the construction of improvements by the Major Retail Anchor Stores; the construction of the parking facilities, and the operation, maintenance and use of such parking facilities to provide parking for the Retail Center; the construction of other amenities as shown on the site plans, construction drawings and related documents as approved by Participant and the City, and the operation, maintenance and use of such amenities; area, use, size and height limitations; standards of operation and maintenance; public liability, fire and extended coverage insurance; provisions regarding repair, maintenance, alteration and reconstruction; condemnation clause; sign requirements; rules and regulations; and other items generally covered in so-called REAs and CC&Rs in similar retail centers in Central California.

The REA and any CC&Rs shall be recorded in the Recorder's Office for San Luis Obispo County.

C. [\$603] Submission of Documents for Approval

Whenever this Agreement requires the Participant to submit, plans, drawings or other documents to the other party for approval, which shall be deemed approved if not acted on by the Agency within a specified time, said plans, drawings or other documents shall be accompanied by a letter stating that they are being submitted and will be deemed approved unless rejected by the Agency within the stated time. If there is no time specified herein for such action, the Participant may submit a letter requiring Agency approval or rejection of documents within thirty (30) days after submission to the Agency or such documents shall be deemed approved.

D. [\$604] Main Street Program

The Participant agrees to make contributions in the following amounts and at the following times to the City's Main Street program:

- (a) \$35,000 upon the issuance of a Certificate of Occupancy by the City for Wal-Mart;
- (b) \$6,500 upon the date of opening for business of the first store of Phase 2 of the Retail Center and \$6,500 on each anniversary thereafter for the next nine (9) years; and
- (c) an additional \$3,500 upon the date of opening for business of the first store of Phase 3 of the Retail Center and \$3,500 on each anniversary thereafter up to and including the year during which the payments under subsection (b), above, are being made.

If the Main Street program ceases to exist during the period Participant is obligated to make such payments, Participant shall make such payments directly to the Agency for use by the Agency for promotional programs to stimulate retail and commercial activity within the Project Area.

E. [\$605] Share of Net Sales Proceeds

In consideration of the Agency's contributions to the development of the Additional Improvements and the Mello-Roos Improvements, the Participant agrees that it shall make a one-time payment to the Agency of a share of the net proceeds from the sale of any part of the Phase 3 portion of the Site, as set forth herein. "Net Sales Proceeds" shall mean the gross sales price, less (a) costs of sale; (b) repayment of any mortgage or deed of trust held by an entity or entities previously approved by the Agency (for the parcel or parcels being sold) as having rights senior to the Agency for purposes of this division of sales proceeds; (c) return of any loans of Participant either (i) specifically required by a lender approved by the Agency for Phase 3; (ii) used to make improvements to Phase 3; (iii) used to repay

advances to cover operating losses of Phase 3; or (iv) used to repay a deposit required by a lender approved by the Agency to Phase 3; (d) the capital cost of the land attributable to the applicable portion of Phase 3 (which the parties agree shall be Four Dollars and Fifty Cents (\$4.50) per square foot) plus the cost of the on and off-site improvements (including financing costs), to the extent they are not assumed by the buyer, for such portion of Phase 3 being sold (collectively, the "Capital"); (e) any Participant Advances as provided in Section VIII of the Method of Financing, plus interest on such amount at the compounded annual rate of nine percent (9%) but only to the extent such Participant Advances have not previously been reimbursed to Participant; and (f) any unrecovered Capital from a previous sale of part of Phase 3. In no event shall Participant receive a preferred return on its Capital. Upon the sale of any portion of Phase 3, the Participant agrees to pay the Agency a share of the Net Sales Proceeds (with Net Sales Proceeds to be calculated on a pro rata basis for sales of portions of Phase 3), to be paid out of escrow for such sale, and measured from the date of the issuance of a Certificate of Occupancy by the City for the improvements on the portion of Phase 3 being sold, as follows:

0 to 5 years: 25% of Net Sales Proceeds;

More than five years to 10 years: the greater of \$500,000 out of the Floor Preference (as defined below) or 25% of Net Sales Proceeds ;

More than 10 years to 15 years: the greater of \$900,000 out of the Floor Preference or 25% of Net Sales Proceeds;

More than 15 years to 20 years: the greater of \$1,300,000 out of the Floor Preference or 25% of Net Sales Proceeds;

More than 20 years: the greater of \$1,900,000 out of the Floor Preference or 25% of Net Sales Proceeds.

As used herein, the term "Floor Preference" shall mean the Net Sales Proceeds prior to any distribution or payment being made to any other person. Participant shall provide evidence satisfactory to Agency regarding items (a) through (f) above, including, financial statements certified by the chief financial officer of Participant regarding the costs of development and operation of the Retail Center. The Agency shall have the right to audit such financial statements and all books, records and accounts pertaining thereto. If it shall be determined as a result of such audit that there has been a deficiency in any payment required by this Section 605, then such deficiency shall immediately become due and payable with interest at the maximum rate for which parties may lawfully contract, determined as of and accruing from the date that such payment should have been made. In addition, if Participant has understated the amount of Net Sales Proceeds which should have been paid to the Agency by more than the greater of \$10,000.00 (increased annually by the change in the Consumer Price Index) or Five Percent (5%), then Participant shall pay, in addition to the interest charges referenced

hereinabove, all of Agency's reasonable costs and expenses connected with such audit or review of Participant's accounts and records.

For the purposes of any subsequent owner of all or any portion of Phase 3, a grant deed conveying such property shall constitute conclusive evidence of the satisfaction of the obligations set forth in this Section 605.

If the applicable portion of Phase 3 has not been sold after 25 years, then the parties shall have such unsold portion appraised and the Participant shall have the right to fulfill its obligations under this Section 605 as to such portion of Phase 3 by paying to the Agency an amount equal to the Agency's share of the Net Sales Proceeds, as set forth above, based on the appraised value, less customary and reasonable commissions and closing costs. If the Participant elects ~~not to make~~ such payment to the Agency, then the parties shall jointly market such property at the appraised value plus five percent (5%), and shall not sell such property for less than the appraised value. The property shall be marketed until it is sold; provided the parties may from time to time make appropriate adjustments to the sale price as may be mutually agreed by the parties and the Participant shall have the right to make the payment to the Agency based upon such agreed upon price and the formula set forth above for determining the Agency's share of the Net Sales Proceeds. Upon the sale of such property either to the Participant or to a third party, the Agency shall share in the Net Sales Proceeds as set forth above.

Participant's obligation to pay Agency a portion of Net Sales Proceeds as set forth in this Section 605 shall be included in the Agreement to be Recorded Affecting Real Property (attachment No. 5) Such document shall provide that the Participant's obligation to pay Agency a share of Net Sales Proceeds shall be subordinate to the rights of lenders approved by the Agency for Phase 3 of the Retail Center.

F. [\$606] Taxable Bonds

In consideration of the Participant's agreement to share a portion of the sales proceeds from Phase 3 with the Agency and Participant's other obligations described in this Agreement, the Agency shall cooperate with Participant, upon request by the Participant, in the issuance of taxable bonds by the Agency, the proceeds of which shall be used by the Participant only for permanent financing for the Retail Center. Such taxable bonds shall be secured only by the land and private improvements on the Retail Center and/or Woodland Plaza I and such issuance shall require that the Participant hold the City and Agency harmless in connection therewith. Before such taxable bonds may be issued, the following requirements must be met: (1) the bonds shall be limited to marketing by "private placement," within the meaning of applicable regulations of the Securities and Exchange Commission, (2) the Agency must receive an opinion of the Agency's and underwriter's special disclosure counsel (which the Agency shall select with the underwriter's approval) regarding the adequacy of the disclosure made to

prospective investors in the offering documents, and (3) the issue would satisfy the standards (other than the "seasoning" standard) required by a national rating agency, including without limitation, Standard & Poor, Moodys, Fitch or Duff & Phelps, reasonably approved by the Agency for an investment grade rating if such issue were submitted for rating.

If such taxable bonds are issued, Participant shall pay to Agency a processing fee of THIRTY-FIVE THOUSAND DOLLARS (\$35,000) to reimburse Agency for certain extraordinary costs, including, but not limited to _____ associated with the issuance, including fees paid to Agency disclosure counsel. In addition, so long as the taxable bonds are outstanding, Participant shall pay to Agency an annual monitoring fee to reimburse Agency for its actual, out-of-pocket and reasonable costs incurred in monitoring the taxable bonds, provided however, that such monitoring fee shall not exceed THREE THOUSAND DOLLARS (\$3,000) per year. Such obligation shall be included in the Agreement to be Recorded Affecting Real Property (Attachment No. 5).

G. [\$607] Brokerage Fees

The Agency and Participant shall each pay their own brokerage or other fees owed to any broker or agent retained by such party with respect to any matter covered by this Agreement. The Agency shall indemnify and hold harmless the Participant against any such fees owed or claimed to be owed to any broker or agent hired or retained by the Agency, and the Participant shall indemnify and hold harmless the Agency against any such fees owed or claimed to be owed to any broker or agent hired or retained by the Participant.

[\$608] Ministerial Acts to be taken by the Executive Director

The Executive Director of the Agency is authorized to take such ministerial actions as he or she deems appropriate to implement the provisions of this Agreement.

VII. [\$700] ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement is executed in four (4) duplicate originals each of which is deemed to be an original. This Agreement comprises pages 1 through __, inclusive, and Attachment Nos. 1 through 11 which constitute the entire understanding and agreement of the parties.

This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Agency and the Participant, and all amendments hereto must be in writing and signed by the appropriate authorities of the Agency and the Participant.

VIII [§800] TIME FOR ACCEPTANCE OF AGREEMENT BY AGENCY

This Agreement, when executed by the Participant and delivered to the Agency, must be authorized, executed and delivered by the Agency within forty-five (45) days after the date of signature by the Participant or this Agreement shall be void, except to the extent that the Participant may consent in writing to further extensions of time for the authorization, execution and delivery of this Agreement. The effective date of this Agreement shall be the date when this Agreement has been signed by the Agency.

"AGENCY":

_____, 1993

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

By _____
Chairman

By _____
Secretary

-AND-

"PARTICIPANT":

_____, 1993

WOODLAND PLAZA II,
a California general partnership
(**"PARTNERSHIP"**)

By: Halferty Development Company,
a California corporation,
General Partner

By: _____

Its: _____

"HALFERTY"

By: Richard J. Woodland and
Patricia D. Woodland,
co-trustees of the Richard J. Woodland
and Patricia D. Woodland Trust,
General Partner

By: _____

Richard J. Woodland,
Co-Trustee

By: _____

Patricia D. Woodland,
Co-Trustee

"WOODLAND"

By: James L. Halferty, an individual,
General Partner

"JLH"

-AND-

"PARTICIPANT" (Continued):

**RICHARD J. WOODLAND and
PATRICIA D. WOODLAND,
co-trustees of the Richard J. Woodland
and Patricia D. Woodland Trust,
General Partner**

By: _____
Richard J. Woodland
Co-Trustee

By: _____
Patricia D. Woodland
Co-Trustee
"WOODLAND"

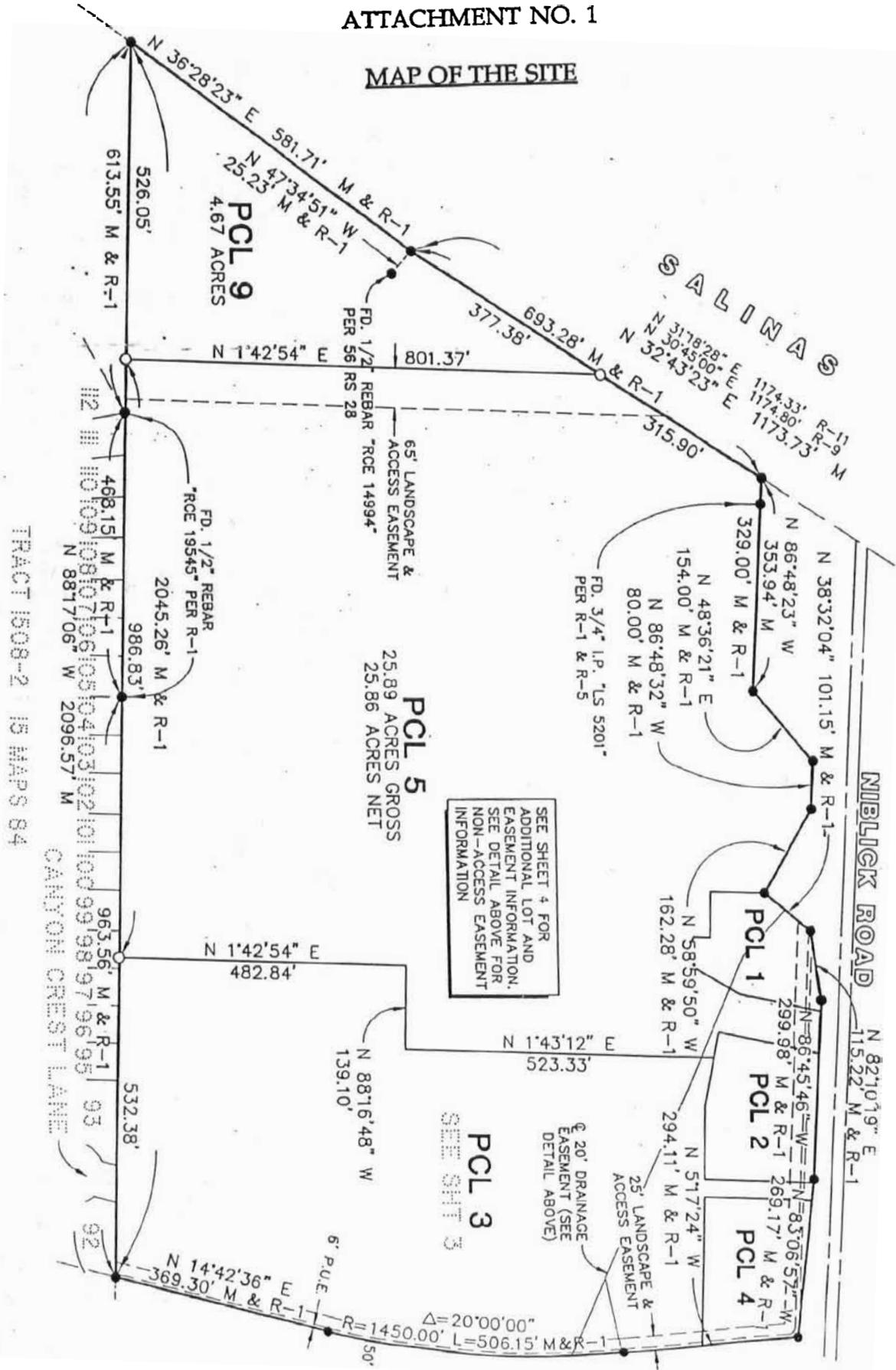
[ATTACH NOTARIZATION OF SIGNATURES]

NOTARIZATION OF SIGNATURES
COUNTY OF ALBERTA
NOTARY PUBLIC
[Illegible text]

[Illegible text]

ATTACHMENT NO. 1

MAP OF THE SITE



TRACT 1508-2 15 MAPS 84

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

LEGAL DESCRIPTION

BEING A PORTION OF THE REMAINDER PARCEL OF PARCEL MAP PR 89-418 IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, RECORDED JUNE 26, 1990 IN BOOK 47 OF PARCEL MAPS, PAGE 22 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD AND THE WESTERLY RIGHT-OF-WAY OF THE REALIGNED SOUTH RIVER ROAD AS SHOWN ON SAID PARCEL MAP PR-89-418; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 05°17'24" EAST 294.11 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 1450.00 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND SAID CURVE, THROUGH A CENTRAL ANGLE OF 20°00'00" AN ARC DISTANCE OF 506.15 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 14°42'36" WEST 369.30 FEET TO THE INTERSECTION OF SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND THE SOUTHERLY LINE OF LOT 34 OF THE RANCHO SANTA YSABEL AS SHOWN ON THAT CERTAIN MAP RECORDED JANUARY 25, 1887 IN BOOK A OF MAPS, PAGE 29 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE, ALONG SOUTHERLY LINE OF SAID LOT 34, NORTH 88°17'06" WEST 2096.57 FEET TO THE SOUTHWESTERLY CORNER OF LOT 34; THENCE, ALONG THE WESTERLY LINE OF SAID LOT 34, NORTH 36°28'23" EAST 581.71 FEET; THENCE, CONTINUING ALONG SAID WESTERLY LINE OF LOT 34, NORTH 32°43'23" EAST 693.28 FEET TO THE INTERSECTION OF THE SAID WESTERLY LINE OF LOT 34 AND THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD; THENCE, ALONG SAID SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD THE FOLLOWING BEARINGS AND DISTANCES:

- 1) SOUTH 86°48'23" EAST 353.94 FEET; THENCE,
- 2) NORTH 48°36'21" EAST 154.00 FEET; THENCE,
- 3) SOUTH 86°48'32" EAST 80.00 FEET; THENCE,
- 4) SOUTH 58°59'50" EAST 162.28 FEET; THENCE,
- 5) NORTH 38°32'04" EAST 101.15 FEET; THENCE,
- 6) NORTH 82°10'19" EAST 115.22 FEET; THENCE,
- 7) SOUTH 86°45'46" EAST 299.98 FEET; THENCE,
- 8) SOUTH 83°06'57" EAST 269.17 FEET TO THE POINT OF

BEGINNING.

John R. Sanders
JOHN R. SANDERS

L.S. 5812 EXP 6/30/96

6-22-93
DATE

91124MB.DOC



ATTACHMENT NO. 3**SCOPE OF DEVELOPMENT****I. GENERAL**

The Site shall be designed and developed as an integrated regional retail center in which the buildings will have a quality architectural design in substantial accordance with the plans approved as of _____, 1993 ("Plans") and which will be consistent with the quality and standards of Woodland Plaza I.

The open spaces and parking areas shall be designed, landscaped and developed with the same degree of high quality.

The Site shall be developed in conformity with the Previous Approvals (including Conditions of Approval).

In the event of any conflict or inconsistency between this Agreement and the Previous Approvals (including Conditions of Approval), the Previous Approvals shall govern and control.

The Agency and Participant will cooperate and direct their staff, employees, consultants, architects, and/or engineers to cooperate so as to ensure the continuity and coordination vitally necessary for the proper and timely completion of the development of the Site.

II. PARTICIPANT'S RESPONSIBILITIES**A. Participant's Retail Improvements ("Retail Center")**

On the Site, the Participant shall construct, or cause to be constructed the Retail Center in substantial accordance with the Plans and the Previous Approvals, which include the following improvements:

- (a) A Wal-Mart store of approximately 120,000 square feet;
- (b) At least two (2) Major Retail Anchor Stores of not less than 30,000 square feet each, or two (2) or three (3) Major Retail Anchor Stores of at least 20,000 square feet each, and 60,000 square feet in the aggregate;
- (c) Retail shop space;
- (d) Four (4) retail and/or restaurant pads, including an automobile service station;

- (e) Outdoor sales area totalling approximately 17,000 square feet; and
- (f) Surface automobile parking to serve the Retail Center.

The parties expect that the total of net leasable area to be developed in the Retail Center in elements (a) through (e) above shall be approximately 425,000 square feet.

In addition to the construction of the improvements for the Retail Center, the Participant shall make certain contributions to the City's Main Street program and other payments to the Agency as set forth in this Scope of Development, the Method of Financing (Attachment No. 7) and the Agreement.

B. Phasing of Development

Subject to all the other terms and conditions of this Agreement, the Retail Center may be developed in phases designated by the Participant, as follows:

1. Phase 1A shall consist of development of a Wal-Mart store of not less than 100,000 square feet and related parking, on the location shown on the Map of the Site, Attachment No. 1.
2. Phase 1B shall consist of the expansion of the Wal-Mart store by approximately 20,000 square feet and/or the development of Pads M, N and/or Q (as shown on the Map of the Site [Attachment No. 1]) and the related parking. As shown on the Map of the Site, the entire Phase 1 portion of the Retail Center includes 805,138 square feet of land.
3. Phase 2A shall consist of two (2) Major Retail Anchor Stores of at least 30,000 square feet each on Building Areas B and D, as shown on the Map of the Site, (Attachment No. 1), or two (2) or three (3) Major Retail Anchor Stores of at least 20,000 square feet each, and 60,000 square feet in the aggregate, plus additional retail shops/or restaurants totaling a minimum of 17,000 square feet on Pad P and/or Shops E, G, H and/or J, as show on the Map of the Site (Attachment No 1).
4. Phase 2B shall consist of the development of the remaining balance of Pad P and/or Shops E, G, H and/or J. As shown on the Map of the Site (Attachment No. 1), the entire Phase 2 portion of the Retail Center includes 548,976 square feet of land.
5. Phase 3 shall consist of the development of Pads F, K and/or L and/or a Major Retail Anchor Store of at least 30,000 square feet, as shown on the Map of the Site (Attachment No. 1). As shown on the Map of the Site, the entire Phase 3 portion of the Retail Center includes 371,171 square feet of land.

Notwithstanding the foregoing provisions of this Section II.B., the Participant shall have the right to proceed with the construction of all or any part of Phase 3 after the commencement of construction of Phase 1A if Participant agrees to install and/or fund (as applicable) the Mello-Roos Improvements required in connection with the development of Phase 2 in addition to any such applicable Mello-Roos Improvements required in connection with the proposed improvements for Phase 3.

C. Public Infrastructure Improvements

The Public Infrastructure Improvements, defined and described in Section 204 of the Agreement, shall be constructed in accordance with the terms and conditions set forth in the Method of Financing (Attachment No. 7) and within the times set forth in the Schedule of Performance (Attachment No. 4).

Subject to the last sentence of this paragraph, the parties anticipate that the Participant's general partner, Halferty Development Company, shall act as the construction manager for the Agency in connection with the construction of the Additional Improvements for the customary overhead and fees for such services as set forth in Attachment No. 9 and with the construction of the Mello-Roos Improvements set forth in Attachment No. 8. In no event shall Halferty Development Company and/or Participant serve as the subcontractor on any of the work in connection with the Additional Improvements. The parties expressly acknowledge and agree that all work in connection with the Additional Improvements and the Mello-Roos Improvements must be performed in compliance with the requirements of state and local laws for "public projects," as well as the preference for local suppliers (as set forth in Section II.E. of this Scope of Development), with respect to competitive bidding and the payment of prevailing wages, as well as any other applicable requirements regarding such work.

D. Contribution to Main Street Program

Participant shall make contributions specified in Section 604 of the Agreement.

E. Use of Local Work Forces

To the extent it is commercially reasonable, Participant will use its good faith efforts to hire qualified contractors and encourage the use of qualified subcontractors from the Central Coast/Paso Robles region for the development and construction of the Retail Center.

F. Architecture and Design

The Retail Center to be constructed by the Participant pursuant to this Agreement shall be of consistent architectural quality with the Plans (defined below), shall be well-landscaped, and shall be effectively and aesthetically designed. The shape, scale of volume, exterior design, and exterior finish of each building must be consonant with, visually related to, physically related to, and an enhancement to each other. The Participant's plans and proposals submitted to the Agency and the City for approval shall describe in reasonable detail the architectural character intended for the exterior of the Retail Center. Plans for Phase 1 have been submitted to the City for design review and were approved on June 21, 1993 (the "Plans"). The Agency shall not unreasonably withhold its approval of any subsequent plans or drawings which are consistent with a logical evolution of the previously approved Plans or drawings.

G. Landscaping

All open spaces within the Site (including setback areas) as shown on the approved Map of the Site (Attachment No. 1), shall include adequate landscaping. Landscaping includes such materials as paving, trees, shrubs, and other plant materials, landscape containers, outdoor furniture, top soil preparation, automatic irrigation, landscape and pedestrian lighting and water elements, if applicable.

H. Controls and Restrictions - Miscellaneous

Controls and restrictions consistent with this Agreement (including, but not limited to, minimum size parking spaces, maximum land coverage, minimum and maximum heights of buildings, and minimum loading facilities) shall be included in the REA for Phase 1 of the Retail Center and/or any CC&Rs which the Participant imposes for Phases 2 and 3, in whole or in part.

III. CONTRIBUTIONS OF AGENCY TO A PORTION OF COSTS OF MELLO-ROOS IMPROVEMENTS

Sections IV and VIII of the Method of Financing (Attachment No. 7) provide for Agency contributions to the costs of the Mello-Roos Improvements subject to the conditions set forth therein.

IV. AGENCY'S RESPONSIBILITIES

The Agency shall be responsible for paying for the cost of constructing the Additional Improvements (Attachment No. 9) at the time set forth in the Schedule of Performance (Attachment No. 4), as set forth in Section 204 of the Agreement.

ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE*

- | <u>Action</u> | <u>Date</u> |
|---|--|
| 1. <u>Execution and Delivery of Agreement by Participant.</u> The Participant shall execute and deliver this Agreement and the Agreement to be Recorded Affecting Real Property to the Agency. (Section 301) | Not later than July 5, 1993. |
| 2. <u>Execution of Agreement by Agency.</u> The Agency shall hold a public hearing to authorize execution of this Agreement by the Agency, and, if so authorized, the Agency shall execute and deliver this Agreement to the Participant. (Section 800) | Promptly after approval of this Agreement by the Agency. |
| 3. <u>Execution and Delivery of Woodland Note.</u> Woodland shall execute and deliver the Woodland Note to the Agency. (Section 111) | Promptly after execution of this Agreement by the Agency. |
| PHASE 1A | |
| 4. <u>Wal-Mart Certification.</u> The Participant shall submit the Wal-Mart Certification to the Agency. (Section 207) | Not later than six (6) months after the execution of this Agreement by the Agency. |
| 5. <u>Conveyance of Portion of the Site to Wal-Mart.</u> The Participant shall cause the parcelization of a portion of the Phase 1 portion of the Site for conveyance to Wal-Mart and convey such parcel to Wal-Mart. | Prior to commencement of construction of the Additional Improvements. |

* Subject to delays pursuant to the provisions of Section 504 of the Agreement.

- | <u>Action</u> | <u>Date</u> |
|--|--|
| 6. <u>Governmental Permits.</u> Wal-Mart shall obtain any and all permits and pay any and all fees that are required by the City or any other governmental agency. (Section 210) | Prior to commencement of construction of the Wal-Mart store (Item 7, below). |
| 7. <u>Commencement of Construction of Wal-Mart store.</u> Wal-Mart shall commence construction of its improvements on its portion of the Phase 1 portion of the Site. | Within one (1) year after the date of execution of this Agreement by the Agency. |
| 8. <u>Construction of Additional Improvements.</u> Construction of the Additional Improvements shall commence. | After completion of Items 4, 5, 6 and 7 above. |
| 9. <u>Opening of Phase 1.</u> Construction of the Wal-Mart store shall be completed, and one retail store in Phase 1A of the Retail Center shall open for business. | Not later than January 31, 1995. |
| 10. <u>Formation of Mello-Roos District.</u> The Agency may, at its discretion, complete the necessary actions to establish a Mello-Roos District, and cause such District to authorize the issuance of Mello-Roos Bonds to pay for the Niblick Bridge improvements. (Section VIII of the Method of Financing) | Any time after the opening of the Wal-Mart Store for Phase 1A. |
| 11. <u>Issuance of Mello-Roos Bonds for Niblick Bridge.</u> The Agency may, at its discretion, cause the Mello-Roos Bonds to be issued specifically to pay for the Niblick Bridge improvements. (Section VIII of the Method of Financing) | Any time after the completion of Item 10, above. |

Action

Date

PHASE 1B

- | | |
|---|---|
| <p>12. <u>Submission of Construction Drawings, Landscaping and Grading Plans for Phase 1B.</u> The Participant shall submit to the Agency construction drawings and landscaping and grading plans for Phase 1B of the Retail Center at a time to be determined by the Participant. (Section 206)</p> | <p>Agency shall have 30 days to review and approve or disapprove with an explanation, or such plans are deemed approved. Participant shall have 60 days to resubmit drawings and plans if requested by the Agency. Agency shall have 30 days after any such resubmittal to approve.</p> |
| <p>13. <u>Submission of Evidence of Financing for Phase 1B.</u> The Participant shall submit to the Agency for approval evidence that it has adequate financing to construct the improvements for Phase 1B of the Retail Center. (Section VIII of the Method of Financing)</p> | <p>Prior to the commencement of construction of the improvements for Phase 1B of the Retail Center.</p> |
| <p>14. <u>Governmental Permits.</u> The Participant shall obtain any and all permits and pay any and all fees that are required by the City or any other governmental agency. (Section 210)</p> | <p>Prior to the commencement of construction of the improvements for Phase 1B of the Retail Center.</p> |

PHASE 2A

- | | |
|---|--|
| <p>15. <u>Major Retail Anchor Store Commitments.</u> The Participant shall submit to the Agency its Major Retail Anchor Store Certification. (Section 207)</p> | <p>Not later than 6 months before commencement of construction of Phase 2.</p> |
| <p>16. <u>Submission of Evidence of Financing.</u> The Participant shall submit evidence to the Agency that it has obtained adequate financing for the construction of the improvements for the Phase 2A portion of the Retail Center. (Section VIII of the Method of Financing)</p> | <p>Not later than 2 months before commencement of construction of Phase 2.</p> |

Action

Date

- 17. Submission of Construction Drawings and Landscaping and Grading Plans for Phase 2A. The Participant shall submit construction drawings and landscaping and grading plans for the Phase 2A portion of the Retail Center. (Section 206) Not later than 3 months before commencement of construction of Phase 2.

- 18. Approval of Construction Drawings and Landscaping and Grading Plans for Phase 2A. The Agency shall approve or disapprove the construction drawings and landscaping and grading plans for the Phase 2A portion of the Retail Center. (Section 206) Within 30 days after submittal of such drawings and plans, with an explanation of any disapproval, or such plans are deemed approved. Participant shall have 60 days to resubmit drawings and plans if requested by the Agency. Agency shall have 30 days after any such resubmittal to approve.

- 19. Governmental Permits for Phase 2A. The Participant shall obtain any and all permits and pay any and all fees required by the City or any other governmental agency, or demonstrate financing or funding for permits or arrange Mello-Roos financing for the Mello-Roos Improvements in lieu of all or any of such fees. (Section 210) Within 5 years after the date of execution of this Agreement by the Agency.

- 20. Commencement of Construction of Phase 2A of the Retail Center. The Participant and/or the Major Retail Anchor Store(s) shall commence construction of the improvements for the Phase 2A portion of the Retail Center. Not later than 90 days after the issuance of all governmental permits for Phase 2A.

- | <u>Action</u> | <u>Date</u> |
|---|---|
| 21. <u>Issuance of Mello-Roos Bonds.</u> The Agency shall cause the Mello-Roos Bonds to be issued upon satisfaction and completion of Items 15 and 16, with funding permitted upon satisfaction of Items 17-20, above, to pay for the costs of the Mello-Roos Improvements required to be developed and constructed in connection with the improvements for Phase 2 of the Retail Center. (Section VIII of the Method of Financing) | Not later than 45 days after completion of Items 15 through 20, above. |
| 22. <u>Commencement of Construction of Mello-Roos Improvements.</u> The Participant shall commence construction of the Mello-Roos Improvements required for the applicable portion of Phase 2 of the Retail Center. | Within 30 days after the date the Mello-Roos Bonds proceeds are available and all applicable permits have been issued. |
| 23. <u>Completion of Construction of Mello-Roos Improvements.</u> The Participant shall complete construction of the Mello-Roos Improvements for Phase 2. | On a schedule that allows for substantial completion of all such improvements prior to the opening of Phase 2 of the Retail Center. |
| 24. <u>Execution of REA and/or CC&Rs.</u> An REA and/or any CC&Rs shall be executed by each party thereto. (Section 602) | Prior to the opening of Phases 1A and 2, as applicable. |
| 25. <u>Opening of Phase 2A of the Retail Center.</u> Construction of the improvements for Phase 2A of the Retail Center shall be completed, and one retail store in Phase 2A of the Retail Center shall open for business. | Within 12 months after the commencement of construction of the improvements for Phase 2A of the Retail Center. |

Action

Date

PHASE 2B

- 26. Submission of Construction Drawings and Landscaping and Grading Plans for Phase 2B of the Retail Center. The Participant shall submit construction drawings and landscaping and grading plans for the improvements for Phase 2B of the Retail Center at a time determined by the Participant. (Section 206)

Agency shall have 30 days to review and approve or disapprove with an explanation or such plans are deemed approved. Participant shall have 45 days to resubmit drawings and plans if requested by the Agency. Agency shall have 30 days after any such resubmittal to approve.
- 27. Evidence of Financing. The Participant shall submit evidence to the Agency that it has obtained adequate financing for the construction of the improvements for Phase 2B of the Retail Center. (Section VIII of the Method of Financing)

Prior to the commencement of construction of the improvements for Phase 2B of the Retail Center.
- 28. Governmental Permits for Phase 2B. The Participant shall obtain any and all permits and pay and all fees required by the City or any other governmental agency, or demonstrate financing or funding for permits or arrange Mello-Roos financing for Mello-Roos Improvements in lieu of all or any of such fees. (Section 210)

Prior to the commencement of construction of the improvements for Phase 2B of the Retail Center.
- 29. Completion of Phase 2B of the Retail Center. Construction of the improvements for Phase 2B of the Retail Center shall be completed and one retail store in Phase 2B of the Retail Center shall be open for business.

Not later than 1 year after opening of Phase 2A (Item 25).

ActionDatePHASE 3

- | | |
|---|--|
| 30. <u>Commencement of Construction of Phase 3.</u> The Participant shall have obtained all necessary approvals for the Agency and City and obtain all necessary permits and pay all required fees, and shall commencement construction of the improvements for the applicable portion of Phase 3 of the Retail Center. | Within 6 years after the date of execution of this Agreement by the Agency. |
| 31. <u>Issuance of Mello-Roos Bonds.</u> The Agency shall cause the Mello-Roos Bonds to be issued for the Mello-Roos Improvements required in connection with the development of Phase 3 of the Retail Center. (Section VIII of the Method of Financing) | Not later than 45 days after the completion of Item 30, above. |
| 32. <u>Commencement of Construction of Mello-Roos Improvements.</u> The Participant shall commence construction of the Mello-Roos Improvements required for the applicable portion of Phase 3 of the Retail Center. | Within 30 days after the date the Mello-Roos Bonds proceeds are available and all applicable permits have been issued. |
| 33. <u>Completion of Construction of Mello-Roos Improvements.</u> The Participant shall complete construction of the Mello-Roos Improvements for Phase 3. | On a schedule that allows for substantial completion of all such applicable improvements prior to the opening of Phase 3 of the Retail Center. |
| 34. <u>Execution of REA and CC&Rs.</u> The REA and/or any CC&Rs shall be amended as necessary to include parties from Phase 3 of the Retail Center. (Section 602) | Prior to the opening of Phase 3 of the Retail Center. |

Action

Date

35. Completion of Phase 3 of the Retail Center. Construction of the improvements for applicable portion of Phase 3 of the Retail Center shall be completed, and Phase 3 shall open for business.

Within 12 months after commencement of construction of the improvements for the applicable portion of Phase 3 of the Retail Center.

RECEIVED
JUN 30 1993

RECEIVED
JUN 30 1993

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JUN 30 1993

RECEIVED
JUN 30 1993

ATTACHMENT NO. 5

AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY

RECORDED AT THE REQUEST OF AND
WHEN RECORDED, RETURN TO:

AGREEMENT TO BE RECORDED AFFECTING REAL PROPERTY

THIS AGREEMENT is entered into this _____ day of _____, 1993, by and between the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic (hereinafter referred to as the "Agency") and WOODLAND PLAZA II, a California general partnership (the "Partnership"), and RICHARD J. WOODLAND and PATRICIA D. WOODLAND, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust ("Woodland") (hereinafter collectively referred to as the "Participant"), with reference to the following:

A. The Participant is the owner of certain real property (the "Site") located in the City of El Paso de Robles, County of San Luis Obispo, State of California, as shown on the Map of the Site, attached hereto as Exhibit A and incorporated herein by reference. A Legal Description of the Site is attached hereto as Exhibit B and incorporated herein by reference.

B. The Site is within the Paso Robles Redevelopment Project (the "Project") in the City of El Paso de Robles and is subject to the provisions of the Redevelopment Plan (the "Redevelopment Plan") for the Project adopted by the City Council of the City of El Paso de Robles on November 30, 1987, by Ordinance No. 540 N.S. The Redevelopment Plan, as it now exists and as it may be subsequently amended (subject to the provisions of Section 2 of this Agreement), is incorporated herein by reference and made a part hereof as though fully set forth herein.

C. Recordation of this Agreement at the Agency's request is conclusive evidence that the Participant has constructed the improvements required for Phase 1A development of the Site in accordance with the Redevelopment Plan and pursuant to the terms and provisions of a certain Owner Participation Agreement (the "OPA") entered into between the Agency and the Participant on _____, 1993, and that the Agency has waived its legal right to acquire the Site through the use of eminent domain, provided that the terms, conditions and covenants set forth herein are faithfully and dutifully performed.

NOW, THEREFORE, THE AGENCY AND THE PARTICIPANT HEREBY AGREE AS FOLLOWS:

1. The Agency hereby acknowledges that the Participant has constructed the improvements required for development of Phase 1A of the Site (as shown on the Map of the Site, Exhibit A) in accordance with the Redevelopment Plan and pursuant to the terms and provisions of the OPA. The Agency hereby agrees that the terms and provisions of the OPA with respect to the construction and development of Phase 1A of the Site have been fully and satisfactorily performed by the Participant and that the OPA shall be of no further force and effect with respect to that portion of the Site. The Agency and Participant agree that the OPA shall remain in full force and effect as to any remaining portion of the Site until such time as a Certificate of Completion (as defined in Section 221 of the OPA) has been recorded for such portion of the Site. It is the intent of the parties that this Agreement shall be effective as to the entire Site, subject to the terms and conditions specified herein.

The Agency further agrees to waive its legal right to acquire the Site or any portion thereof for which a Certificate of Completion has been issued by purchase or eminent domain. Prior to the issuance of a Certificate of Completion, the Agency agrees it shall not exercise its right to acquire the Site or any portion thereof so long as the Participant is not in default as to such portion or is diligently working to cure such default.

2. Pursuant to the provisions of the Redevelopment Plan for modification or amendment thereof, the Agency agrees that no amendment which changes the uses or development permitted on the Site or changes the restrictions or controls that apply to the Site or otherwise directly affect the use of the Site shall be made or become effective without the written consent of the Participant, which consent shall be recorded. Amendments to the Redevelopment Plan applying to other property in the Project Area shall not require the consent of the Participant.

3. The Participant, on behalf of itself and its successors, assigns and each successor in interest to the Site or any part thereof, hereby covenants and agrees:

a. That the Site shall be used only for those uses in accordance with the Redevelopment Plan for the period of time the Redevelopment Plan is in full force and effect.

b. That there shall be no discrimination upon the basis of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer or rental or in the use, occupancy, tenure or enjoyment of the Site or any improvements thereon. Each and every deed, lease and contract entered into with respect to the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the grantee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

"That there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion; sex, marital status, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased, nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein leased."

- (3) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the land."

4. There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall the Participant, its successors, assigns or successors in interest to the Site, or any part thereof, or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any part thereof. A breach of any of the foregoing covenants shall only constitute a default by the party legally entitled to possession of such portion of the Site and no other party. To the extent that the Participant has the right to pursue enforcement of such covenants as the result of its direct contractual relations with third parties, it shall use commercially reasonable efforts to do so, and shall reasonably cooperate with the Agency or City in such enforcement efforts to the extent deemed necessary.

5. Pursuant to Section VIII of the Method of Financing (Attachment No. 7 to the OPA) the Agency (or City) intends to issue and sell tax-exempt bonds (the "Bonds") pursuant to the authority of the Mello-Roos Community Community Facilities Act of 1982 (Government Code Section 53311, et seq.) to finance certain public infrastructure improvements related to development of the Retail Center. Pursuant to Section VIII of the Method of Financing (Attachment No. 7 to the OPA), the Agency shall use the Tax Increments (as defined in Section I of the Method of Financing, Attachment No. 7 to the OPA) from the Site and the Retail Center for the purpose of paying, in part, the debt service on the Bonds. If the Agency is unable to make the full amount of its payment obligations for the Bonds as a result of changes in state law regarding the allocation of Tax Increments or by actions of any governmental entity having jurisdiction over such matters, the Participant agrees that it shall assume the responsibility for meeting any shortfall. As used herein, the term "Participant Advance" shall mean the amount paid by the Participant which is equal to the difference between the full amount of the Tax Increments which the Agency would have been allocated, as calculated under Section 33670 of the Health and Safety Code (as such section exists on the date of this Agreement), and the

amount of the Tax Increments from the Site and the Retail Center actually available to the Agency to use for its obligations under Section VIII of the Method of Financing (Attachment No. 7 to the OPA). If the amount of Tax Increments allocated to the Agency is reduced by state law or by actions of any governmental entity having jurisdiction over such matters or if the Agency is required to use a portion of its Tax Increments for a purpose specified by state law or by a governmental entity having jurisdiction over such matters, the Agency shall apply any such reduction or payment out of Tax Increments received from other parcels in the Project Area before applying any portion of such reduction or payment out of Retail Center Tax Increments. In addition, if the Agency and/or the City receives subventions from the State and/or any other assistance or reimbursements or substitutions of funds from the State or federal government to offset all or any part of the reduction or payment of Tax Increments required by state law, then such funds will be used when received, to the extent permitted by law, to reimburse the Participant for any Participant Advances made under this paragraph 5.

The obligations of the Agency under this paragraph 5 are more fully set forth in the Promissory Note and Agreement executed by the Agency as provided in Section XIII of the Method of Financing (Attachment No. 7 to the OPA), and if there is any inconsistency between the provisions of this paragraph 5 and the terms and provisions of the Promissory Note and Agreement, the terms of the Promissory Note and Agreement shall control.

6. The Participant agrees to make contributions in the following amounts and at the following times to the City's Main Street program:

(a) \$35,000 upon the issuance of a Certificate of Occupancy by the City for Wal-Mart;

(b) \$6,500 upon the date of opening for business of the first store of Phase 2 of the Retail Center and \$6,500 on each anniversary thereafter for the next nine (9) years; and

(c) an additional \$3,500 upon the date of opening for business of the first store of Phase 3 of the Retail Center, and \$3,500 on each anniversary thereafter-up to and including the year during which the payments under subsection (b), above, are being made.

If the Main Street program ceases to exist during the period the Participant is obligated to make such payments, the Participant shall make such payments directly to the Agency for use by the Agency for promotional programs to stimulate retail and commercial activity within the Project Area.

7. For and in consideration of the Agency's contributions to the development of the Additional Improvements and the Mello-Roos Improvements, the Participant shall make a one-time payment to the Agency of a share of the net

proceeds from the sale of any part of the Phase 3 portion of the Site (as shown on the Map of the Site, Exhibit A), as set forth herein. This Section 7 applies only to the Phase 3 portion of the Site. "Net Sales Proceeds" shall mean the gross sales price, less (a) costs of sale; (b) repayment of any mortgage or deed of trust held by an entity or entities previously approved by the Agency (for the parcel or parcels being sold) as having rights senior to the Agency for purposes of this division of sales proceeds; (c) return of any loans of the Participant either (i) specifically required by a lender approved by the Agency for Phase 3; (ii) used to make improvements to Phase 3; (iii) used to repay advances to cover operating losses of Phase 3; or (iv) used to repay a deposit required by a lender approved by the Agency to Phase 3; (d) the capital cost of the land attributable to the applicable portion of Phase 3 (which the parties agree shall be Four Dollars and Fifty Cents (\$4.50) per square foot) plus the cost of the on and off-site improvements (including financing costs), to the extent they are not assumed by the buyer, for such portion of Phase 3 being sold (collectively, the "Capital"); (e) any Participant Advances as provided in paragraph 5, above, plus interest on such amount at the compounded annual rate of nine percent (9%) but only to the extent such Participant Advances have not previously been reimbursed to the Participant; and (f) any unrecovered Capital from a previous sale of part of Phase 3. In no event shall the Participant receive a preferred return on its Capital. Upon the sale of any portion of Phase 3, the Participant agrees to pay the Agency a share of the Net Sales Proceeds (with Net Sales Proceeds to be calculated on a pro rata basis for sales of portions of Phase 3), to be paid out of the escrow for such sale, and measured from the date of the issuance of a Certificate of Occupancy by the City for the improvements on the portion of Phase 3 being sold, as follows:

0 to 5 years: 25% of Net Sales Proceeds;

More than five years to 10 years: the greater of \$500,000 out of the Floor Preference (as defined below) or 25% of Net Sales Proceeds ;

More than 10 years to 15 years: the greater of \$900,000 out of the Floor Preference or 25% of Net Sales Proceeds;

More than 15 years to 20 years: the greater of \$1,300,000 out of the Floor Preference or 25% of Net Sales Proceeds;

More than 20 years: the greater of \$1,900,000 out of the Floor Preference or 25% of Net Sales Proceeds.

As used herein, the term "Floor Preference" shall mean the Net Sales Proceeds prior to any distribution or payment being made to any other person. The Participant shall provide evidence satisfactory to Agency regarding items (a) through (f) above, including, financial statements certified by the chief financial officer of the Participant regarding the costs of development and operation of the Retail Center. The Agency shall have the right to audit such financial statements and all books, records and accounts pertaining thereto. If it shall be determined as a result of such

audit that there has been a deficiency in any payment required by this paragraph 7, then such deficiency shall immediately become due and payable with interest at the maximum rate for which parties may lawfully contract, determined as of and accruing from the date that such payment should have been made. In addition, if the Participant has understated the amount of Net Sales Proceeds which should have been paid to the Agency by more than the greater of \$10,000 (increased annually by the change in the Consumer Price Index) or Five Percent (5%), then the Participant shall pay, in addition to the interest charges referenced hereinabove, all of Agency's reasonable costs and expenses connected with such audit or review of the Participant's accounts and records.

For the purposes of any subsequent owner of all or any portion of Phase 3, a grant deed conveying such property shall constitute conclusive evidence of the satisfaction of the obligations set forth in this Section 7.

If the applicable portion of Phase 3 has not been sold after 25 years, then the parties shall have such unsold portion appraised and the Participant shall have the right to fulfill its obligations under this Section 605 as to such portion of Phase 3 by paying to the Agency an amount equal to the Agency's share of the Net Sales Proceeds, as set forth above, based on the appraised value. If the Participant elects not to make such payment to the Agency, then the parties shall jointly market such property at the appraised value plus five percent (5%), and shall not sell such property for less than the appraised value. The property shall be marketed until it is sold; provided the parties may from time to time make appropriate adjustments to the sale price as may be mutually agreed by the parties and the Participant shall have the right to make the payment to the Agency based upon such agreed upon price and the formula set forth above for determining the Agency's share of the Net Sales Proceeds. Upon the sale of such property either to the Participant or to a third party, the Agency shall share in the Net Sales Proceeds as set forth above.

The Participant's obligation to pay to the Agency a portion of Net Sales Proceeds as set forth in this paragraph 7 shall be subordinate to the rights of lenders approved by the Agency for Phase 3 of the Retail Center pursuant to the OPA.

If taxable bonds are issued, Participant shall pay to Agency a processing fee of THIRTY-FIVE THOUSAND DOLLARS (\$35,000) to reimburse Agency for certain extraordinary costs associated with the issuance, including fees paid to Agency disclosure counsel. In addition, so long as the taxable bonds are outstanding, Participant shall pay to Agency an annual monitoring fee to reimburse Agency for its actual, out-of-pocket and reasonable costs incurred in monitoring the taxable bonds, provided however, that such monitoring fee shall not exceed THREE THOUSAND DOLLARS (\$3,000) per year.

8. The covenants and agreements established in this Agreement shall, without regard to technical classification and designation, be binding on the Participant and any successor in interest to the Site, or any part thereof, for the

benefit of and in favor of the Agency, its successors and assigns, and the City of El Paso de Robles. The covenants contained in Sections 3.a., 5, 6 and 7 of this Agreement shall remain in effect for the periods of time specified therein. The covenants against discrimination (contained in Sections 3.b. and 4) shall remain in perpetuity.

IN WITNESS WHEREOF, the Agency and the Participant have executed this Agreement as of the date first above written.

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

By _____
Chairman

By _____
Secretary

"AGENCY"

-AND-

_____, 1993

WOODLAND PLAZA II,
a California general partnership
("PARTNERSHIP")

By: Halferty Development Company,
a California corporation,
General Partner

By: _____
Its: _____
"HALFERTY"

By: Richard J. Woodland and
Patricia D. Woodland,
co-trustees of the Richard J. Woodland
and Patricia D. Woodland Trust,
General Partner

By: _____
Richard J. Woodland,
Co-Trustee

By: _____
Patricia D. Woodland,
Co-Trustee
"WOODLAND"

By: James L. Halferty, an individual,
General Partner

"JLH"

-AND-

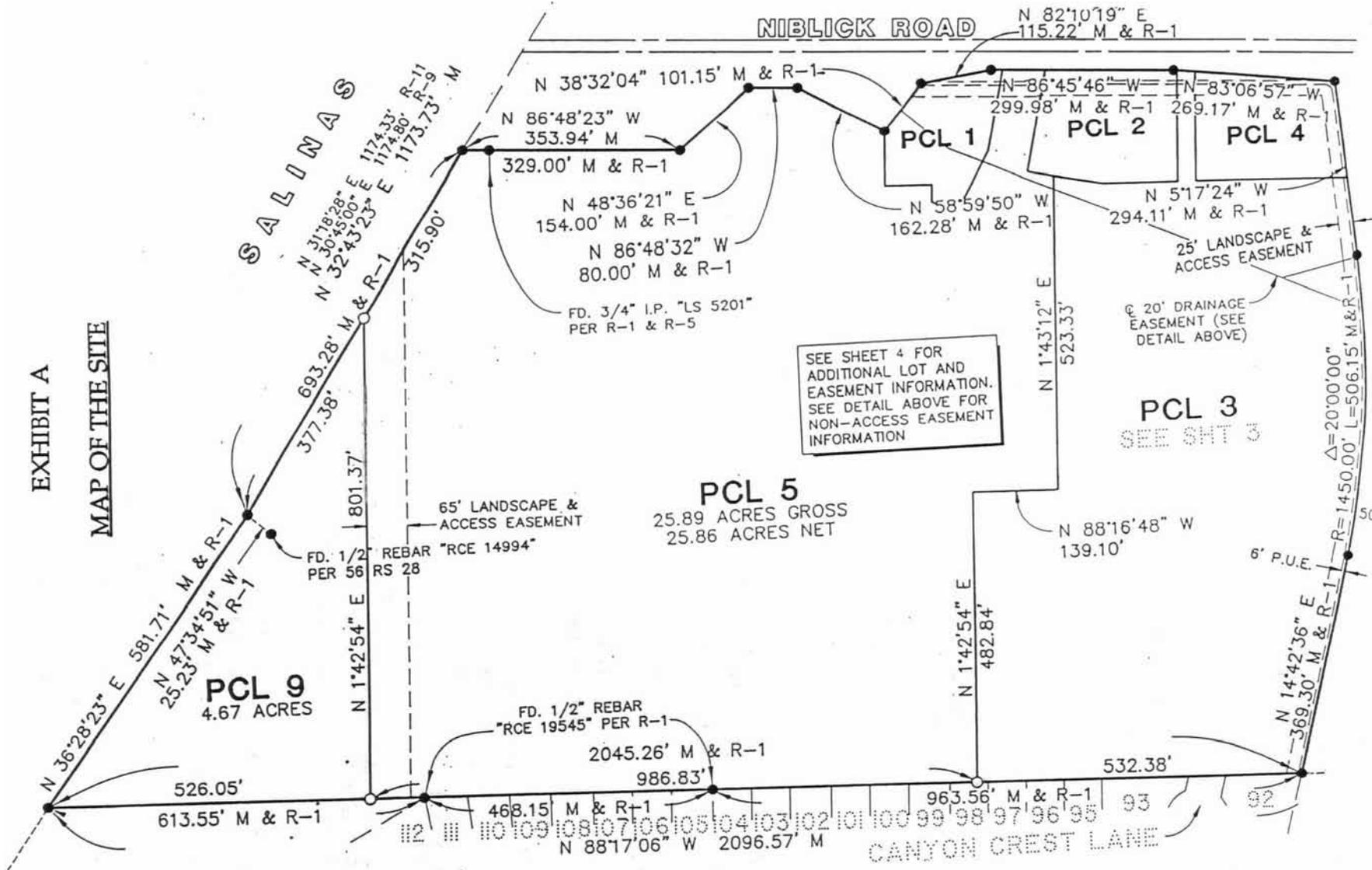
RICHARD J. WOODLAND and
PATRICIA D. WOODLAND,
co-trustees of the Richard J. Woodland
and Patricia D. Woodland Trust,
General Partner

By: _____
Richard J. Woodland
Co-Trustee

By: _____
Patricia D. Woodland
Co-Trustee
"WOODLAND"

EXHIBIT A

MAP OF THE SITE



SEE SHEET 4 FOR
 ADDITIONAL LOT AND
 EASEMENT INFORMATION.
 SEE DETAIL ABOVE FOR
 NON-ACCESS EASEMENT
 INFORMATION

Attachment No. 5
 Exhibit A

EXHIBIT B

LEGAL DESCRIPTION OF THE SITE

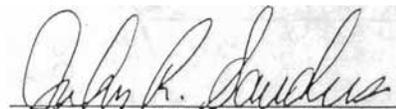
LEGAL DESCRIPTION

BEING A PORTION OF THE REMAINDER PARCEL OF PARCEL MAP PR 89-418 IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, RECORDED JUNE 26, 1990 IN BOOK 47 OF PARCEL MAPS, PAGE 22 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD AND THE WESTERLY RIGHT-OF-WAY OF THE REALIGNED SOUTH RIVER ROAD AS SHOWN ON SAID PARCEL MAP PR 89-418; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 05°17'24" EAST 294.11 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 1450.00 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND SAID CURVE, THROUGH A CENTRAL ANGLE OF 20°00'00" AN ARC DISTANCE OF 506.15 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 14°42'36" WEST 369.30 FEET TO THE INTERSECTION OF SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND THE SOUTHERLY LINE OF LOT 34 OF THE RANCHO SANTA YSABEL AS SHOWN ON THAT CERTAIN MAP RECORDED JANUARY 25, 1887 IN BOOK A OF MAPS, PAGE 29 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE, ALONG SOUTHERLY LINE OF SAID LOT 34, NORTH 88°17'06" WEST 2096.57 FEET TO THE SOUTHWESTERLY CORNER OF LOT 34; THENCE, ALONG THE WESTERLY LINE OF SAID LOT 34, NORTH 36°28'23" EAST 581.71 FEET; THENCE, CONTINUING ALONG SAID WESTERLY LINE OF LOT 34, NORTH 32°43'23" EAST 693.28 FEET TO THE INTERSECTION OF THE SAID WESTERLY LINE OF LOT 34 AND THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD; THENCE, ALONG SAID SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD THE FOLLOWING BEARINGS AND DISTANCES:

- 1) SOUTH 86°48'23" EAST 353.94 FEET; THENCE,
- 2) NORTH 48°36'21" EAST 154.00 FEET; THENCE,
- 3) SOUTH 86°48'32" EAST 80.00 FEET; THENCE,
- 4) SOUTH 58°59'50" EAST 162.28 FEET; THENCE,
- 5) NORTH 38°32'04" EAST 101.15 FEET; THENCE,
- 6) NORTH 82°10'19" EAST 115.22 FEET; THENCE,
- 7) SOUTH 86°45'46" EAST 299.98 FEET; THENCE,
- 8) SOUTH 83°06'57" EAST 269.17 FEET TO THE POINT OF

BEGINNING.


JOHN R. SANDERS L.S. 5812 EXP 6/30/96

6-22-93
DATE

91124MB.DOC



ATTACHMENT NO. 6

PREVIOUS APPROVALS

PLANNING COMMISSION RESOLUTIONS

DATE	NUMBER	TITLE
9/22/92	92-049	A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PASO ROBLES CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT ON THE WOODLAND PLAZA II AS ADEQUATE
12/22/92	92-072	A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PASO ROBLES ADOPTING FINDINGS REGARDING THE ENVIRONMENTAL EFFECTS OF WOODLAND PLAZA II, ADOPTING STATEMENTS OF OVERRIDING CONSIDERATIONS AND ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM
12/22/92	92-073	A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EL PASO DE ROBLES APPROVING PLANNED DEVELOPMENT 91010 (HALFERTY DEVELOPMENT COMPANY - WOODLAND PLAZA II)
12/22/92	92-074	A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EL PASO DE ROBLES TO APPROVE CONDITIONAL USE PERMIT 91010 (HALFERTY DEVELOPMENT COMPANY - WOODLAND PLAZA II)
12/22/92	92-075	A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EL PASO DE ROBLES TO GRANT TENTATIVE MAP APPROVAL FOR PARCEL MAP PR 91-095 (HALFERTY DEVELOPMENT COMPANY - WOODLAND PLAZA II)

CITY COUNCIL RESOLUTIONS

10/6/92	92-163	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT ON THE WOODLAND PLAZA II AS ADEQUATE
1/19/93	93-009	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES ADOPTING FINDINGS REGARDING THE ENVIRONMENTAL EFFECTS OF WOODLAND PLAZA II, ADOPTING STATEMENTS OF OVERRIDING CONSIDERATIONS AND ADOPTING A MITIGATION MONITORING AND REPORTING PROGRAM (HALFERTY DEVELOPMENT - WOODLAND PLAZA II)

ATTACHMENT NO. 6
PREVIOUS APPROVALS

1/19/93	93-010	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES APPROVING PLANNED DEVELOPMENT 91010 (HALFERTY DEVELOPMENT - WOODLAND PLAZA II)
1/19/93	93-011	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES TO APPROVE CONDITIONAL USE PERMIT 91010 (HALFERTY DEVELOPMENT - WOODLAND PLAZA II)
1/19/93	93-012	A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES TO GRANT TENTATIVE MAP APPROVAL FOR VESTING PARCEL MAP PR 91-095

CITY ORDINANCES

12/1/92	648 N.S.	AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES AMENDING THE ZONING MAP ESTABLISHED BY REFERENCE IN SECTION 21.12.020 OF THE ZONING REGULATIONS (REZONE 91002/HALFERTY DEVELOPMENT COMPANY/WOODLAND PLAZA II)
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ATTACHMENT NO. 7

METHOD OF FINANCING

I. OVERVIEW

A. The principal source of financing available to the Agency to incur and pay costs pursuant to this Agreement is the allocation of property taxes (herein "Tax Increments") from the Project Area, including the Site and the Retail Center, in accordance with Section 33670 **et seq. of the California Health and Safety Code**. In the adoption of the Redevelopment Plan, the Agency has agreed with the County of San Luis Obispo and certain other agencies deriving property taxes from the Project Area to make certain payments of Tax Increments from the Project Area (the "Pass-Through Agreements"). Tax Increments available to the Agency are subject to certain limitations as follows: the required payments under the Pass-Through Agreements and a requirement that twenty percent (20%) of the Agency's Tax Increments must be allocated to the Agency's Low- and Moderate-Income Housing Fund. The effect of these limitations is to restrict the Tax Increment income available to the Agency for participation in the cost of the Mello-Roos Improvements referred to in the Scope of Development (Attachment No. 3) and to pledge toward the Agency's obligation under this Agreement as more specifically identified in this Method of Financing. The parties agree that the maximum amount of the Agency's obligation to pledge Tax Increments for the Mello-Roos Bonds described herein shall be the Tax Increments generated from the Mello-Roos District (as defined in Section VIII., below) at the time the Final Certificate of Completion has been issued for all the improvements to be developed by the Participant pursuant to this Agreement plus the Tax Increments generated from the parcel on the Site conveyed to Wal-Mart (the "Wal-Mart Parcel"), less any pro-rata payments made pursuant to the Pass-Through Agreements (as described above), and less any amounts required to be set aside for the Agency's Low- and Moderate-Income Housing Fund (the "Agency's Maximum Tax Increment Pledge").

B. Because of these limitations on Tax Increments available to the Agency, and in order to enhance the ability of the Participant to finance the Mello-Roos Improvements referred to in the Scope of Development, (Attachment No. 3) the Agency has agreed to initiate and diligently pursue finalization of proceedings to form a Mello-Roos District, as set forth in Section VIII hereof, which will include the Site (except for the Wal-Mart Parcel), to obtain sufficient funds to pay the costs of the Mello-Roos Improvements and other public facilities as set forth herein. Within the limitations of the Agency's Maximum Tax Increment Pledge and the other conditions set forth in this Method of Financing, the Agency will utilize the Tax Increments from the Project to partially reimburse the Participant for the costs of the annual special taxes or special assessments levied against the Project with respect to certain specified Mello-Roos Improvements under the Mello-Roos District in the manner provided in Section VIII herein.

II. SITE PREPARATION

Except for the Agency's responsibilities as set forth hereinbelow, the Participant shall pay all costs for preparing the Site for development, including but not limited to: any preliminary grading not already completed, soils tests and any corrections necessary, including toxic cleanup if contamination should be discovered; and final grading of the Site.

III. GENERAL DEVELOPMENT

Except for the payments by the Agency as set forth in Section VIII hereof relating to the financing of a portion of certain specified Mello-Roos Improvements and the payment by the Agency of the cost of the Additional Improvements (subject to a maximum cost), the Participant shall pay for all costs associated with developing the Site as set forth in the Scope of Development (Attachment No. 4).

IV. PUBLIC INFRASTRUCTURE IMPROVEMENTS

The Public Infrastructure Improvements consist of: (i) the Additional Improvements, set forth in Attachment No. 9 and (ii) the Mello-Roos Improvements, set forth in Attachment No. 8.

A. The Additional Improvements

The Agency shall construct or cause to be constructed the Additional Improvements (as defined in Section 204 of the Agreement) and subject to the terms and conditions set forth in the Agreement.

B. The Mello-Roos Improvements

The Mello-Roos Improvements, set forth in Section II.D. of the Scope of Development (Attachment No. 4) shall be required for development of the Site. The Participant shall be responsible for causing the construction of the Mello-Roos Improvements. Except for the payments by the Agency as set forth in Section VIII hereof, Participant shall pay the cost of the Mello-Roos Improvements, including design and construction, contract administration and inspection.

EXHIBIT A

LIST OF AGENCY EXPENSES

[TO BE INSERTED]

V. PAYMENTS TO MAIN STREET PROGRAM

In connection with the development of the Site, the Participant has agreed to make payments to the City's Main Street program (the "Main Street Program") at the times and in the amounts and in the manner set forth in the Agreement.

VI. DEVELOPMENT, PROCESSING, AND OTHER FEES

Subject to the provisions of Section VIII below and Section 204 of this Agreement, the Participant shall be responsible for the payment of all the planning, development, public works, license and building fees relating to development of the Site.

VII. ENVIRONMENTAL REVIEW

Except for the payments by the Agency as set forth in Section VIII hereof, the Participant shall be responsible for all costs of preparing any additional environmental documents required for development of the Project, including, but not limited to, any additional environmental documents relating to construction of the Public Infrastructure Improvements set forth in Section II.D. of the Scope of Development (Attachment No. 3).

VIII. FINANCING OF MELLO-ROOS IMPROVEMENTS

The Participant desires to finance a part of the costs of the Mello-Roos Improvements from the issuance and sale of tax exempt bonds (the "Mello-Roos Bonds") sold by the Agency or the City pursuant to the authority of the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 et seq.). Subject to the conditions set forth in the following paragraph, the Agency shall use diligent efforts to form or cause to be formed any necessary legal entities or to establish or cause to be established any necessary districts (the "Mello-Roos District"), subject to any protest hearing and election requirements, and to sell or cause to be sold tax exempt Mello-Roos Bonds according to the Schedule of Performance (Attachment No. 4). The Participant agrees to cooperate in the establishment of the Mello-Roos District to include the Site (except the Wal-Mart Parcel) and in the sale of the Mello-Roos Bonds.

The Agency shall have no obligation to form or cause to be formed a Mello-Roos District unless and until the following events have occurred:

- 1) the close of escrow of the sale of a portion of the Phase 1 parcel to Wal-Mart and issuance of building permits for the development of a Wal-Mart store thereon;

2) submission by Participant to Agency of the certification required in Section 207 of the Agreement regarding the Major Retail Anchor Stores; and

3) submission of evidence reasonably satisfactory to the Agency (including Agency's financial consultant) that Participant has obtained financing, from debt and equity sources (when considered together with the Agency's participation in the cost of the Additional Improvements and the Mello-Roos Improvements) sufficient to develop and construct a portion of the Retail Center which, when completed, will be of sufficient value (when considered with Tax Increments, if any) to support the Mello-Roos Bonds, as well as the on-site and other off-site public improvements not included within the Mello-Roos Improvements.

In addition, the Agency, in its sole discretion, may determine to form or cause to be formed a Mello-Roos District and issue Mello-Roos Bonds after the minimum development for Phase 1 (as described in the Scope of Development) has been completed specifically and for the sole purpose of obtaining funds to pay for the improvements to the Niblick Bridge, one of the Mello-Roos Improvements.

If the Agency sells Mello-Roos Bonds at an earlier date than specified herein in order to obtain funds to pay for the Niblick Bridge improvements, then the amount of such Mello-Roos Bonds either shall be limited to the amount that can be supported from the Phase 1A Tax Increments, or the Agency shall first agree to pay the resulting net increase in the Special Assessment above the amount which can be supported by the Phase 1A Tax Increments until the conditions precedent to the issuance of the Mello-Roos Bonds for Phase 2 or Phase 3 have been satisfied, whereupon the Participant will pay the Special Assessment lien. Alternatively, if the Participant pays the Special Assessment as a shortfall, interest shall accrue on such amount as a Participant Advance. In such event, then the Participant shall receive a credit in the manner set forth in Section VIII.8.(b) of the Method of Financing. As used in this paragraph, the term "Phase 1A Tax Increments" shall include the Tax Increments from Phase 1A of the Site, plus the Tax Increments from the portion of Woodland Plaza I shown on the Map of the Proposed Mello-Roos District (Exhibit A to this Method of Financing).

As used in this Agreement, the term "Mello-Roos District" shall refer to a Mello-Roos District; and the term "Mello-Roos Bonds" shall refer to and include any such tax exempt bonds issued and sold by such Mello-Roos District pursuant to and for the purposes set forth in this Agreement. The structure of any such Mello-Roos Bonds shall be subject to the review and approval of the Agency.

Eligible costs incurred by the Participant, including but not limited to prior costs of design and construction, engineering, environmental document preparation and legal fees previously paid or incurred by Participant and the cost of any public improvements in lieu of fees, as may be approved by the Agency in its sole and absolute discretion, may be included for funding from the proceeds of tax exempt Mello-Roos Bonds to be issued by the Mello-Roos District as set forth in this

Section VIII to the extent that such costs can be legally funded by such Mello-Roos Bonds; provided, however, that the total of all costs of work to be funded through tax exempt Mello-Roos Bonds shall not exceed the sum of THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000.00), plus costs of financing, required reserves and interest.

The tax-exempt Mello-Roos Bonds are to be secured by liens upon the property within the Mello-Roos District, which shall include the Site (except for the Wal-Mart Parcel) and a portion of the Woodland Plaza I site, as shown on the Map of the Proposed Mello-Roos District, attached hereto as Exhibit A and incorporated herein by reference. The issuance of the Mello-Roos Bonds will require the imposition of a special tax or special assessment on the property within the Mello-Roos District.

In order to assist in the payment by the Participant of the debt service for the Mello-Roos Bonds to finance the Mello-Roos Improvements, the Agency agrees to make payments to the Participant, in the annual amounts, at the times, and subject to the terms, conditions and limitations herein set forth:

1. The Agency's payments are made in partial consideration for, and to assist in the costs of, the undertaking by the Participant of the costs (in addition to other costs assumed by the Participant) of providing the Mello-Roos Improvements (Attachment No. 8), which are required for the development of the Site pursuant to this Agreement and the Previous Approvals.

The total cost to the Participant of providing the Mello-Roos Improvements is estimated to exceed THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000.00) in current dollars, plus costs of financing, reserves and interest and other incidental costs. The present value of the maximum amounts payable by the Agency to the Participant hereunder is estimated to be in the range of TWO MILLION Dollars (\$2,000,000.00) depending upon the discount rate used for said present value calculations. The purpose of this paragraph is to show that the payments made by the Agency to the Participant for the Mello-Roos Improvements will not exceed the costs of said improvements.

2. The Agency's payments for Mello-Roos Improvements during any Fiscal Year shall not exceed the Agency's Maximum Tax Increment Pledge and shall not exceed any special tax payments made by the Participant in such Fiscal Year. Any shortfalls in the amount of said annual Fiscal Year payments as shown on the Payment Schedule as a result of the above limitations shall be paid by the Participant. As used herein, "Fiscal Year" shall have the meaning set forth in the Promissory Note and Agreement, which is Exhibit B attached hereto and incorporated herein.

3. The obligations of the Agency to make payments of Tax Increments are dependent upon the the performance by Participant of its obligations with respect to the development of the Retail Center. If in any Fiscal Year, the Agency's Maximum

Tax Increment Pledge is less than the amount of the special tax or special assessment for such Fiscal Year for the Mello-Roos Bonds (the "Shortfall Amount"), the Agency's obligation to make a payment to the Participant for such Fiscal Year shall be reduced by the Shortfall Amount, and the Participant shall be deemed to have waived its rights to the amount by which the Agency's payment is herein reduced. The Participant expressly acknowledges that the amount of the Agency's payments under this Attachment No. 7 is directly dependent upon the generation of specified levels of property taxes from the Mello-Roos District, and that the failure or inability of the Participant to commence and complete development of the Retail Center for whatever reason in time to generate such specified levels of property taxes, irrespective of the time for performance set forth in this Agreement, may adversely impact the amount of the payments due to the Participant from the Agency as set forth in this Attachment No. 7 and the Promissory Note and Agreement (Exhibit B).

4. Payments by the Agency to the Participant shall be made thirty (30) days following the payment by the Participant of special taxes on the Mello-Roos District, and only to the extent that there are no delinquencies in the payment of any other real property taxes, special taxes or special assessments levied on the Mello-Roos District. The first installment in each Fiscal Year in the amount of fifty percent (50%) of the total amount due for such Fiscal Year shall be based on the Agency's projections of property Tax Increments to be generated from the Mello-Roos District and the Wal-Mart Parcel for such Fiscal Year, based upon the then-completed value of the property subject to the special taxes, and the second installment shall be in the amount of the balance of the total payment due for such Fiscal Year by the Agency under the Promissory Note and Agreement (Exhibit B). In all events, payments by the Agency shall be limited to funds actually received by the Agency constituting a portion of the Agency's Maximum Tax Increment Pledge as of said payment date; provided, however, that Participant does not waive, and Agency shall pay when funds are received, any shortfall caused when projections have been met but funds are not available on said payment date solely because of the timing of receipt of funds by the Agency. Participant shall provide written evidence satisfactory to the Agency from time to time as may be requested by the Agency of the amount and times of payments of special and other property taxes with respect to the Mello-Roos District.

The special tax or special assessment on the Mello-Roos District is expected to be more than the payment by the Agency to Participant. The Agency shall not be responsible for any shortfall between the amount of such tax, assessment or debt service and the Agency payment under any circumstances.

In the event that the County of San Luis Obispo withholds the release of the annual property Tax Increment generated from the Mello-Roos District and the Wal-Mart Parcel (usually occurring upon protest of a property owner of an assessment ruling), the Agency shall not be responsible for paying to the Participant its agreed upon sum associated with the withheld portion of the annual property Tax Increment until the receipt of the property tax increment from the County of

San Luis Obispo. No interest will accrue on this late payment to the Participant unless the Agency receives interest thereon, in which event the Participant shall receive all such interest.

5. The Agency's obligations as set forth herein shall be evidenced by a promissory note and agreement (the "Promissory Note and Agreement") issued by the Agency to the Participant at the time of sale of the tax exempt Mello-Roos Bonds for the Phase 2 Mello-Roos Improvements. The Promissory Note and Agreement shall be in substantially the form attached hereto as Exhibit B, subject to any reasonable requirements of Agency's or City's bond counsel or underwriter's counsel retained for the issuance of the tax exempt Mello-Roos Bonds.

6. The Agency estimates the present value of its maximum payments to the Participant over the expected term of the Mello-Roos Bonds to be approximately in the range of TWO MILLION Dollars (\$2,000,000.00) (depending on a discount rate determined by the net interest rate of the Mello-Roos Bonds); provided, however, that this shall not be deemed a limitation on the total payments owed the Participant. The Agency at any time may prepay the unpaid balance of any amounts owing the Participant from the proceeds of Agency bonds or from other Agency sources in the manner and subject to the calculations set forth in the Promissory Note and Agreement governing such prepayment.

7. The Participant and Agency have negotiated the amount, terms and conditions of the Agency payments hereunder based upon the applicable provisions of the Constitution and Laws of the State of California in effect on the date of this Agreement governing the rate, levy, collection, amount, use and administration of property taxes, and the allocation of property Tax Increments generated from the Project Area and allocated to the Agency (collectively, the "State Laws"). If any future changes in State Laws materially adversely affect the receipt by the Agency of property Tax Increments generated from the Project Area, Participant agrees that it shall assume the responsibility to paying any shortfall. As used in this Method of Financing, the term "Participant Advance" shall mean the amount paid by the Participant which is equal to the difference between the full amount of the Tax Increments from (i) the Mello-Roos District and (ii) the Wal-Mart Parcel which the Agency would have been allocated, as calculated under Section 33670 of the Health and Safety Code (as such section exists on the date of the Agreement), and the amount of the Tax Increments from the Mello-Roos District and the Wal-Mart Parcel actually available to the Agency to use for its obligations under this Section VIII. of the Method of Financing. The Agency agrees that, to the extent legally permissible, if the amount of Tax Increments allocated to the Agency is reduced by state law or by actions of any governmental entity having jurisdiction over such matters or if the Agency is required to use a portion of its Tax Increments for a purpose specified by state law or by a governmental entity having jurisdiction over such matters, it shall apply any such reduction or payment out of Tax Increments received from other parcels in the Project Area before applying any portion of such reduction or payment out of the Tax Increments received from the Mello-Roos

District and the Wal-Mart Parcel. In addition, if the Agency and/or the City receives subventions from the State and/or any other assistance or reimbursements or substitutions of funds from the State or federal government to offset all or any part of the reduction or payment of Tax Increments required by state law, then such funds will be used when received, to the extent permitted by law, to reimburse the Participant for any Participant Advances made under this paragraph 7.

8. Notwithstanding any of the foregoing, the Agency's obligation to make any payments of Tax Increments from the Mello-Roos District and the Wal-Mart Parcel shall be dependent upon the development of the Phases 1, 2 and 3 within the times set forth in the Schedule of Performance (Attachment No. 4) as follows:

(a) The parties agree that the Agency, after Phase 1A has been completed and before the commencement of construction of Phase 2 or Phase 3, may issue Mello-Roos Bonds specifically for the purpose of obtaining funds to pay for the Niblick Bridge improvements. In such event, the Agency agrees that it shall use the Tax Increments from Phase 1 and the portion of the Woodland Plaza I site within the Mello-Roos District to pay, in part, the debt service on such Mello-Roos Bonds.

(b) In addition, if construction of Phase 1 of the Retail Center has commenced within the time period set forth in the Schedule of Performance (Attachment No. 4), but construction of Phase 2 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4) and no Mello-Roos Bonds are issued, the Agency shall use the Tax Increments from Phase 1 of the Retail Center towards the cost of the Niblick Bridge improvements (including the Tax Increments for the portion of Woodland Plaza I shown on the Map of the proposed Mello-Roos District (Exhibit A to this Method of Financing), and the capitalized value of such amount (based on the City's then-current borrowing rate), of such Phase 1 Tax Increments shall be credited as part of Participant's contribution to such improvements.

(c) If construction for Phase 3 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4), but construction for Phase 2 of the Retail Center has commenced within the time set forth in the Schedule of Performance (Attachment No. 4), the Agency shall make payments of the Tax Increments from the Phase 1 and Phase 2 portions of the Retail Center and the portion of Woodland Plaza I as set forth herein, but shall have no obligation to make payments of the Tax Increments from the Phase 3 portion of the Retail Center; provided, however, that the Phase 1 and Woodland Plaza I Tax Increments have not been pledged or encumbered, or cannot be released from such pledge or encumbrance created by subparagraphs (a) or (b), above.

(d) If construction of Phase 2 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4), but construction of Phase 3 of the Retail Center has commenced within the time set forth in the Schedule of Performance (Attachment No. 4), the Agency shall

make payments of the Tax Increments for the Phase 1 and Phase 3 portions of the Retail Center and the portion of Woodland Plaza I as set forth herein, but shall have no obligation to make payment of Tax Increments from the Phase 2 of the Retail Center; provided, however, that the Phase 1 and Woodland Plaza I Tax Increments have not been pledged or encumbered, or cannot be released from such pledge or encumbrance created by subparagraphs (a) or (b), above.

9. Notwithstanding the foregoing, the Agency's obligations to make such payments of Retail Center Tax Increments shall be subordinate to the Agency's existing Tax Allocation Bonds for the Paso Robles Redevelopment Project, dated December 1, 1991 (the "Existing Bonds").

IX. ALTERNATIVE METHOD OF FINANCING PUBLIC INFRASTRUCTURE IMPROVEMENTS

In the event the Agency elects to terminate this Agreement pursuant to Section 511(a) of this Agreement because the Agency has been unable to (1) cause the formation of the Mello-Roos District, or (2) the Agency is unable to issue Mello-Roos Bonds, the Participant, at its option, prior to such termination, may submit a request and proposal to the Agency to substitute an alternative financing mechanism, through private financing or otherwise, to finance the costs related to the Mello-Roos Improvements. The Agency shall consider any such proposal and, in its discretion, may approve or disapprove such alternative financing mechanism, provided any such alternative financing mechanism shall not result in any additional cost to the Agency nor any additional risk to the Agency, based on the Agency's reasonable judgment.

X. AGENCY PARTICIPATION UPON THE SALE OF THE PHASE 3 PORTION OF THE SITE

As set forth in Section 605 of the Agreement, the Participant agrees that it shall pay Agency a share of the net proceeds from the sale of any part of the Phase 3 portion (as shown on the Map of the Site, Attachment No. 1) of the Site.

Participant's obligation to pay the Agency a portion of Net Sales Proceeds as set forth in this Section X. shall be evidenced in the Agreement to be Recorded Affecting Real Property (Attachment No. 5).

EXHIBIT B

PROMISSORY NOTE AND AGREEMENT

PRINCIPAL AMOUNT: _____, 19__
CONTINGENT _____, California
(No Interest)
(Present Value of Total Maximum Payments
Estimated Not to Exceed \$_____)

For value received, the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic, duly organized and existing under and by virtue of the laws of the State of California (herein called the "Agency"), hereby promises to pay to the order of WOODLAND PLAZA II, a California general partnership whose three (3) general partners are (i) Halferty Development Company, a California corporation; (ii) Richard J. Woodland and Patricia D. Woodland, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust; and (iii) James L. Halferty; and RICHARD J. WOODLAND and PATRICIA D. WOODLAND, as co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust (collectively, herein called the "Participant"), an annual amount as hereinafter set forth. The place of payment shall be c/o Halferty Development Company, 199 South Los Robles, Suite 660, Pasadena, CA 91101, and may be changed from time to time as the Participant or any permitted assignee thereof may designate in writing. Payments hereunder shall be payable in lawful money of the United States of America.

This Note is made and delivered pursuant to and in implementation of an Owner Participation Agreement entered into as of _____, 1993 (herein the "OPA"), between the Agency and the Participant, which provides for the development on certain real property (the "Site") of a regional retail center (the "Retail Center"), construction and financing of certain other Public Infrastructure Improvements (as defined in the OPA), which Public Infrastructure Improvements include the Additional Improvements and Mello-Roos Improvements and other actions necessary to accomplish the development of the Retail Center. The Mello-Roos Improvements are those improvements set forth in Attachment No. 8 of the OPA, and are the improvements which are the subject of this Note.

Pursuant to the OPA, the Agency will use its best efforts to form or establish or cause to be formed or established a Mello-Roos District or alternate financing district (the "Mello-Roos District") and to sell or cause to be sold tax exempt bonds of such Mello-Roos District (the "Mello-Roos Bonds") to finance the costs of the Mello-

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Roos Improvements. The Mello-Roos Bonds will be secured by certain by liens upon the property within the Mello-Roos District, and the Participant will be obligated to pay a special tax or special assessment on the Site to pay the debt service on the tax exempt Mello-Roos Bonds. The Participant will cooperate with the Agency in the establishment of the Mello-Roos District and in the sale of the Mello-Roos Bonds. In addition, the OPA further provides that eligible costs incurred by the Participant, including but not limited to prior costs of design and construction, engineering, environmental document preparation and legal fees previously paid or incurred by Participant may be included for funding from the proceeds of tax exempt Mello-Roos Bonds to be issued by the Mello-Roos District to the extent that such costs can be legally funded by such Mello-Roos Bonds; provided, however, that the total of all costs of work to be funded through tax exempt Mello-Roos Bonds shall not exceed the sum of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000.00), plus costs of financing, required reserves and interest.

Pursuant to the OPA, the Agency has agreed to make payments to the Participant of a portion of the Property Tax Increments received by the Agency generated from the Project Area, as further set forth herein, as partial consideration for, and to assist in the costs of, the undertaking by the Participant of the costs (in addition to other costs assumed by the Participant) of providing the Mello-Roos Improvements which are required for the development of the Site as set forth in the OPA.

This Note does not constitute a debt of the City of El Paso de Robles (the "City") or any other public agency except the Agency, and the City has no obligation whatsoever with respect to it. The obligation of the Agency to repay the amount of this Note is a special limited obligation of the Agency, payable only from and limited by the annual availability of funds to the Agency during the term of this Note from Property Tax Increments from the Project. Nothing herein shall preclude the Agency from repaying the amount of this Note, or any part thereof, from any other funds lawfully available to the Agency from time to time; however, the Agency shall be under no obligation to do so.

A. DEFINITIONS

1. "Mello-Roos District" means a Mello-Roos Community Facilities District or other special assessment district or financing district, as set forth in Section VIII of the Method of Financing (Attachment No. 7 to the OPA).

2. "Mello-Roos Bonds" means those tax exempt bonds to be sold by the Mello-Roos District to finance a portion of the Public Infrastructure Improvements, as set forth in Section VIII of the Method of Financing (Attachment No. 7 to the OPA).

3. "Fiscal Year" means the fiscal year of the Agency, commencing July 1 of the calendar year of date and ending June 30 of the next succeeding calendar year.

4. "Note" means this Promissory Note and Agreement, evidencing the Agency's obligation to make certain payments to assist the Participant in the costs of providing the Mello-Roos Improvements as required under the OPA.

5. "Mello-Roos Improvements" means those off-site improvements to be constructed by the Participant as set forth in Section II.D. of the Scope of Development (Attachment No. 3 to the OPA) and are described in Attachment No. 8 to the OPA.

6. "Retail Center" means the Retail Center to be developed in phases by the Participant as set forth in the Scope of Development (Attachment No. 3 to the OPA), including the Public Infrastructure Improvements to be developed as part of, or in conjunction with, the Retail Center.

7. "Tax Increments" means those property taxes actually received by the Agency and generated from the Site and the Retail Center, pursuant to Section 33670(b) of the California Health and Safety Code. The Participant understands and acknowledges that the Agency has entered into an agreement with the County of San Luis Obispo and certain other agencies deriving property taxes from the Project Area (the "Pass-Through Agreements") which agreements limit the Agency's allocation of Tax Increments from the Site and the Retail Center, as more fully described in the Method of Financing (Attachment No. 7 to the OPA). The Tax Increments available to the Agency are also subject to a requirement that twenty percent (20%) of the Agency's Tax Increments must be allocated to the Agency's Low and Moderate-Income Housing Fund. The Participant acknowledges and agrees that the maximum amount of the Agency's obligation to pledge Property Tax Increments for the Mello-Roos Bonds shall be the Tax Increments generated from the Mello-Roos District at the time the final Certificate of Completion has been issued for all the improvements to be developed by the Participant pursuant to the OPA, plus the Tax Increments generated from the parcel on the Site conveyed to Wal-Mart Stores, Inc., less any pro-rata payments made pursuant to the Pass-Through Agreements, and less any amounts required to be set aside for the Agency's Low- and Moderate-Income Housing Fund (the "Agency's Maximum Tax Increment Pledge").

8. "Redevelopment Plan" means the Redevelopment Plan for the Paso Robles Redevelopment Project which was approved and adopted by the City Council of the City of El Paso de Robles on November 30, 1987, by Ordinance No. 540 N.S, as it now exists and as it may be subsequently amended pursuant to the OPA.

B. OBLIGATION REPRESENTED

1. This Note represents the Agency's obligation to make annual payments (to the extent specified funds as set forth in Section C herein are available annually to make such payments) for the period specified herein. This Note is to be executed and delivered by the Agency to the Participant at the time of issuance of the tax exempt Mello-Roos Bonds for the Phase 2 Mello-Roos Improvements.

2. The Agency's obligation to make payments to the Participant as set forth herein relates specifically to those certain Mello-Roos Improvements which are specially identified in Section II.D. of the Scope of Development (Attachment No. 3 to the OPA) and listed in Attachment No. 8 to the OPA.

C. PAYMENT

In order to assist in the payment by the Participant of the debt service for the Mello-Roos Bonds to finance the Mello-Roos Improvements, the Agency agrees to make payments to the Participant, in the annual amounts, at the times, and subject to the terms, conditions and limitations herein set forth:

1. The Agency's payments are made in partial consideration for, and to assist in the costs of, the undertaking by the Participant of the costs (in addition to other costs assumed by the Participant) of providing the Mello-Roos Improvements (Attachment No. 8), which are required for the development of the Site pursuant to this Agreement and the Previous Approvals.

The total cost to the Participant of providing the Mello-Roos Improvements is estimated to exceed THREE MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$3,750,000.00) in current dollars, plus costs of financing, reserves and interest and other incidental costs. The present value of the maximum amounts payable by the Agency to the Participant hereunder is estimated to be in the range of TWO MILLION Dollars (\$2,000,000.00) depending upon the discount rate used for said present value calculations. The purpose of this paragraph is to show that the payments made by the Agency to the Participant for the Mello-Roos Improvements will not exceed the costs of said improvements.

2. The Agency's payments for Mello-Roos Improvements during any Fiscal Year shall not exceed the Agency's Maximum Tax Increment Pledge and shall not exceed any special tax payments made by the Participant in such Fiscal Year. Any shortfalls in the amount of said annual Fiscal Year payments as shown on the Payment Schedule as a result of the above limitations shall be paid by the Participant

3. The obligations of the Agency to make payments of Tax Increments are dependent upon the the performance by Participant of its obligations with respect to the development of the Retail Center. If in any Fiscal Year, the Agency's Maximum

Tax Increment Pledge is less than the amount of the special tax or special assessment for such Fiscal Year for the Mello-Roos Bonds (the "Shortfall Amount"), the Agency's obligation to make a payment to the Participant for such Fiscal Year shall be reduced by the Shortfall Amount, and the Participant shall be deemed to have waived its rights to the amount by which the Agency's payment is herein reduced. The Participant expressly acknowledges that the amount of the Agency's payments under this Note is directly dependent upon the generation of specified levels of property taxes from the Mello-Roos District, and that the failure or inability of the Participant to commence and complete development of the Retail Center for whatever reason in time to generate such specified levels of property taxes, irrespective of the time for performance set forth in this Agreement, may adversely impact the amount of the payments due to the Participant from the Agency as set forth in this Note.

4. Payments by the Agency to the Participant shall be made thirty (30) days following the payment by the Participant of special taxes on the Mello-Roos Bonds, and only to the extent that there are no delinquencies in the payment of any other real property taxes, special taxes or special assessments levied on the Mello-Roos District. The first installment in each Fiscal Year in the amount of fifty percent (50%) of the total amount due for such Fiscal Year shall be based on the Agency's projections of property Tax Increments to be generated from the Mello-Roos District and the Wal-Mart Parcel for such Fiscal Year, based upon the then-completed value of the property subject to the special taxes, and the second installment shall be in the amount of the balance of the total payment due for such Fiscal Year by the Agency under this Note. In all events, payments by the Agency shall be limited to funds actually received by the Agency constituting a portion of the Agency's Maximum Tax Increment Pledge as of said payment date; provided, however, that Participant does not waive, and Agency shall pay when funds are received, any shortfall caused when projections have been met but funds are not available on said payment date solely because of the timing of receipt of funds by the Agency. Participant shall provide written evidence satisfactory to the Agency from time to time as may be requested by the Agency of the amount and times of payments of special and other property taxes with respect to the Mello-Roos District.

The special tax or special assessment on the Mello-Roos District is expected to be more than the payment by the Agency to Participant. The Agency shall not be responsible for any shortfall between the amount of such tax, assessment or debt service and the Agency payment under any circumstances.

In the event that the County of San Luis Obispo withholds the release of the annual property Tax Increment generated from the Mello-Roos District and the Wal-Mart Parcel (usually occurring upon protest of a property owner of an assessment ruling), the Agency shall not be responsible for paying to the Participant its agreed upon sum associated with the withheld portion of the annual property Tax Increment until the receipt of the property tax increment from the County of

San Luis Obispo. No interest will accrue on this late payment to the Participant unless the Agency receives interest thereon, in which event the Participant shall receive all such interest.

5. The Agency estimates the present value of its maximum payments to the Participant over the expected term of the Mello-Roos Bonds to be approximately in the range of TWO MILLION DOLLARS (\$2,000,000.00) (depending on a discount rate determined by the net interest rate of the Mello-Roos Bonds); provided, however, that this shall not be deemed a limitation on the total payments owed the Participant. The Agency at any time may prepay the unpaid balance of any amounts owing the Participant from the proceeds of Agency bonds or from other Agency sources in the manner and subject to the calculations set forth in this Note governing such prepayment.

6. The Participant and Agency have negotiated the amount, terms and conditions of the Agency payments hereunder based upon the applicable provisions of the Constitution and Laws of the State of California in effect on the date of this Agreement governing the rate, levy, collection, amount, use and administration of property taxes, and the allocation of Property Tax Increments generated from the Project Area and allocated to the Agency (collectively, the "State Laws"). If any future changes in State Laws materially adversely affect the receipt by the Agency of Property Tax Increments generated from the Project Area, Participant agrees that it shall assume the responsibility to paying any shortfall. As used in this Note, the term "Participant Advance" shall mean the amount paid by the Participant which is equal to the difference between the full amount of the Property Tax Increments from (i) the Mello-Roos District and (ii) the Wal-Mart Parcel which the Agency would have been allocated, as calculated under Section 33670 of the Health and Safety Code (as such section exists on the date of the Agreement), and the amount of the Tax Increments from the Mello-Roos District and the Wal-Mart Parcel actually available to the Agency to use for its obligations under this Note. The Agency agrees that, to the extent legally permissible, if the amount of Tax Increments allocated to the Agency is reduced by state law or by actions of any governmental entity having jurisdiction over such matters or if the Agency is required to use a portion of its Tax Increments for a purpose specified by state law or by a governmental entity having jurisdiction over such matters, it shall apply any such reduction or payment out of Tax Increments received from other parcels in the Project Area before applying any portion of such reduction or payment out of the Tax Increments received from the Mello-Roos District and the Wal-Mart Parcel. In addition, if the Agency and/or the City receives subventions from the State and/or any other assistance or reimbursements or substitutions of funds from the State or federal government to offset all or any part of the reduction or payment of Tax Increments required by state law, then such funds will be used when received, to the extent permitted by law, to reimburse the Participant for any Participant Advances made under this paragraph 6.

7. Notwithstanding any of the foregoing, the Agency's obligation to make any payments of Tax Increments from the Mello-Roos District and the Wal-Mart Parcel shall be dependent upon the development of the Phases 1, 2 and 3 within the times set forth in the Schedule of Performance (Attachment No. 4 of the OPA) as follows:

(a) The parties agree that the Agency, after Phase 1A has been completed and before the commencement of construction of Phase 2 or Phase 3, may issue Mello-Roos Bonds specifically for the purpose of obtaining funds to pay for the Niblick Bridge improvements. In such event, the Agency agrees that it shall use the Tax Increments from Phase 1 and the portion of the Woodland Plaza I site within the Mello-Roos District to pay, in part, the debt service on such Mello-Roos Bonds.

(b) In addition, if construction of Phase 1 of the Retail Center has commenced within the time period set forth in the Schedule of Performance (Attachment No. 4 to the OPA), but construction of Phase 2 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4 to the OPA) and no Mello-Roos Bonds are issued, the Agency shall use the Tax Increments from Phase 1 of the Retail Center towards the cost of the Niblick Bridge improvements (including the Tax Increments for the portion of the Woodland Plaza I shown on the Map of the Proposed Mello-Roos District (Exhibit A to the Method of Financing), and the capitalized value of such amount (based on the City's then-current borrowing rate), of such Phase 1 Tax Increments shall be credited as part of Participant's contribution to such improvements.

(c) If construction for Phase 3 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4 to the OPA), but construction for Phase 2 of the Retail Center has commenced within the time set forth in the Schedule of Performance (Attachment No. 4 to the OPA), the Agency shall make payments of the Tax Increments from the Phase 1 and Phase 2 portions of the Retail Center and the portion of Woodland Plaza I as set forth herein, but shall have no obligation to make payments of the Tax Increments from Phase 3 of the Retail Center; provided, however, that the Phase 1 and Woodland Plaza I Tax Increments have not been pledged or encumbered, or cannot be released from such pledge or encumbrance created by subparagraphs (a) or (b), above.

(d) If construction for Phase 3 of the Retail Center has commenced within the time set forth in the Schedule of Performance (Attachment No. 4 to the OPA), but construction for Phase 2 of the Retail Center has not commenced within the time set forth in the Schedule of Performance (Attachment No. 4 to the OPA), the Agency shall make payments of the Tax Increments from the Phase 1 and Phase 3 portions of the Retail Center and the portion of Woodland Plaza I as set forth herein, but shall have no obligation to make payments of the Tax Increments either from Phase 2 of the Retail Center; provided, however, that the Phase 1 and

Woodland Plaza I Tax Increments have not been pledged or encumbered, or cannot be released from such pledge or encumbrance created by subparagraphs (a) or (b), above.

8. Notwithstanding the foregoing, the Agency's obligations to make such payments of Retail Center Tax Increments shall be subordinate to the Agency's existing Tax Allocation Bonds for the Paso Robles Redevelopment Project, dated December 1, 1991 (the "Existing Bonds").

D. REMEDIES UPON DEFAULT UNDER OR TERMINATION OF OPA

The effects of defaults under or termination of the OPA, and the respective rights and obligations of the Agency and Participant with respect thereto, shall be governed by the provisions of the OPA.

E. TRANSFER

The Agency has no personal liability for repayment of the sums evidenced hereby except from the sources of funds pledged hereunder. Without the consent of the Agency, this Note may not be assigned except to any successor or assignee of the Participant authorized under the OPA. This Note may be assigned by the Participant as security for financing to pay costs of the Participant for the development of the Retail Center. Any unauthorized assignment or transfer shall, at the option of the Agency, be considered void and of no force and effect. No transferee shall have any greater rights or obligations than the Participant.

F. PREPAYMENT

The Agency shall have the right to prepay, at any time and from time to time, all or any portion of the amounts owing under this Note without any premium or penalty, and to issue bonds or incur other indebtedness of the Agency for such purpose including, but not limited to, bonds of the Agency secured by the Property Tax Increments from the Project Area; provided, however, the Agency's right to issue such bonds is conditioned upon the Agency's full prepayment of any amounts owing under this Note. In making a prepayment, the Agency shall designate the Fiscal Year payment(s) for which such prepayment is made. The present value amount of such prepayment shall be calculated using a discount rate which shall be the factor using the net interest cost on the Mello-Roos Bonds.

G. WAIVERS

The Agency waives diligence, presentment, demand, protest, notice of protest, notice of nonpayment of dishonor and all other notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and (to the full extent permitted by law) the right to plead any statute of limitations as a defense

to any demand hereunder or in connection with any security herefor, and hereby agrees that no failure on the part of the Participant to exercise any power, right or privilege hereunder, or to insist upon prompt compliance with the terms hereof, shall constitute a waiver thereof.

H. DEFAULTS AND REMEDIES

1. Event of Default. An event of default ("Event of Default") shall exist under this Note if the Agency has available to it those funds set forth in Section C hereof committed to be paid to the Participant hereunder, and does not use the full amount available therefor to make the payments under this Note, within ten (10) days after such amount is due and payable.

2. Remedies. In case of an Event of Default, the Participant may at any time thereafter, at its option and without notice, exercise any or all remedies available to the Participant under California law.

3. Remedies Cumulative. All rights and remedies of the holder of this Note provided herein are cumulative and shall be in addition to all other rights and remedies available to the Participant under other documents, at law or in equity, and all such rights and remedies may be exercised singly, successively and/or concurrently. Failure to exercise any such right or remedy shall not be deemed a waiver of such right or remedy.

I. TIME OF ESSENCE

Time is of the essence with respect to every provision hereof. This Note shall be accepted by the Participant in the State of California and shall be governed by, and construed and enforced in accordance with, the laws of the State of California. If any provision or portion of any provision in this Note is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions and portions thereof shall nevertheless continue in full force and effect. If any party hereunder commences an action against the other party regarding this Note, the prevailing party shall be entitled to recover from the nonprevailing party its reasonable attorneys' fees (including reasonable in-house counsel fees) and costs associated therewith.

J. INCORPORATION BY REFERENCE

The OPA, including all attachments thereto (including, but not limited to, the Method of Financing, Attachment No. 3), as the same may be hereafter amended from time to time, is incorporated herein by reference and made a part hereof. Nothing herein shall be deemed to amend the OPA, and in the event of any conflict

between the provisions of this Note and the provisions of the OPA, the provisions of the OPA shall prevail.

(SEAL)

REDEVELOPMENT AGENCY OF THE
CITY OF EL PASO DE ROBLES

By _____
Chairperson

By _____
Secretary

"AGENCY"

ATTACHMENT NO. 8

MELLO-ROOS IMPROVEMENTS

WOODLAND PLAZA II

MELLO-ROOS IMPROVEMENTS PORTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS

<u>LINE ITEM DESCRIPTION</u>	<u>TOTAL</u>	<u>PHASE I</u>	<u>PHASE II</u>	<u>PHASE III</u>
REGIONAL/COMMUNITY INFRASTRUCTURE COSTS				
Bridge Expansion Cost	2,000,000		2,000,000	
Regional/Community Off-Site Costs Fronting Project				
Community Bike Path	20,000			20,000
5' Protective Screen Wall for Community Bike Path	30,275			30,275
Contingency @ 25%	12,569			12,569
Engineering/Staking @ 15%	7,541			7,541
S. River Rd., Woodland Plaza I to Creston Rd.	150,000		150,000	
Public Open Space Lot, Riparian Mitigation/Enhancements	75,000			75,000
OTHER PUBLIC INFRASTRUCTURE IMPROVEMENT COSTS				
Community Retaining Walls	50,000	50,000		
Community Bike Lane	7,000		7,000	
Cut/Fill (10% Estimated Allocation of Total)	85,000	25,000	15,000	45,000
Sewer Manhole	2,500	2,500		
Public Street Improvements				
Curb Return and Ramp	3,200	3,200		
Signs	400	400		
Paint Striping	584	584		
Perimeter Landscape/Irrigation	50,878	35,878		15,000
Clear and Grub	500	500		
Cut and Fill, Balanced	10,000			10,000
Sawcut Asphalt Pavement	1,800	1,800		
Traffic Signal	100,000			100,000
Combined Utility Trench	33,600	33,600		
Contingency @ 25%	86,366	38,366	5,500	42,500
Engineering/Staking @ 15%	51,819	23,019	3,300	25,500
Construction Management Overhead	102,690	27,890	45,000	30,000
Cultural Resources Mitigation	100,000		100,000	
City Capital Improvement Fees (1)	579,066	55,000	264,601	259,465
General Contingency	12,144	4,144	4,000	-4,000
MELLO-ROOS PORTION OF INFRASTRUCTURE IMPROVEMENTS (1)	3,573,132	301,881	2,594,401	676,850

FOOTNOTES SUPPORTING SCHEDULE

(1) Public Improvements of an equal amount to be funded in lieu of fees shall be designated by the City.

(2) These totals represent net construction proceeds from the Mello-Roos bond issuance and will be increased to reflect costs relating to bond issuance costs, reserves, capitalized interest (18 months) and negative arbitrage costs included in the bond issue.

ATTACHMENT NO. 9

ADDITIONAL IMPROVEMENTS

WOODLAND PLAZA II

ADDITIONAL IMPROVEMENTS PORTION OF PUBLIC INFRASTRUCTURE IMPROVEMENTS

<u>LINE ITEM DESCRIPTION</u>	<u>PHASE I</u>
REGIONAL/COMMUNITY INFRASTRUCTURE COSTS .	
Regional/Community Off-Site Costs Fronting Project	
Regional 16" Water Line	66,200
Community Bike Path	32,500
Public Street Improvements	
Curb and Gutter	22,680
New Median	28,792
Median Curbs	29,048
New A.C. Paving	61,927
Street Lights	20,000
S. River/Niblick Rds. Intersection Signal	30,000
Regional Drainage Improvements	100,000
Contingency @ 25%	97,787
Engineering/Staking @ 15%	58,672
Niblick Rd., S. River Rd., to Quarterhorse	75,000
Creston Rd./S. River Rd. Signal	150,000
Box Culvert, Un-named Creek #1	425,000
Public Open Space Lot, Riparian Mitigation/Enhancements	100,000
OTHER PUBLIC INFRASTRUCTURE IMPROVEMENT COSTS	
Continuous Cross Gutter	1,800
Remove Existing Median	7,938
Trench Resurfacing	9,440
Cut and Fill, Balanced	20,000
Traffic Signal Modification	30,000
Contingency @ 25%	17,295
Engineering/Staking @ 15%	10,377
Construction Management Overhead	147,110
Cultural Resources Mitigation	50,000
General Contingency	21,858
AGENCY PORTION OF INFRASTRUCTURE IMPROVEMENTS	1,813,421

FOOTNOTES SUPPORTING SCHEDULE

- (1) Regional Road Improvements for S. River Road From Woodland Plaza I to Creston Road will be funded, in part, to the extent the contingencies and/or other listed items can be reduced and/or eliminated.

ATTACHMENT NO. 10

FORM OF CERTIFICATE OF COMPLETION

RECORDED AT THE REQUEST OF:

WHEN RECORDED RETURN TO:

PASO ROBLES REDEVELOPMENT PROJECT
PASO ROBLES, CALIFORNIA

CERTIFICATE OF COMPLETION OF CONSTRUCTION AND DEVELOPMENT

WHEREAS, pursuant to an Owner Participation Agreement dated _____, 1993, by and between the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES (hereinafter referred to as the "Agency") and WOODLAND PLAZA II, a California general partnership (hereinafter referred to as the "Participant"), the Participant has developed the real property (the "Site") legally described on the attached Exhibit "A" by constructing, or causing to be constructed, the improvements thereon according to the terms and conditions of said Owner Participation Agreement; and

WHEREAS, pursuant to Section 221 of the Owner Participation Agreement, promptly after completion of all work of construction to be completed by the Participant upon the Site, the Agency is required to furnish the Participant with a Certificate of Completion upon written request therefor by the Participant; and

WHEREAS, the issuance by the Agency of the Certificate of Completion shall be conclusive evidence that the Participant has complied with the terms of the Owner Participation Agreement pertaining to the development of the Site or portion thereof and to the work of construction of the improvements on the Site or portion thereof; and

WHEREAS, the Participant has requested that the Agency furnish the Participant with the Certificate of Completion; and

WHEREAS, the Agency has conclusively determined that the work of construction and development on the portion of the Site herein as required by the Owner Participation Agreement has been satisfactorily completed;

NOW, THEREFORE:

1. As provided in the Owner Participation Agreement, the Agency hereby certifies that development of the portion of the Site and the work of construction of the improvements on the portion of the Site have been fully and satisfactorily performed and completed, and that such development is in full compliance with said Owner Participation Agreement.

2. Said Owner Participation Agreement is therefore of no further force and effect, and all rights, duties, obligations and liabilities of the Agency and the Participant thereunder shall cease to exist as to such portion of the Site. Any continuing and existing rights, duties, obligations and liabilities pertaining to the Site are provided in an Agreement to be Recorded Affecting Real Property which has been recorded on the Site.

3. This Certificate of Completion shall not be deemed or construed to constitute evidence of compliance with or satisfaction of any obligation of the Participant to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the construction of the improvements on the Site. This Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the Agency has executed this Certificate as of this _____ day of _____, 19__.

REDEVELOPMENT AGENCY OF THE CITY
OF EL PASO DE ROBLES

ATTEST:

Executive Director

Secretary

ACCEPTED BY:

By _____

.. "PARTICIPANT"

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

LEGAL DESCRIPTION

BEING A PORTION OF THE REMAINDER PARCEL OF PARCEL MAP PR 89-418 IN THE CITY OF PASO ROBLES, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, RECORDED JUNE 26, 1990 IN BOOK 47 OF PARCEL MAPS, PAGE 22 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD AND THE WESTERLY RIGHT-OF-WAY OF THE REALIGNED SOUTH RIVER ROAD AS SHOWN ON SAID PARCEL MAP PR 89-418; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 05°17'24" EAST 294.11 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE WEST AND HAVING A RADIUS OF 1450.00 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND SAID CURVE, THROUGH A CENTRAL ANGLE OF 20°00'00" AN ARC DISTANCE OF 506.15 FEET; THENCE, ALONG SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD, SOUTH 14°42'36" WEST 369.30 FEET TO THE INTERSECTION OF SAID WESTERLY RIGHT-OF-WAY OF SOUTH RIVER ROAD AND THE SOUTHERLY LINE OF LOT 34 OF THE RANCHO SANTA YSABEL AS SHOWN ON THAT CERTAIN MAP RECORDED JANUARY 25, 1887 IN BOOK A OF MAPS, PAGE 29 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE, ALONG SOUTHERLY LINE OF SAID LOT 34, NORTH 88°17'06" WEST 2096.57 FEET TO THE SOUTHWESTERLY CORNER OF LOT 34; THENCE, ALONG THE WESTERLY LINE OF SAID LOT 34, NORTH 36°28'23" EAST 581.71 FEET; THENCE, CONTINUING ALONG SAID WESTERLY LINE OF LOT 34, NORTH 32°43'23" EAST 693.28 FEET TO THE INTERSECTION OF THE SAID WESTERLY LINE OF LOT 34 AND THE SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD; THENCE, ALONG SAID SOUTHERLY RIGHT-OF-WAY OF NIBLICK ROAD THE FOLLOWING BEARINGS AND DISTANCES:

- 1) SOUTH 86°48'23" EAST 353.94 FEET; THENCE,
- 2) NORTH 48°36'21" EAST 154.00 FEET; THENCE,
- 3) SOUTH 86°48'32" EAST 80.00 FEET; THENCE,
- 4) SOUTH 58°59'50" EAST 162.28 FEET; THENCE,
- 5) NORTH 38°32'04" EAST 101.15 FEET; THENCE,
- 6) NORTH 82°10'19" EAST 115.22 FEET; THENCE,
- 7) SOUTH 86°45'46" EAST 299.98 FEET; THENCE,
- 8) SOUTH 83°06'57" EAST 269.17 FEET TO THE POINT OF

BEGINNING.

John R. Sanders

JOHN R. SANDERS L.S. 5812 EXP 6/30/96

6-22-93
DATE

91124MB.DOC



Attachment No. 10
Exhibit A

ATTACHMENT NO. 11

FORM OF WOODLAND PROMISSORY NOTE

Principal Amount
NOT TO EXCEED \$65,000

_____, 1993
Paso Robles, California

FOR VALUE RECEIVED, RICHARD J. WOODLAND AND PATRICIA D. WOODLAND, co-trustees of the Richard J. Woodland and Patricia D. Woodland Trust, (hereinafter referred to as "Woodland") hereby promise to pay to the REDEVELOPMENT AGENCY OF THE CITY OF EL PASO DE ROBLES, a public body, corporate and politic, (the "Agency") at 910 Park Street, Paso Robles, California 93446, or such place as the Agency may from time to time designate in writing, the principal sum not to exceed SIXTY-FIVE THOUSAND DOLLARS (\$65,000), the exact amount of the principal to be determined as set forth below. Principal, interest and other sums payable hereunder shall be paid in lawful money of the United States of America.

This Note is made and delivered pursuant to and in implementation of that certain Owner Participation Agreement entered into between the Agency, Woodland Plaza II, a California general partnership (the "Partnership") and Woodland (collectively the Partnership and Woodland are referred to therein and herein as "Participant") dated _____, 1993 (the "OPA") which provides for the development and construction of a retail center (the "Retail Center") on certain real property owned or controlled by Participant within the Project Area for the Paso Robles Redevelopment Plan. It is anticipated that the Retail Center will include a Wal-Mart store.

In furtherance of the goals and objectives of the Paso Robles Redevelopment Plan, the Agency has incurred certain expenses in connection with a Memorandum of Understanding between the Agency and Participant, dated _____, 1993 and the OPA, to assist Woodland with respect to its discussions with Wal-Mart regarding the development and construction of a Wal-Mart store for the proposed Retail Center.

This Note is an obligation of Woodland payable by Woodland under the terms set forth herein.

The Agency shall provide evidence to Woodland of its actual, documented and reasonable expenses paid to third parties in connection with the activities described above, incurred as of the date of this Note, the aggregate amount of such expenses not to exceed Sixty Five Thousand Dollars (\$65,000). Such expenses shall be listed on Exhibit A to this Note.

Woodland agrees to pay the full amount of this Note without interest promptly upon the close of escrow of the sale by Woodland of the Wal-Mart-Parcel (as defined in Section 207 of the OPA) to Wal-Mart Inc. from the proceeds of that escrow; provided, however, that this Note shall be fully due and payable on January 5, 1994.

This is a nonnegotiable Note. This Note may be assigned to the bank or other entity providing an advance of funds and reassignable from said bank or other entity to Woodland. Any unauthorized assignment or transfer shall, at the option of the Agency, be considered void and of no force and effect. No transferee shall have any greater rights or obligations than Woodland.

If either party commences an action against the other to enforce or interpret this Note, the prevailing party shall be entitled to have and recover reasonable attorneys' fees and costs of suit from the other party.

Woodland shall have the right to prepay, at any time and from time to time, the entire principal amount of this Note without any premium or penalty.

This Note shall be governed by and construed in accordance with the laws of the State of California.

RICHARD J. WOODLAND AND PATRICIA
D. WOODLAND, co-trustees of the Richard J.
Woodland and Patricia D. Woodland Trust

By: _____
Richard J. Woodland

By: _____
Patricia D. Woodland

"WOODLAND"

EXHIBIT A

LIST OF AGENCY EXPENSES

[TO BE INSERTED]