

PARKING AGREEMENT

This PARKING AGREEMENT (this "Agreement") is made and entered into as of this 1st day of April, 1996 by and among PINE STREET DEVELOPMENT L.L.C., a Washington limited liability company ("PSD") and COMMUNITY DEVELOPMENT PROPERTIES, King County II, Inc., a Delaware non-profit corporation ("CDP"), as co-tenants (PSD and CDP as co-tenants are referred to collectively as the "Developer"), THE CITY OF SEATTLE, a first-class city of the State of Washington (the "City"), and NORDSTROM, INC., a Washington corporation ("Nordstrom").

RECITALS

1. This Agreement describes the operation and management of a parking garage (the "Parking Garage") to be constructed by Developer on the Systems Block in downtown Seattle, Washington. The Parking Garage is to be constructed by Developer in accordance with the terms and provisions of: (a) this Agreement, (b) the Parking Covenants, and (c) the Umbrella Agreement.

2. Developer has entered into binding, non-contingent contracts to acquire the land and improvements commonly known as the Systems Parking Garage Block between Pine and Olive Streets and Sixth and Seventh Avenues (the "Systems Block"). Following execution of this Agreement, Developer shall, on or before October 15, 1996, acquire fee simple title to the Systems Block at its sole cost and expense.

3. The Parties to this Agreement have executed this Agreement and have placed it in escrow to be effective only upon the satisfaction of various conditions which include (a) the closing of the purchase of the F&N Property and the exchange between Nordstrom and PSD of the Nordstrom Properties for the F&N Property; (b) the execution and delivery of a Construction, Operation and Reciprocal Easement Agreement entered into between Nordstrom and Developer pursuant to which Nordstrom has promised to Developer to redevelop the F&N Property and to operate a retail store of at least 200,000 square feet of floor area for twenty years, and PSD has promised to Nordstrom to redevelop the Nordstrom Properties, and Developer has promised to Nordstrom to construct a 1,200 vehicle parking garage on the Systems Block, and develop at least 300,000 square feet of gross leasable floor area of retail space on the Systems Block Retail and PSD has promised to Nordstrom to operate the retail space on the Systems Block and the Nordstrom Properties for twenty years, (c) the execution and delivery of the Parking Covenants by the Developer and Nordstrom, (d) the execution and delivery of the Umbrella Agreement between the City and the Developer, (e) the execution and delivery of a Facade Easement burdening the F&N Property in a form approved by Nordstrom and the City, (f) the execution of a lease from PSD to Nordstrom of the Nordstrom Properties for the period of time from the closing of escrow until Nordstrom vacates the Nordstrom Properties after opening its new store on the F&N Property, and (g) the acquisition by the Developer of the Systems Block.

4. The execution and delivery of this Parking Agreement and the execution and delivery of the other documents referred to in Recital 3 above, as well as the approval by the

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3. The Parties to this Agreement have executed this Agreement and have placed it in escrow to be effective only upon the satisfaction of various conditions which include (a) the closing of the purchase of the F&N Property and the exchange between Nordstrom and PSD of the Nordstrom Properties for the F&N Property; (b) the execution and delivery of a Construction, Operation and Reciprocal Easement Agreement entered into between Nordstrom and Developer pursuant to which Nordstrom has promised to Developer to redevelop the F&N Property and to operate a retail store of at least 200,000 square feet of floor area for twenty years, and PSD has promised to Nordstrom to redevelop the Nordstrom Properties, and Developer has promised to Nordstrom to construct a 1,200 vehicle parking garage on the Systems Block, and develop at least 300,000 square feet of gross leasable floor area of retail space on the Systems Block Retail and PSD has promised to Nordstrom to operate the retail space on the Systems Block and the Nordstrom Properties for twenty years, (c) the execution and delivery of the Parking Covenants by the Developer and Nordstrom, (d) the execution and delivery of the Umbrella Agreement between the City and the Developer, (e) the execution and delivery of a Facade Easement burdening the F&N Property in a form approved by Nordstrom and the City, (f) the execution of a lease from PSD to Nordstrom of the Nordstrom Properties for the period of time from the closing of escrow until Nordstrom vacates the Nordstrom Properties after opening its new store on the F&N Property, and (g) the acquisition by the Developer of the Systems Block.

4. The execution and delivery of this Parking Agreement and the execution and delivery of the other documents referred to in Recital 3 above, as well as the approval by the

City of the form of the Parking Covenants, are conditions to the closing of the escrow of the documents for the transaction referred to above and to the redevelopment of the Systems Block, the F&N Property and the Nordstrom Properties.

5. Nordstrom will, after the closing of the escrow referred to in Recital 3 above, own the land and improvements commonly known as the Frederick & Nelson Building, located north of Pine Street between Fifth and Sixth Avenues (the "F&N Property").

6. PSD will be, after the closing of the escrow referred to in Recital 3 above, the fee owner and lessee of the land and improvements commonly known as the Nordstrom Department Store and the Seaboard Building, located between Pike and Pine Streets and Fourth and Fifth Avenues (collectively the Old Nordstrom Store and the Seaboard Building are referred to as the "Nordstrom Properties").

7. Developer will construct or cause to be constructed the Parking Garage and the Systems Block Retail on the Systems Block in accordance with the requirements of the REA, the Parking Covenants and the Umbrella Agreement.

8. The Systems Block will be subjected to a plan of condominium ownership pursuant to which the ownership of the Parking Garage will be separated from the ownership of the Systems Block Retail. When the Condominium is formed, the Parking Covenants and this Agreement will bind the Parking Garage Condominium Unit and the Systems Block Retail Condominium Unit. After the Condominium is formed CDP will become the Garage Owner and PSD will become the Retail Owner.

9. CDP will, after operating or causing to be operated the Parking Garage for at least one year after the date the Parking Garage is first opened for business to the public, transfer the Parking Garage to the City or its designee pursuant to a lease purchase agreement pursuant to RCW 35.42.010 to 35.42.090 inclusive, or other appropriate instruments, subject to, among other things, the City's agreement to operate the Parking Garage in accordance with the Parking Covenants and this Parking Agreement.

10. Developer, Nordstrom and the City desire to enter into this Parking Agreement to induce PSD to acquire and redevelop the Systems Block and the Nordstrom Properties, to induce Nordstrom to acquire and redevelop the F&N Property, and to provide for the effective and successful operation and maintenance of the Parking Garage, which will encourage short-term parking in the downtown retail core thereby alleviating traffic congestion, and will also contribute to the revitalization of the downtown Seattle retail core.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1

INTRODUCTION AND TERM

1.1 Defined Terms. All capitalized terms which are used herein but which are not otherwise defined herein shall have the meanings ascribed to such term in Annex I attached hereto and made a part hereof.

1.2 Introduction. The Parking Garage is to be operated in accordance with this Agreement. The primary intent of this Agreement is to describe the general methods of operation of and standards of maintenance for the Parking Garage, which methods of operation are intended to, among other things, (a) provide safe, accessible parking for customers of the Complex and the retail core; (b) ensure simple ingress, egress, and location identification, including directional signage within the Parking Garage indicating the way to the Occupants; and (c) maximize the availability of short-term, public parking within the Parking Garage. Except for the portions of the Parking Garage used for valet parking and/or Required Long-Term Parking as hereinafter provided for in this Agreement, the Parking Garage shall be operated as a self-park, public parking garage.

1.3 Term. This Agreement shall become effective upon the acquisition of the Systems Block by the Developer or its successors and assigns. The Parking Garage shall be Operated in accordance with the terms of this Agreement from and after the date that the Parking Garage is first opened for business to the public, and shall remain in effect for an "Initial Term" of forty (40) years from the Leasing Date. The term of this Agreement shall be automatically renewed for additional terms of ten (10) years unless the Garage Owner (if the Garage Owner is the City) elects, by written notice of the Garage Owner's election to terminate this Agreement, given to the other Parties to this Agreement not more than five (5) years prior to the end of the Initial Term or the extension period then in effect and not less than four years and one half (4 1/2) years prior to the end of the Initial Term or the extension period then in effect. Such election to terminate the term of this Agreement may only be made if the Garage Owner is the City. If The Garage Owner elects, in the manner described above, to terminate this Agreement, the termination shall be effective upon the last day of the Initial Term or the extension period then in effect. The term of this Agreement shall automatically expire, unless earlier terminated pursuant to this Section 1.3, upon the termination or expiration of the Parking Covenants.

1.4 Termination If Garage Not Needed. If during the twelve month period immediately preceding the end of the Initial Term, less than an average of one hundred and twenty (120) vehicles per day use the Parking Garage (unless such low level of use is caused by an event described in Section 13.3 of this Agreement) and if the Garage Owner is the City, then the Garage Owner shall have the right to cease to Operate the Parking Garage as a Parking Garage in accordance with the terms of this Agreement. Such right may be exercised by written notice to the other Parties to this Agreement, given within one hundred and eighty (180) days after the end of the Initial Term.

ARTICLE 2

PARKING OVERSIGHT COMMITTEE

2.1 Formation of Parking Oversight Committee. A Parking Oversight Committee ("Committee") shall be formed no later than sixty (60) days before the opening of the Parking Garage and shall be maintained throughout the term of this Agreement. The Committee will consist of the F&N Owner, the Garage Owner, the Retail Owner (or their respective designees) and one other Occupant from the Complex selected by the Retail Owner from time to time. Upon a termination of the Parking Covenants the F&N Owner shall no longer be a member of the Committee. If the Garage Owner is also the Retail Owner (or an Affiliate of the Retail Owner) or the F&N Owner (or an Affiliate of the F&N Owner), said Party shall be represented by only one member on the Committee. The Committee shall meet at least quarterly or as otherwise determined by the Committee.

2.2 Purpose of Committee. The purpose of the Committee is solely to provide guidance and advice to the Garage Owner on matters related to Parking Garage operation. Except as provided in this Agreement or in the Parking Covenants, the Garage Owner shall make operational decisions relating to the Parking Garage subject only to the provisions of this Agreement, the Parking Covenants and applicable law. If the Committee gives advice to the Garage Owner, the Garage Owner shall consider the advice of the Committee before taking action on the subject about which such advice was given.

ARTICLE 3

PARKING GARAGE SIGNAGE AND GRAPHICS

Before the Parking Garage is first opened to the public, the Garage Owner shall install directional signage in the Parking Garage and the Retail Owner shall install directional signage in the Concourse level of the Systems Block Retail which indicates directions to the Occupants of the F&N Property and the Systems Block Retail, and which has been approved by the F&N Owner. The Garage Owner shall not alter or remove (other than for purposes of maintenance) any signage indicating the way to the F&N Property or the Systems Block Retail, without first obtaining the written consent of the F&N Owner or the Retail Owner respectively. The designation or denomination of the Parking Garage shall not be made or changed without the approval of all of the Parties to this Agreement.

ARTICLE 4

SPECIAL USE AND MONTHLY PARKING

4.1 Required Long-Term Parking Requirements. Pursuant to the Master Use Permit approved by the City for the Systems Block project ("MUP"), the Garage Owner shall provide 136 regular and 35 carpool spaces, each of which will be rented for use by the same owner or motor vehicle for six hours or more and generally shall be used by a person who commutes to work by private motor vehicle ("Required Long-Term Parking"). Contracts between the

Garage Owner and members of the general public (who may be Occupants or individuals who work for Occupants) for Required Long-Term Parking for a term of thirty days or less are referred to herein as "Monthly Long-Term Parking Contracts." The contracts between the Garage Owner and Occupants and the contracts between the Garage Owner and members of the general public designated by the Retail Owner for Required Long-Term Parking for a term of more than thirty (30) days, are referred to herein as the "Special Use Long-Term Parking Contracts." The definition of Required Long-Term Parking may be changed in the future, provided such change is consistent with the City's Land Use Code, is agreed to by the Parties to this Agreement, and is approved by the Department of Construction and Land Use of the City.

From the date the Parking Garage is first opened for business to the public (the "Garage Opening Date") to the Leasing Date, the Garage Owner shall rent 171 spaces in the Parking Garage for Required Long-Term Parking in accordance with the requirements of the City's Land Use Code and with the MUP. Such rentals may be to members of the general public, Occupants or to the Retail Owner pursuant to Monthly Long-Term Parking Contracts or the Special Use Long-Term Parking Contracts. On the Leasing Date, the Garage Owner shall assign to the City all then existing Monthly Long-Term Parking Contracts and, if entered into, the Special Use Long-Term Parking Contracts. The City shall assume such contracts in accordance with their terms; provided that (a) the City has previously approved the form of such contracts and (b) the contracts are neither in default nor entered into in violation of the terms of this Agreement. The City expects Monthly Long-Term Parking Contracts (up to a maximum of 171 parking spaces) to be available on a first-come, first-served basis. The Monthly Long-Term Parking Contracts shall reserve to the Garage Owner the right to terminate or change the terms of such contracts on not less than thirty (30) days prior notice. Except as provided in Section 4.4, only the Retail Owner shall have the right to modify or terminate the Special Use Long-Term Parking Contracts.

4.2 Special Use Parking. Notwithstanding any other provision of this Agreement to the contrary, for so long as there are outstanding tax-exempt obligations, the proceeds of which financed the transfer to the City or its designee of the Parking Garage, the total number of parking spaces under Special Use Valet Parking Contracts and Special Use Long-Term Parking Contracts shall not exceed 108 parking stalls. In addition to entering into the Special Use Long-Term Parking Contracts, prior to the Leasing Date the Garage Owner may enter into one or more contracts for a term of more than thirty (30) days with Occupants of the Complex for short term valet parking to be operated by a valet parking operator selected by the F&N Owner and/or Retail Owner, respectively (each, a "Special Use Valet Parking Contract"). The total number of spaces leased under Special Use Valet Parking Contracts shall not exceed 60 spaces. On the Leasing Date, the Garage Owner shall assign and the City shall assume all Special Use Valet Parking Contracts; provided that (a) the City has previously approved such contracts and (b) the contracts are neither in default nor entered into in violation of the terms of this Agreement.

4.3 Contract Approval. The City shall have no obligation to assume any Monthly Long-Term Parking Contract, Special Use Long-Term Parking Contract or Special Use Valet Parking Contract on the Leasing Date unless the form and substance of such contract has been approved by the City. The City shall not unreasonably withhold or delay its consent to such

contracts, and if any such contract is submitted to the City for its approval, and the City fails to disapprove such contract within fifteen (15) days after such contract is submitted to the City for its approval, such contract shall be deemed to have been approved by the City.

4.4 Tax-Exempt Status. The City shall have the right to modify this Agreement, the Monthly Long-Term Parking Contracts, the Special Use Long-Term Parking Contracts and the Special Use Valet Parking Contracts, if, in the reasonable opinion of the City's bond counsel, such modification or amendment is necessary to permit or preserve the tax-exempt status of interest payable on or with respect to any outstanding Certificates of Participation to be executed and delivered or other tax-exempt obligations to be issued by the City in connection with the transfer of the Parking Garage to the City, or with respect to any such debt instruments that are outstanding, but only if and to the minimum extent required to permit or preserve such tax-exempt status. If, at any time after the Leasing Date, the Retail Owner receives written notice from the City that its bond counsel reasonably requires that the Long-Term Monthly Parking Contracts be modified in order to permit or preserve the tax-exempt status of debt issued or to be issued to finance the City's acquisition of the Garage, then the City shall enter into Special Use Long-Term Parking Contracts with Occupants identified by the Retail Owner, that grants the Occupants designated the right to convert, at the Retail Owner's discretion, any Long-Term Monthly Parking Contracts to Special Use Long-Term Parking Contracts, provided that after such conversion the total number of Special Use Long-Term Parking Contracts, including Special Use Valet Parking Contracts, does not exceed 108 parking spaces.

ARTICLE 5

SECURITY

5.1 Security. Retail Owner shall provide (and, upon the formation of the Condominium Association, Developer shall cause the Condominium Association to provide) security for the Parking Garage at a level consistent with the practice prevailing in the operation of similar first-class urban multi-use complexes and at a level consistent with the level and quality of security which the Retail Owner provides within the Systems Block Retail. The security described in the preceding sentence shall be furnished by: (a) foot and/or vehicular patrols by uniformed security personnel; (b) monitored closed-circuit television; and (c) a monitored audio system installed at elevators and other critical locations. Assistance call boxes shall be located on each level of the Parking Garage and shall be monitored by security. Security monitoring shall be on a twenty-four (24) hour a day basis. Stairwell towers shall be alarmed and secured, for use by the public only in emergencies.

ARTICLE 6

OPERATOR SELECTION

6.1 Parking Garage Operator Selection. The selection and performance of the Parking Garage Operator is critical to the successful execution of this Agreement. The Parking Garage Operator shall be selected by Garage Owner and shall be: (a) any entity which is a nationally recognized manager of parking garages with substantial experience operating multi-level parking

garages in first-class urban regional shopping centers and which meets the selection and performance criteria set forth below; or (b) any entity which has continuously operated as a manager, for not less than five years before the date of determination, at least three garages similar in size, character, scope and quality to the Parking Garage, and whose uses are substantially the same as uses currently in effect for the Parking Garage with substantial experience operating multi-level parking garages in first-class urban regional shopping centers and which meets the selection and performance criteria set forth below; or (c) a local affiliate of any of the foregoing which meets the selection and performance criteria set forth below. The Parking Garage Operator shall demonstrate that it has consistently met the following standards in the operation of similar parking structures in first-class urban regional shopping centers (and, in the case of a renewal of the Parking Garage Operator's contract, in the operation of the Parking Garage):

- (i) Customer Satisfaction. The Parking Garage Operator shall demonstrate the Operator's operations capability to provide customer service consistent with similar first-class urban regional shopping centers;
- (ii) Staffing and Training. The Parking Garage Operator shall demonstrate the ability to monitor and perform staffing of cashier booths in order to meet demand and keep typical customer waiting times to less than one (1) minute at the cashier booth or as close to one (1) minute as practicable given the construction and design of the cashier booths and pay stations, and the ability to use revenue control system equipment and software in use in the Parking Garage;
- (iii) Employee Appearance and Attitude. The Parking Garage Operator shall demonstrate that it employs a high energy staff which is professional, courteous, tidy in appearance, friendly and helpful;
- (iv) Financial Stability. The Parking Garage Operator shall not have had any prior bankruptcies, and must have at least One Million Dollars (\$1,000,000) in annual income, and net worth of at least Three Million Dollars (\$3,000,000) (all of such amounts are expressed in 1996 Dollars);
- (v) Revenue Capture. The Parking Garage Operator shall demonstrate through audit reports of all parking garages operated by the Parking Garage Operator that its revenue capture rate meets the highest standards in the industry;
- (vi) Reports. The Parking Garage Operator shall demonstrate that its reports have been prepared and delivered in a timely manner, are accurate and are easy to comprehend;
- (vii) Maintenance and Graphics. The Parking Garage Operator shall demonstrate that garages that it maintains and all signage therein are kept clean and neat and in first-class condition, appearance and repair, including cleaning and repainting of the Parking Garage as required;

(viii) Adequacy of Budget. The proposed budget of the Parking Garage Operator shall be clearly adequate, and the Parking Garage Operator shall demonstrate that, in its prior operations of similar multi-level parking garages in urban regional shopping centers, such Parking Garage Operator's budgets have been consistent with its actual operating results;

(ix) Customer Complaints. The Parking Garage Operator shall agree to make customer feedback cards designed by the Committee readily available at all cashier booths and APS stations for a period of five (5) days, including one weekend once during each calendar quarter. The Parking Garage Operator shall agree to make the results of the survey available to the Committee promptly after the completion of the survey, and shall agree to promptly correct any deficiencies noted in the customer feedback cards. The Parking Garage Operator shall agree to operate the Parking Garage in a manner that will result in at least eighty five percent (85%) of customer comments rated above "poor" or "fair."

(x) Liability Insurance. The Parking Garage Operator shall demonstrate its ability to secure liability insurance meeting the standards set forth in Section 2.8 of the Parking Covenants and Exhibit F to the Umbrella Agreement.

(xi) Renewals of Operator Contract. In considering a Parking Garage Operator's proposal to renew its contract as the Parking Garage Operator, the Garage Owner's adherence to the standards set forth in this Section, and to the requirements of this Agreement and the Parking Covenants during its operation of the Parking Garage shall be an additional selection criteria.

The Parking Garage Operator's contract shall have a term of not more than three (3) years, shall incorporate the performance and selection criteria and other terms of this Agreement and the Parking Covenants which are applicable to the Operation and maintenance of the Parking Garage as requirements of the Garage Operator, and shall provide for the Garage Owner to have the right to correct deficiencies in management or terminate the Garage Operator's contract in the event that the Garage Operator fails to operate the Parking Garage in accordance with the requirements of the Parking Garage Operator's contract. If at any time the Parking Garage Operator fails to meet the performance and selection criteria set forth in this Agreement, and such failures are not cured within the grace periods set forth in Article 12 of this Agreement, the Garage Owner shall enforce its rights in the Parking Garage Operator's contract to require the failures to be corrected or shall terminate the Parking Garage Operator and select a new Parking Garage Operator which meets the standards set forth in this Agreement.

All Garage Owners shall select Parking Garage Operators in compliance with the selection criteria set forth above and applicable requirements of Washington State, City and federal law (which shall include the requirements of RCW 35.86A.120, so long as the Garage Owner is the City). In the event of any conflict between the selection criteria set forth above and applicable law, the provisions of applicable law shall prevail to the extent of such conflict.

6.2 Owner Valet Operator Selection. The selection and performance of the valet operator (the "Owner Valet Operator") operating the Owner Valet Service (as hereinafter

defined) is critical to the successful execution of this Agreement. The Owner Valet Operator shall be selected by Garage Owner and shall be: (a) any entity that is a nationally recognized valet parking manager with substantial experience operating valet parking services in multi-level parking garages in first-class urban regional shopping centers and which meets the selection and performance criteria set forth below; (b) an entity that specializes in valet parking services and has continuously operated as a valet parking manager, for not less than five years before the date of determination, at least three separate valet services similar in size, character, scope and quality to the valet service in the Parking Garage and whose uses are substantially the same as uses currently in effect for the Parking Garage and which meets the selection and performance criteria set forth below; or (c) a local affiliate of the foregoing which meets the selection and performance criteria set forth below. The Owner Valet Operator shall demonstrate that it has consistently met the following standards in the operation of similar valet parking services in first-class urban regional shopping centers (and, in the case of a renewal of the Owner Valet Operator's contract, in the operation of the Owner Valet Service):

- (i) Customer Satisfaction. The Owner Valet Operator shall demonstrate the Operator's operations capability to provide customer service consistent with a first-class urban regional shopping center;
- (ii) Staffing and Training. The Owner Valet Operator shall demonstrate the ability to monitor and perform staffing of valet drop off and pick up locations in order to meet demand and keep typical customer waiting times to less than two (2) minutes at the valet pick up and drop off point in the Concourse, and to less than four (4) minutes at valet pick up and drop off points on the block immediately to the west of the Parking Garage, and the Owner Valet Operator shall demonstrate its staff's ability to use revenue control system equipment and software;
- (iii) Employee Appearance and Attitude. The Owner Valet Operator shall demonstrate that it employs a high energy staff which is professional, courteous, tidy in appearance, friendly and helpful;
- (iv) Financial Stability. The Owner Valet Operator shall not have had any prior bankruptcies, and must have at least Seven Hundred Fifty Thousand Dollars (\$750,000) in annual income, and net worth of at least One Million Dollars (\$1,000,000) (all of such amounts are expressed in 1996 Dollars);
- (v) Revenue Capture. The Owner Valet Operator shall demonstrate through audit reports of all valet services operated by the Owner Valet Operator that its revenue capture rate meets the highest standards in the industry;
- (vi) Reports. The Owner Valet Operator shall demonstrate that its reports have been prepared and delivered in a timely manner, are accurate and are easy to comprehend;
- (vii) Adequacy of Budget. The proposed budget of the Owner Valet Operator shall be clearly adequate, and the proposed Owner Valet Operator shall demonstrate that, in its prior valet operations in similar multi-level parking garages in urban regional shopping

centers, such proposed Owner Valet Operator's budgets have been consistent with its actual operating results;

(ix) Customer Complaints. The Owner Valet Operator shall agree to make customer feedback cards designed by the Committee readily available at all valet pick-up and drop-off locations for a period of five (5) days, including one weekend once during each calendar quarter. The Owner Valet Operator shall agree to make the results of the survey available to the Committee promptly after the completion of the survey, and shall agree to promptly correct any deficiencies noted in the customer feedback cards. The Owner Valet Garage Operator shall agree to operate the Owner Valet Service in a manner that will result in at least eighty five percent (85%) of customer comments rated above "poor" or "fair."

(x) Liability Insurance. The Owner Valet Operator shall demonstrate its ability to secure liability insurance meeting the standards set forth in Section 10.3.5 and Exhibit F to the Umbrella Agreement.

(xi) Renewals of Operator Contract. In considering an Owner Valet Operator's proposal to renew its contract as the Owner Valet Operator, the Garage Owner's adherence to the standards set forth in this Section, and to the requirements of this Agreement and the Parking Covenants during its operation of the Parking Garage shall be an additional selection criteria.

The Owner Valet Operator's contract shall have a term of not more than three (3) years, and shall incorporate the performance and selection criteria and other terms of this Agreement and the Parking Covenants which are applicable to the Operation and maintenance of the Parking Garage as requirements of the Owner Valet Operator, and shall provide for the Garage Owner to have the right to correct deficiencies in management or terminate the Owner Valet Operator's contract in the event that the Owner Valet Operator fails to operate the Parking Garage in accordance with the requirements of the Owner Valet Operator's contract. If at any time the Owner Valet Operator fails to meet the performance and selection criteria set forth in this Agreement, and such failures are not cured within the grace periods set forth in Article 12 of this Agreement, the Garage Owner shall enforce its rights in the Owner Valet Operator's contract to require the failures to be corrected or shall terminate the Owner Valet Operator and select a new Owner Valet Operator which meets the standards set forth in this Agreement.

All Garage Owners shall select Owner Valet Operators in compliance with the selection criteria set forth above and applicable requirements of Washington State, City and federal law and, (which shall include the requirements of RCW 35.86A.120, so long as the Garage Owner is the City). In the event of any conflict between the selection criteria set forth above and applicable law, the provisions of applicable law shall prevail to the extent of such conflict.

6.3 Compliance With Federal Tax Guidelines. After the Leasing Date, and for so long as there are outstanding tax-exempt obligations, the proceeds of which have financed the Garage Owner's acquisition of the Parking Garage, contracts with the Parking Garage Operator and the

Owner Valet Operator shall also comply with IRS management contract rules pertaining to facilities financed with the proceeds of tax exempt obligations.

ARTICLE 7

MAINTENANCE AND OPERATION

7.1 Maintenance and Operation by Garage Owner. Except as provided in this Agreement, the Garage Owner shall cause the Parking Garage Operator to Operate the Parking Garage solely as a first-class parking garage for the parking of motor vehicles by members of the general public (including Required Long-Term Parking required by the Land Use Code of the City and valet parking) in accordance with the standards of this Agreement, the Parking Covenants, the Umbrella Agreement and the Condominium Declaration. The Garage Owner shall maintain the Parking Garage in a first-class condition and state of repair in accordance with industry standards for the operation and maintenance of multi-level parking garages located in first-class urban regional shopping centers, and including, but not limited to the items of maintenance, upkeep and operation described below. By way of example, Annex 2 contains a maintenance schedule which is consistent with industry standards for the operation of a multi-level parking garage in first-class urban regional shopping centers as of the date of this Agreement. The operation of a first-class automobile detailing service in the Parking Garage shall be permitted so long as such service is operated in a manner which is consistent with the other provisions of this Agreement and does not reduce the capacity of the Parking Garage below 1,200 motor vehicles.

7.1.1 The Parking Garage shall be operated and open for public parking on each day at least forty-five minutes (3/4 hour) before the opening of the earlier to open of the F&N Owner (or any portion thereof) or any Occupant of a portion of the Complex (or any portion thereof), and shall remain open at least until one and one half (1.5) hours after the later to close of the F&N Owner (or any portion thereof) or any Occupant of the Complex (or any portion thereof). The Garage Owner may extend the operating hours of the Parking Garage beyond the minimum hours listed above. Vehicles with Monthly Long-Term Parking Contracts or Special Use Long-Term Parking Contracts, or subcontracts under the Special Use Long-Term Parking Contracts shall have access to the Parking Garage on a 24-hour-a-day basis.

7.1.2 All sidewalks, walkways, stairways, elevators, roadways and parking surfaces inside the Parking Garage, including its entrances and exits, shall be kept and maintained in a good, safe and clean condition.

7.1.3 Snow, ice, surface water and debris shall be promptly removed if inside the Parking Garage, or its entrances and exits.

7.1.4 All graphics, traffic and directional signs and pavement and striping shall be kept clean, distinct and legible, and replaced as necessary, including restriping of parking lot markings at least once per year.

7.1.5 All public rest rooms, if any, and any other common use facilities shall be maintained and kept in a first-class and sanitary condition.

7.1.6 Adequate lighting is one of the most important safety features of the Parking Garage, and a strong maintenance program is necessary to preserve the lighting levels in the Parking Garage. Parking Garage lighting shall be repaired, replaced and renewed as may be necessary, including prompt replacement of burned out or defective bulbs or tubes with a color index of at least 65 and the implementation of a group-relamping program in accordance with the manufacturer's recommendation. Illumination levels inside the Parking Garage shall be maintained as required by the Parking Covenants.

7.1.7 The Parking Garage shall be spot painted as necessary and fully repainted at least once each seven years.

7.1.8 Ventilation equipment, traffic control equipment, lighting systems, electrical systems, sprinkler and life-safety systems and mechanical systems of the Parking Garage shall be repaired and replaced as necessary to keep them in first-class condition.

7.1.9 Signs and light fixtures shall be mechanically swept, washed with high pressure washing equipment, and routinely cleaned as necessary to keep them in first-class condition.

7.1.10 Structural maintenance, treatment of concrete as required, and repair and replacement of expansion joints shall be performed as required.

7.1.11 All areas of the Parking Garage shall be kept clean and free from graffiti, and any graffiti shall be promptly removed and the surface restored to its condition prior to the application of the graffiti.

7.1.12 Oil and other fluids shall be removed from the surfaces of the Parking Garage, including its entrances and exits on a periodic basis as reasonably necessary, and the floor of the Parking Garage shall be washed with high pressure water at least semi-annually.

7.1.13 The Parking Garage shall be operated in a manner that will minimize delays by users of the Parking Garage who are attempting to exit. Garage Owner shall utilize a "Pay-on-Foot" system, requiring customers to pay their parking fees before returning to their cars. The Pay-on-Foot cashier station shall be staffed by up to four (4) cashiers at one time (as needed to accommodate demand from users of the Parking Garage) and will be constructed and equipped by Developer in an area near the Parking Garage elevators on the Concourse level of the Systems Block Retail, as shown on the Approved Plans and Specifications. Two (2) automated pay stations ("APS Stations") will be constructed and installed by the Developer in an area located near or around the cashier booth as shown on the Approved Plans and Specifications, allowing Parking Garage users an automated payment option. The APS Stations to be constructed by the Developer shall include bill changers and accept credit cards. The cashier or APS Stations return the "paid" parking ticket to the customer encoded with a grace period with sufficient time to return to the car and exit the garage. Upon reaching the gate, the customer inserts the encoded "paid" ticket into a machine opening the gate. The average time at the gate under normal operation is expected to be less than fifteen seconds.

7.1.14 The Garage Owner shall adequately staff, or cause to be adequately staffed, cashier booth(s) during the hours of operation of the Parking Garage in order to ensure users a minimum of delay in exiting. During normal week-day operation, staffing levels should be established such that customers do not typically wait more than one (1) minute in queue to pay a cashier.

7.1.15 APS Stations shall be maintained in first-class condition, including the bill-changing and credit card options integrated into the machines. The APS Stations shall be maintained on a contract to provide for same-day repair of any breakdowns or malfunctions.

7.1.16 When the Parking Garage is first opened for business to the public, and thereafter during the first year of operation of the Parking Garage, the Parking Garage Owner shall provide a marketing and education program aimed at familiarizing the users of the Garage with the "Pay-on-Foot" payment system.

7.1.17 Public attitudes towards the Parking Garage operations are important to the success of its operation. The Garage Owner (at the Garage Owner's sole cost and expense) shall, during the first year the Parking Garage is opened to the public and every year thereafter, employ a qualified independent parking consultant to conduct a customer satisfaction survey of users and potential users of the Parking Garage. The survey shall query patrons of the Parking Garage on such areas as hours of operation, security, wait-times to pay, convenience of the valet parking service, parking rates, ingress and egress, personnel friendliness and professionalism, maintenance, etc. The results of the surveys shall be provided to the Committee.

7.2 Maintenance by Retail Owner. The Retail Owner shall provide (and, upon formation of the Condominium Association, the Developer shall cause the Condominium Association to provide) the maintenance described below in accordance with industry standards for the operation and maintenance of multi-level parking garages located in first-class urban regional shopping centers.

7.2.1 Sidewalks and other Condominium Common Area pedestrian walk areas accessing the Parking Garage shall be cleaned by hand and small machine.

7.2.2 Elevators in the Parking Garage shall be maintained in first-class condition including (1) checking elevators daily, and (2) contracting with a licensed elevator maintenance firm to maintain the elevators in first-class condition. To minimize inconvenience to users of the Parking Garage and Occupants where practicable, maintenance to the elevators within the Parking Garage, other than emergency repairs, shall be performed during hours when the F&N Owner and the Occupants of the Systems Block Retail are not open. The Retail Owner shall provide (or cause to be provided by the Condominium Association) elevator maintenance for the Parking Garage elevators, including the elevator pressurization systems and shall enter into a comprehensive preventative elevator maintenance contract with a reputable, qualified elevator maintenance company. The Retail Owner shall maintain or cause the Condominium Association to maintain the elevators in the Systems Block Retail to at least the same standards as are set forth in this section with respect to the maintenance of the elevators serving the Parking Garage. The cost of the maintenance of the elevators serving the Parking Garage shall be allocated to the

Garage Owner and the cost of maintenance of the elevators serving the Systems Block Retail shall be allocated to the Retail Owner.

7.2.3 The Retail Owner shall maintain (or cause to be maintained by the Condominium Association) the Concourse level, where the Parking Garage and the Systems Block Retail share Condominium Common Area as established in the Condominium Declaration, including the drop-off and pick-up area in first-class condition, order and repair, and in accordance with industry standards for the operation and maintenance of multi-level parking garages located in first-class urban regional shopping centers.

7.3 First-Class Maintenance. The obligations of the Garage Owner to maintain the Parking Garage in first-class condition (which are contained in the Parking Covenants and in this Parking Agreement) shall include the obligation to make capital improvements which are necessary to keep the Parking Garage a first-class parking garage, but shall not be interpreted to require the Garage Owner to make capital improvements to the Parking Garage which could not reasonably be expected to pay for themselves over the useful life of such improvements through enhancements in revenue and/or reductions of operating expenses reasonably expected to result from such improvements (when compared to the results which could be reasonably expected if the capital improvements were not made). The parties to this Agreement agree that the Garage Owner may set aside reasonable reserves for such capital improvements.

ARTICLE 8

SHOPPER'S PARKING INCENTIVE AND VALIDATION PROGRAMS

8.1 Overview. The Parties to this Agreement recognize that participation in a shopper's incentive and/or parking validation program ("**Parking Validation Program**") will help to relieve traffic congestion and improve traffic circulation in downtown Seattle and will help to revitalize downtown Seattle. Consistent with its intention to encourage short-term downtown retail parking, while recognizing the City's responsibility to repay its debt obligations issued to finance the acquisition of the Parking Garage, the City is committed to participation in a Parking Validation Program for the Parking Garage.

8.2 Validation Conditions. The Developer and Retail Owner shall use reasonable and diligent efforts to encourage Occupants of the Systems Block Retail and retail and entertainment Occupants of the Nordstrom Properties to participate in the Parking Validation Program operated by the Downtown Seattle Association (the "DSA") or other downtown merchants' associations that might replace the DSA. The City shall determine whether the Merchant Validation Conditions Precedent have been satisfied on the first day of the first full month which occurs on or after the first anniversary of the Leasing Date (the "Test Date"). The City shall notify the Committee whether the Merchant Validation Conditions were satisfied on the Test Date within fifteen (15) days after the Test Date, and shall provide the Committee with information supporting such determination. If the Merchant Validation Conditions Precedent have been satisfied as of the Test Date, the City hereby agrees so long as the City is the Garage Owner and so long as the Merchant Validation Conditions Precedent (as hereinafter defined) are satisfied on each successive Test Date, that the City shall match, dollar for dollar, contributions to the

Parking Validation Program made by Occupants, commencing as of a date which is no sooner than fifteen (15) days and no later than forty five (45) days after the Test Date. For example, if a customer receives a parking token, voucher, or coupon from a participating Complex merchant worth \$1.00, the City agrees to match the value of the token, coupon or voucher, by deducting an additional dollar from the published parking rate in the Parking Garage. As used herein the term "Merchant Validation Conditions Precedent" shall mean: (a) that the Occupant of the retail store on the F&N Property participates in the Parking Validation Program, (b) Occupants (including the Occupant of the retail store on the F&N Property) occupying at least sixty percent (60%) of the then open and operating retail and entertainment square footage in the Complex are participating in the Parking Validation Program; and (c) the Parking Garage Net Revenue exceeds Parking Garage Debt Service for the twelve (12) month period ending on the day prior to the Test Date. The determination of whether or not the Merchant Validation Conditions Precedent have been satisfied shall be made as of the anniversary of the Test Date. If such determination indicates that any change in the Parking Validation Program is necessary, the City shall provide thirty (30) days notice of such change to the Committee, and the change shall be implemented by the City as of the date which is forty-five (45) days after such anniversary. The Retail Owner shall obtain from the F&N Owner and the Occupants of the Nordstrom Properties the information required pursuant to Section 8.2(b) above and shall provide such information to the City within five (5) days after each Test Date.

ARTICLE 9

PARKING RATES

9.1 Introduction. One of the primary reasons for the City's involvement in the Parking Garage is to provide additional, convenient, short-term parking in downtown Seattle. The City is committed to operating the Parking Garage, including the setting of parking rates, so as to encourage short-term parking downtown, consistent with the City's financial responsibilities to meet all costs associated with the Parking Garage. In addition, the City also recognizes the importance of activity in downtown Seattle during evenings and on weekends for public safety and other public purposes, and is committed to encouraging evening and week-end parking to stimulate public activity in the downtown area. Parking rates shall be established pursuant to this Article 9 in a manner which is consistent with the goal of encouraging short-term parking in downtown Seattle. The provisions of Sections 9.1.1 through 9.1.5 are applicable to all of this Article 9.

9.1.1 Implementation Date. Several of the restrictions on Parking Rates outlined in Section 9.3 are based on the financial performance of the Garage in the prior year. The Parties recognize that a period of time will be required to determine the actual financial performance of the Garage for the prior year. In these cases, rate changes will be implemented by the Garage Owner no sooner than thirty (30) days following the completion of final unaudited financial statements showing the Parking Garage's Net Revenue after Debt Service for the previous operating year, and such rate changes shall remain in effect until further changed pursuant to this Article 9. The Garage Owner shall provide the Committee with thirty (30) days notice, together with supporting financial information relating to any rate change, prior to

implementing any rate changes that are related to the prior year's financial performance of the Parking Garage.

9.1.2 Notice Period for Other Rate Changes. Except as provided for in Section 9.1.1, the Garage Owner shall provide the Committee with sixty (60) days notice prior to any other rate increase imposed by the Garage Owner, together with supporting financial information relating to such rate change.

9.1.3 Rate Reductions. Nothing in this Agreement shall limit the ability of the Garage Owner to reduce parking rates at any time.

9.1.4 Rate Roundoffs. Notwithstanding any limitations in this Agreement, the Garage Owner may round off rates to the nearest Twenty-Five Cents (\$0.25) in order to simplify collection.

9.1.5 Rate Uniformity. All parking rates for the Parking Garage shall be uniform and generally applicable within the same category of customers.

9.2 Parking Rates Prior to Leasing Date. Before the Leasing Date, the Garage Owner shall set parking rates and charges for the Parking Garage to encourage short-term parking. Unless the Parking Garage is at Daytime Full Capacity or Evening Full Capacity, such rates shall not exceed those rates attached as Schedule A to this Agreement. If the Parking Garage is at Daytime Full Capacity, the Garage Owner may raise daytime parking rates at its discretion. If the Parking Garage is at Evening Full Capacity, the Garage Owner may raise evening parking rates at its discretion.

9.3 Parking Rates After the Leasing Date. After the Leasing Date, the Garage Owner shall have full authority to set parking rates subject only to the limitations expressly identified in this Agreement. In general, the Garage Owner shall set parking rates for the Parking Garage in the absence of other factors, so as to encourage short-term parking and use of the Parking Garage. The Garage Owner shall not raise parking rates if it appears probable that such an increase would result in lower revenue and significantly fewer cars parking in the Parking Garage. Rates for daytime, evening, weekend and Owner Valet Parking will be established in compliance with the requirements of Sections 9.3.1 and 9.3.2. Rates for Required Long-Term Parking will be established in compliance with the requirements of Section 9.3.3. Wholesale Valet charges for Special Use Valet parking will be established in compliance with the requirements of Section 9.3.4. As used in this Section 9.3, the term "First Lease Year" shall mean the period commencing on the Leasing Date and ending on the date twelve (12) full calendar months thereafter, the term "Second Lease Year" shall mean the period commencing on the first day following the last day of the First Lease Year and ending on the day that is twelve (12) full calendar months thereafter and the term "Third Lease Year" shall mean the period commencing the first day following the last day of the Second Lease Year and ending on the day that is twelve (12) full calendar months thereafter.

9.3.1 Parking Rates if Parking Garage not Full. Unless the Parking Garage is at Daytime Full Capacity or Evening Full Capacity, daytime, evening, weekend, and Owner

Valet parking rates shall be established as follows and shall be implemented as described in Section 9.1.1.

9.3.1.1 Parking Rates for the First Lease Year. For the First Lease Year rates shall not exceed those shown on Schedule B plus an adjustment to reflect changes in the Index between the Beginning Index and the Index published most recently prior to the earlier to occur of the Leasing Date or the date that the City locks-in the rate of interest that will be charged on the financing of the acquisition of the Parking Garage by the City.

9.3.1.2 Parking Rates for the Second Lease Year. For the Second Lease Year, parking rates will depend on the financial performance of the Parking Garage during the First Lease Year. If the Parking Garage Net Revenue after Debt Service for the First Lease Year shows a loss of One Hundred Thousand Dollars (\$100,000) or more, the Garage Owner may set parking rates at its discretion. Except as provided in Section 9.3.2 hereof, if the Parking Garage Net Revenue after Debt Service for the First Lease Year shows a profit or shows a loss of less than One Hundred Thousand Dollars (\$100,000), the Garage Owner shall set rates such that daytime (daily and weekend) parking charges do not exceed eighty percent (80%) of market rates, evening parking charges do not exceed fifty percent (50%) of market rates, and Owner Valet charges do not exceed one hundred percent (100%) of market rates. Notwithstanding the foregoing, in no case will Garage Owner be required to reduce rates below those actually charged during the First Lease Year.

9.3.1.3 Parking Rates for the Third Lease Year. For the Third Lease Year, parking rates will depend on the financial performance of the Parking Garage during the Second Lease Year. If the Parking Garage Net Revenue after Debt Service for the Second Lease Year shows a loss of Three Hundred Eighty-Five Thousand Dollars (\$385,000) or more, the Garage Owner may set parking rates at its discretion. Except as provided in Section 9.3.2 hereof, if the Parking Garage Net Revenue after Debt Service for the Second Lease Year shows a profit or shows a loss of less than Three Hundred Eighty-Five Thousand Dollars (\$385,000), the Garage Owner shall set rates such that daytime (daily and weekend) parking charges do not exceed eighty percent (80%) of market rates, evening parking charges do not exceed fifty percent (50%) of market rates, and Owner Valet charges do not exceed one hundred percent (100%) of market rates. Notwithstanding the foregoing, in no case will the Garage Owner be required to reduce rates below the rates actually charged during the First Lease Year.

9.3.1.4 Parking Rates For Subsequent Years. For each year following the Third Lease Year, parking rates will depend on the financial performance of the Parking Garage during the previous Lease Year. If the Parking Garage Net Revenue after Debt Service for the previous year is zero or is a loss of any amount, the Garage Owner may set parking rates at its discretion, consistent with a commitment to encourage short-term parking in and use of the Parking Garage. Except as provided in Section 9.3.2 hereof, if the Parking Garage Net Revenue after Debt Service for the previous year shows a profit, the Garage Owner shall set rates such that daytime (daily and weekend) parking charges do not exceed eighty percent (80%) of market rates, evening parking charges do not exceed eighty (80%) of market rates, and Owner Valet charges do not exceed one hundred percent (100%) of market rates. Notwithstanding the foregoing, in no case will Owner be required to reduce rates below those

charged during the First Lease Year. If the City ceases to be the Garage Owner, and subject to Section 9.3.2, daytime (daily and weekend) parking charges shall not exceed eighty percent (80%) of market rates, evening parking charges shall not exceed eighty (80%) of market rates, and Owner Valet charges shall not exceed one hundred percent (100%) of market rates.

9.3.2 Parking Rates if the Parking Garage is Full. Notwithstanding any other provision of this Agreement to the contrary, if during any year after the Leasing Date, the Parking Garage is operating at Daytime Full Capacity, the Garage Owner may henceforth set daytime (daily and weekend) rates and Owner Valet parking rates at any level, provided that the Garage Owner reasonably expects that the new rates will not cause the Parking Garage to operate more than seven percent (7%) below Daytime Full Capacity during the subsequent twelve (12) months. If during any year after the Leasing Date, the Parking Garage is operating at Evening Full Capacity, the Garage Owner may henceforth set evening parking rates at any level, provided that the Garage Owner reasonably expects that the new rates will not cause the Parking Garage to operate more than seven percent (7%) below Evening Full Capacity during the following twelve (12) months.

9.3.3 Required Long-Term Parking Rates. The Garage Owner shall set rates for Required Long-Term Parking, including Monthly Long-Term Parking Contracts and Special Use Long-Term Parking Contracts. These rates shall not exceed one hundred percent (100%) of average market rates for similar parking in the Seattle downtown core.

9.3.4 Special Use Valet Rates. The Garage Owner shall set charges for providing the Special Use Valet Parking spaces called for in this Agreement, which shall be known as "Wholesale Valet Charges." Wholesale Valet Charges shall be expressed as a cost per stall per day. The Garage Owner may raise Wholesale Valet Charges from time to time, to a rate per stall per day which shall not exceed to the sum of (i) the annual debt service on the Parking Garage plus (ii) the other fixed costs of maintaining and operating the Parking Garage, divided by the product of (a) 1,200 times (b) (365) (but in setting such Wholesale Valet Charges, the Garage Owner shall consider, among other factors, the impact that such charges will have upon the use of the Parking Garage). The actual fixed costs of maintaining and operating the Parking Garage for the prior twelve month period, shall be used for purposes of establishing the fixed costs of maintaining and operating the Parking Garage. Prior to the Leasing Date, Wholesale Valet Charges shall not exceed market rates for wholesale valet parking stalls in downtown Seattle.

ARTICLE 10

VALET PARKING

10.1 Introduction. The Garage Owner shall provide space to valet park 240 cars in the Parking Garage in the areas designated on the Approved Plans and Specifications. All designated valet sections located in the highest elevation of the Parking Garage shall be used before valet sections in lower elevations of the Parking Garage.

10.2 Owner Valet Service. The Garage Owner shall offer valet parking on a first-come first-served basis to the general public (the "Owner Valet Service") through the Owner Valet Operator selected by the Garage Owner pursuant to the selection criteria set forth in Section 6.2. Such valet service shall be located at the Concourse valet drop-off and pick-up locations designated on the Approved Plans and Specifications, and on the block immediately to the west of the Parking Garage. The incremental cost of providing the more than one valet location on the block to the West of the Parking Garage shall be charged solely to the F&N Owner. The Garage Owner shall accept towards payment of the valet parking charge, parking validation tokens, coupons, vouchers or other credits being offered through the Parking Validation Program. Valet parking demand relating to the Owner Valet Service shall be monitored by the Owner Valet Operator such that designated Owner Valet Service valet spaces not in use by valet customers shall, where practicable, be released for short-term, self-parking customers.

10.3 Special Use Valet Parking. Notwithstanding anything to the contrary in this Agreement and subject to the "special use" restrictions listed in Article 4 hereof, the Garage Owner shall, upon the request of either Retail Owner or the F&N Owner, lease to the Retail Owner and/or the F&N Owner for operation by a valet parking operator selected by the Retail Owner and/or the F&N Owner (as the case may be) a portion of the valet areas designated on the Approved Plans and Specifications to be used by or on behalf of the Retail Owner and/or the F&N Owner for valet parking for their respective customers ("Special Use Valet Parking"). Such valet parking services, shall comply with the following conditions:

10.3.1 Number of Spaces Allocated to Special Use Valet Parking. The total number of spaces to be available to or on behalf of Retail Owner and/or the F&N Owner for Special Use Valet Parking shall not exceed 60 and shall in any case be subject to the restriction set forth in Section 4.2 above.

10.3.2 Location of Special Use Valet Parking. Retail Owner and/or the Occupant of the F&N Building shall agree in advance to lease specific valet blocks by section or partial section where a logical break occurs. Valet blocks located in the highest elevation in the Parking Garage shall be rented before blocks in lower elevations. In addition, the location of the Special Use Valet Parking pick-up areas which are to be located within the Systems Block and the location and size of the areas within the Parking Garage to be used for such valet parking services shall be limited to the specific locations therefor as shown on the Approved Plans and Specifications.

10.3.3 Term of Special Use Valet Parking Leases. Special Use Valet Parking spaces shall be rented for a term of thirty (30) days or more with the right to renew such monthly lease on five days written notice to the Garage Owner.

10.3.4 Valet Parking Rates. Valet parking rates charged to valet parking patrons by Occupants of the Complex who utilize the Special Use Valet Parking Spaces, may be set at the discretion of the Retail Owner or the F&N Owner (as the case may be) utilizing the Special Use Valet Parking Spaces, except that such rates shall not be lower than the valet parking rates charged by the Owner Valet Operator.

10.3.5 Indemnification and Insurance. The operator operating the Special Use Valet Parking (the "Special Use Valet Parking Operator") shall (i) defend, indemnify and hold harmless the Garage Owner from and against all claims and all costs, expenses and liabilities (including reasonable attorneys' fees) incurred in connection with the operation of the Special Use Valet Parking, (ii) carry contractual liability insurance in an amount at least equal to Ten Million Dollars (\$10,000,000.00) covering its obligations pursuant to subsection (i) above naming the Garage Owner as an additional insured, and (iii) carry comprehensive general liability insurance, including an automobile liability endorsement in an amount of at least equal to Ten Million Dollars (\$10,000,000.00) naming the Garage Owner as an additional insured. The minimum insurance coverage amounts set forth above shall be subject to review by the Parties on the fifth anniversary of the Garage Opening Date, and on each subsequent fifth anniversary during the term of this Agreement in order to determine the adequacy of such amounts in light of the then existing circumstances.

ARTICLE 11

REPORTS

11.1 Reports. The Garage Owner shall, within forty-five (45) days after each anniversary of the Leasing Date, deliver to the Committee annual financial reports with respect to the Parking Garage, in such detail as is reasonably required to provide the Parties to this Agreement information necessary to determine Gross Receipts, Net Revenue, Operating Expenses, Parking Garage Debt Service and the profit or loss earned or incurred by the Garage Owner from the operation of the Parking Garage during the preceding twelve month period and to establish the fixed and variable costs of operating the Parking Garage. Such report shall be certified by the chief financial officer of the Garage Owner. In addition, the Garage Owner shall deliver to the Committee all reports received by the Garage Owner from the Parking Garage Operator and the Owner Valet Operator promptly following their receipt by the Garage Owner.

ARTICLE 12

DEFAULTS AND REMEDIES

12.1 Failure of Performance - Cure by Condominium Association.

(a) If any Party to this Agreement or the Parking Garage Operator shall fail or neglect to perform any act or thing herein required to be performed by it hereunder pursuant to Article 3 or Sections 7.1.2 through 7.1.12, Section 7.1.15, Section 7.2, Annex 2, or other failures by such Person to perform physical maintenance of the Parking Garage in accordance with Section 7.1, and such failure shall continue for a period of thirty (30) days following notice from a Party to this Agreement or the Condominium Association specifying the act or thing to be performed and the Party is not in good faith diligently working to cure any such default, then the Condominium Association may (but shall not be required to) perform or pay the same, and the defaulting Party on demand, shall reimburse the Condominium Association for the cost thereof within forty-five (45) days after written demand therefor.

(b) If the Condominium Association or its representatives shall reasonably deem that an emergency is occurring or has occurred so that a failure to perform an obligation hereunder requires immediate curing, then only such notice as is hereinafter provided shall be required, and the Condominium Association may act promptly and take such action as is necessary to cure the alleged default. In performing any action pursuant to this Section, the Condominium Association shall act with reasonable promptness, shall make a reasonable attempt to notify the defaulting Party or its representative as soon as reasonably possible, and shall give notice to all other Parties of such cure of the alleged default. Such notice, notwithstanding any other provision of this Agreement, need not be in writing if the giving of a written notice would not be reasonably possible under the circumstances, so long as such notice is given to a responsible official of each of the other Parties. Telephonic notice shall be followed by written confirmation as soon as reasonably possible.

(c) If the Condominium Association commences to cure an alleged default, it shall prosecute any work performed by it under this Section diligently to completion.

(d) Garage Owner and Retail Owner shall cause the Condominium Declaration to provide for the right of the Condominium Association to exercise the remedies described in this Section 12.1, and such provisions of the Condominium Declaration shall not be amended without the prior written consent of the Parties to this Agreement.

12.2 Remedies. Each of the Parties shall have the right, in the event of an uncured failure or neglect by another Party to this Agreement to perform such Party's covenants and obligations under this Agreement, subject to the expiration of all cure rights provided for in Section 12.1, to exercise any or all rights and remedies available to it in law or equity including, without limitation, a suit for damages or the institution of proceedings for specific performance, and an injunction to compel such Party to observe or perform its covenants and obligations hereunder.

ARTICLE 13

MISCELLANEOUS

13.1 Amendments. This Agreement is the operating guide for the Parking Garage. As the project matures and as conditions change in and around the Complex, this Agreement may be modified or amended by written amendment signed by the Garage Owner, the Retail Owner, the F&N Owner, and, prior to the Leasing Date, the City.

13.2 Notices. Each notice, demand, request, consent, approval, disapproval, designation or other communication (all of the foregoing are herein referred to as a "Notice") that a Party gives to any other Party shall be in writing and shall be given or made or communicated by (i) United States Mail registered or certified mail, postage prepaid, return receipt requested, (ii) any nationally recognized overnight carrier or express mail service (such as Airborne, Federal Express, or DHL) which provides receipts to indicate delivery, or (iii) by facsimile transmission followed by hard copy or by overnight courier service in all cases addressed as follows:

addressed to PSD at:

Pine Street Development L.L.C.
520 Pike Tower, Suite 2200
Seattle, Washington 98101
Attention: Matt Griffin
Fax: 206 340-9201

with a copy to:

Preston Gates & Ellis
5000 Columbia Center
701 Fifth Avenue
Seattle, Washington 98104-7078
Attention: B. Gerald Johnson
Fax: 206 623-7022

with a copy to:

Kennedy Associates Real Estate Counsel, Inc.
1215 Fourth Avenue, Suite 2400
Seattle, Washington 98161
Attention: John Parker
Fax: 206 682-4769

with a copy to:

McNaul Ebel Nawrot Helgren & Vance
27th Floor, One Union Square
600 University Street
Seattle, Washington 98101-3143
Attn: Louis F. Nawrot, Jr.
Fax: 206 624-5128

addressed to CDP at:

Community Development Properties, King County II, Inc.
1932 1st Avenue, Suite 800
Seattle, Washington 98101
Attn: John Finke, Director
Fax: 206 448-5246

lack of or inability to procure monies to fulfill its commitments and obligations under this Agreement).

13.4 References to Articles, Sections, Subsections. All references herein to a given Article, Section, Subsection, Paragraph or Subparagraph refer to the Article, Section, Subsection, Paragraph or Subparagraph of this Agreement.

13.5 Captions The captions of this Agreement are inserted only as a matter of convenience and for reference. They do not define, limit or describe the scope or intent of this Agreement, and they shall not affect the interpretation hereof.

13.6 Locative Adverbs The locative adverbs "herein", "hereunder", "hereto", "hereby", "hereinafter", and like words wherever the same appear herein, mean and refer to this Agreement in its entirety and not to any specific Article, Section, Subsection, Paragraph or Subparagraph hereof.

13.7 Agreement for Exclusive Benefit of Parties. Except as specifically set forth herein, the provisions of this Agreement are for the exclusive benefit of the Garage Owner, the Retail Owner, the F&N Owner, and, until the Leasing Date, the City and not for the benefit of any third Person. This Agreement shall not be deemed to have conferred any rights upon any third Person.

13.8 Waiver of Default A waiver of any default by a Party must be in writing and no such waiver shall be implied from any omission by a Party to take any action in respect of such default. No express written waiver of any default shall affect any default or cover any period of time other than the default and period of time specified in such express waiver. One or more written waivers of any default in the performance of any provision of this Agreement shall not be deemed to be a waiver of any subsequent default in the performance of the same provision or any other term or provision contained herein. The consent or approval by a Party to, or of any act or request by, another Party requiring consent or approval shall not be deemed to waive or render unnecessary the consent or approval to or of any subsequent similar acts or requests.

13.9 No Partnership, Joint Venture or Principal-Agent Relationship. Neither anything in this Agreement nor any acts of the Parties shall be deemed by the Parties, or by any third Person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of any association between the Parties, and no provisions of this Agreement are intended to create or constitute any Person a third party beneficiary hereof.

13.10 Successors. This Agreement shall be binding upon and inure to the benefit of the Garage Owner, the Retail Owner, the F&N Owner, and, until the Leasing Date, the City, and not for the benefit of any third Person. Upon conveyance by a Party of its interest in its respective Parcel, the new Party with respect to such Parcel shall become bound by and entitled to the benefits of these Covenants, and the former owner shall be released from its unaccrued obligations hereunder. Notwithstanding the foregoing, as the co-tenant with CDP in the Systems Block, PSD covenants to the other Parties to this Agreement that in the event CDP fails to

perform any obligations of CDP as Garage Owner, or sustain any representation or warranty made by CDP to the other Parties, as set forth in this Agreement, whether made by CDP alone or as a tenant in common with PSD, PSD shall cure or shall cause the cure of such failure and shall be liable therefor. Upon transfer of the Parking Garage to the City, both PSD and CDP will be released from their unaccrued liabilities and obligations with respect to the Parking Garage. This section is not intended to override the provisions of Article 13 of the REA with respect to the obligations and liabilities of PSD relating to the Systems Block Retail.

13.11 Severability. If any provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement (or the application of such provision to Persons or circumstances other than those in respect of which it is invalid or unenforceable) shall not be affected thereby, and each provision of this Agreement, unless specifically conditioned upon such invalid or unenforceable provision, shall be valid and enforceable to the fullest extent permitted by law.

13.12 Governing Law and Venue. This Agreement shall be construed and governed in accordance with Washington law. Venue shall be in the Superior Court of the State of Washington, in and for King County.

13.13 Counterparts. This Agreement may be signed in several counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument. The signature of a Party to any counterpart may be removed and attached to any other counterpart. Any counterpart to which is attached the signatures of all Parties shall constitute an original of this Agreement.

13.14 Time Periods. Whenever a time period is specified in this Agreement for the performance of some action or requirement or for the giving of a notice, by stating that such action is to be taken within a specified period of time after, from, following, or of some other event or date, such action, requirement or notice may be performed or given at any time within such time period up to and including the last day of the time period specified. For example, if an action must be taken "within thirty (30) days after" a specified event, such action may be taken at any time up to and including thirty days after the specified event. All periods of time referred to herein shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day, which is not a Saturday, Sunday or state or national holiday.

13.15 Reasonableness. Whenever the members of the Committee or any other Party to this Agreement is requested to consent to any matter with respect to which its consent is required by this Agreement, such consent shall be given in writing, and shall not (except as otherwise provided in this Agreement) be unreasonably withheld.

13.16 Integration. This Agreement set forth the entire agreement among the Parties and there are no covenants, promises, agreements, conditions or understandings, either oral or written between them relating to the subject matter of this Agreement other than as set forth

herein, in the Parking Covenants, the REA, the Condominium Declaration or in the Umbrella Agreement.

13.16 Interpretation. This Agreement contains specific language regarding standards of performance as well as general language which is intended to aid in the interpretation of the specific language in situations in which the specific language may not clearly apply or in which there is doubt as to the interpretation of the specific language. The specific language of this Agreement shall prevail over the general language except where the interpretation of the specific language is in question or where specific language does not obviously apply to a particular situation.

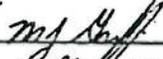
13.17 1996 Dollars. Dollar amounts which are expressed in this Agreement as being in 1996 Dollars shall be subject to being increased by the percentage of increase, if any, in the Adjustment Index over the Beginning Index. The "Index" is the United States, Bureau of Labor Statistics Consumer Price Index for All Items - All Urban Consumers, Seattle-Everett (base year 1982-84 = 100). The Index published nearest to June 30, 1996 shall be the "Beginning Index." The Index published nearest to January 1 in the year in which the indexed dollar amount is being calculated shall be the "Adjustment Index." If the Index has changed so that the base year differs from that used in this Section, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics, to the 1982-84 base. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

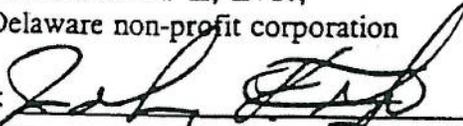
"DEVELOPER"

PINE STREET DEVELOPMENT L.L.C.,
a Washington limited liability
company

By: RGHK SEATTLE L.L.C., a Washington
limited liability company, Manager

By: 
Name: MATTHEW J. GRIFFIN
Title: CO-MANAGER

COMMUNITY DEVELOPMENT PROPERTIES,
KING COUNTY II, INC.,
a Delaware non-profit corporation

By: 
Name: JOHN FINK
Title: PRESIDENT

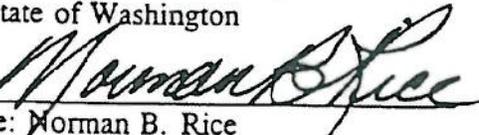
"NORDSTROM"

NORDSTROM, INC., a Washington
corporation

By: 
Name: David L. Mackie,
Title: Vice President, Real Estate

"CITY"

THE CITY OF SEATTLE, a first class city of
the State of Washington

By: 
Name: Norman B. Rice
Title: Mayor

SCHEDULE A

Developer Parking Rates Pro Forma

Initial rates for parking shall not exceed the following:

Before 5:00 PM. Weekdays

0 to 1 hour	\$2.00
1 to 2 hours	\$3.50
2 to 3 hours	\$4.50
3 to 4 hours	\$6.00

Each hour after 4 hours: \$2.00

After 5:00 PM daily (up to 4 hours): \$1.00

Saturday/Sunday daytime Maximum (up to 4 hours): \$3.00

Each additional hour after four hours on evenings and weekends: \$2.00

Daily Valet Rates: \$7.50 for first 4 hours

Evening Valet Rates: \$5.50 for first 4 hours

Each additional valet hour: \$2.00

ANNEX 1

DEFINITIONS

Affiliate means any Person that directly or indirectly controls, or is under common control with or is controlled by, another Person. As used in this definition, "control", "controlled by" and "under common control with" shall mean the possession, directly or indirectly, of power to direct or cause the direction or the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise). Notwithstanding the foregoing the definition of "Affiliate" shall not encompass any individual solely by reason of his or her being a director, member or employee of a Person or any individual having a membership interest in another Person.

Americans With Disabilities Act means the Americans With Disabilities Act of 1990, 42 U.S.C. Section 12101, et seq., as amended from time to time.

Approved Plans and Specifications means the final plans, drawings and specifications for the Parking Garage prepared by the Architect and approved by the City in accordance with the Umbrella Agreement and by Nordstrom in accordance with the REA.

APS Stations means one or more automated pay stations to be constructed by the Developer in an area located near or around the cashier booth as shown on the Approved Plans and Specifications, allowing Parking Garage users an automated payment option.

Architect means NBBJ, Inc. and Elkus Manfredi, Inc. in connection with construction of the Condominium, including the Parking Garage.

City means The City of Seattle, a first-class city of the State of Washington.

Complex means a three block redevelopment project in downtown Seattle consisting of the redeveloped Nordstrom Properties, the Systems Block Property and the F&N Property together with all buildings and other improvements constructed at any time thereon.

Complex Properties means the F&N Property, the Systems Block Property and the Nordstrom Properties.

Concourse means the floor in the Systems Block Retail labeled as the concourse level on the Approved Plans and Specification.

Condominium means a condominium to be created under the Declaration and the Survey Map and Plans.

Condominium Common Area means all portions of the Condominium other than Units and the Limited Common Elements as will be set forth in the Declaration.

Daytime Full Capacity means that 98% of the self-park spaces in the Parking Garage are occupied for more than one hour between the hours of 9:00 a.m. and 5:00 p.m. on seven days during any thirty (30) day period other than (i) the period from Thanksgiving through the end of December, or (ii) during regularly scheduled event sales for the F&N Owner, presently known as the Men's Half-Yearly Sale, Women and Children's Half-Yearly Sale and Anniversary Sale, or (iii) during up to three (3) additional special events of not more than one week duration each in the Complex, or (iv) during special events for which the City closes Pine Street between Fourth and Fifth Avenues.

Declaration means the declaration of the Condominium of the Systems Block to be formed which will divide the Systems Block into the Systems Block Retail and the Parking Garage.

Developer means Pine Street Development, L.L.C., a Washington limited liability company and Community Development Properties, King County II, Inc., a Delaware non-profit corporation ("CDP"), as co-tenants, and their successors and assigns.

DSA means the Downtown Seattle Association, or other downtown Seattle merchants' association that may exist from time to time.

Evening Full Capacity means that 98% of the self-park spaces in the Parking Garage are occupied for more than one hour between the hours of 5:00 p.m. and 11:00 p.m. on seven days during any thirty (30) day period other than (i) the period from Thanksgiving through the end of December, or (ii) during regularly scheduled event sales for the F&N Owner, presently known as the Men's Half-Yearly Sale, Women and Children's Half-Yearly Sale and Anniversary Sale, or (iii) during up to three (3) additional special events of not more than one week duration each in the Complex, or (iv) during special events for which the City closes Pine Street between Fourth and Fifth Avenues.

F&N Owner means the owner of the F&N Property. If the ownership of the F&N Property is held by a nominee, or trustee for security purposes, a sale-leaseback lessor, or other Person whose interest does not entitle such Person to possession or use of the F&N Property, such Person shall not be the F&N Owner, and the Person who is entitled to the possession or use of the F&N Property shall be considered to be the F&N Owner. For purposes of this definition, the tenants of space leases in the F&N Property shall not be considered to be the F&N Owner, and the landlord of the space leases shall be the F&N Owner.

F&N Property means land and improvements commonly known as the Frederick & Nelson Building located west of Pine Street between Fifth and Sixth Avenues in downtown Seattle.

Garage or Parking Garage means a parking garage containing five levels of structured below-grade parking with a minimum capacity of twelve hundred (1200) multi-passenger motor vehicles, including 240 of which may be valet-parked. The Parking Garage will be one of the two Units in the Condominium and is also referred to in this Agreement as the Parking Garage Unit.

Garage Owner means the owner of the Parking Garage or the Parking Garage Unit of the Condominium, whether such owner is Developer, an Affiliate of the Developer, CDP, the City, or any other Person who owns the Parking Garage, but does not include a bond trustee or any other Person who has an interest in the Parking Garage solely as security for an obligation. When the Condominium is formed, CDP shall then become the Garage Owner, but until CDP conveys the Parking Garage to the City, CDP and PSD shall remain liable for the obligations of the Garage Owner and the Developer under this Agreement. If the ownership of the Parking Garage is held by a nominee, or trustee for security purposes, a sale-leaseback lessor, or other party whose interest does not entitle such party to possession or use of the Parking Garage, such Person shall not be the Garage Owner, and the Person who is entitled to the possession or use of the Parking Garage shall be considered to be the Garage Owner.

Gross Receipts means, for the period of time in question, the entire gross receipts of City from operation of the Parking Garage (exclusive of retail sales and other taxes, if any, related to the parking of vehicles and collected by City for which City is directly accountable to the taxing authorities) from parking fees and all services, including, but not limited to valet parking, rendered in or from the Parking Garage. All cash sales, validated ticket sales for customers of the Complex, credit card sales and insurance receipts from claims which have been previously paid shall be included in Gross Receipts in the month of payment, validation, sale or receipt, as applicable.

Index means the United States, Bureau of Labor Statistics Consumer Price Index for All Items - All Urban Consumers, Seattle-Everett (base year 1982-84 = 100). The Index published nearest to June 30, 1996 shall be the "Beginning Index." The Index published nearest to January 1 in the year in which the indexed dollar amount is being calculated shall be the "Adjustment Index." If the Index has changed so that the base year differs from that used in this Section, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics, to the 1982-84 base. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

Initial Term means a term commencing upon the date the Developer or its successors or assigns purchases the Systems Block and continuing until forty (40) years after the Leasing Date.

Lease means that certain Lease Purchase Agreement entered into by and among CDP as the initial landlord, a bond trustee as successor landlord and City as tenant pursuant to the provisions of Sections 5, 8, 11, 13 and 14 of the Umbrella Agreement.

Leasing Date means the date on which CDP transfers ownership of the Parking Garage to the City or its designee pursuant to the provisions of the Umbrella Agreement.

Limited Common Element means a portion of the Condominium referred to in the Declaration other than the Units or the Condominium Common Area which is made available for the exclusive use of one but less than both Units.

Market Rates means the average of all published hourly parking fees charged by operators of retail garages in the downtown Seattle retail core.

Master Use Permit means the master use permit issued by the City of Seattle December 21, 1995 in connection with application number 9405828, as amended from time to time.

Merchant Validation Conditions Precedent shall mean: (a) that the Occupant of the retail store on the F&N Property participates in the Parking Validation Program, (b) Occupants (including the Occupant of the retail store on the F&N Property) occupying at least sixty percent (60%) of the then open and operating retail and entertainment square footage in the Complex are participating in the Parking Validation Program; and (c) the Parking Garage Net Revenue exceeds Parking Garage Debt Service for the twelve (12) month period ending on the day prior to the Test Date.

Monthly Long-Term Parking Contracts means contracts between the Garage Owner and members of the general public (who may be Occupants or individuals who work for Occupants) for Required Long-Term Parking for a term of thirty days or less.

Net Revenue means for any period of time Gross Receipts less Operating Expenses.

Nordstrom means Nordstrom, Inc., a Washington corporation, or its successors or assigns under the REA.

Nordstrom Properties means Nordstrom's fee and leasehold interests in the buildings comprising the present Nordstrom Store in downtown Seattle and the Seaboard Building which are located between Pike and Pine Streets and Fourth and Fifth Avenue in downtown Seattle.

Notice means each notice, demand, request, consent, approval, disapproval, designation or other communication that a Party gives to any other Party in accordance with Section 13.2.

Occupant means the F&N Owner, the Garage Owner, the Retail Owner and any other Person entitled by lease, license or otherwise to use and occupy any portion of the Complex, including the Parking Garage (but not including users of the Parking Garage), or one or more of them, or their officers or employees as the context may require.

Owner Valet Service refers to the valet parking service offered by the Garage Owner on a first-come first-served basis to the general public through the Owner Valet Operator selected by the Garage Owner pursuant to the selection criteria set forth in Section 6.2. Such valet service shall be located at the Concourse valet drop-off and pick-up locations designated on the Approved Plans and Specifications, and on the block immediately to the west of the Parking Garage.

"Operate", or "Operating", or "Operation" means: (a) with respect to the store of the F&N Owner, that such is open to the general public for business for retail purposes during its business hours except while it is not so open for business by reason of damage or destruction, the events described in Section 13.3, or while temporarily not so open for business by reason

of repairs, remodeling or reconstruction (subject to the provisions of the REA) or by reason of such reasonable interruptions as may be incidental to the conduct of business; (b) with respect to the retail stores and entertainment facilities within the Systems Block, that retail stores and/or entertainment facilities therein are open to the general public for retail business during business hours which are normal for the Complex, except while any are not so open for business by reason of damage or destruction, the events described in Section 13.3, or while temporarily not so open for business by reason of repairs, remodeling or reconstruction (subject to the provisions of the REA), or by reason of such reasonable interruptions as may be incidental to the conduct of business; and (c) with respect to the Parking Garage, that the Parking Garage is available for the parking of vehicles and is being operated and maintained in accordance with the terms of the Parking Covenants and this Agreement, except while it is not so open for business by reason of damage or destruction, the events described in Section 13.3, or while temporarily not so open for business by reason of repairs, remodeling or reconstruction (subject to the provisions of Section 2.11 of the Parking Covenants) , or by reason of such reasonable interruptions as may be incidental to the conduct of business. The terms of this Section are merely definitional, and shall not be deemed to create independent covenants for any of the Parties.

Operating Expenses means all costs, fees and expenses paid or incurred by City and directly related to the City's interest in, and operation and maintenance of, the Parking Garage whether such expenses are paid directly by City or are the responsibility of City under the Lease, including, without limitation:

- (a) all utilities;
- (b) all reasonable and necessary expenses of maintaining or repairing the Parking Garage in or to the condition required under this Agreement, plus reasonable reserves, including depreciation or amortization of capital expenditures made subsequent to the Leasing Date either required by governmental ordinances, laws or regulations for continued operation of the Parking Garage for parking or those which are designed with a reasonable probability of improving the operating efficiency of the Parking Garage, provided that such amortization costs shall not exceed expected increased Gross Receipts resulting from such capital improvements;
- (c) management fees paid to the parking operator selected by the Garage Owner in accordance with this Agreement;
- (d) all insurance premiums;
- (e) real estate taxes and assessments, if any, paid by Garage Owner; and
- (f) license fees, permit fees or other fees or charges which may be imposed from time to time on the use or possession of the Parking Garage.
- (g) reasonable replacement reserves set aside for capital expenditures and maintenance.

Parking Garage Debt Service or Debt Service means the lesser of principal and interest payments required to be paid each year on either: (a) the certificates of participation or other debt that was issued by the City on the Leasing Date; or (b) any debt then outstanding which refinanced such certificates of participation or other debt.

Parking Garage Operator means an operator selected in accordance with the provisions of this Agreement to operate the Parking Garage.

Parking Validation Program means any shopper's incentive, parking validation or other program that encourages short term parking by customers of downtown merchants in downtown Seattle through the use of token, vouchers, discounts, subsidies or other credit systems.

Parking Covenants means the Parking Covenants entered into among Nordstrom and Developer dated as of April 1, 1996 which set forth certain covenants relating to the construction and operation of the Parking Garage.

Party or Parties means the Garage Owner, the Retail Owner, the F&N Owner, and, until the Leasing Date, the City.

Person means a natural person, corporation, trust, partnership, limited partnership, limited liability company, government subdivision or agency, municipal corporation, city or other legal entity.

REA means that certain Construction, Operation and Reciprocal Easement Agreement entered into by and between Developer and Nordstrom setting forth certain construction, operation, reciprocal easements and other agreements by and between Developer and Nordstrom.

Retail Owner means the owner of the Systems Block Retail. If the ownership of the Systems Block Retail is held by a nominee, or trustee for security purposes, a sale-leaseback lessor, or other Person whose interest does not entitle such Person to possession or use of the Systems Block Retail, such Person shall not be the Retail Owner, and the Person who is entitled to the possession or use of the Systems Block Retail shall be considered to be the Retail Owner. For purposes of this definition, the tenants of space leases in the Systems Block Retail shall not be considered to be the Retail Owner, and the landlord of the space leases shall be the Retail Owner.

Required Long-Term Parking means the 136 long term parking spaces and the 35 car pool spaces which are required under applicable provisions of the City of Seattle's Land Use Code. Long term parking spaces is defined under Seattle Municipal Code 23.84.030P as a parking space which will be occupied by the same motor vehicle for six hours or more and generally used by persons who commute to work by private motor vehicle.

Special Use Long-Term Parking Contracts means the contract(s) between the Garage Owner and Occupants and the contracts between the Garage Owner and members of the general public designated by the Retail Owner for Required Long-Term Parking for a term of thirty (30) days or more, which may be subcontracted or assigned by Retail Owner to Occupants.

Special Use Valet Parking means a portion of the valet areas designated on the Approved Plans and Specifications to be operated by a valet parking operator selected by the Retail Owner and/or the F&N Owner for valet parking for their respective customers.

Special Use Valet Parking Contract refers to one or more contracts for a term of more than thirty (30) days with Occupants of the Complex for short term valet parking to be operated by a valet parking operator selected by the F&N Owner and/or Retail Owner as the case may be, respectively.

Survey Map and Plans means the survey map and plans filed simultaneously with the recording of the Declaration and any amendments, corrections and addenda thereto subsequently filed.

Systems Block Project means a mixed-used commercial condominium consisting of the Parking Garage and Systems Block Retail constructed on the Systems Block Property.

Systems Block or Systems Block Property means certain real property commonly known as the Systems Block located between Pine and Olive Streets and Sixth and Seventh Avenue in downtown Seattle.

Systems Block Retail means a commercial building containing a minimum of 300,000 square feet of gross leasable area on the concourse level and up to five additional levels, which is structurally integrated with, and constructed on top of the Parking Garage Unit, and which will be designated as the Systems Block Retail Unit in the Declaration, the boundaries of which will be as shown on the Survey Map and Plans.

Test Date means the first day of the first full month which occurs on or after the first anniversary of the Leasing Date and the anniversary of such date each year thereafter during the term of this Agreement.

Umbrella Agreement means that certain Umbrella Agreement dated as of April 1, 1996 by and between the City and the Developer.

Unit means a physical portion of the Condominium designated for separate ownership, the boundaries of which will be described in the Declaration and shown on the Survey Map and Plans. The Condominium consists of two Units, both of which are restricted to nonresidential use: the Parking Garage or Parking Garage Unit and the Systems Block Retail or Systems Block Retail Unit.

Wholesale Valet Charges refers to the charges for providing the Special Use Valet Parking spaces called for in this Agreement, which shall be determined in accordance with Section 9.3.4.

Maintenance Schedule

		Minimum Frequency					
		Each Day	Each Week	Each Month	Semi-Annual	Annual	Every 7-Yrs.
<u>Stairwells</u>	Check and remove debris	X					
	Sweep stairwells	X					
	Check lighting	X					
	Mop and disinfect			X			
	Clean railings			X			
	Remove graffiti	X					
<u>Signage</u>	Wash and dust as needed				X		
	Repair and replace as needed			X			
	Remove graffiti	X					
<u>Equipment</u>	Wash golf cart		X				
	Wash sweeper/scrubber		X				
	Wipe gates and spitters	X					
<u>Floor Area</u>	Sweep by hand or machine	X					
	Re-stripe stalls					X	
	Empty trash barrels as needed	X					
	Check for burned-out lights	X					
	Check "stairwells" Signs		X				
	Check and remove debris	X					
	Power-wash				X		
	Spot-Wash with floor scrubber		X				
	Remove graffiti	X					
<u>Island Areas</u>	Maintain painted curbing		X				
	Maintain islands (hose down)			X			
	Remove graffiti	X					
<u>Miscellaneous</u>	Degrease entrance/exit lanes		X				
	Squeegee standing water	X					
	Wipe down piping in garage				X		
	Wipe light casings for overhead lighting				X		
	Wash overhead entrance signs		X				
	Maintain bollards at entrance/exits (paint)			X			
	Maintain traffic control devices (cones, barricades, curbing)			X			
	Touch-up damaged fire-proofing and/or touch-up paint throughout			X			
	Repaint lobbies, ceilings, fire-proofing columns and walls throughout						X

FIRST AMENDMENT TO PARKING AGREEMENT

THIS FIRST AMENDMENT TO PARKING AGREEMENT ("Amendment") is made and entered into as of this 29th day of June, 1998 by and among PINE STREET DEVELOPMENT L.L.C., a Washington limited liability company ("PSD") and COMMUNITY DEVELOPMENT PROPERTIES, King County II, Inc., a Delaware non-profit corporation ("CDP"), as co tenants, THE CITY OF SEATTLE, a first class city of the State of Washington (the "City"), and NORDSTROM, INC., a Washington corporation ("Nordstrom").

RECITALS

1. On April 1, 1996, the parties to this Amendment executed a Parking Agreement ("Agreement") describing the operation and management of a parking garage named the "Garage at Pacific Place" ("Garage") located between Pine and Olive Streets and Sixth and Seventh Avenues in downtown Seattle, Washington.

2. Schedule A of the Agreement specifies the maximum parking rates to be charged at the Garage before the City takes possession of the Garage, and Schedule B of the Agreement specifies the maximum parking rates during the first year the City is in possession of the Garage, if and when the Garage is transferred to the City.

3. The Agreement Schedules described above were incomplete and omitted certain parking charges.

4. On May 26, 1998, the Seattle City Council passed Ordinance 119013 authorizing the Mayor or his designee to enter into amendments to the Agreement to modify the parking rate schedules or rate-setting provisions in the Agreement without obtaining further Council approval.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and promises of the parties, the adequacy and receipt of which is acknowledged, the parties hereby amend the Agreement as follows:

1. Schedules A and B of the Agreement are deleted in their entirety.
2. The Schedules attached to this Amendment as Schedules A and B are hereby incorporated into the Agreement in place of the deleted schedules set forth above.

Apart from the amendments set forth above, the terms and conditions of the Agreement shall continue in full force and effect.

FILED
CITY OF SEATTLE
98 SEP -9 AM 10:45
CITY CLERK

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

DEVELOPER:

PINE STREET DEVELOPMENT L.L.C.,
A Washington limited liability company

By: RGHK SEATTLE L.L.C., a Washington
limited liability company manager

By: [Signature]
Name: MARK GRIFFIN
Title: CO-MANAGER

COMMUNITY DEVELOPMENT PROPERTIES,
KING COUNTY II, INC.,
a Delaware non-profit corporation

By: [Signature]
Name: JOHN FINKE
Title: PRESIDENT

NORDSTROM:

NORDSTROM, INC., a Washington corporation

By: [Signature]
David L. Mackie
Vice President, Real Estate

CITY:

THE CITY OF SEATTLE, a first class city of the
State of Washington

By: [Signature]
Paul E. Schell
Mayor

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

SCHEDULE A

Initial rates for parking shall not exceed the following:

Before 5:00 PM weekdays:

0 to 1 hour	\$2.00
1 to 2 hours	\$4.00
2 to 3 hours	\$5.00
3 to 4 hours	\$6.00

Each hour after 4 hours: \$2.00

After 5:00 PM daily (up to 4 hours): \$1.00

Saturday/Sunday daytime maximum (up to 4 hours): \$3.00

Each additional hour after 4 hours on evenings and weekends: \$2.00

Self park daily maximum: \$18.00

Daily valet rates: \$8.00 for first 4 hours

Evening valet rates: \$5.00 for first 4 hours

Each additional valet hour before 5:00 PM (after 4 hours) \$3.00

Each additional valet hour after 5:00 PM (after 4 hours) \$2.00

Valet daily maximum: \$18.00

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
IT IS DUE TO THE QUALITY OF THE DOCUMENT.

(inexacted)

ATTACHMENT 2

SECOND AMENDMENT TO
PARKING AGREEMENT

This Second Amendment to Parking Agreement ("Second Amendment") is made and entered into as of _____, 1998 by and among Pine Street Development L.L.C., a Washington limited liability company ("PSD") and Community Development Properties, King County II, Inc., a Delaware non-profit corporation ("CDP"), The City of Seattle, a first class city of the State of Washington (the "City"), and Nordstrom, Inc., a Washington corporation ("Nordstrom").

RECITALS

1. On April 1, 1996, the parties to this Second Amendment entered into a Parking Agreement ("Parking Agreement") describing the operation and management of the Parking Garage (as defined in the Parking Agreement) located between Pine and Olive Streets and Sixth and Seventh Avenues in downtown Seattle, Washington.

2. The Parking Agreement contemplated amendments as necessary to permit interest on obligations issued by the City in connection with the beneficial transfer of the Parking Garage to the City to be tax-exempt.

3. On June 29, 1998, the parties to this Second Amendment entered into the First Amendment to Parking Agreement ("First Amendment") to modify the parking rate schedules contained in the Parking Agreement.

4. The parties to this Second Amendment desire to further amend the Parking Agreement to ensure that debt that may be incurred by the City to finance the beneficial transfer of the Parking Garage to the City complies with federal law regarding tax-exempt debt.

NOW, THEREFORE, for good and valuable consideration, the adequacy and receipt of which is hereby acknowledged, the parties amend the Parking Agreement as follows:

AGREEMENT

1. Parking Oversight Committee. Section 2.2 is amended to read as follows:

Purpose of Committee. The purpose of the Committee is solely to provide guidance and advice to the Garage Owner on matters related to Parking Garage operation. Except as provided in this Agreement or in the Parking Covenants, the Garage Owner shall make operational decisions relating to

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the Parking Garage subject only to the provisions of this Agreement, the Parking Covenants and applicable law. If the Committee gives advice to the Garage Owner, the Garage Owner shall consider the advice of the Committee before taking action on the subject about which such advice was given, but shall be free to accept or reject such advice in whole or in part in making operational decisions relating to the Parking Garage.

2. Maintenance and Operation. Section 7.1.1 is amended to read as follows:

To meet the parking needs of the general public, including visitors, customers and employees carrying on activities in the downtown Seattle retail core, the Parking Garage shall be operated and open for public parking on each day at least forty-five minutes (3/4 hour) before the opening of the earliest to open of: (a) the F&N Owner (or any portion thereof), (b) any Occupant of the Complex (or any portion thereof), or (c) other reasonably representative establishments in the downtown Seattle retail core selected by the Garage Owner, and shall remain open at least until one and one half (1.5) hours after the latest to close of: (a) the F&N Owner (or any portion thereof), (b) any Occupant of the Complex (or any portion thereof), or (c) other reasonably representative establishments in the downtown Seattle retail core selected by the Garage Owner. The Garage Owner may extend the operating hours of the Parking Garage beyond the minimum hours listed above. Vehicles with Monthly Long-Term Parking Contracts or Special Use Long-Term Parking Contracts, or subcontracts under the Special Use Long-Term Parking Contracts shall have access to the Parking Garage on a 24-hour-a-day basis.

3. Parking Incentive and Validation Programs

A. The title of Article 8 is amended to read "Parking Incentive and Validation Programs".

B. Section 8.1 is amended to read as follows:

Overview. The Parties to this Agreement recognize that participation in a parking incentive and/or validation program ("Parking Validation Program") will help to relieve traffic congestion and improve traffic circulation in downtown Seattle, will help to revitalize downtown Seattle, and will increase both the volume of short-term parking in the

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Parking Garage and the related Parking Garage revenues accruing to the Garage Owner.

C. Section 8.2 is amended to read, in its entirety, as follows:

Validation Conditions. The Developer and Retail Owner shall use reasonable and diligent efforts to encourage Occupants of the Systems Block and retail and entertainment Occupants of the Nordstrom Properties to participate in the existing Parking Validation Program operated by the Downtown Seattle Association, which already has approximately 300 participants, or other similar downtown associations that might replace the Downtown Seattle Association (the "Program Sponsor"). Because of the additional volume of short-term parking and related Parking Garage revenues that reasonably can be expected to be produced by participation in a Parking Validation Program (over and above the volume of short-term parking and related revenues that would otherwise accrue to the City but for such participation), the City as Garage Owner agrees to participate in a Parking Validation Program; *provided*, that (a) the Parking Validation Program is open to participation by any establishment in downtown Seattle; (b) there is no difference in the non-discounted parking rates for Parking Garage use: presenting tokens and those not presenting tokens; and (c) the payment by the Program Sponsor or its bank to the City on behalf of the Parking Garage user (through redemption of the token or tokens) shall be at the same rate as for any other garage owner participating in the Parking Validation Program (currently ninety cents (\$0.90) for each one dollar (\$1.00) in nominal value of tokens, and which shall not be less than seventy-five cents (\$0.75) for each one dollar (\$1.00) in nominal value of tokens), which the Parties agree reflects a reasonable and customary volume discount in connection with the additional short-term parking and related revenues reasonably expected to be produced through participation in a Parking Validation Program.

4. Parking Rates. Section 9.1 is amended to read as follows:

Introduction. One of the primary reasons for the City's involvement in the Parking Garage is to provide additional, convenient, short-term parking in downtown Seattle. The City is committed to operating the Parking Garage, including the setting of parking rates, so as to encourage short-term

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parking downtown, consistent with the City's financial responsibilities to meet all costs associated with the Parking Garage. In addition, the City also recognizes the importance of activity in downtown Seattle during evenings and on weekends for public safety and other public purposes, and is committed to encouraging evening and weekend parking to stimulate public activity in the downtown area. Parking rates shall be established pursuant to this Article 9 in a manner which is consistent with the City's goals of: (a) encouraging short-term parking and related public activity in downtown Seattle, and (b) operating the Garage in a fiscally prudent manner principally to provide affordable parking to the general public to the greatest practicable extent consistent with the City's obligations to meet operation and maintenance expenses, debt service requirements, and renewal and replacement needs of the Parking Garage. The sole purpose of this Article 9 is to evidence, in financial terms that are consistent with the City's financial responsibilities as owner of the Parking Garage, the limited extent to which the City is willing to encourage short-term parking and related public activity that is beneficial to the public health and welfare of the City by providing a parking facility that is available for use by members of the general public at rates that in certain circumstances may be lower than prevailing market rates. Nothing in this Article 9 shall be deemed to confer upon the Committee, the Retail Owner, the F&N Owner or any Occupant of the Complex other than the City, so long as the City is the Garage Owner, any right to control or approve parking rates for use of the Parking Garage. The provisions of Section 9.1.1 through 9.1.5 are applicable to all of this Article 9.

Sections 9.1.1 through 9.1.5 are unchanged.

5. Valet Parking. Section 10.2 is amended to read as follows:

Owner Valet Service. The Garage Owner shall offer valet parking on a first-come first-served basis to the general public (the "Owner Valet Service") through the Owner Valet Operator selected by the Garage Owner pursuant to the selection criteria set forth in Section 6.2. Such valet service shall be located at the Concourse valet drop-off and pick-up locations designated on the Approved Plans and Specifications. The Garage Owner at its discretion also may offer valet parking on a first-come, first-served basis to the general public from any other suitable valet drop-off and pick-up location in downtown Seattle not served by any

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other valet service operator, subject to the approval of the owner of such property as to the location of the valet drop-off and pick-up. The Garage Owner shall accept towards payment of the valet parking charge, parking validation tokens, coupons, vouchers or other credits being offered through the Parking Validation Program. Valet parking demand relating to the Owner Valet Service shall be monitored by the Owner Valet Operator such that designated Owner Valet Service valet spaces not in use by valet customers shall, where practicable, be released for short-term, self parking customers.

6. Notices. The address of Nordstrom, Inc. in Section 13.2 is amended to read as follows:

Nordstrom, Inc.
1617 Sixth Avenue
Seattle, Washington 98101
Attention: Real Estate Notices
Fax: 206 223-1776

7. No Other Amendments. Except as expressly amended herein and by the First Amendment, the Parking Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the day and year first above written.

"City"

THE CITY OF SEATTLE, a first class city
of the State of Washington

By _____
Mayor

"PSD"

PINE STREET DEVELOPMENT L.L.C.,
a Washington limited liability company

By RGHK Seattle L.L.C., a
Washington limited liability
company

By _____
Its _____

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"CDP"

COMMUNITY DEVELOPMENT
PROPERTIES, KING COUNTY
II, INC., a Delaware nonprofit
corporation

By _____
Its _____

NORDSTROM, INC., a
Washington corporation

By _____
Its _____

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