

[City letterhead]

_____, 2020

Mr. Neil Cleveland
FIRST & FRONT, a California General Partnership
28046 Del Rio Road, Suite C
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Subject: Commitment Letter from the City of Temecula to First & Front
regarding the Reconfiguration and Improvements of the
Southside Parking Lot & Consent of First and Front and Other
Conditions

This Commitment Letter is provided at the request of First and Front ("**F&F**") to affirm certain City of Temecula commitments regarding improvements to and reconfiguration of the South Side Parking Lot in Old Town Temecula ("**Public Parking Lot**") and to existing temporary public parking currently located on the adjacent property owned by F&F ("**F&F Property**") in consideration for the execution by F&F of that certain document titled "Consent of First & Front, a California General Partnership Regarding Real Property Conveyance" ("**Consent**").

As part of the Murrieta Creek Flood Control, Environmental Restoration and Recreation Project ("**Project**"), Riverside County Flood Control and Water Conservation District ("**District**") deemed it necessary acquire several properties along Murrieta Creek. These acquisitions include an approximate 32,314 square foot portion of the River Street Right of Way ("**Acquisition Area**") located adjacent to the Public Parking Lot. As set forth in the Consent, the northeasterly boundary line of the River Street right of way abuts the south westerly boundary lines of Riverside County Tax Assessor's Parcel Numbers (APNs) 922-073-024 and 922-046-025 (also known as Parcels 2 and 3 of that certain Certificate of Compliance No. PA96-0011, recorded August 22, 1996 as Instrument No. 317123 of Official Records). The City warrants that the approximate 32,314 square foot Acquisition Area is not located within Parcels 2 and 3, however it is adjacent to Parcel 2 and 3, which are subject to and encumbered by that certain Agreement and Grant of Real Property Subject to and Reserving Parking Easement recorded on May 13, 1999, as Document No. 1999-208241 of the Official Records of the County of Riverside ("**Parking Agreement**") between First & Front, a general partnership by its general partners Temecula Investment Company, Inc., a California Corporation, Cleveland Investment Co., Inc., a California

Corporation, as general and managing partners (collectively the “**First & Front Entities**”).

The City has informed F&F that pursuant to the Agreement for Purchase and Sale between the City and the District for the District’s purchase of the Acquisition Area (“**Purchase Agreement**”), the District agreed to pay to the City certain cost-to-cure damages in consideration for the City’s conveyance of the Acquisition Area to the District and to mitigate the impact of the loss of public parking along the northeasterly line of the Acquisition Area. Pursuant to the Purchase Agreement, the District agreed to pay to the City the approximate sum of \$771,136 (Seven Hundred Seventy One Thousand One Hundred and Thirty Six Dollars) of which the sum of \$427,192.16 (Four Hundred Twenty-Seven Thousand One Hundred Ninety-Two Dollars and Sixteen Cents) represents cost-to-cure compensation (“**Cost-to-Cure Compensation**”), which represents the District’s agreed share of the estimated cost of reconfiguring the Public Parking Lot and construct improvements as generally depicted on that parking reconfiguration plan titled "Alternative 11- No Retaining Wall" (“**Parking Layout**”) and attached as Exhibit A hereto and incorporated herein by this reference. The City represents that the City shall spend no less than the amount of the Cost-to-Cure Compensation in reconfiguring the Public Parking Lot and constructing the improvements depicted in the Parking Layout and as described in this Commitment Letter. The Parking Layout, which was generally approved by F&F, shall not be materially revised and/or altered without first obtaining F&F’s prior written approval, it being understood that the parties’ goal is to maximize the number of public parking spaces given the loss of parking spaces triggered by the City’s sale of the Acquisition Area. As so proposed, the Parking Layout currently depicts 223 public parking spaces, supporting driveways, drive aisles, drainage and bio-swale improvements that accept and treat and / or store drainage from the F&F Property and the creation of parking spaces that shall comply with the Americans with Disabilities Act (“**ADA**”). The Parking Layout also depicts the elimination of public parking, hardscape and aisles within the F&F Property.

The City hereby confirms and commits itself to the following conditions:

1. Reconfiguration of the Public Parking Lot. In accordance with the Purchase Agreement, the City will use no less than the Cost-to-Cure Compensation received by the City from the District under the Purchase Agreement to pay for the reconfiguration and improvement of the Public Parking Lot in substantial conformance with the finalized Parking Layout, including but not limited to the construction of all necessary water quality and drainage improvements. The City shall obtain F&F’s prior written approval of the finalized Parking Layout, including all construction and engineering plans associated therewith, including those depicting the manner in which the Public Parking Lot will accept, receive, store, treat and process water drainage flowing from the F&F Property. The City acknowledges and agrees that the finalized Parking Layout shall contain no less

than 223 parking spaces, after all adjustments, except as provided for in Paragraph 5 below.

2. Parking Spaces on F&F Property. Pursuant to F&F's request and consistent with the terms of the Parking Agreement, the City shall re-stripe the F&F Property and install and maintain, five parking spaces that comply with ADA requirements (referred to as the "**Temporary ADA Parking Spaces**"), including an acceptable path of travel from the Temporary ADA Parking Spaces to the nearest public sidewalk. The City shall also improve all existing parking spaces and any driveways and aisles on the F&F Property by restriping and providing a smooth surface, at ADA compliant grades, on such spaces. Further, the City shall stripe approximately 15 standard parking spaces along the NW interior border of the F&F Property. Such parking space and ADA improvements on the F&F Property are depicted in Exhibit B hereto. Public parking will be allowed in all of the parking spaces on the F&F Property until such time as F&F notifies the City, in writing, that F&F has elected to terminate such public parking on the F&F Property. In accordance with the Parking Agreement and the Dominant Tenement Redevelopment Applications described in the Consent (the "**F&F Entitlement Plans and Permits**"), the City acknowledges that F&F or its successor-in-interest has the right to terminate all public use of such parking on the F&F Property and at F&F's option, has the absolute right to remove all such parking from the F&F Property upon written notice to the City. Upon receipt of such written notice, the City acknowledges and agrees that public use of parking spaces and the City's right to access and use of any portion of the F&F Property will no longer be permitted and to the extent F&F elects to maintain use of such parking spaces, driveways and aisles, use thereof shall be exclusive to F&F as permitted under the Old Town Specific Plan. The parties acknowledge and agree that if F&F elects to terminate public use of the existing parking on the F&F Property, F&F shall construct and / or, at its sole cost and expense, install such barriers and / or signage it deems appropriate, consistent with any applicable code requirements, to restrict such public use.

3. ADA Parking in Public Parking Lot. The City has estimated that the Public Parking Lot will contain a minimum of seven (7) ADA compliant parking spaces the "**Public Parking Lot ADA Spaces**"). At the request of F&F, or its successor-in-interest, six (6) of the seven (7) ADA compliant parking lot spaces on the Public Parking Lot (the "**Provisional ADA Parking Spaces**") will be striped as standard parking spaces until such time as (i) the City determines, in its sole discretion, that it is necessary for the City to re-stripe said spaces in accordance with applicable law or (ii) F&F or its successor-in-interest, notifies the City in writing that it has elected to terminate the City's use of the Temporary ADA Parking Spaces on the F&F Property. On the occurrence of either of these two events, the City shall re-stripe the Provisional ADA Parking Spaces so they are ADA compliant and construct an ADA Complaint path of travel to the nearest public right of way, and do so within a reasonable period of time. The City shall also establish a minimum of two (2) ADA compliant parking spaces and associated paths of travel in the northeast corner of the Public Parking Lot if it becomes necessary for compliance with applicable law.

4. Timing of the Street, Curb and Sidewalk Improvements on the North and West Side of the F&F Property. Should F&F initiate additional improvements to the F&F Property in accordance with its existing phasing plan ("**Phasing Plan**") within the F&F Entitlement Plans and Permits that trigger the obligation to improve that certain easement of record more fully described in the Hardscape Plan approved as part of PA15-1158 (specifically the street, curb and sidewalk improvements identified as Phase II therein (the "**North Side Street, Curb and Sidewalk Conditions**")), the development of such improvements shall not include the sidewalk improvements, trees/grates, landscaping on Old Town Front Street (east side), or the sidewalk improvements adjacent to the south side of the Building as part of the North Side Street Curb and Sidewalk Conditions (the "**Old Town Front Street and South Sidewalk Improvements**"). The parties acknowledge and agree that the Old Town Front Street and South Sidewalk Improvements shall be completed in connection with Phase 1 of the Phasing Plan. The City acknowledges and agrees that if the City approves F&F's pending minor modification application PA20-0618, the timing of construction of the North Side Street, Curb and Sidewalk Conditions, representing a portion of the F&F Hardscape Plan previously filed with and approved by the City (the "**F&F Hardscape Plan**") will be reordered.

Upon the City's removal of the Temporary ADA Public Parking Spaces and all other public parking on the F&F Property, F&F shall, subject to its right to delay as set forth herein, construct the pedestrian and vehicular access easement and related improvements as more fully described in the F&F Hardscape Plan (the "**North Side F&F Hardscape Redevelopment Improvements**") and the additional sidewalk/curb on the north and west side of Parcel 2, as part of the construction of that sidewalk / curb adjacent to the north and west side of Parcel 2 ("**F&F Extended Hardscape Sidewalk Improvements**"), which borders the improvements identified as Phase VIII of the Phasing Plan, and located on both sides thereof. If the City has not restriped the Provisional ADA Parking Spaces prior to the removal of the Temporary ADA Public Parking Spaces on the F&F Property, upon F&F's completion of the F&F North Side Hardscape Redevelopment Improvements, the City shall promptly restripe the Provisional ADA Parking Spaces.

If F&F elects to delay construction of the F&F North Side Extended Hardscape Sidewalk Improvements identified as part of Phase 3 of its Phasing Plan, the City shall provide a temporary asphalt overlay/striped path of travel to be located from the Public Parking Lot ADA Spaces to the west edge of the F&F Hardscape Redevelopment Improvements. If F&F elects to delay Phase 3 of its Phasing Plan, then the City shall provide a temporary asphalt overlay/striped path of travel to be located from the City Public Parking Lot ADA Spaces to the SW corner of the intersection of Old Town Front Street and the vacated 2nd Street (nearest public access). In the interest of clarity, the City acknowledges that F&F's right to remove all public parking on the F&F Property may be exercised in its sole and absolute discretion, at any time and for any purpose and shall in no way trigger F&F's obligation to construct the F&F's North Side Hardscape Redevelopment Improvements and / or the F&F Extended Hardscape Sidewalk Improvements (collectively the "**F&F North and West Sides Hardscape Improvements**").

5. Public Parking Goals and F&F Redevelopment Improvements. The City has informed F&F that the actual number of public parking spaces on the Public Parking Lot to be reflected in the Parking Layout's final design may differ from what is currently depicted in Exhibit A to the Parking Layout, after considering water quality and drainage improvements and fire department clearance requirements. Notwithstanding the foregoing, the City represents that based on the information available to the City as of the date of this letter, the topography of the site, and site construction conditions and other related conditions, the final Parking Layout of the Public Parking Lot is expected to support no less than 213 public parking spaces. The City will notify F&F in writing if the final Parking Layout of the Public Parking Lot accommodates less than the 213 public parking spaces. Conditioned on the reconfiguration of the Public Parking Lot in substantial conformance with Exhibit A and the reasonable needs and requirements associated with the F&F Hardscape Improvements, F&F shall grant to the City an additional non-exclusive easement (the "**Qualified Limited Easement**") on a limited portion of the westerly sidewalk (see Exhibit C) located on the F&F Property that will incorporate a zero ("0") sidewalk as the Path of Travel ("**POT**") from the Public Parking Lot where the Public Parking Lot ADA Parking Spaces will be located. The City acknowledges and agrees the grant of such Qualified Limited Easement shall neither include any air space rights of any kind, and that F&F shall retain and reserves all such air space rights, nor shall the POT limit or otherwise restrict or impede the use of Parcel 2 by F&F, its successors-in-interest or their respective tenants and invitees. In addition, the City acknowledges and agrees such Qualified Limited Easement shall be of the same type and design as the easement to be provided by F&F in favor of the City as described in the F&F Hardscape Plan. The City shall be required to provide all necessary ramps and POT from the City ADA Parking Spaces to and from the F&F Property.

6. The Addition of Temporary Public Parking on the F&F Property. The City will add the fifteen temporary parking spaces to the northwest area of the F&F property as depicted in Exhibit B at approximately the same time as it is completing the reconfiguration of the Public Parking Lot in substantial conformance with Exhibit B.

7. F&F's Right to Encroach In and Onto the Public Parking Lot. When designing and creating the easement improvements included in the F&F Entitlement Plans and Permits more fully described in Sections 4 and 5, F&F shall have the right to re-grade and/or "match" up the boundary areas between the F&F Property and the Public Parking Lot in order to accommodate ADA accessibility features, sidewalks and hardscape improvements. In connection therewith, F&F shall have the right to make improvements on a portion of the Public Parking Lot that will allow an ADA and code compliant transition from the F&F Property to the Public Parking Lot, with any and all such transitional features (i.e. acceptable ADA grades, etc.) to be located where such improvements function best, as reasonably determined by F&F, whether on the City Property, including the Public Parking Lot, and/or on the F&F Property. The City acknowledges and agrees that any such reconfiguration or design shall not include any additional restrictions on or conditions to the design or construction of improvements set

forth in the F&F Entitlement Plans and Permits or otherwise cause the use of the F&F Property to be diminished or otherwise limited. Specifically, F&F shall have the right to enter onto the City Property and modify areas of the Public Parking Lot adjacent to the north sides of Parcels 1 & 2 of PM 37448 and the west side Parcel 2 and around the existing building (the "**Building**") located on the F&F Property or future buildings to be located on the F&F Property, where necessary to accommodate an ADA transition or "match up" to ensure the existence of accessible ADA compliant sidewalks / POT with respect to the ADA accessibility components and vehicular and pedestrian ingress and egress easements that serve the F&F Property. The parties acknowledge that F&F has not yet prepared plans for such improvements and F&F's future development of Parcel 2 of PM 37448 has not yet been determined. The City agrees that it shall approve all reasonable adjustments to the Finalized Parking Reconfiguration Plan to accommodate such future development of the F&F Property, including but not limited to Parcel 2 of PM 37448. F&F acknowledges and agrees it is solely responsible for the costs relating to such re-grade or "match-up" work and for repairing any damage to the Public Parking Lot resulting from such work.

8. The Activation of the ADA Parking on the Public Parking Lot. Upon the City's receipt of F&F's notification to remove all parking from the F&F Property, including the Temporary ADA Parking Spaces, the City shall also promptly remove all existing parking space striping, lighting stands, City landscaping, hardscaping and any irrigation and electrical lines and / or conduits that may be located on the F&F Property and restore the F&F Property to a smooth asphalt condition. In addition, the existing north/south driveway aisles that currently run through the northwest side of the F&F Property shall be removed. The City acknowledges and agrees that in connection with such removals, it shall comply with all applicable laws or regulations relating to the removal of the parking from the F&F Property, including but not limited to any requirement to add additional ADA parking spaces within the Public Parking Lot.

9. The City shall complete the construction of the reconfiguration of the Public Parking Lot in accordance with the Parking Lot Layout by no later than two (2) years following the recordation of the Consent.

Sincerely,

Aaron Adams
City Manager of the City of Temecula