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OFFICIAL RECORDS OF
SONOMA COUNTY
JANICE ATKINSON

GENERAL PUBLIC
05/14/2007 09:32 DCLRE
RECORDING FEE: 100.00
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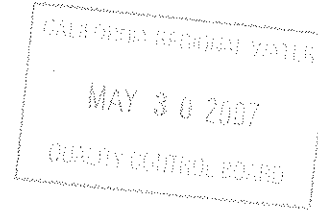


Recording Requested By:

Petaluma Theatre Square LLC, c/o Basin Street Properties
Attn: Jennifer Tompkins
201 First Street, Suite 100
Petaluma, California 94952

When Recorded, Mail To:

Bruce H. Wolfe, Executive Officer
California Regional Water Quality Control Board
San Francisco Bay Region
1515 Clay Street, Suite 1400
Oakland, California 94612



**COVENANT AND ENVIRONMENTAL RESTRICTION
ON PROPERTY**

Theatre Square, D Street and Petaluma Boulevard South, Petaluma, CA 94952

This Covenant and Environmental Restriction on Property (this "Covenant") is made as of the 22 day of Dec, 2006 by Petaluma Theatre Square, LLC a California limited liability company ("PTS"), WILLIAM A. ROBOTHAM, AS TRUSTEE OF THE FLORENE MAY HECK 1986 TRUST DATED MAY 22, 1986 ("Heck Trust"), FRAZER THEATRE SQUARE, LLC, a California limited liability company ("Frazer"), MARK GARWOOD, AS TRUSTEE OF THE MARK GARWOOD AND PAULETTE R. GARWOOD 1991 TRUST ("M&P Garwood Trust"), ELVIA FERNANDEZ GARWOOD, AS TRUSTEE OF THE ELVIA FERNANDEZ GARWOOD TRUST, (UAD) DATED 25 FEBRUARY 1987 ("EF Garwood Trust"), DIANA G. TRYGG, AS TRUSTEE OF THE DIANA G. TRYGG AND LEIF W. TRYGG 2005 TRUST ("Trygg Trust"), ANDREA G. MAZAR, AS TRUSTEE OF THE ANDREA G. MAZAR TRUST ("Mazar Trust"), AMERIVINE, INC., a California corporation ("Amerivine"), THOMAS BAKER, an unmarried individual ("Baker"), STEPHEN H. HENRIS AND TAMI S. HENRIS, AS TRUSTEES OF THE STEPHEN H. AND TAMI S. HENRIS LIVING TRUST ("Henris"), and RODGER D. OFFENBACH AND SIDRA K. OFFENBACH, AS TRUSTEES OF THE RODGER D. OFFENBACH AND SIDRA K. OFFENBACH REVOCABLE INTERVIVOS TRUST CREATED BY DECLARATION OF TRUST DATED JULY 12, 2004 ("Offenbach"). PTS, Heck Trust, Frazer, M&P Garwood Trust, EF Garwood Trust, Trygg Trust, Mazar Trust, Amerivine, Baker, Henris and Offenbach are each sometimes individually referred to as a "Tenant in Common" and, collectively, as the "Tenants in Common" ("Covenantor") who is the Owner of record of that certain property situated at D Street and Petaluma Boulevard South, in the City of Petaluma, County of Sonoma, State of California, which is more particularly described in Exhibit A attached hereto and incorporated herein by this reference (such portion hereinafter referred to as the "Burdened Property"), for the benefit of the California Regional

Water Quality Control Board for the San Francisco Bay Region (the "Board"), with reference to the following facts:

A. The southeastern and western portions of the Burdened Property and groundwater underlying these portions of the property contain hazardous materials.

B. Contamination of the Burdened Property. Soil at the Burdened Property was contaminated by the historic use of various portions of the property for vehicle maintenance, repair, painting and fueling, particularly the operation of gasoline stations on the southeastern and southwestern corners of the Property, conducted by previous owners and/or tenants at the Property. These operations resulted in contamination of soil and groundwater with organic and inorganic chemicals including total petroleum hydrocarbons (TPH) as gasoline and diesel, volatile organic compounds (VOCs), principally benzene, and metals, principally, lead, which constitute hazardous materials as that term is defined in Health & Safety Code Section 25260. Soil vapor at the Burdened Property has also been impacted by TPH and benzene. The Burdened Property has been the subject of extensive soil, groundwater and soil vapor investigations in the last fifteen years. The underground storage tanks (USTs) and contaminated soil accessible around the gasoline station in the southwestern portion of the Burdened Property have been excavated and removed. A waste oil UST was removed from the northern portion of the Burdened Property, and a small volume of associated contaminated soil was found and removed. A gasoline UST was removed from the northern portion of the Burdened Property. Sampling and analysis in the vicinity of this gasoline UST indicated that significant contamination by petroleum-related compounds did not occur, and no additional soils were removed. In order to control impacts associated with residual contaminants in soil, groundwater, and soil vapor, the redevelopment of the Burdened Property has covered the entire surface of the Burdened Property with buildings and associated hardscape, except for small tree wells which are covered by metal grates. A Liquid Boot® membrane/liner has been installed beneath the slabs of all buildings constructed at the Burdened Property. A Liquid Boot® GeoVent has been incorporated beneath the slab of the building in the southeastern portion of the Site, in the area indicated in Exhibit A. There are separate HVAC (heating, ventilation, and air conditioning) systems for the first floor and the upper floors. A deed restriction and a Risk Management Plan (RMP) has been recorded and implemented at the Burdened Property. The purpose of the RMP is to identify activities where residual contaminants may be encountered, provide a notification procedure for those activities, develop procedures to ensure the integrity of the remedial controls, and to develop health and safety procedures to ensure safe and proper handling of the impacted soil and groundwater.

C. Exposure Pathways. The contaminants addressed in this Covenant are present in soil, groundwater, and soil vapor at the Burdened Property. Without the mitigation measures which have been performed on the Burdened Property, exposure to these contaminants could take place via direct contact with soils and inhalation of vapors which could potentially migrate to indoor air from the subsurface. The risk of public exposure to the contaminants has been substantially lessened by the remediation and controls described herein.

D. Adjacent Land Uses and Population Potentially Affected. The Burdened Property is used for commercial premises on the ground floor, with residences on the second and third floors and is adjacent to residential and commercial land uses.

E. Full and voluntary disclosure to the Board of the presence of hazardous materials on the Burdened Property has been made and extensive sampling of the Burdened Property has been conducted.

F. Covenantor desires and intends that in order to benefit the Board, and to protect the present and future public health and safety, the Burdened Property shall be used in such a manner as to avoid potential harm to persons or property that may result from hazardous materials that may have been deposited on portions of the Burdened Property.

G. Management of Residual Pollution. In order to assure continued protection of human health and the environment, a Risk Management Plan (RMP) has been prepared and is attached hereto and incorporated herein by this reference as "Exhibit B". A copy of this document must be maintained by the Property Owner and shall be consulted prior to and complied with during any activities highlighted in the RMP.

ARTICLE I GENERAL PROVISIONS

1.1 Provisions to Run with the Land. This Covenant sets forth protective provisions, covenants, conditions and restrictions (collectively referred to as "Restrictions") upon and subject to which the Burdened Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. The restrictions set forth in Article III are reasonably necessary to protect present and future human health and safety or the environment as a result of the presence on the land of hazardous materials. Each and all of the Restrictions shall run with the land, and pass with each and every portion of the Burdened Property, and shall apply to, inure to the benefit of, and bind the respective successors in interest thereof, for the benefit of the Board and all Owners and Occupants. Each and all of the Restrictions are imposed upon the entire Burdened Property unless expressly stated as applicable to a specific portion of the Burdened Property. Each and all of the Restrictions run with the land pursuant to section 1471 of the Civil Code. Each and all of the Restrictions are enforceable by the Board.

1.2 Concurrence of Owners and Lessees Presumed. All purchasers, lessees, or possessors of any portion of the Burdened Property shall be deemed by their purchase, leasing, or possession of such Burdened Property, to be in accord with the foregoing and to agree for and among themselves, their heirs, successors, and assignees, and the agents, employees, and lessees of such owners, heirs, successors, and assignees, that the Restrictions as herein established must be adhered to for the benefit of the Board and the Owners and Occupants of the Burdened Property and that the interest of the Owners and Occupants of the Burdened Property shall be subject to the Restrictions contained herein.

1.3 Incorporation into Deeds and Leases. Covenantor desires and covenants that the Restrictions set out herein shall be incorporated in and attached to each and all deeds and leases of any portion of the Burdened Property. Recordation of this Covenant shall be deemed binding on all successors, assigns, and lessees, regardless of whether a copy of this Covenant and Agreement has been attached to or incorporated into any given deed or lease.

1.4 Purpose. It is the purpose of this instrument to convey to the Board real property rights, which will run with the land, to facilitate the remediation of past environmental contamination and to protect human health and the environment by reducing the risk of exposure to residual hazardous materials.

ARTICLE II DEFINITIONS

2.1 Board. "Board" shall mean the California Regional Water Quality Control Board for the San Francisco Bay Region and shall include its successor agencies, if any.

2.2 Improvements. "Improvements" shall mean all buildings, roads, driveways, regradings, and paved parking areas, constructed or placed upon any portion of the Burdened Property.

2.3 Occupants. "Occupants" shall mean Owners and those persons entitled by ownership, leasehold, or other legal relationship to the exclusive right to use and/or occupy all or any portion of the Burdened Property.

2.4 Owner or Owners. "Owner" or "Owners" shall mean the Covenantor and/or its successors in interest, who hold title to all or any portion of the Burdened Property.

ARTICLE III DEVELOPMENT, USE AND CONVEYANCE OF THE BURDENED PROPERTY

3.1 Restrictions on Development and Use. Covenantor promises to restrict the use of the Burdened Property as follows:

a. Development on the ground floor of the Burdened Property shall be restricted to industrial, commercial or office space;

b. No residence for human habitation shall be permitted on the ground floor of the Burdened Property;

c. No hospitals shall be permitted on the ground floor of the Burdened Property;

d. No schools for persons under 21 years of age shall be permitted on the ground floor of the Burdened Property;

e. No day care centers for children or day care centers for Senior Citizens shall be permitted on the ground floor of the Burdened Property.;

f. No Owners or Occupants of the Property or any portion thereof shall conduct any excavation work on the Property, without prior notification to the Board as outlined in the RMP. As outlined in the RMP, some excavation projects will require prior written permission from the Board.

g. All uses and development of the Burdened Property shall be consistent with any applicable Board Order or Risk Management Plan, each of which is hereby incorporated by reference including future amendments thereto. All uses and development shall preserve the integrity of any cap, any remedial measures taken or remedial equipment installed, and any groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, unless otherwise expressly permitted in writing by the Board.

h. No Owners or Occupants of the Property or any portion thereof shall drill, bore, otherwise construct, or use a well for the purpose of extracting water for any use, including but not limited to, domestic, potable, or industrial uses, unless expressly permitted in writing by the Board.

i. The Owner shall notify the Board of each of the following: (1) The type, cause, location and date of any disturbance to any cap, any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance. Notification to the Board shall be made by registered mail within ten (10) working days of both the discovery of such disturbance and the completion of repairs.

j. The Owner shall submit an annual summary report to the Board that describe in detail the type, cause, location and date of all of the previous year's disturbance to any cap, any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions and the type and date of repair of such disturbance.

k. The Covenantor agrees that the Board, and/or any persons acting pursuant to Board orders, shall have reasonable access to the Burdened Property for the purposes of inspection, surveillance, maintenance, or monitoring, as provided for in Division 7 of the Water Code.

l. No Owner or Occupant of the Burdened Property shall act in any manner that will aggravate or contribute to the existing environmental conditions of the Burdened Property. All use and development of the Burdened Property shall preserve the integrity of any capped areas.

3.2 Enforcement. Failure of an Owner or Occupant to comply with any of the restrictions, as

set forth in paragraph 3.1, shall be grounds for the Board, by reason of this Covenant, to have the authority to require that the Owner modify or remove any Improvements constructed in violation of that paragraph. Violation of the Covenant shall be grounds for the Board to file civil actions against the Owner as provided by law.

3.3 Notice in Agreements. After the date of recordation hereof, all Owners and Occupants shall execute a written instrument which shall accompany all purchase agreements or leases relating to the property. Any such instrument shall contain the following statement:

The land described herein contains hazardous materials in soils and in the ground water under the property, and is subject to a deed restriction dated as of _____, 199_, and recorded on _____, 199_, in the Official Records of _____ County, California, as Document No. _____, which Covenant and Restriction imposes certain covenants, conditions, and restrictions on usage of the property described herein. This statement is not a declaration that a hazard exists.

ARTICLE IV VARIANCE AND TERMINATION

4.1 Variance. Any Owner or, with the Owner's consent, any Occupant of the Burdened Property or any portion thereof may apply to the Board for a written variance from the provisions of this Covenant.

4.2 Termination. Any Owner or, with the Owner's consent, any Occupant of the Burdened Property or a portion thereof may apply to the Board for a termination of the Restrictions as they apply to all or any portion of the Burdened Property.

4.3 Term. Unless terminated in accordance with paragraph 4.2 above, by law or otherwise, this Covenant shall continue in effect in perpetuity.

ARTICLE V MISCELLANEOUS

5.1 No Dedication Intended. Nothing set forth herein shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Burdened Property or any portion thereof to the general public.

5.2 Notices. Whenever any person gives or serves any notice, demand, or other communication with respect to this Covenant, each such notice, demand, or other communication

shall be in writing and shall be deemed effective (1) when delivered, if personally delivered to the person being served or official of a government agency being served, or (2) three (3) business days after deposit in the mail if mailed by United States mail, postage paid certified, return receipt requested:

If To: "Covenantor"

Petaluma Theatre Square LLC, c/o Basin Street Properties
Attn: Property Manager and General Counsel
201 First Street, Suite 100
Petaluma, California 94952

If To: "Board"

Regional Water Quality Control Board
San Francisco Bay Region
Attention: Executive Officer
1515 Clay Street, Suite 1400
Oakland, California 94612

5.3 Partial Invalidity. If any portion of the Restrictions or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such portion had not been included herein.

5.4 Article Headings. Headings at the beginning of each numbered article of this Covenant are solely for the convenience of the parties and are not a part of the Covenant.

5.5 Recordation. This instrument shall be executed by the Covenantor and by the Executive Officer of the Board. This instrument shall be recorded by the Covenantor in the County of Sonoma within ten (10) days of the date of execution.

5.6 References. All references to Code sections include successor provisions.

5.7 Construction. Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the Covenant to effect the purpose of this instrument and the policy and purpose of the Water Code. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.


IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.
Covenantor: _____

By: _____
Title: _____
Date: _____

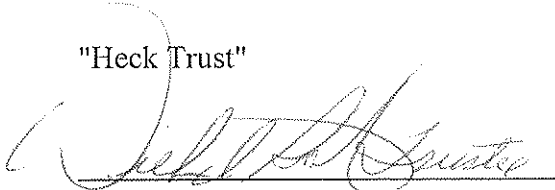
"PTS"

PETALUMA THEATRE SQUARE, LLC,
a California limited liability company

By: G&W Ventures, LLC,
a California limited liability company,
Managing Member

By: 
Matthew T. White
Managing Member

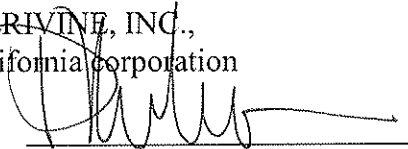
"Heck Trust"



WILLIAM A. ROBOTHAM, AS TRUSTEE
OF THE FLORENE MAY HECK 1986
TRUST DATED MAY 22, 1986

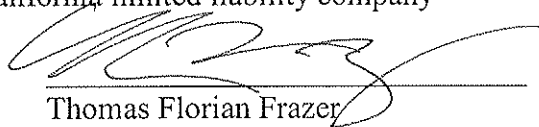
"Amerivine"

AMERIVINE, INC.,
a California corporation


By: 
David F. Coleman
President

"Frazer"

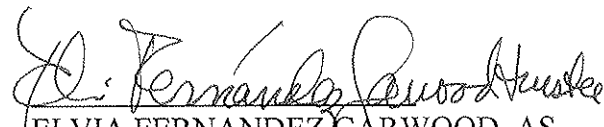
FRAZER THEATRE SQUARE, LLC
a California limited liability company

By: 
Thomas Florian Frazer
Sole Member

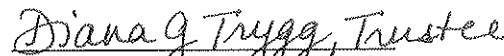
"M&P Garwood Trust"


MARK GARWOOD, AS TRUSTEE OF THE
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GARWOOD 1991 TRUST

"EF Garwood Trust"


ELVIA FERNANDEZ GARWOOD, AS
TRUSTEE OF THE ELVIA FERNANDEZ
GARWOOD TRUST, (UAD) DATED 25
FEBRUARY 1987

"Trygg Trust"


DIANA G. TRYGG, AS TRUSTEE OF THE
DIANA G. TRYGG AND LEIF W. TRYGG
2005 TRUST

"Mazar Trust"

ANDREA G. MAZAR, AS TRUSTEE OF
THE ANDREA G. MAZAR TRUST

"Baker"


THOMAS BAKER

"Henris"

Stephen H. Henris
STEPHEN H. HENRIS, AS TRUSTEE OF
THE STEPHEN H. AND TAMI S. HENRIS
LIVING TRUST

Tami S. Henris
TAMI S. HENRIS, AS TRUSTEE OF THE
STEPHEN H. AND TAMI S. HENRIS
LIVING TRUST

"Offenbach"

Rodger D. Offenbach
RODGER D. OFFENBACH, AS TRUSTEE
OF THE RODGER D. OFFENBACH AND
SIDRA K. OFFENBACH REVOCABLE
INTERVIVOS TRUST CREATED BY
DECLARATION OF TRUST DATED JULY
12, 2004

Sidra K. Offenbach
SIDRA K. OFFENBACH, AS TRUSTEE OF
THE RODGER D. OFFENBACH AND
SIDRA K. OFFENBACH REVOCABLE
INTERVIVOS TRUST CREATED BY
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12, 2004

Agency: State of California
Regional Water Quality Board,
San Francisco Bay Region

By: Bruce D. Wolfe
Title: Executive Officer
Date: 4/23/07

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Alameda

} ss.

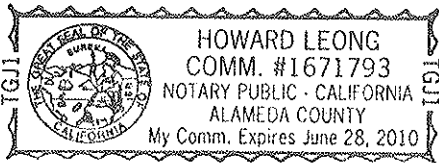
On APR 23, 2007 Date

before me, Howard Leong, Notary Public Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared BRUCE H WOLFE Name(s) of Signer(s)

- personally known to me
proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document COVENANT Title or Type of Document:

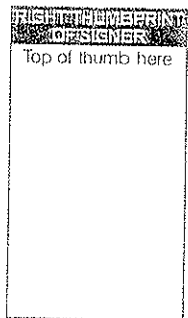
Document Date: Number of Pages:

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer

- Signer's Name:
Individual
Corporate Officer - Title(s):
Partner - Limited General
Attorney in Fact
Trustee
Guardian or Conservator
Other:

Signer is Representing:



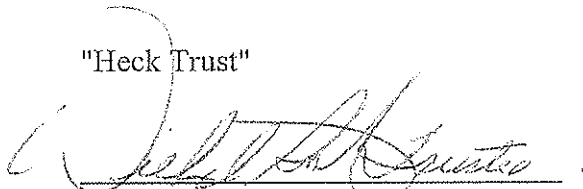
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By: _____
David F. Coleman
President

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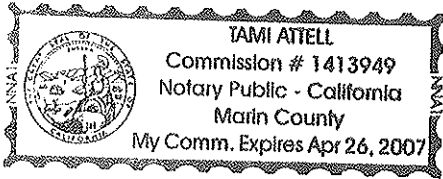
THOMAS BAKER

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
 County of Sonoma } ss.

On 12/8/05 before me, Tami Attell,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
 personally appeared Mark Garwood,
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Tami Attell
Signature of Notary Public

OPTIONAL

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Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

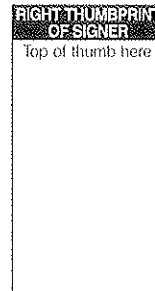
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

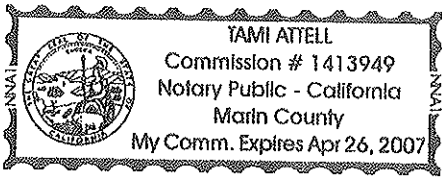


CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Sonoma } ss.

On 12/8/05 before me, Tami Attell
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Elvis Fernandez Garwood
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/~~she~~/~~they~~ executed the same in ~~his~~/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

WITNESS my hand and official seal.

Tami Attell
Signature of Notary Public

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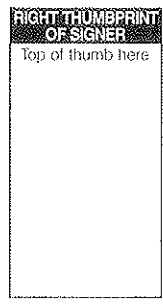
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____



CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

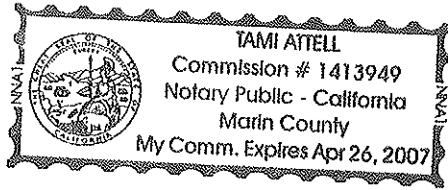
State of California

County of Sonoma } ss.

On 12/8/05 before me, Tami Attell
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Diana Trygg
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Tami Attell
Signature of Notary Public

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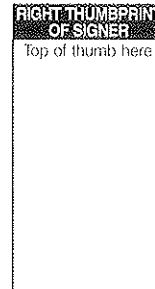
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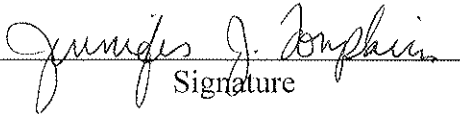
Signer Is Representing: _____



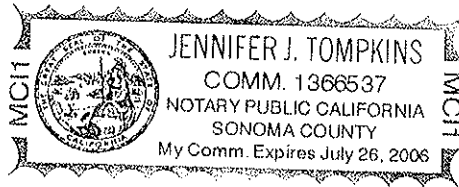
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 15, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Matthew T. White**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature


(Seal)



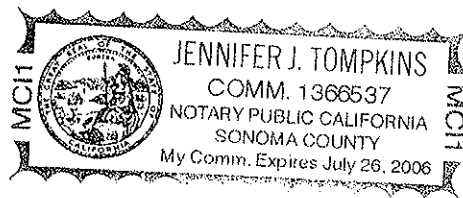
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 6, 2005, before me, **Jennifer J. Tompkins**, personally appeared **William A. Robotham**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature

(Seal)



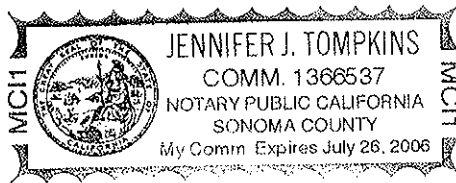
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 5, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Thomas Florian Frazer**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature


(Seal)



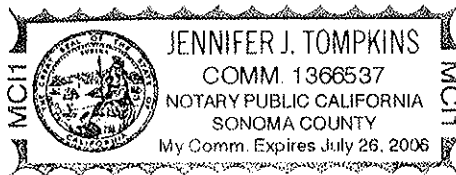
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 9, 2005, before me, **Jennifer J. Tompkins**, personally appeared **David F. Coleman**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature

(Seal)



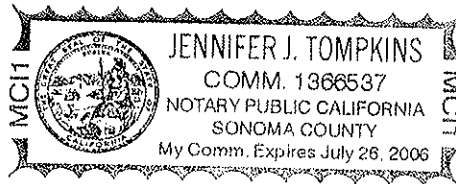
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 15, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Rodger D. Offenbach & Sidra K. Offenbach**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature


(Seal)



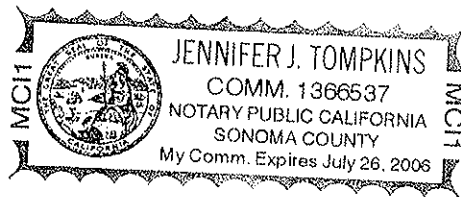
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 14, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Stephen H. and Tami S. Henris**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacity, and that by their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature

(Seal)



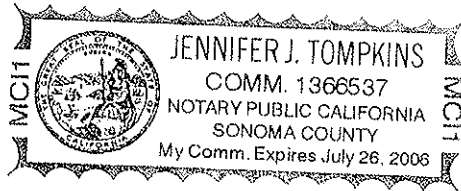
STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 9, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Thomas Baker**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature

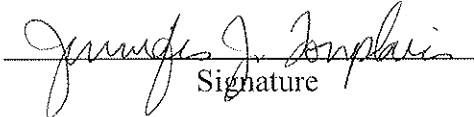
(Seal)



STATE OF CALIFORNIA)
)
COUNTY OF SONOMA)

On December 6, 2005, before me, **Jennifer J. Tompkins**, personally appeared **Andrea G. Mazar**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.


Signature

(Seal)

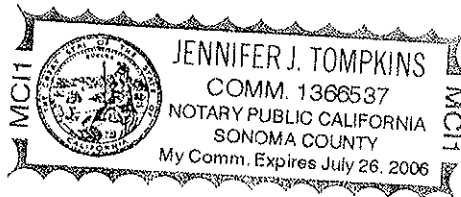


EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

OLD REPUBLIC TITLE COMPANY

ORDER NO. 0812000596-JJ

The land referred to in this Report is situated in the County of Sonoma, City of Petaluma,
State of California, and is described as follows:

PARCEL ONE:

LOTS NUMBERED 102, 107 and 108, as shown upon the map entitled, "Map of the City of Petaluma, Sonoma County, California, survey under the instructions from the Board of Trustees of said City and the U.S. Surveyor General by Jas. T. Stratton, U.S. Dep. Surveyor, December 1865, filed in the office of the County Recorder of Sonoma County, California, on December 30, 1865."

EXCEPTING THEREFROM that portion conveyed by deed recorded March 8, 1946 under Recorder's Serial No. C-12479 in Book 684 of Official Records, Page 171, Sonoma County Records.

ALSO EXCEPTING THEREFROM that portion conveyed by deed recorded March 3, 1952 under Recorder's Serial No. D-61694, Book 1111 of Official Records, Page 390, Sonoma County Records.

A.P. No. 008-066-006

PARCEL TWO:

LOT 103, as shown on the map of Stratton's Map of the City of Petaluma.

A.P. No. 008-066-003

PARCEL THREE:

BEING a portion of Lots 102 and 107 and all of Lot 106, as said lots are delineated on Stratton's Map of the City of Petaluma, and more particularly described as follows:

BEGINNING at an iron pin driven on the Northeasterly line of Third Street at a point marking the common corner to Lots 103 and 106 of said Stratton's Map.

THENCE from the said point of beginning and along the common lot line between Lot 103 and Lots 106 and 102 North, 25° 47' 30" East, 200 feet to an iron pin driven on the Southwesterly line of Second Street and said pin marking the common corner to Lots 102 and 103; thence along said Second Street North 64° 02' West 69.5 feet to an iron pin; thence leaving said Second Street, South 25° 56' West 120.0 feet to an iron pin; thence South 64° 02' East 18.00 feet to an iron pin; thence South 25° 56' West 80.0 feet to an iron pin driven on the Northeasterly line of Third Street; thence along Third Street South 64° 02' East 52.0 feet to the point of beginning.

A.P. No. 008-066-002

OLD REPUBLIC TITLE COMPANY

ORDER NO. 0812000596-JJ

PARCEL FOUR:

BEING a portion of Lot 102, according to the Jas. T. Stratton Map of the City of Petaluma, as filed for record December 30, 1865 and particularly described as follows:

BEGINNING at a 1/2" steel pin marking the Northwest corner of Lot 102; thence along the Southerly line of Second Street, S. 64° 04' E. 82.0 feet to a 3/4" pipe at the Northwest corner of the Carl E. Peterson lot described in the deed recorded in Book 684 of Official Records, Page 171, Sonoma County Records; thence Southerly parallel to the Easterly line of C Street and along the Westerly line of Peterson 69.3 feet to a 1/2" pipe; thence Westerly parallel to the Southerly line of Second Street, 82.0 feet to a 1/2" pipe on the Easterly line of C Street; thence Northerly along C Street 69.3 feet to the point of beginning.

A.P. No. 008-066-007

PARCEL FIVE:

LOT 104 as said Lot is shown and delineated upon that certain Map of the City of Petaluma, Sonoma County, California, Survey under the instructions of the Board of Trustees of said City and the U. S. Surveyor General, by Jas. T. Stratton, U. S. Dep. Surveyor, December, 1865, filed in the office of the County Recorder of Sonoma County, California, on December 30, 1865.

PARCEL SIX:

BEING all of Lot No. 105 as the same is marked and numbered on the Official Map of said City of Petaluma, made by Jas T. Stratton, U. S. Deputy Surveyor General, for the State of California, said lot is situate on the Northwest corner of Third and D Streets and fronts 49.5 feet on Third Street and runs back to Third Street and runs back to Second Street a distance of 200 feet.

BEING the same premises conveyed to Mary E. Armstrong by James Armstrong by Deed dated July 3, 1911 and recorded July 5, 1911 in Book 277 of Deeds, page 211, of Sonoma County Records.

EXCEPTING THEREFROM that portion contained in the Deed to the City of Petaluma recorded April 27, 1970 in Book 2457, Page 880, Sonoma County Records.

A.P. No. 008-066-009

EXHIBIT B
RISK MANAGEMENT PLAN

Exhibit B

Residual Risk Management Plan

Section 1.0 Background

The Theatre Square property (the “Burdened Property”) covers a block of approximately 1.4 acres located between C and D Streets and between 2nd Street and Petaluma Boulevard South in downtown Petaluma, California, indicated in Exhibit A. The Burdened Property is located within an area comprising commercial, residential, and light industrial uses in Petaluma, Sonoma County.

Various portions of the property have been used in the past for vehicle maintenance, repair, painting and fueling. Gasoline stations were located at the southwestern corner and the southeastern corners of the Property in the past. Three offsite gasoline stations were located on corners opposite the Burdened Property to the south. As a result of historic onsite and offsite activities, soils and groundwater at the Property have been impacted by organic and inorganic chemicals including total petroleum hydrocarbons (TPH) as gasoline and diesel, volatile organic compounds (VOCs), principally benzene, and metals, principally lead, which constitute hazardous materials as that term is defined in Health & Safety Code Section 25260. Soil vapor at the Burdened Property has also been impacted by TPH and benzene.

The Burdened Property has been the subject of extensive soil, groundwater and soil vapor investigations in the last fifteen years. The underground storage tanks (USTs) and contaminated soil accessible around the gasoline station in the southwestern portion of the Burdened Property have been excavated and removed. A waste oil UST was removed from the northern portion of the Burdened Property, and a small volume of associated contaminated soil was found and removed. A gasoline UST was removed from the northern portion of the Burdened Property. Sampling and analysis in the vicinity of this gasoline UST indicated that no significant contamination by petroleum-related compounds occurred, and no additional soils were removed.

In order to control potential impacts associated with residual contaminants in soil, groundwater, and soil vapor, the redevelopment of the Burdened Property incorporated the following mitigation measures:

1. The entire surface of the Burdened Property is covered with buildings and associated hardscape, except for small tree wells that are covered by metal grates.
2. The first floor of the Burdened Property is restricted to industrial, commercial, and/or office space use only. Residential units are located on the second and third floors.
3. There are separate HVAC (heating, ventilation, and air conditioning) systems for the first floor and the upper floors.

4. A Liquid Boot® membrane/liner has been installed beneath the slabs of all buildings constructed at the Burdened Property.
5. A LiquidBoot® GeoVent has been incorporated beneath the slab of the building in the eastern portion of the Site, in the area indicated in Exhibit A.
6. A deed restriction and this residual Risk Management Plan (RMP) has been recorded and implemented at the Burdened Property. The purpose of the RMP is to identify activities where residual contaminants may be encountered, provide a notification procedure for those activities, develop procedures to ensure the integrity of the remedial controls, and to develop health and safety procedures to ensure safe and proper handling of the impacted soil and groundwater.

Based upon the above mitigation measures, the Water Board has issued a no further remediation letter stating no further active remediation is necessary at the Burdened Property.

Section 2.0 Activities Covered by the RMP

The Burdened Property encompasses an area of approximately 1.4 acres as shown on Exhibit A. The following activities are restricted at the Burdened Property, and will require notification and written permission as outlined in Section 3.0.

- a. Disturbing (excavating, removal, drilling or otherwise compromising the integrity of) the hardscape surface of the property.
- b. Disturbing the building slabs and LiquidBoot® membrane / liner.
- c. Subsurface activities in the area of the LiquidBoot® GeoVent system.
- d. Groundwater extraction and/or construction dewatering.
- e. Soil or groundwater sampling.
- f. Soil reuse or disposal.

In addition, groundwater extraction and any project/activity whose primary purpose is environmentally related or any project that involves disturbing more than five cubic yards of soil shall not be implemented within the Burdened Property boundary, without prior written approval from the Water Board.

Section 3.0 Responsibilities and Notification Requirements

The current property owner will be responsible for complying with the land use covenant and procedures outlined within the residual RMP. It is the owner's responsibility to ensure that all lessees and contractors that may perform intrusive and subsurface work at the Property are aware of all potential risks and requirements outlined in the land use covenant and RMP.

The following notification must be provided if any of the activities listed in Section 2.0 are performed at the Burdened Property.

- A. Internal – Prior to the commencement of any intrusive or subsurface activities identified in Section 2.0, the Owner’s Representative, listed below, must be notified in writing, and written approval must be obtained from the Owner’s Representative. Notification shall consist of a written plan describing in detail the proposed restricted activity and showing the locations of all subsurface activities. Any excavation will be restricted to the designated area and depth as outlined within the plan unless additional written approval is granted by the Owner’s Representative. A site-specific and project-specific health and safety plan must also be developed in accordance with 29 Code of Federal Regulations (29 CFR) and approved by the Owner’s Representative.

- B. External - At least three working days prior to the commencement of any intrusive or subsurface activities identified in Section 2.0, the Owner must notify the Regional Water Quality Control Board Toxics Cleanup Division in writing. The written notification shall describe in detail the type, cause, location and date of the intrusive or subsurface activities. Written approval from the Board will be required for any project/activity whose primary purpose is environmentally related or for any project that involves disturbing more than five cubic yards of soil. The Water Board representative currently charged with the project site is listed below.

- C. External - The Owner shall notify the Water Board of each of the following: (1) The type, cause, location and date of any disturbance to any cap, any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Water Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions and (2) the type and date of repair of such disturbance. Notification to the Water Board shall be made by registered mail within ten (10) working days of both the discovery of such disturbance and the completion of repairs.

| | Phone Number | Email |
|-----------------------------------|----------------|----------------------------|
| Owner’s Representative | | |
| Stephanie Burlingame | (707) 793 1938 | stephanie@basin-street.com |
| Water Board Representative | | |
| John Jang | (510) 622-2366 | jjang@waterboards.ca.gov |

The current Property owner will be responsible for maintaining a current contact list. The contact information must be updated annually or as needed.

Section 4.0 Health and Safety Plan Requirements

Due to the potential exposure to residual TPH, benzene and isolated areas of lead that remain at the Property, a site-specific and project-specific health and safety plan (HASP) must be developed if any of the activities identified in Section 2.0 are performed at the Property. The HASP must be developed in accordance with 29 CFR and must address at a minimum potential exposure due to dermal contact and inhalation of residual TPH and benzene. The HASP must also specify an air monitoring program for VOCs when performing subsurface earth work and appropriate personal protective equipment (PPE) to be used.

Section 5.0 Requirements for Disturbances to Hardscape, Building Slabs and GeoVent System

A. Hardscape

As indicated in Section 3.0, a written plan must be prepared for any work in which the hardscape will be disturbed. The plan must include a description of the method by which the hardscape will be reinstated, and the schedule for the reinstatement of the hardscape. The plan must be approved by the Owner's Representative. The reinstatement of the hardscape must be completed to the satisfaction of the Owner's Representative, and must prevent contact with subsurface soils and infiltration of surface water. The Owner's Representative must document the reinstatement of the hardscape.

B. LiquidBoot® Membrane and GeoVent System

Disturbance to the LiquidBoot® membrane under the building slab and / or GeoVent system should be avoided. If disturbance is unavoidable, a written plan must be prepared and must include a description of the method by which the membrane and / or GeoVent system will be reinstated. The plan must be approved by the Owner's Representative. The repair of the membrane and / or GeoVent system must be completed to the satisfaction of the Owner's Representative. The Owner's Representative must retain documentation on the reinstatement of the membrane and / or GeoVent system and must make the documentation available to the Water Board on request.

Section 6.0 Soil and Groundwater Management Requirements

A. Soil Management

A site-specific soil management plan (SMP) must be developed prior to the implementation of restricted activities listed in Section 2.0. At a minimum, the SMP should include dust control and monitoring measures, and management of soil stockpiles, etc.

All soil at the Burdened Property must be handled in accordance with applicable local, state and federal regulations, the site and project specific HASP, and the site-specific

soils management plan. If any soil is to be disposed of offsite, the soil must be tested for the applicable landfill acceptance criteria. At a minimum these are to include TPH, benzene and lead.

B. Groundwater Management

No groundwater shall be extracted and / or discharged from the Burdened Property without prior approval from the Water Board. Prior approval from other agencies may also be required. If dewatering activities will be conducted within the Burdened Property, then a groundwater sampling and handling plan must be developed and approved by the Owner's Representative and the Water Board.

C. Decontamination

All equipment used in subsurface activities will be decontaminated before leaving the Burdened Property using visual inspection to verify that residual soils or groundwater have been removed. In addition, all operations that have the potential to generate or release hazardous material will be conducted in a controlled area using appropriate engineering controls. Specific decontamination techniques will be established based on conditions at the Property, and the activities to be performed. Decontamination procedures will be reviewed with all personnel onsite.

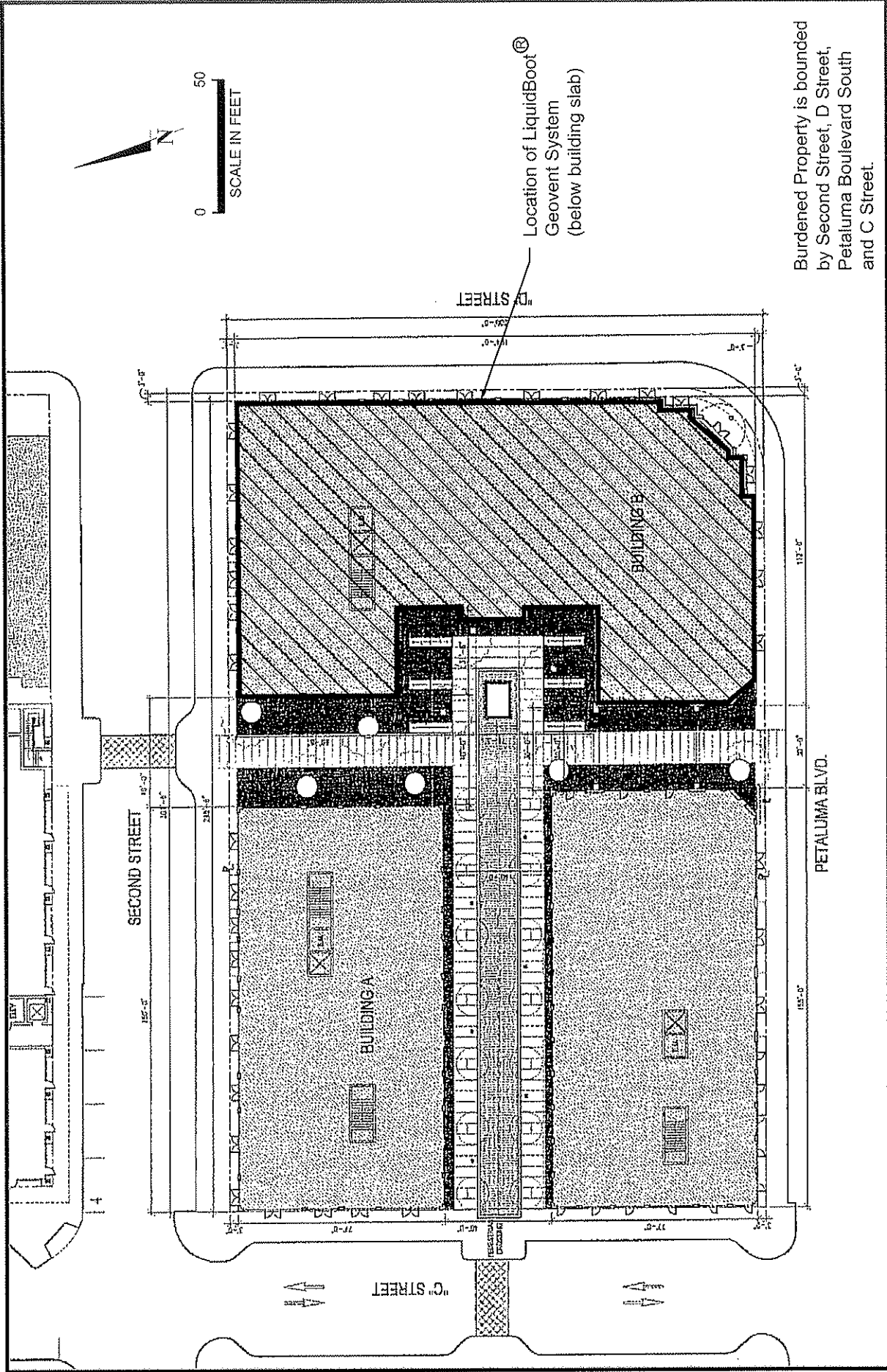
Section 7.0 Annual Summary Report

The Owner shall submit an annual summary report to the Board that describe in detail the type, cause, location and date of all of the previous year's disturbance to any cap, any remedial measures taken or remedial equipment installed, and of the groundwater monitoring system installed on the Burdened Property pursuant to the requirements of the Water Board, which could affect the ability of such cap or remedial measures, remedial equipment, or monitoring system to perform their respective functions and the type and date of repair of such disturbance.

Section 8.0 Requirements During Redevelopment

Obviously contaminated soil encountered during the redevelopment of the Burdened Property will be profiled and hauled to an appropriate disposal site.

Should areas with known high groundwater pollution be exposed, placement of oxygen release compound in these areas will be considered to enhance the biodegradation of the groundwater pollution.



Burdened Property is bounded by Second Street, D Street, Petaluma Boulevard South and C Street.

Burdened Property
Theatre Square
Petaluma, California

Exhibit A

Date: 4/11/05