

**AGREEMENT TO ENTER INTO COVENANT TO
OPERATE AND TO SHARE SALES TAX REVENUE**

This AGREEMENT TO ENTER INTO COVENANT TO OPERATE AND TO SHARE SALES TAX REVENUE (the "**Agreement**") is entered into this 20th day of April, 2022, by and between the CITY OF MENIFEE, a California municipal corporation ("**City**"), and SAVAGE CHEF and CO., a California corporation ("**Developer**") (individually a "**Party**" and collectively the "**Parties**").

RECITALS

A. Developer has entered or intends to enter into a ground lease with Conti Santi Properties, LLC, a Delaware limited liability company (the "**Owner**"), which is the fee owner of the real property and buildings thereon located at 30145 Antelope Road, Suite 106, in Menifee, California consisting of approximately four thousand square feet (4,000 sf), which is more particularly described in the legal description attached hereto and incorporated herein as Exhibit 1 (the "**Site**").

B. If Developer obtains the necessary governmental permits and approvals from all governmental agencies with jurisdiction, including City, Developer intends to construct certain tenant improvements at the Site and open and operate a Savage Chef Bar and Grill restaurant thereon (the "**Restaurant**").

C. In consideration for Developer's execution of the Covenants, Conditions, and Restrictions Affecting Real Property substantially in the form attached hereto and incorporated herein as Exhibit 2 (the "**Covenant**"), City has agreed to make certain periodic payments to Developer to assist Developer in the continued operation of the Restaurant, in an amount equal to a portion of the sales tax generated by the operation of the Restaurant (the "**Sales Tax**"), subject to and in accordance with the other terms and conditions set forth in this Agreement and the Covenant. The Covenant shall become effective only if the terms and conditions set forth herein as a condition to its effectiveness are satisfied.

D. By its approval of this Agreement, the City Council of City has found and determined as follows: (i) that, notwithstanding any other provision set forth in this Agreement or the Covenant which may appear to be to the contrary, City's approval and execution of this Agreement shall not constitute a prejudgment or precommitment by City with respect to any of the discretionary City permits and approvals that may be required for the Site, including without limitation any Specific Plan Amendment ("**SPA**"), Planned Community ("**PC**") Development Plan text amendment, and use permit, and the environmental reviews and approvals in conjunction with the foregoing that are required to accommodate the Restaurant on the Site, and City reserves its full and unfettered discretion with respect thereto to the same extent it would have such discretion in the absence of this Agreement; (ii) subject to the foregoing, City recognizes that the City payments provided for in the Covenant are necessary in order to make locating the

Restaurant financially feasible; (iii) the value to City of Developer's performance of its obligations set forth in the Covenant in each fiscal year during which City payments are to be made (in terms of economic revitalization, generation of additional local tax revenues that will help to fund vital public services, provision of expanded and more accessible full-service, sit-down dining opportunities for the residents of City, and job growth and retention) will be not less than the amount of such payments; and (iv) that the imposition of the covenants and use restrictions upon the Site pursuant to the Covenant in exchange for the payments to be made by City constitutes a valid public purpose.

C O V E N A N T S

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by both Parties, City and Developer hereby agree as follows:

1. Defined Terms. Any capitalized terms contained in this Agreement, which are not defined in this Agreement, shall have the meanings ascribed to such terms in the Covenant.

2. Execution and Recordation of Covenant. Within ten (10) days after the latest to occur of the following events (collectively, the "**Covenant Conditions**"), City and Developer shall fill in the blanks, date, and execute the Covenant in recordable form and Developer shall record the Covenant against the Site and provide a copy of the recorded Covenant to City: (i) the date City issues its final approval of all discretionary land use permits and approvals required to accommodate the Restaurant on the Site including, without limitation, any GPA, PC Development Plan text amendment, use permit (if applicable), and environmental reviews and approvals in conjunction therewith, but specifically excluding Developer's performance of any conditions of approval imposed on any such discretionary permit; (ii) the date City and any other applicable government agency issues all building use and operation permits necessary for Developer to develop and operate the Restaurant other than those which by their nature cannot be issued without the progress or completion of construction including, without limitation, any demolition permit, grading permit, encroachment permit for work or improvements to occur within public rights-of-way, foundation permit, building permit, and similar ministerial or administrative permits; (iii) the date Developer enters into a ground lease with the Owner for the lease of the Site, which Ground Lease has been reviewed and approved by the City Attorney of City, in his or her reasonable discretion; and (iv) the expiration of any periods for challenge of, or appeal from, all of the foregoing and the absence of any such challenge, appeal or the successful resolution thereof. These conditions are for the benefit of both City and Developer. City agrees to cooperate in the recordation of the Covenant against the Site at no cost to City, and the City Manager or his designee is hereby authorized on behalf of City to execute all documents and take all actions necessary or appropriate to implement this Agreement; provided, however, that in no event shall such date of recordation be later than the date the Restaurant opens for business.