

2011 DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

CARSON REDEVELOPMENT AGENCY

and

WIN CHEVROLET PROPERTIES, LLC

and

WIN CHEVROLET INC.

EXHIBIT NO. 1

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DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is entered into this 6th day of December, 2011 by and between the CARSON REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), and WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation ("Owner") and WIN CHEVROLET, INC., a California corporation ("Operator"; Owner and Operator are collectively referred to as "Developer").

RECITALS

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

B. Agency and Cormier Chevrolet Company ("Cormier") entered into that certain Disposition and Development Agreement dated April 21, 2009 (the "2009 DDA") relating to the development, use and operation of the property defined below as the "Site". In connection with the 2009 DDA, the Agency and Cormier entered into that certain Lease Agreement dated April 21, 2009 (the "Lease"), whereby Agency agreed to lease the Site to Cormier to allow the continued operation of its auto dealership business at the Site.

C. The Lease (as Amended and Restated on May 17, 2011) constitutes an "Enforceable Obligation" within the meaning of Health & Safety Code §§ 34167(d)(5) and 34171(d)(1)(E) because the Lease is a binding and executed contract pre-existing the effective date of California Assembly Bill X1 26 (2011). The Lease creates an enforceable obligation of the Agency to sell the Site back to Cormier upon Cormier's request to repurchase the Site. In September of 2011, Cormier advised the Agency that, pursuant to Section 15.2 of the Lease, Cormier desired to repurchase the Site.

D. Cormier may not transfer Cormier's interest in and to the Site without the Agency's prior written consent pursuant to Article 9 of the Lease. In November of 2011, Cormier advised the Agency that Cormier desired to assign, convey and transfer all of its interest, rights, and obligations under the Lease to Operator as of the "Lease Assignment Effective Date", as defined herein. The "Lease Assignment Effective Date" is that date on which the Agency's Executive Director receives written notice that pursuant to the Dealership Asset Purchase Agreement dated September 1, 2011, between Cormier and Operator, the parties thereto have executed such agreement(s) as necessary to effect the assignment and assumption of the Agreement by and between themselves which events must occur, if at all, not later than December 31, 2011. The Agency Board consented to Cormier's transfer of its interest in the Site to Operator on November 15, 2011. **Accordingly, the Effective Date of this Agreement shall be the same as the Lease Assignment Effective Date.** As further described herein, upon Close of Escrow pursuant to this Agreement, the Lease shall be deemed terminated.

E. Agency desires to implement the Redevelopment Plan for its Carson Consolidated Project Area ("Project Area") by selling the Site to Owner to maintain the existing Chevrolet and Hyundai auto dealership businesses (collectively, "Dealerships") within the Project Area for a

period of at least 20 years. The acquisition of the Site by Owner and the disposition of the Site by Agency pursuant to this Agreement is in the best interests of the City and the welfare of its residents, and is in accordance with the public purposes and provisions of applicable federal, state, and local laws and requirements pursuant to which this Agreement is undertaken.

F. This Agreement is entered into by the Agency pursuant to its authority under the Community Redevelopment Law of the State of California, Health and Safety Code Sections 33000, et seq. (all statutory references herein are to the Health and Safety Code unless otherwise provided); which authorizes the Agency to make agreements with owners, purchasers and lessees of property in the Project Area providing for the use of property in conformity with the Redevelopment Plan and providing that the Agency retain controls and establish restrictions or covenants running with the land to ensure that the Site will be developed, operated, and used in conformity with this Agreement and the Redevelopment Plan.

G. The Agency and the City held a joint public hearing on December 6, 2011 pursuant to Health and Safety Code Section 33433 to consider approval of this Agreement. Said hearing was noticed and the report describing the Agreement was made available for two successive weeks prior to the hearing date.

NOW THEREFORE, in consideration of the promises and covenants contained herein, the above recitals, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Agreement. The term "Agreement" shall mean this entire Disposition and Development Agreement, including all exhibits, which exhibits are a part hereof and incorporated herein in their entirety, and all other documents attached hereto which are incorporated herein by reference as if set forth in full.

1.2 City. The term "City" shall mean the City of Carson, a municipal corporation, having its offices at 701 East Carson Street, Carson, California 90745.

1.3 Days. The term "days" shall mean calendar days and the statement of any time period herein shall be calendar days, and not working days, unless otherwise specified.

1.4 Deed. The term "Deed" or "Grant Deed" shall mean that certain Grant Deed for the transfer of the Site from Agency to Owner, which shall be executed by the parties and substantially in the form attached hereto as Exhibit "C".

1.5 Operating Covenant. The term "Operating Covenant" shall mean that certain Operating Covenants dated DEC 6, 2011, which shall be executed by the Operator and which shall be recorded against the Site in the Official Records of Los Angeles County, California and which shall be substantially in the form attached as Exhibit "I".

1.6 Redevelopment Plan. The term "Redevelopment Plan" shall mean the Redevelopment Plan for the Project Area which was adopted by Ordinance Number 10-1459 of the City Council of City on October 11, 2010. A copy of the Redevelopment Plan is on file in

the Office of the City Clerk of the City. The Redevelopment Plan is incorporated herein by this reference as though fully set forth herein.

1.7 Site. The term "Site" shall mean the land and improvements legally described on Exhibit "A", which is located at 2201 East 223rd Street, Carson, CA 90810. The Site shall not originally include the cell tower structure owned by Wireless Capital Partners which structure shall remain the property of Wireless Capital Partners according to the terms of that certain Purchase and Sale of Lease and Successor Lease dated November 8, 2005 between the Cormier and Wireless Capital Partners, LLC, a Delaware limited liability company. Developer agrees that it is responsible for obtaining a copy of said agreement from Cormier.

2. REPRESENTATIONS AND WARRANTIES.

2.1 Developer Representations and Warranties. Developer hereby makes the following representations, covenants, and warranties for the benefit of Agency, and Agency's successors and assigns, and acknowledges that the execution of this Agreement by Agency has been made in material reliance by Agency on such representations and warranties:

(a) Identification. Developer is both the Owner, WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation, and the Operator, WIN CHEVROLET, INC., a California corporation. The principal address of Developer for the purposes of this Agreement is 2201 EAST 223RD STREET, CARSON, CA 90810

(b) Litigation. There are no pending or threatened claims, actions, proceedings, or lawsuits of any kind, whether for personal injury, property damage, landlord-tenant disputes, property taxes, or otherwise, that could adversely affect title to or the operation or value of the Site or the Dealerships or which questions the validity or enforceability of this transaction, nor is there any governmental investigation of any type or nature, pending or threatened, against or relating to the Site or the transactions contemplated hereby other than those conducted by City and Agency.

(c) No Default. The execution and delivery of this Agreement will not constitute or result in any default or event that with notice or the lapse of time, or both, would be a default, breach, or violation of any lease, mortgage, deed of trust, or other agreement, instrument or arrangement by which Developer is bound or any event which would permit any party to terminate an agreement or accelerate the maturity of any indebtedness or other obligation affecting Developer.

(d) No Violation. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not violate any provision of, or require any consent, authorization, or approval under any law or administrative regulation or any other order, award, judgment, writ, injunction or decree applicable to, or any governmental permit or license issued to, Developer or relating to the Site.

(e) No Bankruptcy. Neither Developer nor the entities constituting Developer have filed or been the persons or subject of any filing of a petition under the Federal Bankruptcy Law or any insolvency laws, or any laws for the discharge of indebtedness or for the reorganization of debtors.

(f) No Misrepresentation. No representation, warranty, or covenant of Developer in this Agreement, or in any document or certificate furnished or to be furnished to Agency pursuant to this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(g) Due Execution. This Agreement has been duly executed by Developer and constitutes a valid, binding, and enforceable joint and several obligation of Owner and Operator. Owner and Operator are qualified to do business in and is in good standing with the State of California, have full power and authority to enter this Agreement, have all required franchise and other approvals to operate the Dealerships as described herein and all authorizations required to make this Agreement binding upon Developer have been obtained.

(h) Disclosure. Developer has disclosed all information concerning the Site of which Developer is aware which may materially affect the value of the Site and/or Developer's ability to develop and utilize the Site as provided in this Agreement.

2.2 Agency Representations and Warranties. Agency hereby represents and warrants for the benefit of Developer and Developer's successors and assigns that the following facts are true as of the execution of this Agreement:

(a) Due Execution. This Agreement has been duly executed by Agency or its duly authorized officers or agents and constitutes a valid, binding, and enforceable obligation of Agency.

(b) Governmental Approvals. Notwithstanding anything contained herein to the contrary, the Agency makes no representations or warranties with respect to the approvals required by any other governmental entity or with respect to approvals hereinafter required from the City or the Agency. The Agency and City reserve full police power authority over the Site. Except as expressly required pursuant to this Agreement, nothing in this Agreement shall be deemed to be a prejudgment or commitment with respect to such items nor to guaranty that such approvals or permits will be issued within any particular time or with or without any particular conditions.

(c) Litigation. There are no pending or threatened claims, actions, proceedings, or lawsuits of any kind, whether for personal injury, property damage, landlord-tenant disputes, property taxes, or otherwise, that could adversely affect title to or the operation or value of the Site or which questions the validity or enforceability of this transaction, nor is there any governmental investigation of any type or nature, pending or threatened, against or relating to the Site or the transactions contemplated hereby.

The parties acknowledge that legislation has been enacted to dissolve redevelopment agencies, litigation has been filed to challenge said legislation and the California Supreme Court has issued a stay of the legislation and redevelopment activities other than those required pursuant to an "enforceable obligation." The parties are entering into this Agreement pursuant to the understanding that Agency has an enforceable obligation, pursuant to the Lease, to sell the Site to Developer. Should a court or other entity with jurisdiction determine that this Agreement

was not an enforceable obligation and is therefore void or invalid in full or in part, the parties agree to meet and confer to determine how best to move forward and to hold each other harmless from injuries or damages that may be incurred.

(d) No Default. The execution and delivery of this Agreement will not constitute or result in any default or event that with notice or the lapse of time, or both, would be a default, breach, or violation of any lease, mortgage, deed of trust, or other agreement, instrument or arrangement by which Agency is bound or any event which would permit any party to terminate an agreement or accelerate the maturity of any indebtedness or other obligation affecting Agency.

(e) Disclosure. Agency has disclosed all information concerning the Site of which Agency is aware which may materially affect the value of the Site.

2.3 Restrictions on Transfer.

(a) Transfer Defined. As used in this Section, the term "Transfer" shall include any assignment, hypothecation, mortgage, pledge, conveyance, or encumbrance of this Agreement, the Site, or the improvements thereon. A Transfer shall also include the transfer to any person or group of persons acting in concert of more than fifty percent (50%) of the present ownership and/or control of Owner or Operator in the aggregate, taking all Transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or Transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the Transferor's immediate family. In the event Owner or Operator or a successor of either is a corporation or trust, such Transfer shall refer to the Transfer of the issued and outstanding capital stock of Owner or Operator, as applicable, or of beneficial interests of such trust. In the event that Owner or Operator is a limited or general partnership, such Transfer shall refer to the Transfer of more than fifty percent (50%) of the limited or general partnership interest. In the event that Owner or Operator is a joint venture, such Transfer shall refer to the Transfer of more than fifty percent (50%) of the ownership and/or control of any such joint venture partner, taking all Transfers into account on a cumulative basis.

(b) Restrictions Prior to Expiration of the Operating Covenant. Any Transfer of the Owner's or Operator's interest in the Site or the Project (the operation of the approved vehicle dealerships), in whole or in part, and any Transfer of the Owner's or Operator's interest in all or any part of this Agreement, shall be subject to the approval of the Agency, which shall be given or withheld within thirty (30) days of the written request therefore. The Agency's approval shall not be unreasonably withheld or delayed, and the Agency shall consent to any such Transfer by the Owner or Operator, without any adjustment to the terms and conditions of this Agreement or the Operating Covenant, if prior to such Transfer, each of the following requirements is satisfied: (1) the Owner or Operator as applicable submits or causes to be submitted to the Agency all information reasonably requested for the Agency to make its determination required hereunder; (2) there is no event of default continuing under this Agreement or the Operating Covenant; (3) the transferee satisfies the qualification standards with respect to creditworthiness, reputation and experience; (4) the transferee executes an assumption agreement that is acceptable to the Agency and that requires the transferee to perform all

obligations of the Owner or Operator as applicable set forth in this Agreement and the Operating Covenant; (5) the transferee has authorization from the applicable vehicle franchisors to operate the vehicle dealerships; and (6) the Owner or Operator pays, or causes the proposed transferee to pay, the amount of the Agency's out-of-pocket costs (including reasonable attorneys' fees) incurred in reviewing the Transfer request. An approved transferee for a Transfer meeting the above requirements shall hereinafter be referred to as the ("Agency-Approved Successor Entity").

Upon a Transfer by Owner or Operator to any Agency-Approved Successor Entity of all or any portion of its interest in the Site or this Agreement (including without limitation an assignment or transfer not requiring Agency approval hereunder), such transferring party shall be released from all obligations under this Agreement, the Operating Covenant, the Purchase Price Promissory Note and the Showroom Promissory Note. No attempted assignment of any of Owner's or Operator's obligations hereunder shall be effective unless and until the Agency-Approved Successor Entity executes and delivers to Agency an assumption agreement, in a form approved by the Agency, assuming such obligations.

(c) Exceptions. The foregoing prohibition shall not apply to any of the following:

- (i) Any mortgage, deed of trust, or other form of conveyance for financing secured by Trustor's interest in the Site, but Developer shall notify Agency in advance of any such mortgage, deed of trust, or other form of conveyance for financing pertaining to the Site so long as the Purchase Price Promissory Note has not been paid in full.
- (ii) Any mortgage, deed of trust, or other form of conveyance for restructuring or refinancing of any amount of indebtedness described in Subsection (1) above, provided that the amount of indebtedness incurred in the restructuring or refinancing is at a debt service coverage ratio of not more than eighty percent (80%).
- (iii) The granting of easements to any appropriate governmental agency or utility or permits to facilitate the development of the Site.
- (iv) A sale or Transfer resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

- (v) A sale or Transfer of 49% or more of an ownership or controlling interest between members of the same immediate family, or Transfers to a trust, testamentary or otherwise, in which the beneficiaries consist solely of immediate family members of the Trustor or Transfers to a corporation or partnership in which the immediate family members or shareholders of the Transferor have a controlling majority interest of 51% or more.

3. DISPOSITION OF THE SITE TO OWNER.

3.1 Sale of the Site.

(a) Purchase Price. Subject to all of the terms and conditions of this Agreement, Agency shall convey the Site to Owner for the total purchase price of Twelve Million Dollars (\$12,000,000.00) ("Purchase Price"). The Purchase Price shall be payable as described herein. The Owner shall deposit with Escrow Agent (as defined below) in the form of cash, cashier's check, or by wire transfer of immediately available funds, the sum of Five Million Dollars (\$5,000,000.00) which funds shall be immediately transferred to Agency upon Close of Escrow. The Developer shall also deposit into Escrow, for the benefit of the Agency, a promissory note in the amount of Seven Million Dollars (\$7,000,000.00) ("Purchase Price Promissory Note"), which note shall be substantially in the form attached hereto as Exhibit "D" and secured by a Deed of Trust substantially in the form of Exhibit "E".

This Purchase Price Promissory Note shall have a term of twenty (20) years and shall be forgiven at a rate of one-twentieth (1/20th) of the original principal balance each year as set forth in the Purchase Price Promissory Note such that \$350,000.00 shall be forgiven each year that Developer is in compliance with all applicable obligations under this Agreement, the Grant Deed and the Operating Covenant. Any outstanding balance on the Seven Million Dollars shall be due and payable twenty (20) years after the transfer of the Site from Agency to the Borrower ("Maturity Date").

(b) Showroom Upgrades. As additional consideration for Agency's agreement to convey the Site to Owner, Developer represents that it will be building a new Hyundai Vehicle Showroom and upgrading the existing Chevrolet dealership at a combined cost of approximately \$2,800,000.00, after execution of this Agreement. Should Developer complete said new Hyundai showroom and Chevrolet dealership upgrade, in compliance with all applicable laws and the requirements of this Section within five (5) years of approval of this Agreement, the \$500,000.00 "Showroom Loan" shall be deemed forgiven. **If such showroom upgrade has not been completed as required within 5 years of this Agreement, the Showroom Loan shall become immediately due and payable.** Accordingly, the Developer shall also deposit into Escrow, for the benefit of the Agency, a promissory note in the amount of Five Hundred Thousand Dollars (\$500,000.00) ("Showroom Promissory Note"), which note shall be substantially in the form attached hereto as Exhibit "F" and secured by a Deed of Trust substantially in the form of Exhibit "G".

3.2 Escrow. Within one week after execution of this Agreement, the parties shall open an escrow ("Escrow") with Fidelity National Title Company ("Escrow Agent") ("Escrow Agent") by causing an executed copy of this Agreement to be deposited with Escrow Agent. Pursuant to the Escrow, the Site shall be transferred from Agency to Owner upon Close of Escrow. This Agreement shall constitute the joint Escrow instructions of the Agency and the Owner for the Site. The Escrow Agent is empowered to act under these instructions. Agency and Owner shall promptly prepare, execute, and deliver to the Escrow Agent such additional Escrow instructions which are consistent with the terms herein as shall be reasonably necessary. No provision of any additional Escrow instructions shall modify this document without specific written approval of the modifications by both Owner and Agency.

3.3 Conditions to Close of Escrow.

(a) Owner's Conditions to Closing. Owner's obligation to acquire the Site and to close Escrow hereunder, shall, in addition to any other conditions set forth herein in favor of Owner, be conditional and contingent upon the satisfaction, or waiver by Owner, of each and all of the following conditions (collectively the "Owner's Conditions to Closing") within the time provided in the Schedule of Performance (Exhibit "H"):

- (i) Title shall be conveyed in a good condition subject only to conditions and exceptions recited in the Deed and those exceptions to title approved pursuant to Section 3.6.
- (ii) Agency shall have deposited into Escrow a certificate ("FIRPTA Certificate") in such form as may be required by the Internal Revenue Service pursuant to Section 1445 of the Internal Revenue Code.
- (iii) Agency shall have deposited into Escrow the executed Grant Deed and its portion of Closing Costs as described in Section 3.8.
- (iv) Agency shall not be in default under any provision of the Agreement.

Any waiver of the foregoing conditions by Owner must be express and in writing.

(b) Agency's Conditions to Closing. Agency's obligation to sell the Site and to close Escrow hereunder, shall, in addition to any other conditions set forth herein in favor of Agency, be conditional and contingent upon the satisfaction, or waiver by Agency, of each and all of the following conditions (collectively the "Agency's Conditions to Closing") within the time provided in the Schedule of Performance (Exhibit "H"):

- (i) Owner shall have deposited into Escrow the sum of Five Million Dollars (\$5,000,000.00), the executed Purchase Price Promissory Note and Showroom Promissory Note (also executed by Operator where applicable), the Deeds of Trust and its portion of Closing Costs.

- (ii) Developer shall not be in default under any provision of this Agreement.

Any waiver of the foregoing conditions by Agency must be express and in writing.

3.4 Termination. Any party may terminate this Agreement at any time prior to the close of Escrow in the event of failure of one of the above conditions or upon issuance of a ruling by the California Supreme Court which prevents the completion of the transactions contemplated herein. Notification of such termination shall be in writing stating the failed condition. The notified party shall have a 30 day right but not the obligation to cure such failure. However, once the Escrow has closed, this Agreement may not be terminated.

3.5 Conveyance of the Site.

(a) Time for Conveyance. Escrow shall close after satisfaction of all conditions to close of Escrow. Possession of the Site shall be delivered to Owner concurrently with the conveyance of title free of all tenancies and occupants subject to the possessory rights of Wireless Capital Partners cell tower under the Wireless Capital Partners cell tower lease, the Enterprise Rent-A-Car license and any title matters approved in accordance with Section 3.6.

(b) Escrow Agent to Advise of Costs. On or before the date set in the Schedule of Performance, the Escrow Agent shall advise the Agency and the Owner in writing of the fees, charges, and costs necessary to clear title and close Escrow, and of any documents which have not been provided by said party and which must be deposited into Escrow to permit timely Closing.

(c) Recordation and Disbursement of Funds. Upon the completion by the Agency and Developer of the deliveries and actions specified in these escrow instructions as conditions precedent to close of Escrow, the Escrow Agent shall be authorized to buy, affix and cancel any documentary stamps and pay any transfer tax and recording fees, if required by law, and thereafter cause to be recorded in the appropriate records of Los Angeles County, California, the Deed and any other appropriate instruments delivered through this Escrow, if necessary or proper to, and provided that the fee title interest can, vest in Owner in accordance with the terms and provisions herein. Concurrent with recordation, Escrow Agent shall deliver the Title Policy to Owner insuring title and conforming to the requirements of Section 3.6. Following recordation, the Escrow Agent shall deliver copies of said instruments to Developer and Agency. In addition, after deducting any sums specified in this Agreement, the Escrow Agent shall disburse funds to the party entitled thereto.

(d) Effect on the Lease. Upon Close of Escrow, the Lease of the Site between the Agency and Cormier as assigned to Operator shall be deemed terminated and shall be of no further force or effect.

3.6 Title Matters.

(a) Condition of Title. Agency shall convey to Owner fee interest in the Site, subject only to: (i) the Redevelopment Plan, this Agreement, and conditions in the Deed and that certain Operating Covenant dated Dec 6, 2011 (the "Operating Covenant"); (ii)

quasi-public utility, public alley and public street easements of record approved by Owner, which approval shall not be unreasonably withheld; and (iii) covenants, conditions and restrictions and other encumbrances and title exceptions approved by Developer under this Section. Agency shall convey title pursuant to the Deed in the form set forth in Exhibit "C" hereto.

(b) Agency Not to Encumber the Site. Agency hereby warrants to Owner that it has not and will not, from the time of the Effective Date, transfer, sell, hypothecate, pledge, or otherwise encumber the Site without express written permission of Owner.

(c) Approval of Title Exceptions. Developer has previously reviewed a preliminary title report for the Site, prepared by Fidelity National Title Company ("Title Company") and dated September 30, 2011 and approves of the condition of title to the Site as set forth therein. Developer expressly agrees to waive any objections to the condition of title to the Site.

(d) Title Policy. At the close of Escrow, Owner shall receive a CLTA Standard Policy of Title Insurance (the "Title Policy") issued by Title Company for the Owner's interest, wherein the Title Company shall insure that title to the Site shall be vested in Owner, containing no exception to such title which has not been approved or waived by Owner in accordance with this Section. The Title Policy shall include any available additional title insurance, extended coverage or endorsements that Owner has reasonably requested or, in the alternative an ALTA Policy of Title Insurance if the Owner elects. The Agency shall pay only for that portion of the title insurance premium attributable to the standard coverage of a CLTA Policy, and Owner shall pay for the premium for said additional title insurance, extended coverage, special endorsements and differences between the ALTA coverage and the CLTA coverage.

3.7 Costs of Escrow.

(a) Allocation of Costs. The Escrow Agent is authorized to allocate costs of the Escrow as follows: Agency and Owner shall allocate the cost of the Title Policy as provided in Section 3.6(d). Owner shall pay the documentary transfer tax as well as all recording fees. Owner and Agency shall each pay one-half of all Escrow and similar fees, except that if one party defaults under this Agreement, the defaulting party shall pay all Escrow fees and charges. Each party shall pay its own attorneys' fees.

(b) Proration and Adjustments. Ad valorem taxes and assessments on the Site and insurance for the current year shall be prorated by the Escrow Agent as of the date of Closing with the Agency responsible for those levied, assessed or imposed prior to Closing and the Owner responsible for those after Closing. If the actual taxes are not known at the date of Closing, the proration shall be based upon the most current tax figures. When the actual taxes for the year of Closing become known, Owner and Agency shall, within thirty days thereafter, reprorate the taxes in cash between the parties.

3.8 Condition of the Site.

(a) Disclaimer of Warranties. Upon the Closing of Escrow, Developer shall acquire the Site in its "AS-IS" condition and shall be responsible for any defects in the Site, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Site, and the existence of any contamination, Hazardous Materials, vaults, debris, pipelines, or other structures located on, under or about the Site, and Agency makes no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Site, and Agency specifically disclaims all representations or warranties of any nature concerning the Site made by it, the City and their respective employees, agents and representatives. The foregoing disclaimer includes, without limitation, topography, climate, air, water rights, utilities, soil, subsoil, existence of Hazardous Materials or similar substances, the purpose for which the Site is suited, or drainage.

(b) Hazardous Materials. Developer understands and agrees that, in the event Developer incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or underground storage tanks whether attributable to events occurring prior to or following the Closing, then Developer may look to current or prior owners of the Site, but in no event shall Developer look to Agency or City for any liability or indemnification regarding Hazardous Materials and/or underground storage tanks. Developer, and each of the entities constituting Developer, from and after the Closing, hereby waives, releases, remises, acquits and forever discharges Agency, City, their directors, officers, shareholders, employees, and agents, and their heirs, successors, personal representatives and assigns, of and from any and all Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs, as those terms are defined below, and from any and all actions, suits, legal or administrative orders or proceedings, demands, actual damages, punitive damages, loss, costs, liabilities and expenses, which concern or in any way relate to the physical or environmental conditions of the Site, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials therefrom, whether existing prior to, at or after the Closing. It is the intention of the parties pursuant to this release that any and all responsibilities and obligations of Agency and City, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Developer, its successors, assigns or any affiliated entity of Developer, against the Agency or City, arising by virtue of the physical or environmental condition of the Site, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material therefrom, whether existing prior to, at or after the Closing, are by this release provision declared null and void and of no present or future force and effect as to the parties; provided, however, that no parties other than the Indemnified Parties (defined below) shall be deemed third party beneficiaries of such release.

In connection therewith, Developer and each of the entities constituting Developer, expressly agree to waive any and all rights which said party may have with respect to such released claims under Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

employees, to Hazardous Materials or other products, raw materials, chemicals or other substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, without limitation, their manufacture, formulation, labeling, distribution, transportation, handling, storage and disposal.

"Hazardous Material" is defined to include any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California, or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is: (i) petroleum or oil or gas or any direct or derivative product or byproduct thereof; (ii) defined as a "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (iii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code; (iv) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Sections 25501(o) and (p) and 25501.1 of the California Health and Safety Code (Hazardous Materials Release Response Plans and Inventory); (v) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code (Underground Storage of Hazardous Substances); (vi) "used oil" as defined under Section 25250.1 of the California Health and Safety Code; (vii) asbestos; (viii) listed under Article 9 or defined as hazardous or extremely hazardous pursuant to Article 1 of Title 22 of the California Code of Regulations, Division 4, Chapter 30; (ix) defined as "waste" or a "hazardous substance" pursuant to the Porter-Cologne Act, Section 13050 of the California Water Code; (x) designated as a "toxic pollutant" pursuant to the Federal Water Pollution Control Act, 33 U.S.C. § 1317; (xi) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq. (42 U.S.C. § 6903); (xii) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, et seq. (42 App. U.S.C. § 9601); (xiii) defined as "Hazardous Material" or a "Hazardous Substance" pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; or (xiv) defined as such or regulated by any "Superfund" or "Superlien" law, or any other federal, state or local law, statute, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning Hazardous Materials, oil wells, underground storage tanks, and/or pipelines, as now, or at any time hereafter, in effect.

Notwithstanding any other provision of this Agreement, Developer's release and indemnification as set forth in the provisions of this Section, as well as all other provisions of this Section, shall survive the termination of this Agreement and shall continue in perpetuity.

Notwithstanding anything to the contrary in this Section, Developer's limited release and indemnification of Agency and City and the Indemnified Parties from liability pursuant to this Section shall not extend to Hazardous Materials brought onto the Site by Agency or City or their respective contractors, agents or employees.

4. USE OF THE SITE.

4.1 Use of the Site. Developer covenants and agrees, for itself and its successors and assigns, that beginning on the Effective Date and for the term described in the Operating Covenant, Operator and/or any successor entity (which must be approved by the Agency) shall use and maintain the Site for the operation of the Dealerships (or other Agency approved replacement new vehicle franchises pursuant to Section 4.2 below) and related purposes, consistent with the terms of the Redevelopment Plan, the Operating Covenant and this Agreement; provided that, in the event of any inconsistency, the provisions of the Redevelopment Plan shall prevail over all others and shall prevail over this Agreement.

4.2 Operating Covenant. Owner covenants and agrees for itself, its lessees, successors and assigns and any successor-in-interest to the Site or part thereof, that for a period of not less than twenty (20) years from and after Close of Escrow hereunder and continuing thereafter until the compensation for the Operating Covenant is earned or paid in full, that the Dealerships shall be continuously operated and maintained as required by this Agreement, the Operating Covenant and all applicable laws. Thus, the failure of Operator and/or an Agency-approved successor entity to continuously operate the Dealerships on the Site for a minimum of twenty (20) years after Close of Escrow is a breach of this Agreement. Should the Operator or an Agency-Approved Successor Entity go dark and cease to operate one of both of the Dealerships on the Site for more than thirty (30) consecutive days, or should Operator and/or an Agency-Approved Successor Entity fail to properly maintain the Site, Operator and/or an Agency-Approved Successor Entity must replace said Dealership(s) with another Agency-approved vehicle franchise dealership(s) within six months or Operator and/or an Agency-Approved Successor Entity shall be deemed to be in breach of this Agreement. Said six month period may be extended by the Agency's Executive Director if Operator and/or an Agency-Approved Successor Entity is negotiating with a new vehicle franchise entity and the Executive Director believes that the Agency will approve of the dealership and that the terms of said negotiations will be resolved imminently.

4.3 No Inconsistent Uses. Operator covenants and agrees, for itself and its successors and assigns and lessees, that beginning on the Effective Date and for the term described in the Operating Covenant, Operator and such successors and lessees shall not devote the Site, or any part thereof, to any use other than automobile sales, service, rental and related uses in conjunction with the sales of vehicles or in any manner which could be deemed inconsistent with the Redevelopment Plan, the Operating Covenant, the applicable zoning restrictions or this Agreement.

4.4 Prevailing Wages. The cost of constructing improvements for the development of a new Hyundai showroom and renovation of the existing Chevrolet dealership or any other on-site and off-site improvements at or about the Site by Developer shall be borne by Developer. Accordingly, Agency is not providing any direct or indirect financial assistance to Developer that would make any part of the construction or development of the Site a "public work" "paid for in whole or in part out of public funds," as described in California Labor Code Section 1720 et seq., ("Prevailing Wage Law"), such that it would cause Developer to be required to pay prevailing wages for any aspect of the development. Developer acknowledges and agrees that should any third party, including but not limited to the Director of the

Department of Industrial Relations ("DIR"), require Developer or any of its contractors or subcontractors to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the DIR under Prevailing Wage Law for all or any of the assistance provided hereunder, then Developer shall indemnify, defend, and hold Agency harmless from any such determinations, actions (whether legal, equitable, or administrative in nature) or other proceedings, and shall assume all obligations and liabilities for the payment of such wages and for compliance with the provisions of the Prevailing Wage Law. The Agency makes no representation that any construction on the Site completed by Developer is or is not subject to Prevailing Wage Law.

4.5 Obligation to Refrain from Discrimination. There shall be no discrimination against, or segregation of, any person, or group of persons, on account of race, color, creed, religion, sex, marital status, gender, national origin or ancestry in the rental, sale, lease, sublease, transfer, use, occupancy, or enjoyment of the Site, or any portion thereof, nor shall Developer, or any person claiming under or through Developer, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants contained herein shall remain in effect in perpetuity.

4.6 Form of Nondiscrimination and Nonsegregation Clauses. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, sex, sexual orientation, marital status, national origin ancestry, familial status, source of income, or disability, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, or any part thereof, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site. All such deeds, leases or contracts for the sale, transfer, leasing, occupancy, tenure or enjoyment of the Site shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

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

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

4.7 Effect of Covenants. Agency is deemed a beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community in whose favor and for whose benefit the covenants running with the land have been provided. The covenants in favor of the Agency shall run without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site, or in the Redevelopment Project Area, and shall be effective as both covenants and equitable servitudes against the Site. Agency shall have the right, if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it may be entitled. With the exception of the City, no other person or entity shall have any right to enforce the terms of this Agreement under a theory of third-party beneficiary or otherwise.

5. INSURANCE AND INDEMNIFICATION.

5.1 Indemnification. Except to the extent of the negligence, active negligence, or willful misconduct of Agency or City, Developer agrees to indemnify Agency, City and their officers, agents and employees against, and will hold and save them and each of them harmless from, any and all actions, suits, claims or litigation that may be asserted or claimed by any person, firm, entity, or governmental agency, including any claim by the DIR for payment of prevailing wages arising out of or in connection with the negligent performance of any work on the Site or the operations or activities of Developer, its agents, employees, subcontractors, or invitees, or arising from the negligent acts or omissions of Developer or arising from Developer's negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, the Purchase Price Promissory Note, the Showroom Promissory Note, the Deed or the Operating Covenant whether or not there is concurrent passive or active negligence on the part of Agency, City or their officers, agents or employees. In connection therewith:

(a) Developer will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Developer will promptly pay any judgment rendered against Agency, City or their officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Developer hereunder; and Developer agrees to save and hold Agency, City and their officers, agents, and employees harmless therefrom; and

(c) In the event Agency, City or their officers, agents or employees are made a party to any action or proceeding filed or prosecuted against Developer for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Developer hereunder, Developer agrees to pay to Agency, City and their officers, agents or employees, any and all costs and expenses incurred by Agency, City and their officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

Agency shall promptly provide Developer with notice of the pendency of any such claims or litigation and request that Developer defend the same. If Agency fails to notify Developer of any such claims or litigation or fails to cooperate fully in the defense thereof, Developer shall not, thereafter, be responsible to defend, indemnify, or hold harmless Agency and/or City or their elected boards, commissions, officers, agents and employees. Developer may utilize the City Attorney's office or other legal counsel of Developer's choosing, but shall reimburse Agency for any necessary legal cost incurred by Agency and or City in connection therewith. If Developer fails to do so, Agency may defend the claims or litigation and Developer shall pay the cost thereof, but if Agency chooses not to defend the claims or litigation, it shall have no liability to Developer.

Developer's obligation to pay the defense cost shall extend until judgment and thereafter through any appeals. In the event of an appeal, or a settlement offer, the parties will confer in good faith as to how to proceed and the resolution of any such appeal and the parties' response to

any such settlement offer shall require the consent of both parties, which consent shall not be unreasonably withheld. Notwithstanding the foregoing however, Agency and/or City shall have the unilateral right to settle such claims or litigation brought against it in its sole and absolute discretion at any time after the elapse of one (1) year from the filing of any claims or litigation and Developer shall remain liable hereunder for the claims and litigation provided that if the Developer opposes the settlement, then if Agency and/or City still unilaterally determines to settle such claims or litigation, then Agency and/or City shall be responsible for its own litigation expenses and shall promptly reimburse Developer for reasonable litigation costs actually paid by Developer (with the burden on Developer to document and prove such costs) but shall bear no other liability to Developer.

5.2 Hazardous Waste Indemnity. Agency shall have no responsibility for, and makes no representation or warranty, express or implied, with respect to the presence of uncompacted fill, the condition of the soil, the geology, seismology, the presence of any Hazardous Materials or toxic substances, or any similar matters with respect to the Site. In no event shall Agency have any obligation to cure or correct any physical defects or problems with respect to the Site. It shall be the sole responsibility of Developer to investigate all aspects of the physical condition of the Site, including but not limited to the existence of any Hazardous Materials or toxic substances, and earthquake faults or other geologic and seismic hazards.

Developer expressly agrees to indemnify, defend, and hold Agency and City and their respective officials, officers, employees, agents, and contractors harmless from any claim, liability, loss, injury, damage, judgment, order, encumbrance, suit, action, proceeding or reasonable cost and reasonable expense that foreseeably or unforeseeably, directly or indirectly, arises from, or is in any way related to, the release, treatment, use, generation, transportation, storage, or disposal in, on, under, to, or from the Site of any Hazardous Materials by Developer or its employees, agents, tenants, contractors, lessees, sublessees, subcontractors, vendees and/or any successor-in-interest to the Site or part thereof. For the purpose of this Section, costs and expenses include, but are not limited to, reasonable attorneys' fees, expert fees, witness fees, court costs, arbitration costs, the cost of any required or necessary remediation or removal of Hazardous Materials, any cost of repair or improvements on the Site or surrounding property necessitated by the remediation or removal of Hazardous Materials, and the costs of any testing, sampling, or other investigations or preparation of remediation or other required plans undertaken in connection with the remediation or removal of Hazardous Materials.

Notwithstanding the foregoing, Developer expressly agrees to, at its sole expense and with legal counsel of Agency's reasonable choice, defend Agency, City and their respective officials, officers, employees, agents, and contractors in any action, court proceeding, administrative proceeding, arbitration, mediation, or other alternative dispute resolution process, or with regard to any claim in which Agency, City and their respective officials, officers, employees, agents, and contractors become involved as a result of the release, treatment, use, generation, transportation, storage, or disposal in, on, under, to or from the Site of any Hazardous Materials by Developer or its employees, agents, tenants, and contractors. Developer's obligations under this Section arising from the presence of any Hazardous Materials or toxic substances existing on the Site at any time and shall survive the termination and/or expiration of this Agreement and the Operating Covenant. This indemnification obligation shall remain in perpetuity.

5.3 Liability Insurance. Developer shall, at its sole expense, obtain and keep in force until the expiration of term of the Operating Covenant, a policy of commercial general liability insurance in an occurrence form providing for broad form property damage coverage, broad form contractual coverage, personal injury, bodily injury, and advertising injury coverage with employee exclusion as to each named insured deleted, and products and complete operations coverage, insuring Developer, and naming Agency and City (and their officers, employees and agents) as additional named insureds, against any liability arising out of or in connection with Developer's possession and use of the Site and all improvements thereon and the operation of the Business, the City's activities in connection with the development of the Site (except in case of its negligence or willful misconduct) or any other claim arising out of or relating to the Site including the operation of the Business. Such insurance policy shall have (a) a combined single limit for both bodily injury or death in an amount not less than One Million Dollars (\$1,000,000.00) and (b) a limit for both bodily injury or death in one accident or occurrence or for property damage in an amount not less than One Million Dollars (\$1,000,000.00). The limits of said insurance shall not limit the liability of Developer hereunder.

5.4 Casualty Insurance. Developer shall, at its sole expense, obtain and/or cause to be maintained and shall keep in force on all buildings and improvements constructed as part of the development of the Site required for the operation of the Dealerships until the expiration of the term of the Operating Covenant, a policy of standard "all risk" fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of one hundred percent (100%) of full replacement value against "all risks of physical loss" including without limitation a guaranteed replacement cost and code compliance coverage endorsement. If Developer elects not to carry earthquake insurance and the building is destroyed by a force majeure delay event and Developer does not restore the damaged buildings and improvements, Developer will be responsible to repay any unearned funds paid by Agency to Developer. In the event Developer fails to maintain coverage to the extent of one hundred percent (100%) of full replacement value for the Site, Developer shall procure and maintain, or cause to be procured and maintained, insurance against claims for injury and property damage. Developer shall maintain such additional or gap insurance to satisfy the requirements of this Section. In the event Developer does not restore the damaged buildings and improvements, all such insurance shall be payable to Agency to the extent of any unearned funds from the Operating Covenant. Such policy shall contain an agreed value clause sufficient (as determined by Agency) to eliminate any risk of Agency's coinsurance.

5.5 Worker's Compensation Insurance. Developer shall, at its expense, obtain and keep in effect (or cause any contractor to procure and keep in effect), Worker's Compensation Insurance (including employer's liability in an amount equal to or exceeding One Million Dollars (\$1,000,000.00) covering claims of workers against employers arising under federal law) covering all employees of Developer and any contractor and, if required under applicable law, any subcontractor engaged in work on, or with respect to, the Business and any tenants, lessees, subtenants, sublessees or vendees and/or any successor-in-interest to the Business or part thereof, in such amount equal to or exceeding One Million Dollars (\$1,000,000.00), and in the minimum amount for one (1) person of not less than One Million Dollars (\$1,000,000.00), and in the minimum amount for one (1) accident or occurrence of not less than Five Hundred Thousand Dollars (\$500,000.00).

5.6 Insurance Policies. All of Developer's insurance shall be primary insurance written in a form satisfactory to Agency by companies licensed in California reasonably acceptable to Agency (which must be Class IX A or better as rated by Best's Insurance Reports) and shall specifically provide that such policies shall not be subject to cancellation or other material reduction in benefits except after at least ten (10) days prior written notice to Agency. Copies of the policies, together with satisfactory evidence of payment of premiums shall be deposited with Agency, on or prior to the date hereof, and upon each renewal of such policies, which shall be effected not less than ten (10) days prior to the expiration date of the term of such coverage.

5.7 Other Insurance Provisions. Said policy or policies, as applicable, shall combine aggregate limits for Bodily Injury, Property Damages, Personal Injury, and Advertising Injury, in the amounts specified above, that apply specifically to and can only be exhausted in connection with claims arising out of or relating to the Business and the Site. If any claim, event, or loss occurs during the policy period which will or may decrease the aggregate amount of insurance coverage available under the policy, Developer shall immediately secure additional coverage sufficient to provide total aggregate limits at least equal to the amounts set forth above on a going forward basis. Should any part of the coverage required above be provided by "excess" or "umbrella" policies, those policies shall specifically provide that the coverage under those policies shall "drop down" as to both defense and indemnity obligations in the event of insolvency of the primary or underlying carrier. Such "excess" or "umbrella" policies shall also contain all the other provisions required by this Agreement.

5.8 No Limitation on Indemnity. The procuring of insurance by Developer shall not be construed as a limitation on Developer's liability or as full performance of Developer's obligation under the indemnification provisions of this Agreement and Developer understands and agrees that, notwithstanding any insurance, Developer's indemnification obligation, as set forth herein, extends to the full and total amount of any damage, injuries, loss, expense, costs, or liabilities suffered or incurred by Agency or City or their respective officers, officials, members, employees, agents and volunteers.

5.9 Compliance with Laws. Developer covenants and agrees for itself, its successors and assigns and any successor-in-interest to the Site or part thereof, that it shall operate and maintain the Business in conformity with the Redevelopment Plan, Local Regulations, and all applicable state and federal laws including all applicable labor standards, disabled and handicapped access requirements, including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §12101, et seq., and the Unruh Civil Rights Act, California Civil Code §51, et seq., and the Unruh Civil Rights Act, California Civil Code § 51, et seq.

5.10 Taxes and Encumbrances. Developer shall pay, prior to delinquency, all ad valorem property taxes levied against the Site under Article XIII A of the California Constitution, as well as any special assessments or special taxes levied against the Site (collectively "Property Taxes"), all taxes due under the California Bradley-Burns Uniform Local Sales & Use Tax Law, Revenue and Taxation Code §7200, et seq., and all other taxes, any portion of which is allocated to or received by the City or Agency with respect to the Site or Developer. Upon failure to so pay, Developer shall remove any lien, levy, or attachment made on the Site, or shall provide Agency with assurance of the satisfaction thereof within a

reasonable time, but in any event prior to a tax sale thereunder. Nothing in this Section shall waive or restrict any rights Developer may now have, or that may accrue to Developer in the future, to contest the validity, applicability, or the amount of any property tax, or other tax or assessment imposed, levied or collected against the Site during the term of this Agreement.

5.11 Maintenance of Improvements. Developer covenants and agrees that Developer shall be responsible for maintenance of all improvements that may exist on the Site including, without limitation, all buildings, parking lots, lighting, signs, and walls in first-class condition and repair, and shall keep the Site free from any accumulation of debris or waste materials.

Developer shall also maintain all landscaping required pursuant to Developer's approved landscaping plan in a healthy condition, including replacement of any dead or diseased plants with plants of a maturity similar to those being replaced.

6. MISCELLANEOUS.

6.1 Notices. Formal notices, demands, and communications between Agency and Developer shall be sufficiently given if (i) personally delivered; (ii) dispatched by registered or certified mail, postage prepaid, return receipt requested; or (iii) by Federal Express or another reputable overnight delivery service, to the following addresses:

If to Agency: Carson Redevelopment Agency
1 Civic Plaza Drive, Suite 500
Carson, California 90745-2224
Attn: Clifford W. Graves

With a copy to: Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, California 92612
Attn: Tiffany Israel, Esq.

If to Owner: Win Chevrolet Properties, LLC
2201 EAST 223RD STREET CARSON, CA 90810
Attn: JERRY HEUER

If to Operator: Win Chevrolet, Inc.
SAME AS ABOVE
Attn: JERRY HEUER

With a copy to: SAME AS ABOVE
Attn: JOHN PETERSON

All notices shall be deemed to be received as of the earlier of actual receipt by the addressee thereof; the expiration of forty-eight (48) hours after depositing in the United States Postal System in the manner described in this Section; or twenty-four (24) hours after delivery to

Federal Express or another overnight delivery service. Such written notices, demands, and communications may be sent in the same manner to such other addresses as a party may from time to time designate by mail.

6.2 Applicable Law and Forum. The laws of the State of California shall govern the interpretation and enforcement of this Agreement. Any action brought in connection with this Agreement shall be filed in the applicable court in the County of Los Angeles, California.

6.3 Acceptance of Service of Process. In the event that any legal action is commenced by Developer against Agency, service of process on Agency shall be made by personal service upon the Executive Director or Secretary of Agency, or in such other manner as may be provided by law. In the event that any legal action is commenced by Agency against Developer, service of process on Developer shall be made in such manner as may be provided by law and shall be valid whether made within or without the State of California.

6.4 Nonliability of Agency Officials and Employees. No member, official, employee, or consultant of Agency or City shall be personally liable to Developer, or any successor in interest of Developer, in the event of any default or breach by Agency or for any amount which may become due to Developer or to its successor, or on any obligations under the terms of this Agreement.

6.5 Force Majeure. Time is of the essence in the performance of this Agreement. Notwithstanding the foregoing, in addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; supernatural causes; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority litigation; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or the failure to act of a public or governmental agency or entity (except that acts or the failure to act of City or Agency shall not excuse performance by Agency unless the act or failure is caused by the acts or omissions of Developer); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. In the event of such a delay, the party delayed shall continue to exercise reasonable diligence to minimize the period of the delay. An extension of time for any such cause shall be limited to the period of the enforced delay, and shall commence to run from the time of the commencement of the cause, provided notice by the party claiming such extension is sent to the other party within ten (10) days of the commencement of the delay. The following shall not be considered as events or causes beyond the control of Developer, and shall not entitle Developer to an extension of time to perform: (i) Developer's failure to obtain financing for the Site or the operation of the business thereon, and (ii) Developer's failure to negotiate agreements related to the operation of the business on the Site or the alleged absence of favorable market conditions for such businesses. Times of performance under this Agreement may also be extended by mutual written agreement by Agency and Developer. The Executive Director of Agency shall have the authority on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days with respect to the development of the Site.

6.6 Modifications. Any alteration, change or modification of or to this Agreement, shall be made by written instrument or endorsement thereon and in each such instance executed on behalf of each party hereto.

6.7 Binding Effect of Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their legal representatives, successors, and assigns. This Agreement shall likewise be binding upon and obligate the Site and the successors in interest, owner or owners thereof, and all of the tenants, lessees, sublessees, and occupants of such Site.

6.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If, however, any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

6.9 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only, and shall not be construed to limit or extend the meaning of this Agreement. This Agreement includes all attachments attached hereto, which are by this reference incorporated in this Agreement in their entirety. This Agreement also includes the Redevelopment Plan and any other documents incorporated herein by reference, as though fully set forth herein.

6.10 Entire Agreement, Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and this Agreement supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement, unless specified otherwise herein, must be in writing and signed by the appropriate authorities of Agency or Developer, as applicable, and all amendments hereto must be in writing and signed by the appropriate authorities of Agency and Developer.

6.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

6.12 Attorneys' Fees. If either party to this Agreement is required to initiate or defend any action or proceeding in any way arising out of the parties' agreement to, or performance of, this Agreement, or is made a party to any such action or proceeding by the Escrow Agent or other third party, such that the parties hereto are adversarial, the prevailing party, as between the Developer and Agency only, in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees from the other. As used herein, the "prevailing party" shall be the party determined as such by a court of law, pursuant to the definition Code of Civil Procedure Section 1032(a)(4), as it may be subsequently amended. Attorneys' fees shall include attorneys' fees on any appeal, and in addition a party entitled to attorneys' fees shall be entitled to all other

reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

6.13 Non Collusion. No official, officer, or employee of the Agency has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of the Agency participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interest found to be "remote" or "non interest" pursuant to California Government Code Sections 1091 and 1091.5. Developer warrants and represents that (s)he/it has not paid or given, and will not pay or give, to any third party including, but not limited to, and Agency official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded this Agreement. Developer further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any Agency official, officer, or employee, as a result or consequence of obtaining or being awarded any agreement. Developer is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

6.14 Exhibits. This Agreement includes Exhibits A through I, each of which is attached hereto and incorporated herein by this reference.

6.15 Defaults, Right to Cure and Waivers. Subject to any Force Majeure, failure or delay by either party to timely perform any covenant of this Agreement constitutes a default under this Agreement, but only if the party who so fails or delays does not commence to cure, correct or remedy such failure or delay within thirty (30) days after receipt of a notice specifying such failure or delay, and does not thereafter prosecute such cure, correction or remedy with diligence to completion.

The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

Except as otherwise provided in this Agreement, waiver by either party of the performance of any covenant, condition, or promise shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either party in exercising any remedy or right as to any default shall not operate as a waiver of any

default or of any rights or remedies or to deprive such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

6.16 Brokerage Commissions. Agency shall not be responsible and Developer shall indemnify and hold Agency harmless from and against all liabilities, costs, damages and expenses of any kind resulting from any claims or fees or commissions, based upon agreements by Developer, if any, to pay a broker's commission and/or finder's fee.

6.17 Books and Records.

(a) Developer to Keep Records. Developer shall prepare and maintain all books, records and reports necessary to substantiate Developer's compliance with the terms of this Agreement or reasonably required by Agency, which shall include the obligation for Developer to require the Dealer to prepare and maintain all books, records and reports necessary to substantiate compliance with the terms of this Agreement or as reasonably required by Agency.

(b) Right to Inspect. Agency shall have the right, upon not less than seventy-two (72) hours notice, at all reasonable times, to inspect the books and records of the Developer (or Dealer through Developer) pertaining to the Site as pertinent to the purposes of this Agreement.

6.18 Reasonable Action. Any time the consent of the Agency is required under this Agreement, such consent shall not be unreasonably withheld or delayed, and whenever this Agreement grants the Agency the right to take an action or exercise discretion, the Agency shall act reasonably.

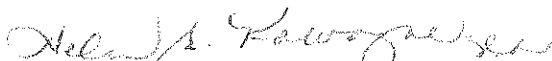
IN WITNESS WHEREOF the Agency and Developer have executed this Agreement as of the date first written above.

"Agency"

CARSON REDEVELOPMENT AGENCY,
a public body, corporate and politic


Chairman Jim Dear

ATTEST:


Agency Secretary Helen S. Kawagoe

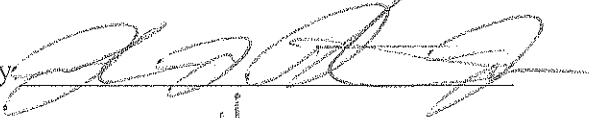
APPROVED AS TO FORM:


Agency Counsel

"Developer"

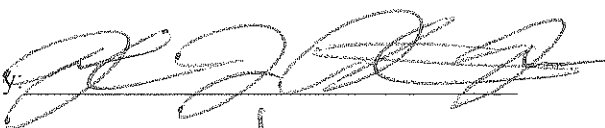
"Owner"

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

By: 

By: 
"Operator"

WIN CHEVROLET, INC.,
a California corporation

By: 

By: 