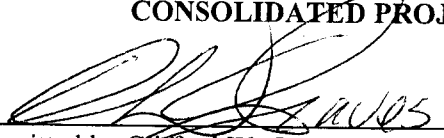


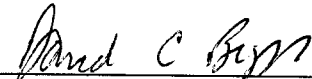


City of Carson Report to Redevelopment Agency

November 15, 2011
New Business Consent

SUBJECT: CONSIDER ALLOWING CORMIER CHEVROLET COMPANY TO ASSIGN ITS GROUND LEASE HOLD INTEREST IN THE AGENCY-OWNED PROPERTY LOCATED AT 2201 EAST 223RD STREET TO WIN CHEVROLET, INC. (CARSON CONSOLIDATED PROJECT AREA)


Submitted by Clifford W. Graves
Economic Development General Manager


Approved by David C. Biggs
Executive Director

I. SUMMARY

The subject of this report is a Consent of the Carson Redevelopment Agency to Change of Interest in the Amended and Restated Retail Lease Agreement (Consent) (Exhibit No. 1), dated May 17, 2011, by and between the Carson Redevelopment Agency (Agency) and Cormier Chevrolet Company (Tenant) for the 10.8-acre, Agency-owned, property located at 2201 East 223rd Street (Property) (Exhibit No. 2). Tenant is requesting that the Agency allow Win Chevrolet, Inc. to replace it as the tenant on the Property.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Consent of Change of Interest in the Amended and Restated Retail Lease Agreement.
2. AUTHORIZE the Agency Chairman to execute the aforementioned Consent following approval as to form by the Agency Counsel.

III. ALTERNATIVES

1. MODIFY and APPROVE the Consent.
2. TAKE another action the Agency deems appropriate.

IV. BACKGROUND

In September of this year the Tenant was informed by its primary lender, Allied Bank (Allied), formerly GMAC Financial Services, that as of December 31, 2011, Allied was requiring the Tenant to provide \$1.8 million in cash outlays and that the Tenant's owners personally guarantee their inventory of automobiles. As this is not economically feasible for the Tenant at this time, the Tenant sought an alternative solution to Allied's requirement. The Tenant approached Win Chevrolet, Inc. (Win), an operating entity comprised of seasoned and well-capitalized automobile sales professionals, with the possibility of taking over the lease of the Property and operating the Cormier Chevrolet and Hyundai dealerships. Win reviewed the

situation and agreed, adding John Peterson, Jr., President of Cormier, as a partner in Win.

The effective date of the change in the lease hold interest in the Property will be the date on which the Agency receives written notice that the certain Dealership Asset Purchase Agreement, dated September 1, 2011, between Tenant as Seller and Win Chevrolet, Inc., as Buyer has closed, and the Tenant and Win Chevrolet, Inc. have executed such agreement(s) as is necessary to effect the assignment and assumption of the Amended and Restated Retail Lease Agreement (Agreement) with the Agency by and between themselves.

Win Chevrolet, Inc. qualifies as an eligible transferee of Tenant's interest in the Property under the Agreement such that Win Chevrolet, Inc. shall be treated for all purposes as the "Tenant" under the terms of the Agreement.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Consent of the Carson Redevelopment Agency to Change of Interest in the Amended and Restated Retail Lease Agreement. (pgs. 3-23)
2. Vicinity Map. (pg. 24)

Prepared by: Jeff F. Westbrook, Redevelopment Manager

TO:Rev091911

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

Action taken by Redevelopment Agency

Date _____ Action _____

**CONSENT OF THE CARSON REDEVELOPMENT AGENCY TO CHANGE OF
INTEREST IN THE AMENDED AND RESTATED RETAIL LEASE
DATED MAY 17, 2011**

A. On May 17, 2011, the Carson Redevelopment Agency, as Landlord, and Cormier Chevrolet Company, a California corporation, as Tenant, entered into that certain Amended and Restated Retail Lease (the "Agreement") relating to certain real property located at 2201 East 223rd Street, Carson, CA 90810 (the "Premises"). That Agreement is hereby incorporated herein as Attachment "A". The original Retail Lease was entered into by Landlord and Tenant in 2009.

B. The Agreement with respect to the Premises constitutes an "Enforceable Obligation" within the meaning of Health & Safety Code §§ 34167(d)(5) and 34171(d)(1)(E) because the Agreement is a binding and executed contract pre-existing the effective date of California Assembly Bill X1 26 (2011).

C. Tenant may not transfer Tenant's interest in and to the Premises without Landlord's prior written consent pursuant to Article 9 of the Agreement.

D. Tenant, Cormier Chevrolet Company, has advised Landlord that it desires to assign, convey and transfer all of its interest, rights, and obligations as Tenant under the Agreement to Win Chevrolet, Inc. as of the "Effective Date", as defined herein below. The Effective Date of such assignment and assumption of obligations shall be that date on which the Agency's Executive Director receives written notice that (1) the Dealership Asset Purchase Agreement dated September 1, 2011, between Tenant as Seller and Win Chevrolet, Inc. (as the assignee of Jerry Heuer) as Buyer has closed and (2) the Tenant and Win Chevrolet, Inc. have executed such agreement(s) as is 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.

E. As of the Effective Date, Agency hereby expressly consents to the assignment of the Agreement with respect to the Premises from the Tenant to Win Chevrolet, Inc. As of the Effective Date, Landlord further consents and agrees that Tenant shall no longer remain liable for the performance of any obligations, terms, covenants, or conditions under the Agreement and forever releases Tenant from the performance of any such obligations, terms, covenants, and conditions under the Agreement, other than indemnification obligations arising on or prior to the Effective Date as set forth in Articles 4.5(A), 8.3, 8.5 and 10.8, as applicable, which shall be of continuing effect.

F. The Landlord has undertaken its due diligence pursuant to Article 9 of the Agreement, and is of the opinion that Win Chevrolet, Inc. qualifies as an eligible transferee/assignee of Tenant's interest in the Agreement and the Premises within the meaning of Article 9 of the Agreement such that, as of the Effective Date, Landlord consents to Win Chevrolet, Inc. being deemed for all purposes as the "Tenant" under the terms of the Agreement.



CARSON REDEVELOPMENT AGENCY,
a public body corporate and politic

Chairman Jim Dear

ATTEST:

Dated: _____

Agency Secretary Helen S. Kawagoe

APPROVED AS TO FORM:

Agency Counsel



ATTACHMENT A

AMENDED AND RESTATED RETAIL LEASE AGREEMENT

This **AMENDED AND RESTATED RETAIL LEASE AGREEMENT** ("Lease") is made and entered into this 17th day of May, 2011, by and between the CARSON REDEVELOPMENT AGENCY, a public body, corporate and politic ("Agency"), the CITY OF CARSON ("Landlord"), and CORMIER CHEVROLET COMPANY, a California corporation ("Tenant" and together with Landlord, collectively referred to as the "Parties").

RECITALS

WHEREAS, Agency and Tenant entered into that certain Disposition and Development Agreement ("DDA"), dated April 21, 2009, whereby Agency agreed to acquire title to the existing auto dealership land, the "Premises", as defined below, and lease it to Tenant to allow the continued operation of the auto dealership business and pay-off the development loan agreement originally dated February 28, 2001; and

WHEREAS, in connection with the DDA, Agency and Tenant entered into that certain Lease Agreement dated April 21, 2009, whereby Agency agreed to lease back the existing auto dealership land to Tenant; and

WHEREAS, Agency did acquire title to the existing auto dealership land and has been leasing back the Premises to Tenant; and

WHEREAS, on March 8, 2011, Agency transferred title to the premises to the Landlord; and

WHEREAS, Tenant now desires to construct an approximately 9,600 square foot Hyundai showroom on the Premises; and

WHEREAS, Agency, Tenant and Landlord wish to extend the term of the Agreement through April 21, 2019 and to modify the rent schedule owed by Tenant to Landlord during the course of the amended term of the Agreement as described herein.

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, Agency, Landlord and Tenant agree as follows:

1. CERTAIN GUIDELINES FOR INTERPRETATION OF THIS LEASE. When used in this Lease:

1.1 At a party's expense means at that party's sole cost and expense, without contribution by the other party. Whenever a party is obligated under this Lease to perform any act and no mention is made of cost sharing or reimbursement with respect to that act, then the party obligated to perform the act shall do so at its expense.

1.2 In the context of any party giving approval (or disapproval) or consent to any action, the term "consent" or "approval" means prior written approval, signed by the party

giving the approval. Any approval may be given, withheld completely or given upon specified conditions, all in the sole and absolute discretion of the party having the right of approval, except as maybe otherwise expressly provided herein with respect to any specific approval right.

1.3 The term "shall" means "must" or "is required to."

1.4 The term "including" means "including but not limited to."

1.5 The term "Law" means any statute, regulation, rule, ordinance, decision or order of any federal, state, regional, county, city, municipal or other governmental or quasi-governmental entity or authority of any kind having jurisdiction.

1.6 Any reference to a Section, Subsection, Paragraph, Subparagraph or clause refers to the same within this Lease.

2. DEMISE OF PREMISES; ACKNOWLEDGEMENT OF TERMINATION OF PRIOR LEASE. Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the Premises, for the "Lease Term", defined below, subject to existing covenants, conditions, restrictions, easements and encumbrances. The "Premises" means all of the real property and improvements located at the address of the Premises set forth on the Summary Page and more particularly described in the legal description attached hereto as Exhibit "A." Tenant hereby acknowledges that its prior lease of the Premises from C P Land Company, the prior fee owner, has terminated, that Tenant has not rights therein, and Tenant waives and releases Landlord from any claims arising out of said prior lease

2.1 Covenant of Quiet Enjoyment. Provided that Tenant is not in default and keeps and performs the covenants and agreements of Tenant contained in this Lease, Tenant shall have quiet and peaceable possession of the Premises, which shall not be unreasonably disturbed or interfered with by Landlord.

2.2 Condition of Premises. The parties acknowledge that Tenant has leased and been in possession of the Premises for a number of years prior to the Commencement Date. Accordingly, Tenant shall be deemed to have accepted the Premises in an "as is" physical and environmental condition. Tenant shall be deemed to have waived any warranty of condition or habitability, suitability for occupancy, use or habitation, fitness for a particular purpose or merchantability, express or implied, relating to the Premises. Landlord shall have no obligation to make any repairs or improvements to the Premises.

2.3 Lease Term; Holdover Tenancy. "Lease Term" means the period commencing on the Commencement Date and expiring ten (10) years after the Commencement Date. There shall be two five (5) year options to extend the Lease Term at a new rent rate to be agreed to by the parties as the market rate at the time of the exercise of the option, which shall in any event be no less than an amount equal to one (1) percent of gross sales and no greater than an amount equal to two (2) percent of gross sales. Tenant must provide written notice of intent to exercise option sixty (60) days prior to lease termination and parties shall agree to the option rental amount thirty (30) days prior to the lease termination in order for the option to be exercised. In the event Tenant holds over after expiration of the Lease Term, this Lease automatically shall revert to a month-to-month lease subject to all of the same terms and



conditions set forth herein, excepting only that (a) Landlord shall have the right to terminate said holdover tenancy sixty (60) days after delivery of written notice of termination to Tenant and (b) Tenant shall have the right to terminate said holdover tenancy sixty (60) days after delivery of written notice of termination to Landlord. The Lease Term shall include, upon any extension of this Lease, the period of any such extensions.

3. RENT AND OTHER PAYMENTS.

3.1 Rent. Tenant shall pay to Landlord, without offset, deduction or abatement, rent for the full Lease Term in the amount specified as Rent in the Summary Page. Rent was payable for the first year in advance by May 1, 2009. Commencing May 1, 2010, the Rent due for each year was and shall continue to be divided into monthly payments ("Monthly Rent"), and continuing on the first of each month thereafter for the balance of the Lease Term. The Lease, including the rent, is conditional upon the Tenant achieving certain gross sales levels ("Gross Sales Level"). For years 1 through 2, the level was and is Twenty-Five (25) Million Dollars. In years 3 through 10, the Gross Sales Level is Thirty (30) Million Dollars.

4. USE OF THE PREMISES.

4.1 Limitation on Use by Tenant. Tenant shall use the Premises only for new and used motor vehicle sales, leasing, rental, service, body work, storage and sale of parts and for no other purpose (the "Permitted Use").

4.2 Limitation on Trade Name. The approved trade names that Tenant shall use on the Premises are those Trade Name shown on the Summary Page. Any revision to the Trade Names shall require prior approval by the City's City Manager.

4.3 Compliance with Laws. Nothing shall be done or kept on the Premises in violation of any Law. The Premises shall be used and maintained in compliance with all Laws and with the certificates of occupancy issued for all buildings on the Premises.

4.4 Waste or Impairment of Value. Nothing shall be done or kept in or on the Premises which might impair the value of the Premises or which would constitute waste.

4.5 Hazardous Use. Landlord and Tenant agree as follows with respect to the existence or use of "Hazardous Material" on the Premises:

A. Prohibition of Hazardous Material. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, created or used in or about the Premises by Tenant or its agents, employees, contractors or invitees other than as is reasonably necessary in the conduct of the Permitted Use. If the presence of Hazardous Materials on or about the Premises caused or permitted by Tenant results in contamination of the Premises or any portion of the property surrounding the Premises (the "Adjacent Property"), or if contamination of the Premises by Hazardous Material otherwise occurs, then Tenant shall protect, indemnify, defend and hold Landlord, its agents and contractors harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or loss (including without limitation diminution in the value of the Premises or any portion of the Adjacent Property, damages for the loss or restriction on

use of space or of any amenity of the Premises or the Adjacent Property, damages arising from any adverse impact on marketing of space within the Premises or the Adjacent Property and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees which arise during or after the Lease Term as the result of such contamination (hereafter collectively the "Contamination Costs"). This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present on or under the Premises or the Adjacent Property.

B. **Definition of "Hazardous Material"**. As used herein, the term "Hazardous Material" means any hazardous or toxic substance, growth or waste which is or becomes identified or regulated as such by any local or regional governmental authority, the State of California, the United States Government or any other governmental subdivision or entity with authority including, without limitation, any material or substance which is defined or identified in the California Health and Safety Code, California Administrative Code, Federal Water Pollution Control Act, Federal Resource Conservation and Recovery Act, Comprehensive Environmental Response Compensation and Liability Act, Clean Water Act, or the Superfund Amendments and Reauthorizations Act. Landlord acknowledges and accepts that Tenant may keep and use in the Premises general office supplies typically used in the ordinary course of business (such as copier toner, liquid paper, glue, ink and cleaning solvents), but only if such materials are used in the manner for which they were designed, in accordance with all Laws relating to Hazardous Materials, and in accordance with the highest standards prevailing in the industry for such use, and then only in such amounts as may be normal for use in the Premises.

C. **Waste Discharge Permits**. Tenant hereby acknowledges that certain products used in Tenant's business may be considered industrial waste in accordance with local ordinances and may require a Waste Discharge Permit ("Permit") from a utility or government agency or district. Tenant confirms its obligation to comply with any such Permit, including but not limited to such requirements as (a) waste water discharge monitoring and reporting by a consultant, and (b) payment of all costs associated with the Permit issuance and compliance, including any costs Landlord may incur to insure Tenant's compliance with the Permit. Tenant shall reimburse Landlord for all such costs advanced on behalf of Tenant by Landlord, within 15 days from the date of Landlord's invoice for advanced costs. Payment of such costs shall be considered additional rent subject to all terms and conditions relating to payments under this Lease.

4.6 Nuisance, Noxious or Offensive Activity. No noxious or offensive activity shall be carried on at the Premises, nor shall anything be done or kept at the Premises that may be a public or private nuisance. No light shall be emitted from the Premises that is unreasonably bright or causes unreasonable glare; no sound shall be emitted from the Premises that is unreasonably loud or annoying; and no odor shall be emitted from the Premises that is noxious or offensive to others on adjacent property.

4.7 Unsightliness. All unsightly equipment, objects and conditions shall be kept enclosed within buildings on the Premises; no debris, bulk materials or trash shall be kept or allowed to accumulate, except as may be enclosed within buildings on the Premises; and all pipes, wires, poles, antennas and other facilities for utilities or for the transmission or reception of audio or visual signals shall be enclosed within buildings on the Premises. Tenant shall be solely responsible for the removal of all debris or trash from the Premises.

4.8 Animals. No animals shall be permitted or kept on the Premises.

4.9 Structural, Electrical or Other Overloading. Nothing shall be done or kept on the Premises and no alterations, maintenance or repairs shall be made to the Premises that might impair the structural soundness of any building, result in an overload of utilities serving any building on the Premises, or interfere with electronic or other equipment on any nearby property. In the event of violation hereof, Tenant shall immediately remedy the violation at Tenant's expense and in compliance with all requirements of governmental authorities and insurance underwriters.

4.10 Restrictions on Exterior Signs and Exterior Lighting. Tenant shall erect, maintain, repair and replace, at Tenant's sole cost and expense, such exterior signs as may be permitted by Landlord. No exterior signs shall be erected or modified by Tenant without the approval of Landlord. Approval shall include approval of location, size, style of lettering, design, copy, materials, installation details, color, and logo design. No exterior lighting shall be permitted on the Premises except as approved in writing by Landlord. Any non-approved exterior signs or exterior lighting must be removed at Tenant's expense or brought into compliance at Tenant's expense.

5. FURNISHING OF UTILITIES. Tenant shall arrange and pay for the furnishing of gas, water, sewer, drainage, electrical and telephone, and all refuse collection, and other utilities and services as may be required by Tenant in the use of the Premises, including the placement and connection of any necessary utility meters. Tenant shall directly pay for such services, and the inability of Tenant to obtain or to continue to receive such services for any reason shall not relieve Tenant of any of its obligations under this Lease.

6. MAINTENANCE AND REPAIR. Tenant shall perform and pay for the maintenance, repair, and replacement when necessary (collectively, "Maintenance"), of the improvements on the Premises, which shall include, but not be limited to: (a) the floors, walls, ceilings, roofs, parking structures, and all structural components of all buildings and other improvements on the Premises; (b) capital improvements and structural modifications required by any change in Law, (c) landscaping, replanting when necessary, and keeping paved areas free from litter, dirt, debris, or other obstructions; (d) all sprinkler systems, utility pipes, conduits, meters, panels or lines serving the Premises; (e) the heating, ventilating and air conditioning system, interior and exterior lighting, and plumbing fixtures. In addition, Tenant shall initiate and carry out a program of regular Maintenance, so as to impede, to the extent possible, deterioration by ordinary wear and tear. All Maintenance shall be completed in a good and workmanlike fashion and in compliance with all conditions imposed by Landlord and all applicable Law. Tenant shall be solely responsible for any and all costs and expense associated with the Maintenance. Tenant shall not offset rent, reduce rent payments, or claim any credit

against rent for Tenant's actual or imputed costs in connection with performing the Maintenance. If Tenant fails to perform Maintenance, Landlord shall have the right, but not the obligation, upon reasonable notice to Tenant, to enter the Premises to perform such Maintenance on Tenant's behalf. Expenses incurred by Landlord for any Maintenance required as a result of a failure of Tenant to perform such Maintenance as required herein, plus 10% of such expenses for overhead, shall be reimbursed to Landlord upon Landlord's written demand. Tenant acknowledges that in no event shall Landlord provide cleaning or other janitorial services to the Premises.

7. ALTERATIONS OF THE PREMISES. Other than as described in Section 8, below, Tenant shall not alter, add to, remove or demolish any improvements on the Premises ("Changes") without (a) consent of Landlord, which consent shall be given or withheld in Landlord's reasonable discretion; (b) complying with all conditions which may be imposed by Landlord; and (c) paying to Landlord the reasonable expenses of Landlord for architectural, engineering or other consultants which may be incurred by Landlord in determining whether to approve any Changes. Notwithstanding the foregoing, Changes which cost less than \$25,000.00, which do not reduce the value of the Premises, and which will not affect the structural integrity of any building may be made without the consent of Landlord, provided that Tenant furnishes to Landlord a copy of the plans for the Changes prior to making the Changes. Tenant shall obtain all necessary permits and authorizations from any governmental authorities having jurisdiction. Tenant shall obtain and maintain workers' compensation insurance covering all persons employed in connection with the Changes, liability insurance covering any loss or damage to persons or property arising in connection with the Changes, and such other insurance or bonds as Landlord may reasonably require and shall deliver a certificate of such coverages to Landlord prior to commencement of work. Changes shall be completed with due diligence and in good and workmanlike fashion and in compliance with all applicable Law. Subject to Tenant's purchase option in Section 15 below, all Changes shall become the property of Landlord at expiration of the Lease Term.

8. CONSTRUCTION OF SHOWROOM.

8.1 Construction. Notwithstanding Section 7 above, Tenant desires to construct an approximately 9,600 square foot Hyundai showroom and related improvements (the "Showroom") on a portion of the Premises that is to be subdivided into a separate legal lot. Landlord hereby consents to the construction of said Showroom, subject to and conditioned upon Tenant's fulfillment of the obligations set forth in this Section 8.

8.2 Subdivision of Premises. In connection with its construction of the Showroom, Tenant shall subdivide the Premises into two (2) separate parcels. Landlord agrees to cooperate with Tenant in Tenant's application for a subdivision of the Premises into two (2) separate parcels, subject to and conditioned upon Landlord's written approval of the proposed legal description for the subdivided Premises. Tenant shall, solely at its own cost and expense, secure or cause to be secured any and all applications, approvals, determinations, entitlements, and/or permits that may be required by the Landlord and/or by any other governmental agency affected by such subdivision and undertake all actions necessary to cause the subdivision to occur. Tenant shall pay all fees and costs applicable to such subdivision application including as required to obtain any approvals, determinations, entitlements, and permits required and any fees

or charges hereafter imposed by the Landlord that are standard for and uniformly applied to similar subdivisions in the City.

8.3 Indemnification During Construction. During the periods of construction on the Premises, Tenant agrees to and shall indemnify and hold Landlord and the Agency harmless from and against all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person that shall occur on the Premises and that shall be directly or indirectly caused by any acts done thereon or any errors or omissions of the Tenant or its agents, servants, employees, contractors or subcontractors. Tenant shall not be responsible for (and such indemnity shall not apply to) any acts, errors, or omissions of the Landlord or the Agency, or their respective agents, servants, employees, or contractors. Tenant shall have the obligation to defend any action it is required to indemnify and hold Landlord and Agency harmless from; provided, however, that this obligation to defend shall not be effective if and to the extent that Tenant determines in its reasonable discretion that such action is meritorious or that the interests of the Parties justify a compromise or a settlement of such action, in which case Tenant shall compromise or settle such action in a way that fully protects Landlord and the Agency from any liability or obligation. In this regard, Tenant's obligation and right to defend shall include the right to hire (subject to reasonable written approval by Landlord and the Agency) attorneys and experts necessary to defend, the right to process and settle reasonable claims, the right to enter into reasonable settlement agreements and pay amounts as required by the terms of such settlement, and the right to pay any judgments assessed against Tenant, Landlord, and/or the Agency, if Tenant defends any such action, as set forth above.

8.4 Insurance. Prior to the commencement of any construction by or on behalf of Tenant, Tenant shall procure and maintain (or cause to be procured and maintained), at its sole cost and expense, in a form and content reasonably satisfactory to Landlord, during the entire term of such entry or construction, insurance as required by Landlord in Landlord's reasonable discretion.

8.5 Compliance with Prevailing Wage Law. Tenant acknowledges that the construction and construction-related activities for the development of the Showroom may be subject to the California Prevailing Wage Law, such that Tenant may be required to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations under Section 1720, *et seq.*, of the California Labor Code for all covered work performed in connection with the Showroom. If Tenant, its contractors or subcontractors violates any Prevailing Wage Laws, Tenant shall be solely liable for the costs thereof and shall indemnify and hold Landlord and Agency and their officers, employees and agents harmless from any liability or penalties therefor.

8.6 Rights of Access. Representatives of Landlord and Agency shall have a reasonable right of access to the Premises without charges or fees, at any time during normal construction or business hours during the period of construction, for the purpose of assuring compliance with this Lease, including the inspection of the construction work or operations being performed by or on behalf of Tenant. Each such representative of Landlord or Agency shall identify himself or herself at the Premises office upon his or her entrance to the Premises,



and shall provide the person in charge of the Premises a reasonable opportunity to have a representative accompany him or her during the inspection. Landlord and/or Agency as applicable shall indemnify, defend, and hold Tenant harmless from any injury or property damage caused or liability arising out of Landlord's and/or Agency's exercise of this right of access.

8.7 Applicable Laws. Tenant shall carry out the construction of the Showroom and all related improvements to be constructed by Tenant in conformity with all applicable laws, including all applicable federal and state labor laws.

8.8 Anti-discrimination During Construction. Tenant, for itself and for its successors and assigns, agrees that in the construction of the improvements to be constructed by Tenant on the Premises, Tenant, its agents, employees, contractors and subcontractors shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, ancestry or national origin.

9. ASSIGNMENT OR SUBLETTING. Tenant shall not make or permit a Transfer of Tenant's interest in the Premises by Tenant without Landlord's consent, which shall not be unreasonably withheld or delayed. Landlord consents to the lease with Wireless Capital Partners and the license with Enterprise Rent-A-Car. Tenant shall provide notice to these entities of the change in Landlord from Agency. A "Transfer by Tenant" includes an assignment of this Lease, a sublease of all or any part of the Premises or any assignment, sublease, transfer, mortgage, pledge or encumbrance of all or any part of Tenant's interest under this Lease or in the Premises, by operation of Law or otherwise, or the use or occupancy of all or any part of the Premises by anyone other than Tenant. A Transfer by Tenant also includes any transfer of voting control of Tenant or of 50% or more of the equity interest or profits interest in Tenant, including transfer by merger, consolidation, liquidation or other change in ownership. Any Transfer by Tenant without Landlord's consent shall be void and shall constitute a default under this Lease. In the event Landlord consents to any Transfer by Tenant, Tenant shall not be relieved of its obligations under this Lease and shall remain liable under this Lease, jointly and severally as a principal, and not as a surety, to the same extent as though no Transfer by Tenant had been made, unless specifically provided to the contrary in Landlord's consent. The acceptance of rent by Landlord from any person other than Tenant shall not be deemed to be a waiver by Landlord of the provisions of this Section or of any other provision of this Lease and any consent by Landlord to a Transfer by Tenant shall not be deemed to be a consent to any subsequent Transfer by Tenant.

A. Notwithstanding the foregoing, Landlord shall have the right, in lieu of consenting to a Transfer by Tenant, to terminate this Lease as to the portion of the Premises subject to the proposed Transfer by Tenant and to enter into a new lease with the proposed transferee and receive directly from the proposed transferee the consideration agreed to be given by such transferee to Tenant for the Transfer by Tenant.

B. Tenant shall pay to Landlord, within 10 days after demand by Landlord, the expenses of Landlord in connection with any request by Tenant for consent to a Transfer by Tenant, including reasonable attorneys' fees, whether or not consent of Landlord is given to the Transfer by Tenant. Such expenses shall not exceed \$1,000, as

adjusted per year that this Lease is in effect in accordance with increases in the Monthly Rent.

10. OTHER COVENANTS OF TENANT.

10.1 Notice of Nonlienability. Tenant shall deliver to Landlord, for Landlord's approval, prior to commencement of construction of the Showroom and prior to performing any Maintenance or the making of any Changes that are estimated to exceed a cost of \$25,000.00, a list of all contractors, subcontractors, materialmen and suppliers who shall perform any work or provide any materials or supplies (collectively, "Contractors") in connection with the Showroom, Maintenance, or Changes. Landlord shall have the right to disapprove of any Contractor and, if Landlord shall disapprove, Tenant shall replace the disapproved Contractor with a Contractor acceptable to Landlord. Tenant shall permit Landlord to post a notice of non-responsibility on the Premises and take all such other action as Landlord may require for protection of Landlord's interest from mechanics' or other liens.

10.2 No Mechanics' Liens. Tenant shall not permit, and shall cause to be removed, any mechanics', materialmen's or other lien in connection with any construction or work at the Premises, including in connection with the construction of the Showroom. Tenant shall have the right to contest, in good faith and with diligence, the validity of any such lien or claimed lien, provided that Tenant shall give to Landlord such security as may be reasonably requested by Landlord to insure the payment of any amounts claimed, and to prevent any sale, foreclosure or forfeiture of any interest in the Premises on account of any such lien, and provided that, on final determination of the lien, Tenant shall immediately cause the lien to be released and any judgment to be satisfied. If Tenant fails to immediately cause the lien to be released and/or satisfy any judgment pursuant to this Section, Landlord may immediately take all action necessary to release and remove the lien, without any duty to investigate the validity of the lien at issue. All expenses, including reasonable attorney's fees, incurred by Landlord in connection with the lien shall be considered additional rent under this Lease and be immediately due and payable by Tenant.

10.3 Other Encumbrances. Tenant shall not obtain any financing secured by Tenant's interest in the Premises and shall not encumber the Premises or Tenant's interest therein without the written consent of Landlord, other than the financing required for the construction of the Showroom in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000.00) with the actual amount to be determined by the executed construction contract for the construction of the Showroom. Tenant shall keep the Premises free from all liens and encumbrances, other than liens and encumbrances created by Landlord or as described in the preceding sentence.

10.4 Landlord Ownership of Improvements, Including Showroom; No Landlord Right, Title, or Interest in or to Furnishings, Fixtures, Equipment, and Personal Property of Tenant. All permanent improvements situated on or permanently affixed to the Premises as of the termination date of this Lease, including buildings, permanent structures (e.g., trash enclosures), the Showroom, driveways, parking lot improvements, exterior hardscape improvements, exterior landscaping and irrigation system improvements, and plumbing, heating, lighting, electrical, and air conditioning fixtures and equipment shall be and remain the property

of Landlord upon expiration or termination of the Lease Term, subject to Tenant's purchase option in Section 15 below. All furnishings, fixtures, equipment, and personal property now or hereafter located upon the Premises at any time during the Lease Term (collectively, the "Tenant's Property") shall be and remain the property of Tenant, and Tenant retains the right to remove the same at any time as long as it repairs any damages to the improvements on the Premises. Not by way of limitation of the foregoing, the parties agree that the "Non-Exclusive List of Seller's Fixtures and Personal Property" set forth in Exhibit "B" to that certain Agreement for Purchase and Sale and Escrow Instructions dated as of April 21, 2009, and entered into by and between Agency and C-P Land Company shall constitute Tenant's Property for purposes of this Lease.

10.5 Payment of Income and Other Taxes. Tenant shall pay when due all taxes on the Tenant's Property and all federal, state and local income taxes, sales taxes, use taxes, Social Security taxes, unemployment taxes and taxes withheld from wages or salaries paid to Tenant's employees, the nonpayment of which might give rise to a lien on the Premises or Tenant's interest therein, and shall furnish, if requested by Landlord, evidence of such payments.

10.6 Estoppel Certificates. Tenant shall execute, acknowledge and deliver to Landlord, upon Landlord's written request, a written statement that this Lease is unmodified (or, if modified, stating the modifications) and in full force and effect, certifying and stating, (a) the dates to which rent has been paid and (b) whether or not Landlord is in default under this Lease (and, if so, specifying the default). The statement may be delivered to and relied upon by any existing or prospective mortgagee or purchaser of the Premises. A failure to deliver such a statement within 10 days after written request from Landlord shall be conclusive upon Tenant that (a) this Lease is in full force and effect without modification except as may be represented by Landlord, (b) there are no uncured defaults by Landlord under this Lease, and (c) any representation by Landlord with respect to the Rent payments is true.

10.7 Landlord Right to Inspect and Show Premises and to Install "For Sale" Signs. Landlord's authorized representatives shall have the right to enter the Premises at any reasonable time during ordinary business hours for the purposes of inspecting the Premises or showing the Premises to any prospective mortgagee, purchaser or lessee. Landlord may from time to time place on the Premises a sign advertising the Premises for sale or for lease.

10.8 Tenant Indemnification of Landlord. Tenant covenants and agrees to protect, defend, indemnify and hold Landlord and Agency and their agents and employees (the "Indemnified Parties") harmless from and against all liability, obligations, claims, damages, penalties, causes of action, costs and expenses, including attorneys' fees (collectively the "Costs"), imposed upon, incurred by or asserted against any of the Indemnified Parties by reason of (a) any accident, injury to or death of any person or loss of or damage to any property occurring on or in connection with the Premises; (b) any act or omission of, or injury to or death of, Tenant or anyone claiming by, through or under Tenant; (c) any use which may be made of, or condition existing upon, the Premises; (d) any improvements, fixtures or equipment on the Premises; (e) any failure on the part of Tenant to perform or comply with this Lease; (f) any violation of any Law by Tenant or by anyone claiming by, through or under Tenant; and (g) any Maintenance or Changes to the Premises. Notwithstanding the foregoing, Tenant shall not be required to indemnify Landlord against any Costs arising out of or resulting from the gross

negligence or willful misconduct of Landlord or Landlord's agents or employees nor from any act or occurrence arising prior to the Commencement Date or after the Lease Term and Tenant vacates the Premises.

10.9 Waiver by Tenant. Tenant waives and releases any claims Tenant may have against the Indemnified Parties for loss, damage or injury to person or property sustained by Tenant or anyone claiming by, through or under Tenant resulting from any cause whatsoever other than Landlord or Agency's gross negligence or willful misconduct including, without limitation, any claim arising out of fire, explosion, collapse, steam, gas, electricity, leaking water, or sewer system blockages.

10.10 Release upon Transfer by Landlord. In the event of a transfer of the Premises by Landlord, Landlord's successor or assign shall take subject to and be bound by this Lease, and Landlord shall be released from all obligations of Landlord under this Lease. Upon demand by Landlord or Landlord's successor or assign, Tenant shall attorn to such successor or assign.

10.11 Landlord's Reserved Rights. Landlord reserves the right from time to time to grant or create easements in, over, under, through or across the Premises or, any portion thereof, so long as such easements do not interfere with Tenant's use and enjoyment of the Premises.

11. TENANT'S INSURANCE. Tenant shall obtain and keep in force during the Lease Term, at its expense, the following insurance:

11.1 Casualty Insurance. "Casualty Insurance", meaning commercial property insurance which covers, at a minimum, the perils insured under the ISO special causes of loss form (CP 10 30) (including sprinkler leakage when applicable) with respect to the Premises, in an amount not less than the full replacement cost thereof and with an agreed amount endorsement if coinsurance applies. In the event that there is a dispute as to the amount which constitutes full replacement cost, the decision of the Landlord or the mortgagees of the Landlord shall be conclusive. The insurance policy shall contain a rental loss endorsement insuring against Landlord's loss of rentals in an amount not less than Monthly Rent for one year.

11.2 Liability Insurance. "Liability Insurance", meaning a Commercial General Liability policy of insurance protecting Tenant and Landlord (as an additional insured) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$3,000,000 per occurrence. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Tenant shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. Tenant may, alternatively, have primary coverage in an amount not less than \$1,000,000 and excess or umbrella coverage in an amount equal to the difference between \$3,000,000 and the amount of the primary coverage.

11.3 General Insurance Provisions. All insurance obtained by Tenant shall be with California admitted insurers with a rating in "Best's Insurance Guide" of at least "A-"; shall name Landlord and the holder of any mortgage or deed of trust encumbering the Premises as insured parties, as their interests may appear; and Tenant shall provide, by certificate of insurance or otherwise, that the insurance coverage shall not be canceled or altered except upon thirty 30 days' prior written notice to Landlord and the holder of any such mortgage or deed of trust.

Without affecting any other rights or remedies, Tenant and Landlord each hereby waive all rights of recovery against the other and against the officers, employees, agents and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any insurance policy which either may have in force at the time of the loss or damage. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

11.4 Insurance Proceeds. The proceeds of any Casualty Insurance, other than casualty insurance maintained by Tenant on Tenant's Property, shall be paid to and become the property of Landlord, subject to any obligation of Landlord to repair and restore the Premises: Landlord and Tenant shall cooperate with each other in the collection of any insurance proceeds which may be payable in the event of loss, including the execution and delivery of proof of loss, declarations and other actions required to effect recovery.

12. DEFAULTS BY TENANT. Each of the following shall constitute a "Default by Tenant":

12.1 Failure to Pay Rent or Other Amounts; Failure to achieve Gross Sales Levels. Tenant fails to pay when due, the Monthly Rent, or any other amounts payable by Tenant under this Lease, and such failure continues for 3 days after notice of such failure from Landlord.

12.2 Violation of Lease Terms. Tenant fails to meet its Gross Sales Level or comply with any other term in this Lease applicable to Tenant, and such failure to comply continues for a period of 30 days after notice thereof by Landlord or, if such failure to comply cannot be diligently cured within 30 days, if Tenant does not in good faith commence to cure such failure to comply within 30 days or does not diligently proceed therewith to completion.

12.3 Execution and Attachment Against Tenant. Tenant's interest under this Lease or in the Premises is taken upon execution or by other process of Law directed against Tenant, or becomes subject to any attachment at the instance of any creditor or claimant against Tenant and said attachment is not discharged or disposed of within 60 days after levy.

12.4 Bankruptcy or Related Proceedings. Tenant (a) files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy Laws of the United States or under any similar act of any state, (b) voluntarily takes advantage of any such Law or act by answer or otherwise, (c) is dissolved or makes an assignment for the benefit of

creditors, (d) becomes subject to involuntary proceedings under any such bankruptcy or insolvency Law or for the dissolution of Tenant, or (e) a receiver or trustee is appointed for the Premises or for all or substantially all of the property of Tenant, and such proceedings are not dismissed or such receivership or trusteeship vacated within 60 days.

13. LANDLORD'S REMEDIES. Upon the occurrence of any Default by Tenant, and only so long as such Default shall remain uncured, Landlord shall have the right, at Landlord's election, then or at any time thereafter, to exercise any one or more of the following remedies:

13.1 Cure by Landlord. Landlord may, at Landlord's option but without obligation to do so, and without releasing Tenant from any obligations under this Lease, make any payment or otherwise take action to cure the any such Default by Tenant in such manner and to such extent as Landlord deems necessary or desirable, including maintaining the Premises in accordance with the provisions of the Section of this Lease entitled "Maintenance and Repair." Landlord may do so without demand on, or notice to, Tenant and without giving Tenant an opportunity to cure the Default by Tenant. Tenant shall pay to Landlord, within 15 days after demand, all advances, costs and expenses of Landlord in connection with the cure of Tenant's Default, including reasonable attorneys' fees, together with interest as provided herein. Action taken by Landlord may include commencing, appearing in, defending or otherwise participating in any action or proceeding and paying, purchasing, contesting or compromising any claim, right, encumbrance, charge or lien with respect to the Premises which Landlord, in its discretion, deems necessary or desirable to protect its interest in the Premises and under this Lease.

13.2 Termination of Lease and Damages. Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and recover) possession of the Premises from Tenant. Tenant shall remain liable to Landlord for the following:

A. The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease;

B. The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided;

C. The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that Tenant proves could have been reasonably avoided; and

D. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default.

"The worth, at the time of the award" is to be computed by allowing interest at an annual rate equal to three percent (3%) plus the discount rate charged member banks by the Federal Reserve Bank of San Francisco, as of the twenty-fifth (25th) day of the calendar month immediately preceding the Default by Tenant.

13.3 Repossession and Reletting. Landlord may reenter and take possession of the Premises or any part thereof, without notice, and repossess the same and expel Tenant and any party claiming by, under or through Tenant, and remove the effects of both, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for collection of rent or for other breaches of this Lease. No such reentry or taking possession of the Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar Law shall constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease upon notice to Tenant. After recovering possession of the Premises, Landlord may, from time to time, but shall not be obligated to, relet the Premises, or any part thereof, for the account of Tenant, upon such terms as Landlord, in its sole discretion, may determine. Landlord may make repairs, alterations or improvements that Landlord considers appropriate to accomplish such reletting, and Tenant shall reimburse Landlord on demand for all costs and expenses, including attorneys' fees, which Landlord incurs in connection with such reletting. Landlord shall in no way be responsible or liable for any failure to relet the Premises or for any failure to collect any rent due upon such reletting. Notwithstanding Landlord's recovery of possession of the Premises, Tenant shall continue to pay on the dates herein specified the Monthly Rent and other amounts which would be payable if such repossession had not occurred. Upon the expiration or earlier termination of this Lease, Landlord shall refund to Tenant any amount, without interest, by which the amounts paid by Tenant, when added to the net amount, if any, recovered by Landlord through any reletting of the Premises, exceeds the amounts payable by Tenant under this Lease. If, in connection with any reletting, the new lease term extends beyond the existing term, or the premises covered thereby include other premises not part of the Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith will be made by Landlord in determining the net amount recovered from such reletting.

13.4 Remedies Cumulative; Time for Action. Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity. Actions or suits for the recovery of amounts and damages payable under this Lease may be brought by Landlord from time to time, at Landlord's election, and Landlord shall not be required to await the date upon which the Lease Term would have expired to bring any such action or suit.

13.5 Recovery of Enforcement Costs. All expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees, whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord within 15 days after receipt of Landlord's demand.

14. SURRENDER OF PREMISES. Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant covenants and agrees to surrender possession of the Premises to Landlord, in broom clean condition, as nearly as practicable to the condition existing on the Commencement

Date of this Lease, excepting only (a) ordinary wear and tear, (b) any Changes permitted hereunder, and (c) the removal of Tenant's Property.

15. TENANT'S RIGHTS OF FIRST REFUSAL AND PURCHASE.

15.1 Right of First Refusal. During the term of the Lease and for a period of one (1) year following its termination, the Tenant shall have a right of first refusal to purchase the Premises at the fair market value at the time of the potential sale. Tenant shall be given a ten (10) day notice of Landlord's intent to accept an offer for sale. Prior to expiration of the ten (10) days, Tenant must exercise its right of first refusal by agreeing to match the existing offer as evidenced by sending written notification to the Landlord and agreeing to execute an agreement in a form acceptable to the Landlord with substantially the same terms as the third party offer provided in the notice of the intent to accept an offer.

15.2 Right to Purchase. Prior to the expiration of the term of the Lease, so long as no uncured Default exists, Tenant may exercise the right, at its option, to purchase the Premises, including the Showroom and all other improvements thereon, upon expiration of the term of this Lease. If Tenant exercises such purchase right, Tenant shall pay to Landlord the fair market value of the Premises at the time of said contemplated purchase, minus the fair market value of the Showroom at that time as determined by an appraiser selected by the Landlord. If Tenant chooses not to exercise its repurchase right, the entire Premises, including the Showroom, shall revert to Landlord, as detailed in Section 10.4 above and Tenant shall be entitled to no compensation for the costs to construct the Showroom or any other improvements on the Premises.

16. MISCELLANEOUS

16.1 Relationship of Landlord and Tenant. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of landlord and tenant.

16.2 Covenants Independent. This Lease shall be construed as if the covenants herein between Landlord and Tenant are independent, and not dependent, and Tenant shall not be entitled to any offset against Landlord if Landlord fails to perform its obligations under this Lease.

16.3 Notices and Demands. All notices, demands, billings, consents and other communications provided for in this Lease shall be in writing and shall be deemed properly given and received when actually given and received or three business days after mailing, if sent by registered or certified mail, postage prepaid, addressed to the party to receive the notice at the address used for such party in the first paragraph of this Lease or at such other address as such party may notify the other of in writing.

16.4 No Implied Waiver. No failure by Landlord to insist upon the strict performance of any term contained in this Lease, no failure by Landlord to exercise any right or remedy under this Lease, and no acceptance of full or partial payment during the continuance of

any Default by Tenant, shall constitute a waiver of any such term, right or remedy, a waiver of any such Default by Tenant, or a waiver of any right Landlord may have to recover possession of the Premises.

16.5 Entire Lease. Each party agrees that it has not relied upon or regarded as binding any prior or contemporaneous agreements, negotiations, representations, or understandings, whether oral or written, except as expressly set forth herein. This Lease, together with the documents and exhibits referred to herein, embodies the entire understanding among the parties, merges all prior discussions or communications among them and constitutes the final, complete and exclusive statement of the terms of the parties' agreement. No party shall be bound by any covenants, conditions, representations or warranties other than as expressly stated in this Lease.

16.6 Modifications in Writing. No amendment or modification of this Lease, and no approvals, consents or waivers by Landlord under this Lease, shall be valid or binding unless in writing and executed by the party to be bound.

16.7 Binding Effect. Subject to the provisions herein restricting transfers and assignments, this Lease shall run with the Premises, and shall be binding upon and inure to the benefit of all of the parties and their executors, administrators, devisees, heirs, representatives, permitted assigns and other successors.

16.8 No Third Party Beneficiaries. The parties to this Lease intend that nothing contained in this Lease shall create or vest any rights in any individuals or entities who are not directly parties to this Lease unless they are approved assignees. Any agreement herein to pay any amount of money or to assume any liability, whether expressed or implied, shall be only for the benefit of the parties to this Lease and their approved assignees, and such agreements and assumptions shall not enure to the benefit of any obligee of any indebtedness of a party to this Lease, nor to any other party.

16.9 Interpretation. This Lease shall be construed as a whole in accordance with its fair meaning and shall be construed as if jointly drafted by both Landlord and Tenant. Captions are for convenience only and shall not be used in construing meaning. As used in this Lease, the masculine, feminine or neuter gender, and the singular or plural number, shall be deemed to include the other whenever the context or particular circumstances so indicate or require. This Lease and all the schedules or exhibits incorporated herein by reference shall be interpreted in accordance with the Laws of the State of California in effect at the time of execution of this Lease, irrespective of its conflicts of Laws rules. The Summary Page attached to this Lease and the Exhibits and Addenda attached to this Lease shall be deemed incorporated in this Lease by this reference. In the event of any inconsistency between such Summary Page and the terms and provisions of this Lease, the terms and provisions of the Summary Page shall control.

16.10 All Terms Material. The parties hereby expressly acknowledge and agree that each and every term and condition of this Lease is of the essence of this Lease, constitutes a material part of the bargained-for consideration without which this Lease would not have been executed, and is a material part of the Lease.

16.11 Severability. Notwithstanding the Section entitled "All Terms Material" above, in the event that any provision or any part of any provision of this Lease as applied to any party or to any circumstance shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason whatsoever, then such provision shall in no way affect (a) any other provisions of this Lease, which shall be modified, if necessary, to the minimum extent necessary to preserve their validity, (b) the application of any such provision under circumstances different from those adjudicated as unenforceable by the court, or (c) the validity or enforceability of the Lease as a whole.

16.12 Independent Advice of Counsel. The parties hereto, and each of them, represent that in negotiating and executing this Lease they have relied solely upon their own judgment, belief and knowledge, and the advice and recommendations of their own consultants and independently selected legal counsel, concerning the nature, extent and duration of their rights and obligations under this Lease, and that they have not been influenced by any representations or statements made by any other parties or their representatives, except as otherwise expressly set forth in this Lease.

16.13 Authority. Each of the parties represents and warrants that it has all authority necessary to execute this Lease and no consents or approvals of any other parties are necessary for this Lease to be binding.

16.14 Attorneys' and Experts' Fees. Should any party hereto retain counsel or other experts in connection with matters arising out of or related to this Lease, including the institution of any action or proceeding concerning the negotiation, interpretation, validity, performance or breach of any provision hereof, for any legal or equitable remedy, then, if said matter is settled by dismissal or final judicial determination (which term includes arbitration), the prevailing party or parties (whether at trial or on appeal) shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing party or parties for all costs and expenses incurred thereby, including court costs and attorneys' and experts' fees and costs for the services rendered to such prevailing party by accountants, appraisers and other service providers.

16.15 Time of the Essence. The parties to this Lease acknowledge and agree that the times specified herein have been selected because prompt performance of all obligations is a material part of the bargained-for consideration underlying this Lease, and without which this Lease would not have been executed. Time is of the essence.

16.16 Survival of Provisions. Notwithstanding termination of this Lease, any provisions hereof that require observance or performance by Landlord or Tenant subsequent to termination shall survive termination.

16.17 No Recordation. This Lease shall not be recorded.

17. FORCE MAJEURE. The time for performance of any act required to be performed under this Lease shall be extended as a result of delays not exceeding 90 days in the aggregate that are caused by strikes, lockouts, natural disasters, wars, acts of God, fire or other casualty, inability to obtain labor or materials, or any other reason or cause not within the

performing party's reasonable control. This Section 17 does not apply to the payment of rent and any other amounts payable by Tenant under this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed on the day and year first above written.

"LANDLORD"

CITY OF CARSON

By:

Jim Dear
Mayor Jim Dear

Attest:

Helen S. Kawagoe
Secretary Helen Kawagoe 05/18/11

Attest:

Helen S. Kawagoe
Secretary Helen Kawagoe 05/18/11

Approved as to form:
ALESHERE & WYNDER, LLP

W. Wynder
City Attorney and Agency Counsel

"TENANT"

Cormier Chevrolet Company

By:

John J. Peterson
John J. Peterson, Vice President

"AGENCY"

CARSON REDEVELOPMENT AGENCY

By:

Jim Dear
Mayor Jim Dear

EXHIBIT "A"

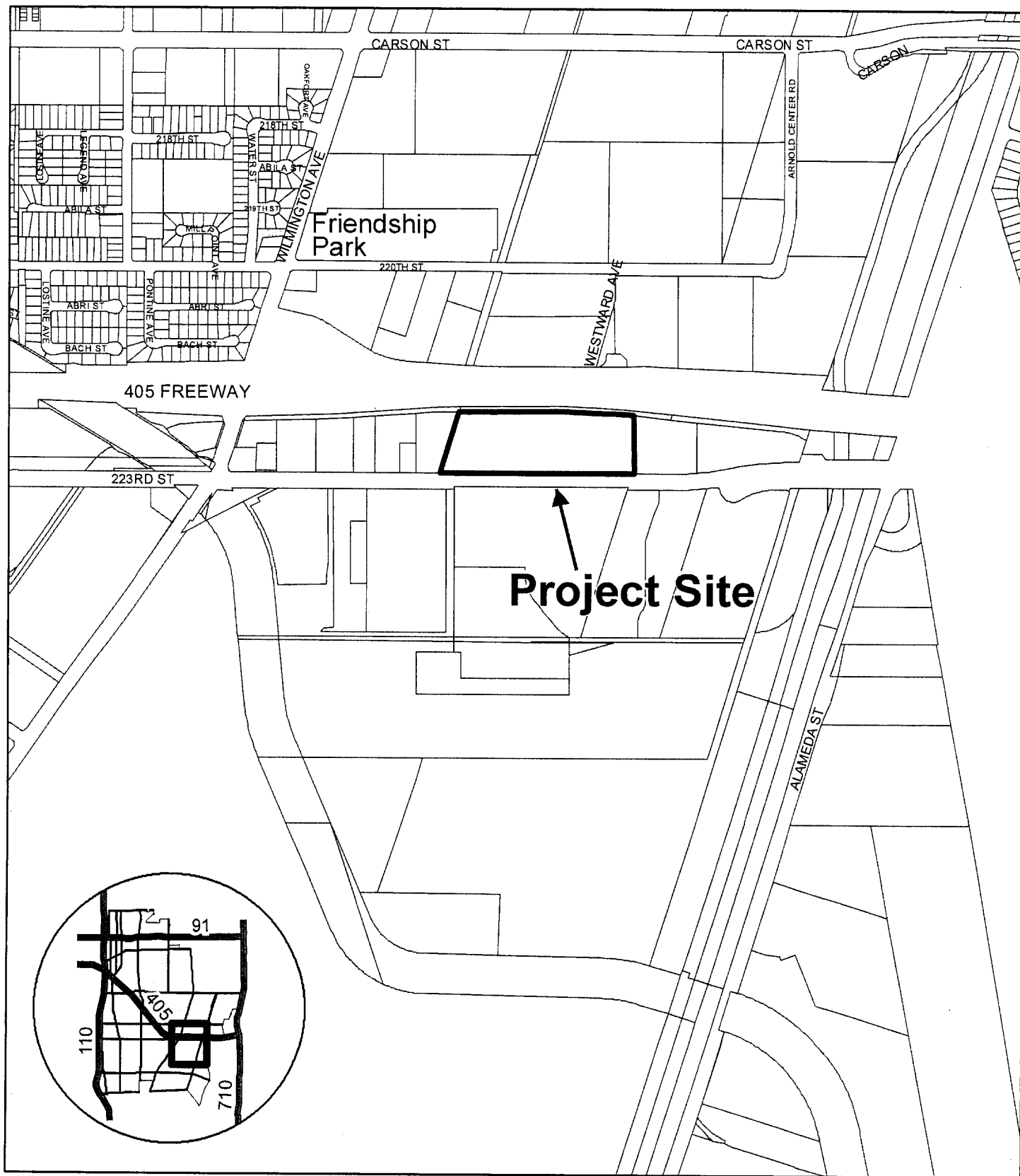
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

THE EASTERLY 235.83 FEET OF THAT PORTION OF LOT 5 IN BLOCK "C" OF SUBDIVISION OF A PART OF THE RANCHO SAN PEDRO, (ALSO KNOWN AS DOMINGUEZ COLONY), IN THE CITY OF CARSON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAPS RECORDED IN BOOK 1 PAGES 601 AND 602, AND BOOK 32 PAGES 97 AND 98, OF MISCELLANEOUS RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AS FOLLOWS:

ON THE NORTH BY THE SOUTHERLY LINE OF THAT CERTAIN PARCEL OF LAND DESCRIBED IN DEED TO THE STATE OF CALIFORNIA AS RECORDED IN BOOK D-748 PAGE 676 OF OFFICIAL RECORDS OF SAID COUNTY, (NOW KNOWN AS THE SAN DIEGO FREEWAY); ON THE SOUTH BY A LINE WHICH IS PARALLEL WITH AND DISTANT NORTHERLY 50 FEET, MEASURED AT RIGHT ANGLES FROM THE CENTERLINE OF 223RD STREET AS SAID CENTERLINE IS SHOWN ON COUNTY SURVEYOR'S MAP NO. B-793, SHEET 2, ON FILE IN THE OFFICE OF THE COUNTY ENGINEER; ON THE WEST BY THE WESTERLY LINE OF SAID LOT 5; AND ON THE EAST BY A LINE WHICH IS AT RIGHT ANGLES TO SAID LAST MENTIONED CENTERLINE, AND PASSES THROUGH A POINT IN SAID CENTERLINE, DISTANT EASTERLY 1225.59 FEET FROM THE SOUTHERLY PROLONGATION OF SAID WESTERLY LINE OF LOT 5.

AFFECT APN: 7315-040-903



Location Map
2201 E 223rd St

