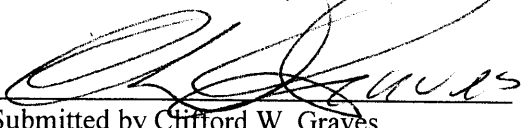




City of Carson Report to Redevelopment Agency

December 6, 2011
Special Orders of the Day

SUBJECT: JOINT PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION NO. 11-57 APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND WIN CHEVROLET PROPERTIES, LLC, AND WIN CHEVROLET, INC., FOR THE PURCHASE AND SALE OF THE AGENCY-OWNED PROPERTY LOCATED AT 2201 EAST 223RD STREET (CARSON CONSOLIDATED PROJECT AREA)


Submitted by Clifford W. Graves
Economic Development General Manager


Approved by David C. Biggs
Executive Director

THIS IS A JOINT AGENDA ITEM

I. SUMMARY

The subject of this report is a disposition and development agreement (DDA) by and between the Carson Redevelopment Agency (Agency) and WIN Chevrolet Properties, LLC and WIN Chevrolet, Inc. (collectively, WIN Chevrolet), which would be effectuated by adoption of Resolution No. 11-57 (Exhibit No. 1). WIN Chevrolet desires to purchase the 10.79-acre, Agency-owned, property located at 2201 East 223rd Street (Site) (Exhibit No. 2) pursuant to the terms of an existing enforceable obligation (the current ground lease between the two parties) for the continued operation of a Chevrolet and Hyundai dealership on the Site.

II. RECOMMENDATION

TAKE the following actions:

1. OPEN the joint Public Hearing, TAKE public testimony, and CLOSE the joint Public Hearing.
2. WAIVE further reading and ADOPT Resolution No. 11-57, "A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND WIN CHEVROLET PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION AND WIN CHEVROLET, INC., A CALIFORNIA CORPORATION, FOR THE PURCHASE AND SALE OF THE PROPERTY LOCATED AT 2201 EAST 223RD STREET (CARSON CONSOLIDATED PROJECT AREA)."
3. AUTHORIZE the Agency Chairman to execute the disposition and development agreement following approval as to form by the Agency Counsel.

III. ALTERNATIVES

1. MODIFY and APPROVE the agreement as the Agency Board may require.
2. TAKE another action the Agency Board deems appropriate.

IV. BACKGROUND

The Agency purchased the Site from C-P Land Company in April of 2009, and leased it back to Cormier Chevrolet Company (Cormier) to allow for the continued operation of the dealership at the Site. The lease is an enforceable obligation of the Agency. One of the lease provisions requires that the Agency sell the Site back to Cormier at fair market value upon Cormier's request to repurchase the Site.

In September of 2011, Cormier advised Agency staff that it desired to exercise its repurchase rights. The Agency then commissioned an appraisal which determined the fair market value of the Site to be \$12 million, including improvements and a 20-year covenant to remain an auto dealership.

During negotiations with the Agency, Cormier was approached by WIN Chevrolet with an offer to both assume the lease and create a new dealership of which Cormier's president, John Peterson, would be a partner in both the land and dealership. WIN Chevrolet is comprised of very experienced and well capitalized auto sales professionals. Thus, the transaction was authorized by the Agency, again pursuant to the existing lease, at its regular meeting on November 15, 2011 (Exhibit No. 3). A DDA between the Agency and WIN Chevrolet (Exhibit No. 4) was then negotiated for the sale and purchase of the Site.

Pursuant to the DDA, the Agency will sell the Site to WIN Chevrolet for the purchase price of \$12,000,000.00. WIN Chevrolet will pay \$5,000,000.00 in cash to the Agency and provide a performance promissory note (Note) secured by a deed of trust in the amount of \$7,000,000.00 for the balance. The Note amount will be reduced at a rate of 1/20th of the original principal balance each year that the dealership operates in compliance with the 20-year operating covenant. If the dealership ceases to operate, WIN Chevrolet will owe the balance of the Note.

There will be a second note secured by a deed of trust in the amount of \$500,000.00, payable if WIN Chevrolet fails to upgrade the existing Chevrolet dealership and build a new Hyundai vehicle showroom at a combined cost of at least \$2,800,000.00 within five years of the effective date of the DDA.

A summary report (Exhibit No. 5) has been prepared pursuant to the requirements of Section 33433 of the California Health and Safety Code (Summary Report). The Summary Report must include:

- 1) The cost of the agreement to the Agency.
- 2) The estimated value of the interest to be conveyed determined at the highest and best use permitted under the plan (current market value).
- 3) The estimated value of the interest to be conveyed or leased, determined at the use with the conditions, covenants, and development costs required by the sale.

or lease. This is determined by a reuse appraisal previously prepared for the project.

- 4) An explanation of why the sale or lease of the property will assist in the elimination of blight.

Staff recommends that the Agency Board adopt Resolution No. 11-57 approving the DDA between the Agency and WIN Chevrolet.

V. FISCAL IMPACT

The Agency will receive the cash portion of the purchase price in the amount of \$5,000,000.00.

VI. EXHIBITS

1. Resolution No. 11-57. (pgs. 4-6)
2. Vicinity Map. (pg. 7)
3. Minutes November 15, 2011, Item No. 3. (pg. 8)
4. Disposition and Development Agreement. (pgs. 9-90)
5. Summary Report Pursuant to Section 33433 of the California Community Redevelopment Law. (pgs. 91-98)

Prepared by: William N. Watkins, Redevelopment Project Analyst

TO: Rev091911

Reviewed by:

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

Action taken by Redevelopment Agency

Date _____ Action _____

RESOLUTION NO. 11-57

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, MAKING CERTAIN FINDINGS AND APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND WIN CHEVROLET PROPERTIES, LLC, A CALIFORNIA LIMITED LIABILITY CORPORATION AND WIN CHEVROLET, INC., A CALIFORNIA CORPORATION, FOR THE PURCHASE AND SALE OF THE PROPERTY LOCATED AT 2201 EAST 223RD STREET (CARSON CONSOLIDATED PROJECT AREA)

WHEREAS, the Carson Redevelopment Agency (Agency) has been duly created, established and authorized to transact business and exercise its powers under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California); and

WHEREAS, to effectuate the provisions of the redevelopment plan (Redevelopment Plan) for the Carson Consolidated Project Area (Project Area), the Agency is considering selling the 10.79-acre, Agency-owned, property located at 2201 East 223rd Street (Site) to WIN Chevrolet Properties, LLC and WIN Chevrolet, Inc. (collectively, WIN Chevrolet) to allow for the continued operation of an automobile dealership (Project) on the Site; and

WHEREAS, the Agency purchased the Site from C-P Land Company in April of 2009, and leased it back to Cormier Chevrolet Company (Cormier) to allow for the continued operation of the dealership at the Site. The lease is an enforceable obligation of the Agency. One of the lease provisions requires that the Agency sell the Site back to Cormier at fair market value upon Cormier's request to repurchase the Site; and

WHEREAS, in September of 2011, Cormier advised Agency staff that it desired to exercise its repurchase rights. During negotiations with the Agency, Cormier was approached by WIN Chevrolet with an offer to both assume the lease and create a new dealership of which Cormier's president, John Peterson, would be a partner in both the land and dealership. WIN Chevrolet is comprised of very experienced and well capitalized auto sales professionals. Thus, the transaction was authorized by the Agency, again pursuant to the existing lease, at its regular meeting on November 15, 2011; and

WHEREAS, a disposition and development agreement (DDA) between the Agency and WIN Chevrolet was then negotiated for the sale and purchase of the Site at fair market value of \$12,000,000.00; and

WHEREAS, Community Redevelopment Law Section 33433 requires that the Agency Board and the City Council approve the DDA, that certain findings be made and that the Summary Report and a copy of the DDA be made available for public inspection; and

EXHIBIT NO. - 1

WHEREAS, on December 6, 2011, the Agency and the City Council conducted and concluded a duly noticed joint public hearing pursuant to Section 33433 to consider the DDA and the Summary Report; and

WHEREAS, in accordance with the California Environmental Quality Act (California Public Resources Code Section 21000 et seq. CEQA), the Agency has examined the potential impacts of the Project on the environment; and

WHEREAS, all legal prerequisites to the adoption of this resolution have occurred.

NOW, THEREFORE, based on the evidence presented to the Agency, including the written staff report and oral testimony on this matter, and the 33433 Report, the Agency does hereby find, determine and resolve as follows:

Section 1. The above recitals are all true and correct and adopted as findings.

Section 2. The DDA is consistent with the Agency's adopted Redevelopment Plan for the Project Area and the Agency's Implementation Plan adopted pursuant to California Health and Safety Code Section 33490.

Section 3. The Project is exempt from CEQA Guidelines pursuant to Section 15061(b)(3), which exempts projects where it can be positively determined that the activity does not have the potential to cause a significant effect on the environment. The Agency hereby determines that the Project does not have the potential to cause a significant effect on the environment.

Section 4. The consideration to be paid by WIN Chevrolet for the Site pursuant to the DDA is not less than fair market value at its highest and best use in accordance with the Redevelopment Plan. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

Section 5. The sale of the Site to WIN Chevrolet will allow for the operation of an automobile dealership on the Site. Thus, the DDA will prevent physical and economic blighting conditions from occurring on the Site. The facts set forth in the Summary Report prepared for the DDA are incorporated herein.

Section 6. The DDA, a copy of which is available at the Economic Development Department, and by this reference incorporated herein, and the instruments referenced therein are hereby approved.

Section 7. The Chairman and/or Executive Director and/or any other authorized officers are hereby authorized to take such actions, perform such deeds, and execute, acknowledge and deliver such instruments and documents as they deem necessary to effectuate the transactions contemplated under the DDA.

PASSED, APPROVED and ADOPTED this _____ day of December, 2011.

ATTEST:

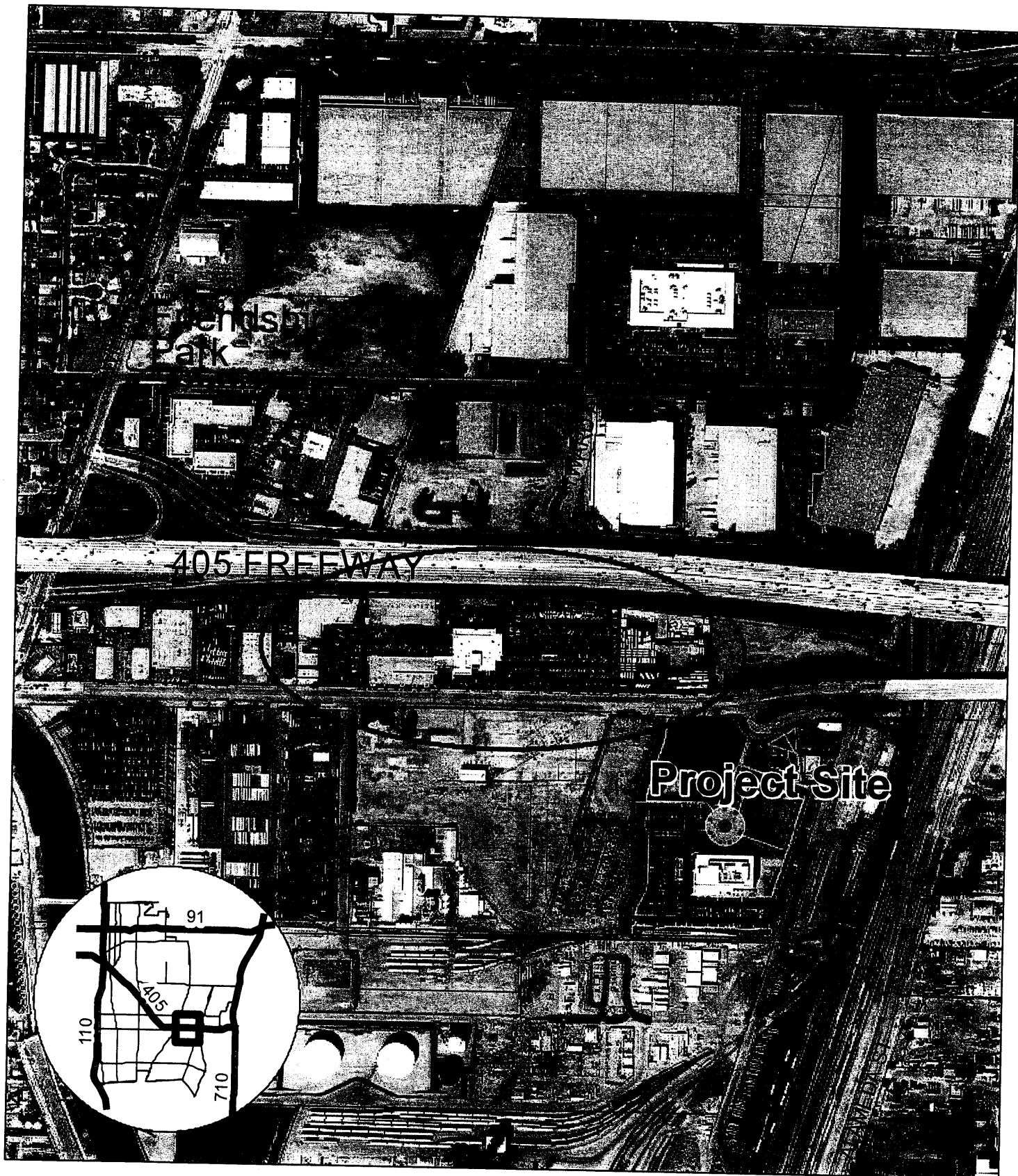
Chairman Jim Dear

Agency Secretary Helen S. Kawagoe

APPROVED AS TO FORM:

Agency Counsel





Site Map
2201 E. 223rd St

ITEM NO. (3) CONSIDER ALLOWING CORMIER CHEVROLET COMPANY TO ASSIGN ITS GROUND LEASE HOLD INTEREST IN THE AGENCY-OWNED PROPERTY LOCATED AT 2201 E. 223RD STREET TO WIN CHEVROLET, INC. (CARSON CONSOLIDATED PROJECT AREA) (ECONOMIC DEVELOPMENT)

RECOMMENDATION for the Redevelopment Agency:

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.

ACTION: Item No. 3 was approved on the New Business Consent Calendar on motion of Dear, seconded by Santarina and unanimously carried by the following vote:

Ayes: Mayor/Chairman Dear, Mayor Pro Tem/Vice Chairman Ruiz-Raber, Council/Agency Member Davis Holmes, Council/Agency Member Gipson, and Council/Agency Member Santarina
Noes: None
Abstain: None
Absent: None

2011 DISPOSITION AND DEVELOPMENT AGREEMENT

By and Between

CARSON REDEVELOPMENT AGENCY

and

WIN CHEVROLET PROPERTIES, LLC

and

WIN CHEVROLET INC.

EXHIBIT NO. - 4

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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 _____, 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 _____.

(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 obligations 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) 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 _____, 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."

DEVELOPER'S INITIALS: _____ AGENCY'S INITIALS: _____

Developer and each of the entities constituting Developer, shall, from and after the Closing, defend, indemnify and hold harmless Agency, City and their officers, directors,

employees, agents and representatives (collectively, the Indemnified Parties) from and against any and all Environmental Claims, Environmental Cleanup Liability, Environmental Compliance Costs, and any other claims, actions, suits, legal or administrative orders or proceedings, demands or other liabilities resulting at any time from the physical and/or environmental conditions of the Site whether before or after the Closing or from the existence of any Hazardous Materials or the release or threatened release of any Hazardous Materials of any kind whatsoever, in, on or under the Site occurring at any time whether before or after the Closing, including, but not limited to, all foreseeable and unforeseeable damages, fees, costs, losses and expenses, including any and all attorneys' fees and environmental consultant fees and investigation costs and expenses, directly or indirectly arising therefrom, and including fines and penalties of any nature whatsoever, assessed, levied or asserted against any Indemnified Parties to the extent that the fines and/or penalties are the result of a violation or an alleged violation of any Environmental Law. Developer further agrees that in the event Developer obtains, from former or present owners of the Site or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this Section, Developer shall use its diligent efforts to obtain for Agency and City the same releases, indemnities and other comparable provisions.

For purposes of this Section, the following terms shall have the following meanings:

"Environmental Claim" means any claim for personal injury, death and/or property damage made, asserted or prosecuted by or on behalf of any third party, including, without limitation, any governmental entity, relating to the Site or its operations and arising or alleged to arise under any Environmental Law.

"Environmental Cleanup Liability" means any cost or expense of any nature whatsoever incurred to contain, remove, remedy, clean up, or abate any contamination or any Hazardous Materials on or under all or any part of the Site, including the ground water thereunder, including, without limitation, (i) any direct costs or expenses for investigation, study, assessment, legal representation, cost recovery by governmental agencies, or ongoing monitoring in connection therewith and (ii) any cost, expense, loss or damage incurred with respect to the Site or its operation as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, treatment, cleanup or abatement.

"Environmental Compliance Cost" means any cost or expense of any nature whatsoever necessary to enable the Site to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Site is capable of such compliance.

"Environmental Law" means any federal, state or local statute, ordinance, rule, regulation, order, consent decree, judgment or common-law doctrine, and provisions and conditions of permits, licenses and other operating authorizations relating to (i) pollution or protection of the environment, including natural resources, (ii) exposure of persons, including 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 derivate 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 of 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

Attn: _____

If to Operator: Win Chevrolet, Inc.

Attn: _____

With a copy to: _____

Attn: _____

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

ATTEST:

By: _____
Chairman Jim Dear

By: _____
Agency Secretary Helen S. Kawagoe

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

Agency Counsel

“Developer”

“Owner”

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

By: _____

By: _____
“Operator”

WIN CHEVROLET, INC.,
a California corporation

By: _____

By: _____

EXHIBIT "A"
LEGAL DESCRIPTION OF THE SITE



EXHIBIT "B"

SITE MAP



EXHIBIT "C"

FREE RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

CARSON REDEVELOPMENT AGENCY
1 Civic Plaza Drive, Suite 500
Carson, CA 90745
Attn: Executive Director

(Space Above Line for Recorder's Use Only)

GRANT DEED

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the Carson Redevelopment Agency, a public body, corporate and politic, herein called "Grantor," acting under the Community Redevelopment Law of the State of California, hereby grants to Win Chevrolet Properties, LLC, a California limited liability corporation, herein called "Grantee," the real property, hereinafter referred to as the "Site," in the City of Carson, County of Los Angeles, State of California, more particularly described in Attachment No. 1 attached hereto and incorporated herein by this reference. The Site shall not include the cell tower structure owned by Wireless Capital Partners which shall remain its property according to the terms of that certain Purchase and Sale of Lease and Successor Lease dated November 8, 2005 between the Cormier Chevrolet Inc. and Wireless Capital Partners, LLC, a Delaware limited liability company.

As conditions of this conveyance, the Grantee covenants by and for itself and any successors-in-interest for the benefit of Grantor and the City of Carson, a municipal corporation, as follows:

1. Governing Documents.

The Site is being conveyed (i) pursuant to a Disposition and Development Agreement (the DDA) entered into by and among Grantor and Grantee and Win Chevrolet, Inc. and dated _____, 2011, and (ii) subject to the terms of the DDA, that certain Operating Covenant dated _____, 2011 (the Operating Covenant) and this Deed. The DDA is a public record on file in the office of the City Clerk of the City of Carson, located at 701 East Carson Street, Carson, California 90745-2224, and is incorporated herein by this reference. Any capitalized terms not defined herein shall have the meanings ascribed to them in the DDA. The Site is also conveyed subject to easements and rights-of-way of record and other matters of record. In the event of any conflict between this Deed and the DDA, the provisions of the DDA shall control.

2. Term of Restriction.

Pursuant to the DDA, Grantee hereby covenants and agrees for itself, its lessees, its successors, its assigns, and every successor in interest to the Site that Grantee, such lessees,

successors and assigns, shall not develop, operate, maintain or use the Site in violation of the terms and conditions of this Deed or the Operating Covenant for the term of the Redevelopment Plan; provided that, however, the covenants contained in Sections 3 and 4 shall remain in effect in perpetuity.

3. Non-Discrimination.

Grantee covenants that there shall be no discrimination against, or segregation of, any persons, or group of persons, on account of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin in the rental, sale, lease, sublease, transfer, use, occupancy, or enjoyment of the Site, or any portion thereof, nor shall Grantee, or any person claiming under or through Grantee, 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. Form of Nondiscrimination Clauses in Agreements.

Grantee shall refrain from restricting the rental, sale, or lease of any portion of the Site on the basis of race, color, creed, religion, sex, marital status, age, physical or mental disability, ancestry, or national origin of any person. All such deeds, leases, or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) Deeds: In deeds the following language shall appear: “. . . the grantee herein covenants by and for itself, its 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, age, physical or mental disability, ancestry, or national origin in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee itself, or any persons claiming under or through it, 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.”

(b) Leases: In leases the following language shall appear: “The lessee herein covenants by and for itself, its heirs, executors, administrators, successors, and assigns, and all persons claiming under or through them, and this lease is made and accepted upon and subject to the following conditions:

“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, age, physical or mental disability, ancestry, or national origin in the leasing, subleasing, renting, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee itself, or any person claiming under or through it, 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 land herein leased.”

(c) Contracts: In contracts the following language shall appear: “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, age, physical or mental disability, ancestry, or national origin in the sale, lease, rental, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself, or any person claiming under or through it, 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 land.”

The foregoing covenants shall remain in effect in perpetuity.

5. Covenants to Run With the Land.

The covenants contained in this Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title, and shall be binding upon Grantee, its heirs, successors and assigns to the Site, whether their interest shall be fee, easement, leasehold, beneficial or otherwise.

6. Counterparts.

This Deed may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers or agents hereunto.

GRANTOR:

CARSON REDEVELOPMENT AGENCY,
a public body, corporate and politic

By: _____
Chairman Jim Dear

ATTEST:

By: _____
Agency Secretary Helen S. Kawagoe

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Agency Counsel

By its acceptance of this Deed, Grantor hereby agrees as follows:

1. Grantee expressly understands and agrees that the terms of this Deed shall be deemed to be covenants running with the land and shall apply to all of the Grantee's successors and assigns (except as specifically set forth in the Deed).
2. The provisions of this Deed are hereby approved and accepted.

GRANTEE:

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

By: _____

By: _____



STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)

STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)

ATTACHMENT 1

DESCRIPTION OF SITE

That certain real property located in the City of Carson, County of Los Angeles, State of California described as follows:



EXHIBIT "D"

PURCHASE PRICE PROMISSORY NOTE SECURED BY DEED OF TRUST

\$7,000,000.00

_____, 2011
_____, California

1. BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation and WIN CHEVROLET, INC., a California corporation (jointly, Borrower), promises to pay to the Carson Redevelopment Agency, a public body, corporate and politic (Agency), or its successor-in-interest, as lender herein, at its office at 701 East Carson Street, Carson, California 90745, or at such other place as Agency may from time to time designate in writing, the principal sum of Seven Million Dollars (\$7,000,000.00) (Note Amount), as described in Section 3 below, in accordance with that certain Disposition and Development Agreement dated as of December 6, 2011 (the Agreement) by and between Borrower and Agency. As used herein, the term "Agency" shall mean Agency and any subsequent holder of this Purchase Price Promissory Note Secured by Deed of Trust (this Note), whichever is applicable from time to time.

2. SECURITY. This Note evidences a loan (the Loan) from Agency to Borrower for the Note Amount. The Loan is made pursuant to the Agreement and secured by the Purchase Price Deed of Trust of even date herewith (the Deed of Trust), executed by Borrower as trustor, to Fidelity National Title Company, a California corporation, as Trustee, and naming Agency as beneficiary, creating a lien on that certain real property described in "Exhibit 1" attached hereto and incorporated by reference herein, together with all structures and improvements thereon (the Site). The Site shall not include the cell tower structure owned by Wireless Capital Partners which shall remain its property according to the terms of that certain Purchase and Sale of Lease and Successor Lease dated November 8, 2005 between the Cormier Chevrolet Inc. and Wireless Capital Partners, LLC, a Delaware limited liability company. The purpose of the Loan is to provide Borrower assistance to purchase property from Agency to allow Borrower to continuously maintain and operate the existing Chevrolet and Hyundai auto dealership businesses on the Site for a period of at least 20 years. Borrower or an Agency-authorized successor entity shall own and operate said existing business (on the Site in accordance with the terms of the Agreement and that certain Operating Covenant dated December 6, 2011 (the Operating Covenant) as described more fully in the Agreement.

3. PAYMENTS OF PRINCIPAL AND INTEREST. This 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 of the Note Amount (\$7,000,000.00) each year such that \$350,000.00 shall be forgiven each year that Borrower is in compliance with all applicable obligations under the Agreement, Grant Deed and Operating Covenant. Agency shall provide a notice of non-compliance (the Notice) specifying the alleged event of non-compliance (the Non-compliance

Event) to Borrower no later than thirty (30) days after each anniversary of the then expiring year or any alleged Non-compliance Event by Borrower for the year then expiring shall be deemed waived for that year. If Borrower receives such Notice, any Non-compliance Event shall be deemed cured, and Borrower will be entitled to its annual loan forgiveness, provided that Borrower commences and diligently proceeds to cure with diligence to completion such Non-compliance Event within thirty (30) days of receiving such Notice. Any outstanding balance on the Note Amount shall be due and payable twenty (20) years after the transfer of the Site from Agency to the Borrower (Maturity Date).

The Note Amount shall accrue no interest.

4. EVENT OF ACCELERATION. The Loan shall be repaid or earned as described in Section 3 or, if not yet earned, shall be immediately repayable upon an event of acceleration as described in this Section. Any unauthorized sale or transfer of the Site by Borrower shall cause the outstanding Note Amount to become immediately due and payable. Similarly, in the event that Borrower or its Agency-Approved Successor (i) ceases to operate the Chevrolet and Hyundai vehicle dealerships or Agency-approved alternative dealerships on the Site as required by the Agreement, or (ii) fails to reasonably comply with the terms and conditions of the Agreement, Grant Deed or Operating Covenant prior to the Maturity Date, the Note Amount shall be immediately due and payable.

The failure of Borrower and/or an Agency-Approved Successor Entity to operate a Chevrolet and Hyundai vehicle franchise dealership (or another Agency-approved alternative vehicle franchise dealership(s) as determined under Section 4.2 of the Agreement) is a breach of the Agreement and an Event of Acceleration under this Note. Should the Borrower or an Agency-approved successor entity go dark and cease to operate the Chevrolet and Hyundai vehicle franchise dealerships on the Site for thirty (30) consecutive days, Borrower must replace such said dealership with another Agency-approved vehicle franchise dealership within six months or Borrower is in breach of the Agreement and this Note. Said six month period may be extended by the Agency's Executive Director if Borrower 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. Moreover, Borrower shall not earn forgiveness of the Note Amount during any period in which the Chevrolet and Hyundai vehicle franchise dealerships (or other Agency-approved alternative dealerships) (A) are not in operation on the Site or (B) are not being maintained as required by the Agreement, Grant Deed or Operating Covenant.

5. NOTE PAYABLE IN U.S. DOLLARS. All cash payments of principal and all other cash payment charges due hereunder shall be payable in lawful money of the United States.

6. COSTS OF COLLECTION. Borrower, together with all co-obligors, sureties, endorsers and guarantors of this Note, jointly and severally, promise to pay: (a) all reasonable costs and expenses of collection, including without limitation attorneys' fees, in the event this Note or any portion of this Note is placed in the hands of attorneys for collection and such collection is effected without suit; (b) attorneys' fees, as determined by the judge of a court of competent jurisdiction, and all other reasonable costs, expenses and fees, as determined by the judge of a court of competent jurisdiction, and all other costs, expenses and fees incurred by

Agency in the event suit is instituted to collect this Note or any portion of this Note; (c) all reasonable costs and expenses provided for in the Deed of Trust or in any other instrument given as security for this Note and/or incurred by or on behalf of the Agency in connection with collecting or otherwise enforcing any right of Agency under this Note, the Deed of Trust, or any other instrument given as security for this Note; and (d) all reasonable costs and expenses, including, without limitation, attorneys' fees incurred by Agency in connection with any bankruptcy, insolvency or reorganization proceeding or receivership in which Borrower is involved, including, without limitation, attorneys' fees incurred in making any appearance in any such proceeding or in seeking relief from any stay or injunction issued in or arising out of any such proceeding.

7. AMENDMENTS. This Note may only be amended by in writing signed by both parties.

8. CERTAIN WAIVERS. Subject to any provision expressly requiring notice hereunder, and except as otherwise required by law, Borrower hereby waives diligence, grace, demand, presentment for payment, exhibition of this Note, protest, notice of protest, notice of dishonor, notice of demand, notice of nonpayment, and any and all exemption rights against the indebtedness evidenced by this Note, and agrees that no extension, renewal or partial payment shall release Borrower from the obligation of payment of this Note or any installment of this Note, and consents to offsets of any sums owed to Borrower by Agency at any time.

9. SEVERABILITY. If any provision of this Note, or the application of it to any party or circumstance, is held to be invalid by a court of competent jurisdiction, the remainder of this Note, and the application of such provision to other parties or circumstances, shall not be affected thereby, the provisions of this Note being severable in each instance.

10. ASSIGNMENT. Agency shall have the right to sell, assign or otherwise transfer, either in part or in its entirety, this Note, the Deed of Trust, and any other instrument evidencing or securing the indebtedness of this Note to any party upon prior written notice to but without Borrower's consent.

In no event shall Borrower assign or transfer any portion of this Promissory Note except to an Agency-Approved Successor Entity.

11. TIME OF ESSENCE. Time is of the essence for each and every obligation under this Note.

12. GOVERNING LAW. This Note shall be governed by and construed in accordance with the laws of the State of California.

13. HEADINGS. Headings at the beginning of each numbered paragraph of this Note are intended solely for convenience and are not to be deemed or construed to be part of this Note.

14. NOTICES. Any notices to be given to either party under this Note shall be given pursuant to the Agreement.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note as of the date and year written above.

“BORROWER”

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

DATED: _____

By: _____

By: _____

WIN CHEVROLET, INC.,
a California corporation

DATED: _____

By: _____

By: _____



EXHIBIT "E"

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CARSON REDEVELOPMENT AGENCY
1 Civic Plaza Drive, Suite 500
Carson, CA 90745
Attn: EXECUTIVE DIRECTOR

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

PURCHASE PRICE DEED OF TRUST AND ASSIGNMENT OF RENTS

(Los Angeles County)

THIS PURCHASE PRICE DEED OF TRUST AND ASSIGNMENT OF RENTS is made as of the ____ day of _____, 2011, by and among WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation and WIN CHEVROLET, INC., a California corporation (collectively, the Trustor), whose address is _____, Fidelity National Title Company (the Trustee), and the CARSON REDEVELOPMENT AGENCY or its successor-in-interest (the Beneficiary), whose address is 701 East Carson Street, Carson, California 90745.

FOR GOOD AND VALUABLE CONSIDERATION, including the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the property as described in Exhibit 1, attached hereto and by this reference incorporated herein (the Property);

TOGETHER WITH all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively, the rents);

TOGETHER WITH all interests, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including, without limiting the generality of the foregoing, all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements now or hereafter erected upon the Property (including, in each instance, improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor); but exclusive of all fixtures, attachments, appliances, furnishings, equipment and machinery (whether fixed or movable);

TOGETHER WITH all leasehold estate, right, title and interest of Trustor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH all right, title and interest of Trustor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Property;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages; and

All of the foregoing, together with the Property, is herein referred to as the "Security".

FOR THE PURPOSE OF SECURING:

(a) Payment of the loan in the amount of Seven Million Dollars (\$7,000,000.00) according to the "Purchase Price Promissory Note," sometimes referred to herein as the "Note," as further described in the "Agreement" as defined herein;

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Purchase Price Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period and upon five (5) business days notice to the Trustor, with interest thereon as provided herein;

(c) Payment of such additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes or other documents reciting that they are secured by this Purchase Price Deed of Trust; and

(d) Performance of every obligation, covenant or agreement of Trustor contained herein or the Agreement (and any amendments thereto).

ARTICLE I

DEFINITIONS

1. "Agreement" or "DDA" means that certain Disposition and Development Agreement entered into by the Trustor and the Beneficiary hereof, dated December 6, 2011; said Agreement (a copy of which is on file with the Beneficiary at the address stated above, and including all of its attachments) is incorporated herein by reference.

2. "Expiration Date" means the expiration date of the Operating Covenant which is twenty (20) years after Close of Escrow pursuant to the Agreement.

3. "Mortgage" means any permanent or long-term loan, or any other financing device (including without limitation deeds of trust) the proceeds of which are used in connection with the Property, which loan is secured by a security financing interest in the Trustor's interest in the Property.

4. "Operating Covenant" means that certain Operating Covenant dated _____, 2011, which shall be executed by Win Chevrolet, Inc., a California corporation, and recorded against the Property in the Official Records of Los Angeles County, California, to regulate the use and maintenance of the Property.

5. "Property" means the land described on Exhibit 1 together with all additions, improvements, restorations and replacements thereof.

6. "Trustor" means Win Chevrolet Properties, LLC, a California limited liability corporation, and Win Chevrolet, Inc., a California corporation, jointly and severally, and each of their transferees and successors in interest. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferees or successors in interest. Where the terms of this Purchase Price Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee.

Unless the context clearly otherwise requires, any capitalized term used herein and not defined herein shall have the meaning given to it under the Agreement (and any amendments thereto).

ARTICLE II

CERTIFICATE OF COMPLETION UPON PAYMENT;

GRANTING OF EASEMENTS

Section 2.1 Maintenance and Modification of the Property by Trustor. The Trustor agrees that at all times prior to the Expiration Date, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Property or cause the Property to be maintained, preserved and kept in a condition consisting only of those uses allowed by the Agreement and the Operating Covenant. The Trustor or its agent will from time to time make or cause to be

made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Property.

Section 2.2 Granting of Easements. Trustor may grant easements, licenses, rights-of-way or other similar rights or privileges in the nature of easements with respect to any property or rights included in the Security with the prior written approval of the Beneficiary, which approval shall not be unreasonably withheld.

ARTICLE III

TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid, prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings. With respect to special assessments or other similar governmental charges, Trustor shall pay such amount in whole or in installments over a period of years.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay any such item within seven (7) business days of the earlier of the receipt or mailing of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted under Section 1(2) of Article XV of the California Constitution, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor hereby agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

(a) Trustor agrees to provide insurance covering one hundred percent (100%) of the replacement cost of all insurable items within the Property in the event of fire, lightning, debris removal, windstorm, flood, vandalism, malicious mischief, theft, mysterious disappearance and hazards, casualties and contingencies as are normally and usually covered by all-risk policies in effect in the locality where the Property is situated.

(b) Trustor agrees to carry or cause to be carried a comprehensive general liability insurance with respect to the Property with limits of not less than One Million Dollars (\$1,000,000.00) for each occurrence combined single-limit bodily injury and property damage.

(c) All such insurance policies and coverages (i) shall be maintained at Trustor's sole cost and expense so long as any part of the amounts secured by this Purchase Price Deed of Trust have not been paid, (ii) shall be with insurers of recognized responsibility, and in form and substance satisfactory to the Beneficiary, (iii) shall name Beneficiary as additional insured, and (iv) shall contain a provision to the effect that the insurer shall not cancel the policy

or modify it materially and adversely to the interests of Beneficiary without first giving at least thirty (30) days' prior written notice thereof. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefore at any time prior to the Expiration Date.

Section 3.3 Advances. In the event the Trustor shall fail to maintain the full insurance coverage required by this Purchase Price Deed of Trust or shall fail to keep the Property in good repair and operating condition, the Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premium on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and, provided that the Beneficiary provides five (5) business days' notice to the Trustor all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

ARTICLE IV

DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Damage and Destruction. If, prior to the Expiration Date, the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, the Trustor shall (a) cause any insurance proceeds arising from insurance referred to in Section 3.2 hereof and any other coverage acquired by the Trustor to be used to promptly rebuild and replace the Property, and (b) repair and replace the Property as necessary to bring the Property into conformity with the Standards; provided that such covenants shall be subordinated to the provisions of all senior obligations to which this Purchase Price Deed of Trust is subordinate.

Section 4.2 Condemnation. Subject to the provisions of senior obligations to which this Purchase Price Deed of Trust is subordinate, if title to or any interest in or the temporary use of the Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, including any proceeding or purchase in lieu thereof, the proceeds as a result of such taking shall be paid as provided by the law of the State of California to all persons or entities as their interests appear of record.

ARTICLE V

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE TRUSTOR

Section 5.1 Defense of the Title. The Trustor covenants that it is lawfully seized and possessed of title in fee simple to the Property, that it has good right to sell, convey or otherwise transfer or encumber the same, and that the Trustor, for itself and its successors and assigns, warrants and will forever defend the right and title to the foregoing described and conveyed property unto the Beneficiary, its successors and assigns, against the claims of all persons whomsoever, excepting only encumbrances approved by the Beneficiary.

Section 5.2 Inspection of the Property. The Trustor covenants and agrees that at any and all reasonable times and upon reasonable notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Property.

ARTICLE VI

AGREEMENTS AFFECTING THE PROPERTY;

FURTHER ASSURANCES

Section 6.1 Other Agreements Affecting Property. The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Agreement, the Purchase Price Note, the Showroom Note, the Operating Covenant or any other agreement of any nature whatsoever now or hereafter involving or affecting the Property or any part thereof.

Section 6.2 Acceleration of Maturity. With respect to the Note Amount, as defined in the Purchase Price Note, if Trustor shall sell, or alienate the Property, or any part thereof, or any interest therein, or be divested of Trustor's title or any interest therein in any manner, whether voluntarily or involuntarily, without the prior written consent of Beneficiary (which written consent shall be deemed given if such sale or alienation is to an Agency-Approved Successor Entity), or if default is made in the payment of any principal payable under the secured Purchase Price Note or in the performance of the covenants or agreements hereof, or any of them, or should Trustor fail to continuously operate the Chevrolet and Hyundai (or other Agency-approved) vehicle franchise dealerships on the Property for a period of more than thirty (30) consecutive days, or should Trustor fail to reasonably comply with the terms of the Agreement, the Grant Deed or the Operating Covenant, Beneficiary shall have the right at its option to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in the Note evidencing the same, immediately due and payable.

Section 6.3 Further Assurances; After Acquired Property. At any time, and from time to time, upon request by the Beneficiary, the Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and, where appropriate, cause to be recorded and/or filed, and from time to time thereafter to be recorded and/or filed, and from time to time thereafter to be re-recorded and/or refiled, at such time and in such offices and places as shall be deemed desirable by the Beneficiary, any and all such other and further deeds of trust, security agreements, financing statements respecting personal property, instruments of further assurance, certificates and other documents as may, in the opinion of the Beneficiary, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, (a) the obligations of the Trustor under this Purchase Price Deed of Trust, and (b) the lien of this Purchase Price Deed of Trust as a lien prior to all liens except those obligations which shall be senior obligations pursuant to the provisions of this Purchase Price Deed of Trust. The lien hereof shall automatically attach, without further act, to all after-acquired property deemed to be part of the Security as defined herein.



Section 6.4 Agreement to Pay Attorney's Fees and Expenses. In the event of an Event of Default hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Purchase Price Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the Beneficiary shall bear interest from the date such expenses are incurred at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

Section 6.5 Transfer. No sale, transfer, lease, pledge, encumbrance, creation of a security interest in, or other hypothecation of the Security, other than to an Agency-Approved Successor Entity, shall relieve the Trustor from liability under this Purchase Price Deed of Trust, Operating Covenant or the Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default Defined. The occurrence of any failure of the Trustor to perform any act, obligation or promise of the Trustor made under this Purchase Price Deed of Trust and the continuation of said failure for a period of sixty (60) business days after written notice specifying such failure and requesting that it be remedied shall have been given to Trustor from the Beneficiary, shall be an Event of Default under this Purchase Price Deed of Trust.

Section 7.2 Foreclosure By Power of Sale. Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall notify Trustee and shall deposit with Trustee this Purchase Price Deed of Trust which is secured hereby, and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Purchase Price Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Property, at the time and place of sale fixed by it in said Notice of Sale, either as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine, at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds

of sale to payment of all sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

Section 7.3 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under Security, and without regard to the then value of the Property or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof). Any such receiver or receivers shall have all the powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Property, unless such receivership is sooner terminated.

Section 7.4 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Beneficiary by this Purchase Price Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.5 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Default or acquiescence therein; and every right, power and remedy given by this Purchase Price Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or of any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights powers or remedies consequent on any breach or Default by the Trustor.

(b) If the Beneficiary (i) takes other or additional security, (ii) waives or does not exercise any right granted herein, or in the Agreement or the Operating Covenant, (iii) certifies completion of any part of the Security from the lien of this Purchase Price Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements of this Purchase Price Deed of Trust, the Operating Covenant or the Agreement, (iv) consents to the filing of any map, plat or replat affecting the Security, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not discharge, modify, change or affect the original liability under this Purchase Price Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer,

endorser, surety or guarantor; nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in the event of any Default then made or of any subsequent Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Purchase Price Deed of Trust be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, the Beneficiary, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Security (or a part thereof) or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same extent as it might deal with the Trustor and without in any way releasing or discharging any liabilities, obligations or undertakings of the Trustor.

Section 7.6 Suits to Protect the Security. The Beneficiary shall have power (upon ninety (90) days notice to the Trustor) to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security (and the rights of the Beneficiary as secured by this Purchase Price Deed of Trust) by any acts which may be unlawful or any violation of this Purchase Price Deed of Trust, (b) preserve or protect its interest (as described in this Purchase Price Deed of Trust) in the Security and in the rents, issues, profits and revenues arising therefrom, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the security thereunder or be prejudicial to the interests of the Beneficiary.

Section 7.7 Trustee May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings for any amount which may become due and payable by the Trustor hereunder after such date.

ARTICLE VIII

SUBORDINATION

Section 8.1 Subordination. The Beneficiary agrees to execute documents reasonably satisfactory to its counsel to subordinate the lien of this Purchase Price Deed of Trust, provided no Notice of Default under its terms appears of record, to the following:

(a) Easements in favor of public agencies or public utilities typically conveyed in connection with similar developments.

(b) Take out or refinancings of the Property provided that the total loan to value ratio including the principal remaining on the Purchase Price Promissory Note does not exceed eighty percent (80%) of the appraised value of the Property.

Section 8.2 Description of Loans. Any loan to which this Purchase Price Deed of Trust is to be subordinated shall be evidenced by a promissory note, which shall not be limited with respect to any terms (except as may be otherwise provided by Section 8.1 hereof), including

the principal amount thereof, or the rate of interest thereon; provided, however, that any such loan or loans shall be subject to the approval of Beneficiary.

Section 8.3 Purpose and Use of Loans. Any loan or loans to which this Purchase Price Deed of Trust shall be subordinated may be used for any purposes in connection with the improvement of the Property. Any lender in making any disbursement pursuant to any such loan or loans shall be under no obligation or duty to see to the application or use of such proceeds for the purposes provided herein, and any application or use of such proceeds for purposes other than those provided for in this Article shall not defeat the subordination herein made in whole or in part.

Section 8.4 Execution of Subordination Agreement. Beneficiary agrees, upon request, provided that Trustor is not in default under this Purchase Price Deed of Trust, the Operating Covenant or the Agreement, to execute a Subordination Agreement, or agreements, in form reasonably acceptable to the Beneficiary, in favor of any loan or loans to which this Purchase Price Deed of Trust is to be subordinated, and to deliver same to Trustor for recordation in order to confirm of record the subordination provided in this Purchase Price Deed of Trust. In the event of express conflict, the terms of any Subordination Agreement executed by Beneficiary shall prevail over the terms regarding such subordination provided herein.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendments. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

Section 9.2 Trustor Waiver of Rights. Trustor hereby acknowledges that it is aware of and has the advice of counsel of its choice with respect to its rights under the Constitution of the United States, including, but not limited to, its rights arising under the Fourth, Fifth, Sixth and Fourteenth Amendments thereto, and the Constitution of the State of California. Trustor agrees that Beneficiary may exercise its rights hereunder in accordance with the provisions hereof, including, but not limited to, the exercise of the power of sale pursuant to Section 7.2 hereof; and nothing contained herein shall be deemed to be a waiver of Trustor's rights to reinstate or redeem this Purchase Price Deed of Trust in accordance with applicable law.

Section 9.3 Reconveyance by Trustee. Upon surrender of this Purchase Price Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or person legally entitled thereto."

Section 9.4 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Purchase Price Deed of Trust, each such notice, demand, request, or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or



certified mail, postage prepaid, return receipts requested, or by telegram, addressed to the address set forth in the first paragraph of this Purchase Price Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

Section 9.5 Acceptance by Trustee. Trustee accepts this Trust when this Purchase Price Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

Section 9.6 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Purchase Price Deed of Trust.

Section 9.7 Invalidity of Certain Provisions. Every provision of this Purchase Price Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

Section 9.8 No Merger. If title to the Property shall become vested in the Beneficiary, this Purchase Price Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary under this Purchase Price Deed of Trust. In addition, upon foreclosure under this Purchase Price Deed of Trust pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Security shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice of termination to such tenant or subtenant.

Section 9.9 Governing Law. This Purchase Price Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 9.10 Gender and Number. In this Purchase Price Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.



IN WITNESS WHEREOF, Trustor has executed this Purchase Price Deed of Trust as of the day and year first above written.

Trustor

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

By: _____

By: _____

WIN CHEVROLET, INC.,
a California corporation

By: _____

By: _____



EXHIBIT 1

LEGAL DESCRIPTION



EXHIBIT "F"

SHOWROOM PROMISSORY NOTE SECURED BY DEED OF TRUST

\$500,000.00

_____, 2011
_____, California

1. BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation and WIN CHEVROLET, INC., a California corporation (jointly, Borrower), promises to pay to the Carson Redevelopment Agency, a public body, corporate and politic (Agency), or its successor-in-interest, as lender herein, at its office at 701 East Carson Street, Carson, California 90745, or at such other place as Agency may from time to time designate in writing, the principal sum of Five Hundred Thousand Dollars (\$500,000.00) (Showroom Note Amount), as described in Section 3 below, in accordance with that certain Disposition and Development Agreement dated as of December 6, 2011 (the Agreement) by and between Borrower and Agency. As used herein, the term "Agency" shall mean Agency and any subsequent holder of this Showroom Promissory Note Secured by Deed of Trust (this Showroom Note), whichever is applicable from time to time.

2. SECURITY. This Showroom Note shall be secured by the Showroom Deed of Trust of even date herewith (the Showroom Deed of Trust), executed by Borrower as trustor, to Fidelity National Title Company, a California corporation, as Trustee, and naming Agency as beneficiary, creating a lien on that certain real property described in "Exhibit 1" attached hereto and incorporated by reference herein, together with all structures and improvements thereon (the Site). The Site shall not include the cell tower structure owned by Wireless Capital Partners which shall remain its property according to the terms of that certain Purchase and Sale of Lease and Successor Lease dated November 8, 2005 between the Cormier Chevrolet Inc. and Wireless Capital Partners, LLC, a Delaware limited liability company.

3. PAYMENTS OF PRINCIPAL AND INTEREST. This Showroom Note shall have a term of five (5) years and is being made in connection with Borrower's representation 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 the Agreement. Should Borrower complete said new Hyundai showroom and Chevrolet dealership upgrade, in compliance with all applicable laws and within five (5) years of approval of the Agreement, the Showroom Note shall be deemed forgiven. **If such showroom upgrade has not been completed as required within 5 years of the Agreement, this Showroom Note shall become immediately due and payable.**

This Showroom Note Amount shall accrue no interest.



4. EVENT OF ACCELERATION. This Showroom Note shall be repaid or earned as described in Section 3 or, if not yet earned, shall be immediately repayable upon an event of acceleration as described in this Section. Any unauthorized sale or transfer of the Site by Borrower shall cause the Showroom Note, if not yet earned, to become immediately due and payable. Similarly, in the event that Borrower or its Agency-Approved Successor (i) ceases to operate the Chevrolet and Hyundai vehicle dealerships or Agency-approved alternative dealerships on the Site as required by the Agreement, or (ii) fails to reasonably comply with the terms and conditions of the Agreement, Grant Deed or Operating Covenant prior to the Maturity Date, or otherwise triggers an obligation to repay the Purchase Price Note, the Showroom Note Amount, if not yet earned, shall be immediately due and payable.

The failure of Borrower and/or an Agency-Approved Successor Entity to operate a Chevrolet and Hyundai vehicle franchise dealership (or another Agency-approved alternative vehicle franchise dealership(s) as determined under Section 4.2 of the Agreement) is a breach of the Agreement and an Event of Acceleration under this Showroom Note. Should the Borrower or an Agency-approved successor entity go dark and cease to operate the Chevrolet and Hyundai vehicle franchise dealerships on the Site for thirty (30) consecutive days, Borrower must replace such said dealership with another Agency-approved vehicle franchise dealership within six months or Borrower is in breach of the Agreement and this Showroom Note. Said six month period may be extended by the Agency's Executive Director if Borrower 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.

5. NOTE PAYABLE IN U.S. DOLLARS. All cash payments of principal and all other cash payment charges due hereunder shall be payable in lawful money of the United States.

6. COSTS OF COLLECTION. Borrower, together with all co-obligors, sureties, endorsers and guarantors of this Showroom Note, jointly and severally, promise to pay: (a) all reasonable costs and expenses of collection, including without limitation attorneys' fees, in the event this Showroom Note or any portion of this Showroom Note is placed in the hands of attorneys for collection and such collection is effected without suit; (b) attorneys' fees, as determined by the judge of a court of competent jurisdiction, and all other reasonable costs, expenses and fees, as determined by the judge of a court of competent jurisdiction, and all other costs, expenses and fees incurred by Agency in the event suit is instituted to collect this Showroom Note or any portion of this Showroom Note; (c) all reasonable costs and expenses provided for in the Showroom Deed of Trust or in any other instrument given as security for this Showroom Note and/or incurred by or on behalf of the Agency in connection with collecting or otherwise enforcing any right of Agency under this Showroom Note, the Showroom Deed of Trust, or any other instrument given as security for this Showroom Note; and (d) all reasonable costs and expenses, including, without limitation, attorneys' fees incurred by Agency in connection with any bankruptcy, insolvency or reorganization proceeding or receivership in which Borrower is involved, including, without limitation, attorneys' fees incurred in making any appearance in any such proceeding or in seeking relief from any stay or injunction issued in or arising out of any such proceeding.

7. AMENDMENTS. This Showroom Note may only be amended by in writing signed by both parties.



8. CERTAIN WAIVERS. Subject to any provision expressly requiring notice hereunder, and except as otherwise required by law, Borrower hereby waives diligence, grace, demand, presentment for payment, exhibition of this Showroom Note, protest, notice of protest, notice of dishonor, notice of demand, notice of nonpayment, and any and all exemption rights against the indebtedness evidenced by this Showroom Note, and agrees that no extension, renewal or partial payment shall release Borrower from the obligation of payment of this Showroom Note or any installment of this Showroom Note, and consents to offsets of any sums owed to Borrower by Agency at any time.

9. SEVERABILITY. If any provision of this Showroom Note, or the application of it to any party or circumstance, is held to be invalid by a court of competent jurisdiction, the remainder of this Showroom Note, and the application of such provision to other parties or circumstances, shall not be affected thereby, the provisions of this Showroom Note being severable in each instance.

10. ASSIGNMENT. Agency shall have the right to sell, assign or otherwise transfer, either in part, or in its entirety, this Showroom Note, the Showroom Deed of Trust, and any other instrument evidencing or securing the indebtedness of this Showroom Note to any party upon prior written notice to but without Borrower's consent.

In no event shall Borrower assign or transfer any portion of this Showroom Promissory Note except to an Agency-Approved Successor Entity.

11. TIME OF ESSENCE. Time is of the essence for each and every obligation under this Showroom Note.

12. GOVERNING LAW. This Showroom Note shall be governed by and construed in accordance with the laws of the State of California.

13. HEADINGS. Headings at the beginning of each numbered paragraph of this Showroom Note are intended solely for convenience and are not to be deemed or construed to be part of this Showroom Note.

14. NOTICES. Any notices to be given to either party under this Showroom Note shall be given pursuant to the Agreement.



IN WITNESS WHEREOF, Borrower has executed this Showroom Promissory Note as of the date and year written above.

“BORROWER”

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

DATED: _____

By: _____

By: _____

WIN CHEVROLET, INC.,
a California corporation

DATED: _____

By: _____

By: _____



EXHIBIT "G"

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CARSON REDEVELOPMENT AGENCY
1 Civic Plaza Drive, Suite 500
Carson, CA 90745
Attn: EXECUTIVE DIRECTOR

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

SHOWROOM DEED OF TRUST AND ASSIGNMENT OF RENTS

(Los Angeles County)

THIS SHOWROOM DEED OF TRUST AND ASSIGNMENT OF RENTS is made as of the ____ day of _____, 2011, by and among WIN CHEVROLET PROPERTIES, LLC, a California limited liability corporation and WIN CHEVROLET, INC., a California corporation (collectively, the Trustor), whose address is _____, Fidelity National Title Company (the Trustee), and the CARSON REDEVELOPMENT AGENCY (the Beneficiary), whose address is 701 East Carson Street, Carson, California 90745.

FOR GOOD AND VALUABLE CONSIDERATION, including the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the property as described in Exhibit 1, attached hereto and by this reference incorporated herein (the Property);

TOGETHER WITH all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively, the rents);

TOGETHER WITH all interests, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property and the rents;

TOGETHER WITH all easements, rights-of-way and rights used in connection therewith or as a means of access thereto, including, without limiting the generality of the foregoing, all tenements, hereditaments and appurtenances thereof and thereto;

TOGETHER WITH any and all buildings and improvements now or hereafter erected upon the Property (including, in each instance, improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor); but exclusive of all fixtures, attachments, appliances, furnishings, equipment and machinery (whether fixed or movable);

TOGETHER WITH all leasehold estate, right, title and interest of Trustor in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or



entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature;

TOGETHER WITH all right, title and interest of Trustor in and to all options to purchase or lease the Property or any portion thereof or interest therein, and any greater estate in the Property owned or hereafter acquired;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Property;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages; and

All of the foregoing, together with the Property, is herein referred to as the "Security".

FOR THE PURPOSE OF SECURING:

(a) Payment of the loan in the amount of Five Hundred Thousand Dollars (\$500,000.00) according to the "Showroom Promissory Note," sometimes referred to as the "Showroom Note," as further described in the "Agreement" as defined herein;

(b) Payment of any sums advanced by Beneficiary to protect the Security pursuant to the terms and provisions of this Showroom Deed of Trust following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period and upon five (5) business days notice to the Trustor, with interest thereon as provided herein;

(c) Payment of such additional sums and interest thereon which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes or other documents reciting that they are secured by this Showroom Deed of Trust; and

(d) Performance of every obligation, covenant or agreement of Trustor contained herein or the Agreement (and any amendments thereto).



ARTICLE I

DEFINITIONS

1. "Agreement" or "DDA" means that certain Disposition and Development Agreement entered into by the Trustor and the Beneficiary hereof, dated December 6, 2011; said Agreement (a copy of which is on file with the Beneficiary at the address stated above, and including all of its attachments) is incorporated herein by reference.

2. "Expiration Date" means the date that is five (5) years after the approval of the Agreement, at which time the Showroom Note shall be immediately repaid unless deemed forgiven if Trustor has built a new Hyundai Vehicle Showroom and upgraded the existing Chevrolet dealership as required by the Agreement.

3. "Mortgage" means any permanent or long-term loan, or any other financing device (including without limitation deeds of trust) the proceeds of which are used in connection with the Property, which loan is secured by a security financing interest in the Trustor's interest in the Property

4. "Operating Covenant" means that certain Operating Covenant dated _____, 2011, which shall be executed by WIN CHEVROLET, INC, a California corporation, and recorded against the Property in the Official Records of Los Angeles County, California, to regulate the use and maintenance of the Property.

5. "Property" means the land described on Exhibit 1 together with all additions, improvements, restorations and replacements thereof.

6. "Trustor" means Win Chevrolet Properties, LLC, a California limited liability corporation, and Win Chevrolet, Inc., a California corporation, jointly and severally, and each of their transferees and successors in interest. Where an obligation is created herein binding upon Trustor, the obligation shall also apply to and bind any transferees or successors in interest. Where the terms of this Showroom Deed of Trust have the effect of creating an obligation of the Trustor and a transferee, such obligation shall be deemed to be a joint and several obligation of the Trustor and such transferee.

Unless the context clearly otherwise requires, any capitalized term used herein and not defined herein shall have the meaning given to it under the Agreement (and any amendments thereto).

ARTICLE II

CERTIFICATE OF COMPLETION UPON PAYMENT;

GRANTING OF EASEMENTS

Section 2.1 Maintenance and Modification of the Property by Trustor. The Trustor agrees that at all times prior to the Expiration Date, the Trustor will, at the Trustor's own expense, maintain, preserve and keep the Property or cause the Property to be maintained,



preserved and kept in a condition consisting only of those uses allowed by the Agreement and the Operating Covenant. The Trustor or its agent will from time to time make or cause to be made all repairs, replacements and renewals deemed proper and necessary by it. The Beneficiary shall have no responsibility in any of these matters or for the making of improvements or additions to the Property.

Section 2.2 Granting of Easements. Trustor may grant easements, licenses, rights-of-way or other similar rights or privileges in the nature of easements with respect to any property or rights included in the Security with the prior written approval of the Beneficiary, which approval shall not be unreasonably withheld.

ARTICLE III

TAXES AND INSURANCE; ADVANCES

Section 3.1 Taxes, Other Governmental Charges and Utility Charges. Trustor shall pay, or cause to be paid, prior to delinquency, all taxes, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security or any part thereof; provided, however, that Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as the legality thereof shall be promptly and actively contested in good faith and by appropriate proceedings. With respect to special assessments or other similar governmental charges, Trustor shall pay such amount in whole or in installments over a period of years.

In the event that Trustor shall fail to pay any of the foregoing items required by this Section to be paid by Trustor, Beneficiary may (but shall be under no obligation to) pay the same, after the Beneficiary has notified the Trustor of such failure to pay and the Trustor fails to fully pay any such item within seven (7) business days of the earlier of the receipt or mailing of such notice. Any amount so advanced therefor by Beneficiary, together with interest thereon from the date of such advance at the maximum rate permitted under Section 1(2) of Article XV of the California Constitution, shall become an additional obligation of Trustor to the Beneficiary and shall be secured hereby, and Trustor hereby agrees to pay all such amounts.

Section 3.2 Provisions Respecting Insurance.

(a) Trustor agrees to provide insurance covering one hundred percent (100%) of the replacement cost of all insurable items within the Property in the event of fire, lightning, debris removal, windstorm, flood, vandalism, malicious mischief, theft, mysterious disappearance and hazards, casualties and contingencies as are normally and usually covered by all-risk policies in effect in the locality where the Property is situated.

(b) Trustor agrees to carry or cause to be carried a comprehensive general liability insurance with respect to the Property with limits of not less than One Million Dollars (\$1,000,000.00) for each occurrence combined single-limit bodily injury and property damage.

(c) All such insurance policies and coverages (i) shall be maintained at Trustor's sole cost and expense so long as any part of the amounts secured by this Showroom Deed of Trust have not been paid, (ii) shall be with insurers of recognized responsibility, and in



form and substance satisfactory to the Beneficiary, (iii) shall name Beneficiary as additional insured, and (iv) shall contain a provision to the effect that the insurer shall not cancel the policy or modify it materially and adversely to the interests of Beneficiary without first giving at least thirty (30) days' prior written notice thereof. Certificates of insurance for all of the above insurance policies, showing the same to be in full force and effect, shall be delivered to the Beneficiary upon demand therefore at any time prior to the Expiration Date.

Section 3.3 Advances. In the event the Trustor shall fail to maintain the full insurance coverage required by this Showroom Deed of Trust or shall fail to keep the Property in good repair and operating condition, the Beneficiary may (but shall be under no obligation to) take out the required policies of insurance and pay the premium on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and, provided that the Beneficiary provides five (5) business days' notice to the Trustor all amounts so advanced therefor by the Beneficiary shall become an additional obligation of the Trustor to the Beneficiary (together with interest as set forth below) and shall be secured hereby, which amounts the Trustor agrees to pay on demand of the Beneficiary, and if not so paid, shall bear interest from the date of the advance at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

ARTICLE IV

DAMAGE, DESTRUCTION OR CONDEMNATION

Section 4.1 Damage and Destruction. If, prior to the Expiration Date, the Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, the Trustor shall (a) cause any insurance proceeds arising from insurance referred to in Section 3.2 hereof and any other coverage acquired by the Trustor to be used to promptly rebuild and replace the Property, and (b) repair and replace the Property as necessary to bring the Property into conformity with the Standards; provided that such covenants shall be subordinated to the provisions of all senior obligations to which this Showroom Deed of Trust is subordinate.

Section 4.2 Condemnation. Subject to the provisions of senior obligations to which this Showroom Deed of Trust is subordinate, if title to or any interest in or the temporary use of the Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, including any proceeding or purchase in lieu thereof, the proceeds as a result of such taking shall be paid as provided by the law of the State of California to all persons or entities as their interests appear of record.

ARTICLE V

REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE TRUSTOR

Section 5.1 Defense of the Title. The Trustor covenants that it is lawfully seized and possessed of title in fee simple to the Property, that it has good right to sell, convey or otherwise transfer or encumber the same, and that the Trustor, for itself and its successors and assigns, warrants and will forever defend the right and title to the foregoing described and conveyed

property unto the Beneficiary, its successors and assigns, against the claims of all persons whomsoever, excepting only encumbrances approved by the Beneficiary.

Section 5.2 Inspection of the Property. The Trustor covenants and agrees that at any and all reasonable times and upon reasonable notice, the Beneficiary and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, without payment of charges or fees, to inspect the Property.

ARTICLE VI

AGREEMENTS AFFECTING THE PROPERTY;

FURTHER ASSURANCES

Section 6.1 Other Agreements Affecting Property. The Trustor shall duly and punctually perform all terms, covenants, conditions and agreements binding upon it under the Agreement, the Purchase Price Note, the Showroom Note, the Operating Covenant or any other agreement of any nature whatsoever now or hereafter involving or affecting the Property or any part thereof.

Section 6.2 Acceleration of Maturity. With respect to the Showroom Loan, as defined in the Showroom Note, should Trustor fail to construct the new Hyundai dealership showroom before the Expiration Date, or should an event of acceleration on the Purchase Price Note occur before the Showroom Loan is earned or repaid, the \$500,000.00 Showroom Loan shall become due and payable to Beneficiary.

Section 6.3 Further Assurances; After Acquired Property. At any time, and from time to time, upon request by the Beneficiary, the Trustor shall make, execute and deliver, or cause to be made, executed and delivered, to the Beneficiary and, where appropriate, cause to be recorded and/or filed, and from time to time thereafter to be recorded and/or filed, and from time to time thereafter to be re-recorded and/or refiled, at such time and in such offices and places as shall be deemed desirable by the Beneficiary, any and all such other and further deeds of trust, security agreements, financing statements respecting personal property, instruments of further assurance, certificates and other documents as may, in the opinion of the Beneficiary, be necessary or desirable in order to effectuate, complete or perfect, or to continue and preserve, (a) the obligations of the Trustor under this Showroom Deed of Trust, and (b) the lien of this Showroom Deed of Trust as a lien prior to all liens except those obligations which shall be senior obligations pursuant to the provisions of this Showroom Deed of Trust. The lien hereof shall automatically attach, without further act, to all after-acquired property deemed to be part of the Security as defined herein.

Section 6.4 Agreement to Pay Attorney's Fees and Expenses. In the event of an Event of Default hereunder, and if the Beneficiary should employ attorneys or incur other expenses for the collection of amounts due or the enforcement of performance or observance of an obligation or agreement on the part of the Trustor in this Showroom Deed of Trust, the Trustor agrees that it will, on demand therefor, pay to the Beneficiary the reasonable fees of such attorneys and such other reasonable expenses so incurred by the Beneficiary; and any such amounts paid by the

Beneficiary shall bear interest from the date such expenses are incurred at the maximum rate permitted by Section 1(2) of Article XV of the California Constitution.

Section 6.5 Transfer. No sale, transfer, lease, pledge, encumbrance, creation of a security interest in, or other hypothecation of the Security, other than to an Agency-Approved Successor Entity, shall relieve the Trustor from liability under this Showroom Deed of Trust, the Operating Covenant or the Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default Defined. The occurrence of any failure of the Trustor to perform any act, obligation or promise of the Trustor made under this Showroom Deed of Trust and the continuation of said failure for a period of sixty (60) business days after written notice specifying such failure and requesting that it be remedied shall have been given to Trustor from the Beneficiary, shall be an Event of Default under this Showroom Deed of Trust.

Section 7.2 Foreclosure By Power of Sale. Should the Beneficiary elect to foreclose by exercise of the power of sale herein contained, the Beneficiary shall notify Trustee and shall deposit with Trustee this Showroom Deed of Trust which is secured hereby, and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

(a) Upon receipt of such notice from the Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Showroom Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Property, at the time and place of sale fixed by it in said Notice of Sale, either as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine, at public auction to the highest bidder, for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale, and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale to payment of all sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone sale of all or any portion of the Property by public announcement at such time and place of sale, and from time to time thereafter, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

Section 7.3 Receiver. If an Event of Default shall have occurred and be continuing, Beneficiary, as a matter of right and without further notice to Trustor or anyone claiming under Security, and without regard to the then value of the Property or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Security (or a part thereof). Any such receiver or receivers shall have all the powers and duties of receivers in like or similar cases, and all the powers and duties of Beneficiary in case of entry as provided herein, and shall continue as such and exercise all such powers until the date of confirmation of sale of the Property, unless such receivership is sooner terminated.

Section 7.4 Remedies Cumulative. No right, power or remedy conferred upon or reserved to the Beneficiary by this Showroom Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.5 No Waiver.

(a) No delay or omission of the Beneficiary to exercise any right, power or remedy accruing upon any Default shall exhaust or impair any such right, power or remedy, or shall be construed to be a waiver of any such Default or acquiescence therein; and every right, power and remedy given by this Showroom Deed of Trust to the Beneficiary may be exercised from time to time and as often as may be deemed expeditious by the Beneficiary. No consent or waiver, expressed or implied, by the Beneficiary to or of any breach by the Trustor in the performance of the obligations hereunder shall be deemed or construed to be a consent to or waiver of obligations of the Trustor hereunder. Failure on the part of the Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by the Beneficiary of its right hereunder or impair any rights powers or remedies consequent on any breach or Default by the Trustor.

(b) If the Beneficiary (i) takes other or additional security, (ii) waives or does not exercise any right granted herein, or in the Agreement or the Operating Covenant, (iii) certifies completion of any part of the Security from the lien of this Showroom Deed of Trust, or otherwise changes any of the terms, covenants, conditions or agreements of this Showroom Deed of Trust, the Operating Covenant or the Agreement, (iv) consents to the filing of any map, plat or replat affecting the Security, (v) consents to the granting of any easement or other right affecting the Security, or (vi) makes or consents to any agreement subordinating the lien hereof, any such act or omission shall not discharge, modify, change or affect the original liability under this Showroom Deed of Trust, or any other obligation of the Trustor or any subsequent purchaser of the Security or any part thereof, or any maker, co-signer, endorser, surety or guarantor; nor shall any such act or omission preclude the Beneficiary from exercising any right, power or privilege herein granted or intended to be granted in the event of any Default then made or of any subsequent Default, nor, except as otherwise expressly provided in an instrument or instruments executed by the Beneficiary shall the lien of this Showroom Deed of Trust be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or any part of the Property, the Beneficiary, without notice, is hereby authorized and empowered to deal with any such vendee or transferee with reference to the Security (or a part thereof) or the indebtedness secured hereby, or with reference to any of the terms, covenants, conditions or agreements

hereof, as fully and to the same extent as it might deal with the Trustor and without in any way releasing or discharging any liabilities, obligations or undertakings of the Trustor.

Section 7.6 Suits to Protect the Security. The Beneficiary shall have power (upon ninety (90) days notice to the Trustor) to (a) institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Security (and the rights of the Beneficiary as secured by this Showroom Deed of Trust) by any acts which may be unlawful or any violation of this Showroom Deed of Trust, (b) preserve or protect its interest (as described in this Showroom Deed of Trust) in the Security and in the rents, issues, profits and revenues arising therefrom, and (c) restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement for compliance with such enactment, rule or order would impair the security thereunder or be prejudicial to the interests of the Beneficiary.

Section 7.7 Trustee May File Proofs of Claim. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting the Trustor, its creditors or its property, the Beneficiary, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Beneficiary allowed in such proceedings for any amount which may become due and payable by the Trustor hereunder after such date.

ARTICLE VIII

SUBORDINATION

Section 8.1 Subordination. The Beneficiary agrees to execute documents reasonably satisfactory to its counsel to subordinate the lien of this Showroom Deed of Trust, provided no Notice of Default under its terms appears of record, to the following:

(a) Easements in favor of public agencies or public utilities typically conveyed in connection with similar developments.

(b) Take out or refinancings of the Property provided that the total loan to value ratio including the principal remaining on the Purchase Price Promissory Note (as defined in the Agreement) does not exceed eighty percent (80%) of the appraised value of the Property.

Section 8.2 Description of Loans. Any loan to which this Showroom Deed of Trust is to be subordinated shall be evidenced by a promissory note, which shall not be limited with respect to any terms (except as may be otherwise provided by Section 8.1 hereof), including the principal amount thereof, or the rate of interest thereon; provided, however, that any such loan or loans shall be subject to the approval of Beneficiary.

Section 8.3 Purpose and Use of Loans. Any loan or loans to which this Showroom Deed of Trust shall be subordinated may be used for any purposes in connection with the improvement of the Property. Any lender in making any disbursement pursuant to any such loan or loans shall be under no obligation or duty to see to the application or use of such proceeds for the purposes provided herein, and any application or use of such proceeds for purposes other



than those provided for in this Article shall not defeat the subordination herein made in whole or in part.

Section 8.4 Execution of Subordination Agreement. Beneficiary agrees, upon request, provided that Trustor is not in default under this Showroom Deed of Trust, the Operating Covenant or the Agreement, to execute a Subordination Agreement, or agreements, in form reasonably acceptable to the Beneficiary, in favor of any loan or loans to which this Showroom Deed of Trust is to be subordinated, and to deliver same to Trustor for recordation in order to confirm of record the subordination provided in this Showroom Deed of Trust. In the event of express conflict, the terms of any Subordination Agreement executed by Beneficiary shall prevail over the terms regarding such subordination provided herein.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Amendments. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

Section 9.2 Trustor Waiver of Rights. Trustor hereby acknowledges that it is aware of and has the advice of counsel of its choice with respect to its rights under the Constitution of the United States, including, but not limited to, its rights arising under the Fourth, Fifth, Sixth and Fourteenth Amendments thereto, and the Constitution of the State of California. Trustor agrees that Beneficiary may exercise its rights hereunder in accordance with the provisions hereof, including, but not limited to, the exercise of the power of sale pursuant to Section 7.2 hereof; and nothing contained herein shall be deemed to be a waiver of Trustor's rights to reinstate or redeem this Showroom Deed of Trust in accordance with applicable law.

Section 9.3 Reconveyance by Trustee. Upon surrender of this Showroom Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or person legally entitled thereto."

Section 9.4 Notices. Whenever Beneficiary, Trustor or Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Showroom Deed of Trust, each such notice, demand, request, or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipts requested, or by telegram, addressed to the address set forth in the first paragraph of this Showroom Deed of Trust. Any party may at any time change its address for such notices by delivering or mailing to the other parties hereto, as aforesaid, a notice of such change.

Section 9.5 Acceptance by Trustee. Trustee accepts this Trust when this Showroom Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

Section 9.6 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Showroom Deed of Trust.

Section 9.7 Invalidity of Certain Provisions. Every provision of this Showroom Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

Section 9.8 No Merger. If title to the Property shall become vested in the Beneficiary, this Showroom Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger and, in such event, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary under this Showroom Deed of Trust. In addition, upon foreclosure under this Showroom Deed of Trust pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Security shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at any such foreclosure shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice of termination to such tenant or subtenant.

Section 9.9 Governing Law. This Showroom Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

Section 9.10 Gender and Number. In this Showroom Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

IN WITNESS WHEREOF, Trustor has executed this Showroom Deed of Trust as of the day and year first above written.

Trustor:

WIN CHEVROLET PROPERTIES, LLC,
a California limited liability corporation

By: _____

By: _____

WIN CHEVROLET, INC.,
a California corporation

By: _____

By: _____



EXHIBIT 1

LEGAL DESCRIPTION



EXHIBIT "H"

SCHEDULE OF PERFORMANCE

	Item To Be Performed	Time For Performance
1.	Developer submits the executed DDA to Agency	On or before December 5, 2011
2.	Agency holds public hearing on DDA, approves or disapproves DDA and, if approves, executes DDA	December 6, 2011
3.	Open Escrow	December 17, 2011
4.	Escrow Agent gives notice of fees, charges, costs and documents to close Escrow	3 days prior to Closing Date
5.	Deposits into Escrow by Agency: <ul style="list-style-type: none"> a) Executed Grant Deed b) Estoppel Certificate, if requested in writing by Developer c) Payment of Agency's share of Escrow Costs d) Taxpayer ID Certificate 	<p>On or before 1:00 p.m. on the last business date preceding the Closing Date</p> <p>On or before 1:00 p.m. on the last business date preceding the Closing Date</p> <p>On or before 1:00 p.m. on the last business day preceding the Closing Date</p> <p>Prior to Closing Date</p>
6.	Deposits into Escrow by Developer: <ul style="list-style-type: none"> a) Five Million Dollars (\$5,000,000.00) portion of Purchase Price b) Estoppel Certificate c) Executed Notes, Deeds of Trust and Operating Covenant 	<p>On or before 1:00 p.m. on the last business day preceding the Closing Date</p> <p>On or before 1:00 p.m. on the last business day preceding the Closing Date</p> <p>On or before 1:00 p.m. on the last business date preceding the Closing Date</p>



	d) Payment of Developer's Share of Escrow Costs	On or before 1:00 p.m. on the last business date preceding the Closing Date
	e) Certificates evidencing insurance	Prior to Closing Date
	f) Taxpayer ID Certificate	Prior to Closing Date
7.	Agency or Developer, as case may be, may cure any condition to closing disapproved or waived; or may cure any default	Within 30 days after date established therefore, or date of breach, as the case may be
8.	Close of Escrow for Site; recordation and delivery of documents	No later than April 30, 2012

It is understood that the foregoing Schedule of Performance is subject to all of the terms and conditions set forth in the text of the Agreement. The summary of the items of performance in this Schedule of Performance is not intended to supersede or modify the more complete description in the text. In the event of any conflict or inconsistency between this Schedule of Performance and the text of the Agreement, the text shall govern.

The time periods set forth in this Schedule of Performance may be altered or amended only by written agreement signed by both Developer and Agency. A failure by either party to enforce a breach of any particular time provision shall not be construed as a waiver of any other time provision. The Executive Director of Agency shall have the authority to approve extensions of time without Agency Board action not to exceed a cumulative total of 180 days.

EXHIBIT "I"

OPERATING COVENANT

FREE RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CARSON REDEVELOPMENT AGENCY
1 Civic Plaza Drive, Suite 500
Carson, California 90745
Attn: Economic Development General Manager

(Space Above This Line for Recorder's Office Use Only)
(Exempt from Recording Fee per Gov. Code § 6103)

OPERATING COVENANT

This OPERATING COVENANT (Operating Covenant) is made this ____ day of _____, 2011 by WIN CHEVROLET, INC, a California corporation (Developer) and the CARSON REDEVELOPMENT AGENCY, a public body, corporate and politic (Agency).

1. Project. Developer is operating Chevrolet and Hyundai vehicle dealerships (Project) on the real property commonly known as 2201 East 223rd Street, Carson, CA 90810 (Site). Pursuant to a Disposition and Development Agreement by and between the Agency and Developer dated _____, 2011 (DDA), Developer or its Agency-Approved Successor Entity has agreed to continue operating the Developer's business on the Site for a minimum of twenty (20) years. In return, Agency intends to purchase an Operating Covenant from Developer or its Agency-Approved Successor Entity to ensure that Developer or its Agency-Approved Successor Entity continues such operations on the Site. Developer covenants and agrees for itself, its successors and assigns, and any successor-in-interest to the Site, or part thereof, that during the term of this Operating Covenant, Developer shall only use the Site for such uses as may be approved by the City. The legal description of the Site is attached hereto and incorporated herein as Exhibit "1".

2. Operating Covenant. In exchange for the compensation described in Section 4 of this Operating Covenant, Developer covenants and agrees for itself, its lessees, successors and assigns and any successor-in-interest to the Site, that Developer or its Agency-approved successor shall (a) continuously operate the Project (or an Agency-approved substitute vehicle dealership pursuant to Section 4.2 of the DDA) on the Site, and (b) comply with all provisions of this Operating Covenant and the Grant Deed for the Site as required by the DDA.

3. Term. This Operating Covenant, and the loan provided hereunder, shall be enforceable for a period of not less than twenty (20) years from issuance of the loan which shall occur upon Close of Escrow pursuant to the DDA transferring title to the Site to Developer if the Project is operated and maintained as required by the DDA, this Operating Covenant, the Grant Deed and all applicable laws. The term shall be extended for any periods of time during which Developer is in Default.

4. Compensation for Operating Covenant. In consideration of Developer's operation of the Site in a manner consistent with the use and maintenance covenants contained herein and all applicable laws, Agency shall purchase an Operating Covenant for the Project by providing Developer with a forgivable loan. The amount of the loan shall be Seven Million Dollars (\$7,000,000.00).

5. Security. Developer shall make and give Agency the Purchase Price Promissory Note, which shall be substantially in the form of Exhibit "D" to the DDA, as security for the loan being provided by Agency under this Operating Covenant. The unearned principal balance of the Purchase Price Promissory Note shall bear zero interest from and after conveyance of the funds from Agency until earned or forgiven in full or until repayment. The Purchase Price Promissory Note shall be secured by the Purchase Price Deed of Trust and Assignment of Rents, which shall be substantially in the form of Exhibit "E" to the DDA.

6. Repayment. In the event Developer is in Default of this Operating Covenant, and such Default remains uncured after the period provided to cure, Developer shall repay to Agency all unearned funds as described in the Purchase Price Promissory Note.

The outstanding balance of the Purchase Price Promissory Note is eligible to be earned at a rate of one-twentieth (1/20th) of the original loan amount per year (plus any additional days during which Developer is in Default) such that the entire principal balance of the Purchase Price Promissory Note is deemed earned by the end of the twentieth (20th) year from and after the issuance of the loan by Agency; however, Developer shall only be eligible to earn the principal so long as (a) Developer remains in reasonable compliance with the material terms and conditions of this Operating Covenant and the Grant Deed, (b) allows no Default to remain uncured after the expiration of the period provided for cure, and (c) does not permit chronic or recurring Defaults of the Operating Covenant or the Grant Deed regardless of whether such Defaults were timely cured or not.

7. Maintenance Agreement. Developer, for itself and its successors and assigns, hereby covenants and agrees to be responsible for the following:

i) Maintenance and repair of the Site and all related on-site improvements, easements, rights-of-way and landscaping thereon at its sole cost and expense, including, without limitation, buildings, parking areas, lighting, signs and walls, in a first class condition and repair, free of rubbish, debris and other hazards to persons using the same, and in accordance with all applicable laws, rules, ordinances and regulations of all federal, state, and local bodies and agencies having jurisdiction over the Site. Such maintenance and repair shall include, but not be limited to, the following: (i) sweeping and trash removal; (ii) the care and replacement of all shrubbery, plantings, and other landscaping in a healthy condition, or the replacement of damaged or dying landscaping with equivalent landscaping materials of then-comparable size and maturity; and (iii) the repair, replacement and re-striping of asphalt or concrete paving using the same type of material originally installed, such that the paving is at all times kept in a level and smooth condition.

ii) Maintenance of the Site in such a manner as to avoid (i) the reasonable determination of a duly authorized official of the City that a public nuisance has been created by the absence of adequate maintenance such as to be detrimental to the public health, safety or general welfare or (ii) a condition of deterioration or disrepair which causes appreciable harm or is materially detrimental to the Site.

The foregoing maintenance obligations shall run with the land and thereby become the obligations of any transferee of the Site or any portion thereof.

8. Parking and Driveways. Developer shall be responsible for assuring that the driveways and traffic aisles on the Site are kept clear and unobstructed at all times. No vehicles or other obstruction shall project into any of such driveways or traffic aisles.

9. Outside Storage. Other than trash or other storage in any outside storage areas approved by the City or as required by law, no storage of any kind shall be permitted outside the building(s) located on the Site. Adequate trash enclosures shall be provided and screened. Locations of such areas and types of screening must be approved by the City. Gates for trash storage areas shall be kept closed at all times except when in actual use.

10. Buildings and Equipment. Any construction, repair, modification or alteration of any buildings, equipment, structures or improvements on the Site shall be subject to the following restrictions:

i) All mechanical and electrical fixtures and equipment to be installed on the roof or on the ground shall be adequately and decoratively screened. The screening must blend with the architectural design of the building(s). Equipment on the roof must be at least six (6) inches lower than the parapet line and adequately screened. All details and materials of said screening shall be approved by the City prior to installation.

ii) The texture, materials and colors used on the buildings, as well as the design, height, texture and color of fences and walls shall be subject to the approval of the City.

iii) Signs on the Site shall conform to the standards and ordinances of the City and to a uniform design theme approved by the City. Any signs installed on the Site shall conform to said design scheme and shall be approved by the City prior to installation.

iv) Lights installed on the building shall comply with this City's regulations.

v) No fences, signs, gas pumps, or any other similar facilities shall be constructed or provided on the Site without the prior approval of the City.

11. Agency Rights of Access. Developer hereby grants to Agency, the City and other public agencies the right, at their sole risk and expense, to enter the Site and the Business or any part thereof at all reasonable times with as little interference as possible for the purpose of construction, reconstruction, relocation, maintenance, repair or service of any public improvements or public facilities located on the Site. Any damage or injury to the Site or to the

improvements constructed thereon resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

12. Taxes. Developer shall pay, when due, (a) all ad valorem property taxes levied against the Site, (b) any special assessments or special taxes levied against the Site, (c) all taxes payable under the California Bradley-Burns Uniform Local Sales & Use Tax Laws, Revenue and Taxation Code § 7200, et seq., and (d) all other taxes, any portion of which is allocated to or received by Agency or City.

13. Default. Any failure or delay by either party to timely perform any covenant of this Operating Covenant or the Grant Deed for the Site or the Project shall constitute a Default under this Operating Covenant, 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. Failure or delay in giving such notice shall not constitute a waiver of any Default, nor shall it change the time of Default. Any Default of this Operating Covenant or the Grant Deed by Developer which remains uncured after the cure period shall be a breach of the Purchase Price Promissory Note, in which event the entire outstanding unearned principal balance of the Purchase Price Promissory Note shall become due and payable by Developer on demand by Agency.

14. 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.

15. 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 or 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."

IN WITNESS WHEREOF, the undersigned have executed this Operating Covenant as of the date first written above.

“Agency”

CARSON REDEVELOPMENT AGENCY,
a public body, corporate and politic

ATTEST:

By: _____
Agency Secretary Helen S. Kawagoe

By: _____
Chairman Jim Dear

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: _____
Agency Counsel

“Developer”

WIN CHEVROLET, INC.,
a California limited liability corporation

By: _____

By: _____



EXHIBIT 1

SITE



STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)

STATE OF CALIFORNIA)

) ss.

COUNTY OF _____)

On _____, 20__, before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
(Seal)



**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON A
DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
CARSON REDEVELOPMENT AGENCY
AND
WIN CHEVROLET PROPERTIES, LLC
AND
WIN CHEVROLET, INC.**

The following Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code. The report sets forth certain details of the proposed Disposition and Development Agreement (Agreement) by and between the Carson Redevelopment Agency (Agency); Win Chevrolet Properties, LLC (Owner); and Win Chevrolet, Inc. (Operator). The Owner and the Operator are collectively referred to as the "Developer." The purpose of the Agreement is to effectuate the Redevelopment Plan for the Carson Consolidated Project Area (Project Area) by selling the 10.79-acre property located at 2201 E 223rd Street (Site) to the Developer for the continued operation of the existing Chevrolet and Hyundai dealership for at least 20 years.

The Agency and Cormier Chevrolet Company (Cormier) entered into a previous Disposition and Development Agreement dated April 21, 2009, whereby the Agency purchased the Site from the owner at the time, C-P Land Company. Pursuant to the Lease Agreement (Lease) attachment to the previous agreement, the Agency leased back the premises to Cormier to maintain the operation of the auto dealership. The Lease, as Amended and Restated on May 17, 2011, obligates the Agency to sell the Site back to Cormier upon Cormier's request to repurchase the Site. In November 2011, Cormier transferred all of its interests and obligations under the lease to Owner. Pursuant to the new Agreement, the Agency will sell the Site to the Owner. Concurrently, the Agency and the Developer will enter into a 20-year operating covenant restricting the use of the Site to vehicle dealership and related operations (Operating Covenant).

The following Summary Report is based upon information contained within the Agreement, and it is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Developer and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.

- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest and Best Use Permitted Under the Redevelopment Plan:** This section estimates the fair market value of the interests conveyed assuming the highest and best use permitted under the existing City of Carson (City) zoning.
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate of the interests conveyed based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency, and explains any difference between the compensation to be received and the established fair market value of the interests conveyed.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves the goals identified in the Agency's adopted AB1290 Implementation Plan (Implementation Plan).

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. **SALIENT POINTS OF THE AGREEMENT**

A. **Project Description**

The Site consists of parcel number 7315-040-010, located at 2201 E. 223rd Street in the City. Currently, the 10.79-acre parcel is owned by the City of Carson and leased back to the Developer. The Site is improved with four (4) one- and two-story masonry buildings that contain the office/showroom and parts/service components of the Cormier Chevrolet auto dealership. The buildings were built circa 1965, renovated in 2002, and contain approximately 103,000 square feet of leasable space. The Site is encumbered with a zoning use restriction that prohibits any use other than auto sales and service.

Pursuant to the Agreement, the Developer will purchase the Site from the Agency. Concurrently, the Agency and Developer will enter into an Operating Covenant ensuring the continued operation of the Site as an Agency-approved vehicle dealership for a period of at least 20 years.



B. Developer Responsibilities

The Developer is subject to the following obligations under the Agreement:

1. The Developer agrees to purchase the Site from the Agency for the Purchase Price of \$12,000,000. The Purchase Price is payable as follows:
 - a. The Developer must deposit \$5,000,000 into Escrow, which shall be immediately transferred to Agency upon Close of Escrow.
 - b. The Developer shall also deposit into Escrow a promissory note in the amount of \$7,000,000 (Purchase Price Promissory Note), secured by a Deed of Trust. The Promissory Note evidences a \$7,000,000 Loan provided by the Agency and has a term of 20 years.
2. The Developer shall also deposit into Escrow a promissory note in the amount of \$500,000 (Showroom Promissory Note), also secured by a Deed of Trust. The Showroom Note has a term of 5 years. The Developer agrees to upgrade the existing Chevrolet dealership and build a new Hyundai Vehicle Showroom at a combined cost of approximately \$2,800,000 within five years of the date of the Agreement. If the Developer does not complete the required improvements within five years, the Showroom Note will become immediately due and payable.
3. Developer agrees to acquire the Site in an "as is" condition.
4. Developer agrees that the Site does not include the cell tower structure owned by Wireless Capital Partners.
5. Developer covenants and agrees to use the Site for the operation of the auto dealerships, or another Agency-approved alternative vehicle franchise dealership(s), consistent with the terms of the Operating Covenant, the Redevelopment Plan, and the Agreement, for a period of at least 20 years.
6. The Developer is responsible for the following closing fees and costs related to Escrow:
 - a. One-half of all escrow and similar fees;
 - b. All documentary transfer taxes and recording fees;
 - c. The additional costs associated of the premium for the ALTA title policy over the cost of a standard CLTA policy; and
 - d. Its own attorney fees.

7. Prior to the closing of Escrow, the Developer will deliver any such instruments and documents necessary to close, including:
 - a. The \$5,000,000 portion of the Purchase Price;
 - b. The executed Purchase Price Promissory Note;
 - c. The executed Showroom Promissory Note;
 - d. The executed Deeds of Trust; and
 - e. The executed Operating Covenant.
8. The Developer covenants that there shall be no discrimination against any person or group of persons in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site.
9. The Developer must obtain and keep in effect for the term of the Operating Covenant the following insurance policies, as described in the Agreement:
 - a. Developer must obtain a commercial general liability policy, combined single limit in an amount not less than \$1,000,000 and a per occurrence limit in an amount not less than \$1,000,000;
 - b. Developer will obtain a policy of standard "all risk" fire and extended coverage insurance in the amount of 100% of full replacement value for the improvements on the Site; and
 - c. Developer will obtain Worker's Compensation Insurance covering all employees of Developer and any contractor or subcontractor in the amount of \$1,000,000 and in the minimum amount for one person of not less than \$1,000,000 and in the minimum amount for one accident or occurrence of not less than \$500,000.
10. The Developer agrees to indemnify and hold harmless the Agency from and against any and all liability which may arise in connection with the performance of any work on Site or the operations and activities of the Developer.

C. Agency Responsibilities

The Agency is subject to the following obligation under the Agreement:

1. The Agency agrees to sell the Site to the Developer for the Purchase Price of \$12,000,000.

2. The Agency agrees to provide a loan to the Developer in the amount of \$7,000,000 (Loan). The Loan is secured by a Deed of Trust, has a term of 20 years, and includes the following additional terms:
 - a. The Loan will be forgiven at a rate of one-twentieth (1/20th) of the original principal balance (\$350,000) each year that the Developer is in compliance with all applicable obligations under the Agreement, Grant Deed and Operating Covenant; and
 - b. Any outstanding balance on the Loan shall be due and payable twenty years after the transfer of the Site from Agency to the Developer.
3. The Agency agrees to cancel the Developer's obligations under the Showroom Note if the Developer completes the required Hyundai Vehicle Showroom and Chevrolet dealership improvements within five years of the approval of the Agreement.
4. The Agency is responsible for the following closing fees and costs related to Escrow:
 - a. One half of all escrow and similar fees;
 - b. The Agency's own attorney fees; and
 - c. The premium for the CLTA title policy called for under the Agreement.
5. Prior to the closing of Escrow, the Agency will deliver any such instruments and documents necessary to close, including:
 - a. A FIRPTA certificate; and
 - b. The executed Grant Deed.



II. COST OF THE AGREEMENT TO THE AGENCY

The total cost of the Agreement to the Agency is the sum of the Acquisition Cost and the Agency Loan. The Agency paid \$7,800,000 to acquire the Site in 2009. The Agency Loan is equal to \$7,000,000. Therefore, the total cost to the Agency is \$14,800,000.

The Agency revenues include the Purchase Price and tax increment revenues. The Purchase Price includes \$5,000,000 in cash and a promissory note equal to \$7,000,000. The tax increment revenues equal \$854,000. Total Agency revenues equal \$12,854,000.

<u>Agency Costs</u>	<u>Total Dollars</u>
Acquisition Cost	\$7,800,000
Agency Loan	7,000,000
Total Agency Costs	\$14,800,000
<u>Agency Revenues</u>	
Purchase Price – Cash	\$5,000,000
Purchase Price Promissory Note	7,000,000
Tax increment Revenues	854,000
Gross Agency Revenues	\$12,854,000
Net Agency Costs	\$1,946,000

As illustrated above, subtracting the total Agency costs of \$14,800,000 from the anticipated Agency revenues of \$12,854,000 results in net Agency costs of \$1,946,000.

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 of the California Health and Safety Code requires the Agency to identify the value of the interests being conveyed at the highest and best use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan. The valuation is based on the assumption that near-term development is required, but does not take into consideration any extraordinary use, quality and/or restrictions that are imposed on the development by the Agreement.

The Site is approximately 10.79-acre parcel located in the Carson Consolidated Project Area. The Site's zoning restricts the use of the Site to automobile sales and service. The Agency's consultant, Goeppner & Associates, Inc., prepared a fee simple appraisal for the Site, dated August 8, 2011. The appraisal determined that the fair market value of this 10.79-acre parcel is \$12,000,000.



IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The fair reuse value is defined as the highest price that a property is expected to bring given the specific conditions and requirements imposed by a redevelopment agency. The appraisal cited above valued the Site based on its use as an automobile dealership. As the property is being conveyed to the Developer to continue the automotive use, the appraised fair market value of \$12,000,000 also represents the fair reuse value of the Site.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agency is conveying the Site to the Developer for \$12,000,000, which is equal to the fair market value and the fair reuse value. The Agency will be paid \$5,000,000 in cash at the close of escrow and a Purchase Price Promissory Note for the remaining \$7,000,000. In conjunction with the Promissory Note the Developer is executing an Operating Covenant that requires the Developer to operate the facility as an automobile dealership for a minimum of 20 years. The Operating Covenant is over and above the zoning restrictions on the property. Moreover the Developer is required to renovate and upgrade the showrooms on the Site to upgrade the appearance of the property. The renovation has an estimated cost of \$2,800,000.

The Agency and City of Carson are expected to receive substantial public revenues over the term of the Operating Covenant and thereafter. As noted above, the Agency is projected to receive \$854,000 in tax increment revenues through the remaining life of the Project Area. The City is projected to receive approximately \$12.2 million in sales tax revenues during the 20 year covenant period. Over 25 years the City is projected to receive \$16.6 million in sales tax revenues. On a net present value basis, discounted at 6.0%, the sales tax revenues to the City amount to \$6.6 million and \$7.7 million over 20 years and 25 year respectively.

VI. BLIGHT ELIMINATION

The purchase of the Site by the Developer, the renovation of the showrooms and the continued operation of the auto dealership for a period of 20 years will prevent physical and economic blighting conditions from occurring on the Site. Therefore, the proposed development fulfills the blight elimination requirement.



VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Project conforms to the Agency's Five-Year Implementation Plan for 2010-2014 by meeting the following goals:

1. The elimination and prevention of the spread of blight and deterioration, and the conservation, rehabilitation, and redevelopment of the Project Area; and
2. The strengthening of the economic base of the Project Areas and the community by the installation of needed on-site or off-site improvements to stimulate new residential, commercial and industrial expansion, employment, and socio-economic growth.

