



City of Carson Report to Successor Agency

April 3, 2012
New Business Consent

SUBJECT: CONSIDER APPROVAL OF A LEASE AGREEMENT AND FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CITY OF CARSON ACTING AS THE CARSON SUCCESSOR AGENCY OF THE CARSON REDEVELOPMENT AGENCY AND KENNETH AND ROBYN PHILLIPS FOR THE PROPERTY LOCATED AT 22020 RECREATION ROAD

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by David C. Biggs
City Manager

I. SUMMARY

The Board of the Carson Successor Agency (CSA) is being asked to consider approving a lease agreement (Lease Agreement) (Exhibit No. 1) and first amendment to a purchase agreement (First Amendment) (Exhibit No. 2) both by and between the CSA and Kenneth and Robyn Phillips (collectively, "KIA Car Pros") for and regarding the short-term lease of the approximately 5.6-acre CSA-owned property located at 22020 Recreation Road (Property) (Exhibit No. 3), until KIA Car Pros can complete its purchase of the Property. The Lease Agreement will have a maximum term of six months.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the lease of the property located at 22020 Recreation Road.
2. AUTHORIZE the Mayor to execute the Lease Agreement following approval as to form by the City Attorney.
3. APPROVE the First Amendment to the Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions following approval as to form by the City Attorney.
4. AUTHORIZE the Mayor to execute the First Amendment following approval as to form by the City Attorney.

III. ALTERNATIVES

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

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IV. BACKGROUND

On March 6, 2012, the CSA and KIA Car Pros entered that certain Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions (Agreement) for the sale of the Property to KIA Car Pros for the development and operation of a new KIA auto dealership. Pursuant to the Agreement, KIA Car Pros will purchase the Property for the fair market appraised value of \$6,300,000.00 (Purchase Price).

The escrow/title company facilitating the sale is willing to provide KIA Car Pros with a title insurance policy as long as it contains language subjecting the transaction to California Assembly Bill X1 26 (ABx1 26). Due to the novelty of ABx1 26 and certain ambiguities created by poor drafting, KIA Car Pros desires clarification of ABx1 26 laws prior to closing the contemplated sale. Notwithstanding the above, the parties both desire the immediate development and operation of a new KIA auto dealership at the currently vacant and repeatedly vandalized Property. Therefore, KIA Car Pros proposed leasing the Property from the CSA until the title company can provide a marketable title policy.

Pursuant to the Lease Agreement, KIA Car Pros would make monthly rental payments of \$34,000.00 (7% of the fair market value annually) to the CSA, which will be applied to the Purchase Price if KIA Car Pros purchases the Property. The Lease Agreement will terminate on the earlier to occur of: (a) KIA Car Pros' purchase of the Property, or (b) six months from its effective date.

Therefore, staff recommends that the City Council approve the Lease Agreement and the First Amendment to allow for the lease of the Property until KIA Car Pros can complete its purchase of the Property.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Lease Agreement. (pgs. 4-24)
2. First Amendment. (pgs. 25-27)
3. Vicinity Map. (pg. 28)

Document2

Prepared by: William N. Watkins, Redevelopment Project Analyst

TO:Rev01-23-12

Reviewed by:

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

Action taken by Successor Agency

Date_____ Action_____

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease" herein) is executed this ___ day of _____, 2012 ("Effective Date"), by and between the City of Carson acting as the Carson Successor Agency of the Carson Redevelopment Agency, a public body ("Lessor") and Kenneth and Robyn Phillips, as husband and wife ("Lessee"). Lessor and Lessee are occasionally each individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on March 6, 2012, Lessor and Lessee entered into the Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions ("Purchase Agreement") pursuant to which the Lessor agreed to sell certain real property located at 22020 Recreation Road, Carson, (the "Property") to Lessee to allow Lessee to construct new improvements on the Property and/or rehabilitate and maintain existing improvements located upon the Property for the purpose of establishing and maintaining a new vehicle dealership business; and

WHEREAS, Lessee desires to commence the site work necessary to open its new dealership on the Property prior to Close of Escrow and Lessor desires to convey the Property to Lessee in order to complete such Project build-out and maintenance; and

WHEREAS, vacant buildings and closed businesses are subject to vandalism and illegal entry and are often subject to being boarded-up, fenced or tarped, or otherwise abandoned in a manner that poses significant risks of unsightly or dangerous conditions of dilapidation. Additionally, as unused buildings deteriorate they can adversely affect the visual and aesthetic characteristics of the surrounding area. The Property is currently unoccupied, having been previously occupied by a recreational vehicle dealership, and thus the Property is vulnerable to become a target of trespassing, vandalism, and graffiti, and to become a public safety problem and a blighting influence on the surrounding area. By facilitating Lessee's commercial use of the Property and rehabilitation of improvements thereon, this Lease will alleviate the spread of blight via commercial vacancies in and around the Property. As such, the Lessor assistance will act to stabilize the surrounding area's property values; and

WHEREAS, based on the foregoing and subject to the terms and conditions set forth herein, the Parties desire to enter into this Lease.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and having determined that the foregoing recitals are true and correct and should be and hereby are incorporated into this Lease, the Parties agree as follows:

LEASE PROVISIONS

In consideration of the covenants and agreements contained herein, and incorporating the foregoing recitals and all exhibits hereto, Lessor and Lessee hereby agree as follows:



1.0 LEASE OF PROPERTY.

1.1 Property.

Lessor hereby grants, demises and lets unto Lessee the Property legally described in Exhibit "1" attached hereto. The Property is approximately 5.6 acres in area.

1.2 Term.

The "Term" of this Lease shall run from the Effective Date until the first to occur of the following: (i) Lessee obtains title to the Property, (ii) termination of the Purchase Agreement, or (iii) six months from the Effective Date. Notwithstanding the forgoing, if escrow has not closed under the Purchase Agreement because the title insurance company will not insure title without a condition relating to AB1X26, the term of this Lease shall be extended until a title policy can be issued without such condition, but in no event for a period of more than an additional six months. Termination of the Purchase Agreement shall cause the termination of this Lease without any resort to the rights or obligations provided under the laws of unlawful detainer.

1.3 Rent.

In consideration for Lessee's lease of the Property, Lessee shall make monthly rental payments for the Property to Lessor at a rate of Fifteen Cents (\$0.15) per square feet, for a total of Thirty-Four Thousand Dollars (\$34,000.00) per month. Each rent payment shall be delivered to 1 Civic Plaza Drive, Suite 500, Carson, California 90745, Attention: Clifford W. Graves and is due, in advance, on the first business day of each month that this Lease is in effect and, with respect to the initial month, is payable concurrent with the Effective Date. The rent shall be prorated using a 30 day month for the initial and final months of the term. As further described in the Purchase Agreement, each payment of rent shall be deducted from the "Purchase Price" paid by Lessee for the Property should escrow close pursuant to the Purchase Agreement. The rent payments shall be made without abatement, deduction or offset for any reason.

Lessee shall also have the obligation to pay the taxes, utilities and such other property-related charges as may be delegated to Lessee herein.

Any payments owed pursuant to this Lease shall be deemed late if not paid within five (5) days of the date due, at which time such late fees shall begin to accrue interest at a rate of five percent (5%) per year.

1.4 Taxes.

The Lessee shall pay all real and personal property taxes and assessments assessed against the Property as hereinafter provided. The obligation of Lessee hereunder shall include all taxes, assessments, levies and other governmental charges of every description, whether general, special, ordinary, extraordinary or otherwise (individually "imposition" and collectively "impositions") levied on or against the Property, personal property located on or in the Property or any improvement thereto, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the term, whether belonging to or chargeable against Lessor or Lessee. Lessee shall make all payments directly to the charging authority at least ten (10) days



prior to delinquency. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at its election, utilize the permitted installment method, but shall pay each installment prior to delinquency. Any payments during the first month and for the Lease month in which the Lease expires or terminates shall be prorated between Lessor and Lessee.

Lessee may contest the validity or amount of any imposition agreed to be paid by Lessee and/or any assessed valuation upon which such imposition is or will be based. If Lessee undertakes any such contest, it shall notify Lessor in writing and may defer payment of the imposition to the taxing authority or pay the same under protest. Should lessee be unsuccessful in any such contest, such imposition and any interest and/or penalties resulting therefrom shall be paid by Lessee. Lessee hereby agrees to hold Lessor harmless from all costs and expenses that may result from Lessee's contest of such imposition. Lessor shall not be required to join in any proceeding or contest brought by Lessee unless the provisions of any law require that the proceeding or contest be brought by or in the name of the Lessor or any owner of the Property. In that case, Lessor shall join in the proceeding or contest, or permit it to be brought in Lessor's name, all costs of such proceeding, including Lessor's attorneys' fees, to be borne by Lessee.

1.5 Utilities.

It is the intent of the parties that the Rent paid hereunder shall be net to the Lessor, and Lessee shall pay all costs, charges, assessments, and obligations of every kind or nature against or relating to the Property or the use, occupancy, operation, management, maintenance, or repair thereof which may arise or become due during the term. Without limiting the generality of the foregoing, Lessee shall pay all charges for utilities and services furnished to the Property during the Term, including but not limited to gas, electricity, heat, power, sewer, water, telephone, refuse collection, all associated connection charges, and all similar utility bills taxed, levied, or charged upon the Property.

1.6 Condition of Property.

1.6.1 Exercise of Feasibility Period. Pursuant to Section 7 of the Purchase Agreement and as further described in the Right of Entry Agreement between the Parties, Lessee has a forty-five (45) day license to enter the Property to conduct its due diligence inspections of the Property, which license may, in part, overlap with the Term of this Lease. Accordingly, Lessee hereby represents and warrants that it is satisfied with the condition of the Property for all purposes of this Lease.

1.6.2 Acceptance As-Is; Disclaimer of Warranties. During the Term, Lessee accepts the Property in an "As Is" condition with all faults and Lessee assumes the risk that adverse physical and environmental conditions may not have been revealed by its own investigation. Lessee has investigated and has knowledge of operative or proposed governmental laws and regulations (including, but not limited to, zoning, environmental and land use laws and regulations) to which the Property is or may be subject and accepts the Property solely upon the basis of its review and determination of the applicability and effect of such laws and regulations.

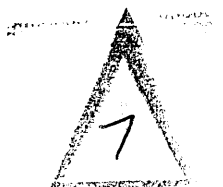


1.6.3 Lessor Not Responsible After Transfer. Upon taking possession of the Property pursuant to this Lease, Lessee shall be solely responsible for any defects in the Property, whether patent or latent, including, without limitation, the physical, environmental and geotechnical condition of the Property, and the existence of any contamination, Hazardous Materials, vaults, debris, pipelines, or other structures located on, under or about the Property, and Lessor makes no other representation or warranty concerning the physical, environmental, geotechnical or other condition of the Property, the suitability of the Property for use by Lessee, and Lessee specifically disclaims all representations or warranties of any nature concerning the Property made by the City or Lessor and their respective employees, agents and representatives except as otherwise provided in this Lease or the Purchase Agreement. 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 Property is suited, or drainage. Lessor makes no representation or warranty concerning the compaction of soil upon the Property, nor of the suitability of the soil for construction.

1.6.4 Hazardous Materials. Lessee understands and agrees that, in the event Lessee incurs any loss or liability concerning Hazardous Materials (as hereinafter defined) and/or underground storage tanks whether attributable to events occurring following the Closing, then Lessee may look to current or prior owners of the Property, but in no event shall Lessee look to Lessor or City for any liability or indemnification regarding Hazardous Materials and/or underground storage tanks. Lessee, and each of the entities constituting Lessee, if any, from and after the Closing, hereby waives, releases, remises, acquits and forever discharges Lessor, 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 Property, the existence of any Hazardous Material thereon, or the release or threatened release of Hazardous Materials there from after the Closing. It is the intention of the parties pursuant to this release that any and all responsibilities and obligations of Lessor and City, and any and all rights, claims, rights of action, causes of action, demands or legal rights of any kind of Lessee, its successors, assigns or any affiliated entity of Lessee, against the Lessor or City, arising by virtue of the physical or environmental condition of the Property, the existence of any Hazardous Materials thereon, or any release or threatened release of Hazardous Material there from 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, Lessee and each of the entities constituting Lessee, 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."



LESSEE'S INITIALS: _____

LESSOR'S INITIALS: _____

Lessee and each of the entities constituting Lessee, shall, from and after the Closing, defend, indemnify and hold harmless Lessor, 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 from the physical and/or environmental conditions of the Property occurring after 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 Property occurring after 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 there from, 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. Lessee further agrees that in the event Lessee obtains, from former or present owners of the Property or any other persons or entities, releases from liability, indemnities, or other forms of hold harmless relating to the subject matter of this Section, Lessee shall use its diligent efforts to obtain for Lessor 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 Property 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 Property, including the ground water hereunder, 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 Property 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 Property to comply with all applicable Environmental Laws in effect. "Environmental Compliance Cost" shall include all costs necessary to demonstrate that the Property 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

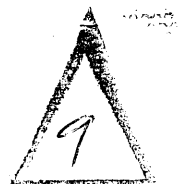


substances, (iii) protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of chemical substances from industrial or commercial activities, or (iv) regulation of the manufacture, use or introduction into commerce of chemical substances, including, 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, Lessee'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, Lessee's release and indemnification of the Indemnified Parties from liability pursuant to this Section shall not extend to Hazardous Materials brought onto the Property by Lessor or City or their respective contractors, agents or employees.



1.7 Survival of Indemnity Objections.

Notwithstanding any other provision of this Lease, Lessee's release and indemnification as set forth in the provisions of this Article 1 shall survive the termination or expiration of this Lease and shall continue in perpetuity.

1.8 Quiet Enjoyment.

Lessor covenants that upon performance and observance by Lessee of all of the agreements, covenants and conditions herein contained on the part of Lessee to be performed and observed, and subject to any existing leases and easements, Lessee shall peaceably hold and quietly enjoy the Property during the Term without hindrance, molestation or interruption by Lessor or by anyone lawfully or equitably claiming by, through or under Lessor.

2.0 DEVELOPMENT OF THE PROPERTY

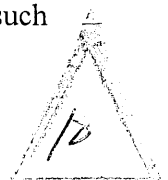
2.1 Construction and Ownership of Improvements.

Upon commencement of the Term and after obtaining all required approvals, Lessee may construct all improvements on the Property necessary to operate Lessee's automobile dealership. During the Term of this Lease, title to all fixtures and improvements to realty constructed or placed on the Property by Lessee, including buildings, structures, and other tenant improvements are and shall be vested in Lessee, but shall automatically become the property of Lessor upon the expiration or sooner termination of this Lease unless Lessee acquires title to the Property pursuant to the Purchase Agreement. Ownership of personal property on the Property shall be vested in Lessee during the Term of this Lease, but will be deemed abandoned if any such personal property is left on the Property upon Lessor's re-entry thereto.

All improvements, repairs and alterations done in connection with this Section shall be done promptly and in good and workmanlike manner and in compliance with all laws. Lessee shall comply with all applicable development standards in City's Municipal Code and shall comply with all building codes, landscaping, signage, and parking requirements, and all procedures for obtaining approval thereof, with reasonable diligence. All improvements once made or installed shall be deemed to have attached to the freehold, except for Lessee's trade fixtures which shall be and remain the property of Lessee.

2.2 Mechanics' Liens.

Lessee shall not permit any mechanic's, materialman's, contractor's, subcontractor's or other lien arising from any work or improvement, for any labor done, services performed, or materials, appliances, transportation, or power used or furnished, however it may arise, to stand against the Property or any improvement thereon. If any such lien shall be filed or arise against the Property or improvements, Lessee shall cause the same to be discharged within forty-five (45) days after such filing, by payment, deposit, or bond and shall save and hold Lessor and the Property free and harmless from any and all such claims, liens, or suits. If an action to foreclose such lien has been filed before Lessee discharges in full such lien, and a lis pendens or, similar encumbrance on the Property has been recorded in connection with such action, Lessee shall, at the time it discharges such lien, take all measures necessary to procure the removal of such



encumbrance from the record title of the Property. If Lessee shall fail to discharge any such lien, Lessor may, but shall not be obligated to, discharge the same and any amount so paid or deposited by Lessor and any expenses so incurred by Lessor, including reasonable attorney's fees, shall become immediately due and payable by the Lessee to Lessor together with interest as provided hereunder. Lessee may in good faith and at Lessee's own expense contest the validity of any such asserted lien, claim or demand, provided Lessee has furnished the bond required in Section 3143 of the California Civil Code, any amendment thereof or any law of similar import hereafter enacted providing for a bond freeing a premise from such lien claim. Lessee shall give Lessor at least ten (10) days' written notice of the date of commencement of any construction, alteration, addition, or improvement or repair (and subject to the provisions of Section 2.03 of this Lease) costing in excess of Fifty Thousand Dollars (\$50,000.00) so that Lessor may post appropriate Notices of Nonresponsibility. Authorized agents of Lessor shall at all times have the right to go upon the Property to post, and keep posted thereon, Notices of Nonresponsibility provided by Section 3094 of the California Civil Code. No mechanic's or materialman's liens or mortgages, deeds of trust, or other liens of any character whatsoever created or suffered by Lessee shall in any way or to any extent affect the interests or rights of Lessor in the improvements on the Property or attach to or affect Lessor's title to or rights in the Property.

3.0 USE OF THE PROPERTY

3.1 Compliance with Laws.

Lessee shall comply with all city, county, state and federal laws, statutes, ordinances, regulations, orders, and covenants and restrictions of record affecting the Property and the conduct of Lessee's business on the Property, including construction and maintenance activities. Lessee shall not conduct, or with knowledge, permit to be conducted any public or private nuisance on or in the Property or, with knowledge, permit to be committed any waste upon the Property. Lessee shall not perform any acts or carry on any practices that may injure adjacent buildings or be a nuisance or menace to other businesses in the area or disturb the quiet enjoyment of any person.

3.2 Uses Restrictions.

Lessee may only use the Property for carrying-on the business of an automobile vehicle dealership on the Property. The business includes the sale, repair and service of new and used vehicles. After the business is established, substantially all of the business's vehicular inventory shall consist of new Kia vehicles. Lessee shall operate the business conducted by it on the Property in a prudent manner, exercising customary business practices and hours of operation, to maximize sales and enhance the reputation and attractiveness of the Property. The Property shall not be occupied, purchased, conveyed or otherwise utilized for purposes of real estate speculation.

3.3 Property Maintenance.

Lessee shall be responsible for maintenance of all improvements that may exist on the Property from time to time, including without limitation buildings, parking lots, lighting, signs, and walls, in first class condition and repair, and shall keep the Property free from any



accumulation of debris or waste materials. The Lessee shall also maintain all landscaping in a healthy condition, including replacement of any dead or diseased plants.

3.4 Nondiscrimination and Nonsegregation Clause.

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: 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, gender preference, national origin, sexual orientation or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Property herein leased nor shall the Lessee, 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 Property herein leased. The foregoing nondiscrimination/nonsegregation clause shall be included in all subleases and contracts which Lessee may enter into with regards to the Property.

4.0 INDEMNIFICATION AND INSURANCE

4.1 Types of Insurance.

Prior to the entry of Lessee on the Property and/or the commencement of any construction by or on behalf of Lessee, Lessee shall procure and maintain (or cause to be procured and maintained), at its sole cost and expense, in a form and content reasonably satisfactory to Lessor, during the entire term of such entry or construction, the following policies of insurance:

4.1.1 Garage Liability or Commercial General Liability Insurance (collectively "CGL"). Lessee shall keep or cause to be kept in force for the mutual benefit of Lessor and Lessee CGL insurance against claims and liability for personal injury or death arising from the use, occupancy, disuse or condition of the Property, including the Property, improvements or adjoining areas or ways, affected by such use of the Property or for property damage, providing protection of at least Two Million Dollars (\$2,000,000.00) combined single limit per occurrence, combined single limit bodily injury, personal injury, death and property damage, subject to such increases in amount as Lessor may reasonably require from time to time.

4.1.2 Casualty. With respect to the improvements and any fixtures and furnishings to be owned by Lessee on the Property, "All Risk" property insurance against fire, extended coverage, vandalism, and malicious mischief, and such other additional perils, hazards, and risks, not including earthquakes, as now are or may be included in the standard "all risk" form in general use in Los Angeles County, California, with the standard form fire insurance coverage in an amount equal to full actual replacement cost thereof, as the same may change from time to time. Lessor shall be a loss payee under such policy or policies and such insurance shall contain a replacement cost endorsement. Any such repair, reconstruction or replacement shall be at the sole cost and expense of Lessee and, upon the completion thereof, shall be free and clear of all liens and encumbrances of any nature whatsoever, including mechanics' and



materialmen's liens. In the alternative, should fire or another casualty render the Property unusable, Lessee may elect to terminate the Lease.

4.1.3 Builder's Risk Insurance. Lessee shall procure and shall maintain (or cause to be procured and maintained) in force "all risks" builder's risk insurance including vandalism and malicious mischief, covering improvements in place and all material and equipment at the job Property furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees, with limits in accordance with subsection 4.1.1 above.

4.1.4 Workers' Compensation. Lessee shall also furnish or cause to be furnished to Lessor evidence reasonably satisfactory to it that any contractor with whom Lessee has contracted for the performance of any work for which Lessee is responsible hereunder carries workers' compensation insurance as required by law.

4.1.5 Other Insurance. Lessee may procure and maintain any insurance not required by this Lease.

4.2 Insurance Policy Form, Content and Insurer.

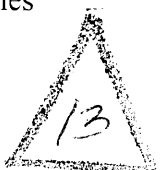
All insurance required by express provisions hereof shall be carried only by insurance companies authorized to do business by California, rated "A-" or better in the most recent edition of Best Rating Guide, and only if they are of a financial category Class VIII or better, unless such insurance is not available from companies meeting such standards at a commercially reasonable price and Lessor agrees in writing to different standards. All such property policies shall contain language, to the extent obtainable, to the effect that (i) any loss shall be payable notwithstanding any act of negligence of Lessor or Lessee that might otherwise result in the forfeiture of the insurance; (ii) Lessee waives the right of subrogation against Lessor and against Lessor's agents and representatives; (iii) the policies are primary and noncontributing with any insurance that may be carried by Lessor; and (iv) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to Lessor or Lessor's designated representative. Lessee shall furnish Lessor with certificates evidencing the insurance. Lessor shall be named as additional insured on all policies of insurance required to be procured by the terms of this Lease other than workers' compensation insurance.

4.3 Failure to Maintain Insurance and Proof of Compliance.

If Lessee fails or refuses to procure or maintain insurance as required hereby or fails or refuses to furnish Lessor with required proof that the insurance has been procured and is in force, such failure shall be a default hereunder, subject to the applicable cure period.

4.4 Indemnification.

4.4.1 General. Lessee shall indemnify Lessor and the City, their officers, employees, and agents against, and will hold and save them and each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions, or liabilities (herein "claims or liabilities") that may be asserted or claimed by any person, firm, or entity arising out of or in connection with the work, operations, or activities



of Lessee, its agents, employees, subcontractors, or invitees, hereunder, upon the Property, and in connection therewith:

(i) Lessee 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;

(ii) Lessee will promptly pay any judgment rendered against Lessor, the City, their officers, agents, or employees for any such claims or liabilities arising out of or in connection with such work, operations, or activities of Lessee hereunder; and Lessee agrees to save and hold Lessor, the City, their officers, agents, and employees harmless therefrom;

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

4.4.2 Exceptions. The foregoing indemnity shall not include the following claims or liabilities arising from the negligence or willful misconduct of the Lessor, the City, their officers, agents, employees, contractors, or subcontractors, who are directly responsible to Lessor or the Lessor.

4.4.3 Loss and Damage. Lessor shall not be liable for any damage to property of Lessee or of others located on the Property, nor for the loss of or damage to any property of Lessee or of others by theft or otherwise. Lessor shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain, or leaks from any part of the Property or from the pipes, appliances, or plumbing works or from the roof, street, or subsurface or from any other place or by dampness or by any other cause of whatsoever nature. Lessor shall not be liable for any damage caused by other tenants or persons in the Property, occupants of adjacent property or the public, or caused by operations by other than Lessor in construction of any private, public or quasi-public work. Lessor shall not be liable for any latent defect in any building or structure located on the Property, or any fixture or appurtenance thereto. All property of Lessee kept or stored on the Property shall be so kept or stored at the risk of Lessee.

4.4.4 Waiver of Subrogation. Lessee agrees that Lessee shall not make any claim against, or seek to recover from Lessor or its agents, servants, or employees, for any loss or damage to Lessee, or to any person or property, including without limitation, the property of others under the control of Lessee, and Lessee shall give notice to any insurance carrier of the foregoing waiver of subrogation, and obtain from such carrier, so long as commercially reasonably available, a waiver of right to recovery against Lessor, its agents and employees. In furtherance of the foregoing, Lessee agrees that in the event of a sale of the Property by Lessor, the hereinabove waiver of subrogation shall continue in favor of the original Lessor hereunder, and any subsequent Lessor, and their respective successors and assigns.



5.0 REMOVAL OF PROPERTY

5.1 Destruction of Property.

Should the Property be totally or substantially destroyed by an uninsured peril by no fault of Lessee, so that all or a substantial portion of the Property is unfit for the conduct of Lessee's business, Lessee shall have the right, giving thirty (30) days' prior notice to Lessor, to terminate this Lease with respect to the portion of the Property so affected (or all of the Property if Lessee concludes that it cannot reasonably continue its business operations at the Property), and all rent and other charges with respect to such portion of the Property shall be adjusted to the date of such destruction. This Lease shall remain in full force and effect with respect to the unaffected portion of the Property. If Lessee does not elect to terminate this Lease as to any portion of the Property affected by such destruction, the Lessee shall commence and diligently prosecute to completion the restoration of the destroyed buildings or improvements to a condition which will continue to fulfill the conditions, covenants, and requirements contained in the Lease, and shall continue operations in accordance with the terms hereof. Should the Property, or any part thereof, or any improvement thereon be totally or partially destroyed by an insured peril, the Lessee shall promptly cause the restoration of the destroyed improvements to their original or comparable condition and shall continue operations in accordance with the terms hereof to the extent reasonably possible.

5.2 Condemnation.

If, during the term of this Lease, all or any part of the Property or any building or other improvement located thereon, or any interest in this Lease is taken by the exercise of the power of eminent domain or by private purchase in lieu thereof, the condemnation award or amount paid in lieu thereof shall be apportioned as determined by law. In the event that any award is made to Lessee, any Lender to Lessee shall share in such award to the extent of its interest.

6.0 RESTRICTIONS ON TRANSFERS

6.1 Right to Transfer Limited.

The Lessee covenants that Lessee shall not transfer the Lease or any of its interests therein except as provided in the Purchase Agreement.

6.2 Assumption of Obligations.

No attempted assignment or Transfer of any of Lessee's obligations hereunder shall be effective unless and until the successor Party executes and delivers to Lessor an assumption agreement in a form approved by the Lessor assuming such obligations. Following any such assignment or Transfer of any of the rights and interests of Lessee under this Lease, the exercise, use and enjoyment shall continue to be subject to the terms of this Lease to the same extent as if the assignee or transferee were Lessee.



6.3 Lessee's Liability Upon Sublease.

Notwithstanding any subletting or assignment hereunder, Lessee shall remain fully and primarily liable for the payment of all rental and other sums due, or to become due, hereunder, and for the full performance of all other terms, conditions, and covenants to be kept and performed by Lessee. The acceptance of performance of any term, covenant, or condition hereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting or assignment of the Property.

6.4 Bankruptcy.

In the event of any voluntary or involuntary bankruptcy or reorganization on the part of the Lessee or in the case of any receiver being appointed to take charge of the Property or any portion of the Property, or in the case of any other assignment which would be caused by operation of law, Lessor may, at its option, declare this Lease terminated and forfeited by Lessee and Lessor shall be entitled in such event to immediate possession of the Property, and no receiver, trustee, or assignee in bankruptcy or otherwise shall acquire in any such case any of the rights of the Lessee hereunder nor any interest herein, by operation of law or otherwise.

6.5 Successors and Assigns.

The terms, covenants, and agreements herein contained shall bind and inure to the benefit of Lessor and Lessee, and each of their heirs, personal representatives, successors, and assigns, subject to, the provisions of this Lease. No rights, however, shall inure to the benefit of any assignee of Lessee unless the assignment to such assignee has been approved by Lessor as set forth above. All references to Lessor and Lessee shall be deemed to include successors and assigns of such parties, if approved as requested herein.

6.6 Lessor Assignment to City.

It is expressly agreed that Lessor shall have the unrestricted right to sell or assign its right to receive rent hereunder or the Lease itself and Lessor's obligations hereunder to the City of Carson, to any associate public or quasi-public entity, or any other Lessor or body without notice to or approval of Lessee. If the Lessor's interest and estate in and to the Property is sold or assigned by Lessor, the Lessor shall be entirely freed, relieved, and discharged of all covenants, agreements, and obligations under this Lease, except those occurring prior to the date of such sale by Lessor and attributable to Lessor's period of ownership of such interest and estate.

7.0 NO HYPOTHECATION

Lessee is prohibited from, at any time during the Term, encumbering the Property by a mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Property, to secure the repayment of any loan and associated obligations, to any institutional lender (herein the "lender", which may include a national or state bank, foreign bank Lessor licensed in California, federal or state savings and loan association, trust company, insurance company, educational institution, pension, retirement, or welfare fund, charitable foundation, real estate investment trust or any person, firm, or corporation engaged in the commercial finance business, or any combination of the foregoing).



8.0 ENFORCEMENT & DEFAULTS

8.1 Rights of Nondefaulting Party after Default.

Lessor and Lessee shall have hereunder all legal and equitable remedies as provided by law following the occurrence of a default (as defined in Section 8.2 below) or to enforce any covenant or agreement herein. Before this Lease may be terminated or action may be taken to obtain judicial relief the Party seeking relief ("Nondefaulting Party") shall comply with the notice and cure provisions of Section 8.2.

8.2 Notice of Default and Opportunity to Cure.

A Nondefaulting Party in its discretion may elect to declare a default under this Lease in accordance with the procedures hereinafter set forth for any failure or breach of the other party ("Defaulting Party") to perform any material duty or obligation of said Defaulting Party under the terms of this Lease. However, the Nondefaulting Party must provide written notice to the Defaulting Party setting forth the nature of the breach or failure and the actions, if any, required by Defaulting Party to cure such breach or failure ("Default Notice"). The Defaulting Party shall be deemed in "default" under this Lease, where: (i) said breach or failure can be cured, but the Defaulting Party has failed to fully cure within ten (10) days after the date of the Default Notice (subject to the provisions below), or (ii) a monetary default remains uncured for five (5) days (or such lesser time as may be specifically provided in this Lease).

8.3 Cure Period.

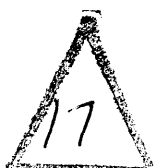
The Defaulting Party on a non-monetary default shall not be deemed in breach of this Lease, and such default shall be waived, if such non-monetary default cannot reasonably be cured within the above-prescribed thirty-day period, and as long as the Defaulting Party does each of the following: (a) notifies the Nondefaulting Party in writing with a reasonable explanation as to the reasons the asserted default is not curable within the sixty (60) day period; (b) notifies the Nondefaulting Party of the Defaulting Party's proposed cause of action to cure the default; (c) promptly commences to cure the default within the sixty (60) day period; (d) makes periodic reports to the Nondefaulting Party as to the progress of the program of cure; and (e) diligently prosecutes such cure to completion.

8.4 Remedies for Default.

In the event of an uncured default pursuant to this Article 8.0, the Nondefaulting Party shall declare an "Event of Default" to have occurred hereunder, and, at its option, may take one or more of the following steps:

(a) By mandamus or other suit, action or proceeding at law or in equity, require the Defaulting Party to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of this Lease; or

(b) Take action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of Lessee hereunder; or



(c) Enter the Property and cure the Event of Default at the cost of the Defaulting Party; or

(d) Terminate the Lease and proceed against the Defaulting Party for all compensable damages permitted by law.

8.7 Surrender of Property.

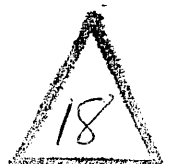
8.7.1 General. In the event of any termination of the Lease, whether by lapse of time, cancellation, forfeiture, default, or otherwise, Lessee shall immediately surrender and deliver the Property to Lessor, and all rights and claims of Lessee in and to use and enjoyment of such Property shall cease. Such termination shall not release the Lessee from any liability which accrued under this Lease to Lessor prior to such termination.

8.7.2 Condition of Property. Upon termination of this Lease, Lessee shall surrender the Property in a neat and clean, good and tenantable condition, reasonable wear and tear excepted. Lessee shall do all work and make all repairs necessary to place the Property in said condition at Lessee's sole expense, and should Lessee fail to do such work and make such repairs after receipt of Lessor's demand to do so, Lessor may perform such work, and Lessee shall reimburse Lessor for the expense thereof within ten (10) days after being invoiced therefor by Lessor.

8.7.3 Removal of Property. Upon said termination, Lessee shall have the right to remove from the Property all furniture, furnishings, fixtures, and equipment placed in the Property, provided that Lessee shall make all repairs to the Property required because of such removal. If any of such property shall remain in the Property after the end of the term hereof, such property shall be and become, at the option of Lessor, the property of Lessor without any claim therein of Lessee; provided that Lessor may direct Lessee to remove such property and if Lessee fails to remove such when directed to do so by Lessor, then Lessor may remove such property and Lessee shall reimburse Lessor for the expense thereof within ten (10) days after being invoiced therefor by Lessor.

8.7.4 Documents. Upon said termination, Lessee shall execute and deliver any and all deeds, bills of sale, assignments and other documents which in Lessor's sole judgment may be necessary or appropriate to transfer, to evidence, or to vest in Lessor clear title to any buildings, structures and improvements that may constitute a part of the Property and all machinery, equipment, fixtures or other property that may be used or intended to be used in connection with the Property or left at the time of such termination.

8.7.5 Holding Over. This Lease shall terminate and become null and void without further notice upon expiration of the term herein specified, and any holding over by Lessee after such expiration shall not constitute a renewal hereof or give Lessee any rights under this Lease. If Lessee fails to surrender the Property, Lessee shall indemnify and hold Lessor harmless from all loss or liability resulting from such failure, including any claims made by any succeeding tenant.



8.8 Legal Actions.

8.8.1 Institution of Legal Actions. Either Party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Legal actions must be instituted and maintained in the Superior Court of the Counties of Los Angeles, State of California, in any other appropriate court in those counties, or in the Federal District Court in the Central District of California.

8.8.2 Applicable Law and Forum. The laws of the State of California shall govern the interpretation and enforcement of this Lease.

8.8.3 Service of Process by Lessee. In the event that any legal action is commenced by Lessee against Lessor, service of process on Lessor shall be made by personal service upon the Executive Director or Secretary of Lessor, or in such other manner as may be provided by law.

8.9 No Waiver.

No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder. No waiver of any provision hereof by Lessor or Lessee shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Lessor or Lessee, as the case may be. The receipt by Lessor of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Payment by Lessee or receipt by Lessor of a lesser amount than the stipulated rent or other sums due Lessor shall operate only as a payment on account of such rent or other sums. No endorsement or statement on any check or other remittance or in any communication accompanying or relating to such payment shall operate as a compromise or accord and satisfaction unless the same is approved in writing by Lessor, and Lessor may accept such check, remittance or payment without prejudice to its right to recover the balance of any rent or other sums due by Lessee and pursue any remedy provided under this Lease or by law.

8.10 Attorneys' Fees.

If either Party to this Lease is required to initiate or defend any action or proceeding in any way connected with this Lease, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to receive reasonable attorneys' fees from the other Party. Attorneys' fees shall include attorneys' fees on any appeal. 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.



9.0 GENERAL PROVISIONS

9.1 Uncontrollable Circumstance.

Lessee shall give Lessor written notice within ten (10) days of the occurrence of any Uncontrollable Circumstances materially impacting or delaying Lessor's ability to fully perform the terms of this Lease. "Uncontrollable Circumstance" means any act, event or condition that has delayed or prevented, or which Lessor and Lessee hereto agree may be reasonably expected to delay or prevent, a Party from performing or complying with one of its obligations under this Lease, including, without limitation, such acts, events or conditions as:

(a) A change in law, including (i) the adoption, promulgation, amendment, modification, rescission, revision or revocation of any applicable law or change in judicial or administrative interpretation thereof occurring after the date hereof, and/or (b) any order or judgment of any federal, State or local court, administrative Lessor or governmental body issued after the date hereof, so long as such order or judgment is not the result of Lessee's negligent or willful misconduct or criminal violation; or

(b) Governmental action, inaction, restriction, initiative, referendum, moratoria, or processing with governmental agencies; or

(c) Earthquake, explosions, epidemic, quarantine, landslide, lightning, fire, flood and weather, including, without limitation, consecutive or numerous non-consecutive days of rain, snow or other inclement weather or other Acts of God; or

(d) Sabotage, acts of public enemy, war, riot, insurrection or civil disturbance, expropriation, confiscation; or

(e) The condemnation, taking, seizure, involuntary conversion or requisition of title to or use of the Facility, the Property or any material portion or part thereof by the action of any federal, State, county, city or local governmental Lessor or authority.

In no event shall any act, event or condition that has occurred as a result of poor management practices or negligence of Lessee, or an employee, subcontractor or agent thereof, be an Uncontrollable Circumstance.

9.2 Time of Essence.

Time is of the essence of each and every covenant, term, condition, and provision of this Lease.

9.3 Nonliability of City and Lessor Officials and Employees; Conflicts of Interest; Commissions.

9.3.1 Personal Liability. No member, official, or employee of Lessor or City shall be personally liable to Lessee in the event of any default or breach by Lessor or for any amount which may become due to Lessee or on any obligations under the terms of the Lease; provided, it is understood that nothing in this Section 9.3 is intended to limit Lessor's liability.



9.3.2 Financial Interest. No member, official, employee or agent of Lessor or City shall have any financial interest, direct or indirect, in this Lease, nor participate in any decision relating to this Lease which is prohibited by law.

9.3.3 Commissions. Neither the Lessor nor the Lessee has retained any broker or finder or has paid or given, and will not pay or give, any third person any money or other consideration for obtaining this Lease. Neither Party shall be liable for any real estate commissions, brokerage fees or finders' fees which may arise from this Lease, and each Party agrees to hold the other harmless from any claim by any broker, agent, or finder retained by such Party.

9.4 Books and Records.

Lessee shall keep true and complete records and accounts of all business transacted. Lessor shall have the right during normal business hours of Lessee, and from time to time, to examine and audit all of the books of account, bank statements, documents, records, sales tax reports, returns, papers, and files pertaining to the operations of Lessee upon the Property. Such records shall be retained by Lessee for at least three (3) years following the making thereof.

9.5 No Partnership.

Notwithstanding any other express or implied provision of this Lease, Lessor shall not in any way or for any purpose become or be deemed to be a partner of Lessee in its business or otherwise or a joint venturer, or a member of any joint enterprise with Lessee.

9.6 Severability.

If any covenant, term, condition, or provision of this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall be valid and enforceable to the fullest extent permitted by law unless that covenant, term, condition, or provision declared to be invalid is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders the remainder of this Lease meaningless.

9.7 Interpretation.

The terms of this Lease 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 Lease 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 Lease. As used in this Lease and whenever required by the context thereof, each number, both singular or plural, shall include all numbers, and each gender shall include all genders. Lessor and Lessee, as, used in this Lease or in any other instrument referred to in or made a part of this Lease shall likewise include both the singular and the plural, a corporation, co-partnership, individual, or person acting in any fiduciary capacity as executor, administrator, trustee, or in any other representative capacity, and all successors and assigns. All covenants herein contained on the part of Lessee shall be joint and several.



9.8 Integration Clause.

It is understood that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements, and understandings, if any, between the parties hereto or displayed by Lessor to Lessee with respect to the subject matter thereof, and none shall be used to interpret or construe this Lease. This Lease includes all attachments attached hereto, which by this reference are incorporated herein. Said documents shall be interpreted insofar as possible to prevent any inconsistency and to effectuate the terms thereof, without one prevailing over the other.

9.9 Notices, Demands and Communications Between the Parties.

Except as expressly provided to the contrary herein, any notice, consent, report, demand, document or other such item to be given, delivered, furnished or received hereunder shall be deemed given, delivered, furnished, and received when given in writing and personally delivered to an authorized agent of the applicable Party, or upon delivery by the United States Postal Service, first-class registered or certified mail, postage prepaid, return receipt requested, or by a national "overnight courier" such as Federal Express, at the time of delivery shown upon such receipt; in either case, delivered to the address, addresses and persons as each Party may from time to time by written notice designate to the other and who initially are:

If to Lessee:

If to Lessor: Successor Agency of the Carson Redevelopment Agency
1 Civic Plaza Drive, Suite 500
Carson, California 90745
Attention: Clifford W. Graves

A copy to: Aleshire & Wynder, L.L.P.
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attention: Tiffany J. Israel

9.10 Amendments.

Any amendment of, or supplement to, this Lease must be in writing and signed by Lessor and Lessee or their respective successors.

9.11 Execution.

This Lease 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. Each Party represents and warrants that: (i) it is duly organized and existing under the laws of the State of California; (ii) it has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers; and (iii) the entering into this Lease by it does not violate any provision of any other agreement to which Lessee is a Party.



"LESSEE":

CITY OF CARSON acting as the CARSON
SUCCESSOR AGENCY of the CARSON
REDEVELOPMENT AGENCY, a public body

By: _____
Mayor Jim Dear

ATTEST:

City Clerk Donesia Gause

APPROVED AS TO FORM:

Aleshire & Wynder, LLP

City Attorney

"LESSE":

Kenneth and Robin Phillips, as husband and wife

Kenneth Phillips

Robin Phillips



Exhibit 1

LEGAL DESCRIPTION OF THE PROPERTY

TRANI, ET AL., RECORDED DECEMBER 8, 1959 AS INSTRUMENT NO. 911, AS TO LOT 50.

APN(s): 7328-001-011

PARCEL 3:

LOT 3 OF TRACT 27833, IN THE CITY OF CARSON, AS PER MAP RECORDED IN BOOK 778, PAGES 68 THROUGH 71, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND A PORTION OF LOT 29 OF TRACT 4546, IN SAID CITY, AS PER MAP RECORDED IN BOOK 50, PAGES 21 AND 22 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND A PORTION OF LOT 1 OF TRACT 43751, IN SAID CITY, AS PER MAP RECORDED IN BOOK 1107, PAGES 93 THROUGH 95, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 3; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT SOUTH 89° 42' 40" WEST 134.31 FEET TO THE SOUTHWEST CORNER OF SAID LOT; THENCE ALONG THE WESTERLY LINE OF SAID LOT NORTH 0° 17' 20" TO THE SOUTHERLY LINE OF SAID LOT 29; THENCE ALONG SAID LAST MENTIONED SOUTHERLY LINE SOUTH 89° 42' 40" WEST 64.63 FEET TO THE NORTHEASTERLY LINE OF RECREATION ROAD, 46 FEET WIDE, AS SHOWN ON SAID TRACT 43751; THENCE ALONG SAID NORTHEASTERLY LINE NORTH 38° 23' 41" WEST 387.62 FEET TO THE SOUTHWEST CORNER OF LOT 1 OF SAID TRACT 43751; THENCE NORTH 51° 36' 19" EAST 113.91 FEET TO THE NORTHEASTERLY LINE OF SAID LOT 1, SAID NORTHEASTERLY LINE ALSO BEING THE SOUTHWESTERLY LINE OF SAID LOS ANGELES COUNTY FLOOD CONTROL DISTRICT RIGHT OF WAY AS PER DEED RECORDED IN BOOK D2465, PAGE 509 AND AS PER DEED RECORDED IN BOOK D2377, PAGE 712, OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHEASTERLY AND SOUTHWESTERLY LINES SOUTH 39° 22' 59" EAST 317.41 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1223.43 FEET, A RADIAL TO SAID POINT BEARS SOUTH 50° 54' 16" WEST; THENCE ALONG SAID CURVE AND SAID SOUTHWESTERLY LINE THROUGH A CENTRAL ANGLE OF 8° 15' 22" AN ARC DISTANCE OF 176.29 FEET TO THE NORTHEAST CORNER OF SAID LOT 3; THENCE SOUTH 48° 54' 35" EAST 37.82 FEET ALONG THE NORTHEASTERLY LINE OF SAID LOT 3 TO THE POINT OF BEGINNING.

PURSUANT TO LOT LINE ADJUSTMENT NO. 20-91 CERTIFICATE OF COMPLIANCE RECORDED JULY 16, 1992, AS INSTRUMENT NO. 92-1293661, OF OFFICIAL RECORDS.

APN(s): 7328-001-006, 007 AND 018



**FIRST AMENDMENT TO AGREEMENT FOR PURCHASE AND SALE
OF REAL PROPERTY AND JOINT ESCROW INSTRUCTIONS
(22020 Recreation Road)**

This First Amendment to Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions (the "First Amendment") is entered into on this ____ day of April, 2012 ("Effective Date"), by and between the City of Carson acting as the Carson Successor Agency of the Carson Redevelopment Agency, a public body ("Seller") and Kenneth and Robyn Phillips, as husband and wife ("Buyer").

RECITALS

WHEREAS, on March 6, 2012, Buyer and Seller entered into the Agreement for Purchase and Sale of Real Property and Joint Escrow Instructions ("Agreement") pursuant to which the Seller agreed to sell certain real property located at 22020 Recreation Road, Carson, (the "Property") to Buyer; and

WHEREAS, Buyer desires to construct new improvements on the Property and/or rehabilitate and maintain existing improvements located upon the Property for the purpose of establishing and maintaining a new vehicle dealership business; and

WHEREAS, Seller and Buyer desire to revise the terms of the Agreement as described below to allow Buyer to lease the Property as of the Effective Date of the lease incorporated into the Agreement pursuant to this First Amendment as Buyer is prepared to commence the site work necessary to open its new dealership.

NOW, THEREFORE, based upon the foregoing recitals and the terms, conditions, covenants, and agreements contained herein, the parties hereto agree as follows:

Section 1. Section 3.1 of the Agreement, "Amount of Purchase Price," is hereby replaced to read as follows:

"Amount of Purchase Price; Lease Payments.

The purchase price for the Property shall be Six Million Three Hundred Sixty Thousand Dollars (\$6,360,000.00) ("Purchase Price"), which is the fair market value of the Property as established by an independent appraisal performed by Goeppner & Associates dated February 13, 2012.

Should Buyer take possession of the Property pursuant to a lease between the parties, all funds paid by Buyer to Seller as "Rent" under the lease shall be applied to the Purchase Price at Closing. Notwithstanding the foregoing, the Rent shall be non-refundable such that, should the Closing fail to occur, Seller shall retain the Rent as compensation for allowing Buyer to use the Property."

Section 2. Section 5.1 of the Agreement, "Closing Date," is hereby replaced to read as follows:

"Escrow shall close no later than six (6) months after the opening of escrow ("Closing Date"), unless otherwise extended as memorialized in a writing signed by the parties. Notwithstanding the forgoing, if Escrow has not closed because the Title Company will not issue the Title Policy without a condition relating to AB1X26 and if the Parties have entered into the Lease contemplated in Section 10.2 below, Escrow shall be extended until the Title Policy can be issued without such condition, but in no event for a period of more than an additional six months. The terms "Close of Escrow" and/or "Closing" are used herein to mean the time Seller's Grant Deed is filed for recording by the Escrow Holder in the Office of the County Recorder of Los Angeles County, California."

Section 3. Article 10 of the Agreement, "Billboard Lease," is hereby replaced to read as follows:

"LEASES.

10.1 Billboard Lease.

Prior to Closing, Seller shall deliver to Escrow Holder an executed Assignment of that certain Lease #14133 dated November 1, 1989 between Gannet Outdoor Co., Inc of Southern California and David Altman, and all amendments thereto (collectively, the "Billboard Lease"), transferring all of Seller's interests, rights, and obligations which exist or arise out of the Billboard Lease to the Buyer.

10.2 Lease of Property to Buyer.

In addition to Buyer's right to enter the Property to conduct its due diligence inspections of the Property as described in Section 7 above and as further described in Exhibit "C", the parties may elect to execute a lease agreement, substantially in the form attached hereto as Exhibit "D", authorizing Buyer to enter and exclusively possess the Property through Closing or expiration of the term of such lease, upon Buyer's payment of Rent and compliance with the other set forth in such lease. Termination of the Purchase Agreement shall cause the termination of this Lease without any resort to the rights or obligations provided under the laws of unlawful detainer."

Section 4. A new exhibit, Exhibit "D", the "Lease", attached hereto, is incorporated into the Agreement by this reference.

Section 5. The parties agree that, except as specifically provided in this First Amendment, the terms of the Agreement shall remain unchanged and in full force and effect.

Section 6. The person(s) executing this First Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this First Amendment on behalf of said party, (iii) by so executing this First Amendment, such party is formally bound to the provisions of this First Amendment, and (iv)



the entering into of this First Amendment does not violate any provision of any other agreement to which said party is bound.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the Effective Date.

"SELLER":

CITY OF CARSON acting as the CARSON
SUCCESSOR AGENCY of the CARSON
REDEVELOPMENT AGENCY, a public body

By: _____
Mayor Jim Dear

ATTEST:

City Clerk Donesia Gause

APPROVED AS TO FORM:

Aleshire & Wynder, LLP

City Attorney

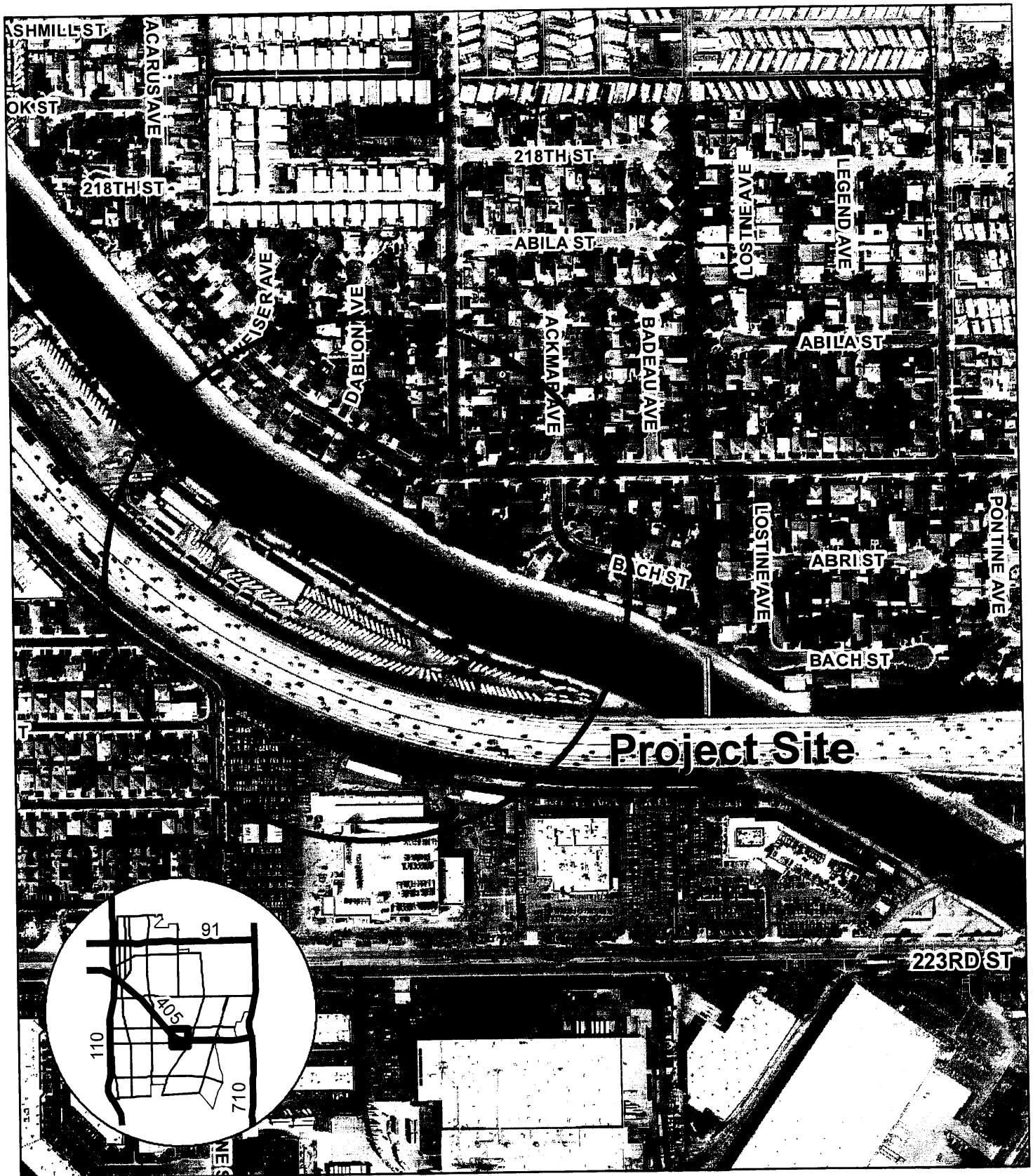
"BUYER":

Kenneth and Robin Phillips, as husband and wife

Kenneth Phillips

Robin Phillips





Vicinity Map
Altman's Winnebago
22020 Recreation Road
Carson CA 90745

EXHIBIT NO. 3

