



City of Carson Report to Redevelopment Agency

May 9, 2011
New Business Consent

SUBJECT: CONSIDERATION OF RESOLUTION NO. 11-21 APPROVING THE FIRST AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND CORMIER CHEVORLET COMPANY (CARSON CONSOLIDATED PROJECT AREA)

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by Clifford W. Graves
Interim Executive Director

I. SUMMARY

The subject of this report is the first amendment (Amendment) to the Owner Participation Agreement (OPA) and the Amended and Restated OPA Note (Note) (Exhibit No. 2) by and between the Carson Redevelopment Agency (Agency) and Cormier Chevrolet (Dealership) dated February 1, 2011, regarding Agency assistance to the Dealership in the form of a \$500,000.00 interim development loan for the Dealership to upgrade its existing Hyundai franchise (Project). The Dealership approached Agency staff with a request to extend the terms of the original loan for an additional 90 days.

Due to the recent changes in the capital and financial market underwriting requirements, the Dealership's anticipated \$1.7 million loan from the Grow America Fund (GAF) will not fund in the original time period projected. Proceeds from the GAF loan have been committed to repay the \$500,000.00 interim development loan. Adoption of Resolution No. 11-21 (Exhibit No. 1) will effectuate the changes to the OPA outlined in this staff report. An excerpt of minutes of the February 1, 2011, Agency Board meeting is attached to this report (Exhibit No. 3).

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 11-21, "A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND CORMIER CHEVROLET COMPANY FOR THE DEVELOPMENT OF A NEW HYUNDAI SHOWROOM FOR PROPERTY LOCATED AT 2201 E. 223RD STREET, CARSON, CALIFORNIA (CONSOLIDATED PROJECT AREA)."
2. AUTHORIZE the Agency Chairman to execute the first amendment to the Owner Participation Agreement by and between the Carson Redevelopment

Agency and Cormier Chevrolet Company following approval as to form by Agency Counsel.

III. ALTERNATIVES

1. MODIFY the first amendment to the Owner Participation Agreement as the Agency may deem necessary and APPROVE as modified.
2. TAKE another action the Agency Board deems necessary

IV. BACKGROUND

On April 24, 2009, the Agency purchased the land and structures located at 2201 E. 223rd Street, from the C-P Land Company (Owner). The Agency then leased the land and structures back to the Dealership to continue its normal sales and leasing operation. The lease, which has two five-year options, was to be revisited in five years, at which time the Owner has an option to repurchase the land and structures at fair market value.

On January 28, 2011, the Dealership received a loan commitment of approximately \$1.7 million from the GAF for the upgrade and redevelopment of its existing Hyundai dealership. The GAF loan was to have funded by now but has not done so. The Dealership approached the Agency with a request to extend the term of the loan for an additional 90 days. Upon the Dealership's receipt of the GAF funds, it will immediately repay the Agency loan in full. To date the Dealership continues to expend its own funds on pre-development costs, in order to meet corporate Hyundai's deadline for a new Hyundai dealership by the end of 2011. Without the Agency's interim loan, which has given the project the ability to continue moving ahead, that goal may not be reached.

V. FISCAL IMPACT

Said funds will be repaid in total within 90 days from authorization of the Amendment. The city of Carson will realize an additional, approximately \$20,000.00 per year in sales tax upon completion of the project.

VI. EXHIBITS

1. Resolution No 11-21. (pgs. 4-12)
2. First Amendment to the Owner Participation Agreement/Amended and Restated OPA Note. (pgs. 13-19)
3. Minutes February 1, 2011, Item No. 3A. (pg. 20)

Prepared by: Michelle Chambers, Redevelopment Project Manager

TO:Rev010511

Reviewed by:

Reviewed by:

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

Action taken by Redevelopment Agency

Date _____ Action _____

RESOLUTION NO. 11-21

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF CARSON, CALIFORNIA, APPROVING THE FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND CORMIER CHEVROLET COMPANY FOR THE DEVELOPMENT OF A NEW HYUNDAI SHOWROOM FOR PROPERTY LOCATED AT 2201 E. 223RD STREET, CARSON, CALIFORNIA (CONSOLIDATED PROJECT AREA).

WHEREAS, the Carson Redevelopment Agency (the "Agency") has been duly created, established and authorized to transact business and exercise its powers under and pursuant to Community Redevelopment Law ("CRL"; California Health and Safety Code Sections 33000 et seq.), which authorizes Agency to make agreements with owners, purchasers and lessees of property to assist in alleviating blight by development of projects in conformance with the Redevelopment Plan for a Project Area; and

WHEREAS, Cormier Chevrolet Company (the "Participant") operates Cormier Chevrolet and Cormier Hyundai on property within the Carson Consolidated Project Area (the "Project Area") of the city of Carson that Participant leases from the Agency ("Property"); and

WHEREAS, to effectuate the provisions of the Redevelopment Plan for the Project Area, the Agency entered into an Owner Participation Agreement (the "Agreement") dated February 1, 2011, with Participant in connection with the development of a new approximately 9,600 square foot Hyundai show room (the "Project") on the Property, pursuant to which the Agency agreed to provide bridge loan funding to assist with the predevelopment costs to be incurred by Participant in connection with the Project until the Participant receives the construction funding as more particularly described in the Agreement; and

WHEREAS, the Participant's construction funding has been delayed such that the parties desire to extend the term of the bridge financing as described in the First Amendment to the OPA.

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

Section 1: The above recitals are all true and correct and incorporated herein by this reference.

Section 2: Based on the foregoing recitals and all evidence presented to and considered by the Agency Board on May 3, 2011, including the Staff Report and the First Amendment to the Agreement, the Agency Board hereby reaffirms that (a) the Project will be of benefit to the Project Area, (b) the development of the Project will assist in the elimination of blighting conditions within the Project Area and the immediate neighborhood where the Project

EXHIBIT NO. - 1

[MORE]

will be located and (c) is consistent with the Agency's current adopted Redevelopment Plan and Implementation Plan for the Project Area.

Section 3: The Agency hereby approves the First Amendment to the Agreement, attached hereto and incorporated herein as Attachment No. 1.

Section 4: The Agreement is hereby approved for execution and delivery by the Chair or Executive Director of the Agency and/or any other authorized officers with such changes or modifications as the Chair or Executive Director of the Agency and/or any such other authorized officers may deem necessary (as conclusively evidenced by the execution thereof) to effectuate their purpose. The Secretary of the Agency is hereby authorized to attest to the Agreement.

Section 5: The Chair or Executive Director of the Agency 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 Agreement.

PASSED, APPROVED and ADOPTED this 3rd day of May, 2011.

Chairman Jim Dear

ATTEST:

Secretary Helen S. Kawagoe

APPROVED AS TO FORM:

Agency Counsel

FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT

This First Amendment to Owner Participation Agreement (the "First Amendment") is entered into on this 2nd day of May, 2011 ("Effective Date"), by and between the CARSON REDEVELOPMENT AGENCY, a public body, corporate and politic ("the Agency") and CORMIER CHEVROLET COMPANY, a California corporation, whose offices are located at 2201 East 223rd Street, Carson, CA 90810 ("Participant") with respect to the following:

RECITALS

WHEREAS, Participant operates the Cormier Chevrolet and Cormier Hyundai dealerships on land within the City of Carson that Participant leases from the Agency (hereinafter defined as the "Property") within the Carson Consolidated Redevelopment Project Area; and

WHEREAS, Participant desires to redevelop the Property by constructing a new showroom for the Hyundai dealership (the "Project") that Participant will operate on the Property, the construction of which will result in the increased generation of property tax and sales tax revenue to the City of Carson; and

WHEREAS, Agency and Participant entered into that certain Owner Participation Agreement dated February 1, 2011 (the "Original OPA"), which provided for a bridge loan from the Agency to assist Participant with the payment of predevelopment costs incurred by Participant in connection with the construction of the Project until such time as the Participant's construction loan funds; and

WHEREAS, the Project financing has been delayed due to unforeseeable changes in capital and financial market conditions such that Participant has requested and Agency has agreed to a ninety-day extension of time for the repayment of the bridge loan.

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 4.1 of the Original OPA, "Loan by Agency," is hereby amended in its entirety to read as follows:

"Within Three (3) business days of executing this Agreement, but subject to satisfaction or Agency's waiver of each and all of the Agency's Conditions to Funding set forth in Section 4.4 hereof, Agency shall, pursuant to the OPA Note (Exhibit "C"), provide assistance to Participant in the form of an interest free bridge loan in the amount of Five Hundred Thousand Dollars (\$500,000). The bridge loan will be a not to exceed one hundred eighty (180) day loan to Participant to assist Participant with the payment of predevelopment costs to be incurred by Participant in connection with construction of the Project on the Property (the "Agency Assistance") until the Participant's construction loan funds. The Agency shall disburse the Agency Assistance in one lump sum provided that Participant satisfies the Agency's conditions to funding described at Section 4.4 below and any conditions set forth in the OPA Note. The Agency Assistance is



provided pursuant to the Agency's authority under California Community Redevelopment Law, including Health and Safety Code Section 33444.5. The Agency shall have no responsibility or obligation for any income tax or other tax consequences to Participant resulting from the provision of the Agency Assistance."

Section 2. Section 4.2 of the Original OPA, "Terms of OPA Note," is hereby amended in its entirety to read as follows:

"The OPA Note, which shall bear no interest, shall be in an amount equal to Five Hundred Thousand Dollars (\$500,000). The term of the OPA Note shall require repayment within one hundred eighty (180) days from the date of issuance of the loan or within one (1) business day of Participant's receipt of the construction loan funds, whichever period is shorter."

Section 3. Participant and Agency agree that Exhibit "C" shall be amended and replaced in its entirety with the new Exhibit "C-1," attached hereto and incorporated herein by reference.

Section 4. 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 5. 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.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date of approval by the Agency.

“AGENCY”

CARSON REDEVELOPMENT AGENCY

By: _____
Chairman Jim Dear

Attest:

Agency Secretary Helen Kawagoe

Approved as to form:

ALESHIRE & WYNDER, LLP

Attorneys for the Agency

“PARTICIPANT”

CORMIER CHEVROLET COMPANY, a
California corporation

By: _____
Its: _____

By: _____
Its: _____



AMENDED AND RESTATED OPA NOTE

\$500,000.00

May 2, 2011
Carson, California

1. **BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cormier Chevrolet Company, a California corporation ("Borrower"), promises to pay to the Carson Redevelopment Agency, a public body, corporate and politic ("Agency"), or order, as lender herein, at its office at 1 Civic Plaza Drive, Suite 500, 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) within one hundred eighty (180) days from the date of issuance of the loan or within one (1) business day of Participant's receipt of the construction loan funds, whichever period is shorter (the "Maturity Date"), in accordance with that certain Owner Participation Agreement, dated February 1, 2011 (the "Agreement") by and between Borrower and Agency. On the Maturity Date, the portion of the outstanding principal balance of the OPA shall be due and payable. As used herein, the term "Agency" shall mean Agency and any subsequent holder of this OPA Note secured by a Guaranty (this "Note"), whichever is applicable from time to time.

2. **SECURITY.** This Note evidences a bridge loan (the "Loan") from Agency to Borrower for the principal sum of Five Hundred Thousand Dollars (\$500,000). The Loan is made pursuant to the Agreement and is secured by the Guaranty executed by John Peterson of even date herewith (the "Guaranty"). The purpose of the Loan is to provide bridge funding for a portion of the rehabilitation and construction of an improved, larger car dealership facility as described more fully in the Agreement until the Borrower's construction loan has funded.

3. **PAYMENTS OF PRINCIPAL.** Borrower shall immediately repay this Note on the Maturity Date or upon default of any term of the Agreement, this Note or the Guaranty.

4. **LATE CHARGE AND DEFAULT INTEREST RATE.**

a. If any payment or charge due hereunder is not received by Agency within three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date, then Borrower shall pay to Agency, without regard to the date as of which such payment is credited, an additional amount equal to five percent (5%) of the delinquent payment. Borrower and Agency acknowledge and agree that it would be impractical or extremely difficult to fix Agency's actual damages in the event that any payment shall not be paid when due, and that such amounts shall be presumed to be the amount of the damages suffered by Agency hereof as the result of such late payment.

b. If any payment is not received by Agency within three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date, then

Borrower shall be in default hereunder, and such payment shall thereafter bear interest at the rate of eight percent (8%) per annum.

c. This paragraph and the amounts which it provides shall not limit Agency's right, under this Note, the Guaranty, or otherwise, to compel prompt performance hereunder.

5. **DEFAULT BY BORROWER.** The following breaches by Borrower shall constitute an "Event of Default" hereunder:

a. Borrower's failure to make any payment when due and Borrower's continuation to fail to make such payment for three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date;

b. Borrower's breach or failure to perform any provision or condition contained in this Note, the Guaranty, the Agreement, including but not limited to the use provisions in Section 5 of the Agreement or any other instrument secured by the Guaranty, and the continuation of such breach or failure for ten (10) days after delivery of a written notice to Borrower of such breach or failure to perform, unless a different cure period is prescribed, in which case there shall be an Event of Default upon the expiration of the prescribed cure period; and provided further, that if more than ten (10) days is reasonably required to cure such default, then Borrower shall not be in default if Borrower commences to cure such default during such ten (10) day (or other applicable) period and thereafter diligently prosecutes such cure to completion;

c. Any breach or default under the construction obligations set forth in the Agreement and the expiration of the cure period therefore, if any;

d. Any Event of Default set forth in the Guaranty;

e. Any breach by Borrower under any other agreement relating to the Property, the Project (as defined in the Agreement) and/or the Agreement executed by Borrower to Agency and the failure to cure same within the time periods provided for curing such breach, if any; and

f. Any material misrepresentation or failure to disclose any material fact in those certain financial and other written representations and disclosures made by Borrower in order to induce reliance by Agency which secures or is related to the Note, and the failure to cure same within ten (10) days after Agency learns of same.

Upon any Event of Default, the whole sum of outstanding, unforgiven principal and accrued but unpaid interest thereon under this Note shall become immediately due at the option of Agency and regardless of any prior forbearance. As provided in Paragraph 4(b) above, interest shall accrue following any Event of Default at the rate of eight percent (8%) per annum.

6. **NOTE PAYABLE IN U.S. DOLLARS.** Principal, interest, late charges and all other charges due hereunder shall be payable in lawful money of the United States.

7. **DUE ON SALE CLAUSE; ASSUMABILITY OF NOTE.** During the term of this Note, Borrower shall not assign, transfer, or sell the Agreement or any interest in the Property, the Project, the improvements thereon, or any portion thereof, or any interest in Borrower, without Agency's prior written consent. Any attempted transfer in violation hereof shall be ineffective and void ab initio and shall constitute default and breach of this Note by Borrower, and trigger Borrower's obligation to immediately repay the Loan.

8. **COSTS OF COLLECTION.** Borrower, together with all co-obligors, sureties, endorsers and guarantors of this Note, jointly and severally, promise to pay all costs and expenses of collection including, without limitation, attorneys' fees incurred by the Agency in this Note or any portion of this Note is placed in the hands of attorneys for collection.

9. **CERTAIN WAIVERS.** Subject to any provision expressly requiring notice hereunder, 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.

10. **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.

11. **WAIVER OF STATUTE OF LIMITATIONS.** The pleading of any statute of limitations as a defense to the obligations evidenced by this Note is waived to the fullest extent permissible by law.

12. **ASSIGNMENT.** Agency shall have the right to sell, assign or otherwise transfer, either in part or in its entirety, this Note, the Guaranty, and any other instrument evidencing or securing the indebtedness of this Note to any party without Borrower's consent.

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

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

15. **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.

[Signatures on the next page.]



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

"BORROWER"

CORMIER CHEVROLET COMPANY,
a California Corporation

DATED: _____

By: _____
Its: _____

By: _____
Its: _____



FIRST AMENDMENT TO OWNER PARTICIPATION AGREEMENT

This First Amendment to Owner Participation Agreement (the "First Amendment") is entered into on this 2nd day of May, 2011 ("Effective Date"), by and between the CARSON REDEVELOPMENT AGENCY, a public body, corporate and politic ("the Agency") and CORMIER CHEVROLET COMPANY, a California corporation, whose offices are located at 2201 East 223rd Street, Carson, CA 90810 ("Participant") with respect to the following:

RECITALS

WHEREAS, Participant operates the Cormier Chevrolet and Cormier Hyundai dealerships on land within the City of Carson that Participant leases from the Agency (hereinafter defined as the "Property") within the Carson Consolidated Redevelopment Project Area; and

WHEREAS, Participant desires to redevelop the Property by constructing a new showroom for the Hyundai dealership (the "Project") that Participant will operate on the Property, the construction of which will result in the increased generation of property tax and sales tax revenue to the City of Carson; and

WHEREAS, Agency and Participant entered into that certain Owner Participation Agreement dated February 1, 2011 (the "Original OPA"), which provided for a bridge loan from the Agency to assist Participant with the payment of predevelopment costs incurred by Participant in connection with the construction of the Project until such time as the Participant's construction loan funds; and

WHEREAS, the Project financing has been delayed due to unforeseeable changes in capital and financial market conditions such that Participant has requested and Agency has agreed to a ninety-day extension of time for the repayment of the bridge loan.

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 4.1 of the Original OPA, "Loan by Agency," is hereby amended in its entirety to read as follows:

"Within Three (3) business days of executing this Agreement, but subject to satisfaction or Agency's waiver of each and all of the Agency's Conditions to Funding set forth in Section 4.4 hereof, Agency shall, pursuant to the OPA Note (Exhibit "C"), provide assistance to Participant in the form of an interest free bridge loan in the amount of Five Hundred Thousand Dollars (\$500,000). The bridge loan will be a not to exceed one hundred eighty (180) day loan to Participant to assist Participant with the payment of predevelopment costs to be incurred by Participant in connection with construction of the Project on the Property (the "Agency Assistance") until the Participant's construction loan funds. The Agency shall disburse the Agency Assistance in one lump sum provided that Participant satisfies the Agency's conditions to funding described at Section 4.4 below and any conditions set forth in the OPA Note. The Agency Assistance is

provided pursuant to the Agency's authority under California Community Redevelopment Law, including Health and Safety Code Section 33444.5. The Agency shall have no responsibility or obligation for any income tax or other tax consequences to Participant resulting from the provision of the Agency Assistance."

Section 2. Section 4.2 of the Original OPA, "Terms of OPA Note," is hereby amended in its entirety to read as follows:

"The OPA Note, which shall bear no interest, shall be in an amount equal to Five Hundred Thousand Dollars (\$500,000). The term of the OPA Note shall require repayment within one hundred eighty (180) days from the date of issuance of the loan or within one (1) business day of Participant's receipt of the construction loan funds, whichever period is shorter."

Section 3. Participant and Agency agree that Exhibit "C" shall be amended and replaced in its entirety with the new Exhibit "C-1," attached hereto and incorporated herein by reference.

Section 4. 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 5. 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.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as of the date of approval by the Agency.

“AGENCY”

CARSON REDEVELOPMENT AGENCY

By: _____
Chairman Jim Dear

Attest:

Agency Secretary Helen Kawagoe

Approved as to form:

ALESHIRE & WYNDER, LLP

Attorneys for the Agency

“PARTICIPANT”

CORMIER CHEVROLET COMPANY, a
California corporation

By: _____
Its: _____

By: _____
Its: _____

Exhibit "C-1"

AMENDED AND RESTATED OPA NOTE

\$500,000.00

May 2, 2011
Carson, California

1. **BORROWER'S PROMISE TO PAY PRINCIPAL AND INTEREST.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Cormier Chevrolet Company, a California corporation ("Borrower"), promises to pay to the Carson Redevelopment Agency, a public body, corporate and politic ("Agency"), or order, as lender herein, at its office at 1 Civic Plaza Drive, Suite 500, 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) within one hundred eighty (180) days from the date of issuance of the loan or within one (1) business day of Participant's receipt of the construction loan funds, whichever period is shorter (the "Maturity Date"), in accordance with that certain Owner Participation Agreement, dated February 1, 2011 (the "Agreement") by and between Borrower and Agency. On the Maturity Date, the portion of the outstanding principal balance of the OPA shall be due and payable. As used herein, the term "Agency" shall mean Agency and any subsequent holder of this OPA Note secured by a Guaranty (this "Note"), whichever is applicable from time to time.

2. **SECURITY.** This Note evidences a bridge loan (the "Loan") from Agency to Borrower for the principal sum of Five Hundred Thousand Dollars (\$500,000). The Loan is made pursuant to the Agreement and is secured by the Guaranty executed by John Peterson of even date herewith (the "Guaranty"). The purpose of the Loan is to provide bridge funding for a portion of the rehabilitation and construction of an improved, larger car dealership facility as described more fully in the Agreement until the Borrower's construction loan has funded.

3. **PAYMENTS OF PRINCIPAL.** Borrower shall immediately repay this Note on the Maturity Date or upon default of any term of the Agreement, this Note or the Guaranty.

4. **LATE CHARGE AND DEFAULT INTEREST RATE.**

a. If any payment or charge due hereunder is not received by Agency within three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date, then Borrower shall pay to Agency, without regard to the date as of which such payment is credited, an additional amount equal to five percent (5%) of the delinquent payment. Borrower and Agency acknowledge and agree that it would be impractical or extremely difficult to fix Agency's actual damages in the event that any payment shall not be paid when due, and that such amounts shall be presumed to be the amount of the damages suffered by Agency hereof as the result of such late payment.

b. If any payment is not received by Agency within three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date, then

Borrower shall be in default hereunder, and such payment shall thereafter bear interest at the rate of eight percent (8%) per annum.

c. This paragraph and the amounts which it provides shall not limit Agency's right, under this Note, the Guaranty, or otherwise, to compel prompt performance hereunder.

5. **DEFAULT BY BORROWER.** The following breaches by Borrower shall constitute an "Event of Default" hereunder:

a. Borrower's failure to make any payment when due and Borrower's continuation to fail to make such payment for three (3) days after delivery of a written notice to Borrower that the payment was not received by its due date;

b. Borrower's breach or failure to perform any provision or condition contained in this Note, the Guaranty, the Agreement, including but not limited to the use provisions in Section 5 of the Agreement or any other instrument secured by the Guaranty, and the continuation of such breach or failure for ten (10) days after delivery of a written notice to Borrower of such breach or failure to perform, unless a different cure period is prescribed, in which case there shall be an Event of Default upon the expiration of the prescribed cure period; and provided further, that if more than ten (10) days is reasonably required to cure such default, then Borrower shall not be in default if Borrower commences to cure such default during such ten (10) day (or other applicable) period and thereafter diligently prosecutes such cure to completion;

c. Any breach or default under the construction obligations set forth in the Agreement and the expiration of the cure period therefore, if any;

d. Any Event of Default set forth in the Guaranty;

e. Any breach by Borrower under any other agreement relating to the Property, the Project (as defined in the Agreement) and/or the Agreement executed by Borrower to Agency and the failure to cure same within the time periods provided for curing such breach, if any; and

f. Any material misrepresentation or failure to disclose any material fact in those certain financial and other written representations and disclosures made by Borrower in order to induce reliance by Agency which secures or is related to the Note, and the failure to cure same within ten (10) days after Agency learns of same.

Upon any Event of Default, the whole sum of outstanding, unforgiven principal and accrued but unpaid interest thereon under this Note shall become immediately due at the option of Agency and regardless of any prior forbearance. As provided in Paragraph 4(b) above, interest shall accrue following any Event of Default at the rate of eight percent (8%) per annum.

6. **NOTE PAYABLE IN U.S. DOLLARS.** Principal, interest, late charges and all other charges due hereunder shall be payable in lawful money of the United States.

7. **DUE ON SALE CLAUSE; ASSUMABILITY OF NOTE.** During the term of this Note, Borrower shall not assign, transfer, or sell the Agreement or any interest in the Property, the Project, the improvements thereon, or any portion thereof, or any interest in Borrower, without Agency's prior written consent. Any attempted transfer in violation hereof shall be ineffective and void ab initio and shall constitute default and breach of this Note by Borrower, and trigger Borrower's obligation to immediately repay the Loan.

8. **COSTS OF COLLECTION.** Borrower, together with all co-obligors, sureties, endorsers and guarantors of this Note, jointly and severally, promise to pay all costs and expenses of collection including, without limitation, attorneys' fees incurred by the Agency in this Note or any portion of this Note is placed in the hands of attorneys for collection.

9. **CERTAIN WAIVERS.** Subject to any provision expressly requiring notice hereunder, 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.

10. **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.

11. **WAIVER OF STATUTE OF LIMITATIONS.** The pleading of any statute of limitations as a defense to the obligations evidenced by this Note is waived to the fullest extent permissible by law.

12. **ASSIGNMENT.** Agency shall have the right to sell, assign or otherwise transfer, either in part or in its entirety, this Note, the Guaranty, and any other instrument evidencing or securing the indebtedness of this Note to any party without Borrower's consent.

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

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

15. **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.

[Signatures on the next page.]

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

"BORROWER"

CORMIER CHEVROLET COMPANY,
a California Corporation

DATED: _____

By: _____

Its: _____

By: _____

Its: _____

ITEM NO. (3A) URGENCY ITEM TO CONSIDER APPROVAL OF URGENCY RESOLUTION NO. 11-05U FOR AN OWNER PARTICIPATION AGREEMENT BY AND BETWEEN THE CARSON REDEVELOPMENT AGENCY AND CORMIER CHEVROLET COMPANY, A CALIFORNIA CORPORATION, AND RATIFY AN INTERIM DEVELOPMENT LOAN FOR THE CORMIER CHEVROLET AUTOMOBILE DEALERSHIP AT 2201 E. 223RD STREET (CARSON CONSOLIDATED PROJECT AREA (FORMERLY ADDED AS URGENCY ITEM NO. 5)

ACTION: Urgency Item No. 3A (Formerly Urgency Item No. 5) was approved on the New Business Consent Calendar on motion of Dear, seconded by Gipson and unanimously carried by the following vote:

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