# SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

**REGULAR MEETING AGENDA**
**JULY 28, 2016 8:30 A.M.**

Location: City Council Chamber, 15651 East Stafford Street, City of Industry, California

***Addressing the Agency:***

- ***Agenda Items:*** *Members of the public may address the Successor Agency on any matter listed on the Agenda. In order to conduct a timely meeting, there will be a three-minute time limit per person for any matter listed on the Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called and prior to the individual being heard by the Successor Agency.*

- ***Public Comments (Non-Agenda Items):*** *Anyone wishing to address the Successor Agency on an item not on the Agenda may do so during the "Public Comments" period. In order to conduct a timely meeting, there will be a three-minute time limit per person for the Public Comments portion of the Agenda. State law prohibits the Successor Agency from taking action on a specific item unless it appears on the posted Agenda. Anyone wishing to speak to the Successor Agency is asked to complete a Speaker's Card which can be found at the back of the room and at each podium. The completed card should be submitted to the Secretary prior to the Agenda item being called by the Secretary and prior to the individual being heard by the Successor Agency..*

***Americans with Disabilities Act:***

- *In compliance with the ADA, if you need special assistance to participate in any meeting (including assisted listening devices), please contact the Office of the Secretary to the Successor Agency (626) 333-2211. Notification of at least 72 hours prior to the meeting will assist staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting.*

***Agendas and other writings:***

- *In compliance with Government Code Section 54957.5(b), staff reports and other public records permissible for disclosure related to open session agenda items are available at City Hall, 15625 East Stafford Street, Suite 100, City of Industry, California, at the office of the Secretary of the Successor Agency during regular business hours, Monday through Friday, 9:00 a.m. to 5:00 p.m.*

1. Call to Order
2. Flag Salute
3. Roll Call
4. Public Comment

5. **BOARD MATTERS**

5.1 Consideration of the minutes of the March 24, 2016 special meeting of the Successor Agency to the Industry Urban-Development Agency.

*RECOMMENDED ACTION: Approve the minutes.*

5.2 Consideration of the minutes of the April 28, 2016 regular meeting of the Successor Agency to the Industry Urban-Development Agency.

*RECOMMENDED ACTION: Approve the minutes, with Board Member Ruggles abstaining.*

5.3 Consideration of Resolution No. SA 2016-12 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND BLUESKY INVESTMENT, LLC, FOR THE PROPERTY LOCATED AT 19835 EAST WALNUT DRIVE NORTH, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS.

*RECOMMENDED ACTION: Adopt Resolution No. SA 2016-12.*

5.4 Consideration of Resolution No. SA 2016-13 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND PUENTE HILLS AUTOMOTIVE SERVICES, INC., FOR THE PROPERTY LOCATED AT 17723 GALE AVENUE, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS.

*RECOMMENDED ACTION: Adopt Resolution No. SA 2016-13.*

5.5 Consideration of Resolution No. SA 2016-14 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND FOX LUGGAGE, INC., FOR THE PROPERTY LOCATED AT 125 NORTH ORANGE AVENUE, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS.

*RECOMMENDED ACTION: Adopt Resolution No. SA 2016-14.*

5.6 Consideration of a License Agreement with Sully-Miller Contracting Company for Access to Assessor's Parcel No. 8208-027-918, located at 455 Parrriott Place West, for Temporary Staging for Various Construction Activities Associated with the Valley Boulevard Reconstruction Project.

*RECOMMENDED ACTION: Approve the Agreement.*

6. **CLOSED SESSION**

6.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Case: Successor Agency to the Industry-Urban Development Agency v. Grand Central Recycling & Transfer Station, Inc., et al.
Los Angeles Superior Court
Case No. BC550794

6.2 Conference with real property negotiators pursuant to Government Code Section 54956.8

| | |
|---|---|
| Property: | 17201-17301 Gale Avenue, City of Industry |
| Agency Negotiators: | Paul J. Philips, Executive Director<br>James M. Casso, Agency Counsel |
| Negotiating Parties: | Successor Agency to the Industry Urban-Development Agency, City of Industry and R.Y. Properties, Inc. |
| Under Negotiation: | Price and Terms |

7. Adjournment. Next regular Successor Agency meeting will be on Thursday, August 25, 2016, at 8:30 a.m.

*SUCCESSOR AGENCY*

ITEM NO. 5.1

The Regular Meeting of the Successor Agency to the Industry Urban-Development Agency was called to order by Chairman Radecki at 8:30 a.m., in the City of Industry Council Chamber, 15651 East Stafford Street, California.

**FLAG SALUTE**

The flag salute was led by Chairman Radecki.

**ROLL CALL**

PRESENT: Mark Radecki, Chairman
Cory Moss, Vice Chairman
Abraham Cruz, Board Member
Roy Haber, Board Member
Newell Ruggles, Board Member

STAFF PRESENT: Paul J. Philips, Executive Director; James M. Casso, Legal Counsel; Diane M. Schlichting, Assistant Secretary; and Clem Calvillo, Agency Engineer.

**PUBLIC COMMENTS**

Mr. James Waston, CEO with CT Realty, approached the Board and stated that in June of 2014, CT Realty was awarded the right to acquire 30 acres of Agency-owned property located at 17300 Chestnut, also known as the Utility Trailer site. Mr. Watson provided background history of CT Realty, the project, and their frustration with the City delaying the process of the development of the property. Mr. Watson inquired if it was the intention of the Successor Agency to terminate this Agreement with CT Realty, or to interrupt this contract and make CT Realty leave town. Mr. Watson asked for direction.

Mr. Rick Friess, Partner with the law firm of Allen Matkins and attorney for CT Realty, approached the Board and requested that the Successor Agency live up to its contractual obligation, stated what has transpired is not legal, and asked that the transaction move forward.

Board Member Ruggles requested that a staff meeting be scheduled to discuss the project. Legal Counsel Casso stated that could definitely be done and will make sure that it is compliant with the Brown Act.

**APPROVAL OF CHANGE ORDER NO. 5 TO SUKUT CONSTRUCTION, IN THE AMOUNT OF $948,894.48 FOR CHANGED CONDITIONS, STORM DRAIN AND GRADING REVISIONS, GEOTECHNICAL RECOMMENDATIONS, VARIOUS ITEMS OF**

**EXTRA GRADING BID QUANTITY ADJUSTMENT, AND DIESEL FUEL ADJUSTMENT CREDIT IN CONJUNCTION WITH THE INDUSTRY BUSINESS CENTER MASS GRADING, CONTRACT NO. IBC-0380, AS IDENTIFIED IN LINE ITEM NO. 271 OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Agency Engineer Calvillo presented a staff report.

Deputy Agency Engineer Nelson provided additional information and responded to questions from Members of the Successor Agency.

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER RUGGLES TO APPROVE CHANGE ORDER NO.5. MOTION CARRIED 5-0, BY THE FOLLOWING VOTE:

| | | |
|---|---|---|
| AYES: | BOARD MEMBERS: | CRUZ, HABER, RUGGLES, VC/MOSS, AND C/RADECKI |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | NONE |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**ADJOURNMENT**

There being no further business, the Successor Agency to the Industry Urban-Development Agency adjourned.

Mark D. Radecki, Chairman

Diane M. Schlichting, Assistant Secretary

*SUCCESSOR AGENCY*

ITEM NO. 5.2

## CALL TO ORDER

The Regular Meeting of the Successor Agency to the Industry Urban-Development Agency was called to order by Chairman Radecki at 8:30 a.m., in the City of Industry Council Chamber, 15651 East Stafford Street, California.

## FLAG SALUTE

The flag salute was led by Chairman Radecki.

## ROLL CALL

PRESENT: Mark Radecki, Chairman
Cory Moss, Vice Chairman
Abraham Cruz, Board Member
Roy Haber, Board Member

ABSENT: Newell Ruggles, Board Member

STAFF PRESENT: Paul J. Philips, Executive Director; James M. Casso, Legal Counsel; Diane M. Schlichting, Assistant Secretary; and Clem Calvillo, Agency Engineer.

## PUBLIC COMMENTS

There were no public comments.

## CONSIDERATION OF THE MINUTES OF THE JANUARY 25, 2016 REGULAR MEETING OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE MINUTES. MOTION CARRIED 3-0, BY THE FOLLOWING VOTE:

| | | |
|---|---|---|
| AYES: | BOARD MEMBERS: | CRUZ, VC/MOSS, AND C/RADECKI |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | RUGGLES |
| ABSTAIN: | BOARD MEMBERS: | HABER |

## PRESENTATION AND DISCUSSION REGARDING THE INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS FOR THE FISCAL YEAR ENDED JUNE 30,

**2015; THE INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2015; AND THE AUDITOR'S COMMUNICATIONS WITH THE SUCCESSOR AGENCY FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

MOTION BY BOARD MEMBER HABER, AND SECOND BY BOARD MEMBER CRUZ TO APPROVE THE MINUTES. MOTION CARRIED 4-0, BY THE FOLLOWING VOTE:

| | | |
|---|---|---|
| AYES: | BOARD MEMBERS: | CRUZ, HABER, VC/MOSS, AND C/RADECKI |
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | RUGGLES |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**CONSIDERATION OF RESOLUTION NO. SA 2016-06 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AND SALE AGREEMENT BETWEEN THE AGENCY AND LW INVESTMENTS, LLC, FOR THE PROPERTY LOCATED AT 333 SOUTH HACIENDA BOULEVARD, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS**

Legal Counsel Casso stated that this item would be brought back at the next regular Successor Agency meeting.

**CONSIDERATION OF RESOLUTION NO. SA 2016-07 - A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AND SALE AGREEMENT BETWEEN THE AGENCY AND THE CITY OF INDUSTRY FOR 1123-1135 HATCHER AVENUE, CITY OF INDUSTRY, AND MAKING THE REQUISITE CEQA FINDINGS**

Legal Counsel Casso stated that this item would be brought back at the next regular Successor Agency meeting.

**CONSIDERATION OF A LICENSE AGREEMENT WITH T.E. ROBERTS, INC., FOR ACCESS TO ASSESSOR'S PARCEL NO. 8760-009-900, LOCATED AT 19835 WALNUT DRIVE NORTH, FOR TEMPORARY STAGING OF CONSTRUCTION MATERIALS FOR THE FAIRWAY DRIVE GRADE SEPARATION PROJECT**

MOTION BY VICE CHAIR MOSS, AND SECOND BY BOARD MEMBER HABER TO APPROVE THE AGREEMENT. MOTION CARRIED 4-0, BY THE FOLLOWING VOTE:

| | | |
|---|---|---|
| AYES: | BOARD MEMBERS: | CRUZ, HABER, VC/MOSS, AND C/RADECKI |

| | | |
|---|---|---|
| NOES: | BOARD MEMBERS: | NONE |
| ABSENT: | BOARD MEMBERS: | RUGGLES |
| ABSTAIN: | BOARD MEMBERS: | NONE |

**CLOSED SESSION**

Assistant Secretary Schlichting announced there was a need for Closed Session as follows:

6.1 Conference with real property negotiators pursuant to Government Code Section 54956.8:

| | |
|---|---|
| Property: | 19835 East Walnut Drive North, City of Industry |
| Agency Negotiators: | Executive Director and Agency Legal Counsel |
| Negotiating Parties: | Bluesky Investment, LLC, DAUM Property, LLC, Dunbar Real Estate Holdings, LLC, Nicholas Hung, and Supreme Foods, |
| Under Negotiation: | Price and terms |

6.2 Conference with real property negotiators pursuant to Government Code Section 54956.8:

| | |
|---|---|
| Property: | 125 Orange Avenue |
| Agency Negotiators: | Executive Director and Agency Legal Counsel |
| Negotiating Parties: | Sincere Orient Commercial Corporation, Fox Luggage, Inc., CEG Development, LLC, KM, LLC, and DP Orange, LLC |
| Under Negotiation: | Price and terms |

There were no public comments on the Closed Session item.

Chairman Radecki recessed the meeting into Closed Session at 8:36 a.m.

**RECONVENE SUCCESSOR AGENCY BOARD MEETING**

Chairman Radecki reconvened the meeting at 8:50 a.m. All members of the Board were present, except for Board Member Ruggles who was absent.

Legal Counsel Casso reported out of Closed Session.

With regard to Closed Session Item Nos. 6.1 and 6.2, direction was given to the Executive Director and Legal Counsel and no further action was taken.

**ADJOURNMENT**

There being no further business, the Successor Agency to the Industry Urban-Development Agency adjourned.

Mark D. Radecki, Chairman

Diane M. Schlichting, Assistant Secretary

*SUCCESSOR AGENCY*

ITEM NO. 5.3

# MEMORANDUM

TO: Honorable Chairman and Members of the Board of the Successor Agency to the Industry Urban-Development Agency

FROM: James M. Casso, Successor Agency Counsel

DATE: July 28, 2016

SUBJECT: Consideration of Resolution Approving an Agreement for the Purchase of 19835 East Walnut Drive North, City of Industry by Bluesky Investment LLC and making CEQA Findings

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**BACKGROUND:** Under the provisions of ABX1 26 (the "Dissolution Act"), redevelopment agencies, including the Industry Urban-Development Agency (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies.

The Dissolution Act requires the Successor Agency to the Industry Urban-Development Agency (the "Successor Agency") to dispose of all Agency-owned property expeditiously and in a manner that maximizes value. In an effort to comply with the provisions of the Dissolution Act, the Successor Agency plans to enter into a purchase agreement (the "Agreement") with Bluesky Investments LLC (the "Buyer") for the property located at 19835 East Walnut Drive North, Industry, California 91789 (the "Property").

The attached Resolution sets forth the requisite findings pursuant to CEQA and it ensures that the proposed purchase, which awaits Oversight Board and Department of Finance approval, is in compliance with California law.

**DISCUSSION**: The Buyer will purchase the Property from the Successor Agency for $4,500,000.00, which is an amount equal to the appraised fair market value. Further, at the close of escrow, the Buyer will reimburse the City for the cost of the appraisal and for its legal costs, in an amount not to exceed $15,000.00. The Agreement requires a $450,000.00 refundable deposit at the opening of escrow, which will become non-refundable 30 days thereafter.

Close of escrow will occur within 40 days after opening escrow. However, the close of escrow may be extended upon written consent of the Buyer and the Executive Director of the Successor Agency.

The Property is approximately 76,000 square-feet in size and improved with a 43,000 square-foot industrial warehouse building. The Buyer intends to use the building as a distribution warehouse. The Buyer's proposed use of the Property will comply with the City's General Plan and Zoning Code.

**BUDGET IMPACT**: Based on an appraisal by R.P. Laurain & Associates, Inc., the Property is valued at $4,500,000.00. The value of the Property is based on the approximately 76,000 square-feet of land area zoned for industrial use and a 43,000 square-foot industrial warehouse building. The Buyer has agreed to pay $4,500,000.00, an amount equal to the appraised fair market value.

**RECOMMENDATION**: Staff recommends that the Board adopt the attached resolution, approving the Agreement between the Successor Agency and the Buyer for the Property.

Attachments:

Resolution
Purchase Agreement

# RESOLUTION NO. SA 2016-12

## A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND BLUESKY INVESTMENT LLC FOR THE PROPERTY LOCATED AT 19835 EAST WALNUT DRIVE NORTH, CITY OF INDUSTRY AND MAKING THE REQUISITE CEQA FINDINGS

**WHEREAS,** on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding Assembly Bill X1 26 (the "Dissolution Act") largely constitutional; and

**WHEREAS,** under the Dissolution Act and the California Supreme Court's decision in *Matosantos*, all California redevelopment agencies, including the Industry Urban-Development Agency of the City of Industry (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS,** on September 22, 2011, the City Council of the City of Industry (the "City") adopted Resolution No. 2011-20 accepting for the City the role of "Successor Agency," in accordance with the provisions of Health & Safety Code Section 34177(j); and

**WHEREAS,** under the provisions of Health & Safety Code Section 34191.4, once the Department of Finance (the "Department") issues a Finding of Completion, successor agencies are provided with additional authority to carry out the wind-down process; and

**WHEREAS,** in accordance with Health & Safety Code Section 34191.5, after the issuance of a Finding of Completion, successor agencies are required to prepare a Long Range Property Management Plan (the "LRPMP"), which must identify all Agency-owned real property, and address the disposition and use of the real properties; and

**WHEREAS,** the Successor Agency received its Finding of Completion from the Department on April 26, 2013; and

**WHEREAS,** the LRPMP was submitted to the Department, and was approved by the Department on February 21, 2014; and

**WHEREAS,** upon approval of the LRPMP by the Department, all Agency-owned property was transferred to the Successor Agency's Community Redevelopment Property Trust Fund; and

**WHEREAS,** the Successor Agency owns certain property located at 19835 East Walnut Drive North, City of Industry, California 91749 (the "Property"); and

**WHEREAS,** pursuant to the provisions of the LRPMP, the Successor Agency desires to sell the Property at its highest and best use, maximizing its value and in furtherance of the economic goals and as provided for in the City's General Plan; and

**WHEREAS,** the Successor Agency desires to sell the Property to Bluesky Investment LLC (the "Buyer"), pursuant to a Purchase Agreement (the "Agreement"). The purchase price is $4,500,000.00, which is an amount equal to the appraised fair market value of the Property, as determined by an appraisal performed by R.P. Laurain & Associates, Inc.; and

**WHEREAS, t**he purchase of the Property is exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA; and

**WHEREAS,** the Successor Agency has duly considered all terms and conditions of the proposed Agreement and believes that the redevelopment of the Property in accordance therewith is in the best interests of the Successor Agency, the City and the health, safety and welfare of its residents, maximizes value, is consistent with the provisions of the LRPMP, and is consistent with the public purposes and provisions of applicable state and local laws and requirements.

**NOW, THEREFORE, THE SUCCESSOR AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS**:

**SECTION 1**. The above Recitals are true and correct and are incorporated herein by reference.

**SECTION 2**. All necessary public hearings and opportunities for public testimony and comment have been conducted in compliance with State law and the Municipal Code of the City of Industry.

**SECTION 3**. The purchase of the Property is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA.

Based on these findings, the Successor Agency adopts the Notice of Exemption and directs staff to file same as required by law.

**SECTION 4**. The Successor Agency hereby approves the sale of the Property to the Buyer for a purchase price of $4,500,000.00, subject to the terms and conditions set forth in the Agreement, attached hereto as "Exhibit A," and incorporated herein by reference.

**SECTION 5**. The Successor Agency hereby directs staff to comply with all applicable statutes regarding the distribution of the sales proceeds to the Los Angeles County Auditor-Controller for distribution to the taxing entities.

**SECTION 6**. The Executive Director or his designee is hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**SECTION 7**. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**SECTION 8**. The Agency Secretary shall certify to the passage and adoption of this Resolution and enter it into the respective book of original resolutions.

**SECTION 9**. This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** this 28th day of July 2016, by the following vote:

AYES: AGENCY BOARD MEMBERS:

NOES: AGENCY BOARD MEMBERS:

ABSENT: AGENCY BOARD MEMBERS:

ABSTAIN: AGENCY BOARD MEMBERS:

_____

Mark D. Radecki, Chairman

ATTEST:

_____

Diane M. Schlichting, Assistant Secretary

# PURCHASE AGREEMENT
# [19835 EAST WALNUT DRIVE NORTH]

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY,
a public body corporate and politic
"**Agency**"

BLUESKY INVESTMENT LLC,
a California limited liability company
"**Buyer**"

_____, 2016

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# PURCHASE AGREEMENT
# [19835 EAST WALNUT DRIVE NORTH]

**THIS PURCHASE AGREEMENT [19835 EAST WALNUT DRIVE NORTH]** (this "**Agreement**"), dated as of _____, 2016 (the "**Effective Date**") is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (the "**Agency**"), and **BLUESKY INVESTMENT LLC**, a California limited liability company (the "**Buyer**"). The Agency and the Buyer are hereinafter sometimes individually referred to as a "**party**" and collectively referred to as the "**parties**".

## RECITALS

This Agreement is entered into with reference to the following facts:

A. The Agency owns fee interest in that certain real property located at 19835 East Walnut Drive North, City of Industry, California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference, together with all right, title and interest in and to all appurtenances and improvements thereon (the "**Property**").

B. The Property was previously owned by the Industry Urban-Development Agency ("**IUDA**"). On June 28, 2011, the Governor signed into law ABX1 26, which provided for the dissolution and winding down of redevelopment agencies throughout the State of California. AB X1 26 was subsequently amended by Assembly Bill 1484 (collectively, as amended, "**Dissolution Act**").

C. Pursuant to the Dissolution Act, the City of Industry elected to be the Successor Agency to the IUDA to administer the dissolution and winding down of the IUDA. On February 1, 2012, pursuant to the Dissolution Act, the Agency was dissolved by operation of law, and, upon dissolution, all assets, properties and contracts of the IUDA, including the Property, were transferred, by operation of law, to the Agency pursuant to the provisions of Health and Safety Code § 34175 (b).

D. Buyer desires to purchase the Property from Agency, and Agency desires to sell the Property to Buyer on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE 1
## DEFINITIONS

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Buyer means Bluesky Investment LLC, a California limited liability company. The principal office of the Buyer for purposes of this Agreement is 1199 Fairway Drive #100, Walnut, California 91789.

1.1.4 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.5 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.6 Default is defined in Section 3.2.

1.1.7 Deposit is defined in Section 2.2.1.

1.1.8 Disposition Costs are defined in Section 2.1.

1.1.9 Dissolution Act is defined in Recital B.

1.1.10 Due Diligence Period is defined in Section 4.17(c).

1.1.11 Escrow is defined in Section 2.3.1.

1.1.12 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.13 Grant Deed means the document attached hereto as Exhibit "B" and incorporated herein by this reference.

1.1.14 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.*; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq.* The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids,

liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, *et seq.*), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl's; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.15 IUDA means the former Industry Urban-Development Agency, a public body, corporate and politic.

1.1.16 Outside Date is defined in Section 2.3.2.

1.1.17 Oversight Board means the Oversight Board of the Successor Agency to the Industry Urban-Development Agency.

1.1.18 Purchase Price is defined in Section 2.1.

1.1.19 Released Parties is defined in Section 2.6.

1.1.20 Title Company is defined in Section 2.4.1(a).

1.1.21 Title Policy is defined in Section 2.4.1(a).

1.1.22 Title Report is defined in Section 2.4.1(a).

1.1.23 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

## ARTICLE 2
## PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Buyer, and the Buyer agrees to purchase the Property from the Agency, for the sum of Four Million Five Hundred Thousand Dollars ($4,500,000.00) (the "**Purchase Price**"). In addition, Buyer shall reimburse the Agency for the Agency's costs of obtaining an appraisal of the Property and the Agency's legal costs in connection with this Agreement and the disposition of the Property under this Agreement; such costs shall not exceed Fifteen Thousand Dollars ($15,000.00) (the "**Disposition Costs**"), and will be paid by Buyer to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Buyer as follows:

2.2.1 Deposit. The Agency acknowledges that Buyer has submitted with its bid One Hundred Thousand Dollars ($100,000.00). Within ten (10) days following the opening of

Escrow, Buyer shall deposit with Escrow Holder the sum of Three Hundred Fifty Thousand Dollars ($350,000.00), in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfer of funds (collectively, the "**Deposit**"), so that the total amount on deposit shall equal ten percent (10%) of the Purchase Price or Four Hundred Fifty Thousand Dollars ($450,000.00). The Deposit shall become non-refundable thirty (30) days after the Opening of Escrow, if the escrow terminates before the Closing of Escrow through no fault of the Agency. Upon delivery to the Escrow Holder, the Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Buyer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and prorations payable by Buyer hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement, the Buyer and the Agency shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Buyer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Buyer on the Close of Escrow. Close of Escrow shall occur within thirty (30) days after the end of the Due Diligence Period (the "**Outside Date**") or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Buyer and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Buyer, then the Agency shall be entitled to the Deposit under Section 3.3.1). If the Closing does not occur due to a termination by Buyer under Section 4.17(c), then Buyer shall pay all Escrow cancellation fees, and the Deposit shall be retained by the Agency, and all Disposition Costs to date shall be paid by Buyer to Agency.

2.4 Conditions to Closing.

2.4.1 Buyer's Conditions to Closing. Close of Escrow and Buyer's obligation to purchase the Property pursuant to this Agreement are subject to the satisfaction of the following conditions at or prior to Closing:

(a) Title. Buyer acknowledges receipt of a preliminary title report prepared by Escrow Holder for the Property ("**Title Report**"). Buyer shall acquire the Property subject to all exceptions described in the Title Report, together with all non-delinquent real property taxes and assessments to be assessed against the Property, and the Lease ("**Approved Exceptions**"). At the Closing, Agency shall deliver title to the Property to Buyer subject only to the Approved Exceptions. At Closing, the Buyer shall receive a CLTA Owner's Coverage Policy of Title Insurance ("**Title Policy**"), issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring title to the Property in the name of Buyer, subject only to the Approved Exceptions and standard printed exclusions from coverage of a CLTA standard title policy. The Buyer may obtain an extended coverage policy of title insurance at its own costs.

(b) Delivery of Deed. Agency shall have executed and deposited into Escrow, for delivery to Buyer, the Grant Deed attached hereto as Exhibit "B".

(c) Delivery of Assignment. The Parties acknowledge that the Lease, upon close of Escrow, shall become null and void and shall be of no further effect.

2.4.2 Agency's Conditions to Closing. Close of Escrow and Agency's obligation to sell the Property to Buyer pursuant to this Agreement, are subject to the satisfaction of the following conditions at or prior to Closing:

(a) Authorization to Sell. Prior to the Closing, Agency shall have obtained any and all authorizations and approvals necessary to sell the Property pursuant to the Dissolution Act, including California Department of Finance approval of the Oversight Board resolution approving the sale of the Property to Buyer on the terms and conditions set forth herein.

(b) No Default. Buyer shall not be in material default of Buyer's obligations under this Agreement, including, but not limited to, Buyer's obligation to deliver the Purchase Price into escrow on or before the Closing Date. If the conditions above have not been satisfied or waived by Agency at or before the Closing Date through no fault of Agency, then Agency may, upon written notice to Buyer, cancel the Escrow, terminate this Agreement, and recover any documents delivered to the Escrow Holder pursuant to this Agreement.

2.5 Escrow and Title Charges; Prorations.

2.5.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Buyer shall pay the costs of any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Buyer and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs, with the exception of the Disposition Costs set forth in Section 2.1.

2.5.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be prorated as of the Close of

Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Buyer shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365-day year. The provisions of this Section 2.5.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.5.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.6 Condition of the Property. The Property shall be conveyed from the Agency to the Buyer on an "AS IS" condition and basis with all faults and the Buyer agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Buyer and anyone claiming by, through or under the Buyer hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency's, City's or Oversight Board's behalf (collectively, the "**Released Parties**") from any and all claims, responsibility and/or liability that the Buyer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.6. This release includes claims of which the Buyer is presently unaware or which the Buyer does not presently suspect to exist which, if known by the Buyer, would materially affect the Buyer's release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Buyer to take such action as may be necessary to place the Property in a suitable condition. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS EXCEPT AS SET FORTH IN SECTION 2.6; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY EXCEPT AS SET FORTH IN SECTION 2.6; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND

REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Buyer's Initials

_____

The waivers and releases by the Buyer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.7 Environmental Condition of the Property

California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the real property to provide written notice of same to the Buyer of real property.

The Parties acknowledge that the Agency will not be conducting a public records search of any regulatory agency files regarding the environmental condition of the Property. By execution of this Agreement, Buyer (i) acknowledges it receipt of the foregoing notice given pursuant to California Health & Safety Code section 25359.7; (ii) acknowledges that it is taking the Property as-is, subject to all information contained in Exhibit "C"; and (iii) waives any and all rights Buyer may have to assert that the Agency has not complied with the requirements of Health & Safety Code section 25359.7.

2.8 Escrow Holder.

2.8.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Buyer for any fees, charges and costs payable by the Buyer under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Buyer of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Buyer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Buyer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Buyer in accordance with the terms and provisions of this Agreement.

2.8.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Buyer.

2.8.3 All communications from the Escrow Holder to the Agency or the Buyer shall be directed to the addresses and in the manner established in Section 4.7 of this Agreement for notices, demands and communications between the Agency and the Buyer.

2.8.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

## ARTICLE 3
## EVENTS OF DEFAULT, REMEDIES AND TERMINATION

3.1 Buyer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Buyer Event of Default**") under this Agreement:

3.1.1 The Buyer's sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or

3.1.2 Filing of a petition in bankruptcy by or against the Buyer or appointment of a receiver or trustee of any property of the Buyer, or an assignment by the Buyer for the benefit of creditors, or adjudication that the Buyer is insolvent by a court, and the failure of the Buyer to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

3.1.3 The Buyer's failure to perform any requirement or obligation of Buyer set forth herein, on or prior to the date for such performance set forth herein, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Buyer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Buyer's breach; or

3.1.4 The Buyer's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

3.2 Agency Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Agency Event of Default**", and together with the Buyer Event of Default, a "**Default**") under this Agreement:

3.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Buyer at the Close of Escrow; or

3.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Buyer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

3.3 Remedies in the Event of Default.

3.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Buyer or Agency, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages.

IF THE BUYER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE BUYER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 *ET SEQ*. THE AGENCY AND BUYER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE BUYER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE BUYER AND AGENCY DESIRE

TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE BUYER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

_____ _____

Agency Buyer

3.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Buyer, or any successor in interest of the Buyer, in the event of any Default or breach by the Agency, or for any amount which may become due to the Buyer, or any successor in interest, on any obligation under the terms of this Agreement.

3.5 Legal Actions.

3.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

3.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

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

3.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

3.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

## ARTICLE 4
## GENERAL PROVISIONS

4.1 Assignment of Agreement. The Buyer may assign its rights and obligations in whole, but not in part, under this Agreement upon giving at least ten (10) business days prior written notice

to the Agency, and delivering to the Agency with such notice an executed assignment and assumption agreement under which the assignee accepts the assignment of this Agreement and agrees to be bound by all the provisions hereof. Such assignment and assumption agreement shall also specify the address of the assignee to which notices shall be directed pursuant to Section 4.7. Agency hereby agrees to provide written acknowledgement of such executed assignment and assumption agreement within five (5) business days of Agency's receipt of such notice.

Upon providing ten (10) days prior written notice to Buyer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Buyer. Provided however that as a condition of the assignment, the City must agree to assume and honor all of the duties and obligations of Agency under this Agreement.

4.2 Obligation to Refrain from Discrimination. The Buyer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Buyer (itself or any person claiming under or through the Buyer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof.

4.3 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

4.3.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

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

shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4.3.3 In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4.4 Restrictive Covenant. In order to insure the Buyer's compliance with the covenants set forth in Sections 4.1, 4.2, 4.3, and 4.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the City.

4.5 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Buyer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Buyer:

(1) The non-discrimination and non-segregation requirements set forth in Sections 4.1, .43 and 4.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 4.2 shall remain in effect for the period described therein, and;

(3) Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

4.6 Indemnity.

4.6.1 The Buyer shall indemnify, defend, protect, and hold harmless the Agency, the City and the Oversight Board and any and all agents, employees, attorneys and representatives of the Agency, the City and the Oversight Board, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

(a) the Buyer's use, ownership, management, occupancy, or possession of the Property;

(b) any breach or Default of the Buyer hereunder;

(c) any of the Buyer's activities on the Property (or the activities of the Buyer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property);

(d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Buyer or Buyer's affiliates, agents or employees; or,

(e) any other fact, circumstance or event related to the Buyer's performance hereunder, or which may otherwise arise from the Buyer's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

4.6.2 The indemnity obligations described in this Section 4.6 shall survive for a period of four (4) years from the termination of this Agreement and shall not be deemed merged into the Grant Deed upon the recordation.

4.7 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

| | |
|---|---|
| Agency: | Paul Philips, Executive Director<br>Successor Agency to the<br>Industry Urban-Development Agency<br>15625 East Stafford Street, Suite 100<br>City of Industry, California 91744 |
| with a copy to: | James M. Casso, City Attorney<br>Casso & Sparks, LLP<br>13200 Crossroads Parkway North<br>Suite 345<br>City of Industry, California 91746 |
| Buyer: | Mary Hong Dong<br>Bluesky Investment LLC,<br>1199 Fairway Drive #100,<br>Walnut, California 91789 |
| with a copy to: | _____<br>_____<br>_____ |

4.8 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

4.9 Buyer's Warranties. The Buyer warrants and represents to the City and the Agency as follows:

4.9.1 The Buyer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Buyer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Buyer is a party.

4.9.2 As of the Close of Escrow, the Buyer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

4.9.3 The Buyer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

4.10 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

4.11 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Buyer, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

4.12 Buyer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Buyer shall have full power over and exclusive control of the Property while the Buyer holds title to the Property; subject only to the limitations and obligations of the Buyer under this Agreement and the Redevelopment Plan.

4.13 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Buyer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Buyer or the Agency.

4.14 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.15 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

4.16 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

4.17 Representations of Agency. The Agency warrants and represents to the Buyer as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a

breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) Five (5) days following the Opening of Escrow, the Agency will deliver to Buyer complete copies of all studies, reports, agreements, documents, instruments, environmental assessments, surveys, soils reports, documents, plans, maps, permits and entitlements in Agency's possession (excluding only appraisals) concerning the Property and listed in Exhibit "C" attached hereto.

(c) Buyer shall have ten (10) calendar days after the Effective Date of this Agreement ("**Due Diligence Period**") to examine the materials in Section 4.17(b), perform inspections, investigations, and a survey, and approve or disapprove the title exceptions in the Title Report, all at Buyer's sole cost and expense. If Buyer terminates this Agreement, Buyer shall provide copies of all non-privileged due diligence reports, surveys, studies, etc. prepared by or at the direction of Buyer or Agency within five (5) business days after the termination and upon Agency's reimbursing Buyer for the costs of such items.

(d) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(e) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(g) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(h) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property.

4.18 Buyer's Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Developer, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

4.19 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

**[SIGNATURES NEXT PAGE]**

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

**BUYER**

BLUESKY INVESTMENT LLC,
a California limited liability company

By:_____
Name: Mary Hong Dong
Title: Managing Member

**AGENCY**

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Mark D. Radecki, Chairman

ATTEST:

_____
Diane M. Schlichting, Agency Secretary

APPROVED AS TO FORM:

_____
James M. Casso, Agency General Counsel

## LIST OF EXHIBITS

Exhibit "A" Legal Description of the Property

Exhibit "B" Form of Grant Deed

Exhibit "C" List of Environmental Documents

## EXHIBIT "A"

## LEGAL DESCRIPTION OF THE PROPERTY

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

PARCEL 1 OF PARCEL MAP NO. 182, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS FILED IN BOOK 141 PAGES 35 AND 36 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFORM THE PROPERTY DESCRIBED AS PARCEL "204I-FEE" IN THE FINAL ORDER OF CONDEMNATION OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, RECORDED APRIL 14, 2014, AS INSTRUMENT No. 20140467694, OF OFFICIAL RECORDS OF SAID COUNTY.

APN: 8760-009-902

## EXHIBIT "B"

## FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

---

*[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]*

## GRANT DEED

Documentary Transfer Tax: $_____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY,** a public body corporate and politic (the "**Grantor**"), hereby grants to **BLUESKY INVESTMENT LLC**, a California limited liability company (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [19835 East Walnut Drive North] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2016, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry, California ("**City**").

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site (including landscaping) in a commercially reasonable condition and shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(c) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant

Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Name:_____
Title:_____

ATTEST:

_____
Diane Schlichting, Agency Secretary

GRANTEE:

BLUESKY INVESTMENT LLC,
a California limited liability company

By:_____
Name: Mary Hong Dong
Title: Managing Member

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

On JULY 18, 2016, before me, JANET C. THAM, notary public,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

JANET C. THAM
Commission # 2007037
Notary Public - California
Los Angeles County
My Comm. Expires Feb 11, 2017

Signature_____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

**Exhibit A**

**LEGAL DESCRIPTION**

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

PARCEL 1 OF PARCEL MAP NO. 182, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS FILED IN BOOK 141 PAGES 35 AND 36 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFORM THE PROPERTY DESCRIBED AS PARCEL "204I-FEE" IN THE FINAL ORDER OF CONDEMNATION OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, RECORDED APRIL 14, 2014, AS INSTRUMENT No. 20140467694, OF OFFICIAL RECORDS OF SAID COUNTY.

APN: 8760-009-902

## EXHIBIT "C"

## LIST OF ENVIRONMENTAL DOCUMENTS

1. Due Diligence Phase I Environmental Site Assessment and Document Review by Ardent Environmental Group, Inc. dated November 28, 2007.

2. Roof Asbestos Survey by Ardent Environmental Group, Inc. dated November 4, 2010.

*SUCCESSOR AGENCY*

ITEM NO. 5.4

**PURCHASE AND SALE AGREEMENT**
**AND ESCROW INSTRUCTIONS**
**17723 Gale Avenue, City of Industry**

THIS PURCHASE AGREEMENT for the property located at 17723 GALE AVENUE, CITY OF INDUSTRY, CA (this "Agreement"), dated as of July _____, 2016 (the "Effective Date") is entered into by and between the SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body corporate and politic, (the "Agency" or "Seller") and PUENTE HILLS AUTOMOTIVE SERVICES, INC., a California corporation ("Puente Hills Automotive" or "Buyer"). The Agency and Puente Hills Automotive are hereinafter sometimes individually referred to as a "party" and collectively referred to as the "parties."

## RECITALS

A. Agency is the owner of that certain real property located at 17723 Gale Avenue, City of Industry, California, as more particularly described on Exhibit A attached hereto together with all right, title and interest in and to all appurtenances and improvements (collectively, the "Property").

B. The Property was leased to Hitchcock Commercial Properties, LP pursuant to a lease dated October 20, 2010 (the "Lease"), attached hereto as Exhibit B.

C. Hitchcock Commercial Properties, LP later assigned its interest in the Lease to Puente Hills Automotive, LLC pursuant to an Assignment of Lease dated September 22, 2011 (the "First Assignment of Lease"), attached hereto as Exhibit C.

D. Buyer currently occupies the Property pursuant to an Assignment of Lease originally dated June 1, 2015 (the "Second Assignment of Lease"), attached hereto as Exhibit D.

E. On June 28, 2011, the Governor signed into law ABX1 26, which provided for the dissolution and winding down of redevelopment agencies throughout the State of California. AB X1 26 was subsequently amended by Assembly Bill 1484 (collectively, as amended, "Dissolution Act").

F. Pursuant to the Dissolution Act, the City of Industry elected to be the Successor Agency to the IUDA to administer the dissolution and winding down of the IUDA. On February 1, 2012, pursuant to the Dissolution Act, the Agency was dissolved by operation of law, and, upon dissolution, all assets, properties and contracts of the IUDA, including the Property, were transferred, by operation of law, to the Agency pursuant to the provisions of Health and Safety Code § 34175 (b).

G. Buyer desires to purchase the Property from Seller, and Seller desires to sell the Property to Buyer on the terms and conditions contained in this Agreement.

**NOW, THEREFORE,** for valuable consideration, and subject to all terms and conditions hereof, Buyer and Seller agree as follows:

1. **PURCHASE AND SALE.** Pursuant to the terms and conditions contained in this Agreement, Seller hereby agrees to sell the Property to Buyer and, Buyer hereby agrees to purchase the Property from Seller.

2. **PURCHASE PRICE**. The purchase price for the Property shall be Four Million Five Hundred Thousand Dollars ($4,500,000.00) (the "Purchase Price"), payable by Buyer to Seller in cash at the Closing (as set forth in Section 7.1 below). Seller acknowledges that Buyer has submitted with its bid to purchase the Property a $100,000.00 deposit. Upon the opening of Escrow, Buyer shall deposit with Escrow Holder an additional sum of Three Hundred Fifty Thousand Dollars ($350,000.00), for a total Deposit of $450,000.00 in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "Deposit"). Upon delivery to the Escrow Holder, the Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Buyer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing. The Deposit shall be refundable to Buyer in the event of a termination of this Agreement prior to Closing.

2.1 Closing Funds. Prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expenses and prorations payable by Buyer hereunder.

3. **ESCROW**.

3.1 Opening of Escrow. The Parties shall open an escrow after Seller has obtained all necessary authorizations and approvals as set forth below in Section 4.2A. The Parties shall open an escrow at the offices of First American Title Insurance Company ("Escrow Holder"). The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com. Upon mutual execution of this Agreement, Buyer and Seller shall deliver a fully executed copy of this Agreement to Escrow Holder.

3.2 Closing Date. Escrow shall close within thirty (30) days, or less, after satisfaction of the Conditions to Closing set forth in Sections 4.1 and 4.2. For purposes of this Agreement, the closing date ("Closing Date") shall mean the date on which a grant deed conveying the Property to Buyer is recorded in the Los Angeles County Recorder's Office.

4. **CONDITIONS TO CLOSING.**

4.1 Buyer's Conditions to Closing. Close of Escrow and Buyer's obligation to purchase the Property pursuant to this Agreement are subject to the satisfaction of the following conditions at or prior to Closing:

A. Title. Buyer will be provided a preliminary title report prepared by Escrow Holder for the Property ("Title Report"). Buyer shall acquire the Property subject to all exceptions described in the Title Report, together with all non-delinquent real property taxes and assessments to be assessed against the Property, and the Lease ("Approved Exceptions"). At the Closing, Seller shall deliver title to the Property to Buyer subject only to the Approved Exceptions.

B. Delivery of Deed. Seller shall have executed and deposited into Escrow, for delivery to Buyer, the Grant Deed attached hereto as Exhibit E.

C. Delivery of Assignment. The Parties acknowledge that the Lease, upon close of Escrow, shall become null and void and shall be of no further effect.

D. Property. The condition of the Property shall be deemed acceptable to Buyer upon inspection and environmental testing.

E. Authorizations. Seller shall have obtained all authorizations and approvals necessary to sell the Property.

If any of the above conditions to closing have not been met, Buyer may, upon written notice to Seller, cancel the escrow and terminate this Agreement.

4.2 Seller's Conditions to Closing. Close of Escrow and Seller's obligation to sell the Property to Buyer pursuant to this Agreement, are subject to the satisfaction of the following conditions at or prior to Closing:

A. Authorization to Sell. Prior to the Closing, Seller shall have obtained any and all authorizations and approvals necessary to sell the Property pursuant to the Dissolution Act, including California Department of Finance approval of the Oversight Board resolution approving the sale of the Property to Buyer on the terms and conditions set forth herein.

B. No Default. Buyer shall not be in material default of Buyer's obligations under this Agreement, including, but not limited to, Buyer's obligation to deliver the Purchase Price into escrow on or before the Closing Date. If the conditions above have not been satisfied or waived by Seller at or before the Closing Date through no fault of Seller, then Seller may, upon written notice to Buyer, cancel the Escrow, terminate this Agreement, and recover any documents delivered to the Escrow Holder pursuant to this Agreement.

## 5. REPRESENTATIONS AND WARRANTIES.

5.1 Buyer hereby represents and warrants to Seller that (i) it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby; (ii) all requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein, and the consummation of the transactions contemplated hereby; and (iii) no consent of any other party is required.

5.2 Except as provided in Section 4.2A above, Seller hereby represents and warrants to Buyer that (i) it has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby; (ii) all requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein, and the consummation of the transactions contemplated hereby; and (iii) no consent of any other party is required.

5.3 Except as disclosed on those reports set forth on Exhibit F attached hereto (collectively, "List of Environmental Reports"), if any, Seller hereby represents and warrants that (i) Seller has not released any Hazardous Materials on the Property, (ii) Seller has no actual knowledge of any release of Hazardous Materials (as defined below) on the Property, and (iii) Seller has not received any notice of any violation of any law, ordinance, rule, regulation or order of any governmental authority pertaining to the Property. For purposes of this Agreement, the term "Hazardous Materials" shall mean any and all of those materials, substances, wastes, pollutants, contaminants, byproducts, or constituents which have been determined to be injurious to health or the environment, including without limitation those designated as hazardous or toxic by any federal, state or local law, ordinance, rule, regulation or policy, and any other materials, substances, wastes, pollutants, contaminants, by-products or constituents requiring remediation under federal, state or local laws, ordinances, rules, regulations or policies.

5.4 Seller hereby represents and warrants to Buyer that (i) except for the Lease, there are no other leases, options to purchase, rights of first refusal or contracts for lease or sale of the Property; and (ii) there are no liens or claims against the Property other than the Approved Exceptions.

5.5 Seller hereby represents and warrants to Buyer that during the term of this Agreement Seller shall not, without Buyer's prior written approval, create any new exceptions, liens, claims or encumbrances on the Property, modify the Lease or enter into any other contracts which will not be terminated on or before Closing.

6. **CONDITION OF PROPERTY**. The Property shall be conveyed from the Seller to the Buyer on an "AS IS" condition and basis with all faults and the Buyer agrees that the Seller has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Buyer and anyone claiming by, through or under the Buyer hereby waives its right to recover from and fully and irrevocably releases the Seller, the City of Industry ("City") and the Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency's, City's or Oversight Board's behalf (collectively, the "Released Parties") from any and all claims, responsibility and/or liability that the Buyer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 6. This release includes claims of which the Buyer is presently unaware or which the Buyer does not presently suspect to exist which, if known by the Buyer, would materially affect the Buyer's release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Buyer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR

REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE BUYER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE BUYER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE BUYER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, BUYER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Buyer's Initials

The waivers and releases by the Buyer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

## 7. CLOSING OF ESCROW.

7.1 Delivery of Documents and Payment. At or prior to Closing, Seller shall deposit into Escrow a Grant Deed in the form attached hereto as Exhibit E, properly executed and acknowledged by Seller, in favor of Buyer, containing the legal description of the Property and subject only to the Approved Exceptions. At or prior to Closing, Buyer and Seller shall have each deposited into Escrow any supplemental escrow instructions necessary to close this Escrow. Escrow Holder shall deliver to Seller the Purchase Price, when (1) Escrow Holder holds, and is able to record, the Grant Deed, (2) Escrow Holder is prepared to issue to Buyer the Title Policy as provided in Section 7.2 below, and (3) the conditions specified in Section 4 have been satisfied or waived.

7.2 Title Insurance. At the Close of Escrow, Buyer shall obtain from Escrow Holder a standard coverage American Land Title Association ("ALTA") owner's form policy of title insurance in the amount of the Purchase Price insuring title to the Property in the name of Buyer

subject only to the Approved Exceptions and the standard printed exclusions from coverage of an ALTA standard title policy ("Title Policy").

7.3 Recordation and Delivery. At the Closing, Escrow Holder shall (1) forward the Grant Deed to the recorder for recordation, and (2) deliver the Title Policy as provided in Section 7.2, above.

7.4 Obligation to Refrain from Discrimination. The Buyer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Buyer (itself or any person claiming under or through the Buyer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Buyer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Buyer shall be relieved of any further responsibility under this Section as to the Property so conveyed.

7.5 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

A. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

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

there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

C. In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

7.6 Restrictive Covenant. In order to insure the Buyer's compliance with the covenants set forth in this Section 7 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the Buyer.

7.7 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Buyer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Buyer:

A. The non-discrimination and non-segregation requirements set forth in Section 7 shall remain in effect in perpetuity;

B. The maintenance requirements set forth in the Industry Municipal Code shall remain in effect for the period described therein, and;

C. Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

D. The use requirement regarding using the Property in compliance with the Industry Municipal Code and for any lawful purpose shall remain in effect in perpetuity.

8. **BROKERS**. Seller and Buyer hereby represent to each other that there are no brokers, finders, or other persons entitled to a commission, finder's fee or other payment in connection with this Agreement. Buyer and Seller hereby agree to indemnify, defend, protect, and hold the other harmless from and against any claims, liabilities, or damages for commissions or finder's fees brought by any third party who has dealt or claims to have dealt with the indemnifying party pertaining to the Property.

9. **FIRPTA**. Seller warrants that it is not a foreign person or entity as defined in the Foreign Investors Real Property Tax Act and prior to the close of escrow Seller will deposit an affidavit certifying same. Escrow Holder's duties pertaining to these provisions are limited to the receipt from Seller of such affidavit prior to the close of escrow and delivery to Buyer of such affidavit at the close of escrow.

10. **GOVERNING LAW**. This Agreement shall be construed and enforced in accordance with the applicable laws of the State of California.

11. **PROPERTY TAXES**. Buyer shall be responsible for any property or other taxes assessed against the Property to the extent attributable to the period on or after the Closing. Seller shall be responsible for any property or other taxes assessed against the Property to the extent attributable to the period prior to the Close of Escrow.

12. **CLOSING COSTS**. Buyer and Seller shall split equally the documentary transfer taxes, customary escrow fee and charges and recordation fees and the cost of the Title Policy. Any endorsements to the Title Policy requested by Buyer shall be paid for by Buyer. Tenant rental payments, real property taxes and assessments (if any), utility and other operating costs of the Property shall be prorated at Closing.

13. **NOTICES**. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by national overnight courier service, sent by facsimile transmission, if also sent by one of the other methods provided in this Section, or sent by registered or certified mail, first class postage prepaid, return receipt requested, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice, (ii) the date of the facsimile transmission, or (iii) three (3) business days after the date of posting with the United States Postal Service at the following addresses:

| | |
|---|---|
| To Buyer: | Puente Hills Automotive Services, Inc.<br>Attn. David Marvin, President<br>17723 Gale Avenue<br>City of Industry, California 91748 |
| To Seller: | Successor Agency to the Industry Urban-Development Agency<br>15625 East Stafford Street, Suite 100<br>City of Industry, California 91744<br>Attention: Paul J. Philips, Executive Director |
| with a copy to: | James M. Casso<br>Casso & Sparks, LLP<br>13200 Crossroads Parkway N<br>Suite 345<br>City of Industry, CA 91746 |

Any party to this Agreement may change its address for receipt of notices by giving notice of such change to the other party in the manner set forth in this Section. Neither the rejection of a notice by the addressee or the inability to deliver a notice because of a change of address for which no change of address notice was received, shall affect the date on which such notice is deemed received.

14. **RECEIPT OF PROPERTY DOCUMENTS**. Buyer will be provided and have the opportunity to review the following documents:

14.1 The Title Report; and

14.2 The Environmental Reports.

15. **MISCELLANEOUS**.

15.1 Time. Time is of the essence of this Agreement with respect to each and every provision hereof in which time is a factor.

15.2 Entire Agreement. This Agreement, including the Exhibits attached hereto, contains the entire agreement between the parties pertaining to the subject matter hereof and fully supersedes any and all prior agreements and understandings between the parties. No change in, modification of or amendment to this Agreement shall be valid unless set forth in writing and signed by all of the parties subsequent to the execution of this Agreement.

15.3 Further Assurances. Each of the parties agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to the Closing Date, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Agreement.

15.4 Successors. Subject to the provisions of this Agreement, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, executors, representatives, successors and assigns.

15.5 Severability. In the event any provision of this Agreement shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall be effective only to the extent of such determination and shall not prohibit or otherwise render ineffective any other provision of this Agreement.

15.6 Exhibits. References herein to exhibits are to Exhibit A, Exhibit B, Exhibit C, Exhibit D, Exhibit E, and Exhibit F attached hereto, which exhibits are hereby incorporated by reference.

15.7 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

**IN WITNESS WHEREOF**, Buyer and Seller have executed this Agreement as of the date first written above.

**SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

By:_____
Mark D. Radecki, Chairman

ATTEST:

_____
Cecelia Dunlap, Deputy City Clerk

APPROVED AS TO FORM:

_____
James M. Casso, Agency Counsel

**PUENTE HILLS AUTOMOTIVE SERVICES, INC.**

By:_____
David A. Marvin, President

EXHIBIT A

LEGAL DESCRIPTION

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

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466,00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70,00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20,23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET TO A POINT OF TANGENCY WITH A LINE PARALLEL WITH AND 12.00 FEET NORTHERLY AS MEASURED AT RIGHT ANGLES FROM SAID NORTHERLY LINE; THENCE ALONG SAID PARALLEL LINE, NORTH 81° 31' 24" WEST, 140,00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND 3.24 FEET WESTERLY OF THE EASTERLY LINE OF SAID PARCEL 18; THENCE ALONG LAST SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100,00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE

NORTHERLY AND HAVING A RADIUS OF FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.88 FEET TO ITS INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF THAT LAND DESCRIBED IN DEED TO SUBARU OF AMERICA INC., RECORDED JUNE 29, 2007, AS INSTRUMENT N0.07-1568051 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID PROLONGATION AND SAID WESTERLY LINE SOUTH 08° 28' 36" WEST, 452.10 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 174,980 SQUARE FEET (4.0170 ACRES) OF LAND, MORE OR LESS.

APN: 8264-013-916

EXHIBIT B

LEASE

**LEASE**
**[17723 GALE AVENUE]**

**by and between**

**THE INDUSTRY URBAN-DEVELOPMENT AGENCY,**
**a public body, corporate and politic,**
**as Landlord**

**and**

**HITCHCOCK COMMERCIAL PROPERTIES, L.P.,**
**a California limited partnership**
**as Tenant**

**LEASE**
**[17723 GALE AVENUE]**

THIS LEASE [17723 GALE AVENUE] (the "Lease") is dated and effective as of this 20th day of October, 2010 ("Commencement Date") and is entered into by and between the INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic, ("Landlord"), and HITCHCOCK COMMERCIAL PROPERTIES, L.P., a California limited partnership ("Tenant").

**RECITALS**

A. Landlord is the owner of the land located in the City of Industry, County of Los Angeles, State of California commonly known as 17723 Gale Avenue, City of Industry, California that is more particularly described on Exhibit "A" attached hereto (said land and any and all improvements now or hereafter located thereon are hereinafter collectively referred to as the "Premises").

B. Landlord and Tenant desire to enter into a lease of the Premises, subject to and in accordance with the terms and conditions hereinafter set forth.

ARTICLE 1
TERMINATION OF MONTH-TO-MONTH TENANCY; NEW DEMISE OF PREMISES

1.1 Termination of Month-to-Month Tenancy. As a condition precedent to the effectiveness of this Lease, Tenant shall have caused Puente Hills Automotive, a California corporation, dba Mazda of Puente Hills ("Puente Hills Mazda"), to terminate that certain Lease dated as of August 28, 2010 by and between Landlord and Puente Hills Mazda and to vacate the premises subject thereto in a manner reasonably satisfactory to Landlord.

1.2 Demise. Subject to the satisfaction of the condition contained in Section 1.1, as of the Commencement Date, Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, subject in each case to: (i) all covenants, conditions, restrictions, easements and other matters of record and any other matters affecting title thereto (including matters visible upon inspection or that would be revealed by an ALTA survey), and (ii) the terms and conditions hereinafter set forth.

1.3 Condition of Premises. Landlord shall deliver the Premises broom clean and free of debris on the Commencement Date. Tenant acknowledges that Tenant has inspected the Premises and Tenant accepts the Premises in its existing condition, "AS IS", without representation or warranty (express or implied) and subject to all defects and conditions, whether patent or latent, and subject further to all legal requirements such as taxes, assessments, zoning, use permit requirements and building codes, based solely on Tenant's own inspection, analysis and evaluation and not in reliance on any information provided by or on behalf of Landlord. Landlord represents and warrants that as of the Commencement Date there are no disposition and development agreements or owner participation agreements ("Agency Agreements") affecting the Premises which will or may affect the interests of the Tenant in, or the exercise of its rights under, this Lease and any such Agency Agreements previously in effect have been terminated.

## ARTICLE 2
## TERM

2.1 Term. The term of this Lease shall be for fifteen (15) years, commencing on the Commencement Date and terminating at midnight on the date that is fifteen (15) years thereafter, unless sooner terminated in accordance with the terms hereof. As used herein, the term "Lease Term" shall mean such 15 year term, as it may be extended pursuant to Section 2.2 below, and the term "Lease Year" shall mean the twelve (12) month period commencing on the Commencement Date and each successive twelve (12) month period thereafter during the term hereof.

2.2 Options to Extend. Provided Tenant is not in default under any provision of this Lease, as of the date Tenant delivers the applicable Extension Notice (hereinafter defined) to Landlord or as of the date of the commencement of the applicable Extended Term (as hereinafter defined), and Tenant has exercised all preceding options, then Tenant, may, at Tenant's option, extend the initial term of this Lease for two (2) additional periods of five (5) years each, subject to all of the provisions of this Lease. The additional term or terms created hereby granted to Tenant are hereinafter referred to as the "Extended Term." If Tenant elects to exercise any of said options, it shall do so by giving Landlord written notice of such election not earlier than 240 days and at least 180 days before the beginning of each additional period for which the Lease Term is to be extended by the exercise of such option. If Tenant exercises its option by giving appropriate notice, the Lease Term shall be extended for the additional period covered by the option so exercised without execution of an extension or renewal lease.

2.3 Holdover. This Lease shall terminate without further notice at the expiration of the Lease Term. Notwithstanding Landlord's acceptance of Rent (as hereinafter defined) after expiration or any earlier termination of the Lease Term, any holding over by Tenant shall not constitute a renewal or extension of the Lease Term or give Tenant any rights in or to the Premises. In the event that Tenant holds over, then the Base Rent (as hereinafter defined) shall be increased to one hundred and fifty percent (150%) of the Base Rent applicable during the month immediately preceding the expiration or earlier termination of the Lease Term. Nothing contained herein shall be construed as a consent by Landlord to any holding over by Tenant.

## ARTICLE 3
## RENT

3.1 Base Rent. Tenant shall pay to Landlord, without deduction or offset, the following base monthly rent for the Premises (the "Base Rent"), which shall be deemed fully earned by Landlord when due (whether or not then paid) and shall be absolutely non-refundable:

| | Monthly Base Rent |
|---|---|
| Lease Year 1 | $5,000 |
| Lease Year 2 | $5,000 |
| Lease Year 3 | $5,000 |
| Lease Year 4 | $23,417 |
| Lease Year 5 | $23,417 |
| Lease Year 6 | $25,417 |

| | Monthly Base Rent |
|---|---|
| Lease Year 7 | $25,417 |
| Lease Year 8 | $25,417 |
| Lease Year 9 | $25,417 |
| Lease Year 10 | $25,417 |
| Lease Year 11 | $25,925 |
| Lease Year 12 | $26,443 |
| Lease Year 13 | $26,972 |
| Lease Year 14 | $27,512 |
| Lease Year 15 | $28,062 |

The Base Rent shall be due and payable without notice or demand on October 30, 2010 in an amount equal to the monthly Base Rent for Lease Year 1 prorated from the Commencement Date to October 30, and in advance on the first day of each calendar month thereafter during the Lease Term.

3.2 Base Rent Adjustments During Extended Terms. The monthly Base Rent shall be adjusted on the first day of each Extended Term (each, an "FMV Adjustment Date") to fair market rent for the Premises (but which shall not in any event be less than the monthly Base Rent payable during the Lease Year immediately preceding the commencement of each Extended Term) (the "Fair Rental Value"), with monthly Base Rent during each Extended Term further increased by two percent (2%) during each Lease Year thereafter during each Extended Term. At least sixty (60) days prior to applicable FMV Adjustment Date, Landlord shall submit to Tenant in writing Landlord's evaluation of the Fair Rental Value of the Premises. Within fifteen (15) days after receipt of said evaluation, Tenant shall either (i) notify Landlord in writing of Tenant's agreement thereto, or (ii) submit to Landlord in writing Tenant's good faith evaluation of the Fair Rental Value of the Premises. If Landlord and Tenant agree upon the Fair Rental Value of the Premises before forty (40) days prior to the applicable FMV Adjustment Date, then the monthly Base Rent shall be adjusted as of the applicable FMV Adjustment Date to the Fair Rental Value. If, however, Landlord and Tenant are not able to agree upon the Fair Rental Value of the Premises at least forty (40) days prior to the applicable FMV Adjustment Date, then on or before thirty (30) days prior to the applicable FMV Adjustment Date, the parties shall utilize the following appraisal method for calculating the Fair Rental Value of the Base Rent. Each of the parties shall appoint an appraiser (who must have the "MAI" designation and must have been active in appraising commercial property similar to the Premises in the City of Industry and/or adjacent areas within the previous year) and give written notice of the name and address of such appraiser to the other party. The two appraisers thus appointed shall, within fifteen (15) days after appointment of the last of the two appraisers to be appointed, appoint a third appraiser (with the same credentials as the other appraisers) and give written notice of the name and address of such appraiser to Landlord and Tenant in the manner prescribed by this Lease for service of notices. All appraisers appointed under this section shall also be, at the time of their appointment, members in good standing of the American Institute of Real Estate Appraisers. Within 15 days after the appointment of the third appraiser, the three appraisers so named shall conduct an independent appraisal of the Premises to determine its Fair Rental Value and the applicable monthly Base Rent on the commencement of each Extended Term. The Fair Rental Value of the three appraisers shall be compared and the two closest in value shall be mathematically averaged with the third being disregarded. The result of such averaging shall be

the Fair Rental Value upon which the monthly Base Rent shall be based. Should either party, Landlord or Tenant, fail to appoint an appraiser as required by this Section 3.2 within ten (10) days after service on it of written demand to do so, the appraiser appointed by the other party shall act for both Landlord and Tenant. The decision in writing of such appraiser shall, in such event, be binding on both Landlord and Tenant and shall establish the Fair Rental Value of the Premises for purposes of this Section 3.2. Should the two appraisers appointed respectively by Landlord and Tenant fail, for any reason, to appoint a third appraiser within the time required by this section, then either party may petition the Superior Court for the county in which said premises are located to appoint the third appraiser.

Landlord and Tenant shall each pay the fee and expenses incurred by the appraiser appointed by each of them, and one-half of the fee and all expenses incurred by the third appraiser.

If, for any reason (including, without limitation, a delay by Landlord in delivering to Tenant Landlord's evaluation of the Fair Rental Value of the Premises), the determination of the adjusted monthly Base Rent is made after the applicable FMV Adjustment Date, Tenant shall continue to pay Base Rent at the rate applicable to the preceding Lease Year until the adjusted monthly Base Rent is determined, and the Tenant shall, promptly after the determination of the adjusted monthly Base Rent, pay any difference for the period affected by the adjustment.

3.3 Interest on Overdue Payments. All Rent and other sums of any nature that Tenant fails to pay to Landlord when due under any provision of this Lease, or that Landlord pays to any third party on behalf of Tenant pursuant to any provision of this Lease, shall bear interest from the date due to Landlord or paid by Landlord, as applicable, at the lesser of (i) ten percent (10%) per annum, accruing daily but not compounded, or (ii) the highest rate permitted by applicable law. Such interest shall be payable immediately and without the necessity of any demand by Landlord. The fact that Landlord is entitled to interest under this Section 3.3 shall not be construed to excuse or mitigate any default by Tenant.

3.4 Definition of Rent. All monetary obligations of Tenant payable to Landlord under the terms of this Lease, including but not limited to Base Rent, late charges, interest, insurance premiums, and taxes, are deemed to be rent hereunder (collectively, "Rent").

3.5 Address for Payments. All Rent shall be paid to Landlord in immediately available funds at 15625 East Stafford Street, City of Industry, California 91744 and to the attention of the Executive Director, or at such other address or to such other person as Landlord designates.

3.6 Late Payment Charges. Tenant hereby acknowledges that the late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if Landlord or Landlord's designee fails to receive any installment of rent or any other charge or sum due from Tenant hereunder within ten (10) business days after such amount shall be due, and without any requirement for notice to Tenant, Tenant shall pay to Landlord, in addition to interest accrued as provided in Section 3.3, a late charge equal to four percent (4%) of such

overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall not be construed to excuse or mitigate any default by Tenant.

3.7 Partial Payments of Rent. Landlord's acceptance of a partial payment of Rent shall not constitute a waiver of Landlord's right to the balance of such payment, nor shall any endorsement or statement on any check or any correspondence accompanying any check or payment be or be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other right or remedy under this Lease.

## ARTICLE 4
## IMPOSITIONS

4.1 Impositions. Tenant shall pay and discharge prior to the date upon which they may become delinquent, any and all real property taxes (including any increase in real property taxes resulting from any sale or change in ownership of the Premises), assessments, rates, charges, license fees, municipal liens, levies, excises, or imposts, whether general or special, or ordinary or extraordinary, of every name, nature and kind whatsoever, including all governmental charges of whatsoever name, nature or kind which may now or hereafter be levied, assessed, charged or imposed against or which may become a lien or charge upon the Premises or any part thereof, or upon Tenant's estate or possessory interest therein hereby created or upon Landlord by reason of its ownership of the fee underlying this Lease (collectively, "Impositions"). Landlord shall have no obligation to pay or discharge any Imposition or any penalties or interest resulting from late payment. Landlord may at any time, in its discretion, pay any Imposition that Tenant fails to pay when and as due, including, in Landlord's discretion, any fees, penalties and charges assessed by reason of Tenant's failure to make timely payment, in which case Tenant shall reimburse Landlord within five (5) business days after receipt of Landlord's written request for reimbursement. Tenant shall indemnify and hold Landlord and the Premises and any improvements now or hereafter on the Premises, free and harmless from any liability, loss, or damage resulting from any Impositions required by this Lease to be paid by Tenant and from all interest, penalties, and other sums imposed thereon and from any sales or other proceedings to enforce collection of any such Impositions. Landlord shall indemnify and hold Tenant free and harmless from any liability, loss, or damage resulting from any Impositions and from all interest, penalties, and other sums imposed thereon, and from any sales or other proceedings to enforce collection of any such Impositions, which relate to tax years or portions thereof prior to the Commencement Date.

4.2 Proration of Impositions. All of the Impositions which shall relate to a fiscal year during which the Lease Term shall commence or terminate, shall be prorated between Landlord and Tenant as of the commencement or termination date, as applicable.

4.3 Evidence of Payment. Within fifteen (15) days after written request of Landlord, Tenant shall obtain and deliver to Landlord evidence of payment of all Impositions, including, without limitation, receipts or duplicate receipts.

4.4 Assessment Districts. If any governmental entity or agency shall undertake pursuant to state or local law to create an improvement or special assessment district, the proposed boundaries of which include any portion of the Premises, neither Tenant nor Landlord shall support the same without the prior written consent of the other party. In the event Tenant or Landlord receives any notice or other information relating to the proposed creation of any such district, such party shall immediately advise the other party in writing of such receipt and shall provide the other party with a copy of such notice or information. In the event that any such improvement or assessment district is created, all Impositions arising therefrom which are due or payable during the Lease Term shall be paid by Tenant; provided, however, if Landlord has the option to elect that any Imposition related to such a special improvement or assessment district be payable in installments, then Landlord shall make such election, and Tenant shall only be required to pay such installments as shall become due and payable during the Lease Term appropriately prorated as provided in Section 4.2.

4.5 Personal Property and Business Taxes. Throughout the Lease Term, Tenant shall pay and discharge, when and as the same become due, directly to the taxing authority, all taxes, assessments, fees and other charges imposed or levied upon any personal property of Tenant situated in, on or about the Premises, upon the business operated by Tenant thereon, and the income of Tenant derived therefrom. Tenant shall use commercially reasonable efforts to cause such taxes, assessments, fees and other charges to be levied or assessed separately from the Premises.

4.6 Utilities. Tenant shall pay, as and when due, all charges for utilities, including, without limitation, water, sewer, oil, gas, telephone, electricity and public utilities (hereinafter collectively referred to as "utilities") incurred by Tenant in connection with its or any other's use of the Premises. No interruption in any utilities shall result in an abatement of Rent hereunder or entitle Tenant to terminate this Lease, except to the extent such interruption is directly caused by Landlord or any of its officers, employees, agents or contractors. In addition, Tenant shall pay any and all fees or other charges for the installation of or connection to oil, gas, electricity, water, telephone, sanitary sewer, storm or drainage sewer, and any and all other utilities as Tenant may require for its intended use of the Premises.

4.7 Inclusion of Additional Fees as Impositions. If at any time during the Lease Term there shall be assessed or imposed (i) a tax or assessment, except any net income tax, on the rents received by Landlord in connection with the Premises, (ii) a tax or assessment measured by or based in whole or in part upon the value of the Premises and imposed upon Landlord or (iii) a license fee, tax or assessment measured by the rent payable under this Lease, then all such taxes, assessments or fees shall constitute Impositions, and Tenant shall pay and discharge the same and take action regarding such Impositions as provided in this Article 4.

4.8 Payment of Impositions in Installments. If, by law, any Imposition is payable, or may at the option of the payor be paid, in installments, Tenant may pay the same in such installments as those installments respectively become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. Tenant shall only be required to pay such installments as shall become due and payable during the Lease Term, appropriately prorated as provided in Section 4.2.

4.9 Right to Contest. Tenant shall have the right to context, oppose, or object to the amount or validity of any Imposition and may in good faith diligently conduct at its sole cost any necessary proceedings to prevent or void or reduce the same; provided that, Tenant shall give Landlord written notice or its election to contest any Imposition, which notice shall be given at least thirty (30) days before any delinquency could occur; and provided further, that no such contest, opposition or objection shall be continued or maintained after the date upon which the Imposition at which it is directed becomes delinquent unless Tenant has met one of the following provisions.

(a) Paid such Imposition under protest prior to its becoming delinquent; or

(b) Obtained and maintained a stay of all proceedings for enforcement and collection of the Imposition by posting such bond or other matter as may be required by law for such a stay.

Landlord shall not be required to join in any proceeding or contest by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name, but only if (i) such action shall be conducted without cost, expense or liability to Landlord, and (ii) no special lien, charge or Imposition upon the Premises may arise solely by virtue of such proceeding or contest.

4.10 Proof of Compliance. Tenant shall furnish to Landlord, no later than thirty (30) days after the date when any Imposition would become delinquent, receipts or other appropriate evidence establishing the payment of that Imposition.

4.11 Possessory Interest Taxes. NOTICE UNDER CALIFORNIA REVENUE AND TAXATION CODE SECTION 107.6: The possessory interest created by this Lease may be subject to taxation, and Tenant (in whom such possessory interest is vested) may be subject to payment of such possessory interest taxes. Tenant hereby agrees to pay all such possessory interest taxes prior to delinquency.

## ARTICLE 5
## NET LEASE

This Lease is a 'triple-net" lease and all Rent shall be paid to Landlord absolutely net of costs and expenses that relate in any way to the Premises, including, without limitation, any and all Impositions and any and all maintenance, repair, utility and operation costs, and that Tenant will pay all such costs and expenses unless otherwise expressly provided in this Lease.

## ARTICLE 6
## PERMITS AND APPROVALS

6.1 Governmental Approvals. Tenant acknowledges and agrees that it shall be the responsibility of Tenant to obtain, at Tenant's sole cost and expense, any and all governmental approvals, including, but not limited to, all permits, licenses, variances, zoning changes, which are required by any governmental or regulatory authority in connection with the construction,

use, occupancy or operation of the Premises (hereinafter referred to collectively as "Governmental Approvals").

6.2 No Representations. Except as otherwise specifically set forth in this Lease, Landlord makes no representations or warranties concerning the Premises or any matters with respect thereto.

## ARTICLE 7
## MAINTENANCE, REPAIR AND ALTERATIONS

7.1 Maintenance and Repair.

7.1.1 Maintenance by Tenant. Tenant shall at all times during the Lease Term, and at Tenant's own cost and expense, keep and maintain the Premises (including all structural, non-structural, interior, exterior, landscaped areas, systems, equipment, facilities, driveways, parking lots, fences, and signs) in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements, or the age of such portion of the Premises). Tenant's maintenance obligations shall include restorations, replacements and renewals when necessary to keep the Premises and all improvements thereon in good order, condition and repair. Tenant shall, during the Lease Term, keep the exterior appearance of the improvements located on the Premises in a first-class condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, exterior repainting. In keeping the Premises in good order, condition and repair, Tenant shall exercise and perform good maintenance practices, specifically including the procurement and maintenance at Tenant's expense of service contracts for HVAC equipment, any boiler and pressure vessels, fire protection systems, landscaping and irrigation systems, and the roof and drains, each with a contractor specializing and experienced in the maintenance of the applicable equipment or improvements. Tenant shall provide Landlord with a complete and correct copy of each such service contract and any amendments thereto. Tenant's maintenance obligations under this Section 7.1.1 shall not be construed as limiting any right or requirement expressly provided for elsewhere in this Lease for Tenant to alter, modify, demolish, remove or replace any improvement. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section 7.1.1 shall entitle Tenant to any offset, abatement or reduction in Rent nor to any termination or extension of the Lease Term.

7.1.2 Requirements of Governmental Agencies. At all times during the Lease Term, Tenant shall, at Tenant's own cost and expense:

(a) make all alterations, additions, or repairs to the Premises (including the improvements on the Premises) required by any law, ordinance, statute, order, or regulation now or hereafter in effect or made or issued by any federal, county, local, or other governmental agency or entity;

(b) observe and comply with all laws, ordinances, statutes, orders, and regulations now or hereafter in effect or made or issued respecting the Premises by any federal, county, local, or other governmental agency or entity; and

(c) indemnify, defend and hold Landlord and the property of Landlord, including the Premises, free and harmless from any and all liabilities, losses, damages, fines, penalties, claims, and actions resulting from Tenant's failure to comply with the requirements of this Section 7.1.2.

7.1.3 Landlord's Obligations. Except as otherwise specifically set forth in this Lease, it is intended by the parties hereto that Landlord have no obligation, in any manner whatsoever, to modify, alter, improve, repair or maintain the Premises or any improvements located thereon, all of which obligations are intended to be those of Tenant. It is the intention of the parties hereto that the terms of this Lease govern the respective obligations of the parties as to maintenance and repair of the Premises and the making of improvements or alterations required by law, and they expressly waive the benefit of any law, rule, regulation, statute or court decision now or hereafter in effect to the extent it is inconsistent with the terms of this Lease. Tenant shall have no right to make repairs, improvements or alterations at the expense of Landlord.

7.2 Compliance with Applicable Requirements. Tenant, shall, at Tenant's sole expense, fully, diligently and in a timely manner, comply with all applicable laws, building codes, regulations, ordinances, rules, directives, covenants, or restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Landlord's engineers and/or consultants which relate in any manner to the Premises or any improvements located thereon (collectively, "Applicable Requirements"), without regard to whether such Applicable Requirements are now in effect or become effective hereafter. Tenant shall, within 10 days after receipt of Landlord's written request, provide Landlord with copies of all permits and other documents, and other information evidencing Tenant's compliance with any Applicable Requirements specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Tenant or the Premises or any improvements located thereon to comply with any Applicable Requirements.

7.3 Alterations Generally. Except as otherwise expressly required hereunder, Tenant may not make improvements, additions or alterations to the Premises ("Alterations") except for those Alterations in which the estimated cost of the proposed Alterations in any one instance does not exceed Fifty Thousand Dollars ($50,000.00), without Landlord's prior written consent; provided, however, Landlord shall consent to Alterations required by Tenant's franchisor subject to Tenant's satisfaction of the conditions set forth in this Section 7.3. Tenant's right to perform such Alterations shall be subject to Landlord's receipt of plans and specifications therefor and satisfaction of the following additional conditions:

7.3.1 No Alterations shall be undertaken until Tenant shall have procured and paid for, so far as the same may be required, from time to time, all permits and authorizations of all governmental authorities having jurisdiction.

7.3.2 All Alterations shall be reasonably pursued to completion and done in workmanlike manner and in compliance with all applicable permits and authorizations and all applicable laws.

7.3.3 Before any work of demolition or construction is commenced, Tenant shall notify Landlord of Tenant's intention to commence any Alterations in or to the Premises or other Improvements at least twenty (20) business days before commencement. Landlord shall have the right to post and keep posted thereon notices of non-responsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Premises.

7.3.4 Tenant shall indemnify, defend and hold Landlord and its agents and employees harmless from and against all claims, liabilities, damages, costs and expenses (including without limitation, attorneys' fees) arising out of or with respect to liens for labor or materials supplied or claimed to be supplied in connection with Alterations done by or for Tenant. Should Tenant fail to fully discharge or remove or post a bond against any such lien within the time provided for in Section 14.1.5, Landlord, at its option, may remove such lien by payment of the sum claimed or bonding. Any amounts so paid by Landlord, together with interest thereon at a rate of ten percent (10%) per annum from the time of payment until repayment, shall be repaid by Tenant within ten (10) business days after written demand by Landlord.

7.3.5 Prior to making any Alterations, Tenant and Tenant's subcontractors and agents shall obtain Workers' Compensation and Builder's Risk and Liability Insurance (each reasonably acceptable to Landlord) covering all persons employed in connection with such demolition or construction and with respect to whom death or bodily injury claims could be asserted against Landlord, Tenant or the Premises.

7.3.6 Upon the substantial completion of any Alteration, Tenant shall promptly prepare and deliver to Landlord, at Tenant's cost, a complete set of as-built plans showing the Alterations as constructed.

7.3.7 Landlord's review and approval of Alterations or plans therefor shall not constitute an assumption of any liability for the design, engineering or structural integrity of the Alterations proposed to be erected or performed by Tenant, or constitute a waiver of any permits or approvals required from Landlord in its capacity as a governmental entity (as opposed to its capacity as the Landlord under this Lease).

7.4 Local, State and Federal Laws. The Tenant shall carry out the construction of all Alterations, repairs and maintenance of the Premises in conformity with all applicable laws, including all applicable federal, state and local occupation, federal and local prevailing wage laws, safety and health laws, rules, regulations and standards. Without limiting the foregoing, Tenant shall construct or cause all Alterations, repairs and maintenance of the Premises to be undertaken in full compliance with all applicable provisions of state, federal and local prevailing wage laws and public bidding requirements and all rules and regulations promulgated pursuant thereto, including, without limitation, the prevailing wage laws of the State of California set forth in the California Labor Code, Division 2, Part 7 and California Code of Regulations, Title 8. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any cost,

expense, claim, charge or liability relating to or arising directly or indirectly from any breach by or failure of Tenant or its contractor(s) or agents to comply with such laws, rules or regulations. The provisions of this Section 7.4 shall survive the expiration of the Lease Term or the earlier termination of this Lease. Pursuant to California Labor Code Section 1781, the Landlord hereby states and, Tenant hereby acknowledges, that all Alterations and work associated with the repair and maintenance of the Premises to be undertaken by the Tenant with respect to the Premises is "public work" (as defined in California Labor Code Section 1720) to which California Labor Code Section 1771 applies, and the Tenant hereby agrees it shall cause all work related to Alterations, repair and maintenance of the Premises to be performed as "public work" as required by California Labor Code Sections 1720 and 1771. Prior to the commencement of all work associated with such Alterations, repair or maintenance, Tenant shall obtain and cause to be in full force and effect and filed with the Landlord a payment bond for any contract to which Tenant is a party providing for all or any portion or portions of said work (including without limitation work of any subcontractors on the Premises) in a form reasonably acceptable to the Landlord, the payment provisions of which bond shall be in conformity with the applicable requirements of California Civil Code Section 3247 and 3248; provided, however, that unless otherwise required by law to assure that Landlord shall bear no responsibility or liability for Tenant's failure to comply with the provisions of this Section 7.4, Tenant shall not be required to obtain and maintain such payment bond for Alterations, repair or maintenance, the cost of which is less than Fifty Thousand Dollars ($50,000.00).

7.5 Ownership of Improvements. All Alterations made by Tenant under this Lease shall be owned by Tenant during the Lease Term, but shall become the property of Landlord upon the expiration of the Lease Term or earlier termination of this Lease. Tenant shall not be required to remove any Alterations made to the Premises during the Lease Term and in accordance with the terms of this Lease upon the expiration of the Lease Term or earlier termination of this Lease.

## ARTICLE 8
## INSURANCE

8.1 Insurance. Tenant shall maintain or cause to be maintained, at its sole cost and expense, the following insurance with respect to the Premises:

8.1.1 Liability Insurance. Broad form comprehensive coverage policy of public liability insurance issued by an insurance company acceptable to Landlord and authorized to issue liability insurance in the State of California and having a rating of not less than "A-13" as set forth in the then current Best's Insurance Guide, insuring Tenant and Landlord against loss or liability caused by or connected with Tenant's occupation, use, disuse, or condition of the Premises under this Lease in amounts not less than:

(a) Three Million Dollars ($3,000,000) for injury to or death of one person and, subject to such limitation for the injury or death of one person, of not less than Six Million Dollars ($6,000,000) for injury or death to two or more persons as a result of any one accident or incident; and

(b) Two Million Dollars ($2,000,000) for damage to or destruction of any property of others. All public liability insurance and property damage insurance shall insure performance by Tenant of the indemnity provisions of this Lease. Landlord shall be named as additional insured on each insurance policy required by this Section 8.1.1, and such policies shall contain cross liability endorsements.

8.1.2 Fire and Casualty Insurance. Fire and casualty insurance covering all buildings, improvements, Tenant's personal property and other improvements on the Premises, as well as any and all additions thereto, in an amount equal to their actual cash, full replacement value (as defined below), issued by an insurance company authorized to issue such insurance in the State of California and having a rating of not less than "A-13" as set forth in the then current Best's Insurance Guide, and insuring against loss or destruction by fire and the perils commonly covered under the standard extended coverage endorsement to fire insurance policies in the geographic area in which the Premises are located. Each insurance policy shall be issued in the names of Landlord and Tenant, as their interests may appear. Each insurance policy shall provide that any loss payable under such insurance shall be payable in trust to Landlord as loss payee. Any proceeds received because of a loss covered by such insurance shall be used and applied in the manner required by Section 9.2. On termination of this Lease, such insurance policy or policies, all rights thereunder and any insurance proceeds shall be assigned to Landlord at Landlord's election; provided, however, that Landlord shall reimburse Tenant for any unearned premiums that Tenant prepaid for the year in which this Lease is terminated and for the years after this Lease is terminated.

8.1.3 Worker's Compensation Insurance. Worker's Compensation insurance covering all persons employed by Tenant in the conduct of its business on the Premises as required by law and reasonably acceptable to Landlord.

8.2 Increase in Insurance Coverage. Not more frequently than each two (2) years, if, in the reasonable opinion of Landlord, the amount of public liability and property insurance coverage at that time is not adequate, Tenant shall increase the insurance coverage as reasonably required by Landlord.

8.3 Specific Perils to Be Insured. Notwithstanding anything to the contrary contained in Section 8.1.2, the insurance required by Section 8.1.2 shall, whether or not included in the standard extended coverage endorsement mentioned in Section 8.1.2, insure all improvements and other structures on the Premises, as well as any and all additions thereto, against loss or destruction by windstorm, explosion, riot, riot attending a strike, civil commotion, acts of terrorism, sabotage or other warlike acts, malicious mischief, vandalism, aircraft, fire, smoke damage and sprinkler leakage. Furthermore, the insurance required by Section 8.1.2 during the construction of any improvements to the Premises or the replacement of any improvements located thereon shall have course of construction, vandalism, and malicious mischief clauses attached insuring that during construction and all materials delivered to the Premises for their actual cash full replacement value. For purposes of this Section 8.1.4, the "full replacement value" of any building or other improvements to be insured shall be determined by the company issuing the insurance policy at the time the policy is initially obtained. Every two (2) years thereafter, either party hereto shall have the right to notify the other party hereto that it elects to have the replacement value redetermined by any insurance company. The redetermination shall

be made promptly in accordance with the rules and practices of the Board of Fire Underwriters, or a like board recognized and generally accepted by the insurance company, and each party shall be promptly notified of the results by such company. The insurance policy or policies shall be adjusted accordingly to reflect the redetermined value.

8.4 Deposit of Insurance with Landlord. Tenant shall deliver to Landlord a complete and correct copy of each insurance policy required by this Article 8 concurrently with Tenant's execution of this Lease and promptly thereafter when any such policy is replaced, rewritten or renewed. All insurance policies required by express provisions of this Lease shall be nonassessable and shall contain language to the effect that (a) any loss shall be payable notwithstanding any act or negligence of Landlord that might otherwise result in the forfeiture of the insurance, (b) that the insurer waives the right of subrogation against Landlord, and (c) the policies are primary and non-contributing with any insurance that may be carried by Landlord.

8.5 Notice of Cancellation of Insurance. Each insurance policy required by this Article 8 shall contain a provision that it cannot be cancelled or materially changed for any reason unless 30 days' prior written notice of such cancellation or change is given to Landlord in the manner required by this Lease for service of notices on Landlord by Tenant.

8.6 Unavailability of Coverage. Notwithstanding anything to the contrary contained in this Article 8, should insurance coverage meeting all the requirements set forth in this Article 8 be unavailable due to circumstances beyond the control of Tenant, Tenant and Landlord shall agree as to substitute coverage which shall to the greatest extent possible meet the requirements set forth in this Article 8; provided that any substitute coverage shall not be less than insurance coverage available to and actually obtained for comparable commercial facilities in the State of California.

8.7 Right of Landlord to Obtain Insurance. Prior to the Commencement Date, and thereafter not less than thirty (30) days prior to the expiration date of each policy theretofore furnished pursuant to this Article 8, Tenant shall deliver to Landlord, in the manner required for notices, copies or certificates of all insurance policies required by this Lease or, alternatively, proof acceptable to Landlord that such insurance has been or will be obtained prior to the Commencement Date or the expiration date of such policies, as applicable. If Tenant fails or refuses to procure or to maintain insurance as required by this Lease, or fails or refuses to furnish Landlord with proof acceptable to Landlord that the insurance has been or will be procured within five (5) business days following Landlord's demand for such proof, Landlord shall have the right, at Landlord's election, to procure and maintain such insurance, in addition to all other rights and remedies Landlord may possess on account of such default. The premiums paid by Landlord in such event shall be treated as Rent due from Tenant to be paid on the first day of the next month following the date on which the premiums were paid. Landlord shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers to whom such premiums were paid.

## ARTICLE 9
## DAMAGE AND DESTRUCTION

9.1 Tenant's Duty to Restore Premises. Should, at any time during the Lease Term, any buildings or improvements now or hereafter on the Premises be destroyed in whole or in part by fire, theft, the elements, or any other cause not the fault of Landlord, Tenant, at Tenant's own cost and expense, shall repair and restore the damaged or destroyed buildings or improvements according to the original final plans and specifications therefore or according to any modified plans and specifications that provide for improvements consistent in terms of size, design and quality with the original buildings and improvements. If the work of repair and restoration does not require the issuance of any building permit or other permit from governmental authorities or the preparation of plans, then such work shall be commenced by Tenant within sixty (60) days after the damage or destruction occurs and shall be completed as soon as possible and in any event within nine (9) months after such work is commenced. If the work of repair and restoration requires the issuance of any building permit or other permit from governmental authorities or the preparation of plans, then such work shall commence within thirty (30) days after the last to occur of obtaining of the necessary permit or permits or the preparation of plans and shall be completed as soon as possible and in any event within nine (9) months after such work is commenced. The Landlord and Tenant agree that events or conditions may preclude in some instances the immediate making of permanent repairs. The Landlord and Tenant agree that in those instances Tenant shall make interim repairs that will protect the improvements from further deterioration and permit the continued use of the Premises to the extent possible for the purposes for which they were demised. In such event Tenant, upon demand, shall provide Landlord sufficient information for Landlord to satisfy itself that the time for making permanent repairs must be extended as reasonable beyond the time limits specified hereinbefore. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this Section 9.1 shall entitle Tenant to any offset, abatement or reduction in Base Rent or to any termination or extension of the Lease Term. Notwithstanding the foregoing, if at any time during the last six (6) months of the Lease Term there is damage for which the cost to repair exceeds two month's Base Rent, Tenant may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a written termination notice to Landlord within thirty (30) days after the occurrence of such damage.

9.2 Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the Lease Term because of damage to or destruction of any buildings or improvements on the Premises shall be paid to Landlord and shall be disbursed to Tenant upon Tenant's submission to Landlord of reasonable documentation evidencing Tenant's commitment to restore the Premises and shall be used toward the repair, restoration and replacement of damaged or destroyed buildings or improvements in the manner required by Section 9.1; provided, however, that any fire or other insurance proceeds remaining after the repair, restoration, reconstruction and/or replacement of the damaged or destroyed buildings or improvements has been completed to the satisfaction of Landlord (the "Remaining Insurance Proceeds") shall be allocated between Tenant and Landlord as follows:

9.2.1 that percentage of the Remaining Insurance Proceeds which equals the percentage of the unexpired portion of the Lease Term, at the time the repair, restoration,

reconstruction and/or replacement of the damaged or destroyed buildings has been completed, shall belong to and be the sole property of Tenant; and

9.2.2 that percentage of the Remaining Insurance Proceeds which equals the percentage of the expired portion of the Lease Term, at the time the repair, restoration, reconstruction and/or replacement of the damaged or destroyed buildings has been completed, shall belong to and be the sole property of Landlord.

9.3 Landlord's Rights of Entry. Landlord and Landlord's agents shall have the right to enter at reasonable hours after prior notice of the time and place of entry into and upon said portions of the Premises as necessary for the purpose of ascertaining that the improvements on the Premises are kept and maintained in good condition and repair, and that the terms of this Lease are observed.

9.4 Waiver of Statutory Provisions. The provisions of this Lease, including this Article 9, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the improvements on Premises, and any statute or regulation of the state in which the Premises are located, including, without limitation, Sections 1932(2) and 1933(4), and 1941 and 1942 of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the improvements on the Premises.

## ARTICLE 10
## EMINENT DOMAIN

10.1 Total Taking. If (i) the whole of the Premises shall be taken in any Condemnation Proceedings (as defined below), or (ii) if a portion of the Premises shall be taken as to make it uneconomic for Tenant to use the remaining portion for the purposes permitted by this Lease, or (iii) if access to the Premises is substantially impaired as a result of any taking (a "Total Taking"), then this Lease shall terminate and expire on the date of surrender of possession of the Premises, or such portion thereof, to the condemning authority. Tenant shall continue to pay the Rent hereunder and, in all other respects, observe and perform all of the terms, covenants, agreements, provisions, conditions and limitations of this Lease to be observed and performed by Tenant until the date of surrender of possession. "Condemnation Proceeding" shall mean the exercise of any power or right of eminent domain or condemnation by those authorized to exercise such right, or any conveyance of the Landlord's interest in the Premises under threat of condemnation by those authorized to exercise such rights. Landlord agrees that it shall not initiate a Condemnation Proceeding affecting the Premises during the Lease Term without Tenant's reasonable approval.

10.2 Partial Taking. If only a part of the Premises shall be permanently taken, and the taking of such part does not make it uneconomic to use the remaining portion thereof for the then current use of the Premises (a "Partial Taking"), Tenant may have the right to terminate this Lease upon thirty (30) days' prior written notice to Landlord, but not later than thirty (30) days of such taking. If Tenant does not terminate this Lease, and a portion of the Premises is taken,

Landlord shall make any repairs necessary to restore the functionality of the remaining Premises (but only to the extent Landlord receives proceeds therefore from the condemning authority), and Rent shall be abated with respect to the part of the Premises taken.

10.3 Temporary Taking. If the temporary use of the whole or any part of the Premises shall be taken by any Condemnation Proceeding for a period of not more than one hundred twenty (120) consecutive days (a "Temporary Taking"), (i) Tenant shall give prompt notice thereof to Landlord, (ii) the Lease Term shall not be reduced or affected in any way, (iii) Rent shall be abated to the extent Tenant's use or occupancy of the Premises is impaired during the period of the Temporary Taking, (iv) except to the extent prevented by reason of any order of the condemning authority, Tenant shall continue to perform and observe all of the other covenants, conditions and agreements of this Lease to be performed or observed by Tenant; and (v) Tenant shall be entitled to receive from the award (if any) made by the applicable government authority, any amounts awarded for the temporary loss of use of the Premises by Tenant.

10.4 Entitlement to Condemnation Award. Condemnation awards and/or payments shall be governed by and allocated between Landlord and Tenant in accordance with the provisions of California law.

10.5 Reasonable Cooperation. In the event any action is filed to condemn the Premises, the improvements thereon, Tenant's leasehold estate or any part thereof, by any public or quasi-public authority under the power of eminent domain, or in the event that any action is filed to acquire the temporary use of the Land, the improvements thereon, Tenant's leasehold estate or any part thereof, or in the event that any such action is threatened or any public or quasi-public authority communicates to Landlord or Tenant its desire to acquire the Land, the improvements thereon, Tenant's leasehold estate or any part thereof, or the temporary use thereof, by a voluntary conveyance or transfer in lieu of condemnation, then each party shall give prompt notice thereof to the other after such party obtains actual knowledge of same. Both parties agree to reasonably cooperate in a commercially reasonable and timely manner with the other party to maximize any award. No agreement, settlement, conveyance or transfer to or with the condemning authority shall be made without the consent of Landlord.

10.6 Waiver. Landlord and Tenant agree that the terms of this Lease shall govern the effect of any Total Taking, Partial Taking or Temporary Taking and hereby waive the provisions of any present or future law, rule, regulation, statute or court decision, including, without limitation, Section 1265.130 of the California Code of Civil Procedure, to the extent inconsistent herewith.

## ARTICLE 11
## LANDLORD'S ACCESS AND INFORMATION

11.1 Inspections. Tenant will permit Landlord and its authorized agents and representatives to enter the Premises at all reasonable times for the purposes of protecting Landlord's interest in the Premises and investigating whether Tenant is complying with this Lease upon at least forty-eight (48) hours' prior written notice to Tenant.

11.2 Showing Premises. Landlord shall also have the right to enter the Premises during reasonable business hours for the purpose of exhibiting the same to prospective purchasers or mortgagees, or during the last ninety (90) days of the Lease Term, for the purpose of showing the same to prospective tenants, provided that any such entry shall cause as little disturbance to Tenant as reasonably practicable, and Tenant receives at least twenty-four (24) hours' prior written notice from Landlord.

## ARTICLE 12
## USE

12.1 Use. Subject to Article 6 above, at the Commencement Date, Tenant shall use the Premises solely for automobile sales, leasing, rentals, storage, and servicing and all related or comparable uses thereto associated with a Mazda dealership ("Approved Use"), with Lessee permitted to change the Approved Use during the Lease Term to a new car dealership franchise with a major manufacturer reasonably acceptable to Landlord ("Permitted Use"). Tenant shall not use the Premises for any use, other than the Approved Use or a Permitted Use, without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole and absolute discretion.

12.2 Manner of Use. Tenant agrees that it will use the Premises in such a manner so as not to unreasonably interfere with or infringe upon the rights of occupants of land surrounding the Premises. In no event shall Tenant use or permit the use of the Premises in any manner which (a) creates a nuisance or an unreasonable annoyance to persons outside the Premises, (b) violates any law or other use restriction recorded against the land constituting the Premises, (c) or constitutes waste.

12.3 Compliance with Law. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, rules, ordinances, orders, and governmental regulations, or requirements now in force or which may hereafter be in force relating to or affecting the Premises (including, but not limited to, applicable changes in the building and safety codes), and the cleanliness, safety, occupancy and use of the Premises.

12.4 Right to Contest. Tenant, at its sole cost and expense, may contest the validity or application of any law by appropriate proceedings conducted in good faith and with due diligence, and may defer compliance therewith pending such contest; provided that, (i) Tenant has secured Landlord's written consent to such contest, which consent shall not be unreasonably withheld, (ii) such contest will not result in the imposition of any lien or charge on or against the Premises and will not place Landlord in danger of any civil or criminal liability, and (iii) Tenant has furnished such security, if any, as may be required in the proceedings or reasonably requested by Landlord.

12.5 Continuous Operation. Tenant shall continuously operate the Premises for an Approved Use or Permitted Use and be open for business at all times during the Lease Term. Notwithstanding the foregoing, the Tenant may cease operation of the Premises and be closed for business for no more than forty-five (45) days in the aggregate during any Lease Year (the "Permitted Period"). Legal holidays recognized in the State of California, periods of time reasonably required to maintain, repair or replace the Premises as herein provided, and periods of

time attributable to force majeure events described in Section 21.20 shall not be taken into consideration in determining whether or not the Tenant has failed to operate the Premises and remain open for business in excess of the Permitted Period.

12.6 Dealer Association. Tenant acknowledges (i) that it is Landlord's intent that certain real property fronting on Gale Avenue, between Hatcher Avenue and M Street, including the Premises, be developed with automobile dealerships offering the sale and service of new vehicles (the "Auto Center"), and (ii) that it is necessary and desirable that the relationship of the automobile dealers located within the Auto Center be governed and benefitted by mutually agreed upon covenants, conditions, restrictions and easements. Notwithstanding anything to the contrary contained herein, promptly following the receipt of written request therefor from Landlord (the "Landlord's Request"), Tenant shall promptly execute and deliver to Landlord such documents and instruments (including amendments to this Lease) as the Landlord shall require to subordinate and subject this Lease to the "CC&R Documents" as defined in the Disposition Agreement attached hereto as Exhibit "B". Tenant's obligation to subordinate the CC&R Documents to this Lease is conditioned upon all owners of property within the Auto Center having approved the CC&R Documents. Tenant further acknowledges and agrees that any assessments, levies, charges or other form of payment obligations that arise from the CC&R's and are imposed upon the Premises or the Landlord by reason of its ownership of the fee underlying this Lease (collectively, "Assessments") shall constitute Rent hereunder payable by Tenant so long as such Assessments are commercially reasonable and are proportionately imposed against the properties constituting the Auto Center. Tenant acknowledges that its timely performance under this Section 12.6 is a material consideration for Landlord's lease of the Premises to Tenant.

## ARTICLE 13
## ASSIGNMENT AND SUBLETTING

13.1 Consent Required. Except as otherwise herein expressly provided, Tenant shall not assign, sublet, transfer, encumber, or otherwise convey all or any portion of the Premises and/or this Lease, voluntarily involuntarily or by operation of law (each, a "Transfer") without the prior written consent of Landlord, which consent shall not be unreasonably withheld. If Tenant desires to make a Transfer, Tenant shall provide Landlord with current financial statements of the transferee, a summary of the material terms of the Transfer and a description of the transferee's relevant business and operating experience and Landlord shall have thirty (30) days following receipt of such information to either consent or refuse to consent to such Transfer.

13.1.1 Notwithstanding anything to the contrary contained in Section 13.1 above, an assignment or subletting of all or a portion of the Premises to an "Affiliate" (as that term is defined below) of Tenant, shall not be deemed an assignment or subletting under Section 13.1. (and, accordingly, the prior written consent of Landlord shall not be required), provided that (i) Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with the form of the assignment or sublease (which shall be reasonably acceptable to Landlord as to form and content) and any other documents or information reasonably requested by Landlord regarding such assignment or sublease or such affiliate, (ii) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, and (iii) the applicable conditions

contained in Section 13.2 shall have been satisfied. The term "Affiliate" shall mean (i) any person or entity that is controlled by, controls, or is under common control with, Tenant or (ii) any entity that merges with, is acquired by, or acquires Tenant through the purchase of stock or substantially all of Tenant's assets. "Control," as used in this Section 13.1.1 shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, or ownership of any sort, whether through the ownership of voting securities, by contract or otherwise.

13.1.2 Landlord acknowledges that it has been advised that Tenant will be entering into a sublease with Puente Hills Automotive, a California corporation doing business as Mazda of Puente Hills, concurrently with this Lease and effective as of the Commencement Date and that because Tenant and Puente Hills Automotive are affiliated entities, the entering into of such Sublease by and between Tenant and Puente Hills Automotive does not require the consent of or further notice to Landlord; provided, however, that Tenant shall have provided Landlord with the form of the sublease (which shall be reasonably acceptable to Landlord as to form and substance).

13.2 Additional Conditions. Without limiting the scope of the Landlord's discretion described in Section 13.1, any consent of Landlord to any Transfer shall be additionally conditioned upon the following:

13.2.1 The proposed transferee shall agree in writing to perform faithfully and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease, which agreement shall be delivered to Landlord prior to the effective date, shall be reasonably acceptable to Landlord as to form and content, and such Transfer (and any consent theretofore given by Landlord) shall not be binding upon Landlord unless it is timely delivered to and approved by Landlord;

13.2.2 In no event shall the consent by Landlord to a Transfer be construed as relieving Tenant, or any transferee (for a Transfer by that transferee) from obtaining the express written consent of Landlord to any further Transfer for which consent is required; and

13.2.3 There shall not be an existing Event of Default of Tenant hereunder which has not been cured within any cure period as provided in this Lease.

13.2.4 Any sublease shall expressly provide that it is subject to and subordinate to all of the provisions of this Lease.

13.3 Violations Void; Remedies. Any Transfer which is not in compliance with the provisions of this Article 13 shall be void and shall constitute an Event of Default under Article 14 below. No collection or acceptance of Rent by Landlord from any person other than Tenant shall be deemed a waiver of any provision of this Article 13 or the acceptance of any transferee hereunder, or a release of Tenant (or of any successor of Tenant or any transferee).

13.4 Transfer of Landlord's Interest. The Landlord may in its sole discretion and at any time sell or transfer its interest in the Premises and assign its interest in this Lease without the prior consent of Tenant, and in such event, Landlord shall be automatically relieved of any

and all obligations and liabilities on the part of Landlord under this Lease arising after the date of such transfer.

13.5 Assignment of Rents. Tenant hereby assigns, sets over and transfers to Landlord all of Tenant's right, title and interest in and to each and every sublease now or hereafter executed and affecting the Premises or any part thereof, as well as all of the subrents or other sums of money now or hereafter due and payable thereunder, and all security now held by or hereafter paid to or deposited with Tenant hereunder, upon the condition, however, that such assignment shall become effective and operative only in the event that this Lease shall be terminated or cancelled pursuant to the terms and conditions hereof, or in the event of the reentry or repossession by Landlord under the provisions hereof, or upon the occurrence of an Event of Default upon the part of Tenant.

13.6 No Release of Tenant. Unless otherwise agreed by Landlord (in the exercise of its sole and absolute discretion), no assignment or subletting of all or any portion of the Leased Premises shall affect or reduce any obligations of Tenant or the rights of Landlord hereunder, and all obligations of Tenant hereunder shall continue in full force and effect as the obligations of a principal and not of guarantor or surety, to the same extent as though no assignment or subletting had been made. Notwithstanding the above, upon an assignment to an Affiliate or other approved assignee that has demonstrated to Landlord a reasonably sufficient financial and operational ability to assume and undertake Tenant's obligations under the Lease, Tenant shall be released from all liability and obligations under the Lease accruing after the date of the assignment.

13.7 Recognition and Attornment Agreement. In the event Tenant subleases the entire Premises pursuant to the requirements of this Lease and with Landlord's consent, and with a Base Rent and term no less than Tenant's, and otherwise on terms which do not increase the obligations of Landlord as such exist under this Lease, nor decrease the obligations of Tenant as such exist under this Lease, Landlord will execute a commercially reasonable recognition and attornment agreement in favor of the sublessee which provides that in the event this Lease is terminated, Landlord shall recognize the sublease between such sublessee and Tenant and not disturb such sublessee's possession of the Premises or applicable portion thereof, due to such termination; provided that (i) Landlord shall not be bound by any terms and conditions of the sublease which are in addition to or inconsistent with the terms and conditions of this Lease; (ii) such recognition shall be effective upon, and Landlord shall be responsible for performance of only those covenants and obligations of Tenant pursuant to the Sublease accruing after, the termination of this Lease; and (iii) the sublessee shall make full and complete attornment to Landlord, as lessor, pursuant to a written agreement, reasonably acceptable to the Landlord as to form and content, and executed by Landlord and the sublessee, so as to establish direct privity of contract between Landlord and the sublessee with the same force and effect as though the Sublease were originally made directly between Landlord and the sublessee. Tenant shall reimburse Landlord for its reasonable costs (including attorneys' fees) in the preparation and negotiation of any recognition agreement.

13.8 Transfer Rent. If Tenant shall enter into a Transfer hereunder, Tenant shall pay to Landlord one hundred percent (100%) of any "Transfer Premium" (as hereinafter defined) received by Tenant and attributable to the first three (3) Lease Years, and fifty percent (50%) of

any Transfer Premium received by Tenant and attributable to Lease Years during the remainder of the Lease Term. In the event of a subletting, "Transfer Premium" shall mean all rent, additional rent or other consideration payable by such subtenant to Tenant or on behalf of Tenant in connection with the subletting in excess of the Rent payable by Tenant under this Lease during the term of the sublease (on a per square foot basis if less than all of the Premises is subleased), less the following costs actually incurred and paid by Tenant to secure the sublease to the extent they are reasonable: (i) improvement allowances; (ii) broker's commissions; and (iii) attorneys' fees and costs ("Transfer Expenses"). In the event of any Transfer other than a subletting, "Transfer Premium" shall mean any consideration paid by the transferee to Tenant in connection with such Transfer which Landlord reasonably determines is allocable to the leasehold value of this Lease, less such Transfer Expenses. If part of the Transfer Premium shall be payable by the transferee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord. Tenant may recover its Transfer Expenses prior to paying any Transfer Premiums to Landlord provided Tenant shall have first provided Landlord with reasonable written evidence of the Transfer Expenses actually paid by Tenant.

## ARTICLE 14
## DEFAULTS AND REMEDIES

14.1 Default. Each of the following acts or omissions of Tenant, or occurrences, shall constitute an "Event of Default":

14.1.1 Failure or refusal to pay Rent hereunder within three (3) business days after written notice from Landlord that the same is due or payable hereunder; the three (3) business day period shall be in lieu of, and not in addition to, the notice requirements of Section 1161 of the California Code of Civil Procedure or any similar or successor law;

14.1.2 Except as set forth in Sections 14.1.3, 14.1.4, 14.1.5 and 14.1.6 below, failure to perform or observe any other covenant or condition of this Lease to be performed or observed within thirty (30) days following written notice to Tenant of such failure, provided, if the nature of the default is such that more than thirty (30) days are reasonably required to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the thirty (30) day period and thereafter diligently completes such cure. Any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any similar or successor laws;

14.1.3 The subjection of any right or interest of Tenant to attachment, execution or other levy, or to seizure under the legal process, if not released within sixty (60) days, provided that the foreclosure of any mortgage permitted by the provisions of this Lease shall not be construed as a default within the meaning of this Lease;

14.1.4 The filing by Tenant hereunder in any court pursuant to any statute of a petition in bankruptcy or insolvency or for reorganization or arrangement for the appointment of a receiver of all or a portion of Tenant's property; the filing against Tenant of any such petition, or the commencement of a proceeding for the appointment of a trustee, receiver or liquidator for Tenant, or of any of the property of either, or a proceeding by any governmental authority for the

dissolution or liquidation of Tenant hereunder, if such proceeding shall not be dismissed or trusteeship discontinued within sixty (60) days after commencement of such proceeding or the appointment of such trustee or receiver, or the making by Tenant hereunder of an assignment for the benefit of creditors;

14.1.5 Tenant's failure to cause to be released any mechanics' liens filed against the Premises, with respect to work performed by or for the benefit of Tenant, within thirty (30) days after written notice from Landlord; or

14.1.6 The occurrence of a Transfer that violates Article 13.

14.2 Remedies.

14.2.1 Upon the occurrence of an Event of Default by Tenant, Landlord may exercise all of its remedies as may be permitted by law, including, but not limited to, the remedy provided by Section 1951.4 of the California Civil Code (granting the landlord the right to continue a lease in effect after a tenant's breach and abandonment and to recover all rent as it becomes due if the tenant has the right to sublet or assign, subject only to reasonable limitations) provided that upon Landlord's election of such remedy, Landlord may not unreasonably withhold its consent to any assignment or subletting, and including, without limitation, terminating this Lease, re-entering the Premises and removing all persons and property therefrom, which property may be stored by Landlord at a warehouse or elsewhere at the risk, expense and for the account of Tenant. If Landlord elects to terminate this Lease, Landlord shall be entitled to recover from Tenant the aggregate of all amounts permitted by law, including, but not limited to (i) the worth at the time of the amount of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term (as it may have been extended) after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in Items (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Reference Rate (as defined below). As used in Item (iii), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). "Reference Rate" shall mean that rate equal to two percent (2%) in excess of the reference rate of interest which Bank of America NT&SA's main office announces from time to time, or if Bank of America NT&SA discontinues announcing such a rate, the reference rate of interest which a comparable lending institution announces from time to time, as selected by Landlord, in its sole and absolute discretion, but in no event greater than the highest rate permitted by law.

14.2.2 All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord by law, and the exercise of one or more rights or remedies shall not impair Landlord's right to exercise any other right or remedy.

14.3 Landlord's Default.

14.3.1 Landlord shall not be in default under this Lease except for the following:

(a) Any failure by Landlord to make any payment required to be made by Landlord hereunder when due, where such failure continues for fifteen (15) days after delivery of written notice of such failure by Tenant to Landlord; or

(b) Any failure by Landlord to perform or comply with any other provision of this Lease, to be performed or complied with by Landlord where such failure continues for thirty (30) days after delivery of written notice of such failure by Tenant to Landlord; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, there shall not be a Landlord Default if Landlord shall, within thirty (30) days of such notice commence such cure, and thereafter diligently prosecute such cure to completion.

## ARTICLE 15
## TENANT'S PROPERTY

All movable trade fixtures and equipment at the Premises shall remain and continue to be the property of Tenant and may be removed, renovated, altered, added to or replaced at any time during the Lease Term provided that Tenant promptly repairs all damage to the Premises and restores the Premises to their condition prior to the installation of Tenant's property.

## ARTICLE 16
## FEE AND LEASEHOLD MORTGAGES

16.1 Encumbrance of Reversion. Landlord, at any time and from time to time, may finance or encumber its interest in the Premises and its rights in and to this Lease (collectively, "Landlord's Interest").

16.2 Recognition of Lease. Tenant shall be required to subordinate Tenant's leasehold estate in the Premises to the lien of any encumbrance against Landlord's Interest, provided such lienholder provides Tenant with a commercially reasonable non-disturbance and attornment agreement pursuant to which such lienholder agrees not to disturb Tenant's tenancy hereunder so long as Tenant is not in default hereunder ("Non-Disturbance Agreement"). Tenant hereby agrees to execute such further reasonable documents and assurances as any future lienholder may require. Additionally, and as a condition to the effectiveness of this Lease, Landlord shall obtain a Non-Disturbance Agreement from the holder of any pre-existing Fee Mortgage (as defined below) prior to the Commencement Date. In the event any Fee Mortgagee (as defined below) forecloses on its lien against Landlord's Interest, or acquires Landlord's Interest by agreement in lieu of foreclosure or otherwise, Tenant shall attorn to such Fee Mortgagee, recognize such Fee

Mortgagee as its Landlord hereunder and execute such documents as such Fee Mortgagee may request acknowledging such Fee Mortgagee as Tenant's Landlord hereunder. Tenant hereby waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any foreclosure or transfer in lieu of foreclosure thereunder. All Fee Mortgages shall recognize Tenant's leasehold interest in the Premises created hereby and acknowledge and agree that this Lease shall continue without disturbance following any foreclosure or transfer in lieu of foreclosure pursuant to any such Fee Mortgage (as defined below). "Fee Mortgage" shall mean a mortgage or deed of trust imposed by Landlord upon its interest. "Fee Mortgagee" shall mean the mortgagee or beneficiary of any Fee Mortgage.

16.3 Notice to Fee Mortgagee. If (i) any Fee Mortgagee, (ii) other person or entity who purchases a Fee Mortgagee's interest in the Premises and/or in this Lease at a foreclosure sale ("Fee Purchaser") or (iii) the first Person to whom Fee Mortgagee assigns its interest in the Premises and in this Lease (the "Fee Assignee") (collectively, the "Fee Successor") shall have notified Tenant of its interest in the Premises, Tenant thereafter shall give to such Fee Successor a copy of each notice of default simultaneously with Tenant's providing such notice to Landlord and Tenant shall not be entitled to exercise its rights upon an event of default by Landlord or serve a notice of cancellation and termination upon Landlord unless a copy of any prior notice of default shall have been given to the Fee Successor, as hereinabove provided, and the time specified herein for the curing of such default shall have expired without the same having been cured. The performance of the Fee Successor of any condition or agreement on the part of Landlord to be performed hereunder will be deemed to have been performed with the same force and effect as though performed by Landlord.

16.4 Encumbrance of Leasehold Estate.

16.4.1 Tenant's Right to Encumber. Subject to the prior written consent of Landlord, Tenant may during the Lease Term, encumber to any bank, insurance company or other institutional lender, herein called "Mortgagee," by deed of trust (the "Security Instrument"), all of Tenant's interest under this Lease and the leasehold estate hereby created (the "Leasehold Estate") for the purpose of financing Alterations to the Premises or improvements to the business operations conducted thereon. Without limiting the scope of the Landlord's discretion described above in this Section 16.4.1, any consent of Landlord to any such encumbrance shall be additionally conditioned upon the following:

(a) The Security Instrument and all rights acquired under it shall, by its express terms, be subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interests of Landlord;

(b) Tenant shall deliver to Landlord (i) a complete and correct copy of the Security Instrument and all related promissory notes, loan agreements, security agreements, indemnity agreements, guarantees, financing statements and other loan documents executed by Tenant or for Tenant's benefit in connection therewith (the "Loan Documents"), each as fully executed and delivered, within five business days after the execution thereof, and (ii) a complete and correct of the recorded Security Instrument, conformed by the recorder to show the date or

recordation and other recording information, within five (5) business days after the date of recordation;

(c) The Security Instrument shall expressly provide that any proceeds from fire or extended coverage insurance shall be used to repair or rebuild the damaged or destroyed improvements on the Premises;

(d) The Security Instrument shall contain a provision that all notices of default under the Loan Documents must be sent to Landlord and Tenant and that Landlord shall have ten (10) business days in which to cure any default after the time for Tenant to cure it has expired (provided that if Landlord requires possession of the Premises in order to cure the default, then Landlord shall have, in addition to such ten (10) business day period, such further time as is needed to terminate Tenant's right to possession of the Premises), and neither Landlord's right to cure any default nor any exercise of such right shall constitute an assumption of liability under any Loan Document;

(e) Tenant shall immediately reimburse Landlord for the cost of any default cured by Landlord with interest thereon; and

(f) No encumbrance incurred by Tenant pursuant to this Section or otherwise shall, and Tenant shall not have power to incur any encumbrance that will, constitute in any way a lien or encumbrance on Landlord's fee title to the Premises or on any other interest of Landlord in the Premises.

16.4.2 Notice to and Service on Mortgagee. If Tenant executes any Security Instrument in accordance with Section 16.4.2, Landlord shall mail to Mortgagee a duplicate copy of any and all notices Landlord may from time to time give to or serve on Tenant pursuant to or relating to this Lease. Tenant shall at all times keep Landlord informed in writing of the name and mailing address of Mortgagee and any changes in Mortgagee's mailing address. Any notices or other communications permitted by this or any other Section of this Lease or by law to be served on or given to Mortgagee by Landlord shall be deemed duly served on or given to Mortgagee when deposited in the United States certified or registered mail, first-class postage prepaid, addressed to Mortgagee at the last mailing address for Mortgagee furnished in writing to Landlord by Tenant or Mortgagee.

16.4.3 Rights of Mortgagee. If Tenant executes any Security Instrument in accordance with Section 16.4.1 and then defaults under the related Loan Documents, Mortgagee shall have the right during the Term to the extent permitted by the Loan Documents to realize on the security afforded by the Security Instrument by instituting judicial or nonjudicial foreclosure proceedings and pursuing all other remedies available at law or in equity or under the Loan Documents, subject to the following provisions:

(a) Mortgagee shall not acquire or thereafter assign to any third party less than Tenant's entire interest in this Lease;

(b) Mortgagee's acquisition of Tenant's interest under this Lease by purchase at Mortgagee's foreclosure sale or by acceptance of an assignment in lieu of foreclosure shall not be considered an assignment of this Lease and therefore shall not be subject to any of

the conditions and restrictions applicable to assignments contained herein, but from and after the date of such acquisition, Mortgagee shall be bound by all of the terms and conditions of this Lease except as otherwise expressly provided in Section 16.4.6;

(c) The acquisition of Tenant's interest under this Lease by any person or entity other than Mortgagee by purchase at Mortgagee's foreclosure sale or by acceptance of an assignment in lieu of foreclosure shall be considered an assignment of this Lease and therefore shall be subject to all of the conditions and restrictions applicable to assignments contained herein; and

(d) The acquisition of Tenant's interest under this Lease by any person or entity other than Mortgagee by purchase at Mortgagee's foreclosure sale or by acceptance of an assignment in lieu of foreclosure may be financed by such person or entity by encumbering to any new Mortgagee by a new Security Instrument Tenant's entire Leasehold Estate, provided that such encumbrance and such Mortgagee shall be subject to all of the terms and conditions of this Section 16.

16.4.4 Right of Mortgagee to Cure Defaults. If Tenant executes any Security Instrument in accordance with Section 16.4.1, then before Landlord may terminate this Lease because of any default under this Lease by Tenant, Landlord must give written notice of the default to Mortgagee and afford Mortgagee the opportunity after service of the notice to cure the default within (a) five (5) business days after date of notice where the default can be cured by the payment of money to Landlord or some other person or (b) the minimum period of time reasonably required to effect a cure (but in no event more than sixty (60) days) where the default cannot, by its nature, be cured solely by the payment of money. Upon the full performance by Mortgagee of the obligation or obligations the nonperformance of which was the subject of the notice of default given to Mortgagee pursuant to this Section, such default shall be deemed cured and shall no longer give rise to any rights and remedies of Landlord; provided, however, that Mortgagee's cure of any default under this Lease by Tenant shall not excuse or waive any future default under this Lease by Tenant or preclude or limit the exercise of any rights or remedies afforded Landlord under this Lease as a result of such future default.

16.4.5 No Merger of Leasehold and Fee Estates. While any Security Instrument remains in effect, there shall be no merger without the consent of Mortgagee of the Leasehold Estate and the fee estate in the Premises merely because both estates have been acquired or become vested in the same person or entity.

16.4.6 Mortgagee as Assignee of Lease . No Mortgagee shall be liable to Landlord as the successor to the rights and obligations of Tenant under this Lease unless and until such Mortgagee acquires the Leasehold Estate through foreclosure or other proceedings in the nature of foreclosure or as a result of an assignment in lieu of foreclosure or other action or remedy. If any Mortgagee shall acquire the Leasehold Estate, such Mortgagee may further assign the entire Leasehold Estate, provided that such Mortgagee complies fully with all of the conditions and restrictions applicable to assignments contained herein. Notwithstanding any provision to the contrary contained elsewhere in this Lease, Mortgagee shall not be liable for any Event of Default that may occur after the effective date of any such further assignment.

16.4.7 Mortgagee as Including Subsequent Security Holders. No transfer by Mortgagee of its lien or security interest on or in the Leasehold Estate shall be valid or effective as against Landlord until Mortgagee shall have given Landlord written notice of the name, address, telephone number and telecopier number of the transferee. The term "Mortgagee" as used in this Lease shall mean not only the initial institutional lender named as beneficiary, mortgagee, or secured party in the Security Instrument, but also any institutional lenders that may subsequently acquire the lien or security interest created by the Security Instrument.

16.4.8 Estoppel Certificates by Landlord. Landlord from time to time and within twenty (20) days following receipt of the written request of Tenant or any Mortgagee, shall furnish a written statement that this Lease is in full force and effect and that there is no default hereunder by Tenant, or if there is a default, such statement shall specify the default which Landlord claims to exist, provided that Landlord shall not be required to deliver more than two (2) such statements during any twelve (12) month period.

16.4.9 New Lease to Mortgagee. If, while any mortgage to Mortgagee is in effect, this Lease shall be terminated prior to the stated expiration hereof for any reason not related to damage or condemnation (including, without limitation, termination in any bankruptcy of the Tenant), then Landlord upon request by Mortgagee will enter into a new lease with Mortgagee for the remainder of the Lease Term, effective as of the date of such termination, at the Base Rent and on the terms specified in this Lease, subject to the following conditions:

(a) Mortgagee shall make written request to Landlord for such new lease within thirty (30) days after the date of such termination and such written request shall be accompanied by a payment to Landlord of all sums then due to Landlord under this Lease;

(b) Mortgagee shall pay to Landlord, at the time of the execution and delivery of such new lease, any and all sums which would at the time of the execution and delivery thereof be due under this Lease but for its termination, and in addition thereto, any reasonable expenses, including attorneys' fees and court costs, to which Landlord shall have been subject by reason of any default by Tenant;

(c) Mortgagee shall perform all other obligations required to have been performed under this Lease by Tenant to the extent that Tenant shall have failed to perform such obligations;

(d) Upon the execution and delivery of such new lease, any subleases which may have theretofore been assigned and transferred to Landlord shall thereupon be assigned and transferred by Landlord to the new Tenant, without recourse to Landlord; and

(e) The new lease shall commence and rent and all obligations shall accrue as of the date of termination of this Lease. The new lease shall be superior to and have priority over all encumbrances, liens, conveyances and interests upon and in the Premises, other than those of record to which this Lease may be subject as of the date hereof.

(f) This Section 16.4.9 shall survive the termination of this Lease.

16.4.10 Surrender or Amendment. There shall not be any cancellation, mutual termination, surrender, or acceptance of surrender of this Lease, or any or amendment of this Lease that is materially adverse to Tenant, without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld and shall be deemed granted if contrary notice is not received by Landlord within five business days after Mortgagee's consent is requested.

16.4.11 Subordination to Mortgagee. Landlord's rights under this Lease with respect to fire or other property insurance proceeds that become payable because of damage to or destruction of any improvements on the Premises and with respect to compensation or damages awarded or payable because of the taking of any improvements on the Premises by eminent domain shall be subject and subordinate to the rights of Mortgagee under the Security Instrument; provided, however, that nothing in this Section 16.4.11 shall be construed as a subordination of or encumbrance on Landlord's fee title to the Premises.

## ARTICLE 17
## INDEMNITY AND EXEMPTION OF LANDLORD FROM LIABILITY

17.1 Indemnity. Tenant shall release, indemnify, defend and hold harmless, Landlord, and its officers, agents, employees, successors, assigns and attorneys (collectively, "Indemnitees"), from and against any and all claims, suits, demands, liabilities, damages, costs and expenses (including attorneys' fees, expert witnesses' fees, exhibits and other costs), arising from or in connection with this Lease, Tenant's use or possession of the Premises, or the conduct of its business, or from any activity performed or permitted by Tenant in or about the Premises, or arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any other act, neglect, fault or omission of Tenant or any of its officers, agents, directors, contractors, employees, licensees, invitees, patrons or customers. As a material part of the consideration to the Landlord for entering into this Lease, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises, except to the extent caused by the gross negligence or willful misconduct of Landlord or any of Landlord's officers, employees, agents or contractors.

17.2 Exemption of Landlord from Liability. Except for Landlord's willful or grossly negligent conduct, or that of any of Landlord's officers, employees, agents or contractors, Landlord shall not be liable for injury to Tenant's business or loss of income therefrom, or for damage that may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees, customers, agents, or any other person in, on or about the Premises.

17.3 Survival. The provisions of this Article 17 shall survive the expiration or earlier termination of this Lease.

## ARTICLE 18
## ESTOPPEL CERTIFICATES

Tenant shall, at any time and from time to time, upon not less than twenty (20) business days' prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying the following information (but not limited to the following information in the event further information is reasonably requested by Landlord): (a) that this

Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as modified, is in full force and effect); (b) the date to which Rent and other charges are paid in advance, if any; (c) the amount of Tenant's security deposit, if any; and (d) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, and no events or conditions then in existence which, with the passage of time or notice or both, would constitute a default on the part of Landlord hereunder, or specifying such defaults, events or conditions, if any are claimed. It is expressly understood and agreed that any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Premises.

## ARTICLE 19
## HAZARDOUS MATERIALS

19.1 Hazardous Materials.

19.1.1 Definitions.

(a) "Hazardous Materials" shall mean any hazardous or toxic substance, material, or waste that 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) defined as "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, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "Hazardous Substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "Hazardous Material," "Hazardous Substance," or "Hazardous Waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "Hazardous Substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum (or fraction thereof) or any other hydrocarbon or any hydrocarbon substance; (vi) asbestos; (vii) defined as "Hazardous" or "Extremely Hazardous" pursuant to Article II of Title 22 of the California Administrative Code, Division 4, Chapter 20; (viii) designated as a "Hazardous Substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317); (ix) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (x) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

(b) "Environmental Requirements" shall mean all present and future governmental laws, regulations, rules, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials, including common law tort principles (such as public and private nuisance and strict liability for conducting abnormally dangerous activities).

(c) "Handle," "Handled" or "Handling" shall mean any installation, handling, generation, storing, treatment, use, disposal, discharge, release, manufacture, refinement, emission, abatement, removal, transportation, presence or migration of any Hazardous Materials brought on the Premises by Tenant or Tenant's Representatives, or any other activity of any type in connection with or involving the Handling of Hazardous Materials by Tenant or Tenant's representatives.

(d) "Tenant's Representatives" shall mean all Tenant's officers, employees, contractors, representatives, assignees, sublessees, licensees, agents, invitees, and any trespassers on the Premises.

19.1.2 Indemnification by Tenant. In addition to, and not in derogation of any other indemnification contained in this Lease, Tenant agrees to indemnify, defend (with counsel reasonably acceptable to Landlord) and hold harmless Landlord, its successors and assigns, and its and their directors, officers, shareholders, employees, agents and affiliates from all costs, expenses, damages, liabilities, claims, fines, penalties, interest, judgments, and losses of any kind arising from or in any way related to Tenant's or Tenant's Representatives' Handling of Hazardous Materials during the Lease Term or failure to comply in full with this Article 19 (collectively, "Environmental Losses"), including consequential damages, damages for personal or bodily injury, property damage, damage to natural resources occurring on or off the Premises, encumbrances, liens, costs and expenses of investigations, monitoring, clean up, removal or remediation of Hazardous Materials, defense costs of any claims (whether or not such claim is ultimately defeated), good faith settlements, attorneys' and consultants' fees and costs, and losses attributable to the diminution of value, loss or use or adverse effects on marketability or use of any portion of the Premises, whether or not such Environmental Losses are contingent or otherwise, matured or unmatured, foreseeable or unforeseeable. This indemnity is intended by the parties to be as broad and comprehensive as possible under law and shall apply regardless of the fault (including active or passive negligence) of either Tenant or Landlord, and shall survive the expiration or earlier termination of this Lease.

19.1.3 Landlord's Consent to Handling of Hazardous Materials. Except for those Hazardous Materials which are commonly and by necessity used on or about new car dealerships in Los Angeles County, Tenant and Tenant's Representatives shall not Handle any Hazardous Materials at or about the Premises without Landlord's prior written consent, which consent may be granted, denied, or conditioned upon compliance with Landlord's requirements, all in Landlord's sole and absolute discretion.

19.1.4 Delivery of Certain Documents to Landlord. Concurrently with the execution of this Lease, and again prior to the commencement of any Extension Period, and in any event upon request by Landlord, Tenant shall deliver to Landlord copies of all permits, authorizations, plans and reports, and supporting documentation therefor, including any Hazardous Materials management plan, which are required by law or by any governmental authority with respect to Tenant's use or proposed use of the Premises, including any Handling of Hazardous Materials. The provisions of this Article 19 shall apply to all Hazardous Materials, whether or not Landlord has given Tenant its consent to Handle such Hazardous Materials. Tenant's and Tenant's Representatives' Handling of all Hazardous Materials shall comply at all times with all Environmental Requirements and Tenant shall, at its own expense, promptly take

all actions required by any governmental authority in connection with Tenant's or Tenant's Representatives Handling of Hazardous Materials at or about the Premises. Tenant shall keep Landlord fully and promptly informed of all Handling of Hazardous Materials on the Premises, including notifying Landlord as soon as possible after any spill, release, discharge or emission.

19.1.5 Additional Delivery Requirements. Tenant shall deliver to Landlord prior to delivery to, or promptly after receipt from, any governmental authority or other person or entity copies of all permits, manifests, closure or remedial action plans, notices, investigations, inquiries, claims, citations, summons, complaints, writs, orders and all other communications or documents relating to (i) the Handling of Hazardous Materials at or about the Premises, (ii) the actual, alleged or threatened violation of Environmental Requirements or (iii) the liability of Tenant for Environmental Losses. Any communications, written or oral, regarding any release, discharge, emission or any other occurrence posing an imminent threat of damage or contamination to the Premises or the environment shall be delivered or, if oral, communicated, to Landlord within twenty-four (24) hours after receipt. All other communications shall be delivered to Landlord within ten (10) days after receipt. Landlord shall have no obligation to review or evaluate any such communication and shall not be deemed to have approved, consented to or participated in any act or omission described or required by such communication.

19.1.6 Compliance Program. Tenant shall maintain, at its own expense, a written program to ensure and monitor Tenant's continued compliance with this Article 19 and all Environmental Requirements. At Landlord's request, Tenant shall provide Landlord with a copy of such program, including monitoring results; provided, however, that Tenant acknowledges that such program will be supplied to Landlord solely for informational purposes, and that Landlord shall have no obligation to review the information provided, shall not be deemed to have approved or consented to any matter set forth therein, and shall have no liability for any deficiencies therein. Landlord agrees not to disclose to any third parties the contents of any such written program provided by Tenant, unless Tenant consents to such disclosure; provided, however, Landlord may disclose such information on a confidential basis to its attorneys, property managers or its other agents, or as required in connection with the procurement of insurance or financing, or as required by law. Tenant shall be responsible and liable for the compliance with all of the provisions of this Article 19 by Tenant's Representatives.

19.1.7 Lease Closure. Prior to the expiration or termination of this Lease, Tenant shall, at its sole expense, promptly remove from the Premises, using the then best available technology, all Hazardous Materials Handled by Tenant or Tenant's Representatives during the Lease Term (collectively, "Lease Closure"), which are not in compliance with or allowable under applicable law or governmental policies, and perform or cause to be performed all actions necessary, as determined by Landlord in its reasonable business judgment, to ensure that Lease Closure has been completed, including inspection, testing and post-Lease Closure monitoring. Tenant, at its sole expense, shall repair any damage caused by such work and unless otherwise requested by Landlord, shall close, at the completion of all testing and monitoring, in accordance with applicable law, any and all monitoring and extraction wells and boreholes installed as a result of or in connection with Tenant's occupancy of the Premises or otherwise installed by Tenant, or at Tenant's direction. All consultants or contractors performing work on behalf of Tenant pursuant to this Article 19 shall be qualified and licensed to undertake the applicable work and shall be selected by Tenant; provided that Landlord shall be notified of the selected

consultant(s) at least ten (10) business days prior to the commencement of any work by such consultant(s) (except in an emergency, in which case Landlord shall be notified within one (1) business day after the selection of the consultant(s)) and Landlord shall have the right to disapprove the use of such consultant(s) in the exercise of Landlord's reasonable business judgment. All work required to be performed under this Article 19, and Tenant's and Tenant's Representatives' Handling of all Hazardous Materials, shall be performed in a good, safe and workmanlike manner and in a manner that will not interfere with the use, operation, leasing or sale of the Premises.

19.1.8 Discharge of Liens. Tenant shall discharge and remove at its own expense, by bond or otherwise, all liens or charges of any kind filed or recorded against the Premises in connection with Tenant's or Tenant's Representatives' Handling of Hazardous Materials, within thirty (30) days after the filing or recording of such lien or charge, and if Tenant fails to do so, Landlord shall have the right, but not the obligation, to remove the lien or charge at Tenant's expense in any manner Landlord deems expedient.

19.1.9 Landlord's Rights. Landlord and its representatives and consultants shall have the right, but not the obligation, to enter the Premises at any reasonable time upon twenty-four (24) hours' prior notice (except in the case of an emergency) (i) to confirm Tenant's compliance with the provisions of this Article 19, including the right to physically investigate the condition of the Premises and review all permits, reports, plans, and other documents regarding the Handling of Hazardous Materials, and (ii) to perform Tenant's obligations under this Article 19 if Tenant has failed to timely do so. Tenant shall pay the costs of Landlord's consultants' fees and all other costs incurred by Landlord pursuant to clause (i) above if such investigation is undertaken because Tenant has failed to provide full and complete information regarding any release, discharge or other Handling of Hazardous Materials and shall pay, in any case, all such costs incurred pursuant to clause (ii) above. Landlord shall use reasonable efforts to minimize any interference with Tenant's sublessees caused by Landlord's entry into the Premises, but Landlord shall not be responsible for any interference caused thereby.

19.1.10 Environmental Audit. Landlord shall have the right, but not the obligation, to require, annually during the Lease Term and again within five (5) business days after the termination or expiration of the Lease Term, that a detailed review ("Environmental Audit") be undertaken to determine whether the Premises and Tenant and Tenant's Representatives' Handling of all Hazardous Materials comply with this Article 19. Tenant shall pay all costs incurred in connection with any Environmental Audit required by Landlord, including without limitation, the costs and expenses of all consultants and sampling and analysis, in the event that (i) as a result of the Environmental Audit, it is determined that the Premises or Tenant's or Tenant's Representatives' Handling of all Hazardous Materials do not comply with this Article 19, or (ii) the Environmental Audit is undertaken at the termination or expiration of the Lease Term. In all other cases, Landlord shall pay the costs of any Environmental Audit it requires pursuant to this Article 19. The Environmental Audit shall be conducted by independent, qualified, licensed environmental consultants selected by Tenant and reasonably acceptable to Landlord. If the consultants chosen by Tenant are reasonably unacceptable to Landlord, Landlord shall be entitled to engage its own consultants to conduct the Environmental Audit, and Tenant shall pay Landlord's consultants' fees and all costs incurred by Landlord in performing the Environmental Audit. The Environmental Audit shall include an inspection of

the Premises, interviews with the occupants of the Premises and any other matters which the consultants believe, in the exercise of their professional judgment, are necessary to ascertain whether the Premises are in compliance with this Article 19, including the installation of monitoring wells, and soils and water testing. Tenant shall fully cooperate with the consultants and comply with all information requests. Landlord shall use reasonable efforts to minimize any interference with Tenant's sublessees caused by the Environmental Audit. After the completion of the Environmental Audit, a written report shall be prepared and copies shall be distributed to both Landlord and Tenant.

19.1.11 Release of Hazardous Materials. In the event of any release, discharge or other event caused or contributed to by the acts or omissions of the Tenant or Tenant's Representatives which poses a threat of damage or contamination to the Premises or the environment, whether discovered by Landlord or Tenant, Tenant shall fully document the facts relating to the event, including the circumstances existing prior to and after the occurrence of the event, the precise nature of the release, discharge or event, including specific compounds and quantities involved, and all actions Tenant has taken and will take to remediate the release, discharge or event. Tenant shall provide such documentation to Landlord promptly after the occurrence in question. Tenant shall pay the reasonable costs and fees charged by Landlord's environmental consultants to review such documentation and provide peer review confirming the adequacy of the measures, past and future, taken by Tenant to remediate the problem.

## ARTICLE 20
## SURRENDER

At the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, deliver the Premises to Landlord in good condition and repair, ordinary wear and tear excepted, free of debris and with all of Tenant's property removed. Tenant shall leave the Premises in a neat, clean and orderly condition and shall fully remediate all adverse environmental conditions on the Premises for which Tenant is responsible under Article 19 to Landlord's reasonable satisfaction and in a manner to obtain a closure or no further action determination from all regulatory agencies exercising jurisdiction over the site.

## ARTICLE 21
## GENERAL PROVISIONS

21.1 Non-Waiver. No waiver by either party of any provision of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by such party of the same or any other provision. No provision of this Lease may be waived by either party, except by an instrument in writing executed by such party. Either party's consent to or approval of any act requiring such party's consent or approval shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act, whether or not similar to the act so consented to or approved. The subsequent acceptance of Rent hereunder by Landlord or the acceptance of payment from Landlord by Tenant, shall not be deemed to be a waiver of any preceding breach by the party from whom payment was received of any provision of this Lease, other than the payment so accepted, regardless of the accepting party's knowledge of such preceding breach at the time of acceptance. No act or thing done by Landlord or

Landlord's agents shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by Landlord.

21.2 Attorneys' Fees; Waiver of Jury Trial. In any action to enforce the terms of this Lease, including any suit by Landlord for the recovery of Rent or possession of the Premises, the losing party shall pay the successful party all attorneys' fees and costs in such suit and upon appeal, and all such attorneys' fees shall be deemed to have accrued prior to the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.

21.3 Broker's Commissions. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with this Lease. Each party hereto shall indemnify and hold the other harmless on account of any loss, claim, liability or expense, of whatever kind and whatever nature, including attorneys' fees and costs, arising out of a claim by any other real estate broker or agent for a brokerage commission pertaining to the Lease and based on any act or statement made by the indemnifying party.

21.4 Severability; Entire Agreement; Amendments. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair or invalidate any other provision hereof, and any such other provisions shall remain in full force and effect. This Lease and the exhibits attached hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or supplemented except by an agreement in writing signed by the parties hereto or their successor-in-interest.

21.5 Notices. All notices, approvals, demands, reports, requests and other communications provided for in this Lease shall be in writing (including telex, telecopy, telegram or similar writing) and shall be given to such party at its address set forth below, and with copies given as shown below (or such other address as such party may hereafter specify for the purpose by notice to the other party listed below). Each such notice, approval, demand, report or other communication shall be deemed delivered to the party to whom it is addressed (A) if personally served or delivered, upon delivery, (B) if given electronic communication, whether by email, telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (C) if given by reputable overnight courier with courier charges prepaid, upon delivery by the overnight courier.

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| To Landlord: | Industry Urban-Development Agency<br>15625 East Stafford Street, Suite 200<br>City of Industry, California 91744<br>Attn: Executive Director |
| With a copy to: | Richards, Watson & Gershon<br>355 South Grand Avenue, 40th Floor<br>Los Angeles, California 90071<br>Attn: Jim G. Grayson |

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|---|---|
| To Tenant: | Hitchcock Commercial Properties L.P.<br>1303 John Reed Court<br>City of Industry, California 91745<br>Attention: Frederick E. Hitchcock, Jr. |
| With a copy to: | Penny L. Reeves, Esq.<br>Manning, Leaver, Bruder & Berberich<br>5750 Wilshire Boulevard, Suite 655<br>Los Angeles, Ca. 90036 |

21.6 Further Assurances. Tenant and Landlord each hereby agrees to take such further actions and to execute such other and further documents as may be required to carry out the purposes of this Lease.

21.7 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of California, regardless of the conflicts of law provisions thereof. All controversies, claims, actions or causes of action arising between the parties hereto and/or their respective successors and assigns shall be brought, heard and adjudicated by the courts of the State of California, with venue in the County of Los Angeles.

21.8 Successors and Assigns. Subject to the provisions of Article 13 hereof, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

21.9 Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

21.10 Headings; Joint and Several. The article headings contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular, the neuter shall include the masculine and feminine genders.

21.11 No Option. The submission of this Lease by Landlord, its agent or representative for examination or execution by Tenant does not constitute an option or offer to Lease the Land upon the terms and conditions contained herein or a reservation of the Premises in favor of Tenant, it being intended hereby that this Lease shall only become effective upon the execution hereof by Landlord and delivery of a fully executed lease to Tenant. No act or omission of any agent of Landlord shall alter, change or modify the provisions of this Section.

21.12 Right of Landlord to Perform Tenant Obligations. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond any applicable cure period set forth in this Lease, Landlord may, but shall not be obligated to, without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as is in this Lease provided. All sums so paid by Landlord and all reasonable incidental costs, together with interest thereon at the rate provided in Section 3.3 from the date of such payment by Landlord,

shall be payable to Landlord on demand, and Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of the non-payment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

21.13 Survival of Obligations. Any obligations of Landlord or Tenant occurring prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination.

21.14 Relationship of Parties. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create any relationship of principal and agent, partnership, association, joint venture or otherwise between Landlord and Tenant. The sole relationship of the parties hereto shall be that of Landlord and Tenant.

21.15 Exhibits and Addenda. The Exhibits attached hereto are incorporated herein by this reference as if fully set forth herein.

21.16 Execution in Counterparts. This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Lease, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

21.17 Recordation. Unless otherwise required by law, neither party shall record this Lease, but shall, upon the request of the other, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The party requesting recordation shall be responsible for payment of any fees applicable thereto.

21.18 Construction of Lease. In all cases the language in this Lease shall be construed according to its fair meaning and not for or against Landlord or Tenant.

21.19 Quiet Possession. Subject to the payment of Rent by Tenant and performance of all of the covenants, conditions and provisions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet possession and quiet enjoyment of the Premises during the Lease Term.

21.20 Force Majeure. Except as otherwise expressly provided in this Lease, if the performance of any act required by this Lease to be performed by either Landlord or Tenant is prevented or delayed by reason of any act of God, strike, lockout, labor trouble, inability to secure materials, restrictive governmental laws or regulations enacted following the Lease Commencement Date, or any other cause (except financial inability) not the fault of the party required to perform the act, the time for performance of the act will be extended for a period equivalent to the period of delay and performance of the act during the period of delay will be excused. However, nothing contained in this Section 21.20 shall excuse the prompt payment of Rent by Tenant as required by this Lease or the performance of any act rendered difficult or impossible solely because of the financial condition of the party required to perform the act.

21.21 Consent. Except as otherwise provided herein, wherever in this Lease the consent of a party is required to an act by or for the other party, such consent shall not be unreasonably withheld or delayed.

21.22 Signage. Tenant, at its expense and subject to its obtaining any required governmental and/or franchisor permits and approvals, may place, maintain, repair and replace signage on the Premises. Landlord shall cooperate with Tenant's efforts to obtain any permit, approval or consent necessary or desirable in connection with the installation of any sign.

21.23 Relocation Assistance. In consideration of Landlord entering into this Lease, Tenant agrees to take full responsibility for moving its business, and any furnishings, fixtures, equipment and personal property, from the Premises upon the expiration or earlier termination of this Lease and for any resulting loss of business goodwill (the "Relocation"), and Landlord shall have no obligation to provide assistance to Tenant in connection therewith under any federal or state relocation laws or regulations, including, without limitation, the California Relocation Assistance and Real Property Acquisition statutes and guidelines. In connection therewith, and to the fullest extent permitted by law, Tenant further agrees that, effective on the expiration or earlier termination of this Lease, Landlord shall be, and hereby is, fully and forever released from any and all claims and liabilities, whether direct or indirect, known or unknown, foreseen or unforeseen, that have arisen, or that may arise, in connection with the Relocation. By such release, Tenant expressly waives the provisions of California Civil Code Section 1542 that provide:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

and all similar provisions or rules of law. Tenant understands that, by waiving these provisions, Tenant waives the right to make claims against Landlord for matters pertaining to the Relocation that are presently unknown or unanticipated. Tenant's agreement under this provision constitutes material consideration for Landlord's agreement to enter into this Lease. This provision of this shall survive the expiration or earlier termination of this Lease.

21.24 Nondiscrimination. The Tenant covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

All leases, subleases or contracts entered into with respect to the Premises shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In leases and subleases: "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 any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the

California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

## ARTICLE 22
## OPTION TO PURCHASE

22.1 Option to Purchase. Landlord hereby grants to Tenant an option to purchase the Premises on the terms and conditions set forth in this Article 22. Provided that Tenant is not then in default under any term or provision of this Lease, and no event or conditions then exist which, with the passage of time or notice or both, would constitute a default by Tenant hereunder, Tenant may exercise its option to purchase the Premises at any time during the Lease Term ("Option Term"). The option to purchase shall be exercised by delivering to Landlord written notice of such exercise at least ninety (90) days prior to expiration of the Option Term.

22.2 Purchase Price. In the event the option is exercised, the full purchase price for the Premises shall be the higher of $7,500,000.00 or the fair market value of the Premises, said fair market value to be determined pursuant to the appraisal procedure set forth in Section 3.2 for determination of the Fair Rental Value during the Extended Terms.

22.3 Disposition Agreement. Within ten (10) days following the Tenant's exercise of the option to purchase as provided in Section 22.1 and the determination of the purchase price as provided in Section 22.2, the Landlord and Tenant shall execute and deliver the Disposition Agreement attached hereto as Exhibit "B", with modifications thereto as are required to affect the purchase contemplated by this Article 22, or as the parties may otherwise mutually agree. The purchase and sale of the Premises shall occur pursuant to and in conformance with the terms and conditions contained in the Disposition Agreement.

22.4 Termination of Option. If Tenant fails to exercise this option to purchase in accordance with the terms of this Article 22 prior to the expiration or earlier termination of this Lease, Tenant agrees, if requested by Landlord, to execute, acknowledge and deliver a quitclaim deed to Landlord within thirty (30) days after termination of this Lease and to execute, acknowledge and deliver any other documents required by any title company to remove the cloud of this option to purchase from the Premises. The provisions of this Section 22.4 shall survive the expiration or earlier termination of this Lease.

22.5 Assignment. Tenant may assign this option to purchase set forth in this Article 22 to any "Affiliate" as defined in Article 13.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic

By: _____
Name: L. Ronald Cipriani
Title: Chairman

ATTEST:

By: _____
Secretary

HITCHCOCK COMMERCIAL PROPERTIES, L.P., a California limited partnership

By: Hitchcock Commercial Properties, Inc., a California corporation, its general partner

By: _____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon, a professional corporation

By: _____
Agency Attorney

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic

By:_____
Name:_____
Title:_____

ATTEST:

By:_____
Secretary

HITCHCOCK COMMERCIAL PROPERTIES, L.P., a California limited partnership

By: Hitchcock Commercial Properties, Inc., a California corporation, its general partner

By:_____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon, a professional corporation

By:_____
Agency Attorney

**EXHIBIT "A"**

**Legal Description of Land**

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9,

1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

**EXHIBIT "B"**

**Disposition Agreement**

(Attached.)

**DISPOSITION AGREEMENT**
**[17723 GALE AVENUE]**

**between**

**INDUSTRY URBAN-DEVELOPMENT AGENCY**
**"Agency"**

**and**

**HITCHCOCK COMMERCIAL PROPERTIES, L.P.**
**"Buyer"**

**_____, 20___**

**DISPOSITION AGREEMENT**
**[17723 GALE AVENUE]**

**THIS DISPOSITION AGREEMENT [17723 GALE AVENUE]("Agreement")**, dated as of _____, 20__ (the "**Effective Date**") is entered into by and between the **INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (the "**Agency**"), and **HITCHCOCK COMMERCIAL PROPERTIES, L.P.**, a California limited partnership (the "**Buyer**").

## RECITALS

This Agreement is entered into with reference to the following facts:

A. The purpose of this Agreement is to effectuate the Redevelopment Plan for the Civic-Recreational-Industrial Redevelopment Project No. 1 of the Agency (the "**Project Area**"), in the City of Industry, California, by facilitating construction of improvements on real property within the Project Area.

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

C. Agency owns the fee interest in certain real property in the Project Area and located in the City of Industry, County of Los Angeles, State of California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "**Property**"). The Agency and the buyer are the "Landlord" and "Tenant" respectively, under that certain Lease dated as of October 20, 2010 (the "**Lease**") and pursuant to which the Buyer has been granted an option to purchase the Property as provided in Article 23 thereof (the "**Option**"). The buyer has exercised the Option in compliance with the provisions of Article 23 of the Lease, and the Agency wishes to sell to Buyer and the Buyer wishes to purchase from Agency the Property as provided in and subject to the terms and conditions of this Agreement.

D. The Agency has determined that the purchase of the Property by the Buyer ant the use of the Property for the purposes set forth herein are in the best interests of the Agency, and the health, safety and welfare of the residents and taxpayers of the Project Area, and is in accord with the public purposes and provisions of applicable state and local laws.

NOW, THEREFORE, the parties hereto agree as follows:

## ARTICLE 1
## DEFINITIONS.

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 "**Agency**" means the Industry Urban-Development Agency, a public body, corporate and politic, exercising governmental functions and powers, and organized and existing under the Community Redevelopment Law of the State of California, with full power and

authority to execute this Agreement. The principal office of the Agency is located at 15625 East Stafford Street, Suite 200, City of Industry, California 91744.

1.1.2 **"Agreement"** means this Disposition Agreement.

1.1.3 **"Assignment"** has the meaning provided in Section 2.3.3(a)(v).

1.1.4 **"Auto Center"** has the meaning provided in Section 3.8.

1.1.5 **"Breach Notice"** has the meaning provided in Section 3.7.

1.1.6 **"Buyer"** means Hitchcock Commercial Properties, L.P., a California limited partnership.

1.1.7 **"CC&R Documents"** has the meaning provided in Section 3.8.

1.1.8 **"CC&R Documents Review Period"** has the meaning provided in Section 3.8.

1.1.9 **"City"** means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15651 East Stafford Street, City of Industry, California 91744.

1.1.10 **"Close of Escrow"** or **"Closing"** have the meanings provided in Section 2.3.2.

1.1.11 **"Closing Date"** means the date upon which the Agency by the Grant Deed shall convey title to the Property to the Buyer and such Grant Deed is recorded in the Official Records of the County of Los Angeles.

1.1.12 **"Deposit"** has the meaning provided in Section 2.2.1.

1.1.13 **"Disapproved Exception"** has the meaning provided in Section 2.5.1.

1.1.14 **"Due Diligence Period"** has the meaning provided in Section 2.7.

1.1.15 **"Effective Date"** means the date this Agreement has been fully executed by all parties which is _____, 20__.

1.1.16 **"Escrow"** has the meaning provided in Section 2.3.1.

1.1.17 **"Escrow Holder"** means First American Title Insurance Company (Patty Beverly, Escrow Officer). The principal office of the Escrow Holder for purposes of this Agreement is 5 First American Way, Santa Ana, California 92707; Telephone: (714) 250-8455; Fax: (714) 200-0519.

1.1.18 **"Fee Title Policy"** has the meaning provided in Section 2.5.3.

1.1.19 **"Grant Deed"** has the meaning provided in Section 2.5.2.

1.1.20 **"Hazardous Materials"** means any hazardous or toxic substance, material, or waste that 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) defined as "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, Division 20, Chapter 6.5 (Hazardous Waste Control Law); (ii) defined as a "Hazardous Substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act); (iii) defined as a "Hazardous Material," "Hazardous Substance," or "Hazardous Waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory); (iv) defined as a "Hazardous Substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances); (v) petroleum (or fraction thereof) or any other hydrocarbon or any hydrocarbon substance; (vi) asbestos; (vii) defined as "Hazardous" or "Extremely Hazardous" pursuant to Article II of Title 22 of the California Administrative Code, Division 4, Chapter 20; (viii) designated as a "Hazardous Substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317); (ix) defined as a "Hazardous Waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903); or (x) defined as a "Hazardous Substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601).

1.1.21 **"Holder"** means a holder of record of any mortgage, deed of trust or other security instrument affecting the Property.

1.1.22 **"JAMS Rules"** has the meaning provided in Section 3.8.

1.1.23 **"Lease"** has the meaning provided in Recital C above.

1.1.24 **"Option"** has the meaning provided in Recital C above.

1.1.25 **"Outside Date"** has the meaning provided in Section 2.3.2.

1.1.26 **"Party"** means any party to this Agreement and the **"Parties"** shall be all parties to this Agreement.

1.1.27 **"Project Area"** means the Civic-Recreational-Industrial Redevelopment Project No. 1 of the Agency.

1.1.28 **"Property"** has the meaning provided in Recital C above.

1.1.29 **"Purchase Price"** has the meaning provided in Section 2.1.

1.1.30 **"Redevelopment Plan"** means the Redevelopment Plan for the Civic-Recreational-Industrial Redevelopment Project No. 1, as it may be amended from time to time. This Agreement shall be subject to the provisions of the Redevelopment Plan.

1.1.31 **"Restrictive Covenant"** has the meaning provided in Section 3.5.

1.1.32 **"Restrictive Covenant Period"** has the meaning provided in Section 3.1.

1.1.33 **"Title Company"** has the meaning provided in Section 2.5.3.

1.1.34 **"Title Report"** has the meaning provided in Section 2.5.1.

1.1.35 **"Transaction Costs"** means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

## ARTICLE 2
## PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Buyer, and the Buyer agrees to purchase the Property from the Agency, for the sum of _____ _____ Dollars ($_____) (the **"Purchase Price"**).

2.2 Payment of Purchase Price/Closing Funds. The Purchase Price shall be payable by Buyer as follows:

2.2.1 Deposit. Buyer shall deposit with Escrow Holder the sum of Two Hundred Fifty Thousand Dollars ($250,000.00) (the **"Deposit"**). The Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Buyer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. The Deposit shall be applicable in full towards the cash payment of the Purchase Price upon Closing. The remaining balance of the cash payment of the Purchase Price shall be payable by Buyer in the form of a cashier's check, federal wire transfer, or other form acceptable to the Agency and the Escrow Holder and placed into Escrow no later than two (2) business days prior to the Close of Escrow.

2.2.2 Closing Funds. Prior to the Close of Escrow, Buyer shall deposit or cause to be deposited with Escrow Holder, funds sufficient to pay the Buyer's share of the costs of the Escrow, prorations and closing costs as hereinafter described.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) days after the Parties' full execution hereof, the Buyer and the Agency shall open an escrow (the **"Escrow"**) with the Escrow Holder for the transfer of the Property to the Buyer. The Parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the Parties) for the Escrow. The

Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. **"Close of Escrow"** or **"Closing"** means the date Escrow Holder causes the Grant Deed to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price (less any escrow or other costs payable by the Agency) to the Agency. Close of Escrow shall occur within forty-five (45) following the Effective Date (the **"Outside Date"**). If for any reason other than a default by the Agency or Buyer the Closing does not occur on or before the Outside Date, this Agreement shall automatically terminate, unless extended in writing by both Parties, and all documents and monies previously deposited into the Escrow shall be promptly returned to the appropriate Party and each Party shall pay one-half (1/2) of any Escrow charges and fees in connection with such termination.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Buyer agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency and accepted by Buyer, conveying a fee simple interest in the Property to Buyer, subject only to such exceptions to title as Buyer may have approved or have been deemed to have been approved pursuant to Section 2.5.1;

(ii) The Agency's affidavit as contemplated by California Revenue and Taxation Code §18662;

(iii) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445;

(iv) Such proof of the Agency's and Buyer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Fee Title Policy; and

(v) The General Assignment and Bill of Sale in the form attached hereto as Exhibit "B" (the **"Assignment"**), duly executed by the Agency and Buyer.

The Agency and the Buyer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Buyer to close the transactions which are the subject of this Agreement shall be subject to the satisfaction or waiver in writing of each of the following conditions, at the option of the party for whose benefit the condition exists:

2.4.1 The Buyer shall have deposited the Deposit and such funds as are necessary to pay for costs and expenses payable by Buyer hereunder.

2.4.2 The parties shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement.

2.4.3 The representations and warranties of Agency and Buyer contained in this Agreement shall be true and correct in all materials respects as of the Closing Date.

2.4.4 Title Company shall have committed to issue the Fee Title Policy subject only to those exceptions approved or deemed approved by Buyer.

2.4.5 Buyer shall be satisfied with Buyer's due diligence investigation of the Property as provided in Section 2.7 below.

2.4.6 As of the Closing Date, the Buyer shall not be in default under any term or provision of the Lease.

In the event a condition for the benefit of a Party or both Parties is not satisfied (or waived by the benefitted Party or Parties) prior to the Outside Date, the benefitted Party or Parties shall be relieved of all obligations under this Agreement (except to the extent otherwise expressly provided herein).

2.5 Condition of Title; Title Insurance.

2.5.1 Within three (3) business days after the Effective Date, the Agency shall deliver to the Buyer, for the Buyer's review and approval, a current preliminary title report covering the Property (the **"Title Report"**) and copies of any instruments or documents noted as exceptions thereon. The Buyer shall approve or disapprove each exception shown on the Title Report in writing prior to the expiration of the Due Diligence Period. Should Buyer fail to disapprove any title exceptions prior to the expiration of the Due Diligence Period, all title exceptions referenced in the Title Report shall be deemed approved by Buyer. Notwithstanding anything to the contrary contained herein, all of those exceptions to title contained in that certain Preliminary Title Report dated October 1, 2010 and attached hereto as Exhibit "C" and incorporated herein by this reference except title exception items B, C, D, 27, 28, 29 and 30 or any reference to any taxes due, shall be deemed approved by the Buyer. The Agency shall be under no obligation to remove any exception or encumbrance on title which is disapproved by Buyer (a **"Disapproved Exception"**), but the Agency agrees to cooperate in good faith with Buyer in Buyer's efforts to eliminate any Disapproved Exception, provided the Agency is not obligated to pay any sums to the holder of such Disapproved Exception to obtain the release thereof. If Buyer is unable to obtain a discharge, satisfaction, release, or termination of a Disapproved Exception (in each case acceptable to the Buyer in the exercise of its sole and absolute discretion), or if the Agency does not elect to do so, then Buyer shall have the right, on or prior to the expiration of the Due Diligence Period to:

(a) waive the Disapproved Exception and proceed to the Close of Escrow, accepting title to the Property subject to the Disapproved Exception, or

(b) terminate this Agreement, in which event (i) Buyer and the Agency shall be relieved of all further obligation and liability to the other under this Agreement, and (ii) the Deposit shall be returned to Buyer.

2.5.2 At the Close of Escrow, the Buyer shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "D" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, the Buyer shall receive a CLTA (or ALTA, with survey, at the option and expense of the Buyer) Owner's Standard Coverage Policy of Title Insurance (the "**Fee Title Policy**"), issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, and insuring that title to the Property is free and clear of all liens, easements, covenants, conditions, restrictions, and other encumbrances of record except (a) current taxes and assessments of record, but not any overdue or delinquent taxes on assessments, (b) this Agreement, including the Restrictive Covenant described in Section 3.5, and (c) such other encumbrances approved or deemed approved by the Buyer, or caused by Buyer.

2.6 Escrow Charges and Prorations.

2.6.1 Agency shall pay (i) one-half (1/2) of the fees and charges of Escrow Holder, (ii) the cost of the premium for the CLTA Standard Coverage portion of the Fee Title Policy, (iii) all documentary or other local transfer taxes on the transfer of the Property, and (iv) Agency's share of the charges prorated under this Agreement. If the Escrow shall fail to close due to Agency's default or a failure of a condition precedent to Buyer's obligations under this Agreement, Agency shall pay all Escrow cancellation charges.

2.6.2 Buyer shall pay (i) one-half (1/2) of the fees and charges of Escrow Holder, (ii) the cost of the premium for the Fee Title Policy in excess of the premium for a CLTA Standard Coverage policy, if any, (iii) the cost of all endorsements to the Fee Title Policy, (iv) all costs and charges for the recordation of the Grant Deed, and (v) Buyer's share of the charges prorated under this Agreement. If the Escrow shall fail to close due to Buyer's default or a failure of a condition precedent to Agency's obligations under this Agreement, Buyer shall pay all Escrow cancellation charges.

2.6.3 The following shall be apportioned with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs: (i) rents, if any, as and when collected (the term "rents" as used in this Agreement includes all payments due and payable by tenant under the Lease); (ii) taxes (including personal property taxes, if any) and assessments levied against the Property; (iii) gas, electricity and other utility charges for which Agency is liable, if any, such charges to be apportioned at the Close of Escrow on the basis of the most recent meter reading occurring prior to the Close of Escrow; and (iv) any other operating expenses or other items pertaining to the Property which are customarily prorated between a buyer and a seller in the area in which the Property is located.

2.6.4 Notwithstanding anything contained in Section 2.6.3, any installment of taxes or assessments attributable to the Property for the current year paid at or prior to the Close of Escrow shall be prorated based upon the amounts actually paid. If taxes and assessments attributable to the Property for the current year have not been paid before the Close of Escrow, Agency shall be charged at the Close of Escrow an amount equal to that portion of such taxes and assessments which relates to the period before the Close of Escrow and Buyer shall pay the taxes and assessments prior to their becoming delinquent. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. To the extent that the actual taxes and assessments attributable to the Property for the current year differ from the amount apportioned at the Close of Escrow, the parties shall make all necessary adjustments by appropriate payments between themselves following the Close of Escrow. All delinquent taxes and assessments (and any penalties therein) for periods prior to the Close of Escrow, if any, attributable to the Property shall be paid by Agency.

2.6.5 All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6 shall survive the Close of Escrow.

2.7 Due Diligence Period; Access. During the period commencing on the Effective Date and ending at 5:00 p.m. on the date which is thirty (30) days thereafter (the "**Due Diligence Period**"), Buyer may inspect the Property as necessary to approve all zoning and land use matters relating to the Property and to approve the physical condition of the Property subject to the limitations set forth below.

2.7.1 Within three (3) business days after the Effective Date, Agency shall provide to Buyer, any and all of the following documents to the extent in Agency's possession: environmental materials soils and geological testings or reports, structural engineering reports, plans and specifications, utility contracts, service contracts, brokerage agreements, leases of space at the Property, and property tax bills for each of the two (2) prior fiscal years. It is understood by the parties hereto that Agency does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information contained in Agency's files or in the documents produced by Agency, including without limitation, any environmental audit or report prepared by unaffiliated third party consultant. To the extent permitted by law, Buyer shall keep all information provided by the Agency confidential and shall not disclose it to any third parties except its accountants, legal counsel, and other consultants employed in connection with its acquisition of the Property. In the event this Agreement is terminated, Buyer shall promptly return to Agency all such documentation and other information obtained from or otherwise provided by Agency. Buyer shall provide Agency with copies of all reports, test results, surveys and other written materials obtained by Buyer in connection with its investigation of the Property promptly following Buyer's receipt thereof. Buyer may terminate this Agreement in Buyer's sole and absolute discretion for any reason, or for no reason whatsoever, by giving written notice to the Agency on any day prior to and including the final day of the Due Diligence Period, in which event, this Agreement shall become null and void and, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit.

2.7.2 Subject to Buyer's compliance with the terms of this Section 2.7, Buyer and its agents, attorneys, accountants, and other representatives shall have the right, at Buyer's sole cost and expense, during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests, and environmental site assessments and studies of the Property. Buyer's physical inspection of the Property shall be conducted during normal business hours at times mutually acceptable to Buyer and Agency. Buyer shall give Agency at least 24 hours prior notice and Agency shall have the right to be present during any such inspections. No invasive testing or boring shall be done without the prior notification of Agency and Agency's written permission of the same, which permission may be withheld in Agency's sole and absolute discretion. Buyer shall promptly repair any damage to the Property caused by its inspections and investigations.

2.8 Representations and Warranties.

2.8.1 Agency's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, the Agency makes the following representations and warranties as of the Effective Date and the Close of Escrow, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder):

(a) Agency has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(b) All requisite action has been taken by Agency in connection with the entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated hereby. Except as has been obtained prior to the Agency's execution of this Agreement, no consent of any creditor, judicial or administrative body, governmental authority or other party is required.

(c) The individuals executing this Agreement and the instruments referenced herein on behalf of Agency have the legal power, right, and actual authority to bind Agency to the terms and conditions hereof and thereof.

(d) This Agreement and all documents required hereby to be executed by Agency are and shall be valid, legally binding obligations of and enforceable against Agency in accordance with their terms.

(e) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor the incurrence of the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note, or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Agency is a party.

(f) To the actual knowledge of the Agency, there are no pending actions, suits, arbitrations, claims or proceedings, at law, in equity or otherwise, affecting all or any portion of the Property and in which Agency is a party by reason of Agency's ownership of the Property.

As used in this Section 2.8.1, the phrase "actual knowledge of Agency" shall mean the actual and current knowledge of Kevin Radecki or his successor after having made inquiry of anyone within the Agency who would have a reason to know any information relevant to the above warranties and representations. Mr. Radecki or his successor is primarily responsible for the management of the Property on behalf of Agency.

2.8.2 As-Is Sale. BUYER ACKNOWLEDGES AND AGREES THAT BUYER WILL BE CONCLUDING THE PURCHASE OF THE PROPERTY BASED SOLELY UPON BUYER'S INSPECTION AND INVESTIGATION OF THE PROPERTY, AND THAT BUYER WILL BE PURCHASING THE PROPERTY ON AN "AS IS, WHERE IS" BASIS, WITH ALL FAULTS, LATENT AND PATENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ACKNOWLEDGES AND AGREES THAT AGENCY HAS NOT MADE, IS NOT HEREBY MAKING, AND AGENCY HEREBY EXPRESSLY DISCLAIMS AND NEGATES, ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EITHER EXPRESS OR IMPLIED, EXCEPT THOSE EXPRESSLY CONTAINED IN SECTION 2.8.1 OF THIS AGREEMENT, ON WHICH BUYER IS RELYING, AS TO ANY MATTER CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, MATTERS RELATING TO THE ZONING, LAND-USE OR OTHER ENTITLEMENTS, THE ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE EXISTING ENVIRONMENTAL CONDITION), AND/OR SOILS, SEISMIC, GEOTECHNICAL, THE CONSTRUCTION OF THE IMPROVEMENTS ON THE PROPERTY, THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE LAWS AND REGULATIONS, THE FINANCIAL CONDITION OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING LIENS, ENCUMBRANCES, RIGHTS OR CLAIMS, AFFECTING OR CONCERNING THE PROPERTY OR ANY PART THEREOF, AND AGENCY SPECIFICALLY DISCLAIMS ANY SUCH REPRESENTATIONS OR WARRANTIES, AND/OR OTHER MATTERS RELATING TO THE CONDITION OF THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED OR TO BE PROVIDED WITH RESPECT TO THE PROPERTY BY OR ON BEHALF OF AGENCY, INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL REPORTS AND THE OTHER DOCUMENTS AND INSTRUMENTS TO BE DELIVERED TO, OR OTHERWISE MADE AVAILABLE TO, BUYER WAS OBTAINED FROM A VARIETY OF SOURCES, THAT AGENCY HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION, THAT ALL SUCH INFORMATION HAS BEEN AND SHALL BE PROVIDED SOLELY AS AN ACCOMMODATION TO BUYER, AND THAT AGENCY MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY, TRUTHFULNESS OR COMPLETENESS OF SUCH INFORMATION. AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY "AS-IS, WHERE-IS," AND "WITH ALL FAULTS", AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR RIGHTS AGAINST THE

AGENCY ARISING OUT OF THE INACCURACY OR INCOMPLETENESS OF ANY MATERIALS SO FURNISHED, ARISING OUT OF OR IN CONNECTION WITH THE ENVIRONMENTAL CONDITION OF THE PROPERTY, AND ANY AND ALL ACTUAL OR POTENTIAL CLAIMS OR RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY, OTHER THAN IN CONNECTION WITH THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED IN SECTION 2.8.1 OF THIS AGREEMENT. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. AS PART OF THE PROVISIONS OF THIS SECTION, BUT NOT AS A LIMITATION THEREON, BUYER HEREBY AGREES, REPRESENTS AND WARRANTS THAT THE MATTERS RELEASED HEREIN ARE NOT LIMITED TO MATTERS WHICH ARE KNOWN OR DISCLOSED, AND BUYER HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS WHICH IT NOW HAS, OR IN THE FUTURE MAY HAVE CONFERRED UPON IT, BY VIRTUE OF THE PROVISIONS OF FEDERAL, STATE OR LOCAL LAWS, RULES OR REGULATIONS, INCLUDING WITHOUT LIMITATION, SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA OR ANY SIMILAR STATUTE, LAW, RULE OR REGULATION OF ANY OTHER STATE. BUYER ACKNOWLEDGES THAT SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA PROVIDES AS FOLLOWS:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTION THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

AGENCY AND BUYER HAVE EACH INITIALED THIS SECTION TO FURTHER INDICATE THEIR AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.

| _____ | _____ |
|---|---|
| AGENCY | BUYER |

The provisions of this Section 2.8.2 shall survive the Close of Escrow and the recording of the Grant Deed.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized to:

(a) Pay and charge the Buyer for any fees, charges and costs payable by the Buyer under this Agreement. Before such payments are made, the Escrow Holder shall notify the Agency and the Buyer of the fees, charges, and costs necessary to close the Escrow;

(b) and charge the Agency for any fees, charges and costs payable by the Agency under this Agreement. Before such payments are made, the Escrow Holder shall notify the Agency and the Buyer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver all documents to the Parties entitled thereto when the conditions of the Escrow have been fulfilled by the Agency and the Buyer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Buyer in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Buyer. At the time of any amendment, Escrow Holder shall agree to carry out its duties as escrow holder under such amendment.

2.9.3 All communications from the Escrow Holder to the Agency or the Buyer shall be directed to the addresses and in the manner established in Section 6.2 of this Agreement.

2.9.4 The liability of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article 2, and any amendments hereto agreed upon by Escrow Holder.

2.10 Additional Instructions. The Parties shall execute appropriate supplemental escrow instructions which are not inconsistent herewith. If there is any inconsistency between the terms hereof and the terms of the escrow instructions, the terms hereof shall control unless an intent to amend the terms hereof is expressly stated in such escrow instructions.

## ARTICLE 3
## USE OF THE PROPERTY

3.1 Use. The Buyer covenants and agrees for itself, and its successors and its assigns, that the Property, and every part thereof, shall be used for the operation of a Mazda automobile dealership (or other new car dealership of another major manufacturer reasonably acceptable to Agency), with ancillary used car sales and related uses, including service and repair, for a period of twenty (20) years, commencing on the Closing Date and ending on the date twenty (20) years thereafter (the **"Restrictive Covenant Period"**). The covenant to use the Property for the foregoing use shall run with the land for the benefit of the Agency for the purpose of protecting the interest of the community, and shall be binding on the Buyer and all successors in interest of the Buyer. The foregoing use covenant shall run in favor of the Agency without regard to whether the Agency has been, remains or is an owner or holder of any land or interest in the Project Area. The Agency shall have the right to assign all of its rights and benefits hereunder only to the City, and the Agency may not otherwise assign such rights and benefits.

3.2 Maintenance of the Property. The Buyer, and the Buyer's successors and assigns, shall maintain the Property and all improvements located thereon (including landscaping) in good and clean condition and repair.

3.3 Obligation to Refrain from Discrimination. The Buyer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of

the Property, and the Buyer (itself or any person claiming under or through the Buyer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Buyer conveys the Property to a third party thereon in accordance with the Agreement, the Buyer shall be relieved of any further responsibility under this Section 3.3 as to the Property so conveyed.

3.4 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

3.4.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

3.4.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in

Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

3.4.3 In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

3.5 Restrictive Covenant. In order to insure the Buyer's compliance with the use restrictions set forth in Section 3.1 hereof, a restrictive covenant (**"Restrictive Covenant"**) shall be set forth in the Grant Deed. The Restrictive Covenant provides, among other things, that the Buyer must use and maintain the Property for the uses described in Section 3.1 for the Restrictive Covenant Period, and that if the Buyer fails to comply with terms thereof, the Agency shall have the right to exercise its rights pursuant to Section 3.7 below.

3.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Buyer and its successors and assigns, each of which shall be set forth with particularity in any document of transfer or conveyance by the Buyer:

3.6.1 The use and maintenance requirements set forth in Sections 3.1 and 3.2, which shall remain in effect for twenty (20) years after the conveyance of the Property to Buyer;

3.6.2 The non-discrimination and non-segregation requirements set forth in Section 3.4, which shall remain in effect in perpetuity; and

3.6.3 Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

3.7 Agency Right to Repurchase. If, during the Restrictive Covenant Period, except for periods of repair or restoration of existing facilities, remodeling of existing facilities, or removal and replacement of a Mazda dealer or franchisee, Buyer or Buyer's successors or

assigns, as applicable, breach the Restrictive Covenant by ceasing to use or maintain the Property for the operation of an automobile retail sales, service and repair business in accordance with the provisions of Section 3.1 of this Agreement, then in such event, the Agency may give written notice (a "Breach Notice") of such breach to Buyer and, if applicable, to any Holder. Buyer shall have a period of ninety (90) days after the date of the Breach Notice to cure said breach. In the event that Buyer shall fail to cure such breach within said ninety (90) day period, Agency shall have the right at its option to repurchase, and following repurchase, reenter and take possession of the Property with all improvements thereon. Such right to repurchase, reenter and repossess shall, however, be subordinate and subject to and be limited by and shall not defeat, render invalid, or limit any Holder's deed of trust or mortgage encumbering the Property. To exercise its rights to repurchase, reenter and take possession of the Property, Agency shall pay to Buyer, in cash, an amount equal to:

3.7.1 The Purchase Price paid to Agency for the Property; less

3.7.2 any and all sums outstanding under any Holder's mortgage or deed of trust encumbering the Property and either assumed or paid off upon the repurchase of the Property by Agency.

Agency's right to repurchase, reenter and take possession of the Property pursuant to this Section 3.7 must be exercised, if at all, by giving written notice to Buyer within six (6) months after the act or failure to act giving rise to such right. Agency's obligation to purchase shall be conditioned, for the benefit of the Agency only, upon Agency's receipt from the Holder of any mortgage or deed of trust encumbering the Property of an unconditional consent to the Agency's assumption of the loan evidenced by such mortgage or deed of trust on terms acceptable to the Agency, or a forbearance agreement from the Holder of any mortgage or deed of trust encumbering the Property that is acceptable to the Agency. Subject to the satisfaction of such condition (or Agency's written waiver thereof), Agency shall repurchase, and following repurchase, reenter and take possession of the Property by closing escrow within (6) months after giving such notice.

3.7.3 Notwithstanding anything to the contrary contained herein, the right of repurchase provided for in Section 3.7 may only be exercised by the Agency in the event of Buyer's breach of the Restrictive Covenant during that period of time commencing on the Closing Date and ending on the date to which the twenty (20) year period of the Restrictive Covenant is reduced by the period of time during which the term of the Lease is in effect. By way of example, if the term of the Lease was in effect for ten (10) years and six (6) months prior to the Closing Date, the Agency may exercise the right of repurchase only if the Buyer's breach of the Restrictive Covenant occurs during the period commencing on the Closing Date and ending nine (9) years and six (6) months thereafter. In any event, if the period of time during which the term of the Lease is in effect is equal to or exceeds twenty (20) years, the Agency may not under any circumstance exercise the right of repurchase provided for in Section 3.7.

3.8 Dealer Association. Buyer acknowledges (a) that it is the Agency's intent that certain real property fronting on Gale Avenue, between Hatcher Avenue and M Street, including the Property, be developed with automobile dealerships offering the sale and service of new vehicles (such area being referred to as the "**Auto Center**"), and (b) that it is necessary and

desirable that the relationship of the automobile dealers located within the Auto Center be governed and benefited by mutually agreed upon covenants, conditions, restrictions and easements. In furtherance thereof, Buyer and Agency agree that following the Closing Date, the Agency shall prepare and deliver to Buyer for the Buyer's approval (which approval shall not be unreasonably withheld or conditioned) (i) a declaration of covenants, conditions and restrictions and grant of non-exclusive reciprocal easement rights of access, joint advertising rights and obligations, joint signage rights and obligations, architectural matters, and use restrictions, and (ii) articles of incorporation and bylaws establishing a California nonprofit mutual benefit corporation (collectively, the "**CC&R Documents**"). Buyer shall notify Agency of its approval or disapproval of the CC&R Documents within fifteen (15) business days of its receipt thereof from Agency (the "**CC&R Documents Review Period**"); provided, however, that any such disapproval shall include specific changes to the CC&R Documents that would make the same reasonably acceptable to Buyer. Should Buyer fail to disapprove the CC&R Documents prior to the expiration of the CC&R Documents Review Period, the CC&R Documents shall be deemed approved by Buyer. In the event Buyer disapproves the CC&R Documents in the manner described above, the CC&R Documents shall be deemed approved by Buyer if Agency makes all of the changes specified by Buyer, and no other substantive changes, thereto. In the event Buyer disapproves the CC&R Documents in the manner described above, and Agency is not willing to make all of the changes specified by Buyer, then Agency shall resubmit the CC&R Documents to Buyer with such changes thereto as it was willing to make, and Buyer shall again have the same review and approval rights provided above with respect thereto. Buyer and Agency acknowledges and agrees that all of the owners of property within the Auto Center (including current owners and other prospective owners) must approve the CC&R Documents. As a result, Buyer's approval of the CC&R Documents shall not preclude Agency from thereafter making substantive changes thereto; provided, however, that any such changes shall be subject to Buyer's reasonable review and approval as provided above.

In the event that Buyer and Agency shall fail to agree as to the terms and provisions of the CC&R Documents within the time periods and as provided above, any such matters which have not been agreed to by the Agency and Buyer shall be subject to binding arbitration conducted by JAMS and shall be submitted to and determined exclusively by binding arbitration in conformity with the procedures of the California Arbitration Act (Cal. Code Civ. Proc. §1280 *et seq.*, including §1283.05 and all of the act's other mandatory and permissive rights to discovery); provided, however, that in addition to requirements therein or otherwise imposed by law, any arbitrator herein shall be a retired California Superior Court Judge chosen from the JAMS Los Angeles office and shall be subject to disqualification on the same grounds as would apply to a judge of such court. To the extent applicable in civil actions in California courts, the following shall apply and be observed: all rules of pleading (including the right of demurrer); all rules of evidence; and all rights to resolution of the dispute by means of motions for summary judgment, judgment on the pleadings, and judgment under Code of Civil Procedure §631.8. Resolution of the dispute shall be based solely upon the law governing the claims and defenses pleaded, and the arbitrator may not invoke any basis other than such controlling law. As reasonably required to allow full use and benefit of this Agreement's modifications to the act's procedures, the arbitrator shall extend the times set by the act for the giving of notices and setting of hearings. Awards shall include the arbitrator's written reasoned opinion and, at either party's written request within ten (10) days after issuance of the award, shall be subject to reversal and remand, or modification following review of the record and arguments of the parties

by a second arbitrator who shall, as far as practicable, proceed according to the law and procedures applicable to appellate review by the California Court of Appeal of a civil judgment following court trial..

3.8.1 Agreement to Arbitrate. The parties shall resolve disputes exclusively through binding arbitration in Los Angeles County. This arbitration provision shall apply to disputes of any kind or nature regardless of the nature of the relief sought.

3.8.2 Waiver of Trial by Judge or Jury. By agreeing to resolve all disputes through binding arbitration, the parties each give up the right to have their respective claims and defenses decided by a judge or a jury. All claims and defenses shall instead be decided by the arbitrator, or by the appeal arbitrators if applicable.

3.8.3 Final and Binding Decision. The decision of the arbitrator shall be final and binding. A petition to confirm, vacate, modify or correct a decision may be filed in any court of competent jurisdiction in Los Angeles, but the decision may be vacated, modified or corrected only as permitted under applicable statutes, rules, and regulations.

3.8.4 Rules of Law: The arbitrator must follow California substantive law, including statutes of limitations, but strict conformity with the rules of evidence is not required, except that the arbitrator shall apply applicable law relating to privilege and work product. The arbitrator shall be authorized to provide all recognized remedies available at law or equity for any cause of action.

3.8.5 Recordation of CC&R Documents. The Buyer and Agency agree to execute and, as appropriate, provide for the recordation of the CC&R Documents promptly following their approval, or deemed approval, by the Buyer, Agency and all of the owners of property within the Auto Center as provided in this Section 3.8. The Agency and Buyer further agree that the CC&R Documents to be recorded against the Section 3.8 shall constitute a lien or encumbrance prior to any "deed of trust" or "mortgage" (as defined in this Agreement), and the Buyer shall cause the beneficiary of any such "deed of trust" or "mortgage" to subordinate the lien thereof to the CC&R Documents executed by the Agency and Buyer. The CC&R Documents shall contain a commercially reasonable mortgagee protection provision.

## ARTICLE 4
## DISPOSITION OF DEPOSIT

IF THE TRANSACTION HEREIN PROVIDED SHALL NOT BE CLOSED BY REASON OF AGENCY'S DEFAULT UNDER THIS AGREEMENT OR THE FAILURE OF AGENCY TO SATISFY THE CONDITIONS DESCRIBED IN SECTION 2.4 HEREOF FOR WHICH IT IS RESPONSIBLE, AND BUYER SHALL NOT HAVE DEFAULTED UNDER THIS AGREEMENT, THEN THE DEPOSIT SHALL BE RETURNED TO BUYER, AND NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN); PROVIDED, HOWEVER, IF THE TRANSACTIONS HEREUNDER SHALL FAIL TO CLOSE BY REASON OF AGENCY'S DEFAULT, AND BUYER SHALL HAVE FULLY PERFORMED ITS OBLIGATIONS HEREUNDER AND SHALL BE READY, WILLING AND ABLE TO

CLOSE, THEN BUYER SHALL BE ENTITLED, AS ITS SOLE AND EXCLUSIVE REMEDY, TO SPECIFICALLY ENFORCE THIS AGREEMENT (BUT NO OTHER ACTION, FOR DAMAGES OR OTHERWISE, SHALL BE PERMITTED); PROVIDED THAT BUYER MUST FILE A LAWSUIT ASSERTING A CAUSE OF ACTION FOR SPECIFIC PERFORMANCE IN LOS ANGELES COUNTY AGAINST AGENCY ON OR BEFORE SIXTY (60) DAYS FOLLOWING THE SCHEDULED CLOSING DATE. IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER OR THE FAILURE OF BUYER TO SATISFY THE CONDITIONS DESCRIBED IN SECTION 2.4 HEREOF FOR WHICH IT IS RESPONSIBLE, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND AGENCY AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES AGENCY WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, BUYER AND AGENCY AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

| _____ | _____ |
|---|---|
| AGENCY | BUYER |

## ARTICLE 5
## LIABILITY, REMEDIES AND TERMINATION

5.1 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency or City shall personally be liable to the Buyer, or any successor in interest of the Buyer, in the event of any default or breach by the Agency, or for any amount which may become due to the Buyer, or any successor in interest, on any obligation under the terms of this Agreement.

5.2 Legal Actions.

5.2.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

5.2.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

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

5.3 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same default or any other default by the other party.

5.4 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either Party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

## ARTICLE 6
## GENERAL PROVISIONS

6.1 Indemnity. The Buyer shall indemnify, defend, protect, and hold harmless the Agency and the City and any and all agents, employees, attorneys and representatives of the Agency and the City, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

6.1.1 the use, ownership, management, occupancy, or possession of the Property by Buyer following the Closing,

6.1.2 any post-Closing default of the Buyer hereunder,

6.1.3 any of the Buyer's activities on the Property (or the activities of the Buyer's agents, employees, lessees, representatives, licensees, contractors, subcontractors, or independent contractors on the Property), or

6.1.4 the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Buyer or Buyer's affiliates.

Buyer's indemnity obligations set forth in this Section shall not extend to any damages, losses, or liabilities incurred by the Agency or the City to the extent such losses or liabilities are caused by or contributed to by the negligent or intentionally wrongful act of the Agency, or its agents, employees, representatives or contractors. The provisions of this Section 6.1 shall survive the Close of Escrow and the recordation of the Grant Deed.

6.2 Notices. All notices, approvals, demands, reports, requests and other communications provided for in this Agreement shall be in writing (including telex, telecopy, telegram or similar writing) and shall be given to such party at its address set forth below, and with copies given as shown below (or such other address as such party may hereafter specify for the purpose by notice to the other party listed below). Each such notice, approval, demand, report or other communication shall be deemed delivered to the party to whom it is addressed (A) if personally served or delivered, upon delivery, (B) if given electronic communication, whether by email, telex, telegram or telecopier, upon the sender's receipt of an appropriate answer back or other written acknowledgment or confirmation of receipt of the entire notice, approval, demand, report or other communication, (C) if given by reputable overnight courier with courier charges prepaid, upon delivery by the overnight courier.

| | |
|---|---|
| Agency: | Industry Urban-Development Agency<br>15625 East Stafford Street, Suite 200<br>P.O. Box 7089<br>City of Industry, California 91744<br>Attention: Executive Director<br>Telephone: (626) 333-1480<br>Fax: (626) 336-4273 |
| with a copy to: | Richards, Watson & Gershon<br>355 South Grand Avenue, 40th Floor<br>Los Angeles, California 90071<br>Attention: Jim G. Grayson<br>Telephone: (213) 626-8484<br>Fax: (213) 626-0078 |
| Buyer: | Hitchcock Commercial Properties L.P.<br>1303 John Reed Court<br>City of Industry, California 91745<br>Attention: Frederick E. Hitchcock, Jr.<br>Telephone: (626) 839-8400<br>Fax:_____ |
| with a copy to: | Manning, Leaver, Bruder & Berberich<br>5750 Wilshire Boulevard, Suite 655<br>Los Angeles, Ca. 90036<br>Attention: Penny L. Reeves, Esq.<br>Telephone: (323) 937-4730<br>Fax: (323) 937-6727 |

6.3 Construction. The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

6.4 Buyer's Representations and Warranties. The Buyer warrants and represents to the Agency as follows:

6.4.1 The Buyer has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Buyer, enforceable in accordance with its terms. Neither the execution nor delivery of this Agreement, nor the inclusion of the Restrictive Covenant in the Grant Deed, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Buyer is a party.

6.4.2 The Buyer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

6.4.3 All requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with the entering into this Agreement, the instruments referenced herein, and the consummation of the transaction contemplated hereby. Except as has been obtained prior to the Buyer's execution of this Agreement or as otherwise set forth in this Agreement, no consent of any creditor, judicial or administrative body, governmental authority or other party is required.

6.4.4 The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right, and actual authority to bind Buyer to the terms and conditions hereof and thereof.

6.5 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

6.6 Time of the Essence. Time is of the essence of this Agreement.

6.7 Attorneys' Fees. If any Party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing Party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing Party as fixed by the court. If the Agency, or the Buyer, without fault, is made a party to any litigation instituted by or against the other Party, such other Party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

6.8 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused material failure to complete the transaction herein shall constitute a Default hereunder; provided, however, nonperformance shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of such party: (i) war, insurrection, riot, terrorist activity, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental agency or entity, including the Agency, or (ii) inability to

secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier. In the event of an occurrence described in clauses (i) and (ii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i) and (ii) above prevent or delay performance.

6.9 Approvals by Agency and the Buyer. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Buyer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld or delayed.

6.10 Buyer's Private Undertaking. The Buyer shall have full power over and exclusive control of the Property while the Buyer holds title to the Property; subject only to the limitations and obligations of the Buyer under this Agreement and the Redevelopment Plan.

6.11 Entire Agreement, Waivers and Amendments. The Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either Party hereto, or by or to any employee, officer, agent or representative of either Party, shall be of any effect unless it is in writing and executed by the Party to be bound thereby. No person is authorized to make, and by execution hereof the Buyer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein; and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Buyer or the Agency.

6.12 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

6.13 Broker's Commissions. No broker representing the Buyer or Agency was involved in connection with the transaction contemplated hereby. The Agency and Buyer each hereby indemnifies and holds the other harmless from and against any and all claims for any broker's commission or similar compensation that may be payable to any broker making a claim for compensation through the other Party with respect to this transaction. The provisions of this Section 6.13 shall survive the Close of Escrow.

6.14 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

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

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first above written.

**"Buyer"**

**HITCHCOCK COMMERCIAL PROPERTIES, L.P.,** a California limited partnership

By: Hitchcock Commercial Properties, Inc., a California corporation, its general partner

By:_____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

**"Agency"**

**INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic

By:_____
Name:_____
Title:_____

ATTEST:

_____
Secretary

APPROVED AS TO FORM:

Richards, Watson & Gershon,
a professional corporation

By:_____
Agency Attorney

## LIST OF EXHIBITS

| | |
|---|---|
| Exhibit "A" | Legal Description of Property |
| Exhibit "B" | General Assignment and Bill of Sale |
| Exhibit "C" | Preliminary Title Report |
| Exhibit "D" | Form of Grant Deed |

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF PROPERTY**

That certain real property located in the City of Industry, County of Los Angeles, State of California, consisting of approximately four acres described as follows:

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9, 1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

**EXHIBIT "B'**

**FORM OF GENERAL ASSIGNMENT AND BILL OF SALE**

THIS GENERAL ASSIGNMENT AND BILL OF SALE (**"General Assignment"**) is made and entered into as of the _____ day of_____, 20__, by and between the **INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (the **"Agency"**), and **HITCHCOCK COMMERCIAL PROPERTIES, L.P.**, a California limited partnership (**"Buyer"**).

**RECITALS**

Concurrently herewith, Buyer shall acquire that certain real property located in the City of Industry, County of Los Angeles, State of California, more particularly described on Exhibit "A" attached hereto (the **"Property"**). The Property, together with the personal property and other assets being transferred by Agency to Buyer by this General Assignment, are being conveyed to Buyer pursuant to that certain Disposition Agreement between Buyer and Agency, dated as of _____, 20___ (the **"Agreement"**).

NOW, THEREFORE, in reliance upon the foregoing recitals and in consideration of the mutual covenants set forth herein and in the Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Except with respect to the Agency's rights and interests under the Agreement, Agency does hereby give, grant, bargain, sell, transfer, assign, convey and deliver to Buyer all of Agency's right, title and interest in all assets, rights, materials and/or claims used, owned or held in connection with the use, management, development or enjoyment of the Property, including, without limitation: (i) all licenses, permits, entitlements, subdivision agreements and other agreements relating to the development of Property; (ii) all plans, specifications, maps, drawings and other renderings relating to the Property; (iii) all warranties, indemnities, guaranties, claims and any similar rights relating to and benefiting the Property or the assets transferred hereby, including, without limitation, those warranties and guaranties provided by consultants and/or contractors for work previously performed on the Property; (iv) all intangible rights, goodwill and similar rights benefiting the Property; (v) all development rights benefiting the Property; (vi) all rights, claims or awards benefiting the Property; and (vii) all rights to receive a reimbursement, credit or refund from the applicable agency or entity of any deposits or fees paid in connection with the development of the Property.

2. Agency represents it has not transferred, conveyed or hypothecated any interest in the assets to be conveyed by this General Assignment to any other party. Agency hereby covenants that it will, at any time and from time to time upon written request therefor, execute and deliver to Buyer, its nominees, successors and/or assigns, any new or confirmatory instruments and do and perform any other acts which Buyer, its nominees, successors and/or assigns, may request in order to fully transfer possession and control of, and protect the rights of Buyer, its nominees, successors and/or assigns in all the assets of Agency intended to be transferred and assigned hereby.

3. Buyer hereby accepts the foregoing assignment in accordance with the terms and conditions of the Agreement.

4. This General Assignment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this General Assignment as of the day and year first above written.

**"Buyer"**

**HITCHCOCK COMMERCIAL PROPERTIES, L.P.**, a California limited partnership

By: Hitchcock Commercial Properties, Inc., a California corporation, its general partner

By:_____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

**"Agency"**

**INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic

By:_____
Name:_____
Title:_____

ATTEST:

_____
Secretary

Exhibit "A"
to General Assignment and Bill of Sale

Legal Description

That certain real property located in the City of Industry, County of Los Angeles, State of California, consisting of approximately four acres described as follows:

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9, 1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

**EXHIBIT "C"**

**FORM OF PRELIMINARY TITLE REPORT DATED OCTOBER 1, 2010**

**[TO BE ATTACHED.]**

# Chicago Title Company

Commercial/Industrial Division,
700 South Flower, Suite 800 Los Angeles, CA 90017 (213) 488-4300

**Title Department:**
Chicago Title Company
Attn: Karl Daly
Email: Karl.Daly@CTT.com
Phone: (213) 612-4157
Fax: (213) 488-4385
Order No.: 106746803-X59

## PRELIMINARY REPORT

Property Address: 17723 Gale Avenue, Industry, CA

Dated as of: October 1, 2010 at 7:30 am

In response to the application for a policy of title insurance referenced herein, Chicago Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said Policy forms.

The printed Exceptions and Exclusion from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company

***Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.***

***It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.***

# SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

   A Fee

2. Title to said estate or interest at the date hereof is vested in:

   Industry Urban-Development Agency, a public body, corporate and politic

3. The land referred to in this report is situated in the State of California, County of Los Angeles and is described in the Legal Description, attached hereto:

END OF SCHEDULE A

# LEGAL DESCRIPTION

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF RECORD OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE: THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 156.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 60.00 FEET; THENCE WESTERLY ALONG SAID CURVE; THROUGH A CENTRAL ANGLE OF 17° 01' 11", AN ARC DISTANCE OF 17.82 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 30' 14' WEST, 20.20 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 79.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 17° 01' 11", AN ARC DISTANCE OF 23.47 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31 24" WEST, 122.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET, THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 1.76 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 20.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 40° 12' 51", AN ARC DISTANCE OF 14.04 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 35.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 41° 18' 33" EAST; THENCE NORTHERLY AND WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 130° 12' 51", AN ARC DISTANCE OF 79.54 FEET: THENCE NORTH 08° 28' 36" EAST, 402.81 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER.9, 1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J. L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

END OF LEGAL DESCRIPTION

# SCHEDULE B

At the date hereof, items to be considered and exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

A. Property taxes, including any assessments collected with taxes, for the fiscal year 2010 - 2011 that are a lien not yet due.

B. Property taxes, including any assessments collected with taxes, for the fiscal year 2010 - 2011

| | |
|---|---|
| 1st Installment: | $79,600.68 |
| Penalty: | $7,960.06 (Due after December 10) |
| 2nd Installment: | $79,600.68 |
| Penalty and Cost: | $7,970.06 (Due after April 10) |
| Homeowners Exemption: | $None |
| Code Area: | 0012290 |
| Assessors Parcel Number: | 8264-013-023 |

C. Supplemental assessment for the fiscal year 2009 - 2010,

| | |
|---|---|
| 1st Installment: | $10,371.58 |
| Penalty: | $ 1,037.16 Due after April 30 |
| 2nd Installment: | $10,371.57 |
| Penalty and Cost: | $ 1,047.16 Due after August 31 |
| Supplemental Bill No. | 09010 |
| Assessors Parcel Number: | 8264-013-023 |

D. Said property has been declared tax defaulted for non-payment of delinquent taxes for fiscal year 2009 - 2010.

Amounts to redeem for the above stated fiscal year (and subsequent years, if any) are:

| | |
|---|---|
| Amount: | $143,193.61 By October 31, 2010 |
| Amount: | $145,044.93 By November 30, 2010 |

E. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Part 0.5, Chapter 3.5 or Part 2, Chapter 3, Articles 3 and 4 respectively (commencing with Section 75) of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A; or as a result of changes in ownership or new construction occurring prior to date of policy.

# SCHEDULE B
(continued)

1. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | electric line |
| Recorded: | December 19, 1949 as Instrument No. 2852 in Book 31765 page 364 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

Said easement is delineated on said Parcel Map No. 234.

2. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | highway drainage |
| Recorded: | December 23, 1959 as Instrument No. 1114 in Book D701 page 504 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

3. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | state highway |
| Recorded: | May 19, 1960 as Instrument No. 3781 in Book D852 page 76 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

4. The fact that the ownership of said land does not include rights of access to or from the street, highway, or freeway abutting said land, such rights having been relinquished by that certain document

| | |
|---|---|
| Recorded: | May 19, 1960 as Instrument No. 3781 in Book D852 page 76 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

5. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | highway drainage |
| Recorded: | January 28, 1963 as Instrument No. 1504 in Book D1900 page 60 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

# SCHEDULE B
(continued)

6. The fact that the ownership of said land does not include rights of access to or from the street, highway, or freeway abutting said land, such rights having been relinquished by that certain document

| | |
|---|---|
| Recorded: | January 28, 1963 as Instrument No. 1504 in Book D1900 page 60 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

7. The terms, conditions and provisions of that certain waiver of damages, indemnification agreement, and right of ingress and egress to run with the land,

| | |
|---|---|
| Recorded: | January 28, 1963 as Instrument No. 1504 in Book D1900 page 60, of Official Records |

8. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | slope |
| Recorded: | January 28, 1963 as Instrument No. 1505 in Book D1900 page 67 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

Said easement was relinquished to the City of Industry in Document recorded in Book R2954 page 919, Official Records.

9. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | drainage |
| Recorded: | January 28, 1963 as Instrument No. 1505 in Book D1900 page 67 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

As shown and delineated on the map of said Parcel Map No. 234.

10. The fact that said land is included within the City of Industry Redevelopment Project Area, and that proceedings for redevelopment have been instituted.

| | |
|---|---|
| Recorded: | September 17, 1971 as Instrument No. 3729 and November 18, 1971 as Instrument No. 3571, both of Official Records |

# SCHEDULE B
(continued)

11. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the recorded map shown below:

| | |
|---|---|
| Map of: | Parcel Map No. 234 |
| Purpose: | sewer and storm drain |
| Affects: | That portion of said land as shown on said map. |

12. Covenants, conditions and restrictions (but omitting any covenant or restrictions, if any, based upon on race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law) as set forth in the document

Recorded: August 14, 1986 as Instrument No. 86-1055550, of Official Records

Note: Section 12956.1 of the government code provides the following: "If this document contains any restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, national origin, source of income as defined in subdivision (p) of Section 12955, or ancestry, that restriction violates state and federal fair housing laws and is void, and may be removed pursuant to section 12956.2 of the Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status."

A Certificate of Completion and Owner Participation Agreement Termination recorded February 27, 2007 as Instrument No. 07-425673, Official Records.

The only remaining enforceable covenant remaining in the above instrument is the discrimination covenant in paragraph 2(a)

Affects: Parcel "A" and other property.

13. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Reciprocal Easement and Operation Agreement |
| Recorded: | August 14, 1986 as Instrument No. 86-1055553, of Official Records |
| Affects: | Parcel "A" and other property |

Modification(s) of the terms and provisions of said document as therein provided.

Recorded: December 2, 1994 as Instrument No. 94-2154047, of Official Records

A Partial Termination of Reciprocal Easement and Operation Agreement recorded July 9, 2007 as Instrument No. 07-1619966 which terminates the above instrument with exception to the Utility Easement and Indemnity Obligations as set forth in Paragraph 2 of said partial termination.

# SCHEDULE B
(continued)

14. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | public utilities |
| Recorded: | April 29, 1987 as Instrument No. 87-671249 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

15. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | one or more pipe lines with metering, measuring regulating and other equipment, for the transportation of gas, petroleum products and other substances with the right of ingress, egress to and from the same |
| Recorded: | May 12, 1987 as Instrument No. 87-743459 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

16. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | underground electrical systems and communication systems |
| Recorded: | August 20, 1987 as Instrument No. 87-1332936 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

17. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | underground electrical systems and communication systems |
| Recorded: | September 10, 1987 as Instrument No. 87-1457807 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

18. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | water systems |
| Recorded: | December 20, 1988 as Instrument No. 88-2030144 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

19. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | water systems |
| Recorded: | December 20, 1988 as Instrument No. 88-2030146 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

# SCHEDULE B
(continued)

20. An easement for the purpose shown below and rights incidental thereto as set forth in a document.

| | |
|---|---|
| Purpose: | water systems |
| Recorded: | December 20, 1988 as Instrument No. 88-2030148 of Official Records |
| Affects: | That portion of said land as described in the document attached hereto. |

21. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Certificate of Completion and Owner Participation Agreement Termination |
| Recorded: | February 27, 2007 as Instrument No. 20070425673, of Official Records |

22. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Final Order of Condemnation |
| Recorded: | April 20, 2007 as Instrument No. 20070959404, of Official Records |

23. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Declaration of Covenants and Restrictions |
| Recorded: | June 29, 2007 as Instrument No. 07-1568050, of Official Records |

24. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Notice of Acceptance |
| Recorded: | October 30, 2007 as Instrument No. 20072451402, of Official Records |

25. A document subject to all the terms, provisions and conditions therein contained.

| | |
|---|---|
| Entitled: | Notice of Acceptance |
| Recorded: | July 8, 2008 as Instrument No. 20081209370, of Official Records |

26. A Certificate of Compliance

| | |
|---|---|
| Dated: | September 8, 2008 |
| Recorded: | September 08, 2008 as Instrument No. 2008-1614753, of Official Records |

# SCHEDULE B
(continued)

27. A pending Court Action as disclosed by a recorded notice.

| | |
|---|---|
| Defendant: | Industry Urban-Development Agency, a public body, corporate and politic |
| Plaintiff: | Kim-Met Holdings, Inc., a California corporation |
| Nature of Action: | as described therein |
| Case No.: | BC435084 |
| Recorded: | April 20, 2010 as Instrument No. 2010-0536035, of Official Records |

Reference is hereby made to said document for full particulars.

28. A lien for unsecured property taxes for the amount shown and any other amounts due

| | |
|---|---|
| Taxpayer: | Kim Met Holdings, Inc. |
| Amount: | $52,526.81 |
| Recorded: | September 16, 2009 as Instrument No. 2009-1409532, of Official Records |

29. A lien for unsecured property taxes for the amount shown and any other amounts due

| | |
|---|---|
| Taxpayer: | Kim Met Holdings, Inc. |
| Amount: | $30,984.09 |
| Recorded: | September 16, 2009 as Instrument No. 2009-1409533, of Official Records |

30. A lien for unsecured property taxes for the amount shown and any other amounts due

| | |
|---|---|
| Taxpayer: | Kim Met Holdings, Inc. |
| Amount: | $157.86 |
| Recorded: | December 18, 2009 as Instrument No. 2009-1930899, of Official Records |

31. Water rights, claims or title to water, whether or not disclosed by the public records.

32. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.

This office must be notified at least 7 business days prior to the scheduled closing in order to arrange for an inspection of the land; upon completion of this inspection you will be notified of the removal of specific coverage exceptions and/or additional exceptions to coverage.

33. Any rights of parties in possession of said land, based on any unrecorded lease, or leases.

This Company will require a full copy of any unrecorded lease, together with all supplements, assignments, and amendments for review.

# SCHEDULE B
(continued)

END OF SCHEDULE B

# INFORMATIONAL NOTES

Note No. 1: Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation regulates the disbursement of funds deposited with any title entity acting in an escrow or sub-escrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or sub-escrow account prior to disbursement of any funds. Some methods of funding may be subject to a holding period, which must expire before any funds may be disbursed. In order to avoid any such delays, all funding should be done via wire transfer. Funds deposited with the Company via wire transfer may be disbursed upon receipt. Funds deposited by cashiers checks, certified checks, and teller's checks is one business day after the day deposited. Other checks may require hold periods from two to five business days after the day deposited, and may delay your closing. The Company may receive benefits from such banks based upon the balances in such accounts. Such benefits will be retained by the Company as part of its compensation for handling such funds.

Note No. 2: The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less that the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.

Note No. 3: California Revenue and Taxation Code Section 18668, effective January 1, 1991, requires that the buyer in all sales of California Real Estate, withhold 3-1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained, and as amended.

Note No. 4: Wire Transfers

*In the event your transaction is being escrowed by a Chicago Title office, contact should be made with the office to obtain correct wiring instructions. Failure to do so could result in a delay in the receipt of funds and subsequent closing of your transaction.*

**Chicago Title will disburse by wire-out only collected funds or funds received by confirmed wire-in.**

The Company's wire-in instructions are:

| | |
|---|---|
| **Bank:** | Bank of America<br>275 Valencia Blvd, 2nd Floor<br>Brea, CA 92823 |
| **Bank ABA No.:** | 0260-0959-3 |
| **Account Name:** | Chicago Title Company, Broadway Plaza Office |
| **Account No.:** | 12351-50737 |
| **For Credit To:** | Chicago Title Company<br>700 South Flower, Suite 800<br>Los Angeles, CA 90017 |
| **Order No.:** | 106746803-X59 |

# INFORMATIONAL NOTES
(continued)

**LENDER NOTE:** **On the DATE you fund the Loan and WIRE Funds to Chicago Title and reference the above Order Number, you must send written NOTICE to the Title Officer's Unit by messenger or E-Mail that you sent the Funds.**

**Chicago Title will send an E-Mail acknowledging receipt of the funds as soon as practicable.**

**Chicago Title will NOT be responsible for any delay in Closing and Recording the transaction, nor will Chicago Title be liable for any claim of lost Interest unless such written Notice is sent the day of Funding and Chicago Title has acknowledged receipt of funds.**

Note No. 5: Your application for title insurance was placed by reference to a street address or assessor's parcel number. Based upon our records, we believe that the description in this report covers the parcel that you requested.

To prevent errors, we require written confirmation that the legal description contained herein covers the parcel that you requested.

Note No. 6: The plat, (map), which is attached to this report, is to assist you in locating land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon.

Note No. 7: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

Note No. 8: The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than the amount, if any, set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.

# INFORMATIONAL NOTES
(continued)

**Note No. 9: Important notice regarding documents to be recorded in the Los Angeles County. Please review the following CRITICAL MESSAGE from the Los Angeles County Recorder's Office as it will likely impact your closing:**

**SUBJECT: ACCEPTANCE OF NOTARY ACKNOWLEDGEMENTS**

Effective May 1, 2008, the Los Angeles Registrar-Recorder/County Clerk's Office will work diligently to be more efficient in examining notary acknowledgements as our part in minimizing notary fraud. In our efforts, we will strictly adhere to the following requirements for accepting Notary Acknowledgments/Certificates:

- Notaries must comply with the requirements set forth by the state where the oath is administered.
- Notary Acknowledgments/Certificates may not contain white-out, corrective tape, arrows and/or asterisks.
- Notary Acknowledgments/Certificates completed by a California Notary that are destined for recording in the County of Los Angeles must be presented exactly in the form prescribed by Civil Code Section 1189(a)(1).

A Notary Acknowledgment/Certificate that does not meet existing state requirements in addition to the requirements set forth above may not be re-submitted after it has been rejected by the Recorder. A new Notary Acknowledgment/Certificate will be required when re-submitting a rejected document.

If you have any questions, please contact the Registrar-Recorder/County Clerk at (562) 462-2125.

Note No. 10: This Company will require a Statement of Information from the parties named below, in order to complete this report. After review of the requested statement(s) the Company may have additional requirements before issuance of any policy of title insurance.

Parties: All Parties

Please rest assured that the information we are requesting is essential, and will be kept strictly confidential.

# INFORMATIONAL NOTES
(continued)

ATTACHMENT ONE

PRIVACY STATEMENT

**IMPORTANT INFORMATION:**

**For those of you receiving this report by electronic delivery the Privacy Statement and Attachment One are linked to this report. Please review this information by selecting the link. For those of you who are receiving a hard copy of this report, a copy of this information has been submitted for your review.**

# INFORMATIONAL NOTES
(continued)

## NOTICE

You may be entitled to receive a $20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must - prior to the close of the current transaction - inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount which is subject to other terms and conditions.

(continued)

OFFICE INFORMATION ONLY:

The trust deed recorded September 22, 2008 as Instrument No. 2008-1699552 of Official Records, and which was eliminated by a foreclosure of a prior trust deed, may be revived if title is reacquired by Kim-Met Holdings, Inc., a California corporation.

**EXHIBIT "D"**

**FORM OF GRANT DEED**

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Industry Urban-Development Agency
15625 East Stafford Street, Suite 200
P. O. Box 7089
City of Industry, California 91744
Attention: Diane Schlichting

This transfer is exempt from Recording Fees pursuant to California Government Code Section 6103.

**GRANT DEED**

DOCUMENTARY TRANSFER TAX IS: $_____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the **INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body, corporate and politic (**"Grantor"**), hereby grants to **HITCHCOCK COMMERCIAL PROPERTIES, L.P.**, a California limited partnership (**"Grantee"**), that certain real property described in Exhibit A attached hereto (the **"Site"**) and incorporated herein by this reference, together with all of Grantor's right, title and interest in and to all easements, privileges and rights appurtenant to the Site.

1. This Grant Deed of the Site is subject to the Redevelopment Plan and pursuant to a Disposition Agreement (the **"Agreement"**) entered into by and between Grantor and Grantee dated _____, 20____, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor, 15625 East Stafford Street, Suite 200, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record.

2. The Site is conveyed subject to the condition that the Site will be used for the operation of a new automobile retail sales, service and repair business for a period of twenty (20) years, commencing on the date on which this Grant Deed recorded in the Official Records of Los Angeles County, California and automatically ending on the date twenty (20) years thereafter. Upon the violation or failure of such condition, Grantor shall have the right to reenter and repurchase the Site from Grantee or its successors and assigns as provided in Section 3.7 of the Agreement; provided, however, that Grantor's right to reenter and repurchase shall not arise unless and until a violation or failure of such condition actually occurs, and Grantor gives

Grantee written notice thereof in the manner provided in Section 3.7 of the Agreement and, at the expiration of the time stated in the Agreement from the receipt by Grantee of such notice, the violation has not ceased or the failure has not been remedied.

3. The Site is conveyed subject to the reservation for the benefit of the properties described in Exhibit B attached hereto (the "**Benefited Properties**"), and incorporated herein by this reference, of a non-exclusive easement, on, over and under that portion of the Site described in Exhibit C attached hereto (the "**Vehicular Access Area**"), and incorporated herein by this reference, for vehicular ingress and egress to and from the Benefited Properties. The easement described in this Section 3 shall continue in full force and effect for such period of time as an automobile dealership is operated on any of the Benefited Properties.

4. By acceptance hereof, Grantee covenants, for itself and its successors and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

5. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

5.1 In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.3 In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

6. The covenants and agreements contained or referenced in Sections 2 and 4 of this Grant Deed shall run with the land for the benefit of, and shall only be enforceable by, Grantor or the City of Industry (as a third party beneficiary) and their respective successors and assigns, without regard to whether Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of a breach of any covenant contained in this Grant Deed, Grantor shall have the right to exercise any right or remedy provided in the Agreement or otherwise available at law or in equity, to enforce the curing of such breach.

7. The easement reserved for the benefit of the Benefited Properties in Section 3 of this Grand Deed shall burden the Site and benefit and be appurtenant to the Benefited Properties, shall run with the Site and Benefited Properties, and shall be binding upon and inure to the benefit of the owners of the Site and the Benefited Properties.

8. This Grant Deed may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

"Grantor"

INDUSTRY URBAN-DEVELOPMENT AGENCY, a public body, corporate and politic

By:_____
Name:_____
Title:_____

ATTEST:

_____
Secretary

"Grantee"

HITCHCOCK COMMERCIAL PROPERTIES, L.P., a California limited partnership

By: Hitchcock Commercial Properties, Inc., a California corporation, its general partner

By:_____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

State of California }
}
County of Los Angeles }

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

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

WITNESS my hand and official seal.

Signature

(seal)

State of California }
}
County of Los Angeles }

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

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

WITNESS my hand and official seal.

Signature

(seal)

Exhibit A

LEGAL DESCRIPTION

That certain real property located in the City of Industry, County of Los Angeles, State of California, consisting of approximately four acres described as follows:

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9, 1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

Exhibit B

LEGAL DESCRIPTION OF BENEFITED PROPERTIES

PARCEL 1: (APN 8264-001-941 & 8264-001-942)

PARCEL 1, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON PARCEL MAP NO. 105, AS PER MAP RECORDED IN BOOK 81, PAGE 28 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

TOGETHER WITH THAT PORTION OF DEPOT STREET (60.00 FEET WIDE) AS SHOWN ON THE MAP OF THE TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA. AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS VACATED BY THE CITY OF INDUSTRY RESOLUTION NO. 1050, A CERTIFIED COPY OF WHICH WAS RECORDED DECEMBER 31, 1980 AS INSTRUMENT NO. 80-1316607 OF SAID COUNTY, LYING EASTERLY AND SOUTHEASTERLY OF THE NORTHEASTERLY PROLONGATION OF THE NORTHWEST LINE OF SAID PARCEL 1 OF PARCEL MAP NO. 105.

ALSO TOGETHER WITH THAT PORTION OF THE WESTERLY 25.00 FEET OF WALNUT STREET (50.00 FEET WIDE), NOW KNOWN AS HATCHER AVENUE. AS SHOWN ON A THE MAP OF THE TOWN OF ROWLAND, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4, PAGE 10 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS VACATED BY THE CITY OF INDUSTRY RESOLUTION NO. 1050, A CERTIFIED COPY OF WHICH WAS RECORDED DECEMBER 31, 1980 AS DOCUMENT NO. 80-1316607 OF SAID COUNTY, THAT WOULD PASS WITH A LEGAL CONVEYANCE OF SAID PARCEL 1 OF PARCEL MAP NO. 105.

ALSO TOGETHER WITH THAT PORTION OF HATCHER AVENUE VACATED BY THE CITY OF INDUSTRY, A RESOLUTION THEREOF BEING RECORDED JANUARY 19, 2006 AS INSTRUMENT NO. 06-0133067 OF OFFICIAL RECORD.

PARCEL 2: (8264-012-914 & 920 & 921)

BEING PORTIONS OF LOT 10 OF THE ROWLAND TRACT, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 3, PAGES 93 AND 94 OF MAPS, ALSO BEING A PORTION OF THE RIGHT OF WAY OF THE UNION PACIFIC RAILROAD, FORMERLY SAN PEDRO, LOS ANGELES AND SALT LAKE RAILROAD IN RANCHO LA PUENTE, AND A PORTION OF THE EAST HALF OF HATCHER AVENUE, 50.00 FOOT WIDE, VACATED BY THE CITY OF INDUSTRY RESOLUTION No. 1050, RECORDED DECEMBER 31, 1980, AS INSTRUMENT No. 80-1316607 OF OFFICIAL RECORDS, ALL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND DESCRIBED AS FOLLOWS:

PARCEL 2A:

BEING A STRIP OF LAND LOCATED WITHIN THE RIGHT OF WAY OF THE UNION PACIFIC RAILROAD, FORMERLY SAN PEDRO, LOS ANGELES AND SALT LAKE RAILROAD, 150.00 FEET WIDE, BEING A PORTION OF RANCHO LA PUENTE, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 1, PAGES 43 AND 44 OF MAPS, SAID STRIP ALSO BEING THE SAME LAND DESCRIBED IN DEED TO INDUSTRY URBAN-DEVELOPMENT AGENCY RECORDED DECEMBER 4, 2006, AS INSTRUMENT No. 06-2687152 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY PROLONGATION OF THE CENTERLINE OF HATCHER AVENUE, 60.00 FEET WIDE, (FORMERLY WALNUT STREET, 50.00 FEET WIDE), WITH THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 10 OF SAID ROWLAND TRACT; THENCE ALONG SAID NORTHWESTERLY PROLONGATION AND NORTHEASTERLY LINE, SOUTH 64° 06' 19" EAST, 359.53 FEET TO AN ANGLE POINT ON SAID LINE; THENCE CONTINUING ALONG SAID NORTHEASTERLY LINE, NORTH 25° 53' 41" EAST, 50.00 FEET TO AN ANGLE POINT ON SAID LINE; THENCE LEAVING SAID NORTHEASTERLY LINE OF LOT 10, IN A DIRECT LINE FROM SAID ANGLE POINT, NORTH 72° 01' 21" WEST, 362.99 TO THE POINT OF BEGINNING.

PARCEL 2B:

BEING THE SAME LAND DESCRIBED IN DEED TO INDUSTRY URBAN-DEVELOPMENT AGENCY RECORDED AUGUST 10, 1981, AS INSTRUMENT No. 81-796080 OF OFFICIAL RECORDS TN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY PROLONGATION OF THE CENTERLINE OF HATCHER AVENUE, 60.00 FEET WIDE, (FORMERLY WALNUT STREET, 50.00 FEET WIDE), WITH THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 10 OF SAID ROWLAND TRACT; THENCE ALONG SAID NORTHWESTERLY PROLONGATION AND NORTHEASTERLY LINE, SOUTH 64° 06' 14" EAST, 355.52 FEET TO THE EASTERLY LINE OF LAND DESCRIBED TO THOMAS ROWLAND RECORDED IN BOOK 2222, PAGE 136 OF DEEDS OF SAID COUNTY; THENCE ALONG SAID EASTERLY LINE, SOUTH 11° 53' 41" WEST, 128.11 FEET TO THE NORTHERLY LINE OF LAND DESCRIBED IN DEED TO INDUSTRY URBAN-DEVELOPMENT AGENCY RECORDED SEPTEMBER 8, 2005, AS INSTRUMENT No. 05-2160574 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 78° 06' 24" WEST, 314.96 FEET TO THE EASTERLY LINE OF HATCHER AVENUE, 60.00 FOOT WIDE; THENCE NORTH 11° 53' 36" EAST. 35.39 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 94.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° W 24' 56". AN ARC DISTANCE OF 26.93 FEET; THENCE TANGENT TO

THE LAST MENTIONED CURVE. NORTH 28° 18' 32" EAST, 50,00 FEET TO HAVING BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 50.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 106° 24' 56", AN ARC DISTANCE OF 92.87 FEET TO A POINT IN SAID CURVE HAVING A RADIAL LINE THAT BEARS NORTH 11° 53' 06" EAST; THENCE RADIAL TO THE LAST MENTIONED CURVE, NORTH 11° 53' 36" EAST, 40.08 FEET TO THE POINT OF BEGINNING.

PARCEL 2C:

BEING THE SAME LAND DESCRIBED IN DEED TO INDUSTRY URBAN-DEVELOPMENT AGENCY RECORDED SEPTEMBER 8, 2005, AS INSTRUMENT No. 05-2160574 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY PROLONGATION OF THE CENTERLINE OF HATCHER AVENUE, 60.00 FEET WIDE, (FORMERLY WALNUT STREET, 50.00 FEET WIDE), WITH THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 10 OF SAID ROWLAND TRACT; THENCE ALONG SAID NORTHWESTERLY PROLONGATION AND NORTHEASTERLY LINE, SOUTH 64° 06' 19" EAST, 355.52 FEET TO THE EASTERLY LINE OF LAND DESCRIBED TO THOMAS ROWLAND RECORDED IN BOOK 2222, PAGE 136 OF DEEDS OF SAID COUNTY; THENCE ALONG SAID EASTERLY LINE, SOUTH 11° 53' 41" WEST, 128.11 FEET TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING ALONG SAID EASTERLY LINE, SOUTH 11° 53' 41" WEST, 105.00 FEET TO THE NORTHERLY LINE OF LAND DESCRIBED IN "COVENANT AND AGREEMENT TO HOLD PROPERTY AS ONE PARCEL", RECORDED FEBRUARY 19, 1992, AS INSTRUMENT No. 92-273689 OF OFFICIAL RECORDS OF SAID COUNTY; THENCE ALONG SAID NORTHERLY LINE, NORTH 78° 06' 24" WEST, 314.95 FEET TO THE EASTERLY LINE OF HATCHER AVENUE, 60.00 FOOT WIDE; THENCE ALONG SAID EASTERLY LINE, NORTH 11° 53' 36" EAST, 105.00 FEET; THENCE SOUTH 78° 06' 24" EAST, 314.96 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 2D:

BEING THE SAME LAND DESCRIBED AS PARCELS "C" AND "D" IN DEED TO INDUSTRY URBAN-DEVELOPMENT AGENCY RECORDED JANUARY 8, 2004, AS INSTRUMENT No. 04-0046303 OF OFFICIAL RECORDS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND DESCRIBED AS FOLLOWS:
BEGINNING AT THE INTERSECTION OF THE NORTHEASTERLY PROLONGATION OF THE CENTERLINE OF HATCHER AVENUE, 60.00 FEET WIDE, (FORMERLY WALNUT STREET, 50.00 FEET WIDE), WITH THE NORTHWESTERLY PROLONGATION OF THE NORTHEASTERLY LINE OF LOT 10 OF SAID TOWN OF ROWLAND; THENCE ALONG SAID NORTHWESTERLY PROLONGATION AND NORTHEASTERLY LINE, SOUTH 64° 06' 14" EAST. 355.52 FEET TO THE EASTERLY LINE OF LAND DESCRIBED TO THOMAS ROWLAND RECORDED IN BOOK 2222, PAGE 136 OF DEEDS OF SAID COUNTY; THENCE ALONG SAID EASTERLY LINE, SOUTH 11° 53' 41" WEST, 233.11

FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID EASTERLY LINE, SOUTH 11° 53' 41" WEST, 551.89 FEET TO ITS INTERSECTION WITH THE NORTHEASTERLY LINE OF GALE AVENUE, (A VARYING WIDTH STREET), SAID POINT OF INTERSECTION ALSO BEING IN THE ARC OF A NON TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 377.48 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 10° 59' 02" WEST; THENCE NORTHWESTERLY ALONG SAID CURVE AND NORTHEASTERLY LINE OF GALE AVENUE, THROUGH A CENTRAL ANGLE OF 27° 24' 44", AN ARC DISTANCE OF 180.60 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 51° 36' 14" WEST, 138.51 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 39.00 FEET; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 76° 35' 16", AN ARC DISTANCE OF 52.13 FEET TO THE EASTERLY LINE OF HATCHER AVENUE, 60-FOOT WIDE, AND THE BEGINNING OF A REVERSE CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 155.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 65° 00' 58" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 13° 05'26", AN ARC DISTANCE OF 35.41 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 11° 53' 36" EAST, 371.62 FEET TO THE ITS INTERSECTION TO THE NORTHERLY LINE OF SAID "COVENANT AND AGREEMENT TO HOLD PROPERTY AS ONE"; THENCE ALONG SAID NORTHERLY LINE, SOUTH 78° 06' 24" EAST, 314.95 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 3: (APN 8264-012-919)

THOSE PORTIONS OF LOTS 9 AND 10 OF ROWLAND TRACT, IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 3 PAGES 93 AND 94 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF THE LAND DESCRIBED IN DEED RECORDED IN BOOK 2250 PAGE 180 OF DEEDS, RECORDS OF SAID COUNTY, SAID CORNER BEING THE NORTHERLY LINE OF SAID LOT 9, DISTANT THEREON SOUTH 63° 55' EAST 86.06 FEET. MORE OR LESS, FROM THE NORTHWESTERLY CORNER OF SAID LOT 9; THENCE ALONG THE NORTHERLY LINES OF SAID LOTS 9 AND 10, NORTH 63° 55' WEST 272.76 FEET MORE OR LESS TO AN ANGLE POINT IN THE NORTHERLY LINE OF SAID LOT 10; THENCE FOLLOWING THE BOUNDARIES OF SAID LOT 10, SOUTH 26° 05' WEST 50.00 FEET AND NORTH 63° 55' WEST 4.00 FEET TO THE NORTHEASTERLY CORNER OF THE LAND DESCRIBED IN THE DEED RECORDED IN BOOK 2222 PAGE 136 OF DEEDS, RECORDS OF SAID COUNTY; THENCE ALONG THE EASTERLY LINE OF THE LAND DESCRIBED IN SAID DEED, SOUTH 12° 05' WEST 1029.30 FEET, MORE OR LESS, TO THE SOUTHERLY LINE OF SAID LOT 10; THENCE EASTERLY ALONG THE SOUTHERLY LINES OF SAID LOTS 9 AND 10 TO THE SOUTHWESTERLY CORNER OF THE LAND DESCRIBED IN SAID DEED RECORDED IN BOOK 2250 PAGE 180 OF DEEDS, THENCE ALONG THE WESTERLY LINE OF THE LAND DESCRIBED IN SAID LAST MENTIONED DEED, NORTH 4° 16' EAST 995.20 FEET MORE OR LESS TO THE POINT OF BEGINNING.

EXCEPT FROM SAID LAND, THE SOUTHEASTERLY 230.00 FEET THENCE, MEASURED AT RIGHT ANGLES FROM THE SOUTHERLY LINE, AS CONVEYED TO STATE OF CALIFORNIA BY DEED RECORDED MAY 11, 1959 AS INSTRUMENT NO. 1320, IN BOOK D462 PAGE 243 OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM ONE-HALF OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES AS RESERVED BY GIACOMO DOTTA AND MARY J. DOTTA, HUSBAND AND WIFE, AS TENANTS IN COMMON, IN DEED RECORDED NOVEMBER 1,1955 IN BOOK 49402 PAGE 336, OFFICIAL RECORDS.

PARCEL 4: (APN: 8264-013-906, 907, 908 & 8264-012-923)

PARCEL 4A:

PORTIONS OF PARCELS 17, 18 AND 19 IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS SHOWN ON PARCEL MAP NO. 234. FILED IN BOOK 188 PAGES 74 THROUGH 77 INCLUSIVE OF PARCEL MAPS AS CORRECTED BY CERTIFICATE OF CORRECTIONS, RECORDED FEBRUARY 19, 1992 AS INSTRUMENT NO. 92-273690 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION CONVEYED TO SUBARU OF AMERICA, INC., A NEW JERSEY CORPORATION, IN DEED RECORDED JUNE 29, 2007 AS INSTRUMENT NO. 20071568051 OF OFFICIAL RECORDS.

EXCEPT FROM SAID PARCELS 17, 18, 19 AND 20 FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9, 1948 AS INSTRUMENT NO. 1594 IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751 IN BOOK 42683 PAGE 163 OF OFFICIAL RECORDS.

PARCEL 4B:

THOSE PORTIONS OF PARCELS 17 AND 19 OF RECORD OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 93.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 373.00 FEET; THENCE LEAVING SAID NORTHERLY LINE, NORTH 08° 28' 36" EAST, 421.93 FEET TO ITS INTERSECTION WITH A NON TANGENT CURVE CONCAVE

NORTHERLY AND HAVING A RADIUS OF 5809.60 FEET, SAID CURVE IS CONCENTRIC WITH AND 80.00 FEET SOUTHERLY AS MEASURED RADIALLY FROM THE CENTERLINE OF THE 100-FOOT WIDE RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD RIGHT-OF- WAY, FORMERLY THE LOS ANGELES AND SALT LAKE RAILROAD, A RADIAL LINE THROUGH SAID INTERSECTION BEARS SOUTH 14° 24' 15" WEST; THENCE EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 01' 32" AN ARC DISTANCE OF 306.78 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 133.50 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 11° 22' 43" EAST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 27° 23' 33", AN ARC DISTANCE OF 63.83 FEET TO ITS INTERSECTION WITH A NON TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 74° 04' 05" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 38° 18' 06", AN ARC DISTANCE OF 33.42 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, SOUTH 22° 22' 11" EAST, 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 94.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 30° 50' 47", AN ARC DISTANCE OF 50.61 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, SOUTH 08° 28' 36" WEST, 218.01 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 39.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 61.26 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT FROM SAID PARCELS 17, 18, 19 AND 20 FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9, 1948 AS INSTRUMENT NO. 1594 IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751 IN BOOK 42683 PAGE 163 OF OFFICIAL RECORDS.

PARCEL 5: (APN 8264-012-38)

PARCEL 1, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON "EXHIBIT B" OF THAT CERTAIN "MINOR LOT LINE ADJUSTMENT NO. 62", WHICH RECORDED MAY 13, 2005 AS INSTRUMENT NO. 05-1141417 OF OFFICIAL RECORDS.

PARCEL 6:

THOSE PORTIONS OF PARCELS 18, 20 AND 21 OF RECORD OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 906.24 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 417.17 FEET; THENCE LEAVING SAID NORTHERLY LINE, NORTH 04° 05' 41" EAST, 622.04 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 23° 34' 09" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 05° 21' 30", AN ARC DISTANCE OF 540.52 FEET; THENCE LEAVING THE SOUTHERLY LINE OF SAID UNION PACIFIC RAILROAD, SOUTH 08° 28' 36" WEST, 368.75 FEET TO THE BEGINNING OF A NON TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 31° 30' 45" EAST; THENCE SOUTHWESTERLY AND SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 149° 54' 21", AN ARC DISTANCE OF 120.35 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 44.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS NORTH 61° 36' 24" EAST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, SOUTH 08° 28' 36" WEST, 22.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit C

LEGAL DESCRIPTION OF VEHICULAR ACCESS AREA

BEING A PORTION OF PARCEL 17 OF RECORD OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

**BEGINNING** AT THE NORTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING BEING ON THE SOUTHERLY LINE OF THE UNION PACIFIC-RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY THE LOS ANGELES AND SALT LAKE RAILROAD, SAID INTERSECTION POINT ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 09° 48' 17" WEST; THENCE WESTERLY ALONG SAID SOUTHERLY LINE, THROUGH A CENTRAL ANGLE OF 04° 37' 49", AN ARC DISTANCE OF 467.07 FEET TO THE **TRUE POINT OF BEGINNING**; THENCE CONTINUING WESTERLY ALONG SAID SOUTHERLY LINE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE LEAVING SAID SOUTHERLY LINE, SOUTH 08° 28' 36" WEST, 30.44 FEET TO ITS INTERSECTION WITH A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5809.60 FEET, SAID CURVE ALSO BEING CONCENTRIC WITH AND DISTANT 30.00 FEET SOUTHERLY FROM THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 09' 36" WEST; THENCE EASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 45' 21", AN ARC DISTANCE OF 380.84 FEET; THENCE LEAVING SAID CURVE, NORTH 08° 28' 36" EAST, 30.16 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT C

FIRST ASSIGNMENT OF LEASE

# ASSIGNMENT OF LEASE

This Assignment of Lease ("Assignment") dated September 22, 2011 between Hitchcock Commercial Properties, L.P., a California limited partnership ("Assignor"), and Puente Hills Mazda, LLC, a California limited liability company ("Assignee"), who agree as follows:

1. Recitals. This Assignment is made with reference to the following facts and objectives:

a. Assignor as tenant entered into a written Lease dated October 20, 2010 ("the Lease"), in which the Industry Urban-Development Agency, a public body, corporate and politic (the "Agency") leased to Assignor the premises commonly known as 17723 Gale Avenue, City of Industry, California as legally described in Exhibit A attached hereto (hereinafter referred to as "Premises").

b. The City of Industry, a municipal corporation, is the successor in interest to the Agency as the "Landlord" under the Lease.

c. Assignor desires to assign all of its right, title and interest in the Lease to Assignee, and Assignee desires to accept all of Assignor's right, title and interest in and to the Lease upon the terms and conditions set forth in this Assignment.

2. Assignee Acceptance of Premises. Assignee acknowledges that Assignee has made such investigation as it deems necessary to satisfy itself with respect to the condition of the Premises and accepts the Premises in its current condition.

3. Effective Date of Assignment. This Assignment shall take effect upon the closing (the "Closing") of that certain Asset Purchase Agreement by and between Puente Hills Automotive, a California corporation, and Sang Ho Lim dated July 25, 2011 ("Effective Date") and Assignor shall give possession of the Premises to Assignee on that date. In the event the Closing does not occur on or before September 30, 2011, this Assignment shall terminate and be of no further force and effect.

4. Assignment and Assumption. Assignor hereby assigns and transfers to Assignee all of its right, title, and interest in the Lease, including the options to extend the term thereof contained in Section 2.2 of the Lease and the option to purchase the premises contained in Article 22 of the Lease, and Assignee accepts the assignment and assumes and agrees to perform, from the Effective Date of this Assignment, all of the terms, provisions and obligations of the tenant under the Lease. Assignor represents and warrants to Assignee that the Lease is in full force and effect, has not been modified, and that no default exists on the part of any party to the Lease.

5. Landlord's Consent. This Assignment shall be of no force or effect unless and until Landlord executes the attached Landlord's Consent to Assignment and Release of Assignor.

6. Assignor Representations. Assignor represents and warrants to Assignee that Assignor is the owner of the entire leasehold estate under the Lease, free and clear of all liens, encumbrances, and adverse claims.

7. Assignee/Assignor Hold Harmless. Assignee shall indemnify, defend and hold Assignor harmless from and against all damages, liabilities, losses, claims, expenses and attorneys' fees arising out of, involving, or in connection with all obligations of Assignee under the Lease arising after the Effective Date of this Assignment, or the use or occupancy by Assignee of the Premises arising after the Effective Date of this Assignment. Assignor shall indemnify, defend and hold Assignee harmless from and against all damages, liabilities, losses, claims, expenses and attorneys' fees arising out of, involving, or in connection with all obligations of Assignor under the Lease arising prior to the Effective Date of this Assignment, or the use or occupancy by Assignee of the Premises arising prior to the Effective Date of this Assignment.

8. Miscellaneous.

a. Attorneys' Fees. If any Party brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon, shall be entitled to reasonable costs, attorney, accountant, expert witness, and paralegal fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. Such fees and costs shall also include any post-judgment attorney fees and costs incurred in enforcing any judgment. If allowed by law at the time of trial, the parties waive trial by jury. This means that the trial will be held before a judge and not a jury.

b. Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and shall be given in the manner provided for in Paragraph 21.5 of the Lease and shall be addressed to Landlord and Assignor at the address set forth in Paragraph 21.5 of the Lease. Notice to Assignee shall be addressed to Assignee at the address for the Premises. Any party may change its address by notifying the other party of the change of address.

c. Successors. This Assignment shall be binding on and inure to the parties and their successors.

d. No Prior or Other Agreements. This Assignment contains all agreements between the parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective.

e. Counterparts. This Assignment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth below.

ASSIGNOR

Hitchcock Commercial Properties, L.P.,
a California limited partnership

By: Hitchcock Commercial Properties, Inc.,
a California Corporation, its general partner

By:_____
Name: Frederick E. Hitchcock, Jr.
Title: President & Secretary

ASSIGNEE

Puente Hills Mazda, LLC, a
California limited liability company

By:_____
Name:_____
Title: Managing Member

LANDLORD CONSENT TO ASSIGNMENT AND RELEASE OF ASSIGNOR

Landlord hereby consents to the assignment of the Lease to Assignee, effective as of the Effective Date, and agrees to recognize Assignee as the "Tenant" under the Lease from and after the Effective Date. Furthermore, Landlord hereby releases Assignor, its successors and assigns, from any liability or obligation under the Lease accruing after the Effective Date.

LANDLORD

City of Industry, a municipal corporation, as successor in interest to the Industry Urban-Development Agency, a public body, corporate and politic

By: _____
Name: Kevin Radecki
Title: City Manager

ATTEST:

By: _____
Jodi L. Scrivens, City Clerk

EXHIBIT "A"

Legal Description of Land

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9,

1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

EXHIBIT D

SECOND ASSIGNMENT OF LEASE

ASSIGNMENT OF LEASE

This Assignment of Lease ("Assignment") dated June 1, 2015 between Puente Hills Automotive, LLC, a California limited liability company ("Assignor") and Puente Hills Automotive Services, Inc. ("Assignee"), who agree as follows:

1. Recitals. This Assignment is made with reference to the following facts and objectives:

a. Assignor as tenant on September 22, 2011 took assignment of a written Lease dated October 20, 2010 ("the Lease"), in which the Industry Urban-Development Agency, a public body, corporate and politic (the "Agency") leased the premises commonly known as 17723 Gale Avenue, City of Industry, California as legally described in Exhibit A attached hereto (hereinafter referred to as "Premises").

b. The Successor Agency to the Industry Urban-Development Agency, is the successor-in-interest by operation of law to the Agency as the "Landlord" under the Lease.

c. Assignor desires to assign all of its right, title and interest in the Lease to Assignee, and Assignee desires to accept all of Assignor's right, title and interest in and to the Lease upon the terms and conditions set forth in this Assignment.

2. Assignee Acceptance of Premises. Assignee acknowledges that Assignee has made such investigation as it deems necessary to satisfy itself with respect to the condition of the Premises and accepts the Premises in its current condition.

3. Effective Date of Assignment. This Assignment shall take effect upon the closing (the "Closing") of that certain Dealership Asset Purchase Agreement ("DAPA") dated April 1, 2015 by and between Puente Hills Automotive, LLC and Puente Hills Automotive Services, Inc. (as assignee of New Age Investments, Inc.) ("Effective Date") and Assignor shall give possession of the Premises to Assignee on that date. In the event the Closing does not occur on or before July 1, 2015, this Assignment shall terminate and be of no further force and effect.

4. Assignment and Assumption. Assignor hereby assigns and transfers to Assignee all of its right, title, and interest in the Lease, including the options to extend the term thereof contained in Section 2.2 of the Lease and the option to purchase the premises contained in Article 22 of the Lease, and Assignee accepts the assignment and assumes and agrees to perform, from the Effective Date of this Assignment, all of the terms, provisions and obligations of the tenant under the Lease. Assignor represents and warrants to Assignee that the Lease is in full force and effect, has not been modified, and that no default exists on the part of any party to the Lease.

5. Landlord's Consent. This Assignment shall be of no force or effect unless and until Landlord executes the attached Landlord's Consent to Assignment and Release of Assignor.

6. Assignor Representations. Assignor represents and warrants to Assignee that Assignor is the owner of the entire leasehold estate under the Lease, free and clear of all liens, encumbrances, and adverse claims.

7. Assignee/Assignor Hold Harmless. Assignee shall indemnify, defend and hold Assignor harmless from and against all damages, liabilities, losses, claims, expenses and attorneys' fees arising out of, involving, or in connection with all obligations of Assignee under the Lease arising after the Effective Date of this Assignment, or the use or occupancy by Assignee of the Premises arising, after the Effective Date of this Assignment. Assignor shall indemnify, defend and hold Assignee harmless from and, against all damages, liabilities, losses, claims, expenses and attorneys' fees arising out of, involving, or in connection with all obligations of Assignor under the Lease arising prior to the Effective Date of this Assignment, or the use or occupancy by Assignee of the Premises arising prior to the Effective Date of this Assignment.

8. Miscellaneous.

a. Attorneys' Fees. If any Party brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action or appeal thereon, shall be entitled to reasonable costs, attorney, accountant, expert witness, and paralegal fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. Such fees and costs shall also include any post judgment attorney fees and costs incurred in enforcing any judgment. If allowed by law at the time of trial, the parties waive trial by jury. This means that the trial will be held before a judge, and not a jury.

b. Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and shall be given in the manner provided for in Paragraph 21.5 of the Lease and shall be addressed to Landlord at the address set forth in Paragraph 21.5 of the Lease. Notice to Assignor and Assignee shall be addressed as provided for in Section 16.7 of the DAPA. Any party may change its address by notifying the other party of the change of address.

c. Successors. This Assignment shall be binding on and inure to the parties and their successors.

d. No Prior or Other Agreements. This Assignment contains all agreements between the parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective.

e. Counterparts. This Assignment may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date set forth above.

ASSIGNOR

Puente Hills Automotive, LLC, a California limited liability company

By: _____

Name: _____

Title: Managing Member

ASSIGNEE

Puente Hills Automotive Services, Inc., a California corporation

By: _____

Name: David A. Marvin

Title: President

## LANDLORD CONSENT TO ASSIGNMENT AND RELEASE OF ASSIGNOR

Landlord hereby consents to the assignment of the Lease to Assignee, effective as of the Effective Date, and agrees to recognize Assignee as the "Tenant" under the Lease from and after the Effective Date. Furthermore, Landlord hereby releases Assignor, its successors and assigns, from any liability or obligation under the Lease accruing after the Effective Date.

LANDLORD

Successor Agency to the Industry Urban-Development Agency, as successor-in-interest by operation of law to the Industry Urban-Development Agency, a public body, corporate and politic

By: _____
Name: Tim Spohn
Title: Chairman

ATTEST:

Diane M. Schlichting
Diane M. Schlichting
Assistant Secretary

## EXHIBIT A

### Legal Description of Land

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP No. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP No. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20.23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 81° 31' 24" WEST, 140.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET; THENCE NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100.00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 5779.60 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.87 FEET; THENCE SOUTH 08° 28' 36" WEST, 452.09 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM FIFTY PERCENT (50%) OF ALL OIL OR BY-PRODUCTS THEREFROM WHICH MAY BE PRODUCED FROM SAID PROPERTY, AS RESERVED BY JOHN L. FLEMING IN THE AGREEMENT TO CONVEY, RECORDED DECEMBER 9,

1948 AS INSTRUMENT NO. 1594, IN BOOK 28910 PAGE 285 OF SAID OFFICIAL RECORDS, AND AS RESERVED BY JOHN L. FLEMING, ALSO KNOWN AS J.L. FLEMING, IN DEED RECORDED SEPTEMBER 15, 1953 AS INSTRUMENT NO. 751, IN BOOK 42683 PAGE 163 OF SAID OFFICIAL RECORDS.

EXHIBIT E

FORM OF GRANT DEED

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

---

*[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**GRANT DEED**

Documentary Transfer Tax: $_____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY** (the "**Grantor**"), hereby grants to **PUENTE HILLS AUTOMOTIVE SERVICES, INC.**, a California corporation (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase and Sale Agreement and Escrow Instructions 17723 Gale Avenue, City of Industry (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2016, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. The Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry, California ("**City**").

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) <u>In deeds</u>: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in

Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(c) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

**SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

By:_____
Name:_____
Title:_____

ATTEST:

_____
Diane Schlichting, Agency Secretary

GRANTEE:

**PUENTE HILLS AUTOMOTIVE SERVICES, INC.**

By:_____
David A. Marvin, President

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

On _____, before me, _____,
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

Exhibit A

LEGAL DESCRIPTION

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

THOSE PORTIONS OF PARCELS 17, 18 AND 19 OF PARCEL MAP NO. 234, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 188, PAGES 74 THROUGH 77, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF PARCEL 9, OF SAID PARCEL MAP NO. 234, SAID POINT OF BEGINNING ALSO BEING ON THE NORTHERLY LINE OF GALE AVENUE, 62.00 FOOT WIDE; THENCE ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 466,00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID NORTHERLY LINE, NORTH 81° 31' 24" WEST, 150.24 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 70,00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 20,23 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 64° 57' 42" WEST, 22.45 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 65.00 FEET; THENCE WESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 16° 33' 42", AN ARC DISTANCE OF 18.79 FEET TO A POINT OF TANGENCY WITH A LINE PARALLEL WITH AND 12.00 FEET NORTHERLY AS MEASURED AT RIGHT ANGLES FROM SAID NORTHERLY LINE; THENCE ALONG SAID PARALLEL LINE, NORTH 81° 31' 24" WEST, 140,00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHEASTERLY AND A RADIUS OF 17.00 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC DISTANCE OF 26.70 FEET; THENCE TANGENT TO THE LAST MENTIONED CURVE, NORTH 08° 28' 36" EAST, 10.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 44.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 36° 52' 12", AN ARC DISTANCE OF 28.31 FEET TO THE BEGINNING OF REVERSE CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 46.00 FEET, A RADIAL LINE THROUGH SAID POINT BEARS SOUTH 44° 39' 12" EAST; THENCE NORTHERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 103° 50' 03", AN ARC DISTANCE OF 83.36 FEET TO ITS INTERSECTION WITH A LINE PARALLEL WITH AND 3.24 FEET WESTERLY OF THE EASTERLY LINE OF SAID PARCEL 18; THENCE ALONG LAST SAID PARALLEL LINE AND ITS NORTHERLY PROLONGATION NORTH 08° 28' 36" EAST, 368.75 FEET TO ITS INTERSECTION WITH THE SOUTHERLY LINE OF THE UNION PACIFIC RAILROAD RIGHT-OF-WAY, 100,00 FEET WIDE, FORMERLY LOS ANGELES AND SALT LAKE RAILROAD, SAID POINT OF INTERSECTION ALSO BEING IN A NON TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF FEET, A RADIAL LINE THROUGH SAID

POINT BEARS SOUTH 18° 12' 39" WEST; THENCE SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 03° 46' 33", AN ARC DISTANCE OF 380.88 FEET TO ITS INTERSECTION WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF THAT LAND DESCRIBED IN DEED TO SUBARU OF AMERICA INC., RECORDED JUNE 29, 2007, AS INSTRUMENT N0.07-1568051 IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE ALONG SAID PROLONGATION AND SAID WESTERLY LINE SOUTH 08° 28' 36" WEST, 452.10 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 174,980 SQUARE FEET (4.0170 ACRES) OF LAND, MORE OR LESS.

APN: 8264-013-916

EXHIBIT F

LIST OF ENVIRONMENTAL REPORTS

1. Property Condition Survey Report the Plaza at Puente Hills 18525-18271 Gale Avenue, City of Industry, CA, prepared by Mark/Okubo Associates, Ltd. Dated October 10, 2000.

2. Final Environmental Site Assessment Plaza at Puente Hills 17525-18271 Gale Avenue, City of Industry, CA, prepared by Harding ESE dated October 19, 2000.

3. Phase 1 Environmental Site Assessment Plaza at Puente Hills, City of Industry, CA, prepared by EEC Environmental Engineering & Contracting, Inc. dated November 21, 2003.

*SUCCESSOR AGENCY*

ITEM NO. 5.5

*SUCCESSOR AGENCY TO THE*

# *INDUSTRY URBAN - DEVELOPMENT AGENCY*

## MEMORANDUM

TO: Honorable Chairman and Members of the Board of the Successor Agency to the Industry Urban-Development Agency

FROM: James M. Casso, Successor Agency Counsel

DATE: July 28, 2016

SUBJECT: Consideration of Resolution Approving an Agreement for the Purchase of 125 North Orange Avenue, City of Industry by Fox Luggage Inc. and making CEQA Findings

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**BACKGROUND:** Under the provisions of ABX1 26 (the "Dissolution Act"), redevelopment agencies, including the Industry Urban-Development Agency (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies.

The Dissolution Act requires the Successor Agency to the Industry Urban-Development Agency (the "Successor Agency") to dispose of all Agency-owned property expeditiously and in a manner that maximizes value. In an effort to comply with the provisions of the Dissolution Act, the Successor Agency plans to enter into a purchase agreement (the "Agreement") with Fox Luggage Inc. (the "Developer") for the property located at 125 North Orange Avenue, Industry, California 91744 (the "Property").

The attached Resolution sets forth the requisite findings pursuant to CEQA and it ensures that the proposed purchase, which awaits Oversight Board and Department of Finance approval, is in compliance with California law.

**DISCUSSION**: The Developer will purchase the Property from the Successor Agency for $5,000,000.00, which is an amount greater than the appraised fair market value. Further, at the close of escrow, the Developer will reimburse the City for the cost of the appraisal and for its legal costs, in an amount not to exceed $15,000.00. The Agreement requires a $500,000.00 refundable deposit at the opening of escrow, which will become non-refundable 30 days thereafter.

Close of escrow will occur within 45 days after opening escrow. However, the close of escrow may be extended upon written consent of the Developer and the Executive Director of the Successor Agency.

The Property is approximately 161,000 square-feet in size. The Developer proposes to use approximately 50% of the Property to construct an 80,500 square-foot industrial building for warehousing, distribution, and office use. The Developer's proposed development of the Property will comply with the City's General Plan and Zoning Code.

**BUDGET IMPACT**: Based on an appraisal by Stephen G. White, MAI, the Property is valued between $4,420,000.00 and $4,660,000.00. The value of the Property is based on the approximately 161,000 square feet of vacant land area zoned for industrial use. The Developer has agreed to pay $5,000,000.00, an amount greater than the fair market value.

**RECOMMENDATION**: Staff recommends that the Board adopt the attached resolution, approving the Agreement between the Successor Agency and the Developer for the Property.

Attachments:

Resolution
Purchase Agreement

**RESOLUTION NO. SA 2016-14**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY APPROVING THE PURCHASE AGREEMENT BETWEEN THE AGENCY AND FOX LUGGAGE INC. FOR THE PROPERTY LOCATED AT 125 NORTH ORANGE AVENUE, CITY OF INDUSTRY AND MAKING THE REQUISITE CEQA FINDINGS**

**WHEREAS,** on December 29, 2011, the California Supreme Court delivered its decision in *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding Assembly Bill X1 26 (the "Dissolution Act") largely constitutional; and

**WHEREAS,** under the Dissolution Act and the California Supreme Court's decision in *Matosantos*, all California redevelopment agencies, including the Industry Urban-Development Agency of the City of Industry (the "Agency"), were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of winding down the business and fiscal affairs of the former redevelopment agencies; and

**WHEREAS,** on September 22, 2011, the City Council of the City of Industry (the "City") adopted Resolution No. 2011-20 accepting for the City the role of "Successor Agency," in accordance with the provisions of Health & Safety Code Section 34177(j); and

**WHEREAS,** under the provisions of Health & Safety Code Section 34191.4, once the Department of Finance (the "Department") issues a Finding of Completion, successor agencies are provided with additional authority to carry out the wind-down process; and

**WHEREAS,** in accordance with Health & Safety Code Section 34191.5, after the issuance of a Finding of Completion, successor agencies are required to prepare a Long Range Property Management Plan (the "LRPMP"), which must identify all Agency-owned real property, and address the disposition and use of the real properties; and

**WHEREAS,** the Successor Agency received its Finding of Completion from the Department on April 26, 2013; and

**WHEREAS,** the LRPMP was submitted to the Department, and was approved by the Department on February 21, 2014; and

**WHEREAS,** upon approval of the LRPMP by the Department, all Agency-owned property was transferred to the Successor Agency's Community Redevelopment Property Trust Fund; and

**WHEREAS,** the Successor Agency owns certain property located at 125 North Orange Avenue, City of Industry, California (the "Property"); and

**WHEREAS,** pursuant to the provisions of the LRPMP, the Successor Agency desires to sell the Property at its highest and best use, maximizing its value and in furtherance of the economic goals and as provided for in the City's General Plan; and

**WHEREAS,** the Successor Agency desires to sell the Property to Fox Luggage Inc. (the "Developer"), pursuant to a Purchase Agreement (the "Agreement"). The purchase price is $5,000,000.00, which represents an amount greater than the current fair market value of the Property, as determined by an appraisal performed by Stephen G. White, MAI; and

**WHEREAS,** the purchase of the Property is exempt from the California Environmental Quality Act ("CEQA") (Public Resources Code Section 21000 *et seq.*), pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA; and

**WHEREAS,** the Successor Agency has duly considered all terms and conditions of the proposed Agreement and believes that the redevelopment of the Property in accordance therewith is in the best interests of the Successor Agency, the City and the health, safety and welfare of its residents, maximizes value, is consistent with the provisions of the LRPMP, and is consistent with the public purposes and provisions of applicable state and local laws and requirements.

**NOW, THEREFORE, THE SUCCESSOR AGENCY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1**. The above Recitals are true and correct and are incorporated herein by reference.

**SECTION 2**. All necessary public hearings and opportunities for public testimony and comment have been conducted in compliance with State law and the Municipal Code of the City of Industry.

**SECTION 3**. The purchase of the Property is exempt from CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines. Section 15061(b)(3) of the CEQA Guidelines exempts projects covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The sale of the property does not involve any land use entitlements that will allow for development on the property. The sale would not create any public health or safety hazards and would not have a significant impact on the resources or services within the surrounding area, such as water, sanitary services, surrounding roadways and intersections. Any future development at the property will be subject to additional environmental review and independent analysis as required by CEQA.

Based on these findings, the Successor Agency adopts the Notice of Exemption and directs staff to file same as required by law.

**SECTION 4**. The Successor Agency hereby approves the sale of the Property to the Developer for a purchase price of $5,000,000.00, subject to the terms and conditions set forth in the Agreement, attached hereto as "Exhibit A," and incorporated herein by reference.

**SECTION 5**. The Successor Agency hereby directs staff to comply with all applicable statutes regarding the distribution of the sales proceeds to the Los Angeles County Auditor-Controller for distribution to the taxing entities.

**SECTION 6**. The Executive Director or his designee is hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

**SECTION 7**. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional, or inapplicable to any person or circumstances, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.

**SECTION 8**. The Agency Secretary shall certify to the passage and adoption of this Resolution and enter it into the respective book of original resolutions.

**SECTION 9**. This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** this 28th day of July 2016, by the following vote:

AYES: AGENCY BOARD MEMBERS:

NOES: AGENCY BOARD MEMBERS:

ABSENT: AGENCY BOARD MEMBERS:

ABSTAIN: AGENCY BOARD MEMBERS:

_____

Mark D. Radecki, Chairperson

ATTEST:

_____

Diane M. Schlichting, Assistant Secretary

**PURCHASE AGREEMENT**
[125 NORTH ORANGE AVENUE]

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY,
a public body corporate and politic
"**Agency**"

FOX LUGGAGE INC.,
a California corporation
"**Developer**"

_____, 2016

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**PURCHASE AGREEMENT**
**[125 NORTH ORANGE AVENUE]**

**THIS PURCHASE AGREEMENT [125 NORTH ORANGE AVENUE]** (this "**Agreement**"), dated as of _____, 2016 (the "**Effective Date**") is entered into by and between the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**"), and **FOX LUGGAGE INC.**, a California corporation (the "**Developer**"). The Agency and the Developer are hereinafter sometimes individually referred to as a "**party**" and collectively referred to as the "**parties**".

## RECITALS

This Agreement is entered into with reference to the following facts:

A. The Agency owns the fee interest in that certain real property located at 125 North Orange Avenue, City of Industry, California, consisting of approximately 3.69 acres of vacant land, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (such real property is referred to herein as the "**Property**").

B. The Developer wishes to acquire fee title to the Property from the Agency to enable the Developer to construct the Improvements (as such term is defined in Section 1.1.19) on the Property (the "**Project**").

C. Development of the Project will assist in the elimination of blight, provide jobs, and substantially improve the economic and physical conditions in the City, and is in the best interests of the Agency and City, and the health, safety and welfare of the residents and taxpayers of the City.

D. A material inducement to the Agency to enter into this Agreement is the agreement by the Developer to rehabilitate the Project within a limited period of time, and the Agency would be unwilling to enter into this Agreement in the absence of an enforceable commitment by the Developer to develop the Project within such period of time.

NOW, THEREFORE, in reliance upon the foregoing Recitals, in consideration of the mutual covenants in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE 1
## DEFINITIONS

1.1 Definitions. The following terms as used in this Agreement shall have the meanings given unless expressly provided to the contrary:

1.1.1 Agency means the Successor Agency to the Industry Urban-Development Agency. The principal office of the Agency is located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744.

1.1.2 Agreement means this Purchase Agreement.

1.1.3 Approved Exceptions is defined in Section 2.5.1.

1.1.4 Breach Notice is defined in Section 5.7.

1.1.5 Certificate of Completion means a certificate described in Section 3.7, to be provided by the Agency to the Developer upon satisfactory completion of construction of the Improvements.

1.1.6 Certificate of Occupancy means a final certificate of occupancy issued by the City for all of the Improvements.

1.1.7 City means the City of Industry, a municipal corporation, exercising governmental functions and powers, and organized and existing under the laws of the State of California. The principal office of the City is located at 15625 East Stafford Street, City of Industry, California 91744.

1.1.8 Close of Escrow and Closing are defined in Section 2.3.2.

1.1.9 Commencement Date is defined in Section 3.1.1.

1.1.10 Completion Date is defined in Section 3.1.1.

1.1.11 Default is defined in Section 6.2.

1.1.12 Deposit is defined in Section 2.2.1.

1.1.13 Developer means Fox Luggage Inc., a California Corporation. The principal office of the Developer for purposes of this Agreement is 5353 East Slauson Avenue, Commerce, California 90040 [Please Verify].

1.1.14 Escrow is defined in Section 2.3.1.

1.1.15 Escrow Holder means First American Title Insurance Company. The principal office of the Escrow Holder for purposes of this Agreement is 18500 Von Karman Avenue, Suite 600, Irvine, California 92612, Attention: Patty Beverly, Escrow Officer, Telephone: (949) 885-2465, Fax: (877) 372-0260, Email: pbeverly@firstam.com.

1.1.16 Grant Deed is defined in Section 2.5.2.

1.1.17 Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, *et seq.* ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, *et seq.*; the Federal

Water Pollution Control Act, as amended, 33 U.S.C. § 1251, *et seq.*; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, *et seq*. The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, *et seq.*), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyl's; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Property, to adjacent properties, or to persons on or about the Property, (ii) which causes the Property to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Property requires investigation, reporting or remediation under any such laws or regulations.

1.1.18 Holder is defined in Section 4.2.2.

1.1.19 Improvements means the improvements described in Section 3.1.1.

1.1.20 Outside Date is defined in Section 2.3.2.

1.1.21 Oversight Board means the Oversight Board of the Successor Agency to the Industry Urban-Development Agency.

1.1.22 Plans and Specifications means the plans and specifications approved by the City for construction of the Improvements.

1.1.23 Project is defined in Recital B.

1.1.24 Property is defined in Recital A.

1.1.25 Purchase Price is defined in Section 2.1.

1.1.26 Released Parties is defined in Section 2.7.

1.1.27 Schedule of Performance means the schedule attached hereto as Exhibit "B" and incorporated herein by this reference.

1.1.28 Title Company is defined in Section 2.5.3.

1.1.29 Title Policy is defined in Section 2.5.3.

1.1.30 Title Report is defined in Section 2.5.1.

1.1.31 Transaction Costs means all costs incurred by either party in entering into this transaction and closing Escrow, including but not limited to escrow fees and costs, attorney's fees, staff time, appraisal costs, and costs of financial advisors and other consultants.

## ARTICLE 2
## PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. The Agency agrees to sell the Property to the Developer, and the Developer agrees to purchase the Property from the Agency, for the sum of Five Million Dollars ($5,000,000.00) (the "**Purchase Price**"). In addition, Developer shall reimburse the Agency for the Agency's costs of obtaining an appraisal of the Property and the Agency's legal costs in connection with this Agreement and the disposition of the Property under this Agreement; such costs shall not exceed Fifteen Thousand Dollars ($15,000.00) (the "**Disposition Costs**"), and will be paid by Developer to Agency at the Closing through the Escrow (as hereinafter defined).

2.2 Payment of Purchase Price. The Purchase Price shall be payable by Developer as follows:

2.2.1 Deposit. The Agency acknowledges that Developer has submitted with its bid One Hundred Thousand Dollars ($100,000.00). Within ten (10) days following the opening of Escrow, Developer shall deposit with Escrow Holder a sum of Four Hundred Thousand Dollars ($400,000.00), in the form of certified or bank cashier's checks made payable to Escrow Holder or by confirmed wire transfers of funds (collectively, the "**Deposit**"), so that the total amount on deposit shall equal ten percent (10%) of the Purchase Price. The Deposit shall become non-refundable upon expiration or waiver of Developer's Due Diligence Period and shall be applicable towards the cash required of Developer to close Escrow. Upon delivery to the Escrow Holder, the Deposit shall be invested by Escrow Holder in an interest bearing account acceptable to Developer and Agency with all interest accruing thereon to be credited to the Purchase Price upon the Close of Escrow. Except as otherwise provided herein, the Deposit shall be applicable in full towards the Purchase Price upon Closing.

2.2.2 Closing Funds. Prior to the Close of Escrow, Developer shall deposit or cause to be deposited with Escrow Holder, by a certified or bank cashier's check made payable to Escrow Holder or by a confirmed federal wire transfer of funds, the balance of the Purchase Price, plus the Disposition Costs, plus an amount equal to all other costs, expense and prorations payable by Developer hereunder.

2.3 Escrow.

2.3.1 Opening of Escrow. Within five (5) business days after the parties' full execution of this Agreement, the Developer and the Agency shall open an escrow (the "**Escrow**") with the Escrow Holder for the transfer of the Property to the Developer. The parties shall deposit with the Escrow Holder a fully executed duplicate original of this Agreement, which shall serve as the escrow instructions (which may be supplemented in writing by mutual agreement of the parties) for the Escrow. The Escrow Holder is authorized to act under this Agreement, and to carry out its duties as the Escrow Holder hereunder.

2.3.2 Close of Escrow. "**Close of Escrow**" or "**Closing**" means the date Escrow Holder causes the Grant Deed (as hereinafter defined) to be recorded in the Official Records of the County of Los Angeles and delivers the Purchase Price and Disposition Costs (less any costs, expenses and prorations payable by the Agency) to the Agency. Possession of the Property shall be delivered to the Developer on the Close of Escrow. Close of Escrow shall occur within fifteen (15) days after the end of the Due Diligence Period (the "**Outside Date**") or this Agreement shall automatically terminate; provided, however, the Outside Date may be extended upon written consent of the Developer and the Executive Director of the Agency, which consent may be given or withheld in the exercise of their sole discretion. If the Closing does not occur on or before the Outside Date due to a default by either party, then the defaulting party shall pay all Escrow cancellation fees (and if the defaulting party is the Developer, then the Agency shall be entitled to the Deposit under Section 6.3.1). If the Closing does not occur due to a termination by Developer under Section 7.16(c), then Developer shall pay all Escrow cancellation fees, and the Deposit shall be retained by the Agency, and all Disposition Costs to date shall be paid by Developer to Agency.

2.3.3 Delivery of Closing Documents.

(a) The Agency and Developer agree to deliver to Escrow Holder, at least two (2) days prior to the Close of Escrow, the following instruments and documents, the delivery of each of which shall be a condition precedent to the Close of Escrow:

(i) The Grant Deed, duly executed and acknowledged by the Agency, conveying a fee simple interest in the Property to Developer;

(ii) The Agency's affidavit as contemplated by California Revenue and Taxation Code Section 18662;

(iii) A Certification of Non-Foreign Status signed by Agency in accordance with Internal Revenue Code Section 1445; and

(iv) Such proof of the Agency's and Developer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy.

The Agency and the Developer further agree to execute such reasonable and customary additional documents, and such additional escrow instructions, as may be reasonably required to close the transaction which is the subject of this Agreement pursuant to the terms hereof.

2.4 Conditions to Close of Escrow. The obligations of the Agency and Developer to close the transaction which is the subject of this Agreement shall be subject to the satisfaction, or waiver in writing by the party benefited thereby, of each of the following conditions:

2.4.1 For the benefit of the Agency, the Developer shall have deposited the balance of the Purchase Price, together with such funds as are necessary to pay for costs, expenses and prorations payable by Developer hereunder (including the Agency's appraisal costs).

2.4.2 For the benefit of the Agency, all actions and deliveries to be undertaken or made by Developer on or prior to the Close of Escrow as set forth in the Schedule of Performance shall have occurred, as reasonably determined by the Agency.

2.4.3 For the benefit of the Developer, all actions and deliveries to be undertaken or made by the Agency on or prior to the Close of Escrow shall have occurred, as reasonably determined by the Developer.

2.4.4 For the benefit of the Agency, all Agency approvals required by the Schedule of Performance to be obtained prior to the Close of Escrow shall have been so obtained.

2.4.5 For the benefit of the Agency, the Developer shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Developer shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.6 For the benefit of the Developer, the Agency shall have executed and delivered to Escrow Holder all documents and funds required to be delivered to Escrow Holder under the terms of this Agreement and the Agency shall otherwise have satisfactorily complied with its obligations hereunder.

2.4.7 For the benefit of the Agency, the representations and warranties of the Developer contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.8 For the benefit of the Developer, the representations and warranties of the Agency contained in this Agreement shall be true and correct in all material respects as of the Close of Escrow.

2.4.9 For the benefit of the Developer, Title Company shall be irrevocably committed to issuing in favor of the Developer the Title Policy, in form and substance, and with endorsements reasonably acceptable to the Developer, as provided in Section 2.5.3.

If all the foregoing conditions have not been met to the benefitted party's sole satisfaction or expressly waived in writing by the benefitted party on or before the respective dates set forth therein, or if no date is set forth therein on the Outside Date, then this Agreement shall, at the option of the benefitted party, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder.

2.5 Condition of Title; Title Insurance.

2.5.1 Developer acknowledges receipt of a preliminary title report prepared by Escrow Holder for the Property ("**Title Report**"). Developer shall acquire the Property subject to all exceptions described in the Title Report, together with all non-delinquent real property taxes and assessments to be assessed against the Property ("**Approved Exceptions**"). At the Closing, Seller shall deliver title to the Property to Developer subject only to the Approved Exceptions.

2.5.2 At the Close of Escrow, the Developer shall receive title to the Property by grant deed substantially in the form attached hereto as Exhibit "C" and incorporated herein by this reference (the "**Grant Deed**").

2.5.3 At Closing, the Developer shall receive a CLTA Owner's Coverage Policy of Title Insurance (the "**Title Policy**"), issued by First American Title Insurance Company ("**Title Company**") in the amount of the Purchase Price, insuring title to the Property in the name of Developer, subject only to the Approved Exceptions and standard printed exclusions from coverage of an CLTA standard title policy. The Developer may obtain an extended coverage policy of title insurance at its own costs.

2.6 Escrow and Title Charges; Prorations.

2.6.1 The Agency shall pay all documentary transfer taxes and the coverage premiums on the standard CLTA Title Policy. Developer shall pay the costs of any title insurance premiums for any coverage over and above the standard policy coverage on the CLTA Title Policy to be paid by the Agency. In addition, the Developer and the Agency shall each pay one-half of any and all other usual and customary costs, expense and charges relating to the escrow and conveyance of title to the Property, including without limitation, recording fees, document preparation charges and escrow fees. Each party shall be responsible for its own Transaction Costs, with the exception of the Disposition Costs set forth in Section 2.1.

2.6.2 All non-delinquent and current installments of real estate and personal property taxes and any other governmental charges, regular assessments, or impositions against the Property on the basis of the current fiscal year or calendar year shall be prorated as of the Close of Escrow based on the actual current tax bill. If the Close of Escrow shall occur before the tax rate is fixed, the apportionment of taxes on the Close of Escrow shall be based on the tax rate for the next preceding year applied to the latest assessed valuation after the tax rate is fixed, which assessed valuation shall be based on the Property's assessed value prior to the Close of Escrow and the Agency and Developer shall, when the tax rate is fixed, make any necessary adjustment. All prorations shall be determined on the basis of a 365 day year. The provisions of this Section 2.6.2 shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.6.3 Any Escrow cancellation charges shall be allocated and paid as described in Section 2.3.2 above.

2.7 Condition of the Property. The Property shall be conveyed from the Agency to the Developer on an "AS IS" condition and basis with all faults and the Developer agrees that the Agency has no obligation to make modifications, replacements or improvements thereto. Except as expressly and specifically provided in this Agreement, the Developer and anyone claiming by, through or under the Developer hereby waives its right to recover from and fully and irrevocably releases the Agency, the City and the Oversight Board, and their respective officers, directors, employees, representatives, agents, advisors, servants, attorneys, successors and assigns, and all persons, firms, corporations and organizations acting on the Agency's, City's or Oversight Board's behalf (collectively, the "**Released Parties**") from any and all claims, responsibility and/or liability that the Developer may now have or hereafter acquire against any of the Released

Parties for any costs, loss, liability, damage, expenses, demand, action or cause of action arising from or related to the matters pertaining to the Property described in this Section 2.7. This release includes claims of which the Developer is presently unaware or which the Developer does not presently suspect to exist which, if known by the Developer, would materially affect the Developer's release of the Released Parties. If the Property is not in a condition suitable for the intended use or uses, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Property in a condition suitable for development of the Project thereon. Except as otherwise expressly and specifically provided in this Agreement and without limiting the generality of the foregoing, THE AGENCY MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE OF THE PROPERTY; (ii) THE INCOME TO BE DERIVED FROM THE PROPERTY; (iii) THE HABITABILITY, MARKETABILITY, PROFITABILITY, MERCHANTABILITY OR FITNESS FOR PARTICULAR USE OF THE PROPERTY; (iv) THE MANNER, QUALITY, STATE OF REPAIR OR CONDITION OF THE PROPERTY; (v) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (vi) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS EXCEPT AS SET FORTH IN SECTION 2.7; (vii) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER OR ADJACENT TO THE PROPERTY EXCEPT AS SET FORTH IN SECTION 2.7; (viii) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; AND (ix) WITH RESPECT TO ANY OTHER MATTER, THE DEVELOPER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY AND REVIEW INFORMATION AND DOCUMENTATION AFFECTING THE PROPERTY, THE DEVELOPER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND REVIEW OF SUCH INFORMATION AND DOCUMENTATION AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE AGENCY.

THE DEVELOPER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH IS SET FORTH BELOW:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, DEVELOPER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

Developer's Initials

The waivers and releases by the Developer herein contained shall survive the Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

2.8 Environmental Condition of the Property

California Health & Safety Code section 25359.7 requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of Hazardous Substances has come to be located on or beneath the real property to provide written notice of same to the Developer of real property. The Agency hereby discloses the information contained in the list of environmental documents, attached hereto as Exhibit "F", accessible at http://www.cityofindustry.org/?p=city-hall&s=for-sale, and incorporated herein by reference.

The Parties acknowledge that the Agency will not be conducting a public records search of any regulatory agency files regarding the environmental condition of the Property. By execution of this Agreement, Developer (i) acknowledges it receipt of the foregoing notice given pursuant to Health & Safety Code section 25359.7; (ii) acknowledges that it is taking the Property as-is, subject to all information contained in Exhibit "F"; and (iii) waives any and all rights Developer may have to assert that the Agency has not complied with the requirements of Health & Safety Code section 25359.7.

2.9 Escrow Holder.

2.9.1 Escrow Holder is authorized and instructed to:

(a) Pay and charge the Developer for any fees, charges and costs payable by the Developer under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(b) Pay and charge the Agency for any fees, charges and costs payable by the Agency under this Article. Before such payments are made, the Escrow Holder shall notify the Agency and the Developer of the fees, charges, and costs necessary to close the Escrow;

(c) Disburse funds and deliver the Grant Deed and other documents to the parties entitled thereto when the conditions of the Escrow and this Agreement have been fulfilled by the Agency and the Developer; and

(d) Record the Grant Deed and any other instruments delivered through the Escrow, if necessary or proper, to vest title in the Developer in accordance with the terms and provisions of this Agreement.

2.9.2 Any amendment of these escrow instructions shall be in writing and signed by both the Agency and the Developer.

2.9.3 All communications from the Escrow Holder to the Agency or the Developer shall be directed to the addresses and in the manner established in Section 7.3 of this Agreement for notices, demands and communications between the Agency and the Developer.

2.9.4 The responsibility of the Escrow Holder under this Agreement is limited to performance of the obligations imposed upon it under this Article, any amendments hereto, and any supplemental escrow instructions delivered to the Escrow Holder that do not materially amend or modify the express provisions of these escrow instructions.

## ARTICLE 3
## DEVELOPMENT OF THE PROPERTY

3.1 Scope of Development.

3.1.1 The "**Improvements**" to be completed by Developer shall be those described in Exhibit "D" attached hereto and incorporated herein by this reference. The Developer shall submit development plans for the Improvements within 12 months of the Close of Escrow ("**Commencement Date**"). Subject to force majeure delays as provided in Section 7.9 below, the Project shall be completed no later than 18 months after the Plans have been approved and the Building Permit is ready to be issued ("**Completion Date**"). To the extent of any inconsistency between the Schedule of Performance and this Section 3.1.1, this Section 3.1.1 shall control. The Agency shall promptly cause the Plans to be reviewed and shall not unreasonably delay the issuance of the Building Permit.

3.1.2 The Developer shall submit all appropriate Plans and Specifications pertaining to the Improvements to the City, and shall construct the Improvements, and all associated public infrastructure improvements required by the City, pursuant to the City's conditions of approval, if any, and all parking areas and landscaping, in accordance with and within the limitations established therefore in this Agreement and as required by the City. The Developer shall also comply with any and all applicable federal, state and local laws, rules and regulations, and any applicable mitigation measures adopted pursuant to the California Environmental Quality Act. The Agency shall cooperate in all reasonable respects, at no out-of-pocket cost to the Agency, with the Developer's pursuit and acquisition of permits and approvals for the Project from all applicable governmental and quasi-governmental agencies and public utilities.

3.2 Cost of Construction. The cost of constructing all Improvements and all public infrastructure improvements relating to the Project or required by the City or Agency in connection with the Project, if any, shall be borne by the Developer.

3.3 Construction Schedule. Subject to force majeure delays as provided in Section 7.9, the Developer shall begin and complete all construction within the times specified in the Schedule of Performance.

3.4 Rights of Access. In addition to those rights of access to and across the Property to which the Agency and the City may be entitled by law, members of the staffs of the Agency and the City shall have a reasonable right of access to the Property, without charge or fee, at any reasonable time, to inspect the work being performed at the Property.

3.5 Local, State and Federal Laws. The Developer shall carry out the construction of the Improvements in conformity with all applicable laws, including all applicable federal, state and local prevailing wage laws, occupation, safety and health laws, rules, regulations and standards.

3.6 Nondiscrimination During Construction. The Developer, for itself and its successors and assigns, agrees that it shall not discriminate against any employee or applicant for employment because of age, sex, marital status, race, handicap, color, religion, creed, ancestry, or national origin in the construction of the Improvements.

3.7 Certificate of Completion.

3.7.1 After the Developer (i) completes construction of all of the Improvements, (ii) obtains a Certificate of Occupancy, and (iii) the causes a notice of completion (as described in California Civil Code Section 3093) with respect to the Improvements to be recorded in the Official Records of Los Angeles County, California, the Agency shall, following written request by the Developer, furnish the Developer with a Certificate of Completion for the Improvements within ten (10) business days of such request. The Certificate of Completion shall be in the form attached hereto as Exhibit "E" and incorporated herein by this reference. The Agency shall not unreasonably withhold, condition or delay the issuance of the Certificate of Completion. The Certificate of Completion shall be, and shall so state that it is, a conclusive determination of satisfactory completion by the Developer of all of its construction obligations under this Agreement as to the Improvements.

3.7.2 If the Agency refuses or fails within ten (10) business days after receipt of a written request from the Developer to issue a Certificate of Completion, the Agency shall provide the Developer with a written statement of the reasons the Agency refused or failed to furnish a Certificate of Completion. The statement shall also specify the actions the Developer must take to obtain a Certificate of Completion for the Improvements. If the reason for such refusal is confined to the immediate availability of specific items or material for landscaping or any other non-structural matters, and the costs of completion does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00), the Agency shall issue its Certificate of Completion upon the Developer's depositing with the Agency cash or an irrevocable standby letter of credit issued by a bank or other financial institution acceptable to the Agency in an amount equal to the fair value of the work not yet completed as determined by the Agency. The determination of fair value shall be made by the Agency in the exercise of its reasonable judgment.

3.7.3 The Certificate of Completion shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, trust deed or other security instrument. Such Certificate of Completion shall not be construed as a notice of completion as described in California Civil Code Section 3093.

## ARTICLE 4
## LIMITATIONS ON TRANSFERS AND SECURITY INTERESTS

4.1 Limitation As To Transfer of the Property and Assignment of Agreement. Prior to the Agency's issuance of the Certificate of Completion, the Developer shall not transfer its

rights and obligations, in whole or in part, under this Agreement, or sell, assign, transfer, encumber, pledge or lease the Property, nor cause or suffer a change of more than 49% of the Ownership interests in Developer, directly or indirectly, in one or a series of transactions, without the Agency's prior written consent, which consent shall not be unreasonably withheld or delayed. The Developer acknowledges that the identity of the Developer is of particular concern to the Agency, and it is because of the Developer's identity that the Agency has entered into this Agreement with the Developer. No voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this Agreement in violation of the terms hereof. Notwithstanding any provision contained herein to the contrary, this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Project, or any mortgage or deed of trust permitted by this Agreement. Upon the Agency's issuance of a Certificate of Completion, the Developer may transfer the Property to a transferee without restriction so long as the transferee agrees to all of the applicable covenants and conditions set forth in Article 5 of this Agreement.

Upon providing ten (10) days prior written notice to Developer, the Agency may assign its rights and obligations, in whole or in part, under this Agreement to the City without the prior consent of the Developer. Provided however that as a condition of the assignment, the City must agree to assume and honor all of the duties and obligations of Agency under this Agreement.

4.2 Security Financing; Right of Holders.

4.2.1 No Encumbrances Except Mortgages, Deeds of Trust, Conveyances or Other Conveyance for Financing For Development.

(a) Notwithstanding Section 4.1 or any other provision herein to the contrary, only mortgages, deeds of trust, sales and leasebacks, or any other form of encumbrance, conveyance, security interest or assignment required for any reasonable method of construction and permanent financing are permitted prior to the issuance of a Certificate of Completion for the Property, but only for the purpose of securing loans of funds to be used for the purchase of the Property or financing the direct and indirect costs of the development of the Project (including reasonable and customary Developer fees, loan fees and costs, and other normal and customary project costs), and each such loan secured by the Property shall expressly allow for its prepayment or assumption (upon payment of a market standard prepayment or assumption fee) by and at the option of the City upon the exercise of its option to purchase provided in Section 5.7.

(b) The words "mortgage" and "deed of trust" as used herein include all other appropriate modes of financing commonly used in real estate acquisition, construction and land development. Any reference herein to the "holder" of a mortgage or deed of trust shall be deemed also to refer to a lessor under a sale and leaseback.

4.2.2 Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure. Whenever the Agency shall deliver a notice or demand to the Developer with respect to any Default by the Developer in completion of development of the Project or otherwise, the Agency shall at the same time deliver a copy of such notice or demand to each holder of record of any first mortgage, deed of trust or other security interest authorized by this

Agreement who has previously made a written request to the Agency for special notice hereunder (a "**Holder**"). No notice of Default to the Developer shall be effective against any such Holder unless given to such Holder as aforesaid. Such Holder shall (insofar as the rights of the Agency are concerned) have the right, at such Holder's option, within sixty (60) days after receipt of the notice, to cure or remedy any such Default and to add the cost thereof to the security interest debt and the lien of its security interest; provided, however, that if longer than sixty (60) days is required to cure such Default, such longer period shall be granted to Holder, provided that Holder diligently pursues such cure during such longer period. If such Default shall be a default which can only be remedied or cured by such Holder upon obtaining possession of the Property, such Holder shall seek to obtain possession of the Property with diligence and continuity through a receiver or otherwise, and shall remedy or cure such Default within a reasonable period of time as necessary to remedy or cure such Default of the Developer. If such Default shall be a default as to or by Developer which cannot be cured, Agency shall not seek to enforce the same against Holder and Holder shall not be subject thereto.

4.2.3 Noninterference with Holders. The provisions of this Agreement do not limit the right of Holders to foreclose or otherwise enforce any mortgage, deed of trust, or other security instrument encumbering the Property and the improvements thereon, or the right of Holders to pursue any remedies for the enforcement of any pledge or lien encumbering the Property; provided, however, that in the event of a foreclosure sale under any such mortgage, deed of trust or other lien or encumbrance, or sale pursuant to any power of sale contained in any such mortgage or deed of trust, the purchaser or purchasers and their successors and assigns, and the Property, shall be, and shall continue to be, subject to all of the conditions, restrictions and covenants of this Agreement and all documents and instruments recorded pursuant hereto.

## ARTICLE 5
## USE OF THE PROPERTY

5.1 Use. The Developer covenants and agrees for itself, and its successors and its assigns, that the Developer, such successors, and such assignees shall use the Property, and every part thereof, only for the construction of the Improvements thereon, and thereafter for any use permitted by applicable laws. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon or assigns the Agreement in accordance with this Agreement, the Developer shall be relieved of any further responsibility under this Section 5.1 as to the Property so conveyed.

5.2 Maintenance of the Property. After completion of the Project, Developer shall maintain the Property and the Project (including landscaping) in a commercially reasonable condition and repair to the extent practicable and in accordance with industry health and safety standards. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.2 as to the Property so conveyed.

5.3 Obligation to Refrain from Discrimination. The Developer covenants and agrees for itself, its successors and assigns, and for every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group

of persons, on account of sex, marital status, age, handicap, race, color, religion, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, and the Developer (itself or any person claiming under or through the Developer) shall not establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property or any portion thereof. Notwithstanding the foregoing, if and when the Developer conveys the Property to a third party after completion of the Improvements thereon in accordance with the Agreement, the Developer shall be relieved of any further responsibility under this Section 5.3 as to the Property so conveyed.

5.4 Form of Nondiscrimination and Nonsegregation Clauses. All deeds, leases or contracts for sale shall contain the following nondiscrimination or nonsegregation clauses:

5.4.1 In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.4.2 In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.4.3 In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

5.5 Restrictive Covenant. In order to insure the Developer's compliance with the covenants set forth in Sections 5.1, 5.2, 5.3, and 5.4 hereof, such covenants shall be set forth in the Grant Deed. Such covenants shall run with the Property for the benefit of the Agency and the Agency shall have the right to assign all of its rights and benefits therein to the City.

5.6 Effect and Duration of Covenants. The following covenants shall be binding upon the Property and Developer and its successors and assigns and shall remain in effect for the following periods, and each of which shall be set forth with particularity in any document of transfer or conveyance by the Developer:

(1) The non-discrimination and non-segregation requirements set forth in Sections 5.1, 5.3 and 5.4 shall remain in effect in perpetuity;

(2) The maintenance requirements set forth in Section 5.2 shall remain in effect for the period described therein, and;

(3) Easements to the Agency, City or other public agencies for utilities existing as of the execution of this Agreement, which shall remain in effect according to their terms.

(4) The use requirement regarding using the Property only for the construction of the Improvements set forth in Section 5.1 shall remain in effect until the earlier of the

completion of the Improvements, or one (1) year after Close of Escrow if the reason for the failure to complete the Improvements is not due to a default by Developer. The use requirement regarding using the Property for any lawful purpose shall remain in effect in perpetuity.

5.7 Option to Purchase for Failure to Complete Construction. If the Developer shall fail to commence construction of the Improvements on or prior to the Commencement Date or complete the construction of the Improvements on or prior to the Completion Date, both subject to force majeure delays as provided in Section 7.9, the Agency may give written notice (a "**Breach Notice**") of such breach to the Developer and, if applicable, to any Holder. The Developer shall have a period of thirty (30) days after the date of the Breach Notice to cure said breach, or if a cure is not possible within such thirty (30) day period, to commence such cure and diligently prosecute the same to completion, one hundred eighty (180) days from the date of the Breach Notice. In the event that the Developer shall fail to cure such breach within such period, the City shall have the right, at its option, to purchase and take possession of the Property with all improvements thereon. To exercise its option to purchase and take possession of the Property, the City shall pay to the Developer, in cash, an amount equal to:

1. the Purchase Price paid to Agency for the Property; plus

2. the amount, if any, of the costs incurred by Developer for on-site labor and materials for the construction of the Improvements, as well as fees and commissions paid to architects, designers, other design professionals, lawyers, accountants and brokers, that are not otherwise payable or paid from the proceeds of any loan secured by any Holders' mortgage or deed of trust encumbering the Property or the Improvements, provided such costs are reasonably documented by reasonable evidence delivered to the Agency and City within thirty (30) days after the Purchase Notice (as hereinafter defined) and such sums are reflected in an overall Project budget approved in writing by the Agency prior to the commencement of construction on the Property; less

3. any and all sums outstanding under any Holder's mortgage or deed of trust encumbering the Property or the Improvements and any prepayment premium and expenses related thereto.

The City's option to purchase and take possession of the Property pursuant to this Section 5.7 must be exercised by City, if at all, by giving sixty (60) days written notice to Developer ("**Purchase Notice**"). If timely notice is given by the City, then the City must purchase and take possession of the Property, and close escrow for the purchase, within six (6) months after the act or failure to act giving rise to such option. If the City fails to timely notice its option to purchase or fails to timely purchase, then the option of the City to purchase shall be terminated. Developer agrees to cooperate in good faith, and to promptly execute and record all documents necessary to effect the option to purchase described in this Section 5.7. City is a third party beneficiary of this Article 5.

## ARTICLE 6
## EVENTS OF DEFAULT, REMEDIES AND TERMINATION

6.1 Developer Events of Defaults. Occurrence of any or all of the following, if uncured after the expiration of any applicable cure period, shall constitute a default ("**Developer Event of Default**") under this Agreement:

6.1.1 The Developer's failure to commence construction of the Improvements or to complete construction of the Improvements as provided herein and the Developer's failure to cure such breach, as provided in Section 5.7, provided that such failure is not due to causes beyond the Developer's control as provided in Section 7.9; or

6.1.2 The Developer's sale, lease, or other transfer, or the occurrence of any involuntary transfer, of the Property or any part thereof or interest therein in violation of this Agreement; or

6.1.3 The Developer's neglect, failure or refusal to keep in force and effect any permit or approval with respect to development of the Project (and the Agency shall reasonably cooperate with the Developer as to the same), unless such failure is due to causes beyond the Developer's reasonable control as provided in Section 7.9, or any policy of insurance required hereunder, and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

6.1.4 Filing of a petition in bankruptcy by or against the Developer or appointment of a receiver or trustee of any property of the Developer, or an assignment by the Developer for the benefit of creditors, or adjudication that the Developer is insolvent by a court, and the failure of the Developer to cause such petition, appointment, or assignment to be removed or discharged within ninety (90) days; or

6.1.5 The Developer's failure to perform any requirement or obligation of Developer set forth herein or in the Schedule of Performance, on or prior to the date for such performance set forth herein or in the Schedule of Performance (subject to delays pursuant to Section 7.9), and, so long as such failure is not caused by any wrongful act of the Agency or the City, the Developer's failure to cure such breach within thirty (30) days after receipt of written notice from the Agency of the Developer's breach; or

6.1.6 The Developer's failure to deposit with Escrow Holder the Deposit or the balance of the Purchase Price as required by Section 2.2.

6.2 Agency Events of Default. Occurrence of any or all of the following, if uncured after the expiration of the applicable cure period, shall constitute a default ("**Agency Event of Default**", and together with the Developer Event of Default, a "**Default**") under this Agreement:

6.2.1 The Agency, in violation of the applicable provision of this Agreement, fails to convey the Property to Developer at the Close of Escrow; or

6.2.2 The Agency breaches any other material provision of this Agreement.

Upon the occurrence of any of the above-described events, the Developer shall first notify the Agency in writing of its purported breach or failure, giving the Agency thirty (30) days from receipt of such notice to cure such breach or failure (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period) or if a cure is not possible within the thirty (30) day period, to begin such cure and diligently prosecute the same to completion, which shall, in any event, not exceed one hundred eighty (180) days from the date of receipt of the notice to cure.

6.3 Remedies in the Event of Default.

6.3.1 Remedies General. In the event of a breach or a default under this Agreement by either Developer or Agency, prior to the Close of Escrow, the non-defaulting party shall have the right to terminate this Agreement by providing ten (10) days written notice thereof to the defaulting party. If such breach or default is not cured within such ten (10) day period (other than a failure by the Agency to convey the Property at the Close of Escrow, for which there shall be no cure period), this Agreement and the Escrow for the purchase and sale of the Property shall terminate. Except as herein otherwise expressly provided, such termination of the Escrow by a non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity.

In the event of a Default under this Agreement after the Close of Escrow, the non-defaulting party may seek against the defaulting party any available remedies at law or equity, including but not limited to the right to receive reimbursement for its documented out-of-pocket costs relating to this purchase transaction or to pursue an action for specific performance, but in no event shall such non-defaulting party be entitled to receive any consequential or special damages. In addition, the City shall have the option to purchase and take possession of the Property as set forth in Section 5.7.

IF THE DEVELOPER FAILS TO COMPLETE THE ACQUISITION OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF THE DEVELOPER, IT IS AGREED THAT THE DEPOSIT SHALL BE NON-REFUNDABLE AND THE AGENCY SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY THE AGENCY AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS THE AGENCY'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO THE AGENCY PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 *ET SEQ*. THE AGENCY AND DEVELOPER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES THE AGENCY WOULD SUFFER UPON THE DEVELOPER'S FAILURE TO COMPLETE ITS ACQUISITION OF THE PROPERTY. THE DEVELOPER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND THE DEVELOPER AND AGENCY DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE THE AGENCY'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, THE DEVELOPER AND AGENCY AGREE TO EXECUTE THE SAME.

THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

| _____ | _____ |
|---|---|
| Agency | Developer |

6.3.2 Liberal Construction. The rights established in this Agreement are to be interpreted in light of the fact that the Agency will convey the Property to the Developer for development and operation of the Project thereon and not for speculation in undeveloped land or for construction of different improvements. The Developer acknowledges that it is of the essence of this Agreement that the Developer is obligated to complete all Improvements comprising the Project.

6.4 No Personal Liability. Except as specifically provided herein to the contrary, no representative, employee, attorney, agent or consultant of the Agency, City or Oversight Board shall personally be liable to the Developer, or any successor in interest of the Developer, in the event of any Default or breach by the Agency, or for any amount which may become due to the Developer, or any successor in interest, on any obligation under the terms of this Agreement.

6.5 Legal Actions.

6.5.1 Institution of Legal Actions. Any legal actions brought pursuant to this Agreement must be instituted in either the Superior Court of the County of Los Angeles, State of California, or in an appropriate municipal court in that County.

6.5.2 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

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

6.6 Rights and Remedies are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Default or any other Default by the other party.

6.7 Inaction Not a Waiver of Default. Except as expressly provided in this Agreement to the contrary, any failure or delay by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

## ARTICLE 7
## GENERAL PROVISIONS

7.1 Insurance.

7.1.1 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall obtain, at the Developer's sole cost and expense, and shall maintain in force until completion of construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency, broad form commercial general public liability insurance, insuring the Developer and the Agency against claims and liability for bodily injury, death, or property damage arising from the use, occupancy, condition, or operation of the Property and the Improvements thereon, which insurance shall provide combined single limit protection of at least Two Million Dollars ($2,000,000.00), and include contractual liability endorsement. Such insurance shall name the City, the Agency and the Oversight Board and their respective council members, board members, officers, employees, consultants, independent contractors, and attorneys as additional insureds.

7.1.2 Prior to commencement of any demolition or construction work on the Property by the Developer, the Developer shall also obtain, or cause to be obtained, at the Developer's sole cost and expense, and shall maintain in force until completion of the construction of the Improvements, with a reputable and financially responsible insurance company reasonably acceptable to the Agency (i) "all risk" builder's risk insurance, including coverage for vandalism and malicious mischief, in a form and amount and with a reputable and financially responsible insurance company reasonably acceptable to the Agency, and (ii) workers' compensation insurance covering all persons employed in connection with work. The builder's risk insurance shall cover improvements in place and all material and equipment at the job site furnished under contract, but shall exclude contractors', subcontractors', and construction managers' tools and equipment and property owned by contractors' and subcontractors' employees.

7.1.3 Prior to the commencement of any demolition or construction work on the Property by the Developer, the Developer shall also furnish or cause to be furnished to the Agency evidence satisfactory to the Agency that any contractor with whom it has contracted for the performance of work on the Property carries workers' compensation insurance as required by law.

7.1.4 With respect to each policy of insurance required above, the Developer shall furnish a certificate of insurance countersigned by an authorized agent of the insurance carrier on the insurance carrier's form setting forth the general provisions of the insurance coverage. The required certificate shall be furnished by the Developer prior to commencement of any demolition or construction work on the Property.

7.1.5 All such policies required by this Section shall be nonassessable and shall contain language to the effect that (i) the policies cannot be canceled or materially changed except after thirty (30) days' written notice by the insurer to the Agency, and (ii) the Agency shall not be liable for any premiums or assessments. All such insurance shall have deductibility limits reasonably satisfactory to the Agency. The provisions of this Section shall survive the

Close of Escrow and the recordation of the Grant Deed and shall not be deemed merged into the Grant Deed upon its recordation.

7.2 Indemnity.

7.2.1 The Developer shall indemnify, defend, protect, and hold harmless the Agency, the City and the Oversight Board and any and all agents, employees, attorneys and representatives of the Agency, the City and the Oversight Board, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and demands of any nature whatsoever, related directly or indirectly to, or arising out of or in connection with:

(a) the Developer's use, ownership, management, occupancy, or possession of the Property;

(b) any breach or Default of the Developer hereunder;

(c) any of the Developer's activities on the Property (or the activities of the Developer's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors, or independent contractors on the Property), including without limitation, the construction of the Improvements on the Property;

(d) the presence or clean-up of Hazardous Substances on, in or under the Property to the extent the same was caused by Developer or Developer's affiliates, agents or employees; or,

(e) any other fact, circumstance or event related to the Developer's performance hereunder, or which may otherwise arise from the Developer's ownership, use, possession, improvement, operation or disposition of the Property, regardless of whether such damages, losses and liabilities shall accrue or are discovered before or after termination or expiration of this Agreement, or before or after the conveyance of the Property.

7.2.2 The indemnity obligations described in this Section 7.2 shall survive for a period of four (4) years from the earlier of (i) the termination of this Agreement, or (ii) the completion of the Improvements, and shall not be deemed merged into the Grant Deed upon the recordation.

7.3 Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by nationally recognized overnight courier or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery, (b) three (3) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested, (c) the next business day after deposit with a nationally reorganized overnight courier, in each instance addressed to the recipient as set forth below. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

| | |
|---|---|
| Agency: | Paul Philips, Executive Director<br>Successor Agency to the<br>Industry Urban-Development Agency<br>15625 East Stafford Street, Suite 100<br>City of Industry, California 91744 |
| with a copy to: | James M. Casso, City Attorney<br>Casso & Sparks, LLP<br>13200 Crossroads Parkway North<br>Suite 345<br>City of Industry, CA 91746 |
| Developer: | Wayne Wang<br>Fox Luggage Inc.<br>5353 East Slauson Avenue<br>Commerce, California 90040 |

7.4 Construction. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

7.5 Developer's Warranties. The Developer warrants and represents to the City and the Agency as follows:

7.5.1 The Developer has full power and authority to execute and enter into this Agreement and to consummate the transaction contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Developer, enforceable in accordance with its terms subject to bankruptcy, insolvency of other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Developer is a party.

7.5.2 As of the Close of Escrow, the Developer will have inspected the Property and will be familiar with all aspects of the Property and its condition, and will accept such condition.

7.5.3 The Developer has not paid or given, and will not pay or give, to any third person, any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as architects, engineers and attorneys.

7.6 Interpretation. In this Agreement the neuter gender includes the feminine and masculine, and singular number includes the plural, and the words "person" and "party" include corporation, partnership, firm, trust, or association where ever the context so requires.

7.7 Time of the Essence. Time is of the essence of this Agreement.

7.8 Attorneys' Fees. If any party brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the court. If the Agency, or the Developer, without fault, is made a party to any litigation instituted by or against the other party, such other party shall defend it against and save it harmless from all costs and expenses including reasonable attorney's fees incurred in connection with such litigation.

7.9 Enforced Delay: Extension of Times of Performance. Notwithstanding anything to the contrary in this Agreement, unexcused failure to commence construction of the Improvements on or prior to the Commencement Date or to complete construction of the Improvements on or prior to the Completion Date shall constitute a Default hereunder as herein set forth; provided, however, nonperformance of such obligations or any other obligations to be performed hereunder shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of the party responsible for such performance: (i) war, insurrection, riot, flood, severe weather, earthquake, fire, casualty, acts of public enemy, governmental restriction, litigation, acts or failures to act of any governmental or quasi-governmental agency or entity, including the Agency, or public utility, or any declarant under any applicable conditions, covenants, and restrictions affecting the Property, or (ii) inability to secure necessary labor, materials or tools, strikes, lockouts, delays of any contractor, subcontractor or supplier or (iii) other matters generally constituting a force majeure event in circumstances similar to those contemplated by this Agreement (but which shall not in any event include the availability of financing to construct the Improvements). In the event of an occurrence described in clauses (i), (ii) or (iii) above, such nonperformance shall be excused and the time of performance shall be extended by the number of days the matters described in clauses (i), (ii) or (iii) above materially prevent or delay performance.

7.10 Approvals by the Agency and the Developer. Unless otherwise specifically provided herein, wherever this Agreement requires the Agency or the Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not unreasonably be withheld, conditioned or delayed.

7.11 Developer's Private Undertaking. The development covered by this Agreement is a private undertaking, and the Developer shall have full power over and exclusive control of the Property while the Developer holds title to the Property; subject only to the limitations and obligations of the Developer under this Agreement and the Redevelopment Plan.

7.12 Entire Agreement, Waivers and Amendments. This Agreement is executed in duplicate originals, each of which is deemed to be an original. This Agreement, together with all attachments and exhibits hereto, constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to the subject matter hereof. No subsequent agreement, representation or promise made by either party hereto, or by or to any employee, officer, agent or representative of either party, shall be of any effect unless it is in writing and executed by the party to be bound thereby. No person is authorized to make, and by execution hereof the Developer and the Agency acknowledge that no person has made, any representation, warranty, guaranty or promise except as set forth herein;

and no agreement, statement, representation or promise made by any such person which is not contained herein shall be valid or binding on the Developer or the Agency.

7.13 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.14 Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

7.15 Survival. The provisions hereof shall not terminate but rather shall survive any conveyance hereunder and the delivery of all consideration.

7.16 Representations of Agency. The Agency warrants and represents to the Developer as follows:

(a) The Agency has full power and authority to execute and enter into this Agreement and to consummate the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreement of the Agency, enforceable in accordance with its terms subject to bankruptcy, insolvency and other creditors' rights laws of general application. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions covered hereby, nor compliance with the terms and provisions hereof, shall conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under, any agreement or instrument to which the Agency is a party.

(b) As of the Effective Date, the Agency has made available to Developer, by online link entitled http://www.cityofindustry.org/?p=city-hall&s=for-sale, complete copies of all studies, reports, agreements, documents, instruments, environmental assessments, surveys, soils reports, documents, plans, maps, permits and entitlements in Agency's possession (excluding only appraisals) concerning the Property and described in Exhibit "F" attached hereto.

(c) Developer shall have thirty (30) calendar days after the Effective Date of this Agreement ("**Due Diligence Period**") to examine the materials in Section 7.16(b), perform inspections, investigations, and a survey, and approve or disapprove the title exceptions in the Title Report, all at Developer's sole cost and expense. If Developer terminates this Agreement, Developer shall provide copies of all non-privileged due diligence reports, surveys, studies, etc. prepared by or at the direction of Developer or Agency within five (5) business days after the termination and upon Agency's reimbursing Developer for the costs of such items.

(d) As of the Effective Date and the Close of Escrow, the Property is not presently the subject of any condemnation or similar proceeding, and to the Agency's knowledge, no such condemnation or similar proceeding is currently threatened or pending.

(e) As of the Close of Escrow, there are no management, service, supply or maintenance contracts affecting the Property which shall affect the Property on or following the Close of Escrow.

(f) The Agency has not authorized any broker or finder to act on its behalf in connection with the sale and purchase hereunder and the Agency has not dealt with any broker or finder purporting to act on behalf of the Agency or otherwise.

(g) As of the Close of Escrow, there are no leases or other occupancy agreements affecting the Property which shall affect the Property on or following the Close of Escrow.

(h) As of the Close of Escrow and to the actual knowledge of the Agency, the Agency has not received any written notice from any governmental entity regarding the violation of any law or governmental regulation with respect to the Property, except as may be set forth in Exhibit "F"

7.17 Developer's Broker(s). Developer shall pay all commissions and fees that may be payable to any broker, finder or salesperson engaged by Developer, and shall defend, indemnify and hold Agency and City harmless from and against any and all claims, liabilities, losses, damages, costs and expenses relating thereto.

7.18 No Third Party Beneficiaries other than City. City is a third party beneficiary of this Agreement, with the right to enforce the provisions hereof. This Agreement is made and entered into for the sole protection and benefit of the Parties and City and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

**[SIGNATURES NEXT PAGE]**

IN WITNESS WHEREOF, the parties hereto have entered into this agreement as of the day and year first above written.

**DEVELOPER**

FOX LUGGAGE INC.,
a California corporation

By:_____
Name:_____
Title:_____

Wayne Wang

President

**AGENCY**

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Mark D. Radecki, Chairman

ATTEST:

_____
Diane M. Schlichting, Agency Secretary

APPROVED AS TO FORM:

_____
James M. Casso, Agency General Counsel

## LIST OF EXHIBITS


Exhibit "A" Legal Description of the Property

Exhibit "B" Schedule of Performance

Exhibit "C" Form of Grant Deed

Exhibit "D" Improvements

Exhibit "E" Form of Certificate of Completion

Exhibit "F" List of Environmental Documents

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE PROPERTY**

PARCEL 1:

THAT PORTION OF LOT 439 OF TRACT NO. 606, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 15, PAGES 142 ET. SEQ., OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 439, DISTANT SOUTH 41 DEGREES 53 MINUTES WEST 522.50 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT, SOUTH 41 DEGREES 53 MINUTES WEST 477.62 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT; THENCE SOUTH 50 DEGREES 04 MINUTES EAST 463.95 FEET TO THE SOUTHERLY CORNER OF SAID LOT; THENCE NORTH 41 DEGREES 53 MINUTES EAST 461.84 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE "PRECIOUS METALS AND ORES THEREOF' AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK IO, PAGE 39 OF DEEDS.

ALSO EXCEPTING SO PERCENT OF 100 PERCENT OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, IN OR UNDERLYING SAID LAND, WITHOUT RIGHT OF ENTRY FOR DEVELOPMENT OR GRADUATION THEREOF, AS RESERVED BY FRANK OTTO OFFMAN, A SINGLE MAN, AND ROSE HOFFMAN, A SINGLE WOMAN, IN DEED REGISTERED APRIL 3, 1951, AS DOCUMENT NO. 10337-T.

APN: 8202-033-01. 0 (PORTION)

PARCEL 2:

THAT PORTION OF LOT 439 IN TRACT NO. 606, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 15 PAGE 142, ET SEQ., OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 439, DISTANT SOUTH 41 DEGREES 53 MINUTES WEST 144.81 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 41 DEGREES 53 MINUTES WEST 377.69 FEET; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES WEST 463.68 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE NORTH 41 DEGREES 53 MINUTES EAST 377.69 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES EAST 463.68 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10, PAGE 39 OF DEEDS.

ALSO EXCEPTING 50 PERCENT OF 1 00 PERCENT OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, INOR UNDERLYING SAID LAND, WITHOUT RIGHT OF ENTRY FOR DEVELOPMENT OF PRODUCTION THEREOF, AS RESERVED BY FRANK OTTO OFFMAN, A SINGLE MAN, AND ROSE HOFFMAN, A SINGLE WOMAN, IN DEED REGISTERED APRIL 3, 1951, AS DOCUMENT NO. 10337-T.

APN: 8202-033-010 (PORTION)

PARCEL 3:

AN EASEMENT FOR RAILROAD PURPOSES, APPURTENANT TO PARCELS 1 AND 2 OVER AND ACROSS THAT PORTION OF LOT 439 OF TRACT NO. 606, IN THE CITY OF INDUSTRY, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 20.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 740.06 FEET TO A POINT IN A NONTANGENT CURVE CONCAVE TO THE NORTH HAYING A RADIUS OF 393.00 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARING SOUTH 31 DEGREES 27 MINUTES 44 SECONDS EAST; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 48 DEGREES 47 MINUTES 34 SECONDS, AN ARC DISTANCE OF 334.68 FEET TO A POINT IN A NONTANGENT LINE, SAID LINE BEING THE SOUTHWESTERLY LINE OF SAID LOT 439 A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 17 DEGREES 19 MINUTES 50 SECONDS WEST; THENCE ALONG SAID SOUTHWESTERLY LINE OF SAID LOT NORTH 50 DEGREES 00 MINUTES 53 SECONDS WEST 64.23 FEET TO A POINT IN A NONTANGENT CURVE CONCENTRIC WITH AND NORTHERLY 20.00 FEET FROM LAST MENTIONED CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 373.00 FEET A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 26 DEGREES 28 MINUTES 27 SECONDS WEST; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 74 DEGREES 35 MINUTES 27 SECONDS, A DISTANCE OF 485.59 FEET; THENCE TANGENT TO SAID CURVE ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH .41 DEGREES 53 MINUTES 00 SECONDS EAST 257.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 372.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS, AN ARC DISTANCE OF 59.07 FEET; THENCE

TANGENT TO SAID CURVE NORTH 32 DEGREES 48 MINUTES 00 SECONDS EAST 50.1 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVINO A RADIUS OF 392.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS, AN ARC DISTANCE OF 62.24 FEET; THENCE TANGENT TO SAID CURVE AND ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 99.67 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 1.50 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 99.67 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 19.50 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

THAT PORTION OF LOT 439, TRACT 606 OF LA PUENTE, IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT 439; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT 439, SOUTH 41 DEGREES 53 MINUTES WEST 144.81 FEET; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT 439 NORTH 48 DEGREES 07 MINUTES WEST 375.61 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION; THENCE CONTINUING ALONG SAID PARALLEL LINE NORTH 48 DEGREES 07 MINUTES WEST 88.07 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE SOUTH 41 DEGREES 53 MINUTES WEST 855.31 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 439; THENCE NORTH 50 DEGREES 04 MINUTES WEST 463.95 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 439; THENCE NORTH 41 DEGREES 53 MINUTES EAST 1015.91 FEET TO THE MOST NORTHERLY CORNER OF SAID LOT 439; THENCE SOUTH 48 DEGREES 07 MINUTES EAST 551.75 FEET TO A LINE WHICH HAS A BEARING SOUTH 41 DEGREES 53 MINUTES WEST AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID LAST MENTIONED LINE SOUTH 41 DEGREES 53 MIN UTES 00 SECONDS WEST 144.81 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF;" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN IN THE PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

APN: 8202-033-014

PARCEL 5:

AN EASEMENT FOR RAILROAD PURPOSES OVER AND ACORSS THAT PORTION OF LOT 439, TRACT 606 IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 247.37 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE CONTINUING ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 512.70 FEET TO A POINT IN A NONTANGENT CURVE CONCAVE NORTHWEST HAVING A RADIUS OF 393 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARING SOUTH 31 DEGREES 27 MINUTES 44 SECONDS EAST; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16 DEGREES 39 MINUTES 16 SECONDS AN ARC DISTANCE OF 114.24 FEET; THENCE TANGENT TO SAID CURVE NORTH 41 DEGREES 53 MINUTES OO·SECONDS EAST 257.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAYING A RADIUS OF 392.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS AN ARC DISTANCE OF 62.24 FEET; THENCE TANGENT TO SAID CURVE NORTH 32 DEGREES 48 MINUTES 00 SECONDS EAST 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 372.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 4 DEGREES 49 MINUTES 12 SECONDS AN ARC DISTANCE OF 34.79 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION.

PARCEL 6:

AN EASEMENT FOR SIDE YARD CLEARANCE OVER AND CROSS THAT PORTION OF LOT 439, TRACT 606 IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT 439; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 537.81 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 300.00 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 16.00 FEET; THENCE NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 151.98 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 40.50 FEET; THENCE NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 148.02 FEET; THENCE NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 56.50 FEET TO THE TRUE POINT OF BEGINNING.

Assessor's Parcel No: 8202-033-010 and 8202-033-014

## EXHIBIT "B"

## SCHEDULE OF PERFORMANCE

| Activity | Time Frame |
|---|---|
| Initial Deposit | Concurrently with Letter of Intent |
| Additional Deposit | Concurrently with Opening of Escrow |
| Close of Escrow | Within 15 days after the end of the Due Diligence Period |
| Developer Submits Development Plans for Improvements | Within 12 months after the Close of Escrow |
| Developer Completes Construction of Improvements | 550 days after the Plans have been approved and the building permit is ready to be issued. |
| Issuance of Certificate of Completion. Upon completion of construction in conformance with Agreement, the Agency Executive Director or designee shall issue a Certificate of Completion for the Improvements. | Promptly after Agency receives written request from Developer if all requirements of the Agreement have been satisfied |

**EXHIBIT "C"**

**FORM OF GRANT DEED**

RECORDING REQUESTED BY:

FIRST AMERICAN TITLE INSURANCE COMPANY

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

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*[The undersigned declares that this Grant Deed is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**GRANT DEED**

Documentary Transfer Tax: $_____

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY,** a public body corporate and politic (the "**Grantor**"), hereby grants to **FOX LUGGAGE INC.,** a California corporation (the "**Grantee**"), that certain real property described in Exhibit A attached hereto (the "**Site**") and incorporated herein by this reference, together with all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

This Grant Deed of the Site is subject to the provisions of a Purchase Agreement [125 North Orange Avenue] (the "**Agreement**") entered into by and between the Grantor and Grantee dated as of _____, 2016, the terms of which are incorporated herein by reference. A copy of the Agreement is available for public inspection at the offices of the Grantor located at 15625 East Stafford Street, Suite 100, City of Industry, California 91744. The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

1. Subject to the provisions of Section 5.6 of the Agreement, the Site as described in Exhibit A is conveyed subject to the condition that the Grantee covenants and agrees for itself, and its successors and its assigns, that the Grantee, such successors, and such assignees shall use the Site, and every part thereof, only for the construction of certain improvements thereon as described in the Agreement and thereafter for any use allowed under applicable law. The Grantor shall have the right to assign all of its rights and benefits hereunder to the City of Industry, California ("**City**"). As provided in Section 5.7 of the Agreement, upon the violation or failure of the foregoing covenant, the City shall have the option to purchase and take

possession of the Site from the Grantee or its successors and assigns; provided, however, that the City's option to purchase and take possession of the Site shall not arise unless and until the Grantor gives the Grantee written notice thereof specifying the particular failure or violation in the manner and time period provided in Section 5.7 of the Agreement and, at the expiration of the cure period specified in Section 5.7 of the Agreement, the failure has not been remedied or the violation has not ceased.

2. The Site is conveyed subject to the condition that:

(a) The Grantee covenants and agrees for itself, its successors and assigns, and every successor in interest to the Site, that after completion of the Project (as defined in the Agreement), the Grantee and the Grantee's transferees, successors and assigns, shall maintain the Site and the Project (including landscaping) in a commercially reasonable condition and repair for a period of fifteen (15) years, and following construction of certain improvements thereon shall use the Site for any such uses as are allowed under applicable law.

(b) The Grantee covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph.

3. All deeds, leases or contracts entered into with respect to the Property shall contain or be subject to substantially the following nondiscrimination/nonsegregation clauses:

(a) In deeds: "The Grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises herein conveyed, nor shall the Grantee himself or herself, or any person claiming

under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the leasing, subleasing, transferring, use or occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

(c) In contracts: "The contracting party or parties hereby covenant by and for himself or herself and their respective successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the California Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the contracting party or parties, any subcontracting party or parties, or their respective assigns or transferees, establish or permit any such practice or practices of discrimination or segregation.

Notwithstanding the immediately preceding paragraph, with respect to familial status, said paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in

said paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o) and (p) of Section 12955 of the California Government Code shall apply to said paragraph."

4. All covenants and agreements contained in this Grant Deed shall run with the land and shall be binding for the benefit of Grantor and its successors and assigns and such covenants shall run in favor of the Grantor and for the entire period during which the covenants shall be in force and effect as provided in the Agreement, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. The Grantor, in the event of any breach of any such covenants, shall have the right to exercise all of the rights and remedies provided herein or otherwise available, and to maintain any actions at law or suits in equity or other property proceedings to enforce the curing of such breach. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor and its successors and assigns.

5. The covenants contained in Paragraphs 2 and 3 of this Grant Deed shall remain in effect in perpetuity except as otherwise expressly set forth therein.

6. This Grant Deed may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures appear on next page.]

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 20__.

GRANTOR:

SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY

By:_____
Name:_____
Title:_____

ATTEST:

_____
Diane Schlichting, Agency Secretary

GRANTEE:

FOX LUGGAGE INC.,
a California corporation

By:_____
Name:_____
Title:_____

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

**Exhibit A**

**LEGAL DESCRIPTION**

PARCEL 1:

THAT PORTION OF LOT 439 OF TRACT NO. 606, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 15, PAGES 142 ET. SEQ., OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 439, DISTANT SOUTH 41 DEGREES 53 MINUTES WEST 522.50 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT, SOUTH 41 DEGREES 53 MINUTES WEST 477.62 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT; THENCE SOUTH 50 DEGREES 04 MINUTES EAST 463.95 FEET TO THE SOUTHERLY CORNER OF SAID LOT; THENCE NORTH 41 DEGREES 53 MINUTES EAST 461.84 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE "PRECIOUS METALS AND ORES THEREOF' AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK IO, PAGE 39 OF DEEDS.

ALSO EXCEPTING SO PERCENT OF 100 PERCENT OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, IN OR UNDERLYING SAID LAND, WITHOUT RIGHT OF ENTRY FOR DEVELOPMENT OR GRADUATION THEREOF, AS RESERVED BY FRANK OTTO OFFMAN, A SINGLE MAN, AND ROSE HOFFMAN, A SINGLE WOMAN, IN DEED REGISTERED APRIL 3, 1951, AS DOCUMENT NO. 10337-T.

APN: 8202-033-010 (PORTION)

PARCEL 2:

THAT PORTION OF LOT 439 IN TRACT NO. 606, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON MAP RECORDED IN BOOK 15 PAGE 142, ET SEQ., OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHEASTERLY LINE OF SAID LOT 439, DISTANT SOUTH 41 DEGREES 53 MINUTES WEST 144.81 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG SAID SOUTHEASTERLY LINE SOUTH 41 DEGREES 53 MINUTES WEST 377.69 FEET; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES WEST 463.68 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE NORTH 41 DEGREES 53 MINUTES EAST 377.69 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES EAST 463.68 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE "PRECIOUS METALS AND ORES THEREOF" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN, IN THE PARTITION DEED RECORDED IN BOOK 10, PAGE 39 OF DEEDS.

ALSO EXCEPTING 50 PERCENT OF 1 00 PERCENT OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, INOR UNDERLYING SAID LAND, WITHOUT RIGHT OF ENTRY FOR DEVELOPMENT OF PRODUCTION THEREOF, AS RESERVED BY FRANK OTTO OFFMAN, A SINGLE MAN, AND ROSE HOFFMAN, A SINGLE WOMAN, IN DEED REGISTERED APRIL 3, 1951, AS DOCUMENT NO. 10337-T.

APN: 8202-033-010 (PORTION)

PARCEL 3:

AN EASEMENT FOR RAILROAD PURPOSES, APPURTENANT TO PARCELS 1 AND 2 OVER AND ACROSS THAT PORTION OF LOT 439 OF TRACT NO. 606, IN THE CITY OF INDUSTRY, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 20.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 740.06 FEET TO A POINT IN A NONTANGENT CURVE CONCAVE TO THE NORTH HAYING A RADIUS OF 393.00 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARING SOUTH 31 DEGREES 27 MINUTES 44 SECONDS EAST; THENCE SOUTHWESTERLY AND WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 48 DEGREES 47 MINUTES 34 SECONDS, AN ARC DISTANCE OF 334.68 FEET TO A POINT IN A NONTANGENT LINE, SAID LINE BEING THE SOUTHWESTERLY LINE OF SAID LOT 439 A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 17 DEGREES 19 MINUTES 50 SECONDS WEST; THENCE ALONG SAID SOUTHWESTERLY LINE OF SAID LOT NORTH 50 DEGREES 00 MINUTES 53 SECONDS WEST 64.23 FEET TO A POINT IN A NONTANGENT CURVE CONCENTRIC WITH AND NORTHERLY 20.00 FEET FROM LAST MENTIONED CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 373.00 FEET A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 26 DEGREES 28 MINUTES 27 SECONDS WEST; THENCE EASTERLY AND NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 74 DEGREES 35 MINUTES 27 SECONDS, A DISTANCE OF 485.59 FEET; THENCE TANGENT TO SAID CURVE ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH .41 DEGREES 53 MINUTES 00 SECONDS EAST 257.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 372.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS, AN ARC DISTANCE OF 59.07 FEET; THENCE

TANGENT TO SAID CURVE NORTH 32 DEGREES 48 MINUTES 00 SECONDS EAST 50.1 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVINO A RADIUS OF 392.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS, AN ARC DISTANCE OF 62.24 FEET; THENCE TANGENT TO SAID CURVE AND ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 99.67 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 1.50 FEET; THENCE ALONG A LINE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 99.67 FEET; THENCE PARALLEL WITH SAID NORTHEASTERLY LINE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 19.50 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

THAT PORTION OF LOT 439, TRACT 606 OF LA PUENTE, IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT 439; THENCE ALONG THE SOUTHEASTERLY LINE OF SAID LOT 439, SOUTH 41 DEGREES 53 MINUTES WEST 144.81 FEET; THENCE PARALLEL WITH THE NORTHEASTERLY LINE OF SAID LOT 439 NORTH 48 DEGREES 07 MINUTES WEST 375.61 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION; THENCE CONTINUING ALONG SAID PARALLEL LINE NORTH 48 DEGREES 07 MINUTES WEST 88.07 FEET; THENCE PARALLEL WITH SAID SOUTHEASTERLY LINE SOUTH 41 DEGREES 53 MINUTES WEST 855.31 FEET TO THE SOUTHWESTERLY LINE OF SAID LOT 439; THENCE NORTH 50 DEGREES 04 MINUTES WEST 463.95 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 439; THENCE NORTH 41 DEGREES 53 MINUTES EAST 1015.91 FEET TO THE MOST NORTHERLY CORNER OF SAID LOT 439; THENCE SOUTH 48 DEGREES 07 MINUTES EAST 551.75 FEET TO A LINE WHICH HAS A BEARING SOUTH 41 DEGREES 53 MINUTES WEST AND PASSES THROUGH THE TRUE POINT OF BEGINNING; THENCE ALONG SAID LAST MENTIONED LINE SOUTH 41 DEGREES 53 MIN UTES 00 SECONDS WEST 144.81 FEET TO THE TRUE POINT OF BEGINNING;

EXCEPT THEREFROM THE "PRECIOUS METALS AND ORES THEREOF;" AS EXCEPTED FROM THE PARTITION BETWEEN JOHN ROWLAND, SR. AND WILLIAM WORKMAN IN THE PARTITION DEED RECORDED IN BOOK 10 PAGE 39 OF DEEDS.

APN: 8202-033-014

PARCEL 5:

AN EASEMENT FOR RAILROAD PURPOSES OVER AND ACORSS THAT PORTION OF LOT 439, TRACT 606 IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT, NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 247.37 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION; THENCE CONTINUING ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 512.70 FEET TO A POINT IN A NONTANGENT CURVE CONCAVE NORTHWEST HAVING A RADIUS OF 393 FEET, A RADIAL LINE OF SAID CURVE THROUGH SAID POINT BEARING SOUTH 31 DEGREES 27 MINUTES 44 SECONDS EAST; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16 DEGREES 39 MINUTES 16 SECONDS AN ARC DISTANCE OF 114.24 FEET; THENCE TANGENT TO SAID CURVE NORTH 41 DEGREES 53 MINUTES OO·SECONDS EAST 257.56 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHWESTERLY AND HAYING A RADIUS OF 392.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 9 DEGREES 05 MINUTES 00 SECONDS AN ARC DISTANCE OF 62.24 FEET; THENCE TANGENT TO SAID CURVE NORTH 32 DEGREES 48 MINUTES 00 SECONDS EAST 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 372.58 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 4 DEGREES 49 MINUTES 12 SECONDS AN ARC DISTANCE OF 34.79 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION.

PARCEL 6:

AN EASEMENT FOR SIDE YARD CLEARANCE OVER AND CROSS THAT PORTION OF LOT 439, TRACT 606 IN THE CITY OF INDUSTRY, AS PER MAP RECORDED IN BOOK 15 PAGE 142 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST EASTERLY CORNER OF SAID LOT 439; THENCE ALONG THE NORTHEASTERLY LINE OF SAID LOT NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 463.68 FEET; THENCE PARALLEL WITH THE SOUTHEASTERLY LINE OF SAID LOT SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 537.81 FEET TO THE TRUE POINT OF BEGINNING; THENCE ALONG SAID PARALLEL LINE SOUTH 41 DEGREES 53 MINUTES 00 SECONDS WEST 300.00 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 16.00 FEET; THENCE NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 151.98 FEET; THENCE SOUTH 48 DEGREES 07 MINUTES 00 SECONDS EAST 40.50 FEET; THENCE NORTH 41 DEGREES 53 MINUTES 00 SECONDS EAST 148.02 FEET; THENCE NORTH 48 DEGREES 07 MINUTES 00 SECONDS WEST 56.50 FEET TO THE TRUE POINT OF BEGINNING.

Assessor's Parcel No: 8202-033-010 and 8202-033-014

## EXHIBIT "D"

## IMPROVEMENTS

Fox Luggage Inc. is a producer and importer of luggage and bags. Fox Luggage Inc. proposes to use approximately 50% of the Property to construct an 80,500 square-foot industrial building for warehousing, distribution, and office use.

**EXHIBIT "E"**

**FORM OF CERTIFICATE OF COMPLETION**

RECORDING REQUESTED BY:

First American Title Insurance Company

AND WHEN RECORDED RETURN TO:

Successor Agency to the
Industry Urban-Development Agency
15625 East Stafford Street, Suite 100
City of Industry, California 91744
Attention: Diane Schlichting

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*[The undersigned declares that this Certificate of Completion is exempt from Recording Fees pursuant to California Government Code Section 27383]*

**CERTIFICATE OF COMPLETION**

This Certificate of Completion is given this ____ day of _____, 20__, with reference to the following matters:

A. The **SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**, a public body corporate and politic (the "**Agency**") and **FOX LUGGAGE INC.,** a California corporation (the "**Developer**") entered into a certain Purchase Agreement [125 North Orange Avenue] dated as of _____, 2016 (the "**Agreement**"), which Agreement provides, in Section 3.7 thereof, that the Agency shall furnish the Developer with a Certificate of Completion upon satisfactory completion of the Improvements (as described in the Agreement) on the real property described therein as the Property (the "**Site**"), which certificate shall be in such form as to permit it to be recorded in the Recorder's Office of Los Angeles County; and

B. The Certificate of Completion shall be conclusive determination of satisfactory completion of the construction of Improvements required with respect to the Site; and

C. The Agency has determined that the construction of the Improvements has been satisfactorily performed; and

NOW, THEREFORE, the parties to this instrument hereby provide as follows:

1. As provided in the Agreement, the Agency does hereby certify that the construction of the Improvements on the Site has been satisfactorily performed and completed.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any holder of a mortgage, or deed of trust or any insurer of a mortgage, or deed of trust securing money loaned to finance the improvements or any part

thereof, nor does it constitute evidence of payment of any promissory note or performance of any deed of trust provided by the Developer to the Agency under the Agreement or otherwise.

IN WITNESS WHEREOF, the Agency has executed this Certificate of Completion as of the day and year first above written.

SUCCESSOR AGENCY TO THE
INDUSTRY URBAN-DEVELOPMENT AGENCY

By: _____
Name: _____
Title: _____

ATTEST:

_____
Agency Secretary

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )
County of Los Angeles )

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

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

WITNESS my hand and official seal.

Signature_____ (Seal)

## EXHIBIT "F"

## LIST OF ENVIRONMENTAL DOCUMENTS

1. Phase I Environmental Site Assessment and Document Review prepared by Ninyo and Moore

2. Asbestos and Lead-Based Paint Survey prepared by Ninyo and Moore

3. Subsurface Assessment Report prepared by Ninyo and Moore

*SUCCESSOR AGENCY*

ITEM NO. 5.6

# MEMORANDUM

To: Honorable Chairman and Members of the Successor Agency to the Industry Urban-Development Agency Board

From: Paul J. Philips, Executive Director Paul J. Philips

Staff: Clement N. Calvillo, Agency Engineer, CNC Engineering CNC
Joshua Nelson, Deputy Agency Engineer, CNC Engineering JN

Date: July 19, 2016

**SUBJECT: Consideration of a License Agreement with Sully-Miller Contracting Company for Access to Assessor's Parcel No. 8208-027-918 located at 455 Parriott Place West for Temporary Staging for Various Construction Activities Associated with the Valley Boulevard Reconstruction Project (CITY-1421)**

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On June 22, 2016 Sully-Miller Contracting Company contacted the City regarding the temporary use of Successor Agency to the Industry Urban-Development Agency owned property located at approximately 455 Parriott Place West for their contract with the City of Industry for the reconstruction of Valley Boulevard (CITY-1421). The permitted use is for the storage of separate piles for dirt removals, concrete removals, and base material excavated from the Valley Boulevard Reconstruction Project. Should the Homestead's *Ticket to the Twenties Festival* event overlap with Sully-Miller's use of this property, the City will work with the Homestead to shuttle visitors if needed.

The Valley Boulevard Reconstruction with PCC Pavement from Turnbull Canyon Road to Hacienda Boulevard project consists of reconstructing Valley Boulevard from Hacienda Boulevard to Turnbull Canyon Road with concrete pavement instead of asphalt. The Successor Agency may, by written notice, terminate the License Agreement at any time.

Exhibits

A: License Agreement with Sully-Miller Contracting Company

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PJP/CC/JN:af

# LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("**Agreement**"), dated July 28, 2016, ("**Effective Date**") is entered into by and between the Successor Agency to the former Industry Urban-Development Agency, a public body, corporate and politic ("**Licensor/Agency**"), and Sully-Miller Contracting Company, a Delaware corporation ("**Licensee**") (Licensor and Licensee are individually referred to as "Party" and collectively referred to as the "**Parties**").

## RECITALS

**WHEREAS,** the Agency is the owner of certain property located at **455 Parriott Place West, City of Industry, CA 91744-0366**, and Licensee desires to enter the portion of the property generally described as **Assessor's Parcel No. 8208-027-918**, as set forth in Exhibit A, attached hereto and incorporated herein by reference ("Premises").

**WHEREAS,** Licensee desires to enter the Premises as a temporary staging area for various construction activities associated with the Valley Boulevard Reconstruction Project; and

**WHEREAS,** Licensee acknowledges that Licensee is entering onto the Premises at its sole risk and expense, and Licensor does not have any liability to Licensee under this Agreement.

**NOW, THEREFORE,** for valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

## TERMS

1. License to Enter the Premises. Licensor hereby grants to Licensee a non-exclusive license (the "**License**") granting permission to enter upon the Premises as of the Effective Date of this Agreement, and to use the Premises as a temporary staging area for various construction activities associated with the Valley Boulevard Reconstruction Project, and the storage of dirt, concrete and base material excavated from the Valley Boulevard Reconstruction Project.; provided, that Licensee's use of the Premises shall not interfere with the operation of business activities, if any, then being conducted on the Premises and provided Licensee provides written notice to the Licensor at least five (5) days prior to Licensee entering upon the Premises (said written notice shall state the purpose for the entry upon the Premises, and said entry shall not exceed the stated purpose). Prior to any initial entry pursuant to the License, Licensee shall, provide to Licensor proof of insurance as set forth in Section 6 of this Agreement. Licensee shall not permit any other party, except the duly-authorized representatives, agents, employees and contractors (collectively "**Representatives**") of Licensee to enter or use the Premises during the term of this License, without Licensor's prior written consent, and in all events the sole reason for entry and use of the Premises shall be for the performance of the Permitted Use.

2. Payment. Licensee shall pay to Licensor, and Licensor agrees to accept Eight Thousand Five Hundred Dollars ($8,500.00) ("License Payment") for the use of the Premises. Payment shall be made prior to entering the Premises, to Licensor at 15625 E. Stafford Street, #100, City of Industry, CA 91746.

3. Permitted Use. The Permitted Use is hereby defined to include the storage of materials and equipment such as conduits, casing, fittings, steel plates, backhoe, excavator, side boom, dump truck and cargo containers or miscellaneous items, and the storage of separate piles for dirt removals, concrete removals, and base material excavated from the Valley Boulevard Reconstruction Project. The piles shall be removed during the Term of the Agreement. Licensee shall exercise due care in the performance of the Permitted Use and such use shall be exercised in a manner which complies with all applicable laws.

4. Maintenance of Premises. Prior to commencement of the Permitted Use, Licensee shall install a temporary construction fence around the staging area on the Premises. Licensee shall also install dust control measures, including, but not limited to, covering of the stockpiles, and shall implement best practices on the Premises to ensure that the excavated materials do not have an impact on air quality. In no event shall any stockpile of excavated materials exceed a height of 20 feet, and all stockpiles shall be a minimum of 10 feet from the back of any sidewalk, or any other existing hardscape or landscaped area. Upon termination of the License, Licensee shall repair any damage done to the Premises by Licensee or its duly authorized Representatives, and shall restore the Premises to its condition as of the Effective Date of this Agreement, which shall include removal of the temporary construction fence, and all excavated materials.

5. Government Regulations and Other Obligations of Licensee. As a condition precedent to commencement of the Permitted Use, if required, Licensee shall obtain at its sole cost and expense all governmental permits and authorizations of whatever nature required, if any ("**Permits**") by any and all governmental authorities having jurisdiction over the Premises for Licensee's exercise of the Permitted Use. Licensor shall use commercially reasonable efforts to cooperate with Licensee and to support any and all applications or request for said Permits submitted by Licensee or on Licensee's behalf. Licensee shall, in all activities undertaken pursuant to this Agreement, comply and cause its Representatives to comply with all federal, state and local laws, statutes, orders, ordinances, rules, regulations, plans, policies and decrees.

6. Liens.

6.1 Licensee shall not cause or permit to be filed, recorded or enforced against the Premises, or any part thereof, any mechanics', material men's, contractors' or subcontractors' liens arising from the Permitted Use or any claim or action affecting the title to the Premises arising from the Permitted Use, and Licensee shall pay or cause to be paid, or otherwise removed or bonded over, the full amount of all such liens or claim within fifteen (15) days of receiving written notice thereof. In addition to and not in limitation of Licensor's other rights and remedies under this Agreement or under law, should Licensee fail within fifteen (15) business days of a written notice from Licensor to pay and discharge or bond over any lien arising out of Licensee's use of the Premises, then a material breach under this Agreement shall be deemed to have occurred which, at Licensor's election, shall entitle Licensor to terminate this License effective upon notice by Licensor to Licensee so stating.

6.2 If Licensee desires to contest in good faith the validity of any lien or any claim or demand that could result in a lien against the Premises or any portion thereof for which Licensor could become liable if not successfully resolved, as a condition to such contest, Licensee shall notify Licensor of Licensee's intent to contest the lien or claim and the grounds for such contest. Notwithstanding anything to the contrary set forth herein, Licensee shall pay and satisfy any adverse judgment that may be rendered thereon before the enforcement thereof against Licensor or the Premises.

7. Insurance.

Prior to entering the Premises and until the termination of this Agreement, Licensee shall maintain at its sole expense insurance limits as stipulated in this section.

(a) Minimum Scope and Limit of Insurance

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with limits no less than $1,000,000 per occurrence and $2,000,000 in the aggregate.

2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Licensee has no owned autos, Code 8 (hired) and 9 (non-owned), with limits no less than $1,000,000 per accident for bodily injury and property damage.

3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

4. Pollution liability insurance: Environmental Impairment Liability Insurance shall be written on a Contractor's Pollution Liability form or other form acceptable to the Agency providing coverage for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than $1,000,000 dollars per claim and in the aggregate. All activities contemplated in this agreement shall be specifically scheduled on the policy as "covered operations." The policy shall provide coverage for the hauling of waste from the Premises to the final disposal location, including non-owned disposal sites.

(b) Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. Additional Insured Status

The Licensor and Agency Representatives, (as defined in Section 7, below) are to be additional insureds on the CGL policy with respect to liability arising out of Licensee's use of the Premises. General liability coverage can be provided in the form of an endorsement to the Licensee's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

2. Primary Coverage

For any claims related to this Agreement, the Licensee's insurance coverage shall be primary insurance as respects the Licensor/Agency Representatives. Any insurance or self-insurance maintained by the Licensor/Agency Representatives, shall be excess of the Licensee's insurance and shall not contribute with it.

3. Contractors and Subcontractors

Licensee shall require and verify that all contractors and subcontractors maintain insurance meeting all the requirements stated herein, and Licensee shall ensure that Licensor/Agency Representatives are additional insureds on insurance required from contractors/subcontractors. For CGL coverage contractors and subcontractors shall provide coverage with a format least as broad as CG 20 38 04 13.

4. Notice of Cancellation

Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the Agency.

5. Waiver of Subrogation
Licensee hereby grants to Agency a waiver of any right to subrogation which any insurer of said Licensee may acquire against the Agency by virtue of the payment of any loss under such insurance. Licensee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation provided such endorsement is available on commercially reasonable terms, but this provision applies regardless of whether or not the Agency has received a waiver of subrogation endorsement from the insurer.

6. Deductibles and Self-Insured Retentions
Any deductibles or self-insured retentions must be declared to and approved by the Agency. The Agency may require the Licensee to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

7. Acceptability of Insurers
Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the Agency.

8. Deductibles
All such insurance shall have deductibility limits of not greater than $50,000.00 unless otherwise approved by the Agency.

9. Verification of Coverage
Licensee shall furnish the Agency with original certificates and amendatory endorsements or copies of the applicable policy language providing the insurance coverage required above. All certificates and endorsements are to be received and approved by the Agency before exercise of the Permitted use commences. However, failure to obtain the required documents prior to the exercise of the Permitted Use shall not waive the Licensee's obligation to provide them. The Agency reserves the right to require complete copies of all required insurance policies, including endorsements, required by these specifications, at any time.

10. Occurrence Basis Coverage
All policies shall be written on an occurrence basis unless otherwise approved by the Agency.

8. Indemnification. From and after the execution of this Agreement, Licensee hereby agrees to indemnify, defend, protect and hold harmless, with counsel of the Licensor's choosing, the Agency and any and all predecessors, successors, assigns, agents, officials, employees, members, independent contractors, affiliates, principals, officers, directors, attorneys, accountants, representatives, staff, and board members of the Agency collectively, the "Agency Representatives", and each of them, from and against all claims, including any claims from any third party beneficiary to this Agreement, causes of action, liabilities, losses, damages, injuries, expenses, charges, penalties, or costs, of whatsoever character, nature and kind, (including attorney's fees and costs incurred by the indemnified Party with respect to legal counsel of its choice, and remediation of any Hazardous Materials deposited on the Premises by Licensee), whether to property or to person(s), and whether by direct or derivative action, known or unknown, suspected or unsuspected, latent or patent, existing or contingent (collectively "Losses and Liabilities"), related directly or indirectly to, or arising out of or in any way connected with any of the activities of Licensee, its agents, employees, licensees, lessees, representatives, invitees, contractors, subcontractors or independent contractors on the Premises. This indemnification requires Licensee to indemnify the Agency and any and all Agency Representatives from and against all Losses

and Liabilities, including attorneys' fees, related directly or indirectly to, or arising out of or in any way connected with any existing or future Hazardous Substances on the Premises. Licensee's obligation to defend shall arise regardless of any claim or assertion that the Agency caused or contributed to the Losses and/or Liabilities.

9. Hazardous Materials means any chemical, material or substance now or hereafter defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "pollutant or contaminant," "imminently hazardous chemical substance or mixture," "hazardous air pollutant," "toxic pollutant," or words of similar import under any local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto applicable to the Property, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq. ("**CERCLA**"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq. The term "**Hazardous Materials**" shall also include any of the following: any and all toxic or hazardous substances, materials or wastes listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and in any and all amendments thereto in effect as of the date of the close of any escrow; oil, petroleum, petroleum products (including, without limitation, crude oil or any fraction thereof), natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel, not otherwise designated as a hazardous substance under CERCLA; any substance which is toxic, explosive, corrosive, reactive, flammable, infectious or radioactive (including any source, special nuclear or by-product material as defined at 42 U.S.C. § 2012, et seq.), carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority; asbestos in any form; urea formaldehyde foam insulation; transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls; radon gas; or any other chemical, material or substance (i) which poses a hazard to the Premises, to adjacent properties, or to persons on or about the Premises, (ii) which causes the Premises to be in violation of any of the aforementioned laws or regulations, or (iii) the presence of which on or in the Premises requires investigation, reporting or remediation under any such laws or regulations.

10. Term, Termination and Remedies. The License shall commence as of the Effective Date of this Agreement, and shall automatically terminate on **July 31, 2017.** Notwithstanding the foregoing, at any time, for any reason, the Licensor may, at its sole and absolute discretion, terminate this Agreement without cause, upon 30 days written notice to Licensee. Further, in the event Licensor sells or transfers the Premises during the term of this Agreement, this Agreement shall terminate upon seven (7) days written notice to Licensee. In addition, if Licensee shall be in breach of any of its obligations under this Agreement and shall fail to cure such breach within ten (10) business days of written notice from Licensor specifying the nature of any such breach, Licensor shall have the right to terminate this Agreement upon written notice to Licensee. Licensee acknowledges that this License is solely a license, and that Licensee has no rights as an owner, purchaser or tenant by virtue thereof. Upon termination of the Agreement, Licensee shall promptly vacate the Premises and comply with the provisions of Section 3 above. No termination or expiration of this License shall relieve Licensee of its obligations hereunder.

11. Inspection and Access to Premises. Licensor and any of its duly authorized representatives, employees, agents or independent contractors shall be entitled to enter the Premises, to show the Premises to potential purchasers, to inspect the premises, to inspect Licensee's use of the Premises, and for any other purpose, at any time

12. Assignability. This License cannot be assigned by Licensee whether voluntarily or by operation of law, and Licensee shall not permit any use of the Premises, or any part thereof during the Term of this License in violation of the provisions of this License, except with the consent of Licensor (which shall not be unreasonably withheld, conditioned or delayed), and any attempt to do so shall be null and void.

13. Cost of Enforcement. In the event it is necessary for either Party to employ an attorney or other person or commence an action to enforce or interpret any of the provisions of this License or for Licensor to remove Licensee from the Premises, the non-prevailing party agrees to pay to the prevailing party, in addition to such other relief as may be awarded by the court, agency or other authority before which such suit or proceeding is commenced, all reasonable costs of enforcement in connection therewith including, but not limited to, reasonable attorneys' fees, expenses and costs of investigation.

14. Notices. All notices, consents, approvals, requests, demands and other communications provided for herein shall be in writing and shall be deemed to have been duly given upon the earlier of when personally delivered or served or twenty-four (24) hours after being deposited with FedEx or any other established overnight courier service to the intended party addressed as follows:

| | |
|---|---|
| Licensor: | Paul Philips<br>Executive Director<br>15625 East Stafford Street, Suite 100<br>City of Industry, CA 91744<br>Tel: (626) 333-2211<br>paul@cityofindustry.org |
| With a Copy to: | James M. Casso, General Counsel<br>Casso & Sparks, LLP<br>13200 Crossroads Parkway North, Suite 345<br>City of Industry, CA 91746<br>Tel (626) 512-5470<br>jcasso@cassosparks.com |
| Licensee: | Dennis Gansen, Vice President<br>Sully Miller Contracting Company<br>135 S. State College Blvd., Suite #400<br>Brea, CA 92821<br>Tel (714) 578-9600 |

15. No Liability of Licensor. Licensee and Licensor acknowledge and agree that Licensee is entering into the Premises prior to the transfer of the Premises to Licensee and that Licensee does so at its sole risk and expense. The provisions hereof shall inure to the benefit of Licensor's and Licensee's successors and assigns including any Mortgagee.

16. Miscellaneous. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof, and all prior and contemporaneous agreements, representations and understandings of the Parties hereto, oral or written, are hereby superseded and merged herein. No supplement, modification or amendment of this Agreement shall be binding unless in writing and executed by the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

The indemnifications under this Agreement, the obligations of Licensee hereunder to remove liens and Licensee's obligations hereunder with respect to vacating and repairing the Premises shall survive the expiration or termination of the License Term. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of California. Any action brought concerning this Agreement shall be brought in the appropriate court for the County of Los Angeles, California. Each Party hereby irrevocably consents to the jurisdiction of said court. Developer hereby expressly waives all provisions of law providing for a change of venue due to the fact that the Agency may be a party to such action, including, without limitation, the provisions of California Code of Civil Procedure Section 394. Licensee further waives and releases any right it may have to have any action concerning this Agreement transferred to Federal District Court due to any diversity of citizenship that may exist between Agency and Licensee. The headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of the provisions hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute one and the same instrument. Neither this instrument nor a short form memorandum or assignment hereof shall be filed or recorded in any public office without Licensor's or Licensee's prior written consent.

17. Authority. Each person executing this Agreement hereby represents and warrants (i) their authority to do so, and (ii) that such authority has been duly and validly conferred.

**(SIGNATURES ON FOLLOWING PAGE)**

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

"LICENSOR"

**SUCCESSOR AGENCY TO THE INDUSTRY URBAN-DEVELOPMENT AGENCY**

By: _____
Paul Philips, Executive Director

ATTEST:

_____
Diane Schlichting, Agency Secretary

APPROVED AS TO FORM:

_____
James M. Casso, General Counsel

"LICENSEE"

**SULLY-MILLER CONTRACTING COMPANY**

By: _____
Dennis Gansen, Vice President

## EXHIBIT A

## Legal Description

Assessor's Parcel Number (APN) 8208-027-918 located at 455 Parriott Place West, City of Industry, CA 91744-0366. The area identified in the map below by defining red lines identifies the area of the Premises, where the Permitted Use shall occur.

**Location Map – 455 Parriott Place West**