

AGREEMENT

34187

By and Between

WORTHINGTON FORD, INC.

"Owner"

and

CITY OF LONG BEACH

"City"

AGREEMENT

THIS AGREEMENT (the "Agreement"), effective as of October 1, 2015 (the "Commencement Date") is entered into by and between WORTHINGTON FORD, INC., a California corporation ("Owner"), and the CITY OF LONG BEACH, a municipal corporation (the "City").

RECITALS

A. Owner owns and operates a Ford vehicle sales, leasing and servicing facility at 2950 Bellflower Blvd., Long Beach, California, 90815 (the "Dealership Site").

B. Owner and City are parties to Lease No. 24823 dated as of June 25, 1996 (as amended, the "Master Lease"), pursuant to which City, as landlord, leases to Owner, as tenant, certain real property located at 2601 Lakewood Boulevard and more particularly described therein (the "Sign Site", and together with the Dealership Site, the "Sites"). The Dealership Site includes a building which Owner operates as a new and used vehicle sales, leasing and servicing facility.

C. Owner has applied to City for assistance measured by a portion of increased sales tax which its expanded operations on the Dealership Site generate for City.

D. City has indicated a willingness to provide assistance through its Sales Tax Incentive Program upon the satisfaction and fulfillment of the terms and conditions of this Agreement in a timely manner.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and City agree as follows:

1. DEFINITIONS. The capitalized terms and words used in this Agreement shall have the following meanings:

1.1. "Affiliate" means, with respect to any Person: (a) any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, (i) such Person or (ii) any general partner of such Person; (b) any other Person five percent (5%) or more of the equity interest of which is held beneficially or of record by (i) such Person or (ii) any general partner of such Person, and (c) any general or limited partner of (i) such Person or (ii) any general partner of such Person. As used in the previous sentence, "control" means the possession, directly or indirectly, of the power to cause the direction of the management of a Person, whether through voting securities, by contract, family relationship or otherwise.

1.2. "Commencement Date" means the effective date upon which this Agreement shall be deemed to have commenced which is October 1, 2015.

1.3. "Event of Default" means any event so designated in this Agreement.

1.4. "Governmental Agency" means any and all governmental agencies having jurisdiction over Owner, the Sites and/or the works of improvement to be performed on the Sign Site.

1.5. "Governmental Approvals" means permits, consents, approvals and other entitlements required to be issued or obtained from any Governmental Agency.

1.6. "Hazardous Materials" means any chemical, substance, object, condition, material, waste, or controlled substance which is or may be hazardous to human health or safety or to the environment, due to its radioactivity, ignitability, corrosiveness, explosivity, flammability, reactivity, toxicity, infectiousness, or other harmful or potentially harmful properties or effects, including, without limitation, all chemicals, substances, materials, or wastes that are now or hereafter may be listed, defined, or regulated in any manner by any federal, state, or local government agency or entity, or under any federal, state, or local law, regulation, ordinance, rule, policy or procedure due to such properties or effects.

1.7. "Laws" means all statutes, laws, ordinances, regulations, orders, writs, judgments, injunctions, decrees or awards of the United States or any state, county, municipality or other Governmental Agency.

1.8. "Lease" means that certain lease by and between the parties hereto entered as of June 25, 1996, regarding the Sign Site.

1.9. "New Vehicle Dealership Operations" means operations conducted by Owner on the Dealership Site pursuant to one or more franchises granted by a new vehicle manufacturer or distributor, and includes the sales, servicing and leasing of new and used vehicles, parts and accessories, after-market products and services, and the occasional wholesaling of vehicle inventory.

1.10. "Operating Period" means the period of fifteen (15) years following the commencement date of the Lease during which Owner shall continuously occupy and conduct New Vehicle Dealership Operations on the Dealership Site.

1.11. "Person" means any entity, whether an individual, trustee, corporation, partnership, trust, unincorporated organization, Governmental Agency or otherwise.

1.12. "Sales Tax" means all taxes levied under the authority of the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

1.13. "Sublease" means the Sublease between Owner, as landlord, and City, as tenant, the form of which is attached as Attachment No. 1.

1.14. "Sub-sublease" means the Sub-sublease between City, as landlord, and Owner, as subtenant, the form of which is attached as Attachment No. 2.

1.15. "Term of this Agreement" means the period of time from the Commencement Date of this Agreement to the earliest of 1) the date which is 15 years from the Commencement Date of this Agreement; or 2) the date upon which the cap on the sales tax sharing rent is reached by virtue of the payments made by City to Owner; or 3) the date upon which Owner or its approved assignee is no longer able to conduct New Motor Vehicle Dealership Operations due to loss of the Dealership Site lease, or its new motor vehicle franchise, or other Uncontrollable Force.

2. THE PARTIES.

2.1. Owner. Owner is Worthington Ford, Inc., a California corporation, whose mailing address is 2950 Bellflower Blvd., Long Beach, CA 90815. By executing this Agreement, each person signing on behalf of Owner warrants and represents to City that it has the full power and authority to enter into this Agreement and that all authorizations and approvals required to make this Agreement binding upon Owner have been duly obtained.

2.2. City. City is a municipal corporation, duly organized and existing pursuant to its Charter.

3. THE SITES. Owner represents and warrants that it (i) owns and operates a new vehicle sales, leasing and servicing facility at the Dealership Site, and (ii) owns and operates a sign at the Sign Site which, among other things, supports its operations at the Dealership Site. The Dealership Site is to be used in connection with its New Vehicle Dealership Operations for the term of the Sublease, and the Sign Site is to be used in accordance with the terms of the Lease. Failure to conduct New Vehicle Dealership Operations on the Dealership Site at any time during the term of the Sublease shall constitute an Event of Default hereunder, unless such failure is due to mutual agreement, termination of Owner's Dealership Site lease, re-location of the Dealership Site within the City of Long Beach, the loss of Owner's New Motor Vehicle franchise, or other Uncontrollable Force as defined in §7.11 below.

4. OBLIGATIONS OF OWNER.

4.1. Indemnification, Bodily Injury and Property Damage Insurance. Owner will protect, defend, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City or the Sites unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury, or alleged accident or injury, to or death of persons or loss of or damage to property occurring on or about the Sites, or any part thereof, (b) any failure or alleged failure on the part of Owner to perform or comply with any of the terms of this Agreement, or (c) any negligence or tortious act or alleged negligence or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees. Further, from and after the execution of this Agreement by City, Owner shall defend, release, hold harmless and indemnify City and any officer, employee, agent or contractor, for an unlimited period,

from and against all liability, loss, damage (including consequential damages), costs and/or expense (including attorneys' fees and court costs) arising out of or in any way connected with the refurbishment of the Sites by Owner, or condition of the Sites, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Sites, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Agreement; provided however that Owner shall not be required to indemnify, defend or hold City harmless from liability, loss, damage, costs or expenses arising out of the acts or omissions of city's officers, employees or agents. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to Owner and City.

This indemnification provision supplements and in no way limits the scope of the indemnifications set out in any other provisions of this Agreement. The indemnity obligation of Owner under this Section as it pertains to an occurrence during the term of this Agreement shall survive the expiration or termination, for any reason, of this Agreement.

Without in any way limiting the foregoing indemnification or any other indemnification contained in this Agreement, Owner shall take out and maintain for the duration of this Agreement, at Owner's sole cost and expense, the following insurance in the amounts specified and in the forms provided below:

a. Comprehensive General Liability in an amount not less than five million dollars (\$5,000,000) combined single limit for each occurrence for bodily injury, personal injury and property damage including contractual liability. City and its officials, employees and volunteers shall be covered as additional insureds with respect to liability arising out of activities by or on behalf of Owner or in connection with the use or occupancy of the Sites. Coverage shall be in a form acceptable to the City Risk Manager and shall be primary as to any insurance or self-insurance maintained by City.

b. Workers' Compensation as required by the Labor Code of the State of California and Employers' Liability insurance in an amount not less than one million dollars (\$1,000,000).

c. "All Risk" Property covering the full replacement cost of Owner's improvements and fixtures, furnishings, equipment and inventory constructed, installed or used on or about the Sites. City shall be added as an insured under the standard loss payable endorsement. Owner hereby agrees to waive all rights of subrogation against City for any damage to said improvements or fixtures covered by collectable commercial insurance. Owner's obligations to provide insurance under this paragraph shall apply to all improvements and fixtures, not withstanding that some or all of such improvements or fixtures may have been

installed by Owner or any other party before or at any time after delivery of the Sites to Owner.

d. Such other insurance and in such amounts as may from time to time be reasonably required by City against the same or other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the height and type of buildings thereon and their construction, use and occupancy.

e. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent (as reasonably determined by City's risk manager) to A:VIII by A.M. Best & Company. Any deviation from this rule shall require specific approval in writing from the City's Risk Manager. Any deductibles or self-insured retentions must be declared to and approved by City, which approval may not be unreasonably withheld. At the option of City and after written notice to Owner, Owner may be required to reduce or eliminate such deductibles or self-insured retentions or to procure a bond guaranteeing payment of losses and related investigations, claim administration and defense costs. Coverage under each policy shall not be suspended, avoided or canceled by either party except after thirty (30) days (or ten (10) days in the case of non-payment of premiums) prior written notice to City. Owner shall furnish City with certificates of insurance and with original endorsements effecting coverage as required under this section. The certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. City reserves the right to require complete certified copies of all insurance Policies at any time. If required by City, Owner shall, from time to time, increase the limits of its general liability insurance to reasonable amounts customary for owners of improvements similar to those on the Property.

f. Owner shall be solely responsible for the clean-up and/or characterization of any hazardous and/or toxic substance(s), other kinds of soil or water contamination, or pollutants or any kind located on or within the Sites but only as required by law, other than as may arise out of the acts or omissions of City's officers, employees or agents.

4.2. [Intentionally Deleted]

4.3. Continuous Operation and Employment. New Vehicle Dealership Operations are subject to location policies and facilities requirements of the new vehicle franchisors of dealership operations. Owner shall continuously occupy and conduct New Vehicle Dealership Operations on the Dealership Site for for the Term of this Agreement or fifteen (15) years, whichever first occurs, following the commencement date of the Sublease (the "Operating Period") subject to such policies and requirements so that it can maintain its vehicle franchises in good standing and its new vehicle dealership operations economically viable. Such occupancy and operations shall be evidenced by the maintenance of Owner's new vehicle dealership franchise in good standing.

4.4. Maintenance and Repair of Sites. Owner shall maintain the Sites (and all abutting grounds, parking and landscape areas which Owner is otherwise required to maintain) in good condition and repair, shall operate the Sites in a businesslike manner, shall prudently preserve and protect both its own and City's interests in connection with the Sites, as applicable, shall not commit or permit any waste or deterioration of the Sites, shall not abandon any portion of the Sites or leave the Sites unguarded or unprotected, and shall not otherwise act, or fail to act, in such a way as to unreasonably increase the risk of any damage to the Sites or of any other impairment of City's interests under this Agreement.

4.5. Property Taxes, Sales Taxes and Assessments. Owner shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Sites; (b) all other taxes and assessments and charges of every kind that are assessed upon the Sites and that create or may create a lien upon the one or both of the Sites (or upon any personal property or fixtures used in connection with the Sites), including without limitation non-governmental levies and assessments pursuant to applicable covenants, conditions or restrictions; (c) all Sales Taxes; and (d) all license fees, taxes and assessments imposed on Owner. If permitted by law, Owner may pay any Imposition in installments (together with any accrued interest).

4.6. Maximize Sales Tax. During the Operating Period, Owner shall use its best efforts, consistent with the requirements of law, subject to Section 4.3 of this Agreement, to cause the Dealership Site to be the place of sale or use for any transaction or activity (i.e.. sale, storage, use or other consumption in California of tangible personal property) engaged in by Owner which transaction or activity is subject to the California Sales and Use Tax Law, Part 1 of Division 2-of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

4.7. Other Affirmative Covenants. While any obligation of Owner under this Agreement remains outstanding, the following provisions shall apply, except to the extent that City otherwise consents in writing:

4.7.1. Notice of Certain Matters. Owner shall give notice to City, within ten (10) days of Owner's learning thereof, of each of the following:

a. Any occurrence which is, or with the passage of time, would become a material event of default under any of the following: Owner's automobile dealership franchises, this Agreement, the Sublease or the Sub-sublease; or

b. Any dispute between Owner and any Governmental Agency relating to the Sites, the adverse determination of which might materially affect Owner's covenant to operate the Sites as a retail automobile dealership and advertising sign, respectively.

4.7.2. Further Assurances. Owner shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to City all documents, and take all

actions, reasonably required by City from time to time to perfect or confirm the rights created or now or hereafter intended to be created under this Agreement, to protect and further the validity, priority and enforceability of this Agreement, to carry out the purposes of this Agreement and the transactions contemplated thereunder.

4.8. Other Negative Covenants. While any obligation of Owner under this Agreement remains outstanding:

4.8.1. Owner shall not transfer any of the following without City's prior written consent, which consent shall not be unreasonably withheld:

a. Personal property owned by Owner for use at the Sites, except in the ordinary course of business;

b. Any lease, or any permits, licenses or franchise agreements, except pursuant to a sale of the dealership operations by sale of assets or shares of stock in which the obligations of Owner under this Agreement, the Sublease and the Sub-sublease are assumed in full; and

c. A controlling interest in the Owner, provided that City hereby consents to the issuance of additional interests by Owner to existing shareholders of Owner and to the transfer of interests in Owner between existing members or from an existing member to such member's spouse, child, or grantor trust.

4.8.2. Owner shall not cause or permit the removal from the Sites of any items of Personal Property which could affect Owner's operations conducted pursuant to this Agreement, except in the ordinary course of business.

4.9. Additional Representations and Warranties. As a material inducement to City's entry into this Agreement, Owner represents and warrants to City that:

4.9.1. Formation, Qualification and Compliance. Owner (a) is a corporation validly existing and in good standing under the laws of the State of California, (b) has all requisite authority to conduct its business and lease the Sign Site, and (c) is qualified and in good standing in every jurisdiction in which the nature of its business makes qualification necessary or where failure to qualify could have a material adverse effect on its financial condition or the performance of its obligations under this Agreement. To the best of its knowledge, Owner is in compliance in all material respects with all Laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with, any Governmental Agency that are necessary for the transaction of its business. Owner shall maintain its existence as a corporation in good standing under the Laws of the State of California.

4.9.2. Accounts and Records. Owner shall maintain accounts and records, including financial records, adequate to identify and account for all costs pertaining to this Agreement, and such other records as may be deemed necessary by City to assure proper accounting for all federal, if any, and non-federal project funds, identification of

which funds, if any, are used for construction, and to enforce the covenants contained in this Section 4. These records shall be made available for audit purposes to City or any authorized representative of City and shall be retained for the duration of this Agreement unless permission to destroy them earlier is granted by City.

5. OBLIGATIONS OF CITY.

5.1. City's Obligations. Provided all conditions precedent and concurrent to City's obligations hereunder have been satisfied, within ten (10) days after written request from Owner, City shall enter into the Sublease and the Sub-Sublease with Owner ("City's Obligations").

5.2. Conditions Precedent to City's Obligations. The obligation of City to enter into or to perform City's obligations is contingent and conditioned upon the satisfaction of City that the following have occurred:

5.2.1. Owner shall be continuing to conduct its New Vehicle Dealership Operations at the Dealership Site.

5.2.2. Owner and City shall have agreed upon the "Base Sales Tax Increment" as that term is defined in the Sub-sublease.

5.2.3. The warranties and representations of Owner contained in this Agreement and its attachments are true and correct.

5.2.4. Owner has all requisite authority to execute and perform its obligations under this Agreement.

5.2.5. All financial information furnished to City with respect to Owner in connection with this Agreement (a) is complete and correct in all material respects as of the date of preparation thereof, (b) accurately presents the financial condition of Owner, and (c) has been prepared in accordance with generally accepted accounting principles consistently applied or in accordance with such other principles or methods as are reasonably acceptable to City. All other documents and information furnished to City with respect to Owner are correct in all material respects and complete insofar as completeness is necessary to give City an accurate knowledge of their subject matter.

5.2.6. There has been no material adverse change in the condition, financial or otherwise, of Owner since the dates of the latest financial statements furnished to City. Since those dates, Owner has not entered into any material transaction not disclosed in such financial statements or otherwise disclosed to City in writing.

5.2.7. To the best of its knowledge, Owner has obtained all material Governmental Approvals required in connection with the ownership and use of the Sites.

5.2.8. City shall have received each of the following documents, each in form and substance satisfactory to City:

- a. Certificates of insurance for all policies required pursuant to this Agreement;
- b. A certificate of the Secretary of State of California certifying that Owner is in good standing;
- c. Certified copies of resolutions of Owner that this Agreement has been authorized and approved by the company in accordance with the company's Articles and By-Laws; and
- d. All other documents reasonably required by City.

Until the above conditions are satisfied, City shall be under no obligation to perform City's Obligations.

5.3. Representations and Warranties of City. As a material inducement to Owner's entry into this Agreement, City represents and warrants to Owner that City has all requisite authority to enter into and perform this Agreement.

5.4. Conditions Precedent to Owner's Obligations. The obligation of Owner to enter into this Agreement or to perform Owner's obligations is contingent and conditioned upon the satisfaction of Owner that City shall have taken all steps necessary to have the authority to enter into and to perform this Agreement and the obligations of City set forth in the Sublease and the Sub-sublease to be entered into in accordance with this Agreement.

6. DEFAULTS AND REMEDIES.

6.1. Events of Default. The occurrence of any of the following shall constitute an Event of Default:

6.1.1. Owner or City fails to perform any obligation for the payment of money under this Agreement, the Sublease or the Sub-sublease, and such failure is not cured within thirty (30) calendar days after the defaulting party's receipt of written notice that such obligation was not performed when due; or

6.1.2. Owner fails to perform any obligation (other than obligations described in subparagraph 7.1.1) under this Agreement, especially, without limitation, those obligations set forth in Section 4, the Sublease and the Sub-sublease, and such failure is not cured within thirty (30) days after Owner's receipt of written notice that such obligation was not performed; provided that, if cure cannot reasonably be effected within such thirty (30) day period, such failure shall not be an Event of Default so long as Owner promptly (in any event, within ten (10) days after receipt of such notice) commences cure, and thereafter diligently (in any event within a reasonable time after receipt of such notice) prosecutes such cure to completion; or

6.1.3. Any material representation or warranty in this Agreement proves to have been incorrect in any material respect when made; or

6.1.4. All or any material portion of the Sites is condemned, seized or appropriated by a Governmental Agency; or

6.1.5. Either Site is materially damaged or destroyed by fire or other casualty unless Owner commences restoration of, and thereafter diligently restores, such Site in accordance with this Agreement; or

6.1.6. Owner is enjoined or otherwise prohibited by any Governmental Agency from occupying either Site and such injunction or prohibition continues unstayed for thirty (30) days or more for any reason; or

6.1.7. Owner is dissolved, liquidated or terminated, or all or substantially all of the assets of Owner are sold or otherwise transferred without City's prior written consent; except that the City shall be deemed to have consented to any sale or transfer which the Ford Motor Co. or other relevant new motor vehicle franchisor has approved pursuant to an Automotive Dealership Buy-Sell Agreement and this Agreement has been fully assumed by the successor dealership or otherwise terminated by mutual agreement of the City and Owner; or

6.1.8. Owner is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Owner applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Owner, and the appointment continues undischarged or unstayed for ninety (90) days; or Owner institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Owner, and continues undismissed or unstayed for ninety (90) days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Owner and is not released, vacated or fully bonded within ninety (90) days after its issue or levy; or

6.2. Remedies Upon Default. Upon the occurrence of any Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, City may at its option do any or all of the following:

6.2.1. Suspend or terminate payment of the rent pursuant to the Sublease and apply all or any part of such proceeds as City reasonably deems appropriate to fulfill obligations pursuant to this Agreement which Owner does not timely perform and/or to protect City's interests under this Agreement; and

6.2.2. Exercise any of its rights under this Agreement and any rights provided by Law, all in such order and manner as City elects in its absolute discretion; provided that Owner shall have no obligation to reimburse the City for any tax revenues paid to Owner under this Agreement.

6.3. Cumulative Remedies; No Waiver. City's rights and remedies under this Agreement are cumulative and in addition to all rights and remedies provided by Law from time to time. The exercise by City of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice City in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by City to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of this Agreement shall be construed as a waiver of any subsequent breach of the same provision. City's consent to or approval of any act by Owner requiring further consent or approval shall not be deemed to waive or render unnecessary City's consent to or approval of any subsequent act. City's acceptance of the late performance of any obligation shall not constitute a waiver by City of the right to require prompt performance of all further obligations. City's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of City's right to proceed with the exercise of its remedies for any unfulfilled obligations and City's acceptance of any partial performance shall not constitute a waiver by City of any rights relating to the unfulfilled portion of the applicable obligation.

7. GENERAL.

7.1. Nonliability of City. Owner acknowledges and agrees that:

7.1.1. The relationship between Owner and City pursuant to this Agreement is and shall remain solely that of contracting parties, and City neither undertakes nor assumes any responsibility pursuant to this Agreement to review, inspect, supervise, approve or inform Owner of any matter in connection with the Sites.

7.1.2. Notwithstanding any other provision of this Agreement, City shall not be deemed responsible for or as a participant in any acts, omissions or decisions of Owner, and Owner shall indemnify City against any such claims.

7.1.3. City shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any construction on, or occupancy or use of, the Sites (except to the extent proximately caused by City's negligence or intentional misconduct), whether arising from (i) any defect in any building, grading, landscaping or other onsite or offsite improvement, (ii) any act or omission of Owner or any of Owner's agents, employees, independent contractors, licensees or invitees, or (iii) any accident on the Sites or any fire or other casualty or hazard thereon. Owner shall indemnify City against any such claims.

7.1.4. By accepting or approving anything required to be performed or given to City under this Agreement including any certificate, survey, appraisal or insurance policy, City shall not be deemed to have warranted or represented the sufficiency or legal effect of the same, and no such acceptance or approval shall constitute a warranty or representation by City to anyone.

7.2. Survival of Representations and Warranties. All representations and warranties in this Agreement shall survive the termination of this Agreement and have been or will be relied on by City notwithstanding any investigation made by City.

7.3. Captions and Section References. The captions used in this Agreement are for the purpose of convenience only and shall not be construed to limit or extend the meaning of any part of this Agreement. Reference in this Agreement to Articles, Sections or Attachments shall be construed as references to this Agreement unless a different document is named.

7.4. Copies. Any executed copy of this Agreement shall be deemed an original for all purposes.

7.5. Severability. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability, unless it affects the substantial rights of a party or defeats the purpose of this Agreement, shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

7.6. Interpretation. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, and not strictly for or against any party. When the context of this Agreement requires, the neuter gender includes the masculine, the feminine, a partnership or corporation or joint venture or other entity, and the singular includes the plural.

7.7. Remedies are Cumulative. All remedies herein conferred upon the parties shall be deemed cumulative and no one remedy shall be exclusive of any other remedy herein conferred or created by law.

7.8. No Partnership or Joint Venture. The parties hereto agree that nothing contained in this Agreement shall be deemed or construed as creating a partnership, joint venture, or association between City and Owner; or cause City or Owner to be responsible in any way for the debts or obligations of the other, and no other provision contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship between City and Owner other than that of contracting parties. Further, nothing herein shall give or is intended to give any rights of any kind to any person not an express party hereto.

7.9. Integration. This Agreement, including the Attachments attached hereto, is the entire agreement between and final expression of the parties, and there are no agreements or representations between the parties except as expressed herein. All prior negotiations and agreements between City and Owner with respect to the subject matter hereof are superseded by this Agreement. Except as otherwise provided herein, no subsequent change or addition to this Agreement shall be binding unless in writing and signed by the parties hereto.

7.10. Nonwaiver. None of the provisions of this Agreement shall be considered waived by any party except when such waiver is given in writing. The failure of any party to insist in any one or more instances upon strict performance of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

7.11. Uncontrollable Forces. No party to this Agreement shall be considered to be in default in the performance of those provisions contained in this Agreement relating to Owner's covenant to operate, when and to the extent failure of performance shall be caused by an Uncontrollable Force. Uncontrollable Force shall mean:

Any occurrence beyond the control of a party which causes that party to be unable to perform its obligations hereunder and which said party has been unable to overcome by the exercise of due diligence, including but not limited to flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil action, or failure, threat of failure or sabotage of facilities which have been maintained in accordance with good engineering and operating practices in California, or the loss of the Dealer Site lease, or the termination of its new car franchise.

7.12. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

7.13. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Agreement shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Manager
City of Long Beach
333 West Ocean Blvd., 13th Floor
Long Beach, California 90802

If to Owner: Worthington Ford, Inc.
2950 Bellflower Blvd
Long Beach, California 90815
Attn: Nick Worthington
email: nickworthington2003@gmail.com
Phone: 562-420-3333
Fax: 562-421-2724

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the dates hereinafter respectively set forth.

"Owner"

WORTHINGTON FORD, INC., a California corporation

January 28, 2016

By: [Signature] Nick Worthington
Its: President

By: [Signature] Dave Kossidis
Its: Vice President

"City"

CITY OF LONG BEACH, a municipal corporation

2/9, 2016

By: [Signature]
City Manager

Approved as to form this 2 day of February, 2016.

CHARLES PARKIN, City Attorney

By: [Signature]
Deputy

ATTACHMENT NO. 1

SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of October 1, 2015, is entered into by and between WORTHINGTON FORD, INC., a California corporation (the "Owner"), as lessor, and the CITY OF LONG BEACH, a municipal corporation (the "City"), as lessee.

RECITALS

A. Pursuant to Lease No. 24823 dated as of June 25, 1996 between City, as lessor, and Owner, as lessee (the "Lease"), Owner leases and occupies certain property within the City of Long Beach at 2601 N. Lakewood Boulevard (the "Sign Site"). The Sign Site is legally described and depicted on the Legal Description attached hereto as Exhibit "A".

B. Owner leases and occupies certain additional property within the City of Long Beach at 2950 Bellflower Blvd., Long Beach, California 90815 (the "Dealership Site").

C. Owner has fully stocked, equipped and staffed the Dealership Site as an automobile sales, leasing and service facility, and Owner owns and operates a sign on the Sign Site in support of its operations at the Dealership Site.

D. Owner and City entered into that certain Agreement dated as of even date herewith (the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may continue to operate the Sites as described herein and in the Agreement. This Sub-Lease is entered into pursuant to the Agreement.

E. Contemporaneously herewith, City is sub-subletting the Sign Site to Owner pursuant to the Sub-sublease.

F. Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless otherwise defined herein.

WITNESSETH

1. Lease of Sign Site. Owner does hereby sub-lease, and City does hereby rent, the Sign Site, with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on October 1, 2015 (the "Commencement Date"), and ending on the date which is the fifteenth (15th) anniversary of the Commencement Date unless earlier terminated in accordance by the termination of the Lease or this Sublease (the "Termination Date").

2. Rent. So long as Owner is not in default under this Sublease, and after City has received proof of Sales Taxes owed and paid by Owner, City shall pay annual rent (the

"Rent") in an amount as calculated in this Section. City's obligation to pay the Rent may be suspended as provided below.

2.1. Calculation of Rent. For a period commencing upon the Commencement Date and terminating on the earlier of (i) the date upon which the cumulative amount of the Rent, without interest, paid to Owner exceeds the "Maximum Rent Amount" as defined below, or (ii) the fifteenth (15th) anniversary of the Commencement Date (the "Term"), City shall pay Rent equal to fifty percent (50%) of the Excess Sales Tax Increment for that calendar year. In no event shall the cumulative amount of the Rent, without interest, paid to Owner over the term of this Lease exceed the Maximum Rent Amount.

2.2. Principles Regarding Calculation and Payment of Rent. The calculation and payment of Rent shall be performed in light of the following principles:

2.2.1. Rent shall be paid quarterly in arrears, thirty (30) days after each of the following conditions has been met: (i) the applicable calendar quarter has ended, (ii) Owner has submitted to City an Owner's Certificate in the form attached hereto as Attachment No. 1, and (iii) City has received written documentation from the Board of Equalization confirming the exact amounts of Sales Tax paid by Owner and Sales Tax Increment received by City for the applicable calendar quarter. For example, assume the Commencement Date is October 1, 2015; the amount of the first Rent payment will be based upon taxable sales which occurred on the Sign Site between October 1, 2015 and December 31, 2015, and would be paid thirty (30) days after the satisfaction of each of the above conditions.

2.2.2. That portion of the Rent based upon Sales Tax Increment generated from leases shall be payable annually, within forty-five (45) days after the expiration of the calendar year.

2.2.3. Rent shall be applied to the calendar year quarter in which the Sales Tax Increment was generated on the Dealership Site. For example, assume the Commencement Date is October 1, 2015; while the first Rent payment may not be paid until about April 1, 2016 (or later), the amount of the first Rent payment will be based upon taxable sales which occurred on the Dealership Site between October 1, 2015, and December 31, 2015, and the Rent shall be applied to the such period.

2.2.4. The Excess Sales Tax Increment threshold amount and other adjustments for any period which is less than a calendar quarter or calendar year shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or calendar year.

2.2.5. In any calendar quarter, no Rent shall be payable on account of the prorated Base Year Sales Tax Increment for that quarter, or in the instance of a partial calendar quarter, on account of the prorated amount of Base Year Sales Tax Increment. Rent shall be payable only after City has received the Base Year Sales Tax Increment for that calendar quarter. For example, assume the Commencement Date is October 1, 2015; the amount of the first Rent payment will be based upon taxable sales which

occurred on the Dealership Site between October 1, 2015 and December 31, 2015. No Rent would be paid for that calendar quarter until City has received the Base Year Sales Tax Increment for that partial year (i.e., 50% of the Base Year Sales Tax Increment prorated for that quarter). If City received more than 50% of the Base Year Sales Tax Increment attributable to that calendar quarter, the excess amount would be paid as Rent.

2.3. Definitions Applicable to Determination of Rent.

2.3.1. "Base Year Sales Tax Increment" shall mean the average of the Sales Tax Increment generated by operations of Owner on the Dealership Site over the six years immediately preceding this Sublease, which was \$380,286.

2.3.2. "Calendar year" shall mean the calendar year, January 1 through December 31.

2.3.3. "Maximum Rent Amount" shall be Three Hundred Thirty-Nine Thousand Four Hundred Seventy-Six Dollars (\$339,476).

2.3.4. "Event of Default" means any event so designated in this Sublease.

2.3.5. "Excess Sales Tax Increment" shall mean, for a given calendar quarter, the amount of the Sales Tax Increment for that calendar quarter in excess of the Base Year Sales Tax Increment prorated for that calendar quarter. In any calendar quarter or year in which this Sublease is in effect for a portion of the calendar quarter or calendar year, the Base Year Sales Tax Increment threshold shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or calendar year.

2.3.6. "Penalty Assessments" shall mean penalties, assessments, collection costs and other costs, fees or charges resulting from late or delinquent payment of Sales Taxes and which are levied, assessed or otherwise collected from the business on the Site owing or obligated to pay Sales Tax.

2.3.7. "Sales Tax" means all taxes levied under the authority of the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

2.3.8. "Sales Tax Increment" shall mean that portion of the Sales Taxes, if any, levied by City upon taxable sales and uses on or attributable to the Dealership Site pursuant to an ordinance adopted by City, which Sales Taxes, when collected, are allocated and paid to, and actually received by, City, less any amounts received earlier by City which are to be refunded to Owner because of an overpayment of Sales Taxes. Sales Tax Increment shall not include Penalty Assessments, any Sales Taxes levied by, collected for or allocated to the State of California, the County of Los Angeles, a district or any other entity, or any funds paid, granted or allocated to City by the State of California, the County of Los Angeles, a district or any other entity, notwithstanding that such funds received by City are derived or measured by such other entity based upon Sales Taxes. This definition of Sales Tax Increment includes amounts attributable to

Sales Taxes levied on lease payments paid by the lessee of a vehicle, as provided by California Revenue and Taxation Code § 7205.1. For purposes of this Sublease, the Sales Tax Increment levied on lease payments shall be based upon leases financed through _____ (or other such independent, third party major automobile lease finance companies) which will provide and verify such information annually. The Sales Tax Increment for a calendar year shall include the Sales Tax Increment arising from lease payments.

2.4. Suspension of Obligation to Pay Rent. City's obligation to pay Rent shall be suspended at any time after thirty (30) days after written notice of an Event of Default under this Sublease, the Sub-sublease or the Agreement. If City has suspended its payment of Rent in accordance with the terms of this Sublease, then upon cure of such Event of Default, City shall resume its payment of the Rent, but shall have no obligation to pay Rent payments for any calendar quarter or portion thereof during which Rent was suspended in accordance with this Sublease (other than to the extent City is obligated to continue the payment of Rent after a cure of the default until the Termination Date).

2.5. Unsecured, Special Obligation of City. Owner acknowledges and agrees that the Rent is an unsecured, special obligation of City payable only out of the Excess Sales Tax Increment from the Site from and after commencement of this Sublease. Notwithstanding anything contained in this Agreement to the contrary, Owner acknowledges and agrees that neither the Sales Tax Increment from the Dealership Site, nor any revenues of the City are, have been, or will be pledged or hypothecated by City to or for payment of the Rent. If and when requested by City, Owner agrees to execute and deliver to City, within five (5) business days after receipt, a certificate acknowledging for the benefit of any and all third parties that the Rent is an unsecured obligation of City for which neither Sales Tax Increment, nor any revenues of City are, have been, or will be pledged or hypothecated to or for payment.

3. [INTENTIONALLY OMITTED]

4. No Right of Possession. City acknowledges that it shall have no right to take possession of the Sign Site, or any portion thereof, except as otherwise provided in this Sub-Lease. City acknowledges that the electronic readerboard sign which is located at the Sign Site remains the personal property of Owner.

5. Right to Sublease or Assign. Concurrent with the execution and delivery of this Sublease, City has entered into the Sub-sublease pursuant to which City has sub-subleased the Sign Site to Owner, and Owner has sub-subleased the Sign Site from City. Except for such Sub-sublease, City shall not enter into any other agreement for the sublease of the Sign Site or any portion thereof during the term of this Sublease, without the prior written consent of Owner. City shall not assign this Sublease without the prior written consent of Owner. Owner expressly acknowledges and agrees that City has only agreed to payment of the Rent as a means by which to induce development and expansion of certain improvements on the Sign Site and the specific occupancy of Owner in the Sign Site throughout the term of this Sublease. Accordingly, Owner further expressly acknowledges and agrees that the payment of Rent is a personal right of Owner

that is neither negotiable, transferable, nor assignable (other than as expressly permitted in the Agreement), nor may it be pledged or hypothecated under any circumstances without the prior written consent of City. This Lease shall terminate upon the earlier of (a) the Termination Date or (b) the unauthorized conveyance of all or a portion of Owner's leasehold interest in the Sign Site, or (c) the termination of the Lease.

6. Confirmation that Sales Tax Increment Has Been Received. City may confirm that Sales Tax Increment has been received in one of several ways. First, Owner may provide City with copies of the quarterly (or, if applicable, monthly) Board of Equalization reports filed by Owner together with a copy of its canceled check or other proof of payment of Sales Taxes reasonably satisfactory to City and, if applicable, a schedule of current leases initiated by Owner showing the taxable amount of lease payments to be made that calendar year not otherwise reported on Owner's Board of Equalization report. In the alternative, City may rely upon the Board of Equalization report which follows payment to City setting forth the sources of City's portion of the Sales Tax; provided, however, that this alternative shall only be available for Owner if it either (i) has no other place of business in the City other than on the Dealership Site, or (ii) has a Board of Equalization tax identification number or numbers for reporting Sales Tax generated by its business on the Dealership Site only. Further, the Board of Equalization report may not attribute to the Dealership Site Sales Tax on lease payments paid by a vehicle lessee. Finally, Owner may offer confirmation that Sales Tax Increment has been received by other means satisfactory to City in City's sole discretion. In any event, no Rent shall be payable until the Sales Tax payment by Owner upon which the Rent is calculated has been confirmed. For purposes of determining the Base Year Sales Tax Increment, Owner shall provide City with copies of the quarterly (or, if applicable, monthly) Board of Equalization reports filed by its Owner together with a copy of its canceled check, and a schedule of leases initiated in 2015 and lease payments to be made by those vehicle lessees during 2015.

7. Further Covenants. Owner and City further stipulate, covenant, and agree as follows:

7.1. Title. Owner covenants that Owner has lawful title and right to make this Sublease for the term aforesaid.

7.2. Cooperation of Owner. Owner covenants that it shall cooperate fully with City as more specifically set forth in the Agreement.

7.3. Accounts and Records. Owner covenants that it shall maintain accounts and records, including financial records, adequate to identify and account for all costs pertaining to this Sublease, and such other records as may be deemed necessary by City to enforce the covenants contained in this Sublease and to verify costs and expenses used in the computation of Rent, including but not limited to the Base Year Sales Tax Increment, and Sales Tax Increment. These records shall be made available for audit purposes to City or any authorized representative of City upon ten (10) days written notice and during normal business hours, and shall be retained for the duration of this Sublease unless permission to destroy them earlier is granted by City.

7.4. Indemnification. Owner will protect, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City, the Sign Site unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury to or death of persons or loss of or damage to property occurring on or about the Sign Site, or any part thereof, (b) any failure on the part of Owner to perform or comply with any of the terms of this Sublease, (c) any negligent or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees, or (d) the condition of the Sign Site, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Sign Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Sublease; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to City.

8. Default and Termination.

8.1. City Events of Default.

The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

- (i) Failure by the City to pay any Rent when due and payable hereunder.
- (ii) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and failure of City to remedy or to commence to remedy such failure within thirty (30) days after receipt by City of written notice specifying the failure and requesting that it be remedied.

8.2 Owner's Remedies Upon City's Default. Upon the occurrence of any City Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, Owner may pursue an action for breach of contract or any other remedy available at law or in equity, or may terminate this Sublease.

8.3. Owner Events of Default. The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

- (i) Default by Owner pursuant to this Sublease; or
- (ii) Default by Owner pursuant to the Sub-sublease; or
- (iii) Default by Owner pursuant to the Agreement.

8.4. Remedies Upon an Event of Default. Upon the occurrence of any Owner Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, City may, at its option, either:

- (i) Terminate this Sublease;
- (ii) Pursue an action for breach of contract or any other remedy available at law or in equity; or
- (iii) Suspend or terminate the payment of Rent.

Except as expressly provided elsewhere in this Sublease, termination of this Sublease under this Section shall not relieve Owner from any obligation incurred pursuant to this Lease with respect to the period prior to the date of such termination including, without limitation, the obligation to pay any sum due to City or from any claim for damages against Owner.

8.5. Institution of Legal Actions; Applicable Law. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sublease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Sublease.

8.6. Automatic Termination of Lease. Unless the parties agree in writing to the contrary, this Sublease shall immediately and automatically, without further action of the City, terminate upon the earlier of (i) the date Rent is paid attributable to the period ending on the fifteenth (15th) anniversary of the Commencement Date, (ii) the date upon which Rent in the cumulative amount of the Maximum Rent Amount has been paid, (iii) the date that New Dealership Operations cease on the Dealership Site, (iv) the conveyance of all or a portion of Owner's leasehold interest in the Sign Site, or (v) termination of the Sublease.

9. Miscellaneous.

9.1. No Obligation to Pay Costs. City shall have no obligation to pay any costs, fees, rents, utilities, maintenance fees, taxes, assessments, impositions and the like imposed upon Owner as lessee of the Sign Site, or imposed upon Owner under the Sublease. City's only payment obligation under this Sublease is the Rent.

9.2. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Sublease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Manager
City of Long Beach
333 West Ocean Blvd., 13th Floor
Long Beach, California 90802

If to Owner: Worthington Ford, Inc.
2950 Bellflower Blvd
Long Beach, California 90815
Attn: Nick Worthington
email: nickworthington2003@gmail.com
Phone: 562-420-3333 Fax: 562-421-2724

With a Copy to: Lawrence W. Miles, Jr.
The Miles Law Firm
3838 Watt Ave., Suite 301
Sacramento, Ca. 95821
email: larry@milesfirm.com
Phone: 916-973-9674 Fax: 916-973-9684

Either City or Owner may change its respective address by giving written notice to the other in accordance with the provisions of this Section.

9.3. Successors. The provisions of this Sublease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

9.4. Amendment of Sublease. This Sublease may only be amended by a writing signed by all parties.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

WORTHINGTON FORD, INC., a California corporation

_____, 2016

By: _____
Its: _____

By: _____
Its: _____

"City"

CITY OF LONG BEACH, a municipal corporation

_____, 2016 By _____
City Manager

Approved as to form this _____ day of _____, 2016.

CHARLES PARKIN, City Attorney

By: _____
Deputy

EXHIBIT "A" TO SUBLEASE

LEGAL DESCRIPTION OF THE SIGN SITE

THAT PORTION OF LOT 5 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174 PAGES 15 TO 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 5 AND THE CENTER LINE OF CERRITOS AVENUE (NOW KNOWN AS LAKEWOOD BOULEVARD), 80.00 FEET WIDE, AS SHOWN ON SAID MAP, THENCE ALONG SAID CENTER LINE NORTH 0° 05' 53" EAST 732.54 FEET, THENCE NORTH 78° 46' 00" WEST 102.94 FEET TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING NORTH 78° 46' 00" WEST 622.01 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE EAST AND HAVING A RADIUS OF 145.00 FEET, THENCE SOUTHERLY ALONG SAID CURVE, THROUGH AN ANGLE OF 180° 00' 20", AN ARC DISTANCE OF 455.54 FEET, THENCE TANGENT SOUTH 78° 46' 20" EAST 492.63 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 155.00 FEET, THENCE NORTHEASTERLY ALONG LAST SAID CURVE, THROUGH AN ANGLE OF 66° 39' 52" AN ARC DISTANCE OF 180.34 FEET, THENCE TANGENT NORTH 34° 33' 48" EAST 44.53 FEET, THENCE NORTH 0° 06' 09" EAST 158.42 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT PORTION SHOWN AS PART OF FREEWAY OFF ROAD TO LAKEWOOD BLVD.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, IN AND UNDER OR WHICH MAY BE PRODUCED OR SAVED FROM SAID LAND, TOGETHER WITH ALL RIGHTS OF EVERY KIND AND DESCRIPTION WHATSOEVER, TO DRILL FOR, DEVELOP, TAKE, REMOVE AND SEVER THE SAME, OR ANY PART THEREOF, FROM SAID LAND, WITHOUT, HOWEVER, THE RIGHT TO THE USE OF THE SURFACE OF SAID LAND IN CONNECTION WITH THE DEVELOPMENT OR REMOVAL OF SAID OIL, GAS OR OTHER HYDROCARBONS, ALL DRILLING, AND BORING FOR SAID PURPOSES TO BE DONE BENEATH THE SURFACE OF SAID LAND AT ANY LEVEL, OR LEVELS, 100.00 FEET, OR MORE, BELOW THE SURFACE THEREOF, THE SURFACE OPENING OF THE WELL HOLE TO BE LOCATED ON LAND OTHER THAN THE LAND ABOVE DESCRIBED, AS RESERVED IN THE DEEDS FROM THE BIXBY LAND COMPANY, A CORPORATION, RECORDED RESPECTIVELY:

- (1) IN BOOK 28072, PAGE 204,

- (2) IN BOOK 32238, PAGE 67,
- (3) IN BOOK 35179, PAGE 303 AND
- (4) IN BOOK 35179, PAGE 310, OF OFFICIAL RECORDS.

ATTACHMENT NO. 1 TO SUBLEASE

OWNER'S CERTIFICATE

Date: _____

The undersigned, on behalf of Owner, hereby requests the payment of Rent in the amount, and on the date, set forth below, pursuant to that certain Sublease (the "Sublease ") dated as of October 1, 2015; between WORTHINGTON FORD, INC., a California corporation (the "Owner") and the City of Long Beach, a municipal corporation ("City"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth for them in the Sublease.

REQUESTED AMOUNT: _____.

REQUESTED DATE: _____.

Owner hereby represents and warrants to City that:

1. On _____, Owner paid Sales Taxes, and lessees of automobiles purchased at the Dealership Site are scheduled to pay Sales Taxes, for the _____ to _____ calendar quarter to the California Board of Equalization in the amount of \$_____. Attached hereto is a true and complete copy of our quarterly filings and proof of payment, and a schedule of current leases and lease payments to be made by those vehicle lessees during such calendar quarter.
2. For the twelve month period commencing on the most recent anniversary of the Commencement Date, Owner (or a lessee) has paid Sales Taxes (including the payment described in Paragraph 1 above) in the total amount of \$_____.
3. No Event of Default pursuant to the Agreement, the Sublease or the Sub-sublease remains uncured, and no event has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default under any of the Sublease, the Sub-sublease or the Agreement.

WORTHINGTON FORD, INC.

DATE: _____

By: _____

Its: _____

PAYMENT APPROVED:

City Representative

ATTACHMENT NO. 2

SUB-SUBLEASE

THIS SUB-SUBLEASE (the "Sub-sublease"), dated as of October 1, 2015 (the "Commencement Date"), is entered into by and between the CITY OF LONG BEACH, a municipal corporation (the "City"), as sub-lessor, and WORTHINGTON FORD, INC., a California corporation ("Owner"), as sub-lessee.

RECITALS

A. Pursuant to Lease No. 24823 dated as of June 25, 1996 between City, as lessor, and Owner, as lessee (the "Lease"), Owner leases and occupies certain property within the City of Long Beach at 2601 N. Lakewood Boulevard (the "Sign Site"). The Sign Site is legally described and depicted on the Legal Description attached hereto as "Exhibit "A".

B. Owner leases and occupies certain additional property within the City of Long Beach at 2950 Bellflower Blvd., Long Beach, CA 90815. (the "Dealership Site").

C. Owner and City entered into that certain Agreement dated as of October 1, 2015 (the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may continue to operate the Site as a retail automobile sales, leasing and service complex. This Sub-sublease is entered into pursuant to the Agreement.

D. Contemporaneously herewith, Owner, among others, is leasing the Sign Site to City pursuant to the Sublease.

E. Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless otherwise defined herein.

WITNESSETH

1. Sublease of Sign Site. City does hereby sublease, and Owner does hereby rent, the Sign Site, more particularly described in Exhibit "A" attached hereto, with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on the Commencement Date, and ending on the earlier of (i) the fifteenth (15th) anniversary of the Commencement Date, (ii) the date upon which Rent in the cumulative amount of the Maximum Rent Amount has been paid, or (iii) the termination of the Sublease (the "Termination Date").

2. Rent. Owner shall pay rent (the "Sub-sublease Rent") in advance each Fiscal Year of one dollar (\$1). City hereby acknowledges receipt of payment and prepayment of all Sub-sublease Rent due hereunder.

3. Possession. Upon and after the Commencement Date, Owner shall have the right to take possession of the Sign Site.

4. No Right to Sublet. Owner shall not enter into any other agreement for the sublease of the Sign Site or any portion thereof during the term of this Sub-sublease, without the prior written consent of City, which consent may be withheld in City's absolute discretion.

5. Covenants of Owner. Owner covenants and agrees as follows:

5.1. Operation of the Site. Owner covenants that it shall conduct New Vehicle Dealer Operations on the Dealership Site for the term of this Sub-sublease.

5.2. Maintenance. Owner covenants that it shall maintain the Sign Site (and all abutting grounds, parking and landscape areas which Owner is otherwise required to maintain) in good condition and repair, shall operate the Sign Site in a businesslike manner, shall prudently preserve and protect both its own and City's interests in connection with the Sign Site, shall not commit or permit any waste or deterioration of the Sign Site, shall not abandon any portion of the Sign Site or leave the Sign Site unguarded or unprotected, and shall not otherwise act, or fail to act, in such a way as to unreasonably increase the risk of any damage to the Sign Site or of any other impairment of City's interests under the Agreement.

5.3. Property Taxes, Sales Taxes and Assessments. Owner shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Sign Site; (b) all other taxes and assessments and charges of every kind that are assessed upon the Sign Site and that create or may create a lien upon the Sign Site (or upon any personal property or fixtures used in connection with the Sign Site), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; (c) all Sales Taxes; and (d) all license fees, taxes and assessments imposed on Owner. If permitted by law, Owner may pay any Imposition in installments (together with any accrued interest).

5.4. Maximize Sales Tax. During the term of this Sub-sublease, Owner shall use its best efforts, consistent with the requirements of law, to cause the Dealership Site to be the place of sale or use for any transaction or activity (i.e. sale, storage, use or other consumption in California of tangible personal property) engaged in by Owner which transaction or activity is subject to the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

5.5. Cooperation of Owner. Owner covenants that it shall cooperate fully with City as more specifically set forth in the Agreement.

6. General.

6.1. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Sublease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail,

return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Manager
City of Long Beach
333 West Ocean Blvd., 13th Floor
Long Beach, California 90802

If to Owner: Worthington Ford, Inc.
2950 Bellflower Blvd
Long Beach, California 90815
Attn: Nick Worthington
email: nickworthington2003@gmail.com
Phone: 562-420-3333
Fax: 562-421-2724

With a Copy to: Lawrence W. Miles, Jr.
The Miles Law Firm
3838 Watt Ave., Suite 301
Sacramento, Ca. 95821
email: larry@milesfirm.com
Phone: 916-973-9674
Fax: 916-973-9684

Either City or Owner may change its respective address by giving written notice to the other in accordance with the provisions of this Section.

6.2. Non-Discrimination. Owner shall not discriminate in the hiring of the personnel, contractors and subcontractors to complete the improvement of the Sign Site on the basis of race, color, religion, sex, age, national origin, or ancestry.

6.3. Successors. The provisions of this Sub-sublease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

6.4. No Assignment. Owner expressly acknowledges and agrees that City has only agreed to enter into this Sub-sublease as a means by which to induce the improvement and the specific occupancy of Owner in, and operation by Owner of its business on, the Sign Site throughout the Operating Periods. Accordingly, Owner further expressly acknowledges and agrees that this Sub-sublease is neither transferable nor assignable except as expressly permitted in the Agreement.

7. Indemnification and Insurance.

7.1. Indemnification. Owner will protect, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims,

damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City or the Sign Site unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury to or death of persons or loss of or damage to property occurring on or about the Sign Site, or any part thereof, (b) any and all obligations of Owner pursuant to the Sublease or this Sub-sublease, (c) any failure on the part of Owner to perform or comply with any of the terms of this Sub-sublease, (d) any negligent or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees, or (e) the condition of the Sign Site, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Sign Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Sub-sublease; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to City.

7.2. Insurance. Without in any way limiting any other indemnification contained in this Sublease, Owner shall take out and maintain for the duration of this Sub-sublease, at Owner's sole cost and expense, the following insurance in the amounts specified and in the forms provided below:

7.2.1. Comprehensive General Liability in an amount not less than five million dollars (\$5,000,000) combined single limit for each occurrence for bodily injury, personal injury and property damage including contractual liability. City and its officials, employees and volunteers' shall be covered as additional insureds with respect to liability arising out of activities by or on behalf of Owner or in connection with the use or occupancy of the Sign Site. Coverage shall be in a form acceptable to the City Risk Manager and shall be primary as to any insurance or self-insurance maintained by City.

7.2.2. "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of Owner's improvements constructed on or about the Sign Site. Said insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Said insurance shall be maintained as long as Owner shall own said improvements.

7.2.3. Such other insurance and in such amounts as may from time to time be reasonably required by City against the same or other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the type of improvements thereon and their use and occupancy.

7.2.4. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent (as

reasonably determined by City's risk manager) to A:VIII by A.M. Best & Company. Any deviation from this rule shall require specific approval in writing from the City's Risk Manager. Any deductibles or self-insured retentions must be declared to and approved by City, which approval may not be unreasonably withheld. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect the City, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Coverage under each policy shall not be suspended, avoided or canceled by either party except after thirty (30) days (or ten (10) days in the case of non-payment of premiums) prior written notice to City. Owner shall furnish City with certificates of insurance and with original endorsements effecting coverage as required under this section. The certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. City reserves the right to require complete certified copies of all insurance policies at any time. If required by City, Owner shall, from time to time increase the limits of its general liability insurance to reasonable amounts customary for owners of improvements similar to those on the Sign Site.

7.2.5. As between City and Owner, Owner shall be solely responsible for the clean-up and/or characterization of any hazardous and/or toxic substance(s), other kinds of soil or water contamination, or pollutants of any kind located on or within the Sign Site, unless such contamination was caused by City or its agents. Nothing in this Section shall be interpreted to impose additional requirements upon Owner greater than those imposed by law.

8. Events of Default. The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

8.1. Owner is in material breach of its obligations pursuant to this Sub-sublease;
or

8.2. City defaults or otherwise fails to perform any of its duties or obligations under or in connection with the Agreement, the Sublease or this Sub-sublease (subject to any applicable cure rights).

9. Default and Termination.

9.1 Remedies Upon Default. Upon the occurrence of any Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, the non-defaulting party may, at its option, either:

9.1.1 Terminate this Sub-sublease; or

9.1.2 pursue an action for breach of contract or any other remedy available at law or in equity.

Except as expressly provided elsewhere in this Sub-sublease, termination of the Sub-sublease under this Article shall not relieve the defaulting party from any obligation incurred pursuant to this Sub-sublease with respect to the period prior to the date of such

termination including, without limitation, the obligation to pay any sum due to City or from any claim for damages against Owner.

9.2 Institution of Legal Actions; Applicable Law. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sub-sublease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Sub-sublease.

9.3 Automatic Termination of Sublease. This Sub-sublease shall immediately and automatically, without further action of the City, terminate upon termination of the Sublease.

10. Amendment of Sublease. This Sub-sublease may only be amended by a writing signed by all parties.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

WORTHINGTON FORD, INC., a California corporation

_____, 2016

By: _____
Its: _____

By: _____
Its: _____

"City"

CITY OF LONG BEACH, a municipal corporation

_____, 2016

By _____
City Manager

Approved as to form this _____ day of _____, 2016.

CHARLES PARKIN, City Attorney

By: _____
Deputy

EXHIBIT A TO SUB-SUBLEASE

LEGAL DESCRIPTION OF THE SIGN SITE

THAT PORTION OF LOT 5 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174 PAGES 15 TO 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 5 AND THE CENTER LINE OF CERRITOS AVENUE (NOW KNOWN AS LAKEWOOD BOULEVARD), 80.00 FEET WIDE, AS SHOWN ON SAID MAP, THENCE ALONG SAID CENTER LINE NORTH $0^{\circ} 05' 53''$ EAST 732.54 FEET, THENCE NORTH $78^{\circ} 46' 00''$ WEST 102.94 FEET TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING NORTH $78^{\circ} 46' 00''$ WEST 622.01 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE EAST AND HAVING A RADIUS OF 145.00 FEET, THENCE SOUTHERLY ALONG SAID CURVE, THROUGH AN ANGLE OF $180^{\circ} 00' 20''$, AN ARC DISTANCE OF 455.54 FEET, THENCE TANGENT SOUTH $78^{\circ} 46' 20''$ EAST 492.63 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 155.00 FEET, THENCE NORTHEASTERLY ALONG LAST SAID CURVE, THROUGH AN ANGLE OF $66^{\circ} 39' 52''$ AN ARC DISTANCE OF 180.34 FEET, THENCE TANGENT NORTH $34^{\circ} 33' 48''$ EAST 44.53 FEET, THENCE NORTH $0^{\circ} 06' 09''$ EAST 158.42 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT PORTION SHOWN AS PART OF FREEWAY OFF ROAD TO LAKEWOOD BLVD.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, IN AND UNDER OR WHICH MAY BE PRODUCED OR SAVED FROM SAID LAND, TOGETHER WITH ALL RIGHTS OF EVERY KIND AND DESCRIPTION WHATSOEVER, TO DRILL FOR, DEVELOP, TAKE, REMOVE AND SEVER THE SAME, OR ANY PART THEREOF, FROM SAID LAND, WITHOUT, HOWEVER, THE RIGHT TO THE USE OF THE SURFACE OF SAID LAND IN CONNECTION WITH THE DEVELOPMENT OR REMOVAL OF SAID OIL, GAS OR OTHER HYDROCARBONS, ALL DRILLING, AND BORING FOR SAID PURPOSES TO BE DONE BENEATH THE SURFACE OF SAID LAND AT ANY LEVEL, OR LEVELS, 100.00 FEET, OR MORE, BELOW THE SURFACE THEREOF, THE SURFACE OPENING OF THE WELL HOLE TO BE LOCATED ON LAND OTHER THAN THE LAND ABOVE DESCRIBED, AS RESERVED IN THE DEEDS FROM THE BIXBY LAND COMPANY, A CORPORATION, RECORDED RESPECTIVELY:

- (1) IN BOOK 28072, PAGE 204,
- (2) IN BOOK 32238, PAGE 67,
- (3) IN BOOK 35179, PAGE 303 AND

(4) IN BOOK 35179, PAGE 310, OF OFFICIAL RECORDS.

SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of October 1, 2015, is entered into by and between WORTHINGTON FORD, INC., a California corporation (the "Owner"), as lessor, and the CITY OF LONG BEACH, a municipal corporation (the "City"), as lessee.

RECITALS

A. Pursuant to Lease No. 24823 dated as of June 25, 1996 between City, as lessor, and Owner, as lessee (the "Lease"), Owner leases and occupies certain property within the City of Long Beach at 2601 N. Lakewood Boulevard (the "Sign Site"). The Sign Site is legally described and depicted on the Legal Description attached hereto as Exhibit "A".

B. Owner leases and occupies certain additional property within the City of Long Beach at 2950 Bellflower Blvd., Long Beach, California 90815 (the "Dealership Site").

C. Owner has fully stocked, equipped and staffed the Dealership Site as an automobile sales, leasing and service facility, and Owner owns and operates a sign on the Sign Site in support of its operations at the Dealership Site.

D. Owner and City entered into that certain Agreement dated as of even date herewith (the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may continue to operate the Sites as described herein and in the Agreement. This Sub-Lease is entered into pursuant to the Agreement.

E. Contemporaneously herewith, City is sub-subletting the Sign Site to Owner pursuant to the Sub-sublease.

F. Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless otherwise defined herein.

WITNESSETH

1. Lease of Sign Site. Owner does hereby sub-lease, and City does hereby rent, the Sign Site, with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on October 1, 2015 (the "Commencement Date"), and ending on the date which is the fifteenth (15th) anniversary of the Commencement Date unless earlier terminated in accordance by the termination of the Lease or this Sublease (the "Termination Date").

2. Rent. So long as Owner is not in default under this Sublease, and after City has received proof of Sales Taxes owed and paid by Owner, City shall pay annual rent (the "Rent") in an amount as calculated in this Section. City's obligation to pay the Rent may be suspended as provided below.

2.1. Calculation of Rent. For a period commencing upon the Commencement Date and terminating on the earlier of (i) the date upon which the cumulative amount of the Rent, without interest, paid to Owner exceeds the "Maximum Rent Amount" as defined below, or (ii) the fifteenth (15th) anniversary of the Commencement Date (the "Term"), City shall pay Rent equal to fifty percent (50%) of the Excess Sales Tax Increment for that calendar year. In no event shall the cumulative amount of the Rent, without interest, paid to Owner over the term of this Lease exceed the Maximum Rent Amount.

2.2. Principles Regarding Calculation and Payment of Rent. The calculation and payment of Rent shall be performed in light of the following principles:

2.2.1. Rent shall be paid quarterly in arrears, thirty (30) days after each of the following conditions has been met: (i) the applicable calendar quarter has ended, (ii) Owner has submitted to City an Owner's Certificate in the form attached hereto as Attachment No. 1, and (iii) City has received written documentation from the Board of Equalization confirming the exact amounts of Sales Tax paid by Owner and Sales Tax Increment received by City for the applicable calendar quarter. For example, assume the Commencement Date is October 1, 2015; the amount of the first Rent payment will be based upon taxable sales which occurred on the Sign Site between October 1, 2015 and December 31, 2015, and would be paid thirty (30) days after the satisfaction of each of the above conditions.

2.2.2. That portion of the Rent based upon Sales Tax Increment generated from leases shall be payable annually, within forty-five (45) days after the expiration of the calendar year.

2.2.3. Rent shall be applied to the calendar year quarter in which the Sales Tax Increment was generated on the Dealership Site. For example, assume the Commencement Date is October 1, 2015; while the first Rent payment may not be paid until about April 1, 2016 (or later), the amount of the first Rent payment will be based upon taxable sales which occurred on the Dealership Site between October 1, 2015, and December 31, 2015, and the Rent shall be applied to the such period.

2.2.4. The Excess Sales Tax Increment threshold amount and other adjustments for any period which is less than a calendar quarter or calendar year shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or calendar year.

2.2.5. In any calendar quarter, no Rent shall be payable on account of the prorated Base Year Sales Tax Increment for that quarter, or in the instance of a partial calendar quarter, on account of the prorated amount of Base Year Sales Tax Increment. Rent shall be payable only after City has received the Base Year Sales Tax Increment for that calendar quarter. For example, assume the Commencement Date is October 1, 2015; the amount of the first Rent payment will be based upon taxable sales which occurred on the Dealership Site between October 1, 2015 and December 31, 2015. No Rent would be paid for that calendar quarter until City has received the Base Year Sales

Tax Increment for that partial year (i.e., 50% of the Base Year Sales Tax Increment prorated for that quarter). If City received more than 50% of the Base Year Sales Tax Increment attributable to that calendar quarter, the excess amount would be paid as Rent.

2.3. Definitions Applicable to Determination of Rent.

2.3.1. "Base Year Sales Tax Increment" shall mean the average of the Sales Tax Increment generated by operations of Owner on the Dealership Site over the six years immediately preceding this Sublease, which was \$380,286.

2.3.2. "Calendar year" shall mean the calendar year, January 1 through December 31.

2.3.3. "Maximum Rent Amount" shall be Three Hundred Thirty-Nine Thousand Four Hundred Seventy-Six Dollars (\$339,476).

2.3.4. "Event of Default" means any event so designated in this Sublease.

2.3.5. "Excess Sales Tax Increment" shall mean, for a given calendar quarter, the amount of the Sales Tax Increment for that calendar quarter in excess of the Base Year Sales Tax Increment prorated for that calendar quarter. In any calendar quarter or year in which this Sublease is in effect for a portion of the calendar quarter or calendar year, the Base Year Sales Tax Increment threshold shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or calendar year.

2.3.6. "Penalty Assessments" shall mean penalties, assessments, collection costs and other costs, fees or charges resulting from late or delinquent payment of Sales Taxes and which are levied, assessed or otherwise collected from the business on the Site owing or obligated to pay Sales Tax.

2.3.7. "Sales Tax" means all taxes levied under the authority of the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

2.3.8. "Sales Tax Increment" shall mean that portion of the Sales Taxes, if any, levied by City upon taxable sales and uses on or attributable to the Dealership Site pursuant to an ordinance adopted by City, which Sales Taxes, when collected, are allocated and paid to, and actually received by, City, less any amounts received earlier by City which are to be refunded to Owner because of an overpayment of Sales Taxes. Sales Tax Increment shall not include Penalty Assessments, any Sales Taxes levied by, collected for or allocated to the State of California, the County of Los Angeles, a district or any other entity, or any funds paid, granted or allocated to City by the State of California, the County of Los Angeles, a district or any other entity, notwithstanding that such funds received by City are derived or measured by such other entity based upon Sales Taxes. This definition of Sales Tax Increment includes amounts attributable to Sales Taxes levied on lease payments paid by the lessee of a vehicle, as provided by

Sales Taxes levied on lease payments paid by the lessee of a vehicle, as provided by California Revenue and Taxation Code § 7205.1. For purposes of this Sublease, the Sales Tax Increment levied on lease payments shall be based upon leases financed through Owner's financing company or any other independent, third party automobile lease finance companies, which will provide and verify such information annually. The Sales Tax Increment for a calendar year shall include the Sales Tax Increment arising from lease payments.

2.4. Suspension of Obligation to Pay Rent. City's obligation to pay Rent shall be suspended at any time after thirty (30) days after written notice of an Event of Default under this Sublease, the Sub-sublease or the Agreement. If City has suspended its payment of Rent in accordance with the terms of this Sublease, then upon cure of such Event of Default, City shall resume its payment of the Rent, but shall have no obligation to pay Rent payments for any calendar quarter or portion thereof during which Rent was suspended in accordance with this Sublease (other than to the extent City is obligated to continue the payment of Rent after a cure of the default until the Termination Date).

2.5. Unsecured, Special Obligation of City. Owner acknowledges and agrees that the Rent is an unsecured, special obligation of City payable only out of the Excess Sales Tax Increment from the Site from and after commencement of this Sublease. Notwithstanding anything contained in this Agreement to the contrary, Owner acknowledges and agrees that neither the Sales Tax Increment from the Dealership Site, nor any revenues of the City are, have been, or will be pledged or hypothecated by City to or for payment of the Rent. If and when requested by City, Owner agrees to execute and deliver to City, within five (5) business days after receipt, a certificate acknowledging for the benefit of any and all third parties that the Rent is an unsecured obligation of City for which neither Sales Tax Increment, nor any revenues of City are, have been, or will be pledged or hypothecated to or for payment.

3. [INTENTIONALLY OMITTED]

4. No Right of Possession. City acknowledges that it shall have no right to take possession of the Sign Site, or any portion thereof, except as otherwise provided in this Sub-Lease. City acknowledges that the electronic readerboard sign which is located at the Sign Site remains the personal property of Owner.

5. Right to Sublease or Assign. Concurrent with the execution and delivery of this Sublease, City has entered into the Sub-sublease pursuant to which City has sub-subleased the Sign Site to Owner, and Owner has sub-subleased the Sign Site from City. Except for such Sub-sublease, City shall not enter into any other agreement for the sublease of the Sign Site or any portion thereof during the term of this Sublease, without the prior written consent of Owner. City shall not assign this Sublease without the prior written consent of Owner. Owner expressly acknowledges and agrees that City has only agreed to payment of the Rent as a means by which to induce development and expansion of certain improvements on the Sign Site and the specific occupancy of Owner in the Sign Site throughout the term of this Sublease. Accordingly, Owner further expressly acknowledges and agrees that the payment of Rent is a personal right of Owner

than as expressly permitted in the Agreement), nor may it be pledged or hypothecated under any circumstances without the prior written consent of City. This Lease shall terminate upon the earlier of (a) the Termination Date or (b) the unauthorized conveyance of all or a portion of Owner's leasehold interest in the Sign Site, or (c) the termination of the Lease.

6. Confirmation that Sales Tax Increment Has Been Received. City may confirm that Sales Tax Increment has been received in one of several ways. First, Owner may provide City with copies of the quarterly (or, if applicable, monthly) Board of Equalization reports filed by Owner together with a copy of its canceled check or other proof of payment of Sales Taxes reasonably satisfactory to City and, if applicable, a schedule of current leases initiated by Owner showing the taxable amount of lease payments to be made that calendar year not otherwise reported on Owner's Board of Equalization report. In the alternative, City may rely upon the Board of Equalization report which follows payment to City setting forth the sources of City's portion of the Sales Tax; provided, however, that this alternative shall only be available for Owner if it either (i) has no other place of business in the City other than on the Dealership Site, or (ii) has a Board of Equalization tax identification number or numbers for reporting Sales Tax generated by its business on the Dealership Site only. Further, the Board of Equalization report may not attribute to the Dealership Site Sales Tax on lease payments paid by a vehicle lessee. Finally, Owner may offer confirmation that Sales Tax Increment has been received by other means satisfactory to City in City's sole discretion. In any event, no Rent shall be payable until the Sales Tax payment by Owner upon which the Rent is calculated has been confirmed. For purposes of determining the Base Year Sales Tax Increment, Owner shall provide City with copies of the quarterly (or, if applicable, monthly) Board of Equalization reports filed by its Owner together with a copy of its canceled check, and a schedule of leases initiated in 2015 and lease payments to be made by those vehicle lessees during 2015.

7. Further Covenants. Owner and City further stipulate, covenant, and agree as follows:

7.1. Title. Owner covenants that Owner has lawful title and right to make this Sublease for the term aforesaid.

7.2. Cooperation of Owner. Owner covenants that it shall cooperate fully with City as more specifically set forth in the Agreement.

7.3. Accounts and Records. Owner covenants that it shall maintain accounts and records, including financial records, adequate to identify and account for all costs pertaining to this Sublease, and such other records as may be deemed necessary by City to enforce the covenants contained in this Sublease and to verify costs and expenses used in the computation of Rent, including but not limited to the Base Year Sales Tax Increment, and Sales Tax Increment. These records shall be made available for audit purposes to City or any authorized representative of City upon ten (10) days written notice and during normal business hours, and shall be retained for the duration of this Sublease unless permission to destroy them earlier is granted by City.

7.4. Indemnification. Owner will protect, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City, the Sign Site unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury to or death of persons or loss of or damage to property occurring on or about the Sign Site, or any part thereof, (b) any failure on the part of Owner to perform or comply with any of the terms of this Sublease, (c) any negligent or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees, or (d) the condition of the Sign Site, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Sign Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Sublease; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to City.

8. Default and Termination.

8.1. City Events of Default.

The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

(i) Failure by the City to pay any Rent when due and payable hereunder.

(ii) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and failure of City to remedy or to commence to remedy such failure within thirty (30) days after receipt by City of written notice specifying the failure and requesting that it be remedied.

8.2 Owner's Remedies Upon City's Default. Upon the occurrence of any City Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, Owner may pursue an action for breach of contract or any other remedy available at law or in equity, or may terminate this Sublease.

8.3. Owner Events of Default. The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

(i) Default by Owner pursuant to this Sublease; or

- (ii) Default by Owner pursuant to the Sub-sublease; or
- (iii) Default by Owner pursuant to the Agreement.

8.4. Remedies Upon an Event of Default. Upon the occurrence of any Owner Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, City may, at its option, either:

- (i) Terminate this Sublease;
- (ii) Pursue an action for breach of contract or any other remedy available at law or in equity; or
- (iii) Suspend or terminate the payment of Rent.

Except as expressly provided elsewhere in this Sublease, termination of this Sublease under this Section shall not relieve Owner from any obligation incurred pursuant to this Lease with respect to the period prior to the date of such termination including, without limitation, the obligation to pay any sum due to City or from any claim for damages against Owner.

8.5. Institution of Legal Actions; Applicable Law. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sublease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Sublease.

8.6. Automatic Termination of Lease. Unless the parties agree in writing to the contrary, this Sublease shall immediately and automatically, without further action of the City, terminate upon the earlier of (i) the date Rent is paid attributable to the period ending on the fifteenth (15th) anniversary of the Commencement Date, (ii) the date upon which Rent in the cumulative amount of the Maximum Rent Amount has been paid, (iii) the date that New Dealership Operations cease on the Dealership Site, (iv) the conveyance of all or a portion of Owner's leasehold interest in the Sign Site, or (v) termination of the Sub-sublease.

9. Miscellaneous.

9.1. No Obligation to Pay Costs. City shall have no obligation to pay any costs, fees, rents, utilities, maintenance fees, taxes, assessments, impositions and the like imposed upon Owner as lessee of the Sign Site, or imposed upon Owner under the Sublease. City's only payment obligation under this Sublease is the Rent.

9.2. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Sublease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of

personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Manager
City of Long Beach
333 West Ocean Blvd., 13th Floor
Long Beach, California 90802

If to Owner: Worthington Ford, Inc.
2950 Bellflower Blvd
Long Beach, California 90815
Attn: Nick Worthington
email: nickworthington2003@gmail.com
Phone: 562-420-3333 Fax: 562-421-2724

With a Copy to: Lawrence W. Miles, Jr.
The Miles Law Firm
3838 Watt Ave., Suite 301
Sacramento, Ca. 95821
email: larry@milesfirm.com
Phone: 916-973-9674 Fax: 916-973-9684

Either City or Owner may change its respective address by giving written notice to the other in accordance with the provisions of this Section.

9.3. Successors. The provisions of this Sublease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

9.4. Amendment of Sublease. This Sublease may only be amended by a writing signed by all parties.

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IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

WORTHINGTON FORD, INC., a California corporation

January 28, 2016

By: [Signature] Nick Worthington
Its: President

By: [Signature] Dave Karolis
Its: VICE PRESIDENT

"City"

CITY OF LONG BEACH, a municipal corporation

2/9, 2016

By: [Signature]
City Manager

Approved as to form this 2 day of February, 2016.

CHARLES PARKIN, City Attorney

By: [Signature]
Deputy

EXHIBIT "A"

LEGAL DESCRIPTION OF THE SIGN SITE

THAT PORTION OF LOT 5 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174 PAGES 15 TO 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 5 AND THE CENTER LINE OF CERRITOS AVENUE (NOW KNOWN AS LAKEWOOD BOULEVARD), 80.00 FEET WIDE, AS SHOWN ON SAID MAP, THENCE ALONG SAID CENTER LINE NORTH $0^{\circ} 05' 53''$ EAST 732.54 FEET, THENCE NORTH $78^{\circ} 46' 00''$ WEST 102.94 FEET TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING NORTH $78^{\circ} 46' 00''$ WEST 622.01 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE EAST AND HAVING A RADIUS OF 145.00 FEET, THENCE SOUTHERLY ALONG SAID CURVE, THROUGH AN ANGLE OF $180^{\circ} 00' 20''$, AN ARC DISTANCE OF 455.54 FEET, THENCE TANGENT SOUTH $78^{\circ} 46' 20''$ EAST 492.63 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 155.00 FEET, THENCE NORTHEASTERLY ALONG LAST SAID CURVE, THROUGH AN ANGLE OF $66^{\circ} 39' 52''$ AN ARC DISTANCE OF 180.34 FEET, THENCE TANGENT NORTH $34^{\circ} 33' 48''$ EAST 44.53 FEET, THENCE NORTH $0^{\circ} 06' 09''$ EAST 158.42 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT PORTION SHOWN AS PART OF FREEWAY OFF ROAD TO LAKEWOOD BLVD.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, IN AND UNDER OR WHICH MAY BE PRODUCED OR SAVED FROM SAID LAND, TOGETHER WITH ALL RIGHTS OF EVERY KIND AND DESCRIPTION WHATSOEVER, TO DRILL FOR, DEVELOP, TAKE, REMOVE AND SEVER THE SAME, OR ANY PART THEREOF, FROM SAID LAND, WITHOUT, HOWEVER, THE RIGHT TO THE USE OF THE SURFACE OF SAID LAND IN CONNECTION WITH THE DEVELOPMENT OR REMOVAL OF SAID OIL, GAS OR OTHER HYDROCARBONS, ALL DRILLING, AND BORING FOR SAID PURPOSES TO BE DONE BENEATH THE SURFACE OF SAID LAND AT ANY LEVEL, OR LEVELS, 100.00 FEET, OR MORE, BELOW THE SURFACE THEREOF, THE SURFACE OPENING OF THE WELL HOLE TO BE LOCATED ON LAND OTHER THAN THE LAND ABOVE DESCRIBED, AS RESERVED IN THE DEEDS FROM THE BIXBY LAND COMPANY, A CORPORATION, RECORDED RESPECTIVELY:

- (1) IN BOOK 28072, PAGE 204,

- (2) IN BOOK 32238, PAGE 67,
- (3) IN BOOK 35179, PAGE 303 AND
- (4) IN BOOK 35179, PAGE 310, OF OFFICIAL RECORDS.

SUB-SUBLEASE

THIS SUB-SUBLEASE (the "Sub-sublease"), dated as of October 1, 2015 (the "Commencement Date"), is entered into by and between the CITY OF LONG BEACH, a municipal corporation (the "City"), as sub-lessor, and WORTHINGTON FORD, INC., a California corporation ("Owner"), as sub-lessee.

RECITALS

A. Pursuant to Lease No. 24823 dated as of June 25, 1996 between City, as lessor, and Owner, as lessee (the "Lease"), Owner leases and occupies certain property within the City of Long Beach at 2601 N. Lakewood Boulevard (the "Sign Site"). The Sign Site is legally described and depicted on the Legal Description attached hereto as "Exhibit "A".

B. Owner leases and occupies certain additional property within the City of Long Beach at 2950 Bellflower Blvd., Long Beach, CA 90815. (the "Dealership Site").

C. Owner and City entered into that certain Agreement dated as of October 1, 2015 (the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may continue to operate the Site as a retail automobile sales, leasing and service complex. This Sub-sublease is entered into pursuant to the Agreement.

D. Contemporaneously herewith, Owner, among others, is leasing the Sign Site to City pursuant to the Sublease.

E. Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless otherwise defined herein.

WITNESSETH

1. Sublease of Sign Site. City does hereby sublease, and Owner does hereby rent, the Sign Site, more particularly described in Exhibit "A" attached hereto, with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on the Commencement Date, and ending on the earlier of (i) the fifteenth (15th) anniversary of the Commencement Date, (ii) the date upon which Rent in the cumulative amount of the Maximum Rent Amount has been paid, or (iii) the termination of the Sublease (the "Termination Date").

2. Rent. Owner shall pay rent (the "Sub-sublease Rent") in advance each Fiscal Year of one dollar (\$1). City hereby acknowledges receipt of payment and prepayment of all Sub-sublease Rent due hereunder.

3. Possession. Upon and after the Commencement Date, Owner shall have the right to take possession of the Sign Site.

4. No Right to Sublet. Owner shall not enter into any other agreement for the sublease of the Sign Site or any portion thereof during the term of this Sub-sublease, without the prior written consent of City, which consent may be withheld in City's absolute discretion.

5. Covenants of Owner. Owner covenants and agrees as follows:

5.1. Operation of the Site. Owner covenants that it shall conduct New Vehicle Dealer Operations on the Dealership Site for the term of this Sub-sublease.

5.2. Maintenance. Owner covenants that it shall maintain the Sign Site (and all abutting grounds, parking and landscape areas which Owner is otherwise required to maintain) in good condition and repair, shall operate the Sign Site in a businesslike manner, shall prudently preserve and protect both its own and City's interests in connection with the Sign Site, shall not commit or permit any waste or deterioration of the Sign Site, shall not abandon any portion of the Sign Site or leave the Sign Site unguarded or unprotected, and shall not otherwise act, or fail to act, in such a way as to unreasonably increase the risk of any damage to the Sign Site or of any other impairment of City's interests under the Agreement.

5.3. Property Taxes, Sales Taxes and Assessments. Owner shall pay, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Sign Site; (b) all other taxes and assessments and charges of every kind that are assessed upon the Sign Site and that create or may create a lien upon the Sign Site (or upon any personal property or fixtures used in connection with the Sign Site), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; (c) all Sales Taxes; and (d) all license fees, taxes and assessments imposed on Owner. If permitted by law, Owner may pay any Imposition in installments (together with any accrued interest).

5.4. Maximize Sales Tax. During the term of this Sub-sublease, Owner shall use its best efforts, consistent with the requirements of law, to cause the Dealership Site to be the place of sale or use for any transaction or activity (i.e. sale, storage, use or other consumption in California of tangible personal property) engaged in by Owner which transaction or activity is subject to the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

5.5. Cooperation of Owner. Owner covenants that it shall cooperate fully with City as more specifically set forth in the Agreement.

6. General.

6.1. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Sublease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or

registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Manager
City of Long Beach
333 West Ocean Blvd., 13th Floor
Long Beach, California 90802

If to Owner: Worthington Ford, Inc.
2950 Bellflower Blvd
Long Beach, California 90815
Attn: Nick Worthington
email: nickworthington2003@gmail.com
Phone: 562-420-3333
Fax: 562-421-2724

With a Copy to: Lawrence W. Miles, Jr.
The Miles Law Firm
3838 Watt Ave., Suite 301
Sacramento, Ca. 95821
email: larry@milesfirm.com
Phone: 916-973-9674
Fax: 916-973-9684

Either City or Owner may change its respective address by giving written notice to the other in accordance with the provisions of this Section.

6.2. Non-Discrimination. Owner shall not discriminate in the hiring of the personnel, contractors and subcontractors to complete the improvement of the Sign Site on the basis of race, color, religion, sex, age, national origin, or ancestry.

6.3. Successors. The provisions of this Sub-sublease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

6.4. No Assignment. Owner expressly acknowledges and agrees that City has only agreed to enter into this Sub-sublease as a means by which to induce the improvement and the specific occupancy of Owner in, and operation by Owner of its business on, the Sign Site throughout the Operating Periods. Accordingly, Owner further expressly acknowledges and agrees that this Sub-sublease is neither transferable nor assignable except as expressly permitted in the Agreement.

7. Indemnification and Insurance.

7.1. Indemnification. Owner will protect, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations,

claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City or the Sign Site unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury to or death of persons or loss of or damage to property occurring on or about the Sign Site, or any part thereof, (b) any and all obligations of Owner pursuant to the Sublease or this Sub-sublease, (c) any failure on the part of Owner to perform or comply with any of the terms of this Sub-sublease, (d) any negligent or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees, or (e) the condition of the Sign Site, including but not limited to the existence .of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Sign Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Sub-sublease; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to City.

7.2. Insurance. Without in any way limiting any other indemnification contained in this Sublease, Owner shall take out and maintain for the duration of this Sub-sublease, at Owner's sole cost and expense, the following insurance in the amounts specified and in the forms provided below:

7.2.1. Comprehensive General Liability in an amount not less than five million dollars (\$5,000,000) combined single limit for each occurrence for bodily injury, personal injury and property damage including contractual liability. City and its officials, employees and volunteers' shall be covered as additional insureds with respect to liability arising out of activities by or on behalf of Owner or in connection with the use or occupancy of the Sign Site. Coverage shall be in a form acceptable to the City Risk Manager and shall be primary as to any insurance or self-insurance maintained by City.

7.2.2. "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of Owner's improvements constructed on or about the Sign Site. Said insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Said insurance shall be maintained as long as Owner shall own said improvements.

7.2.3. Such other insurance and in such amounts as may from time to time be reasonably required by City against the same or other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the type of improvements thereon and their use and occupancy.

7.2.4. Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent (as

reasonably determined by City's risk manager) to A:VIII by A.M. Best & Company. Any deviation from this rule shall require specific approval in writing from the City's Risk Manager. Any deductibles or self-insured retentions must be declared to and approved by City, which approval may not be unreasonably withheld. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect the City, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Coverage under each policy shall not be suspended, avoided or canceled by either party except after thirty (30) days (or ten (10) days in the case of non-payment of premiums) prior written notice to City. Owner shall furnish City with certificates of insurance and with original endorsements effecting coverage as required under this section. The certificates and endorsements for each insurance policy shall be signed by a person authorized by the insurer to bind coverage on its behalf. City reserves the right to require complete certified copies of all insurance policies at any time. If required by City, Owner shall, from time to time increase the limits of its general liability insurance to reasonable amounts customary for owners of improvements similar to those on the Sign Site.

7.2.5. As between City and Owner, Owner shall be solely responsible for the clean-up and/or characterization of any hazardous and/or toxic substance(s), other kinds of soil or water contamination, or pollutants of any kind located on or within the Sign Site, unless such contamination was caused by City or its agents. Nothing in this Section shall be interpreted to impose additional requirements upon Owner greater than those imposed by law.

8. Events of Default. The occurrence of any of the following, whatever the reason therefore, shall constitute an Event of Default:

8.1. Owner is in material breach of its obligations pursuant to this Sub-sublease; or

8.2. City defaults or otherwise fails to perform any of its duties or obligations under or in connection with the Agreement, the Sublease or this Sub-sublease (subject to any applicable cure rights).

9. Default and Termination.

9.1 Remedies Upon Default. Upon the occurrence of any Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, the non-defaulting party may, at its option, either:

9.1.1 Terminate this Sub-sublease; or

9.1.2 pursue an action for breach of contract or any other remedy available at law or in equity.

Except as expressly provided elsewhere in this Sub-sublease, termination of the Sub-sublease under this Article shall not relieve the defaulting party from any obligation incurred pursuant to this Sub-sublease with respect to the period prior to the date of

such termination including, without limitation, the obligation to pay any sum due to City or from any claim for damages against Owner.

9.2 Institution of Legal Actions; Applicable Law. In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sub-sublease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Sub-sublease.

9.3 Automatic Termination of Sublease. This Sub-sublease shall immediately and automatically, without further action of the City, terminate upon termination of the Sublease.

10. Amendment of Sublease. This Sub-sublease may only be amended by a writing signed by all parties.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

WORTHINGTON FORD, INC., a California corporation

January 28, 2016

By: [Signature]
Its: Nick Worthington
President

By: [Signature]
Its: DAVE KARNIS
Vice President

"City"

CITY OF LONG BEACH, a municipal corporation

1/19, 2016

By: [Signature]
City Manager

Approved as to form this 2 day of February, 2016.

CHARLES PARKIN, City Attorney

By: [Signature]
Deputy

EXHIBIT A

LEGAL DESCRIPTION OF THE SIGN SITE

THAT PORTION OF LOT 5 OF TRACT NO. 10548, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 174 PAGES 15 TO 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EASTERLY PROLONGATION OF THE SOUTHERLY LINE OF SAID LOT 5 AND THE CENTER LINE OF CERRITOS AVENUE (NOW KNOWN AS LAKEWOOD BOULEVARD), 80.00 FEET WIDE, AS SHOWN ON SAID MAP, THENCE ALONG SAID CENTER LINE NORTH $0^{\circ} 05' 53''$ EAST 732.54 FEET, THENCE NORTH $78^{\circ} 46' 00''$ WEST 102.94 FEET TO THE TRUE POINT OF BEGINNING, THENCE CONTINUING NORTH $78^{\circ} 46' 00''$ WEST 622.01 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE EAST AND HAVING A RADIUS OF 145.00 FEET, THENCE SOUTHERLY ALONG SAID CURVE, THROUGH AN ANGLE OF $180^{\circ} 00' 20''$, AN ARC DISTANCE OF 455.54 FEET, THENCE TANGENT SOUTH $78^{\circ} 46' 20''$ EAST 492.63 FEET TO THE POINT OF TANGENCY WITH A CURVE CONCAVE TO THE NORTHWEST AND HAVING A RADIUS OF 155.00 FEET, THENCE NORTHEASTERLY ALONG LAST SAID CURVE, THROUGH AN ANGLE OF $66^{\circ} 39' 52''$ AN ARC DISTANCE OF 180.34 FEET, THENCE TANGENT NORTH $34^{\circ} 33' 48''$ EAST 44.53 FEET, THENCE NORTH $0^{\circ} 06' 09''$ EAST 158.42 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT PORTION SHOWN AS PART OF FREEWAY OFF ROAD TO LAKEWOOD BLVD.

EXCEPT THEREFROM ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES, IN AND UNDER OR WHICH MAY BE PRODUCED OR SAVED FROM SAID LAND, TOGETHER WITH ALL RIGHTS OF EVERY KIND AND DESCRIPTION WHATSOEVER, TO DRILL FOR, DEVELOP, TAKE, REMOVE AND SEVER THE SAME, OR ANY PART THEREOF, FROM SAID LAND, WITHOUT, HOWEVER, THE RIGHT TO THE USE OF THE SURFACE OF SAID LAND IN CONNECTION WITH THE DEVELOPMENT OR REMOVAL OF SAID OIL, GAS OR OTHER HYDROCARBONS, ALL DRILLING, AND BORING FOR SAID PURPOSES TO BE DONE BENEATH THE SURFACE OF SAID LAND AT ANY LEVEL, OR LEVELS, 100.00 FEET, OR MORE, BELOW THE SURFACE THEREOF, THE SURFACE OPENING OF THE WELL HOLE TO BE LOCATED ON LAND OTHER THAN THE LAND ABOVE DESCRIBED, AS RESERVED IN THE DEEDS FROM THE BIXBY LAND COMPANY, A CORPORATION, RECORDED RESPECTIVELY:

- (1) IN BOOK 28072, PAGE 204,

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