

**FIRST AMENDMENT TO
2012 OPERATING COVENANT AGREEMENT**

between

**THE CITY OF CORONA
a California municipal corporation**

and

**SAUL CHEVROLET, INC.
a California corporation**

[Dated as of March 5, 2014, for reference purposes only]

1. PARTIES AND EFFECTIVE DATE.

1.1 This First Amendment to 2012 Operating Covenant Agreement (“First Amendment”) is entered into between the City of Corona, a California municipal corporation (“City”), and Saul Chevrolet, Inc., a California corporation (“Saul”). This First Amendment will not become effective until the date (“Effective Date”) on which all of the following are true:

- (i) This First Amendment has been approved and executed by the appropriate authorities of Saul, as defined herein, and delivered to the City; and
- (ii) This First Amendment has been approved and executed by the appropriate authorities of the City and delivered to Saul.

2. RECITALS AND REPRESENTATIONS.

2.1 The City and Saul are parties to that certain “2012 Operating Covenant Agreement” dated June 20, 2012 (“Original Agreement”). All initially capitalized terms used, but not otherwise defined herein, shall have the meaning for such terms as set forth in the Original Agreement.

2.2 Under the terms of the Original Agreement, Saul has obtained the Entitlements for the development of the New Mazda Dealership.

2.3 The Original Agreement requires, among other things, that the construction of the New Mazda Dealership be completed within twelve (12) months of the date Saul obtains all Entitlements for the development of the New Mazda Dealership. Under Section 6.2 of the Original Agreement, the construction completion date could be extended for up to one hundred fifty (150) calendar days at the City Manager’s discretion.

2.4 On or about September 5, 2013, the City Manager approved an extension of one hundred fifty (150) calendar days for the construction completion date.

2.5 The Parties now desire to amend the Original Agreement to extend the construction completion date to March 15, 2015.

3. TERMS.

3.1 **Amendment of Section 1.36.** Section 1.36 in the Original Agreement shall be revised in its entirety to read as follows:

“1.36 **New Mazda Dealership Completion Date** means March 15, 2015.”

3.2 **Amendment of Section 6.2.** Section 6.2 in the Original Agreement shall be revised in its entirety to read as follows:

“6.2 Construction Start and Completion of New Mazda Dealership Project. Saul shall commence construction of the New Mazda Dealership Project promptly following receipt of all Entitlements, in accordance with the Schedule of Performance and, thereafter, shall diligently proceed to complete the construction of the New Mazda Dealership Project, in a good and workmanlike manner in accordance with the approved plans, specifications and conditions for the New Mazda Dealership Project approved by the City. Saul shall complete the New Mazda Dealership Project on or before the New Mazda Dealership Completion Date. Saul shall, promptly upon completion of the New Mazda Dealership Project, cause the New Mazda Dealership Project to be inspected by each governmental body with jurisdiction over the Property and the New Mazda Dealership Project, shall correct any defects and deficiencies that may be disclosed by any such inspection and shall cause to be duly issued all occupancy certificates and other licenses, permits and authorizations necessary for the operation and occupancy of the completed New Mazda Dealership Project. Saul shall do and perform all of the foregoing acts and things and cause to be issued and executed all such occupancy certificates, licenses and authorizations on or before the New Mazda Dealership Completion Date. After commencement of the development of the New Mazda Dealership Project, Saul shall not permit the development of the New Mazda Dealership Project to cease or be suspended for a time period in excess of sixty (60) calendar days, either consecutively or in the aggregate, for any reason other than as a result of an Enforced Delay. Notwithstanding the foregoing, such sixty (60) calendar day period may be extended by the City, acting by and through its City Manager, in his/her sole discretion, up to an additional aggregate maximum of sixty (60) calendar days.”

3.3 Amendment of Exhibit “D”. Exhibit “D” of the Original Agreement is hereby replaced with Exhibit “D-1” attached hereto and incorporated herein by reference.

3.4 Ratification; Absence of Defaults. The City and Saul each hereby ratify, reaffirm and reauthorize each and every one of its obligations as set forth in the Original Agreement, as modified by this First Amendment. The City and Saul each represent to the other that there have been no events that, with the passage of time, the giving of notice, or both, would constitute City Default or Saul Default under the Original Agreement. Except as expressly modified herein, the terms, covenants, conditions and obligations of the Original Agreement remain in full force and effect. From and after the Effective Date of this First Amendment, wherever the term “Agreement” appears in the Original Agreement, it shall be read and understood to mean the Original Agreement as amended by this First Amendment.

3.5 Counterparts. This First Amendment may be executed in duplicate originals, each of which is deemed to be an original, but when taken together shall constitute but one in the same instrument.

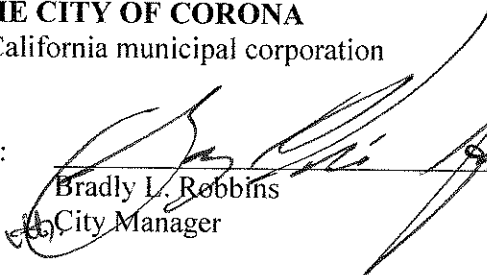
3.6 No Other Amendment. Except as hereinabove set forth, the Original Agreement is unmodified and remains in full force and effect.

[SIGNATURES ON FOLLOWING PAGES]

**CITY'S SIGNATURE PAGE
TO
FIRST AMENDMENT TO
2012 OPERATING COVENANT AGREEMENT
(SAUL CHEVROLET, INC.)**

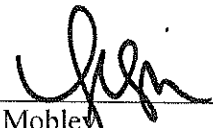
THE CITY OF CORONA
a California municipal corporation

By:


Bradly L. Robbins
City Manager

3/6/14
JS
ST

Attest:


Lisa Mobley
Chief Deputy City Clerk

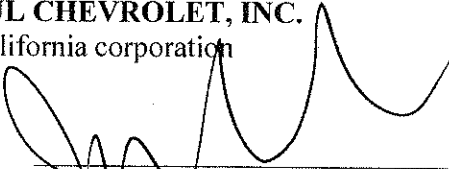
Approved as to form:


Dean Derloth
City Attorney

**OWNER'S SIGNATURE PAGE
TO
FIRST AMENDMENT TO
2012 OPERATING COVENANT AGREEMENT
(SAUL CHEVROLET, INC.)**

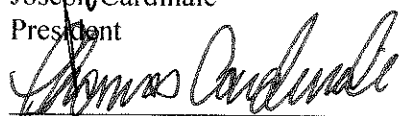
SAUL CHEVROLET, INC.
a California corporation

By:



Joseph Cardinale
President

By:



Thomas Cardinale
Secretary

EXHIBIT "D-1"

SCHEDULE OF PERFORMANCE

	Action	Date Action to be Completed By
1.	Saul Obtains Entitlements for the New Mazda Dealership Project	9 months (or sooner) following the Effective Date
2.	Saul Completes Construction of New Mazda Dealership Project	March 15, 2015
3.	Opening Date for New Mazda Dealership Project to General Public	30 days following the issuance of the Certificate of Completion for the New Mazda Dealership Project by the City.