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September 24, 1987

STAN BERLINER, ESQ.  
Berliner, Cohen & Biagini  
99 Almaden Blvd., Suite 400  
San Jose, California 95113

RE: Santa Fe - Fremont Auto Mall

Dear Mr. Berliner:

You have asked that I outline the deal points that the Fremont Auto Dealers (F.A.D.) would expect to be in an Agreement with Santa Fe (S.F.). It is anticipated that these deal points would apply to all FAD that I represent and not to others. Further, that no other Auto Dealer would be given terms more favorable than those provided the FAD. The dealers included in the FAD are:

1. Tasha Inc. and its dealerships:
  - A. Acura;
  - B. Chrysler/Plymouth;
  - C. Toyota;
  - D. Honda;
  - E. BMW;
  - F. Mitsubishi;
  - G. Suzuki;
  - H. Volkswagen;
  - I. Daihatsu;
2. Claridge:
  - A. Mercedes;
  - B. Sterling;
3. Pierotti:
  - A. Nissan;
  - B. Volvo;
  - C. Hyundai;
4. Signer:
  - A. Buick;

5. Moran:
  - A. Oldsmobile;
6. DiGuilio:
  - A. Pontiac;
  - B. GMC;
7. Mead:
  - A. Mazda.

At this time, I have not been able to confirm that Mr. Hamilton, who has Lincoln/Mercury, AMC-Jeep, is participating as part of the FAD. I should know this by Monday or Tuesday.

In these negotiations concerning what deal points apply to the FAD, I will represent all the dealers. If these negotiations are concluded with an acceptable understanding being reached, I would expect that S.F. will then deal with each separate dealer's needs and requirements.

Following are the deal points that would apply to FAD:

1. The purchase price for the property being developed as the auto mall would be \$5.50 per square foot. This price would be held and not increased through December 31, 1988 or sixty (60) days after finished pads are ready for delivery to the FAD, whichever event occurs last. The purchase price would then escalate at the rate of 6% per annum with the term of the contract being three years from the date the \$5.50 price expired.
2. FAD would require approximately 75 acres generally as shown and outlined in Scheme A, Fremont Shores Auto Center provided by S.F.
3. The purchase price includes grading to +/- .01, curb to curb street improvements, perimeter landscaping, sidewalks, storm, sewer and water lines to back to curb, median landscaping, landscape monument at entry and electrical and telephone to property line. Also included is a perimeter fence estimated at \$50.00 sq. ft. for 8,000 lineal foot. If the fence is modified or eliminated, the savings will be deducted from the purchase price on a per square foot bases.
4. S.F. will work with FAD to develop a land plan and development standards for the auto mall acceptable to all parties.
5. FAD will support (a) the City giving the Durham interchange top priority for improvement work to be done; (b) retail commercial designation on the 40 acres fronting Durham and just North of the Auto Mall site; (c) S.F. overall proposed project before the City; (d) changing the Durham Blvd. street name to one more descriptive of the area.
6. If S.F. does not receive approval of its proposed G.P. Amendment (or of any G. P. amendment acceptable to S.F.) concerning residential development, the purchase price will be increased to FAD because of the changes in the infrastructure that would be required by developing a stand alone auto mall. S. F. and FAD would review those costs and attempt to agree on a price increase. Under no circumstance will the price increase exceed a total price of \$6.91 per square foot.

7. The cost of processing through G.P. amendment will be paid entirely by S.F. Dealers will only pay those City related fees normally payable at the drawing of building permits.
8. S.F. will work with and cooperate with FAD in its efforts to obtain financial assistance from the City in the development of the auto mall.
9. At such time as 60% of the FAD franchises have executed contracts with S.F. for acquisition of property in the mall, S.F. will pay to FAD the sum of \$200,000 to cover their costs and expenses in connection with this transaction.
10. A detailed Letter of Intent or Agreement will have to be executed on or before October 1, 1987. Otherwise, the provisions of paragraph 9 will have to change and it is likely that timing will not permit further efforts at placing an Auto Mall on S.F.'s property.

If necessary, I will make myself available Saturday morning or anytime Sunday to work on this matter. I cannot over emphasize how critical time is if an agreement is to be reached.

If you have any questions, please feel free to call me at work or home (415 - 831-8306). Your anticipated cooperation is appreciated.

Sincerely,

McKEEHAN, BERNARD & WOOD

  
By  
JAMES W. McKEEHAN

JWM/ym1  
cc: Bill Jones  
All clients ✓