

LAW OFFICES  
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March 4, 1988

Mr. Tom Claridge  
Claridge's Ltd.  
4300 Peralta Blvd.  
Fremont, CA 94536

Mr. Richard Di Giulio  
DiGiulio Pontiac/GMC  
4411 Peralta Blvd.  
Fremont, CA 94536

Mr. Don Signer  
Don Signer Buick  
38623 Fremont Blvd.  
Fremont, CA 94536

Mr. Henry Pierotti  
Pierotti Motors, Inc.  
35018 Fremont Blvd.  
Fremont, CA 94536

Mr. Mark Hamilton  
Fremont Lincoln-Mercury  
36761 Fremont Blvd.  
Fremont, CA 94536

Mr. Jim Moran  
Jim Moran Oldsmobile  
4343 Peralta Ave.  
Fremont, CA 94536

Mr. Frank Meads  
Fremont Mazda  
4450 Peralta Blvd.  
Fremont, CA 94536

Mr. Dee Barnes  
Fremont Ford  
3909 Thornton Ave.  
Fremont, CA 94536

Mr. Henry Khachaturian  
Tasha Corporation  
4074 Eggers Drive  
Fremont, CA 94538

PERSONAL & CONFIDENTIAL

RE: Auto Mall

Gentlemen:

On the evening of March 2, 1988, a meeting was held at this office between Fremont Mayor Gus Morrison, City Manager Kent McClain, and the Fremont Auto Dealers, with Mssrs. DiGiulio, Signer, Pierotti, Hamilton, Moran, Barnes, and Torian in attendance.

Mayor Morrison and Mr. McClain assured the dealers of the continued support of the auto mall project by the City and reported on their ongoing efforts to that end. Mr. McClain reported that he has established a special city task force, the primary purpose of which is to do whatever is necessary to develop the auto mall. Further, the City is retaining financial consultants to investigate whatever type of financial benefits the City can develop for the auto mall dealers in connection with the mall. Also, the City is looking into the use eminent domain in order to acquire the property should that become necessary as a result of Santa Fe's failure to cooperate in the mall's development.

In the second half of the meeting, following the departure of the mayor and city manager, the dealers in attendance agreed to retain the services of this firm to coordinate the auto mall project, to process the development of the mall property, and to perform other legal services as required in conjunction with the project. Pursuant to that agreement, each of you will receive a monthly statement for one-ninth of the total amount of fees for legal services provided by this firm to the auto mall project within the previous month. Services will be billed at the rate of \$150 per hour for attorney time and \$50 per hour for paralegal time. Fees for said services are estimated to total approximately \$150,000-\$200,000 through completion of the project.

Additionally, it was decided that Hank Torian should be reimbursed for his expenditures for past legal services performed by this firm in conjunction with the mall project from the time of its inception. Fees for those services total approximately \$29,000. For your information and records, each of you will soon be receiving a statement from this firm reflecting your one-ninth portion of the fees for services which have been billed to and paid by Hank. Your reimbursement should be made to this firm and we will reimburse Tasha accordingly.

It was further agreed that upon the close of escrow on each dealership parcel within the mall that this firm will receive from the relevant buyer-dealer an amount equal to ten percent of all monies saved by that dealer on that parcel below the purchase price of \$6.91 per square foot as agreed upon pursuant to the Letter of Understanding between the dealers and Santa Fe Pacific dated October 20, 1987. For example, if, at the close of escrow, the per foot cost paid by the dealer is \$4.00 per square foot, you will pay to this firm \$.29 per square foot ( $\$6.91 - \$4.00 = \$2.91 \times 10\% = \$.29$ ).

It should be understood by all dealers that this firm has and will continue to serve as attorneys for Hank Torian, Tasha Incorporated, and its related dealerships, and that it is currently performing legal services for Fremont Ford and for Hank Pierotti.

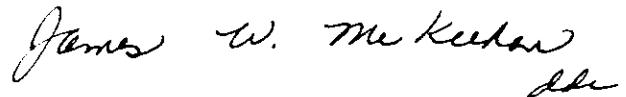
I am asking that each of you affirm your approval and consent to the above by signing and returning this letter in the enclosed, return envelope. A copy of the signed letter should be retained by you for your records.

Please find enclosed a copy of Auto Mall Issues/Concerns to Be Addressed and Resolved which was previously provided to all dealers in attendance at the meeting. This list serves to remind each of you as to the extent of work that remains to be accomplished prior to the completion of this project. Many of the issues will be discussed and resolved at future dealer meetings.

Should you have any questions or concerns regarding the above, please do not hesitate to contact me.

Very truly yours,

McKEEHAN, BERNARD & WOOD

A handwritten signature in cursive script that reads "James W. McKeehan". The signature is written in dark ink and is positioned above the printed name.

JAMES W. McKEEHAN

I hereby approve and consent to the foregoing.

Dated: \_\_\_\_\_

\_\_\_\_\_

JWM:DDC/dl