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Of Counsel

March 23, 1989

DiGiulio Pontiac, GMC, Inc.
Attention: RICH DIGIULIO
4411 Peralta Boulevard
Fremont, California 94536

Tasha Incorporated
Attention: HANK TORIAN
4074 Eggers Drive, #G
Fremont, California 94536

Moran Properties
Attention: JIM MORAN
4343 Peralta Boulevard
Fremont, California 94536

Don Signer Buick, Inc.
Attention: DON SIGNER
38623 Fremont Boulevard
Fremont, California 94536

Fremont Ford
Attention: DEE BARNES
39700 Balentine Drive
Newark, California 94560

RE: Auto Mall

Gentlemen:

Since the last Public Hearing, there have been a number of things that have occurred and this letter is written to bring you current.

1. Santa Fe and the City have reached total agreement regarding the Industrial/Auto Mall Development Agreement. I have been advised by both Santa Fe and the City that the agreement is acceptable to both of them so it appears that all of the issues have been resolved to permit the industrial scenario to move forward.
2. True to their word, Santa Fe has agreed to sell to the Auto Dealers the additional 13 acres necessary to make an 88 acre mall. I am having George Avanesian do a land plan for the 88 acre mall. That land plan will then be provided to Guardian for their review and then to

the dealers for comment. Hopefully this will all occur within the next 7-8 days because by that time I'd like to have a final conclusion on what the Auto Mall is going to look like so that the Tentative Map can be processed through the City for the mall.

3. I have had a number of meetings with the City concerning financial contribution by the City. At the present time, the City is looking into using tax free bonds to finance a portion of the improvements. It is too early to tell exactly what portion could be financed through tax free bonds. Because we have no public improvements inside the mall, it is necessary to "create" a legally defensible argument that public improvements should be attributable to the mall and therefore the assessments placed against the mall property. At the present time, tax free bonds issued by the City would sell for a little less than eight percent (8%). This is compared to 13 1/2% or so that we would have to pay for private financing. Therefore, it is obviously beneficial if we can get the assessments financing applicable to the purchase price.
4. We are also talking to the City and Santa Fe about having a City wide contest for the naming of Durham Road. The present proposal is that the Auto Dealers would put up \$500.00 and Santa Fe would put up \$500.00 for a \$1,000 award to the citizen whose name was selected as the ultimate name for Durham Road. The thought is by doing this type of promotion, it would draw more attention to the fact that the auto mall was going forward and to the project itself.
5. I have met with Santa Fe to review the final details of a Buy/Sell Agreement. I would expect to have a revised draft of the Buy/Sell Agreement next week. Assuming that there are no major changes from what we have previously discussed, I assume that within the next two weeks, we will have a Buy/Sell Agreement suitable for execution by Santa Fe and the Dealers for the purchase of the property for the Auto Mall. Also, in about two weeks, we should have a set of CC&R's that would cover the entire Auto Mall project. I will then provide these to you with a summary so that you can review them and we will then have a meeting to discuss them. They are relatively important because they are the rules by which the Auto Mall will be conducted as long as you are involved in the Mall.
6. Subject to your approval, I have also engaged the services of Bruce Rupp to assist in serving as a Project Manager for the Mall on behalf of the Dealers through its conclusion. As you may know, Bruce was working for the City handling the Auto Mall and was released when the City secured its new Assistant City Manager. He is extremely knowledgeable concerning the Mall and concerning the City's involvement with the Mall. He was a former City Manager for the City of Alameda. I think he is a major asset to the Dealers. Among other things, he will be able to tie all the loose ends together and work on various issues that I would otherwise have to handle. His hourly rate is less than half of mine so there should be substantial savings to the Dealers and I'm sure that he can do a high quality job on behalf of the Dealers.
7. Regarding the Centerville Redevelopment, the City advises me that they have a draft of the initial study. They are now getting the City comments to the initial study and should have a draft for our review no later than the first week in April. I have emphasized to the City that redevelopment in Centerville is critical to a number of the dealers in their ability to relocate to the Auto Mall.
8. As you may or may not know, Bill Jones will be leaving Santa Fe in approximately two months. He has hired Jim Perry to take his place to conclude the Mall. By the time Bill Jones finishes, we should have our contractual relationship with Santa Fe in play; a contract

will had been let for the improvement to Durham Road to Oliver de Silva; and the construction project will be under way.

If you have any questions concerning any of the above, please give me a call. I think that we should have a meeting as soon as the proposed revised land plan is available for your review.

Sincerely,

McKEEHAN, BERNARD & WOOD

A handwritten signature in black ink, appearing to be 'JW', written over the printed name.

By
JAMES W. McKEEHAN

JWM/yml