



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: 01/18/18

Staff Contact: Nancy Paulson , Deputy City Manager

Agenda Title: For Possible Action: To approve the execution of an Acknowledgement of Satisfaction of Promissory Note acknowledging that the Second Amended and Restated Promissory Note executed by Richard Campagni was deemed satisfied and paid in full on December 31, 2016; and to cause the Deed of Trust recorded against the Business Property be reconveyed. (Nancy Paulson, npaulson@carson.org)

Staff Summary: As of December 31, 2016, the deemed satisfied date for purposes of the Second Amended and Restated Promissory Note, the City and Redevelopment Authority determined that Richard Campagni has satisfied all other obligations under the Third Amended Agreement.

Agenda Action: Formal Action/Motion

Time Requested: 5 minutes

Proposed Motion

I move to approve the execution of an Acknowledgement of Satisfaction of Promissory Note acknowledging that the Second Amended and Restated Promissory Note executed by Richard Campagni was deemed satisfied and paid in full on December 31, 2016; and to cause the Deed of Trust recorded against the Business Property be reconveyed.

Board's Strategic Goal

Economic Development

Previous Action

In July of 2005, Mr. Campagni and the City negotiated a Commitment Agreement that pledged his dealerships to remain in Carson City and for him to build a new Toyota Store on South Carson Street.

On November 20, 2008, the original agreement was amended restating, clarifying and modifying the time periods provided for in the agreement.

On May 7, 2009, a Second Amended Agreement established compliance with the prevailing wage statutes and amended the repayment provision of the City financial assistance to reduce the principal amount from \$3,600,000 to \$3,057,000.

On July 3, 2013, a Third Amended Agreement provided for the transfer of land at 2443 South Curry Street for the purposes of economic development and resolving a continuing business obligation inequity by the transfer of this land in lieu of reducing Campagni's existing redevelopment loan rate from 5% to 3% to match the rate provided to Michael Hohl.

On July 7, 2016, the First Amendment to the Third Amended and Restated Commitment Agreement for Continuing Business Operation between Carson City and Richard Campagni provided that the Second Amended and Restated Promissory Note would be deemed satisfied and paid in full on December 31, 2016. After the

deemed satisfied date, the City and Redevelopment Authority will execute an Acknowledgement that the Second Amended and Restated Promissory Note has been satisfied, and will cause the Deed of Trust that has been recorded against the Business Property to be reconveyed. In exchange, the Business shall use its best efforts to assure and maintain its existing business activity in Carson City at a greater level of sales until at least May 14, 2034.

Background/Issues & Analysis

Applicable Statute, Code, Policy, Rule or Regulation

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number: N/A

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: N/A

Alternatives

N/A

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

ACKNOWLEDGEMENT OF SATISFACTION OF PROMISSORY NOTE

On or about May 15, 2009, RICHARD CAMPAGNI, acting in his individual capacity and as President of Carson City Toyota, Carson City Mazda-Hyundai and Capital Ford, (hereinafter collectively referred to as “Campagni”) executed a Second Amended and Restated Promissory Note (“Note”) in favor of CARSON CITY, a political subdivision of the State of Nevada, and CARSON CITY REDEVELOPMENT AUTHORITY (hereinafter collectively referred to as “Holder”).

Holder acknowledges that as of December 31, 2016, Campagni has fully satisfied all obligation under the terms of the Note.

CARSON CITY,
a political subdivision of the State of Nevada

Carson City Board of Supervisors

By: _____
Robert L. Crowell
Mayor

CARSON CITY REDEVELOPMENT AUTHORITY

By: _____
Karen Abowd
Chair

APNs: 009-051-10

When recorded mail to:
JAMES R. CAVILIA, ESQ.
ALLISON MacKENZIE LTD.
P.O. Box 646
Carson City, NV 89702

The party executing this document hereby affirms that this document submitted for recording does not contain the social security number of a person or persons as required by NRS 239B.030.

SUBSTITUTION OF TRUSTEE AND DEED OF RECONVEYANCE

WHEREAS, RICHARD CAMPAGNI, acting in his individual capacity and as President of Carson City Toyota, Carson City Mazda-Hundai and Capital Ford, is the Trustor, FIRST AMERICAN TITLE COMPANY is the Trustee and CARSON CITY, a political subdivision of the State of Nevada, and CARSON CITY REDEVELOPMENT AUTHORITY are the Beneficiaries under that certain Deed of Trust, dated August 12, 2005 recorded on August 12, 2005 in the office of the Carson City, Nevada Recorder as Document No. 341077.

WHEREAS, the undersigned desire to release and fully reconvey the real property encumbered by the above-referenced Deed of Trust;

NOW, THEREFORE, the undersigned hereby substitutes themselves, CARSON CITY, a political subdivision of the State of Nevada, and CARSON REDEVELOPMENT AUTHORITY, under the above-referenced Deed of Trust, with all of the rights, duties and obligations of Trustees under that certain above-referenced Deed of Trust. Additionally, for good and valuable consideration, the receipt of which is acknowledged, the undersigned, as Substituted

Trustees, do hereby grant and reconvey, without warranty, to the person or persons legally entitled thereto, the real property encumbered by the above-referenced Deed of Trust, and more particularly described on Exhibit "A" attached hereto and incorporated by this reference as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned has executed this Substitution of Trustee and Deed of Reconveyance as of the ___ day of _____, 2018.

BENEFICIARIES and TRUSTEES:

CARSON CITY,
a political subdivision of the State of Nevada

Carson City Board of Supervisors

By: _____
Robert L. Crowell
Mayor

CARSON CITY REDEVELOPMENT AUTHORITY

By: _____
Karen Abowd
Chair

STATE OF NEVADA)
: ss.
CARSON CITY)

This instrument was acknowledged before me on _____, 2018,
by _____ an individual personally known by or proven by satisfactory evidence.

NOTARY PUBLIC

STATE OF NEVADA)

: ss.

CARSON CITY)

 This instrument was acknowledged before me on _____, 2018,
by _____ an individual personally known by or proven by satisfactory evidence.

NOTARY PUBLIC

EXHIBIT "A"

The land referred to in this Commitment is situated in the City of Carson City, County of Carson City, State of Nevada and is described as follows:

All that portion of the Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of Section 20, Township 15 North, Range 20 East, M.D.B. & M., that is described as follows:

Parcel C, as shown on Parcel Map No. 1220, filed in the office of the Recorder of Carson City, Nevada on February 10, 1986, as File No. 42915.

APN 009.051.10

APN _____

APN _____

RECORDED AT THE
REQUEST OF
CARSON CITY CLERK TO
THE BOARD
2018 AUG - 8 PM 1:33
FILE NO. 466872
SUSAN MERRIWETHER
CARSON CITY RECORDER
OFF. NIC DEP. RA

FOR RECORDER'S USE ONLY

1st Amendment to 3rd Amd + Restated Commitment
City, RDT + Campaign TITLE OF DOCUMENT Agreement

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain personal information of any person or persons. (NRS 239B.030)

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain personal information of a person or persons as required by law. State specific law: _____

Kathleen Krug
Signature

Print Name & Title

WHEN RECORDED MAIL TO:

CC Clerk to the Board

~ 466872 ~

FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION

THIS AMENDMENT is made and entered into this 7th day of July, 2016, between Carson City, a consolidated municipality and political subdivision of the State of Nevada, ("CITY"), and the Carson City Redevelopment Authority ("AUTHORITY") and, Richard Campagni, acting in his individual capacity and as President of Carson City Toyota-Scion and Capital Ford and Carson City Hyundai ("BUSINESS"), and is made to amend the existing agreement known as Third Amended and Restated Commitment Agreement for Continuing Business Operation ("THIRD AMENDED AGREEMENT").

WITNESSETH:

WHEREAS, BUSINESS' conformance with its duties pursuant to the terms under the THIRD AMENDED AGREEMENT will bring about the early pay-off to December 31, 2018 of the Second Amended and Restated Promissory Note (Promissory Note) as listed in Section IF of the THIRD AMENDED AGREEMENT (attached as Exhibit A); and

WHEREAS, BUSINESS continues to improve CITY'S redevelopment areas as evidenced by recent remodeling and expansion of its businesses; and

WHEREAS, said improvements and BUSINESS' continued commitment to CITY and its inhabitants amounts to value commensurate with payments toward the Promissory Note.

NOW, THEREFORE, in consideration of the aforesaid and mutual promises herein, CITY and BUSINESS, by and through their respective authorized representatives, agree to the following:

1. Amend Section IF, Paragraph 5 of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

So long as the Business continues to fulfill its duties under the THIRD AMENDED AND RESTATED COMMITMENT AGREEMENT, the obligation under the Second Amended and Restated Promissory Note will be deemed satisfied and paid in full on December 31, 2016 (deemed satisfied date). On or before January 31, 2017 (after the deemed satisfied date), the City and Authority will execute an Acknowledgement that the Second Amended and Restated Promissory Note has been satisfied, and will cause the Deed of Trust that has been recorded against the Business Property to be reconveyed. However, such action by the City and Authority will not relieve the Business of its Commitment in this Agreement to Continue Business Operations in Carson City for at least twenty five (25) years from May 15, 2009, the date of the Second Amended and Restated Agreement. After the deemed satisfied date, the Business will receive an incentive of 10 (ten) percent of the City's portion of the Basic City-County Relief Tax and Supplemental City-County Relief Tax that is generated by the Business each year through May 14, 2029. The base year is the year of the deemed satisfied date.

2. Amend Section IF, Paragraph 6 of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

As of December 31, 2016, the deemed satisfied date for purposes of the Second Amended and Restated Promissory Note, the City and Authority shall determine whether the Business has satisfied all other obligations under the THIRD AMENDED AGREEMENT. If the Business has not satisfied all other obligations, the Business shall pay the full amount of the outstanding obligation under the Second Amended and Restated Promissory Note, or the City and Authority can foreclose on the Business Property as authorized by the Deed of Trust.

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**FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED
COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION**

- 3. Delete Section IH, Paragraph 3 of the THIRD AMENDED AGREEMENT in its entirety.
- 4. Amend Section IIA of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

In exchange for financial assistance by the City and Authority for the acquisition of the Property, the Business agrees to make a Commitment for Continuing Business Operations in the South Carson Street Redevelopment Project Area No. 2 until at least May 14, 2034.
- 5. Amend Section IIC of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

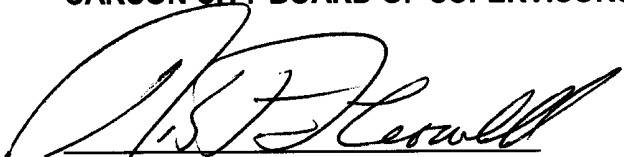
Business shall use its best efforts to assure and maintain its existing business activity in Carson City at a greater level of sales until at least May 14, 2034, but may terminate a certain franchise if the Business deems necessary. However, such termination shall not relieve the Business of the other obligations contained in this Third Amended and Restated Agreement.

IT IS ALSO AGREED, that all unaffected terms and conditions of the THIRD AMENDED AGREEMENT remain in full force and effect for the duration of the term.

ACKNOWLEDGMENT AND EXECUTION:

IN WITNESS WHEREOF, the CITY, AUTHORITY and BUSINESS have caused this Amendment to be signed and intend to be legally bound.

CARSON CITY BOARD OF SUPERVISORS



ROBERT L. CROWELL, MAYOR

DATED this 7th day of July, 2016.

**CARSON CITY REDEVELOPMENT
AUTHORITY,**



KAREN ABOWD, CHAIRWOMAN

DATED this 7th day of July, 2016.

**RICHARD CAMPAGNI, acting in his individual capacity and
as President of Carson City Toyota-Scion and Capital Ford
and Carson City Hyundai.**

RICHARD CAMPAGNI, PRESIDENT

DATED this ___ day of July, 2016.

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**FIRST AMENDMENT TO THE THIRD AMENDED AND RESTATED
COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION**

- 3. Delete Section IH, Paragraph 3 of the THIRD AMENDED AGREEMENT in its entirety.
- 4. Amend Section IIA of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

In exchange for financial assistance by the City and Authority for the acquisition of the Property, the Business agrees to make a Commitment for Continuing Business Operations in the South Carson Street Redevelopment Project Area No. 2 until at least May 14, 2034.

- 5. Amend Section IIC of the THIRD AMENDED AGREEMENT to provide in its entirety as follows:

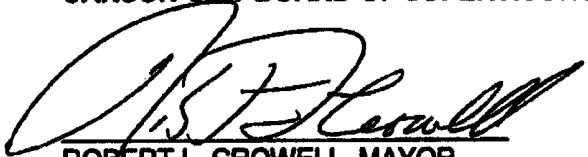
Business shall use its best efforts to assure and maintain its existing business activity in Carson City at a greater level of sales until at least May 14, 2034, but may terminate a certain franchise if the Business deems necessary. However, such termination shall not relieve the Business of the other obligations contained in this Third Amended and Restated Agreement.

IT IS ALSO AGREED, that all unaffected terms and conditions of the THIRD AMENDED AGREEMENT remain in full force and effect for the duration of the term.

ACKNOWLEDGMENT AND EXECUTION:

IN WITNESS WHEREOF, the CITY, AUTHORITY and BUSINESS have caused this Amendment to be signed and intend to be legally bound.

CARSON CITY BOARD OF SUPERVISORS



ROBERT L. CROWELL, MAYOR

DATED this ___ day of July, 2016.

**CARSON CITY REDEVELOPMENT
AUTHORITY**

KAREN ABOWD, CHAIRWOMAN

DATED this ___ day of July, 2016.

**RICHARD CAMPAGNI, acting in his individual capacity and
as President of Carson City Toyota-Scion and Capital Ford
and Carson City Hyundai.**



RICHARD CAMPAGNI, PRESIDENT

DATED this 7th day of July, 2016.

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"A"

APN 009.057.10

APN _____

APN _____

RECORDED AT THE
REQUEST OF
CARSON CITY CLERK TO
THE BOARD

2013 AUG -6 AM 9:31

437109

FILE NO. _____
ALAN GLOVER
CARSON CITY RECORDER

REC'D BY NIC DEP

FOR RECORDER'S USE ONLY

3rd Amended + Restated Commitment Agreement -
TITLE OF DOCUMENT Campaign

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does not contain personal information of any person or persons. (NRS 239B.030)

I, the undersigned, hereby affirm that the attached document, including any exhibits, hereby submitted for recording does contain personal information of a person or persons as required by law. State specific law: _____

Signature

Print Name & Title

WHEN RECORDED MAIL TO:

437109

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**THIRD AMENDED AND RESTATED COMMITMENT
AGREEMENT FOR
CONTINUING BUSINESS OPERATION**

This **THIRD AMENDED AND RESTATED COMMITMENT AGREEMENT FOR CONTINUING BUSINESS OPERATION** (the "Agreement") is entered into on this 3rd day of July, 2013, between the CITY OF CARSON CITY, NEVADA (the "City") and the CARSON CITY REDEVELOPMENT AUTHORITY, (the "Authority"), and RICHARD CAMPAGNI, acting in his individual capacity and as President of Carson City Toyota-Scion and Capital Ford and Carson City Hyundai (hereinafter referred to as the "Business").

RECITALS

WHEREAS, the Business operates three auto sales businesses in Carson City, Nevada, including Carson City Toyota-Scion (2590 S. Carson Street) and Capital Ford (3660 S. Carson Street) and Carson City Hyundai (3550 S. Carson Street),

WHEREAS, on March 17, 2005, the Board of Supervisors and the Authority adopted Resolution No.2005-R-12 to implement an Incentive Program for franchised auto dealers as part of the Redevelopment Plan for South Carson Street which authorizes the Authority to provide incentives to businesses in the South Carson Street Redevelopment Project Area No. 2 in order to retain those businesses in Carson City, and to increase new car sales for dealers that are operating in the South Carson Street Redevelopment Area,

WHEREAS, the City and Authority has authorized the execution of commitment agreements with dealers in exchange for long-term commitments from such businesses to continue operation in the South Carson Street Redevelopment Project Area No. 2,

WHEREAS, on or about July 21, 2005, the parties entered into a Commitment Agreement for Continuing Business Operation with regard to the acquisition and development by Business of certain real property located in Carson City that is identified as Assessor's Parcel Number 009-051-10, (the "Property") for the purpose of conducting the new car sales activities of Business,

WHEREAS, the Property is located in the South Carson Street Redevelopment Project Area No. 2, the Business qualifies for the Incentive Program, and the City, Authority and Business entered into the July 21, 2005 Commitment Agreement to implement the Incentive Program,

WHEREAS, pursuant to the July 21, 2005 Commitment Agreement, Business acquired the Property on or about August 12, 2005 and on or about August 14, 2008, a

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Incentive Agreement

building permit was issued for the construction of Business' Toyota dealership on the Property,

WHEREAS, on or about November 20, 2008, the parties entered into an Amended and Restated Commitment Agreement for Continuing Business Operation, restating, clarifying and modifying the time periods provided for in the Agreement,

WHEREAS, on or about May 15, 2009, the parties entered into a Second Amended and Restated Commitment Agreement for Continuing Business Operation, restating, clarifying and modifying the terms provided for in the Agreement,

WHEREAS, following approval of the Second Amended and Restated Commitment Agreement, Carson City entered into an Incentive Program commitment agreement with another local automobile dealership providing for an interest rate (3%) that was less than previously provided to Business (5%) and resulted in an appeal for parity;

WHEREAS, the Parties desire to provide Business with parity consideration to account for the interest rate disparity provided by Carson City to the similarly situated Carson City dealership;

WHEREAS, the Parties acknowledge without alteration herein the obsolescence of prior existing agreement language that Carson City would issue Bonds regarding the agreement's financing. Bonds were not issued and all financing to date has been accomplished by other funding sources, and

WHEREAS, the Parties desire to restate and clarify their agreement a third time in order to provide additional parity consideration to Business in lieu of a modification of the applicable interest rate.

NOW, THEREFORE, in consideration of the mutual commitments by the City, Authority and Business, as contained in this Agreement, the Parties agree as follows:

I. INCENTIVE PROVIDED BY CITY AND AUTHORITY

A. Financial Assistance by City and Authority. The City and Authority will provide financial assistance to the Business in an amount that is not in excess of twenty (20) percent of the Basic City-County Relief Tax and the Supplemental City-County Relief Tax revenue generated by the Business each year for a twenty-year period that starts on January 1, 2006.

1. The City and Authority's financial assistance to the Business shall be used, as described in this Agreement, for the acquisition of the Property on which the Business will conduct its auto sales activity.
2. The City and Authority have reviewed the Business' past records of tax payment, and has determined that the financial assistance

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that will be available to the Business under the Incentive Program will be at least the amount that is being pledged in this Agreement, assuming the Business continues to sell new cars at or above the average sales figure for the calendar years 2002, 2003 and 2004. The taxes generated by this average sales volume will be defined as the Base Year Tax Contribution.

- B. Purchase Price for Property. The Business has acquired the Property for a total of Three Million and Six Hundred Thousand Dollars (\$3,600,000.00).
- C. Bonds to be Issued. The City and Authority intend to issue bonds to obtain the funds needed to provide the financial assistance to the Business that is described herein. The City and Authority will diligently pursue the issuance of these bonds upon the execution of this Agreement.
- D. Interim Financing. Until bonds are issued to provide the funds for the Authority and City's financial assistance that is outlined in this Agreement, the City and Authority has provided one half (½) of the purchase price for the Property. The Business has completed construction of the new Toyota dealership on the Property and the new location has been operating since March, 2010.
- E. Prevailing Wage. The Business agrees that all work associated with construction of the new Toyota dealership on the Property and for any other project for which funds provided by this incentive are used shall be subject to the provisions of NRS 338.010 to 338.090, inclusive, as required pursuant to NRS 279.500.
- F. Promissory Note. The City and Authority has provided total financial assistance in the amount of Three Million and Six Hundred Thousand Dollars (\$3,600,000.00). In exchange, the Business will execute a Second Amended and Restated Promissory Note for Three Million Fifty Seven Thousand Dollars (\$3,057,000.00), in favor of the City and Authority, and said Note shall be secured by that certain Deed of Trust that was recorded in Carson City on August 12, 2005, as Document Number 341075 against the Property for the total amount of the financial assistance from the City and Authority. The principal amount of the Second Amended and Restated Promissory Note is less than the total financial assistance described above, to compensate Business, in part, for the additional costs associated with having to comply the provisions of the NRS 338.010 to 338.090, inclusive, involving the payment of prevailing wages. The Second Amended and Restated Promissory Note will be repaid as follows:
1. The Second Amended and Restated Promissory Note will include a five percent (5%) interest charge and will be paid in full no later

than December 31, 2025. The annual obligation of the Business to satisfy the Amended and Restated Promissory Note will be calculated based on the new principal amount of the loan amortized over the balance of twenty (20) year term, expiring December 31, 2025.

2. No later than thirty (30) days after the end of each calendar year, a determination will be made by the City and Authority of the actual amount of incentive available in that year. Such determination will be made based on not more than 20% of the Basic City-County Relief Tax and the Supplemental City-County Relief Tax that is paid by the Business in that calendar year.
3. The obligation under the Second Amended and Restated Promissory Note will be reduced each year by the amount that the City and Authority has determined is the amount of incentive that was available in that calendar year.
4. If the Basic City-County Relief Tax and the Supplemental City-County Relief Tax revenue paid by the Business in a calendar year falls below the annual obligation of the Business to satisfy the Second Amended and Restated Promissory Note including accrued interest, as that annual obligation is determined in this Section I.F., the Business must, within thirty (30) days of such a determination, pay the difference in cash, or City and Authority may foreclose on the Deed of Trust to enforce the Second Amended and Restated Promissory Note.
5. When the obligation under the Second Amended and Restated Promissory Note is satisfied by the Business, the City and Authority will execute an Acknowledgment that the Second Amended and Restated Promissory Note has been satisfied, and will release the Deed of Trust that has been recorded against the Business Property. However, such action by the City and Authority will not relieve Business of its Commitment in this Agreement to Continue Business Operations in Carson City for at least twenty (20) years from May 15, 2009, the date of the Second Amended and Restated Agreement. If the Second Amended and Restated Promissory Note is satisfied before the note due date of December 31, 2025, the Business will receive an incentive of 10 (ten) percent of the City's portion of the Basic City-County Relief Tax and Supplemental City-County Relief Tax that is generated by the business each year through the May 14, 2029 completion of the continuing business operations covenant. The base year will be established when the Second Amended and Restated Promissory Note is fully satisfied.

6. As of December 31, 2025, the City and Authority shall determine whether Business has satisfied the obligations under the Second Amended and Restated Promissory Note. If the Second Amended and Restated Promissory Note has not been satisfied, the Business shall pay the full amount of the outstanding obligation under the Second Amended and Restated Promissory Note, or the City and Authority can foreclose on the Business Property as authorized by the Deed of Trust.
- H. **Deed of Trust.** The City and Authority shall provide financial assistance as provided herein, and Business has executed a Deed of Trust in favor of the City and Authority in order to secure the obligations under this Agreement. Said Deed of Trust has been recorded in the Official Records of Carson City on August 12, 2005, as Document Number 341077.
1. Business agrees that the Deed of Trust executed pursuant to this Agreement will subordinate to another deed of trust and hold second position for security purposes. However, the Deed of Trust recorded pursuant to this Agreement shall only be subordinated to a deed of trust that is executed to secure construction related financing.
 2. Business agrees that the obligations and burdens stated in the Deed of Trust shall include the covenants made in this Agreement, and that those covenants run with the subject land binding future owners of the land to fullest extent permitted by law and equity for the benefit and favor of, and enforceable by, the City and Authority and their successors and assigns for the term of this Third Amended and Restated Agreement.
 3. Reasons for the foreclosure by the City and Authority on the Deed of Trust shall include failure of Business to operate in Carson City until May 14, 2029.
- I. **Renegotiation of Commitment Agreements for Non-appropriation:** The City and Authority's obligations under this Agreement to provide incentive funds for financial assistance is conditioned upon sufficient funds being collected, distributed and otherwise being made available by state law. As a condition of participation in the program, Business agrees that if for any reason the state law governing Carson City's ability to receive sales tax from new car and vehicle-related sales is amended to withdraw, limit, or impair Carson City's ability to collect those funds, this Commitment Agreement may be renegotiated, in good faith, and Business waives any and all claim(s) for damages that may arise against the City and/or Authority.

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Incentive Agreement

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J. 2443 South Curry Street Property: In lieu of reducing the interest rate on the Second Amended and Restated Promissory Note to be consistent with similar incentives recently provided by Carson City and the Authority to companies similar to Business or its designee, pursuant to the conditions required under NRS 244.2815 Carson City has agreed to convey and Business has agreed to accept certain real property located at 2443 South Curry Street in Carson City, Nevada (A.P.N. 009-051-19) ("Property"). Within thirty (30) days of approval of this Third Amended and Restated Commitment Agreement, Carson City shall convey by grant, bargain and sale deed the Property to Business free of liens and encumbrances except those evidenced by a preliminary title report and accepted by Business. Business or its designee, at its discretion and cost, may obtain policy of title insurance in the full amount of the appraised values of the Property from a title insurance selected by Business, subject only to those exceptions disclosed on the preliminary title report and accepted by Business.

II. COMMITMENT PROVIDED BY BUSINESS OF CONTINUING BUSINESS OPERATION

- A. In exchange for financial assistance by the City and Authority for the acquisition of the Property, the Business agrees to make a Commitment for Continuing Business Operations in the South Carson Street Redevelopment Project Area No. 2 until at least May 14, 2029.
- B. As part of this Commitment for Continuing Business Operation, the Business agrees to continue to operate Carson City Toyota-Scion (2590 S. Carson Street), Carson City Hyundai (3550 S. Carson Street), and Capital Ford (3660 S. Carson Street).
- C. Business shall use its best efforts to assure and maintain its existing business activity in Carson City at a greater level of sales until at least May 14, 2029, but may terminate a certain franchise if the Business deems necessary. However, such termination shall not relieve the Business of the other obligations contained in this Third Amended and Restated Agreement.
- D. This Commitment by the Business shall be binding upon any successors in interest to the current Business owners, and shall be disclosed to any potential purchaser of the subject businesses. If the business is sold and the subsequent use remains the same and within the boundaries of South Carson Street Redevelopment Project Area No. 2, this Commitment Agreement shall transfer to the new owner and continue uninterrupted.
- E. Liquidated Damages. In the event Business breaches this Commitment Agreement by relocating any of its business operations outside Carson City, Nevada, the City and Authority shall be entitled to money damages,

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Incentive Agreement

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to be paid by Business within thirty (30) days of the demand by the City and Authority, as follows:

1. An amount equal to the value of the Basic City-County Relief Tax and the Supplemental City-County Relief Tax revenue that would have been generated by the Business for the twenty-year period that starts on January 1, 2006, minus the Basic City-County Relief Tax and the Supplemental City-County Relief Tax revenue that was generated by the Business and received by the City between January 1, 2006, and the time of the breach.
2. The Basic City-County Relief Tax and the Supplemental City-County Relief Tax revenue that would have been generated by the Business after the breach will be determined by calculating the amount of such tax generated in the last year of performance, and multiplying that tax generation amount by the remaining number of years, or partial years, in the commitment obligation.

III. GENERAL CONDITIONS

- A. Successors and Assigns. This Agreement shall be binding upon the heirs, successors, and assigns of the parties.
- B. Time is of the Essence. In the event that any date specified in this Agreement falls on Saturday, Sunday or a public holiday, such date shall be deemed to be the succeeding day on which the public agencies and major banks are open for business.
- C. Execution of Additional Documents. In addition to documents and other matters specifically referenced in this Agreement, the Business, City and Authority agree to execute and/or deliver, or cause to be executed and/or delivered such other documents and/or materials, including additional escrow instructions carrying out the terms and conditions of this Agreement, as may be reasonably necessary to effect the transaction contemplated by this Agreement.
- D. Notices and Other Communications. Every notice or other communication required or contemplated by this Agreement by any party shall be in writing delivered either by (a) personal delivery, (b) prepaid overnight delivery service or (c) facsimile addressed to the party for whom intended at the address specified in this Section.

To City and Authority: Carson City Redevelopment Authority
201 North Carson Street
Carson City, NV 89703
Telephone: (775) 887-2100

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Incentive Agreement

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Facsimile: (775) 887-2286

To Business: Richard Campagni, President
3660 S. Carson St.
Carson City, NV 89703
Telephone: (775) 882-8211
Facsimile: (775) 882-7819

Notice by overnight delivery service shall be effective on the date it is officially recorded as delivered to the intended recipient. All notices delivered in person or sent by facsimile shall be deemed to have been delivered to and received by the addressees and shall be effective on the date of personal delivery or on the date sent, respectively. Notice not given in writing shall be effective only if acknowledged in writing by a duly authorized representative of the party to whom it was given. Either City and Authority or Business may, by notice to the other given as herein stated, change its address for future notices hereunder.

- E. Assignments. The parties shall have the right to assign this Agreement. Such assignment shall require the prior written approval of each of the Parties. Said approval shall not be unreasonably withheld, conditioned, or delayed.
- F. Governing Law. The validity, construction and enforceability of this Agreement shall be governed in all respects by the law of Nevada applicable to agreements negotiated, executed and performed in Nevada by Nevada residents, whether one or more of the parties shall now be or hereafter become a resident of another state.
- G. Ambiguities in Agreement. Both parties have participated in the drafting of this Agreement and any ambiguities in the language of the Agreement shall not be construed against either party.
- H. Facsimile Transmission of Signatures. All parties to this transaction instruct the agents and the escrow company to accept signatures forwarded herein via fax machine ("Faxed Signatures") to complete this Agreement. The signatures are to be accepted by all as though they were the original signatures. City and Authority and Business agree to forward the original signatures via regular U.S. Mail.
- I. Counterparts. This Agreement may be executed in one or more counterparts, and each counterpart shall constitute an original instrument, but all such counterparts shall only constitute one and the same instrument.

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Incentive Agreement

466872

- J. Entire Agreement; Modification; Waiver. This Agreement constitutes the entire agreement between City and Authority and Business pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings. This Agreement shall survive any close of escrow and/or sale of the subject property and be binding upon the parties, their successors, heirs and/or assigns. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

- K. Captions. The captions of this Agreement do not in any way limit or amplify the terms and provisions of this Agreement.

- L. Attorney's Fees. In the event of any litigation between the parties hereto arising out of this Agreement, or if one party seeks to judicially enforce the terms of this Agreement, the prevailing party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorney's fees.

- M. Severability. Each provision of this Agreement is severable from any and all other provisions of this Agreement. Should any provision(s) of this Agreement be for any reason unenforceable, the balance shall nonetheless be of full force and effect.

- N. Effect of Termination. No termination of this Agreement shall be construed as relieving a party from liability to any other party for breach of this Agreement.

- O. Discrimination. Business agrees not to discriminate on the basis of race, color, creed, national origin, sex, age, disability, or any other legally protected class in the sale, lease, rental, use or occupancy of the subject property or any improvements made to the subject property.

- P. Authority.
 - 1. If either Party hereto is a governmental entity, corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Agreement on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Agreement on its behalf. Each party shall, within thirty (30) days after request, deliver to the other party satisfactory evidence of such authority.

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Incentive Agreement

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2. If this Agreement is executed by more than one person or entity as a party to this Agreement, each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Parties shall be empowered to execute any amendment to this Agreement, or other document ancillary thereto and bind all of the named Parties.

Q. Indemnification. Business agrees to indemnify and hold harmless the City and Authority, its successors, assigns, agents, contractors, employees, and attorneys from any and all liability, loss or damage City and Authority may suffer as a result of claims, demands, costs or judgments as a result of the Business' ownership of the Property that is secured by the Deed of Trust.

R. Replacement of May 15, 2009 Second Amended and Restated Commitment Agreement. This Third Amended and Restated Commitment Agreement is meant to and hereby does amend and fully replace the May 15, 2009 Second Amended and Restated Commitment Agreement, described above.

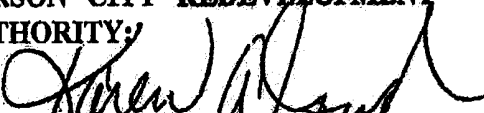
IN WITNESS WHEREOF, the Authority, City and Business have executed this Agreement on the date first above written.

CITY OF CARSON CITY, NEVADA:

By: 
Its: Mayor

Individually and on behalf of Carson City Toyota, Carson City Hyundai and Capital Ford

CARSON CITY REDEVELOPMENT AUTHORITY:

By: 
Its: Carson City

BUSINESS:

By: 
Richard Campagni

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Dick Campagni - City Redevelopment Note/Agreement

2005 - Annual Obligation

	<u>5% Current Payment Schd</u>	
Beginning Note Balance (original amount of \$1,800,000 less \$543,000 prevailing wage agreement)		\$1,257,000
Total Credit to note - per above for 2005	\$208,570	
Interest on \$1.257 million @ 5% for the period of August 12, 2005 - December 31, 2005 (4.5 months)	(\$23,569)	
Interest waived per Mr. Campagni	<u>\$23,569</u>	
Principal		<u>\$208,570</u>
		<hr/>
Balance at 12/31/2005		<u><u>\$1,048,430</u></u>

2006 - Annual Obligation

Beginning Note Balance		\$1,048,430
Additional Principal - January 31, 2006		\$1,800,000
Total Credit to note - per above for 2006	\$357,941	
Interest on \$2,848,430 @ 5% for 11 months	(\$130,553)	
Principal		<u>\$227,388</u>
		<hr/>
Balance at 12/31/2006		<u><u>\$2,621,042</u></u>

2007 - Annual Obligation

Beginning Note Balance		\$2,621,042
Total Credit to note - per above for 2007	\$332,969	
Interest on \$2,621,042 @ 5% for 2007	(\$131,052)	
Principal		<u>\$201,917</u>
		<hr/>
Balance at 12/31/2007		<u><u>\$2,419,125</u></u>

2008 - Annual Obligation

Beginning Note Balance		\$2,419,125
Total Credit to note - per above for 2008	\$264,278	
Interest on \$2,419,125 @ 5% for 2008	(\$120,956)	
Principal		<u>\$143,322</u>
		<hr/>
Balance at 12/31/2008		<u><u>\$2,275,804</u></u>

2009 - Annual Obligation

Beginning Note Balance		\$2,275,804
Total Credit to note - per above for 2009	\$237,891	
Interest on \$2,275,804 @ 5% for 2009	(\$113,790)	
Principal		<u>\$124,101</u>
		<hr/>
Balance at 12/31/2009		<u><u>\$2,151,703</u></u>

2010 - Annual Obligation

Beginning Note Balance		\$2,151,703
Total Credit to note - per above for 2010	\$233,241	
Interest on \$2,151,703 @ 5% for 2010	(\$107,585)	
Principal		<u>\$125,656</u>
		<hr/>
Balance at 12/31/2010		<u><u>\$2,026,046</u></u>

2011 - Annual Obligation

Beginning Note Balance		\$2,026,046
Total Credit to note - per above for 2011	\$256,808	
Interest on \$2,026,046 @ 5% for 2011	(\$101,302)	
Principal		<u>\$155,505</u>
		<hr/>
Balance at 12/31/2011		<u><u>\$1,870,541</u></u>

2012 - Annual Obligation

Beginning Note Balance		\$1,870,541
Total Credit to note - per above for 2012	\$291,773	
Interest on \$1,870,541 @ 5% for 2012	<u>(\$93,527)</u>	
Principal		\$198,246
		<hr/>
Balance at 12/31/2012		<u>\$1,672,295</u>

2013 - Annual Obligation

Beginning Note Balance		\$1,672,295
Total Credit to note - per above for 2013	\$302,430	
Interest on \$1,672,295 @ 5% for 2013	<u>(\$83,615)</u>	
Principal		\$218,815
		<hr/>
Balance at 12/31/2013		<u>\$1,453,480</u>

2014 - Annual Obligation

Beginning Note Balance		\$1,453,480
Total Credit to note - per above for 2014	\$291,888	
Interest on \$1,453,480 @ 5% for 2014	<u>(\$72,674)</u>	
Principal		\$219,214
		<hr/>
Balance at 12/31/2014		<u>\$1,234,267</u>

2015 - Annual Obligation

Beginning Note Balance		\$1,234,267
Total Credit to note - per above for 2015	\$340,327	
Interest on \$1,234,267 @ 5% for 2015	<u>(\$61,713)</u>	
Principal		\$278,614
		<hr/>
Balance at 12/31/2015		<u>\$955,652</u>

2016 - Annual Obligation (Projected)

Beginning Note Balance		\$955,652
Total Credit to note - Based on 7% increase over 2015	\$364,150	
Interest on \$955,652 @ 5% for 2016	<u>(\$47,783)</u>	
Principal		\$316,367
		<hr/>
Balance at 12/31/2016 (Projected)		<u>\$639,285</u>

2017 - Annual Obligation (Projected)

Beginning Note Balance		\$639,285
Total Credit to note - Based on 4% increase over 2016	\$378,716	
Interest on \$639,285 @ 5% for 2016	<u>(\$31,964)</u>	
Principal		\$346,752
		<hr/>
Balance at 12/31/2017 (Projected)		<u>\$292,534</u>

2018 - Annual Obligation (Projected)

Beginning Note Balance		\$292,534	
Total Credit to note - Based on 4% increase over 2017	\$393,865		
Interest on \$292,534 @ 5% for 2016	<u>(\$14,627)</u>		
Principal		\$379,238	
		<hr/>	
Balance at 12/31/2018 (Projected)		<u>(\$86,704)</u>	

10% of cal yr 17 & 18
BCCRT & SCCRT

\$386,290