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6 CITY OF AVONDALE
7 BOARD OF ADJUSTMENT

8 In re:)
9 Appeal of the Zoning Administrator's)
10 Decision Dated October 14, 2015)
11 Relating to Avondale Auto Mall)
12 Interpretation (PL-15-0210))
13)
14)

**HEARING MEMORANDUM BY THE
CITY OF AVONDALE IN SUPPORT OF
THE ZONING ADMINISTRATOR'S
DECISION**

15 **I. INTRODUCTION**

16 The case presented to the Board of Adjustment for the City of Avondale is based upon
17 an appeal of the Zoning Administrator's decision dated October 14, 2015, (Exhibit 1) relating
18 to the Avondale Auto Mall (hereinafter "Auto Mall"). The Zoning Administrator determined
19 that "the City Council did not intend for a stand-alone used car dealership to be a permitted use
20 within the Auto Mall." Exhibit 1 at 3.

21 The Zoning Administrator's decision should be affirmed by the Board of Adjustment
22 because, first, as a regulatory matter, the Planned Area Development (hereinafter "PAD")
23 adopted by the City Council modified the permitted use of the property by requiring "new"
24 automobile dealerships to be located within the PAD area. In addition, the developer who
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1 applied for the PAD zoning classification, AZVT, L.L.C. (hereinafter the “Developer”),
2 contemporaneously with the approval of the PAD, entered into a Development Agreement
3 (Exhibit 2), and two subsequent amendments, which clearly imposes the obligation upon the
4 landowners within the PAD to operate “new” car dealerships. Importantly, this obligation is an
5 obligation which runs with the land and is binding upon successors in interest to the Developer.

6 **II. UNDER THE ZONING CODE, THE ZONING ADMINISTRATOR HAS THE
7 POWER TO INTERPRET THE ZONING ORDINANCE AND HIS OPINION IS
8 PROVIDED DEFERENCE BY THE COURTS**

9 Section 106 B.1 of the City of Avondale Zoning Ordinance provides that “[t]he Zoning
10 Administrator or his designee shall be responsible for interpretation of the Zoning Ordinance.”
11 It was based upon this authority that the Zoning Administrator made his decision (Exhibit 1)
12 that only “new” car dealerships are permissible under the PAD zoning at issue in this case. His
13 decision was predicated upon the factual record as stated above.

14 Importantly, when reviewing zoning appeals, courts provide deference to those who
15 have been charged with the responsibility of administering the ordinance. *Peabody v. City of*
16 *Phoenix*, 12 Ariz. App. 576, 580, 485 P.2d 565, 569 (Div. 1, 1971) (“In reaching our
17 determination we find particularly persuasive the fact that those who have placed the
18 construction upon the ordinance allowing the private streets concept are also the ones who are
19 charged with the duty of administering and enforcing the ordinance”). It is within this scope of
20 review and context that the Board of Adjustment must render its decision in this appeal.

21 **III. A REVIEW OF THE FACTUAL RECORD RELATED TO THE PAD ZONING
22 CLEARLY DEMONSTRATES THAT NEW CAR DEALERSHIPS MUST BE
23 THE PRIMARY USE ON THE PROPERTY DESIGNATED FOR THE AUTO
24 MALL**

25 On October 18, 1999, the City and the Developer entered into a Development
26 Agreement for the property commonly referred to as the Avondale Auto Mall, which is the
same property that is the subject of this appeal (hereinafter the “Property”). Exhibit 2. In a

1 general sense, the Development Agreement obligated the Developer to create a new car
2 dealership auto mall, with mixed use retail at the western portion of the Property, in exchange
3 for retail sales tax incentives in the amount of \$12,000,000. Among other things, the
4 Development Agreement obligated the Developer to “[d]evelop and construct on approximately
5 the east half of the Property an auto mall complex consisting of *new* car automotive
6 dealerships.” Exhibit 2, Recitals, Subsection B (emphasis added). It is evident that “new” car
7 dealerships were the intended use. The Developer represented that it already had commitments
8 for new Chevrolet and Dodge dealerships. Exhibit 2, Recitals, Subsection E. The agreement
9 for developing new car dealerships at the Auto Mall was contingent upon the Developer
10 obtaining PADD C-2 zoning from the City. Exhibit 2, Recitals, Subsection G. The
11 Development Agreement further expressly provided that it was binding upon the Developer’s
12 “successors and assigns and which terms and provisions will run with the land.” Exhibit 2,
13 Recitals, Subsection H.

14 The Development Agreement further provided that the PADD zoning would “be in
15 general conformance with the Development Plan.” Exhibit 2 at 3, Section 2. This is
16 meaningful because, as explained below, the Development Plan also contemplates “new” car
17 dealerships. The requirement that the dealerships be “new” is reinforced by Section 11.1 of the
18 Development Agreement which states that the “City agrees to use its best efforts to refer any
19 new automotive dealerships requesting to locate in the City to the Developer for possible
20 location in the Auto Mall.” Exhibit 2 at 8.

21 In November 1999, as part of the PAD rezoning process, the Developer submitted a
22 Rezoning Request & General Development Plan and Program (hereinafter, “Development
23 Plan”). Exhibit 3. The Development Plan makes clear that the permitted use is for “Outdoor
24 Automobile Sales; New and Used.” Exhibit 3 at 3. Thus, the only time used car sales are
25 permitted is when the sales are made in conjunction with new car sales. This conclusion is
26 readily apparent when one considers the signage requirements for the Development Plan. It

1 states that “the names of each dealership and its corresponding *manufacturer's logo*, shall be
2 internally lit and have change panels.” Exhibit 3 at 8 (emphasis added). Obviously, in order to
3 comply with the signage requirements of the Development Plan, the dealership would have to
4 be a “new” car dealership simply because used car dealerships are not associated with any
5 particular “manufacturer” of automobiles. Moreover, as explained in the Zoning
6 Administrator’s decision (Exhibit 1), the common meaning of the word “and” requires that both
7 terms, “new” and “used,” must be complied with. Appellant’s suggested interpretation of the
8 applicable zoning only makes sense if the word “or” is substituted for the word “and” in the
9 Development Plan.

10 On November 18, 1999, the Planning and Zoning Commission considered the rezoning
11 application. The Staff Report for the meeting is attached hereto as Exhibit 4. The Staff Report
12 references the Development Plan discussed above and states that “eight full service automobile
13 dealerships” are contemplated for the site. Used car dealerships are not “full service”
14 dealerships. The Staff Report to the City Council also references “full service dealerships” as
15 the permitted use for the Property. Exhibit 5.

16 The PAD zoning was approved on December 20, 1999, by Ordinance No. 723-99.
17 Exhibit 6. Section 1 of the Ordinance establishes the PAD district “as such District is defined
18 in the Zoning Ordinance of the City of Avondale.” The significance of this language, as
19 explained in Part IV of this Hearing Memorandum, is that the Zoning Ordinance in effect in
20 1999 (Exhibit 7) incorporates the Development Plan, discussed above, into the PAD zoning.
21 As such, the Development Plan’s requirements are part of the PAD zoning.

22 On March 23, 2003, the Planning and Zoning Commission considered an amendment to
23 PAD zoning for the property to convert a portion of land designated for retail to additional new
24 car dealerships. As part of the Staff Report for the proposed amendment, a Project Narrative
25 for the Avondale Auto Mall and Retail Shopping Center PAD and Zoning Amendment dated
26

1 February 2003, was submitted (the "PAD Amendment"). Exhibit 8.¹ Again, the importance of
2 the Narrative and PAD Amendment is that the zoning code, as of 2003, (Exhibit 9) incorporates
3 it by reference and makes it a part of the zoning.

4 The March 20, 2003, minutes of the Planning & Zoning Commission related to the PAD
5 Amendment clearly reaffirms that the proposed amendment was intended to accommodate
6 additional new dealerships. Exhibit 10. The applicant "explained the proposed sizing of the
7 zoning is based on future markets and *manufacturers'* product line expansion." Exhibit 10 at 2
8 (emphasis added). Again, used car dealerships are not associated with automobile
9 manufacturers – only new car dealerships are associated with manufacturers.

10 On April 23, 2003, the City Council of the City of Avondale adopted Ordinance No.
11 927-03. Exhibit 11. Section 1 of Ordinance 927-03 states that the development shall be in
12 substantial conformance with the revised zoning context plan and the PAD Amendment dated
13 March 5, 2003, the amendment that incorporates the Project Narrative referred to above as
14 Exhibit 8. In order to be in substantial conformance with the PAD Amendment, only additional
15 "new" dealers could be permitted.

16 Other collateral agreements entered into between owners of the Property and the City
17 also reflect an intent to limit the Auto Mall to new car dealerships. For example, the First
18 Amendment to [Economic] Development Agreement Between the City of Avondale and
19 AZVT, L.L.C, dated May 6, 2002, was entered into to provide \$12,000,000 in retail sales tax
20 incentives for sales made by Earnhardt Volkswagen, Earnhardt Honda and Earnhardt RV, all
21 new car dealerships. Exhibit 12. The 1999 Development Agreement was amended a second
22 time on November 4, 2002, (the "Second Amendment") to provide additional incentives up to
23 \$14,000,000 due to the anticipated rezoning of the Property to allow more new car dealerships.
24 Exhibit 13. Section 1 of the Second Amendment to the 1999 Development Agreement makes

25 _____
26 ¹ The 2003 PAD Amendment expressly states that the amendment was "to obtain the proper zoning to allow for
additional *new* vehicle dealers." Exhibit 8 at 1 (emphasis added).

1 clear that the zoning is intended for “new” car dealerships. As pertinent, it states: “Both Parties
2 recognize that Developer has significant contacts with auto *dealership distributors and*
3 *manufacturers* and that the addition of more *new* franchised auto dealerships will bring
4 substantial benefits to the City . . .” Exhibit 13 at 2 (emphasis added). The Second
5 Amendment goes on to provide a \$500,000 bonus incentive for locating a new Toyota
6 dealership at the Auto Mall.

7 Similarly, in reliance upon the PAD zoning granted by the City, economic development
8 agreements were entered into with several new car dealerships providing incentives to new car
9 dealerships to locate in the Avondale Auto Mall. Agreements were entered into for a Honda,
10 Volkswagen and RV dealership (Exhibit 14); a Hyundai dealership (Exhibit 14); a Nissan
11 dealership (Exhibit 15); a Saturn dealership (Exhibit 16); a Toyota dealership (Exhibit 17); a
12 Kia dealership (Exhibit 18); and as recently as 2010, a Mazda dealership (Exhibit 19). All of
13 these agreements are with new car dealerships. Each of these agreements has an obligation to
14 open and operate a new car dealership on the site for a period of years. No used car dealerships
15 have been allowed in the PAD zoning district since its adoption. What is clear from this course
16 of conduct is that only new car dealerships are a permitted use within the Avondale Auto Mall
17 PAD.

18 **IV. UNDER THE PAD ZONING, ONLY NEW CAR DEALERSHIPS ARE**
19 **ALLOWED WITHIN THE PAD**

20 To fully understand the Zoning Administrator’s decision in this case it is important to
21 recognize the unique nature of PAD zoning. The leading treatise on municipal law, as
22 pertinent, describes PAD zoning as follows:

23 A planned unit development, or PUD, is usually the result of *very*
24 *precise planning* of a development that is . . . as a “unit” on one
25 parcel of land. Generally, a landowner presents an appropriate
26 local governmental agency with a land use development plan that
is somewhat at variance with existing zoning. In exchange for
approval, *the local government exercises “precise control.”* The

1 idea is added zoning flexibility in exchange for tighter controls on
the development process.

2 The Law of Municipal Corporations, Eugene Mc Quillen, Third Ed., Vol. 1, section 180, at 147
3 (emphasis added).

4 This is exactly what transpired with respect to the zoning on the subject Property. In
5 exchange for PAD zoning, the Developer agreed to limit the zoning to “new” car dealerships,
6 with used car dealerships as an accessory use.

7 In 1999, when the PAD zoning was approved for the property, the Zoning Ordinance
8 incorporated by reference the Development Plan and Program and made it a part of the zoning
9 regulation which applied to the property. Section 604 of the 1999 Zoning Ordinance, as
10 pertinent, provided:

11 . . .

12 B: *The Development Program submitted as part of the PAD*
13 *application shall become part of the regulations governing the use*
and development of the PAD and shall be adopted as part of the
map amendment as outlined in Subsection A above.

14 C: All conditions, modifications and requirements of approval
15 of the General Development Plan and Program imposed by the
16 City Council, . . . *shall become part of the regulations governing*
the use and development of the PAD.

17 Exhibit 7, Section 604 B and C, (emphasis added).

18 What is clear from the Zoning Ordinance in effect at the time the PAD in question was adopted
19 is that any provisions contained within the Development Plan and Program become part of
20 zoning for the PAD.

21 In turn, the Development Plan and Program which was approved by the City Council
22 clearly indicates that only “new” car dealerships were contemplated as permitted uses in the
23 Auto Mall section of the PAD. As noted above, under Proposed Zoning District Modifications,
24 sales were allowed for “New and Used” automobiles. Exhibit 3 at 3. It is clear from reading
25 the document as a whole that “used” car sales would not be permitted unless “new” car sales
26

1 were also being made. This is evident because the permitted signage for the Auto Mall would
2 contain “the names of each dealership and its corresponding manufacturers’ logo.” Exhibit 3 at
3 8. It is impossible to have a sign with a manufacturer’s logo if only used car sales are occurring
4 on the property. Given this requirement, the only interpretation which makes sense is one
5 which restricts the sale of used cars as an accessory use to the sale of new cars.

6 In conjunction with the adoption of the Development Plan, the City also entered into a
7 Development Agreement which makes it crystal clear that only new car dealerships were
8 contemplated by the PAD zoning. First, the Development Agreement was contingent upon the
9 City adopting the PAD zoning. Exhibit 2, Recital G at 2. There is no ambiguity in the
10 Development Agreement – it states that it is the intention of the Developer to construct an “auto
11 mall complex consisting of *new* car automotive dealerships and other automotive uses.”
12 Exhibit 2, Recital B(i) at 1 (emphasis added). In exchange for the new car dealerships, the City
13 agreed to provide up to \$12,000,000 in retail sales tax rebate incentives.

14 The fact that new car dealerships are the intended permitted use within the PAD zoning
15 was reaffirmed in 2003 when the Developer applied for an amendment to the PAD to reduce
16 the area designated for commercial use within the PAD and expand the Auto Mall. Like the
17 Zoning Code provisions in 1999, the Zoning Code in 2003 also incorporated by reference the
18 Development Plan and Program into the approved zoning for the PAD. Exhibit 9, Section 604,
19 B and C. The narrative of the Project Plan makes clear that an amendment to the original PAD
20 was necessary due to the success of new vehicle dealers’ desire to purchase land and the desire
21 “to obtain the proper zoning to allow additional *new* vehicle dealers.” Exhibit 8 (emphasis
22 added). The minutes of the Planning Commission affirm this intent: the increase in size for the
23 Auto Mall was “based on future markets and manufacturers’ product line extensions.” Exhibit
24 9 at 2. Again, only new car dealerships are associated with “manufacturers” of automobiles.
25 Finally, the Ordinance (Exhibit 11) which approved of this amendment to the PAD specifically
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1 incorporates by reference the "PAD Zoning Amendment dated March 5, 2003," which is
2 Exhibit 8.²

3 The same conclusion that the zoning was intended for new car dealerships is
4 corroborated by the fact, over the course of years, that several development agreements were
5 entered into with property owners associated with new automobile dealerships. Exhibits 12 –
6 19.

7 A review of the long administrative record associated with the PAD zoning on the
8 Property clearly supports the Zoning Administrator's decision that stand-alone used car
9 dealerships are not allowed in the Auto Mall unless the used cars are sold at a new car
10 dealership. This restriction on the permitted uses is part and parcel of the actual PAD zoning
11 for the Property. When the zoning was adopted, and reaffirmed by amendment, the
12 Development Plans incorporated into the PAD zoning clearly contemplated that the permitted
13 use of the PAD zoning would be restricted to new automobile dealerships, with used car sales
14 as an accessory use. The Zoning Administrator's decision is based upon substantial evidence,
15 is legally correct and it should be upheld by the Board of Adjustment.

16 **V. UNDER THE TERMS OF THE DEVELOPMENT AGREEMENT ONLY NEW**
17 **CAR DEALERSHIPS ARE A PERMITTED USE AS A MATTER OF**
18 **CONTRACT**

19 The City and the Developer entered into a Development Agreement which, in addition
20 to the zoning requirements discussed above, made clear that the Developer, in exchange for
21 substantial incentives, agreed to build an "auto mall complex consisting of new car automotive
22 dealerships . . ." Exhibit 2, Recital B. This Development Agreement was duly recorded.
23 Notably, the Development Agreement provides that "[a]ll of the provisions shall inure to the
24 benefit of and be binding upon the successors and assigns." Exhibit 2, Section 12.7. Under the

25 ² Exhibit 8, while captioned as a project Narrative, is in fact the Project Plan and Zoning Amendment for purposes
26 of processing the PAD Amendment to the Auto Mall. As the Development and Project plan, its terms are
incorporated into the PAD zoning by Section 604, A and B, of the 2003 Zoning Ordinance.

1 Development Agreement, the obligations of the property owners “run with the land.” Exhibit
2 2, Recital H.

3 A.R.S. § 9-500.05(D) also provides that, as a matter of law, development agreements
4 are binding upon successors and assigns. It states, “[t]he burdens of the development
5 agreement are binding on, and the benefits of the development agreement inure to, the parties
6 to the agreement and to all their successors in interest and assigns.” Case law has recognized
7 the continuing nature of development agreements and has ruled that the obligations imposed by
8 development agreements “run with the land.” *Home Builders Association of Arizona v. City of*
9 *Maricopa*, 215 Ariz. 146, 152, 158 P.3d 869, 875 (2007).

10 Restrictive covenants which run with the land limiting a property owners permitted use
11 of the land are routinely upheld by Arizona courts. For example, In *Shalimar Ass’n. v. D.O.C.*
12 *Enterprises Inc.*, 142 Ariz. 36, 688 P.2d 682 (1984), a successor in interest attempted to
13 develop land which had been set aside as a golf course by the original developer. Similar to the
14 facts in this case, the record demonstrated that the golf course designation was intended to
15 restrict and prevent the property from being used for other purposes. The original developer
16 had made representations to purchasers of lots in the subdivision that the golf course would be
17 part of the developed property and that it was an amenity for the surrounding properties. The
18 court held that there was ample evidence to uphold the determination that there was an implied
19 covenant restricting the use of the property to a golf course and that this implied restrictive
20 covenant was binding upon a subsequent purchaser of the golf course property.

21 The same holds true here, but in this instance the result is even more compelling. The
22 restrictive use of the land in question in this case is express, not implied. The Developer
23 expressly represented and agreed that new car dealerships would be located at the Auto Mall.
24 Significant incentives were provided to the Developer, and its successors, to live up to that
25 promise. The limitation of the use of the Property to new car sales is a restrictive use of the
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1 land which Arizona courts will uphold. It is a burden and obligation which runs with the land
2 and other uses should not be permitted.

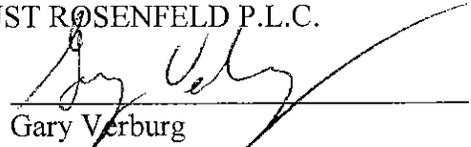
3 **VI. CONCLUSION**

4 A review of the factual record and relevant zoning ordinances related to the PAD
5 zoning at issue clearly reflect that the zoning is restricted to new automobile dealerships. This
6 conclusion is supported by the original Development Agreement, Development Plans
7 associated with the original PAD approval and amendments thereto, and subsequent
8 development agreements, all of which uniformly recognize the permitted use of the Property is
9 restricted to new auto sales with used car sales as an accessory use. A review of the evidence
10 submitted clearly supports the Zoning Administrator's decision in this regard and his decision
11 should be upheld by the Board of Adjustment.

12 A secondary reason to uphold the Zoning Administrator's decision is the firm
13 contractual obligation in the Development Agreement to develop the Property for new
14 automobile dealerships. This obligation is binding upon successors and assigns and runs with
15 the land as a matter of law. After receiving the benefits of the incentives under the
16 Development Agreement, the Developer's successors in interest should not be allowed to
17 renege on this promise and develop the Property for other purposes. The contractual
18 obligations under the Development Agreement serve as an additional legal basis for support of
19 the Zoning Administrator's decision.

20 RESPECTFULLY SUBMITTED this 4th day of January, 2016.

21 GUST ROSENFELD P.L.C.

22 By 
23 Gary Verburg
24 Andrew J. McGuire
25 Attorneys for City of Avondale
26

1 Original and six copies of the foregoing submitted
2 this 4th day of January, 2016, to:

3 City of Avondale, Board of Adjustment
4 Attn: Robert Gubser
5 Development and Engineering Service Department
6 11465 W. Civic Center Dr.
7 Avondale, AZ 85323

8 Copy of the foregoing hand-delivered
9 this 4th day of January, 2016, to:

10 Bill Bach
11 5427 E. Hashknife Road
12 Phoenix, AZ 85054

13 Paul Gilbert
14 Beus Gilbert PLLC
15 701 N. 44 St
16 Phoenix, AZ 85008

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October 14, 2015

Paul Gilbert
Beus Gilbert PLLC
701 N 44th Street
Phoenix, AZ 85008-6504

RE: Avondale Auto Mall Zoning Interpretation (PL-15-0210)

Dear Mr. Gilbert:

This letter is in response to your formal application received on September 1, 2015 (attached) requesting a zoning interpretation in regards to a prospective business seeking to occupy a site located at 10501 W. Papago Freeway within the Avondale Auto Mall. The property is currently zoned Planned Area Development under case Z-99-402-A. The initial staff assessment provided via Pre-Application meeting on August 5, 2014 (PL-14-0134) was that the intended use of used car sales was not permitted unless it was ancillary to a new car sales use.

Proposed Use

In your letter, you describe the business model for AutoMatch as a full-service dealership that only sells used vehicles. You further define the use as one that displays vehicles of various manufacturers for sale, provides on-site financing, and a repair center with certified mechanics. This proposed use was also provided for staff review through a Pre-Application meeting held on August 5, 2014 (Exhibit 1: PL-14-0134, Auto Match USA).

Evaluation

In evaluating your request, I have reviewed the original 1999 PAD rezoning application, the 2003 PAD rezoning amendment, and the associated development agreements.

The purpose of the 1999 PAD rezoning, approved by City Council on December 20, 1999, was to allow for the development of an Auto Mall and a retail shopping center. The purpose of the 2003 amendment to the PAD was to eliminate the remaining acreage planned for a retail power center and replace it with dealerships and related uses. The following are references contained in the original PAD and subsequent amendment that address the specifics of dealerships:

1. 1999 PAD, page 2: The purpose of the zoning was to "accommodate the development of several full service automobile dealerships." When read with the remaining language in the paragraph, it is clear that the mention of used car sales is intended to allow for used car sales at the full service dealerships, not to allow for a stand-alone used car lot.
2. 1999 PAD, page 3: The proposed uses in the conditional use permit list refers to "Outdoor Automobile Sales; New and Used" indicating that the two types of sales are to be from a

dealership offering both new and used vehicles. Had it been intended otherwise, the text simply could have used the term "or" instead.

3. 1999 PAD, page 5: Phase One construction was to include eight full service dealerships. The auto mall was clearly planned as a new car sales area, so the use of "eight (8) full service automobile dealerships" is a plain reference to new-car dealerships.
4. 1999 PAD, page 7: Among many other descriptive terms describing services provided at a new car dealership, the rear yard provisions specifically refer to the "service section" of the dealership. On-site manufacturer service facilities are hallmarks of new car dealerships.
5. 1999 PAD, page 8: There are multiple occurrences where the text describing the signs allowed for each dealership specifically refers to "its corresponding manufacturer's logo." These are clearly references to new car dealerships.
6. 2003 PAD, page 1: The last sentence of the first paragraph is clear as to the intent "to obtain the proper zoning to allow for additional new vehicle dealers." As you can see, the language that follows is nearly identical to the 1999 PAD, further supporting the original intent of the 1999 PAD (new car dealerships).

Coupled with the rezoning actions, there were several development agreements that the City entered into with the developer of the Auto Mall. The original DA was in 1999, (with a subsequent corrective DA in 2000), followed by a first and a second amendment in 2002/2003 that addressed the expansion of the Auto Mall. The following are references from those documents:

1. 1999 Development Agreement, page 1: Recital B(i) clearly sets forth the developer's intent to "construct an auto mall complex consisting of new car dealerships."
2. 1999 DA, page 1: Recital C(i) states that there will be significant benefits to the City, its residents and the general public and enhance the economic ability of the City by significantly increasing transaction privilege tax revenues by encouraging new car automotive dealerships.
3. 1999 DA, page 2: Recital E establishes developer's obligation to use best efforts to attract additional dealerships to the auto mall, and it uses two new car dealerships as examples of its commitment to that obligation.
4. First Amend. to DA, page 1: Recital B is again clearly stating new car automobile dealerships.
5. Second Amend. to DA, pages 1 & 2: Recital B and the new language added as subsection 2.2 are both clearly stating new car dealerships.
 - o The report transmitted to the City Council on November 4, 2002 regarding the Second Amendment, clearly states that the purpose of the amended DA will allow for expansion of sites suited to new car dealerships. In addition, AZVT was required to promptly complete and submit for approval a PAD amendment that allows for the development of

new car dealerships.

The word “and” as used by the City Council in the 1999 PAD and the subsequent approvals is far more significant than you have concluded. When trying to understand the City Council’s intent, we are required (i) to presume the Council meant to use those precise words for a reason and (ii) to give words their common meanings. Using common definition of “and” (utilizing the Merriam-Webster dictionary), it means a logical operator that requires both of two inputs to be present or two conditions to be met for an output to be made or a statement to be executed. The common definition supports the conclusion that that both new and used automobile sales would need to be present to meet the criteria provided outlined in the use listing of the PAD. This is how this use has been applied consistently since the original zoning approval.

The C-2 district at the time of the 1999 rezone allowed, “Auto, recreational vehicle, motorcycle, travel trailer and boat sales and rental.” However, with the execution of a PAD as a zoning instrument, the uses may be tailored meeting the needs and goals set-forth by all parties. The allowed uses were modified with the rezoning to PAD and the “Outdoor Automobile Sales; New and Used” was placed as an allowed use subject to receiving a Conditional Use Permit. As stated in the overview of the PAD text above, had it been intended otherwise, the text simply could have used the term “or” instead. Additionally, it could have been completely removed from the Conditional Use Permit listing, as it was an allowed use in the C-2 section of the 1999 Zoning Ordinance. In this instance, it was not removed and we are required to presume the Council meant to adopt the standards in the PAD as controlling for automotive uses at the Auto Mall.

The 2002/2003 PAD Amendment narrative indicates the applicant wishes to “obtain the proper zoning to allow for additional new vehicle dealers.” The narrative in PAD’s are used to convey the intended character of the development and as such, is used to provide information necessary for the City Council to either support or deny a request. The amendment was approved by Council using the included narrative and the ordinance includes a stipulation that the development shall be in substantial conformance with the PAD Zoning Amendment dated March 5, 2003.

Consistent with the new-car-only intent of the PAD and its amendments, the City Council approved a number of economic development agreements relating to new car dealerships at the Auto Mall. In each of those agreements, the intent is clear that operation of a new automobile franchise is an essential component of the transaction. Copies of each agreement are attached for your review.

Determination

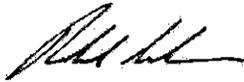
It is my determination as the City’s Zoning Administrator that, based on evaluation of the language contained in the original PAD, subsequent amendments to the PAD, numerous economic development agreements, and the supporting staff reports, that the City Council did not intend for a stand-alone used car dealership to be a permitted use within the Auto Mall. The intent to have only new car dealerships in the Auto Mall was made clear from the beginning and has been consistently followed through a series of related agreements and supporting documents.

Appeal Rights

Under the Zoning Ordinance Section 112.B.1, a notice of appeal an interpretation by the Zoning Administrator shall be submitted by the applicant through the Zoning Administrator to the Board of Adjustment within fifteen (15) days from the date of the decision.

If you have any questions, please feel free to contact me at (623) 333-4015 or by email at rgubser@avondale.org.

With regards,



Robert Gubser, AICP
Planning Manager

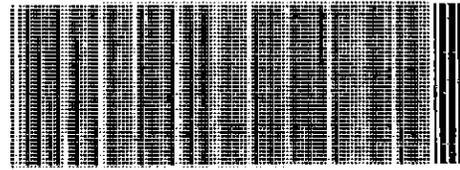
Exhibits:

- A. Pre-Application Meeting comments – dated August 5, 2014
- B. 1999 PAD, including all applicable staff reports
- C. 2003 PAD amendment, including all applicable staff reports
- D. 1999 Development Agreement
- E. 1999 Corrective Development Agreement
- F. 2002 First Amendment to Development Agreement
- G. 2003 Second Amendment to Development Agreement
- H. Copies of Economic Development Agreements with various dealerships

Cc: Tracy Stevens, Development and Engineering Services Director
Andrew McGuire, City Attorney
File

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10029



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

99-0984467 10/26/99 11:45

CLARK 1 OF 4

When recorded mail to:

Attn: City Clerk
City of Avondale
525 North Central Av
Avondale, Az 85323

DEVELOPMENT AGREEMENT
CITY OF AVONDALE AND AZVT, LLC
Agreement # 99-00-57

Approved by the Mayor and Council
October 18, 1999
RES. #2071-99

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After Recording Return to:	City of Avondale
City Clerk City of Avondale 525 N. Central Avondale, AZ 85323	

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is made as of this 18th day of ~~OCTOBER~~, 1999, by and between the **CITY OF AVONDALE** (the "City"), an Arizona municipal corporation, and **AZVT, LLC**, an Arizona limited liability company (the "Developer").

RECITALS:

- A.** Developer owns certain land located generally at the southwest corner of Interstate 10 and 99th Avenue, in Avondale, Arizona which consists of approximately 150 acres, more or less (the "Property"). The legal description describing the Property is attached hereto as Exhibit "A".
- B.** It is the desire and intention of Developer to develop the Property as follows:
- (i) Develop and construct on approximately the east half of the Property an auto mall complex consisting of new car automotive dealerships and other automotive uses (the "Auto Mall"), and
 - (ii) Develop and construct on approximately the west half of the Property a commercial retail center and related uses (the "Retail Center") (the Auto Mall and the Retail Center are sometimes hereinafter collectively referred to as the "Project"); with the development of the Project to be generally in conformance with the conceptual site development plan attached hereto as Exhibit "B" (the "Development Plan"), it being understood that the Development Plan may be revised by Developer from time-to-time to reflect changes to the Project and as long as the revisions are approved by the City as required by law and do not materially change the Auto Mall and Retail Center to be constructed, such revisions shall not effect the terms of this Agreement.
- C.** Developer and City both believe that the development of the Project pursuant to this Agreement will result in significant benefits to City, its residents and the general public and enhance the economic ability of City by:
- (i) significantly increasing transaction privilege tax (hereinafter "retail sales tax") revenues of the City by encouraging new car automotive dealerships and other retail businesses to be located within Avondale and within the Project in particular;

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- (ii) increasing real property tax revenues based on all of the improvements to be constructed at the Project;
 - (iii) creating new jobs in businesses to be located within and near the Project; and
 - (iv) retaining two (2) dealerships within the City who might otherwise relocate to another jurisdiction.
- D. City also wishes to obtain from Developer the construction of certain strategic infrastructure improvements and the dedication of certain public rights-of-way at no cost to City. Developer's infrastructure improvements will include extensive permanent water line, sewer line, and other utility extensions; the construction of fully improved, landscaped, lighted and signalized public streets and half-streets to enhance traffic flow; and the installation of landscaped frontage along Interstate 10 to upgrade the Property's current streetscape.
- E. Developer shall use its reasonable, good faith and diligent efforts to attract additional automotive dealerships to the Auto Mall, and retail businesses to the Retail Center. To that end, Developer has secured agreements to place both Gateway Chevrolet and Avondale Dodge in the Auto Mall in order to retain, and expand through future growth, the benefits of these dealerships for the City, and avoid the loss of these local businesses to competing sites in Goodyear and Tolleson.
- F. In light of the mutual benefits to City and Developer resulting from the Project, City and Developer desire that Developer receive an economic incentive in the form of retail sales tax rebates as described herein.
- G. Developer and City understand this Agreement is contingent upon Developer obtaining PADD C-2 zoning and the related use permits from the City for the Property and the Project, and substantially completing the infrastructure improvements described above.
- H. Developer and City further understand and acknowledge that this Agreement is within the meaning of, and is entered into pursuant to the terms of, A.R.S. Section 9-500.11, and the terms of this Agreement are intended to be binding upon City and Developer, but only to the extent permitted by law, and their successors and assigns and which terms and provisions will run with the land.

AGREEMENT:

In reliance upon and for the reasons set forth above, and in consideration of the covenants set forth herein, the parties hereto agree as follows:

1.0 Annexation.

1.1 The Property is already annexed into the City.

2.0 Development In Accordance With Zoning and Plat Approval.

2.1 **Approvals.** The Property is currently zoned for agricultural use, and Developer will apply to the City to rezone the Property to PADD C-2. The PADD C-2 rezoning complies with

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the City's present General Plan. Upon the mutual execution of this Agreement by Developer and City, Developer's PADD C-2 zoning application and the required plat for the Project, which shall be in general conformance with the Development Plan, will be submitted to the City for review and processing to obtain the necessary rezoning approval.

3.0 Term of Agreement.

3.1 Term. This Agreement will commence upon the mutual execution of this Agreement by City and Developer, and will continue until the 15th (fifteenth) anniversary of the date the first automobile dealership opens for business.

4.0 Financial Assistance.

4.1 The Benefits of Project to the Community. The City has determined, based upon its independent evaluation, that development of the Project will provide social and economic benefits to the community. The proposed Project will provide a source of employment and creation of jobs within the community, and will generate needed additional retail sales and property tax revenues to the City and other public agencies. The proposed development will enable needed capital projects to be completed which will improve the economic and physical conditions of the community, provide for the public safety and convenience of the community, and will enhance the economic welfare of the inhabitants of the City.

4.2 Financial Assistance. Each auto dealership and retail business within the Project will collect all retail sales tax levied pursuant to the City Tax Code of the City of Avondale resulting from retail sales by such dealerships and retail businesses located within the Project, and will remit the same to the City according to law. As an inducement to Developer to construct the infrastructure improvements, and to develop, attract, and open auto dealerships, other automotive uses, and retail businesses within the Project, and pursuant to the provisions of Section 9-500.11 of the Arizona Revised Statutes, the City hereby agrees to rebate a portion of the retail sales tax generated by each of the auto dealerships and other automotive uses operating within the Auto Mall, and retail businesses operating in facilities greater than 10,000 square feet within the Retail Center, and paid to the City. Upon the substantial completion by Developer of the infrastructure improvements described in Recital D, for the term described in Section 3.1 above, the City will rebate to Developer fifty percent (50%) of the annual retail sales taxes generated by each of the businesses described above located within the Project, payable in annual installments. The City's obligation to pay the annual retail sales tax rebates payments to Developer will automatically cease and the City will have no further obligation to Developer pursuant to this Agreement upon the earlier of the expiration of the fifteen (15) year term described in Section 3.1 above, or upon the Developer receiving a total of Twelve Million Dollars (\$12,000,000) (the date of such event being hereinafter referred to as the "Termination Date").

The first annual payment required by the preceding paragraph will be paid no later than sixty (60) days after the first calendar year-end following the opening for business of the first auto dealership or qualifying retail business generating retail sales tax within the Project. Subsequent annual payments will be made no later than sixty (60) days after the end of each succeeding calendar year. Each annual payment will be mailed to Developer at the address for notice set forth in Section 7.0 below, or as otherwise agreed by City and Developer.

The City's obligations under this Agreement, including without limitation, the City's obligations under this Section 4.0 relating to financial assistance are expressly conditioned upon Developer's substantial completion of the infrastructure improvements within the Project. If

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there is a period of time during which no retail sales taxes are generated by the qualifying businesses within the Project, then Developer shall not be entitled to any Financial Assistance during that time. However, if, after such time period, retail sales taxes are again generated by the auto dealerships, other automotive uses, and the qualifying retail businesses located within the Project, then the City's obligation to pay the Financial Assistance to Developer (or its successors in interest or assigns pursuant to Section 12.7 below) shall resume until the Termination Date, which shall not be extended beyond the term provided in Section 4.2 above.

Developer shall have the right, as permitted by Section 12.7 below, to assign a portion of its right to receive retail sales tax rebates hereunder to any one or more persons or entities that purchase or lease a portion of the Property within the Project (an "Assignee"). Retail sales tax rebates paid directly by the City to Developer or its Assignee (or its permitted successors and assigns) at the request of and on behalf of the Developer will decrease the remaining retail sales tax rebate payments due the Developer hereunder. Any assignment requested by the Developer shall be approved by the City, such approval not to be unreasonably withheld or delayed.

4.3 Van Buren Sewer Line. As a part of the infrastructure improvements required by this Agreement, Developer agrees to build offsite improvements consisting of a sewer line (the "Van Buren Sewer Line") within the Van Buren Street public right-of-way, all in accordance with the City's latest adopted regulations, ordinances, current engineering design guidelines and construction standard notes/details and county requirements where applicable. Developer shall be responsible for the actual design costs and construction costs of the Van Buren Sewer Line. In consideration for the fact that the Van Buren Sewer Line is essential public infrastructure providing a broad public benefit, Developer shall comply with all City procurement regulations applicable to City participation in funding the cost of the Van Buren Sewer Line.

Developer shall obtain from its contractor and assign to the City a warranty for the Van Buren Sewer Line for a period of at least one(1) year following the issuance date of the City's acceptance document.

The City acknowledges and agrees that a portion of the Van Buren Sewer Line improvement (the "Reimbursable Items") shall benefit other properties and the Developer shall be entitled to reimbursement by such property owners for the cost of the Reimbursable Items. Concurrently with or following the completion of construction and the dedication or other conveyance of the Van Buren Sewer Line to the City, the Developer shall provide the City with a statement setting forth, in reasonable detail, the actual cost of the construction of such sewer line. The determination of the Reimbursable Items shall be based on the actual cost of design and construction of the Van Buren Sewer Line, including all engineering and design fees and costs, the costs of permits, the cost of construction materials and labor, and all other direct costs incurred in connection with such design and construction.

The City further agrees that with respect to each of the Reimbursable Items, it shall require each property owner who is benefited by the Van Buren Sewer Line to pay its proportionate share of the cost of the Reimbursable Items pursuant to a "Reimbursement Agreement", in form reasonably satisfactory to Developer and City before any development shall be permitted on the benefited property, whether as a result of an application for approval of development or improvement plans, an application for approval of a change in the zoning or uses otherwise applicable to such benefited property(ies), an application for approval of a development agreement with the City or otherwise. Each benefited property's share of the cost of the Reimbursable Items shall be determined in accordance with the Reimbursement

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Agreement. Reimbursement shall be based on the relative area of the benefited property to the entire assessable area served by the applicable Van Buren Sewer Line, unless otherwise provided in the City Code for the type of improvement involved. Each benefited property owner shall pay its full share of the cost of the Reimbursable Items, in respect of its share, in cash to the City at the time such owner receives its first building permit for any improvements to the benefited property issued after the date of this Agreement as a result of any of the matters hereinabove described. The City shall within a reasonable time following receipt of such payment, not to exceed thirty (30) days, pay to the Developer all reimbursements collected on behalf of the Developer. Any such reimbursements received by Developer will decrease the remaining retail sales tax rebate payments due the Developer hereunder, by the amount of such reimbursement.

4.4 Change in Sales Tax Laws. If the laws which entitle the City to receive the City retail sales tax based on sales at or from the businesses located within the Project are repealed or modified after the date of this Agreement or if the sales tax the City is entitled to receive based on such sales is totally or partially replaced with another source of revenue, then the City's obligation to pay the annual retail sales tax rebate payments will be deemed modified and will be renegotiated. In that event, Developer and the City will fully cooperate with one another in amending this Agreement as necessary or appropriate to facilitate Developer's receiving the payments described in Section 4.2 above, so the intent of this Agreement can be attained.

4.5 Status of Payments. Developer and the City will cooperate with one another in issuing periodic reports of the status of the City's obligation to make annual payments pursuant to this Agreement.

4.6 Completion of the Auto Mall and Retail Center. Notwithstanding any other provision in this Agreement, the City's obligation to pay the annual payments pursuant to Section 4.2 above will apply only if construction of the Auto Mall development begins promptly following the City's approval of Developer's planned PADD C-2 zoning permitting the construction of the Project, and construction of the Retail Center begins promptly following Developer executing contracts for parcel sales or leases with anchor tenants necessary to make the Retail Center financially feasible. Developer's construction will be substantially completed within twenty four (24) months from the date Developer begins construction, except that the time for completion will be extended for a period equal to delays caused by force majeure or other causes beyond the reasonable control of Developer, unless such time periods are extended with the approval of the City.

5.0 Default.

5.1 Default by Either Party. If either party fails to perform any obligation, including City's obligation to pay money pursuant to this Agreement, and fails to cure its nonperformance within 30 (thirty) days after notice of nonperformance is given by the non-defaulting party, such party will be in default and the non-defaulting party will have all remedies which are available to it at law or in equity including, without limitation, the remedy of specific performance; provided, however, that if the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 (thirty) days, then the defaulting party will have such additional periods of time as may be reasonable under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance, until its nonperformance has been cured.

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6.0 Relationship of the Parties.

6.1 Negation of Agency, Joint Venture or Partnership. The parties acknowledge that in entering into this Agreement, they are acting as independent entities and not as agents of the other in any respect and hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing in this Agreement will be construed as making them joint venturers or partners.

7.0 Notices and Filings.

7.1 Manner of Serving. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally, sent by facsimile transmission or sent by registered or certified United States Mail, postage prepaid, if to:

The City:

City of Avondale
525 North Central Avenue
Avondale, AZ 85323
Attn.: City Manager
Facsimile No. (602) 925-2162

The Developer:

AZVT, LLC
P.O. Box 16460
Phoenix, AZ 85011
Attn: Mike Pacheco
Facsimile No. (602) 230-2826

with a copy to:

BEUS GILBERT PLLC
1000 Great American Tower
3200 North Central Avenue
Phoenix, AZ 85012-2417
Attn: Gordon M. Wasson, Esq.
Facsimile No. (602) 234-5893

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner.

7.2 Effective Delivery. If not received sooner, notices, filings, consents, approvals and communication ("Notices") given by mail shall be deemed delivered seventy-two (72) hours following deposit in the U.S. mail, postage prepaid and addressed as set forth above. Notices given by personal delivery are effective upon receipt, and Notices given by facsimile transmission are effective upon electronic verification of delivery or receipt.

8.0 Lender Provisions.

8.1 Lender Not Obligated to Construct. Notwithstanding any of the provisions of this Agreement, including but not limited to, those which are or are intended to be covenants running with the land, any lender who provides construction, interim or permanent financing for all or any part of the Property, and such financing is secured by a lien against the Property ("Lender"), shall in no way be obligated by the provisions of this Agreement to construct or complete the

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development of the Project, or any part thereof, or to guarantee such construction completion or any other obligations related thereto. Notwithstanding the foregoing, Lender's purchaser or its other successors in interest in the Project (other than another lender or financial institution or acquirer of Lender) shall be obligated by the provisions of this Agreement.

8.2 Copy of Notice of Default to Lender. Whenever City shall deliver any notice or demand to Developer with respect to any breach or default by Developer under this Agreement, City shall at the same time forward a copy of such notice or demand to each Lender on any portion of the Property which may be affected by such notice provided such Lender has delivered or mailed written notice to City of its interest in the Property and mailing address.

8.3 Lender's Option to Cure Defaults. After any uncured Developer default referred to in Section 5.2 above, each Lender shall (insofar as the rights of City are concerned) have the right, at its option, to cure or remedy such default to the extent that it relates to the part of the Property covered by its lien and to add the cost of such cure to its debt and lien.

8.4 Transfer of the Property to or by the Lender. Nothing contained in this Agreement shall be deemed to prohibit, restrict, or limit in any way the right of Lender to take title to all or any part of the Property, pursuant to a foreclosure proceeding, trustee's sale or deed in lieu of foreclosure.

9.0 Representations and Warranties.

9.1 City Acknowledgement. City acknowledges that Developer has acquired the Property and is entering into this Agreement and has expended, and will continue to expend, substantial time, efforts and money with regard to development of the Project in reliance upon the representations, warranties and covenants of City as described elsewhere in this Agreement and hereinbelow. City represents and warrants to Developer that all of City's representations and warranties set forth in this Agreement are true in all material respects as of the date of this Agreement, including the following:

9.2 City Organization. City is a duly organized, validly existing municipal corporation in the State of Arizona and the person signing this Agreement on behalf of City is authorized to do so. The transactions contemplated by this Agreement and the execution and delivery of all documents required herein, and City's performance hereunder, have been duly authorized by all requisite actions of City and/or other parties. The execution and delivery of this Agreement and any other document required herein and the consummation of the transaction contemplated hereby and thereby will not result in any violation of, or default under, any term or provision of any applicable agreement, instrument, law, rule, regulation or official policy to which City is a party or by which City is bound.

9.3 No City Litigation. There is no litigation, investigation or proceeding pending or, to the knowledge of the City, contemplated or threatened against the City, or the Property which would impair or adversely affect the City's ability to perform its obligations under this Agreement or under any instrument or document related hereto.

9.4 Developer Acknowledgement. Developer acknowledges that City has expended and will continue to expend substantial time and effort with regard to the development of the Project in reliance upon the representations, warranties and covenants of Developer as described elsewhere in this Agreement and hereinbelow. Developer represents and warrants to City that

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all of Developer's representations and warranties set forth in this Agreement are true in all material respects as of the date of this Agreement, including the following:

9.5 Developer Organization. Developer is a duly organized validly existing limited liability company in the State of Arizona and the person signing this Agreement on behalf of Developer is authorized to do so. The transactions contemplated by this Agreement and the execution and delivery of all documents required herein, and Developer's performance hereunder, have been duly authorized by all requisite actions of Developer and/or other parties. The execution and delivery of this Agreement and any other document required herein and the consummation of the transaction contemplated hereby and thereby will not result in any violation of, or default under, any term or provision of any application agreement, instrument, law, rule, regulation or official policy to which Developer is a party or by which Developer is bound.

9.6 No Developer Litigation. There is no litigation, investigation or proceeding pending or, to the knowledge of Developer, contemplated or threatened against Developer or the Property which would impair or adversely affect Developer's ability to perform its obligations under this Agreement or under any instrument or document related hereto.

9.7 Restatement of Warranties. At any time, or from time to time, upon the request of Developer, City within ten (10) days following receipt of Developer's request, shall reaffirm and restate any or all of its representations, warranties and covenants as set forth in this Agreement and any other agreements and instruments executed in connection herewith.

10.0 Access to the Property

10.1 Interstate 10 Frontage Road. City agrees to use its best efforts to (i) assist Developer in obtaining one or more curb-cuts (entranceways) into the Project from the Interstate 10 frontage road, and (ii) assist Developer in obtaining the removal and/or redesign and upgrade of the existing chain-link fence parallel to the Project and the Interstate 10 frontage road.

11.0 New Dealerships

11.1 New Dealerships. To the extent legally possible, for the period from the effective date hereof through the Termination Date, City agrees to use its best efforts to refer any new automotive dealerships requesting to locate in the City to the Developer for possible location within the Auto Mall.

12.0 General.

12.1 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by City or Developer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

12.2 Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorney's fees by the other party, and in the event any judgement is secured by said prevailing party, all such

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costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

12.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

12.4 Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

12.5 Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

12.6 Time Essence. Time is of the essence of this Agreement.

12.7 Successors. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Notwithstanding the foregoing, Developer shall have the right, upon fifteen (15) days' prior written notice to City, to assign all or part of its rights hereunder to any one or more persons or entities that purchase or lease a portion of the Property within the Project. Any assignment requested by the Developer shall be approved by the City, such approval not to be unreasonably withheld or delayed. Developer's rights and obligations hereunder may only be assigned by a written instrument expressly assigning such rights and obligations. In the event of a complete assignment by Developer of all rights and obligations of Developer hereunder, Developer's liability hereunder shall terminate effective upon the assumption by Developer's assignee.

12.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

12.9 Amendment. No amendment or waiver of any provision in this Agreement will be binding on the City unless and until it has been approved by the City Council and has become effective, or on Developer unless and until it has been executed by an authorized representative.

12.10 Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

12.11 Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, then the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable, will not be affected by that invalidity or unenforceability and each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

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12.12 Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith, so the intent of this Agreement can be attained.

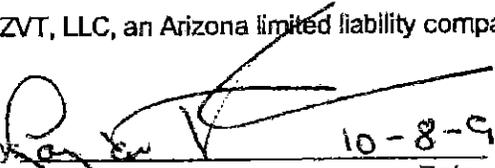
12.13 Exhibits. All Exhibits attached hereto are incorporated herein by reference. The Exhibits are as follows:

- Exhibit "A" - Legal Description of Property
- Exhibit "B" - Development Plan
- Exhibit "C" - Construction Schedule

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

"DEVELOPER"

AZVT, LLC, an Arizona limited liability company

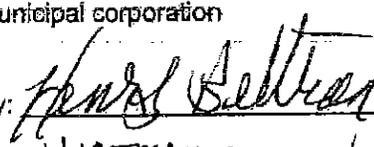
By:  _____
Date

10-8-99

Its: Manager

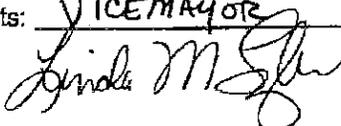
"CITY"

CITY OF AVONDALE, ARIZONA, an Arizona municipal corporation

By:  _____
Date

10/18/99

Its: VICEMAYOR

 _____
City Clerk

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STATE OF ARIZONA)
)
County of Maricopa)

The foregoing instrument was acknowledged before me this 8th day of October, 1999, by Larry Van Tuyl, who acknowledged himself to be the Manager of AZVT, LLC, an Arizona limited liability company, for and on behalf of the company.

Linda Cortright
Notary Public

My commission expires:

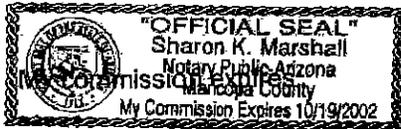
6-30-2002



STATE OF ARIZONA)
)
County of Maricopa)

The foregoing instrument was acknowledged before me this 18th day of OCTOBER, 1999, by Henry Botton & Linda Tyler who acknowledged themselves to be the Vice Mayor & City Clerk of the CITY OF AVONDALE, an Arizona municipal corporation, for and on behalf of the municipal corporation.

Sharon K. Marshall
Notary Public



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EXHIBIT "A"

The South half of the North half of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT any portion of the above described property lying between Line Nos. 1 and 2, as set forth in Final Order of Condemnation recorded in Instrument No. 84-463775, described as follows:

LINE NO. 1: COMMENCING at the Northeast corner of said Section 5;
THENCE South 0 degrees 22 minutes 39 seconds East, along the East line of said Section, 300.00 feet to the POINT OF BEGINNING;
THENCE South 89 degrees 37 minutes 21 seconds West, 40.00 feet;
THENCE South 7 degrees 08 minutes 11 seconds West, 382.34 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 58.65 feet;
THENCE South 80 degrees 16 minutes 47 seconds West, 859.88 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 4111.38 feet;
THENCE North 50 degrees 46 minutes 18 seconds West, 99.22 feet;
THENCE North 10 degrees 31 minutes 07 seconds West, 187.67 feet;
THENCE South 89 degrees 44 minutes 25 seconds West, 55.00 feet to the POINT OF ENDING on the West line of said Section 5, which point bears South 0 degrees 15 minutes 35 seconds East, 539.97 feet from the Northwest corner of said Section.

LINE NO. 2: COMMENCING at the East quarter corner of said Section 5;
THENCE North 0 degrees 22 minutes 39 seconds West, along the East line of said Section, 170.48 feet to the POINT OF BEGINNING;
THENCE South 89 degrees 37 minutes 21 seconds West, 40.00 feet;
THENCE North 0 degrees 22 minutes 39 seconds West, 1009.75 feet;
THENCE North 85 degrees 00 minutes 46 seconds West, 1014.57 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 4124.51 feet;
THENCE South 6 degrees 08 minutes 17 seconds West, 403.83 feet;
THENCE South 89 degrees 44 minutes 25 seconds West, 55.00 feet to the POINT OF ENDING on the West line of said Section 5, which point bears North 0 degrees 15 minutes 35 seconds West, 900.75 feet from the West quarter corner of said Section; and also

EXCEPT that portion of the South half of the Northwest quarter and of the Southwest quarter of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix Highway) and the following described line:

COMMENCING at the West quarter corner of said Section 5;
 THENCE along the West line of said Section 5, North 0 degrees 04 minutes 33 seconds West 1500.70 feet (1500.75, record) to the centerline of said Interstate Highway 10;
 THENCE along said centerline North 89 degrees 09 minutes 33 seconds East, 1071.07 feet;
 THENCE South 0 degrees 50 minutes 27 seconds East, 200.00 feet to the POINT OF BEGINNING on said existing South right of way line of Interstate Highway 10;
 THENCE continuing South 0 degrees 50 minutes 27 seconds East, 46.18 feet;
 THENCE North 87 degrees 35 minutes 49 seconds East, 960.36 feet;
 THENCE North 87 degrees 31 minutes 21 seconds East, 700.29 feet to the POINT OF ENDING on said South right of way line of Interstate Highway 10, as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0512378; and also

EXCEPT that portion of the South half of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix) and the following described line:

COMMENCING at the East quarter corner of said Section 5;
 THENCE along the East line of said Section 5, North 0 degrees 11 minutes 37 seconds West a distance of 1486.92 feet to the Median centerline of the aforesaid Interstate Highway 10;
 THENCE South 89 degrees 09 minutes 33 seconds West 1443.24 feet;
 THENCE South 0 degrees 50 minutes 27 seconds East 200.00 feet to the POINT OF BEGINNING in the aforesaid South right of way line of Interstate Highway 10;
 THENCE South 88 degrees 15 minutes 51 seconds East 400.41 feet;
 THENCE South 84 degrees 12 minutes 12 seconds East 276.85 feet;
 THENCE South 82 degrees 58 minutes 47 seconds East 681.15 feet;
 THENCE South 41 degrees 35 minutes 13 seconds East, 75.02 feet to the POINT OF ENDING on the existing West right of way line of 99th Avenue as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0406965; and also;

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EXCEPT that portion of the South half of the Northwest quarter and of the Southwest quarter of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix Highway) and the following described line:

COMMENCING at the West quarter corner of said Section 5;
THENCE along the West line of said Section 5, North 0 degrees 04 minutes 33 seconds West 1210.70 feet;
THENCE North 89 degrees 55 minutes 27 seconds East 89.76 feet to the POINT OF BEGINNING on the existing East right of way line of 107th Avenue;
THENCE North 73 degrees 19 minutes 36 seconds East 150.91 feet;
THENCE North 89 degrees 09 minutes 33 seconds East 700.01 feet;
THENCE North 87 degrees 35 minutes 49 seconds East 140.05 feet;
THENCE North 0 degrees 50 minutes 27 seconds West 46.18 feet to the POINT OF ENDING on the aforesaid existing South right of way of the 107th Avenue Interchange as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0406966; and also

EXCEPT the West 40 feet and the East 33 feet thereof.

EXHIBIT 4-C1 CONSTRUCTION SCHEDULE

ID	Task Name	Start	End	Start	End	Start	End	Start	End	Start	End	Start	End
		8/22	9/29	9/5	9/12	9/19	9/26	10/3	10/10	10/17	10/24	10/31	11/7
		September		October		November		December		January			
1	Notice to Proceed												
2	Kick-Off Meeting												
3	Field Surveys												
4	Utility Research												
5	REPORTS												
6	Design Concept Report												
7	Geotechnical/Initial Design Report												
8	PRELIMINARY DESIGN (50%)												
9	Grading & Drainage, Water, Sewer & Storm Drain Plans												
10	Traffic Signals, Signage, Pavement Marking, Lighting, etc.												
11	Final R/W Requirements												
12	Utility Re-evaluation/Construction Plans												
13	Cost Estimate & Bid Special Provisions												
14	Submittal to Utility Companies												
15	City Review												
16	Field Review												
17	PRELIMINARY DESIGN (100%)												
18	Grading & Drainage, Water, Sewer & Storm Drain Plans												
19	Frame Signals, Signage & Lighting Plans												
20	Utility Re-evaluation/Construction Plans												
21	Cost Estimate, Special Provisions												
22	City Review												
23	FINAL DESIGN (100%)												
24	Sealed Drawings												
25	Original Survey Books												
26	Estimate Calculations												
27	Cost Sections												
28	Final Cost Estimate												
29	Sealed Special Provisions												
30	ADOPT REVIEW												
31	CONTRACTS & SPECIFICATIONS												
32	OTHER												
33	QA/QC/Constructability Reviews												
34	Regular Progress Meetings												
35	Construction Administration												

Task

Spill

Progress

Milestone

Summary

Roll Up Task

Roll Up Spill

R 9 Milestone

Task Up Progress

External Tests

Project Summary

DATA INPUT FORM
PROSPECT INFORMATION

Project Name: Auto Mall
Industry Name: AUTO DEALERS & SVC STATIONS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Total Direct Employment:	240	850	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Percent of Employment Living in Area:	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Value of Taxable Direct Sales:	\$43,750,000	\$215,000,000	\$270,000,000	\$285,200,000	\$303,372,000	\$321,574,320	\$340,868,779	\$361,320,906	\$383,000,160	\$405,980,170
Total Annual Payroll:	\$1,189,440	\$17,895,560	\$21,608,160	\$22,256,405	\$22,924,097	\$23,611,820	\$24,320,175	\$25,049,780	\$25,801,273	\$26,575,311
Percent Skilled Workforce:	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Percent Semi-Skilled Workforce:	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Percent Unskilled Workforce:	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Value of New Construction:	\$12,740,000	\$45,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Average (center) in Year of Center Only:	25.0	\$2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land Cost per Acre:	\$141,570.	\$262,812	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Square Footage (rental projects only):	98000	350000	0	0	0	0	0	0	0	0
Sales per Square Foot (rental projects only):	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Price (if buying existing building):	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Lease Cost (if leasing existing space):	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Local Equipment Purchases:	\$500,000.	\$1,100,000.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Nonlocal Equipment Purchases:	\$1,200,000.	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Est. Monthly Water Use (000 gallons):	25,000	125,500	154,000	154,000	154,000	154,000	154,000.	154,000	154,000	154,000
Water meter size (inches):	0.00.									
Estimated Monthly Electric Cost:	\$18,500	\$105,502	\$135,700.	\$139,771	\$143,964	\$148,283	\$152,731	\$157,313	\$162,032.	\$166,893.
New Water Main Miter Added:	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Street Miter Added:	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Sanitary Sewer Miter Added:	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Excess Monthly Sewer Charge for Prepayment:	\$0.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Housing Units (res. projects only):	0	0	0	0	0	0	0	0	0	0
Is residential in this multi-family project? (Yes=1, no=0)	0									
Sales Tax Incentives (Fixed amount):	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduced Sales Tax Rate:	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Permit Fees Waived (Yes=1, no=0):	2									
State-Sourced Revenues Adjusted (Yes=1, no=0):	0	0	1	\$0	0	\$0	\$0	0	0	0

ECONOMIC INDICATORS SUMMARY
CITY OF AVONDALE

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Demographic										
Population	2,741	13,907	17,392	18,322	19,199	20,127	21,108	22,146	23,224	24,405
School Age Population	628	3,186	4,007	4,158	4,398	4,611	4,836	5,074	5,325	5,591
Households	898	4,306	5,416	5,672	5,944	6,231	6,535	6,856	7,196	7,556
Economic										
Employment	1,177	4,970	7,309	7,866	8,242	8,640	9,062	9,507	9,979	10,477
Personal Income	\$87,903,322	\$64,228,816	\$70,345,075	\$73,834,453	\$77,511,239	\$81,386,063	\$85,470,086	\$89,775,176	\$94,313,877	\$99,099,467
Output	\$108,984,147	\$55,850,211	\$747,038,086	\$788,477,750	\$832,302,312	\$878,651,827	\$927,674,636	\$979,527,963	\$1,034,378,251	\$1,092,401,917
Real Estate										
Residential Units	848	4306	5416	5672	5944	6231	6535	6856	7196	7556
Non-residential Sq. Feet	323,014	2,634,349	3,315,725	3,469,738	3,633,144	3,805,964	3,988,753	4,182,095	4,386,611	4,602,560
Assessed Value	\$67,489,293	\$309,836,854	\$373,119,279	\$387,569,953	\$402,528,258	\$417,991,056	\$433,925,729	\$451,136,679	\$470,171,889	\$490,307,975

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FISCAL IMPACT SUBMARKET FUND
CITY OF AVONDALE
1966 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV*	NPV*
General Fund-Direct												
Revenue	\$336,663	\$4,773,790	\$3,304,933	\$5,379,319	\$5,988,023	\$6,171,737	\$6,491,086	\$6,830,392	\$7,193,000	\$7,576,555	\$19,631,840	\$37,708,861
Expenditures and Transfers Out	\$299,699	\$1,401,377	\$1,333,363	\$1,387,097	\$1,454,455	\$1,524,701	\$1,596,873	\$1,677,691	\$1,761,916	\$1,851,006	\$3,642,732	\$9,566,970
Net Impact	\$68,964	\$3,372,214	\$3,981,569	\$4,192,222	\$4,413,867	\$4,647,036	\$4,892,193	\$5,152,702	\$5,431,085	\$5,725,549	\$16,089,088	\$28,141,891
Transportation-Direct												
Revenue	\$10,457	\$32,941	\$38,969	\$61,966	\$85,110	\$68,436	\$71,924	\$74,630	\$79,390	\$83,779	\$151,483	\$418,342
Expenditures and Transfers Out	\$3,030	\$9,605	\$16,788	\$23,020	\$25,097	\$25,097	\$25,097	\$25,097	\$25,097	\$25,097	\$20,771	\$42,486
Net Impact	\$7,427	\$49,337	\$42,181	\$38,946	\$40,022	\$43,339	\$46,827	\$50,533	\$54,293	\$58,682	\$108,937	\$286,594
Water-Electricity Fund-Direct												
Revenue	\$1,231	\$3,224	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185
Expenditures and Transfers Out	\$1,495	\$4,040	\$4,993	\$5,017	\$6,338	\$6,358	\$6,358	\$6,358	\$6,358	\$6,358	\$6,358	\$6,358
Net Impact	(\$264)	(\$816)	(\$1,807)	(\$2,832)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)
Water-Electricity Fund-Indirect												
Revenue	\$1,394	\$3,802	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848
Expenditures and Transfers Out	\$2,767	\$7,910	\$12,177	\$16,413	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825
Net Impact	(\$1,373)	(\$4,107)	(\$8,329)	(\$12,565)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)
Total Net Impact-All Funds	\$68,294	\$3,410,627	\$4,013,614	\$4,215,772	\$4,436,740	\$4,673,226	\$4,935,966	\$5,186,085	\$5,468,428	\$5,771,407	\$10,072,175	\$28,350,063

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REAL ESTATE SUPPORTED BY: Auto Mail
CITY OF AVONDALE

Land Use	Square Feet Supported									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Hotel	6,558	35,832	44,949	47,442	50,079	52,868	55,818	58,938	62,238	65,730
Retail	226,263	1,116,667	1,406,340	1,468,603	1,534,449	1,604,089	1,677,745	1,758,654	1,838,066	1,925,246
Office	145,118	770,070	966,692	1,017,263	1,070,745	1,127,308	1,187,134	1,250,414	1,317,351	1,388,161
Industrial	98,180	472,948	596,311	621,038	647,188	674,845	704,097	735,038	767,767	802,390
Hospital	15,258	83,418	104,584	110,385	116,521	123,010	129,873	137,132	144,811	152,934
Utilities	3,722	20,348	25,511	26,926	28,422	30,005	31,679	33,450	35,323	37,304
Government	26,324	126,843	159,926	166,563	173,581	181,004	188,855	197,160	205,944	215,237
Other	1,592	8,704	10,913	11,518	12,158	12,836	13,552	14,309	15,110	15,958
Housing Units	848	4,306	5,416	5,672	5,944	6,231	6,535	6,856	7,196	7,556
Total Square Feet	523,014	2,634,849	3,315,225	3,469,738	3,633,144	3,805,964	3,988,753	4,182,095	4,386,611	4,602,960

Source: U.S. Bureau of Labor Statistics, Applied Economics.

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TOTAL FISCAL IMPACT OF: ⁶⁹⁰⁸¹¹¹⁷⁶⁷ ~~Auto Mail~~
GENERAL FUND
CITY OF AVONDALE
1996 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES	\$1,642,676	\$8,297,387	\$12,362,575	\$12,740,991	\$13,233,491
Taxes:					
Sales Tax	\$1,010,865	\$5,191,566	\$5,912,359	\$6,231,773	\$6,569,570
Primary Property Tax	\$158,867	\$781,757	\$909,917	\$939,868	\$970,118
Utility Franchise Tax	\$40,786	\$211,839	\$267,055	\$279,444	\$292,519
Cable TV Franchise	\$5,887	\$29,872	\$37,573	\$39,355	\$41,239
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$10,755	\$54,578	\$68,649	\$71,904	\$75,347
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$2,188	\$11,105	\$1,431,483	\$1,432,145	\$1,432,846
State Income Tax	\$2,339	\$11,870	\$1,530,110	\$1,530,818	\$1,531,566
Vehicle License Tax	\$67,052	\$340,255	\$427,976	\$448,271	\$469,734
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$56,923	\$237,629	\$75,615	\$18,354	\$19,410
Electrical Permit Fees	\$1,970	\$8,226	\$2,617	\$635	\$672
Plumbing Permit Fees	\$1,970	\$8,226	\$2,617	\$635	\$672
Engineering Fees	\$14,924	\$62,303	\$19,825	\$4,812	\$5,089
Planning Application Fees	\$3,990	\$16,656	\$5,300	\$1,286	\$1,360
Plan Check Fees	\$5,572	\$23,262	\$7,402	\$1,797	\$1,900
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$168,273	\$853,902	\$1,074,046	\$1,124,977	\$1,178,846
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$186	\$943	\$1,186	\$1,242	\$1,302
Court Fines	\$43,977	\$221,102	\$271,949	\$284,845	\$298,483
Misc Fines/Forfeits	\$660	\$3,297	\$3,994	\$4,183	\$4,383
Miscellaneous					
Interest	\$24,442	\$123,462	\$183,951	\$189,581	\$196,910
Ambulance Fees	\$4,745	\$24,076	\$30,283	\$31,720	\$33,238
Other	\$16,303	\$81,460	\$98,666	\$103,345	\$108,293
EXPENDITURES	\$1,023,218	\$5,045,090	\$5,860,443	\$6,087,763	\$6,378,531
City Council	\$1,084	\$5,499	\$6,917	\$7,245	\$7,592
City Manager/Administration	\$26,032	\$130,450	\$159,152	\$166,699	\$174,680
Human Resources	\$20,231	\$101,714	\$125,105	\$131,037	\$137,311
Economic Development	\$3,360	\$17,050	\$21,446	\$22,463	\$23,538
Equipment Management	\$53,928	\$273,655	\$344,206	\$360,528	\$377,790
Nondepartmental	\$99,476	\$487,991	\$558,426	\$579,135	\$606,783
Financial Services	\$23,679	\$119,608	\$178,205	\$183,660	\$190,759
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$14,590	\$74,035	\$93,122	\$97,538	\$102,208
Planning	\$51,988	\$211,881	\$111,300	\$116,578	\$122,159
Building Inspection	\$57,644	\$229,993	\$53,126	\$12,895	\$13,637
Facilities and Grounds	\$8,858	\$44,537	\$54,780	\$57,377	\$60,125
Social Services	\$36,201	\$183,700	\$231,059	\$242,016	\$253,604
Library	\$52,268	\$265,233	\$333,612	\$349,432	\$366,163
Police	\$264,003	\$1,335,629	\$1,647,615	\$1,726,679	\$1,810,294
Court	\$26,531	\$134,629	\$169,338	\$177,368	\$185,860
Fire	\$131,979	\$661,367	\$806,885	\$845,147	\$885,612
Sanitation	\$151,369	\$768,121	\$966,149	\$1,011,964	\$1,060,416
Transfers Out					
Debt Service	\$129,754	\$662,957	\$760,226	\$799,004	\$839,860
Special Revenue Funds	\$11,110	\$56,376	\$70,911	\$74,273	\$77,829
Vehicle Replacement	\$45,684	\$231,824	\$291,590	\$305,417	\$320,040
Equipment Replacement	\$2,998	\$15,212	\$19,134	\$20,041	\$21,000
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$17,941	\$90,621	\$135,020	\$139,153	\$144,532
Contingency/Appropriated Reserve	\$164,268	\$829,739	\$1,236,257	\$1,274,099	\$1,323,349
NET IMPACT	\$247,704	\$1,365,568	\$3,988,994	\$4,041,241	\$4,128,350

Source: Applied Economics, City of Avondale Annual Budget.

TOTAL FISCAL IMPACT OF ¹⁹⁹⁵ ~~1994~~ ⁷⁶⁷ ~~766~~
GENERAL FUND
CITY OF AVONDALE
 1996 Dollars

	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES	\$13,752,746	\$14,300,048	\$14,880,513	\$15,498,198	\$16,151,589
Taxes					
Sales Tax	\$6,926,829	\$7,304,694	\$7,704,376	\$8,127,159	\$8,574,402
Primary Property Tax	\$1,000,540	\$1,030,870	\$1,064,518	\$1,103,756	\$1,145,264
Utility Franchise Tax	\$306,320	\$320,888	\$336,268	\$352,506	\$369,652
Cable TV Franchise	\$43,232	\$45,340	\$47,569	\$49,928	\$52,422
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$78,988	\$82,839	\$86,912	\$91,221	\$95,779
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$1,433,586	\$1,434,370	\$1,435,199	\$1,436,075	\$1,437,003
State Income Tax	\$1,532,358	\$1,533,196	\$1,534,082	\$1,535,019	\$1,536,010
Vehicle License Tax	\$492,433	\$516,441	\$541,836	\$568,699	\$597,115
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$20,528	\$21,712	\$22,966	\$24,293	\$25,699
Electrical Permit Fees	\$711	\$752	\$795	\$841	\$890
Plumbing Permit Fees	\$711	\$752	\$795	\$841	\$890
Engineering Fees	\$5,382	\$5,693	\$6,021	\$6,369	\$6,738
Planning Application Fees	\$1,439	\$1,522	\$1,610	\$1,703	\$1,801
Plan Check Fees	\$2,010	\$2,125	\$2,248	\$2,378	\$2,516
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$1,235,806	\$1,296,057	\$1,359,788	\$1,427,202	\$1,498,516
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$1,365	\$1,431	\$1,502	\$1,576	\$1,655
Court Fines	\$312,907	\$328,163	\$344,299	\$361,369	\$379,426
Misc Fines/Forfeits	\$4,595	\$4,819	\$5,056	\$5,307	\$5,572
Miscellaneous					
Interest	\$204,636	\$212,780	\$221,417	\$230,608	\$240,330
Ambulance Fees	\$34,844	\$36,543	\$38,340	\$40,241	\$42,252
Other	\$113,526	\$119,061	\$124,916	\$131,109	\$137,660
EXPENDITURES	\$6,686,026	\$7,011,227	\$7,355,230	\$7,719,177	\$8,104,181
City Council	\$7,959	\$8,347	\$8,757	\$9,191	\$9,651
City Manager/Administration	\$183,122	\$192,050	\$201,493	\$211,483	\$222,050
Human Resources	\$143,947	\$150,965	\$158,388	\$166,241	\$174,547
Economic Development	\$24,676	\$25,879	\$27,151	\$28,497	\$29,921
Equipment Management	\$396,046	\$415,355	\$435,779	\$457,384	\$480,238
Nondepartmental	\$636,021	\$666,941	\$699,650	\$734,256	\$770,865
Financial Services	\$198,244	\$206,133	\$214,500	\$223,404	\$232,823
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$107,147	\$112,371	\$117,896	\$123,741	\$129,924
Planning	\$128,053	\$134,306	\$140,911	\$147,896	\$155,287
Building Inspection	\$14,423	\$15,255	\$16,135	\$17,068	\$18,055
Facilities and Grounds	\$63,030	\$66,103	\$69,354	\$72,792	\$76,429
Social Services	\$265,859	\$278,821	\$292,531	\$307,034	\$322,376
Library	\$383,857	\$402,572	\$422,368	\$443,307	\$465,458
Police	\$1,898,725	\$1,992,258	\$2,091,190	\$2,195,841	\$2,306,546
Court	\$194,841	\$204,341	\$214,389	\$225,018	\$236,261
Fire	\$928,408	\$973,673	\$1,021,550	\$1,072,196	\$1,125,771
Sanitation	\$1,111,659	\$1,165,858	\$1,223,186	\$1,283,828	\$1,347,978
Transfers Out					
Debt Service	\$882,898	\$928,219	\$976,321	\$1,027,588	\$1,081,818
Special Revenue Funds	\$81,590	\$85,568	\$89,776	\$94,227	\$98,935
Vehicle Replacement	\$335,506	\$351,864	\$369,166	\$387,468	\$406,829
Equipment Replacement	\$22,015	\$23,089	\$24,224	\$25,425	\$26,695
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$150,203	\$156,180	\$162,520	\$169,266	\$176,402
Contingency/Appropriated Reserve	\$1,375,275	\$1,430,005	\$1,488,051	\$1,549,820	\$1,615,159
NET IMPACT	\$4,219,233	\$4,313,897	\$4,415,225	\$4,525,228	\$4,641,570

Source: Applied Economics, City of Avondale Aug

FISCAL IMPACT SUMMARY BY FUND
CITY OF AYONDA LE
 1996 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV*	NPV*
											to 5	Years 1 to 10.
General Fund-Total												
Revenue	\$892,245	\$3,011,565	\$4,208,499	\$4,207,701	\$4,216,562	\$4,200,781	\$4,196,283	\$4,196,283	\$4,196,283	\$4,196,283	\$10,633,778	\$25,902,652
Expenditures	\$516,030	\$2,279,877	\$2,293,758	\$2,293,573	\$2,289,077	\$2,281,565	\$2,280,921	\$2,280,921	\$2,280,921	\$2,280,921	\$6,095,745	\$14,428,618
Net Impact	\$376,215	\$1,731,688	\$1,914,741	\$1,914,128	\$1,917,485	\$1,919,215	\$1,915,362	\$1,915,362	\$1,915,362	\$1,915,362	\$4,538,033	\$11,474,014
Transportation Fund-Total												
Revenue	\$9,745	\$283,320	\$320,116	\$320,108	\$320,084	\$320,092	\$319,983	\$319,983	\$319,983	\$319,983	\$763,836	\$1,927,518
Expenditures and Transfers Out	\$11,870	\$234,610	\$265,381	\$269,535	\$270,920	\$270,920	\$270,920	\$270,920	\$270,920	\$270,920	\$564,803	\$1,640,027
Net Impact	(\$2,125)	\$48,710	\$54,735	\$50,573	\$49,165	\$49,172	\$49,063	\$49,063	\$49,063	\$49,063	\$108,973	\$287,490
Wastewater Receptor Fund-Total												
Revenue	\$131	\$272,210	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$501,085	\$1,107,158
Expenditures and Transfers Out	\$318	\$239,880	\$134,823	\$135,506	\$135,733	\$135,733	\$135,733	\$135,733	\$135,733	\$135,733	\$423,075	\$916,651
Net Impact	(\$187)	\$32,330	\$31,847	\$31,164	\$30,937	\$30,937	\$30,937	\$30,937	\$30,937	\$30,937	\$78,010	\$190,507
Water Enterprise Fund-Total												
Revenue	\$795	\$209,832	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$302,039	\$1,234,297
Expenditures and Transfers Out	\$12,719	\$204,144	\$199,578	\$202,402	\$203,343	\$203,343	\$203,343	\$203,343	\$203,343	\$203,343	\$497,241	\$1,233,672
Net Impact	(\$924)	\$5,688	\$1,793	(\$1,031)	(\$1,972)	(\$1,972)	(\$1,972)	(\$1,972)	(\$1,972)	(\$1,972)	\$4,798	(\$2,375)
Total Net Impact-All Funds	\$372,978	\$1,801,696	\$2,003,116	\$1,994,834	\$1,990,618	\$1,986,892	\$1,983,389	\$1,983,389	\$1,983,389	\$1,983,389	\$4,729,810	\$11,949,636
Total Revenue- General Fund	\$1,370	\$1,477	\$1,639	\$1,639	\$1,639	\$1,639	\$1,639	\$1,639	\$1,639	\$1,639		
Per Dollar of O&M Expenditures												

* Net Present Value of ten-year impact discounted at 7 percent annually.

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REAL ESTATE SUPPORTED BY: 99th/107th Retail Center
CITY OF AVONDALE

Land Use	Square Feet Supported									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Hotel	0	56,699	56,699	56,699	56,699	56,699	56,699	56,699	56,699	56,699
Retail	0	388,952	388,952	388,952	388,952	388,952	388,952	388,952	388,952	388,952
Office	0	139,694	139,694	139,694	139,694	139,694	139,694	139,694	139,694	139,694
Industrial	0	133,520	133,520	133,520	133,520	133,520	133,520	133,520	133,520	133,520
Hospital	0	18,779	18,779	18,779	18,779	18,779	18,779	18,779	18,779	18,779
Utilities	0	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005
Government	0	49,067	49,067	49,067	49,067	49,067	49,067	49,067	49,067	49,067
Other	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Housing Units	0	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302
Total Square Feet	0	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614

Source: U.S. Bureau of Labor Statistics, Applied Economics.

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ECONOMIC IMPACT SUMMARY
CITY OF AVONDALE

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Demographic										
Population	0	4,204	4,204	4,204	4,204	4,204	4,204	4,204	4,204	4,204
School Age Population	0	963	963	963	963	963	963	963	963	963
Households	0	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302
Economic										
Employment	0	1,805	1,805	1,805	1,805	1,805	1,805	1,805	1,805	1,805
Personal Income	\$0	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750
Output	\$0	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000
Real Estate										
Residential Units	0	1302	1302	1302	1302	1302	1302	1302	1302	1302
Non-residential Sq. Feet	0	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614
Assessed Value	\$78,589,156	\$159,122,127	\$159,262,697	\$159,084,947	\$158,606,812	\$157,534,112	\$156,526,112	\$156,526,112	\$156,526,112	\$156,526,112

797448899

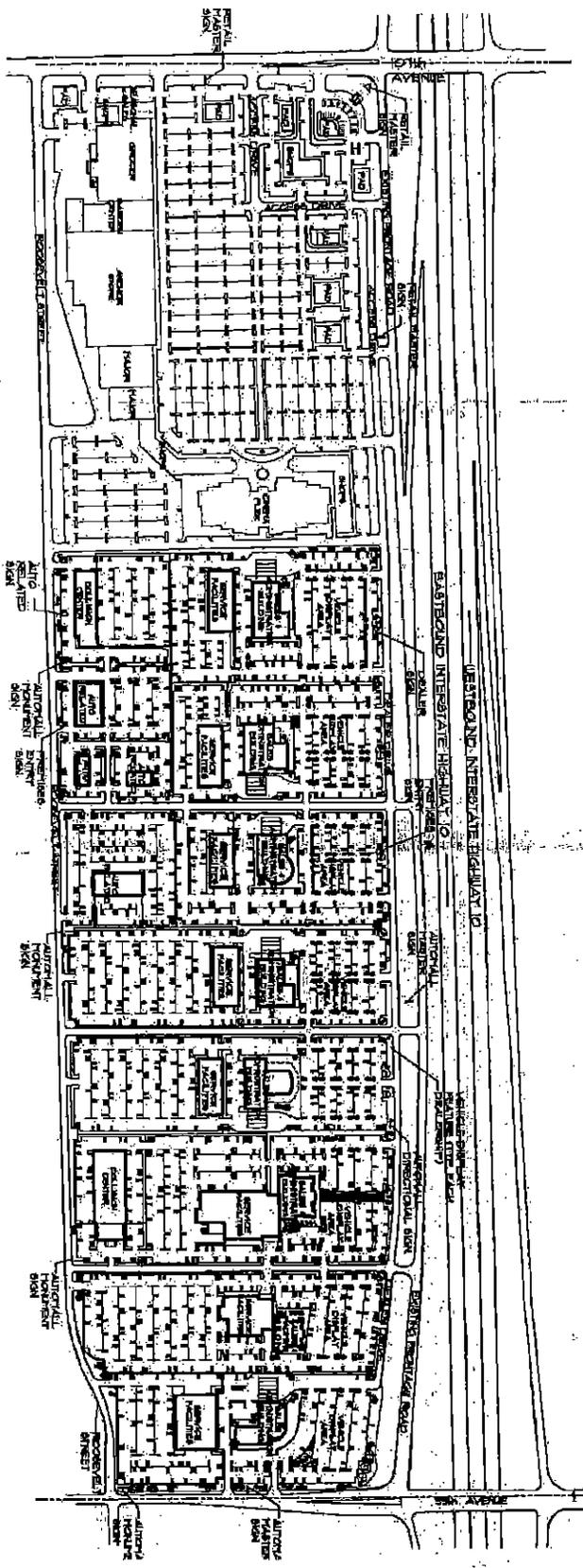
TOTAL FISCAL IMPACT OF 1996 Retail Center
GENERAL FUND
CITY OF AVONDALE
1996 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES	\$892,248	\$3,611,565	\$4,208,499	\$4,207,701	\$4,205,587
Taxes					
Sales Tax	\$524,553	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961
Primary Property Tax	\$345,478	\$498,699	\$499,321	\$498,535	\$496,432
Utility Franchise Tax	\$0	\$65,661	\$65,661	\$65,661	\$65,661
Cable TV Franchise	\$0	\$9,031	\$9,031	\$9,031	\$9,031
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$0	\$16,499	\$16,499	\$16,499	\$16,499
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$0	\$3,357	\$344,049	\$344,049	\$344,049
State Income Tax	\$0	\$3,588	\$367,754	\$367,754	\$367,754
Vehicle License Tax	\$0	\$102,862	\$102,862	\$102,862	\$102,862
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$0	\$78,217	\$0	\$0	\$0
Electrical Permit Fees	\$0	\$2,711	\$0	\$0	\$0
Plumbing Permit Fees	\$0	\$2,711	\$0	\$0	\$0
Engineering Fees	\$0	\$20,533	\$0	\$0	\$0
Planning Application Fees	\$0	\$5,489	\$0	\$0	\$0
Plan Check Fees	\$0	\$7,667	\$0	\$0	\$0
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$0	\$258,141	\$258,141	\$258,141	\$258,141
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$0	\$285	\$285	\$285	\$285
Court Fines	\$5,444	\$65,362	\$65,362	\$65,362	\$65,362
Misc Fines/Forfeits	\$136	\$960	\$960	\$960	\$960
Miscellaneous					
Interest	\$13,276	\$53,739	\$62,621	\$62,609	\$62,577
Ambulance Fees	\$0	\$7,278	\$7,278	\$7,278	\$7,278
Other	\$3,357	\$23,714	\$23,714	\$23,714	\$23,714
EXPENDITURES	\$324,254	\$1,471,985	\$1,419,587	\$1,419,374	\$1,419,540
City Council	\$0	\$1,662	\$1,662	\$1,662	\$1,662
City Manager/Administration	\$4,360	\$38,251	\$38,251	\$38,251	\$38,251
Human Resources	\$2,505	\$30,068	\$30,068	\$30,068	\$30,068
Economic Development	\$0	\$5,154	\$5,154	\$5,154	\$5,154
Equipment Management	\$0	\$82,728	\$82,728	\$82,728	\$82,728
Nondepartmental	\$36,997	\$141,455	\$135,477	\$135,475	\$135,471
Financial Services	\$12,862	\$2,060	\$60,665	\$60,653	\$60,623
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$0	\$22,381	\$22,381	\$22,381	\$22,381
Planning	\$137,293	\$26,750	\$26,750	\$26,750	\$26,750
Building Inspection	\$70,139	\$55,024	\$0	\$0	\$0
Facilities and Grounds	\$1,097	\$13,166	\$13,166	\$13,166	\$13,166
Social Services	\$0	\$55,534	\$55,534	\$55,534	\$55,534
Library	\$0	\$80,182	\$80,182	\$80,182	\$80,182
Police	\$36,898	\$400,729	\$400,729	\$400,729	\$400,729
Court	\$0	\$40,699	\$40,699	\$40,699	\$40,699
Fire	\$22,105	\$193,930	\$193,930	\$193,930	\$193,930
Sanitation	\$0	\$232,209	\$232,209	\$232,209	\$232,209
Transfers Out					
Debt Service	\$92,806	\$315,567	\$315,633	\$315,550	\$315,325
Special Revenue Funds	\$0	\$17,043	\$17,043	\$17,043	\$17,043
Vehicle Replacement	\$0	\$70,082	\$70,082	\$70,082	\$70,082
Equipment Replacement	\$0	\$4,599	\$4,599	\$4,599	\$4,599
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$9,745	\$39,444	\$45,964	\$45,955	\$45,932
Contingency/Appropriated Reserve	\$89,224	\$361,156	\$420,850	\$420,770	\$420,557
NET IMPACT	\$376,215	\$1,331,688	\$1,914,741	\$1,914,128	\$1,912,489

TOTAL FISCAL IMPACT OF 1996 BOND ISSUE
GENERAL FUND
CITY OF AVONDALE
1996 Dollars.

	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES	\$4,200,781	\$4,196,283	\$4,196,283	\$4,196,283	\$4,196,283
Taxes					
Sales Tax	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961
Primary Property Tax	\$491,718	\$487,286	\$487,286	\$487,286	\$487,286
Utility Franchise Tax	\$65,661	\$65,661	\$65,661	\$65,661	\$65,661
Cable TV Franchise	\$9,031	\$9,031	\$9,031	\$9,031	\$9,031
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$16,499	\$16,499	\$16,499	\$16,499	\$16,499
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$344,049	\$344,049	\$344,049	\$344,049	\$344,049
State Income Tax	\$367,754	\$367,754	\$367,754	\$367,754	\$367,754
Vehicle License Tax	\$102,862	\$102,862	\$102,862	\$102,862	\$102,862
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$0	\$0	\$0	\$0	\$0
Electrical Permit Fees	\$0	\$0	\$0	\$0	\$0
Plumbing Permit Fees	\$0	\$0	\$0	\$0	\$0
Engineering Fees	\$0	\$0	\$0	\$0	\$0
Planning Application Fees	\$0	\$0	\$0	\$0	\$0
Plan Check Fees	\$0	\$0	\$0	\$0	\$0
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$258,141	\$258,141	\$258,141	\$258,141	\$258,141
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$285	\$285	\$285	\$285	\$285
Court Fines	\$65,362	\$65,362	\$65,362	\$65,362	\$65,362
Misc Fines/Forfeits	\$960	\$960	\$960	\$960	\$960
Miscellaneous					
Interest	\$62,439	\$62,439	\$62,439	\$62,439	\$62,439
Ambulance Fees	\$7,278	\$7,278	\$7,278	\$7,278	\$7,278
Other	\$23,714	\$23,714	\$23,714	\$23,714	\$23,714
EXPENDITURES	\$1,419,462	\$1,419,389	\$1,419,389	\$1,419,389	\$1,419,389
City Council	\$1,662	\$1,662	\$1,662	\$1,662	\$1,662
City Manager/Administration	\$38,251	\$38,251	\$38,251	\$38,251	\$38,251
Human Resources	\$30,068	\$30,068	\$30,068	\$30,068	\$30,068
Economic Development	\$5,154	\$5,154	\$5,154	\$5,154	\$5,154
Equipment Management	\$82,728	\$82,728	\$82,728	\$82,728	\$82,728
Nondepartmental	\$135,454	\$135,454	\$135,454	\$135,454	\$135,454
Financial Services	\$60,554	\$60,489	\$60,489	\$60,489	\$60,489
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$22,381	\$22,381	\$22,381	\$22,381	\$22,381
Planning	\$26,750	\$26,750	\$26,750	\$26,750	\$26,750
Building Inspection	\$0	\$0	\$0	\$0	\$0
Facilities and Grounds	\$13,166	\$13,166	\$13,166	\$13,166	\$13,166
Social Services	\$55,534	\$55,534	\$55,534	\$55,534	\$55,534
Library	\$80,182	\$80,182	\$80,182	\$80,182	\$80,182
Police	\$400,729	\$400,729	\$400,729	\$400,729	\$400,729
Court	\$40,699	\$40,699	\$40,699	\$40,699	\$40,699
Fire	\$193,930	\$193,930	\$193,930	\$193,930	\$193,930
Sanitation	\$232,209	\$232,209	\$232,209	\$232,209	\$232,209
Transfers Out					
Debt Service	\$314,822	\$314,350	\$314,350	\$314,350	\$314,350
Special Revenue Funds	\$17,043	\$17,043	\$17,043	\$17,043	\$17,043
Vehicle Replacement	\$70,082	\$70,082	\$70,082	\$70,082	\$70,082
Equipment Replacement	\$4,599	\$4,599	\$4,599	\$4,599	\$4,599
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$45,879	\$45,830	\$45,830	\$45,830	\$45,830
Contingency/Appropriated Reserve	\$420,078	\$419,628	\$419,628	\$419,628	\$419,628
NET IMPACT	\$1,908,815	\$1,905,362	\$1,905,362	\$1,905,362	\$1,905,362

Exhibit "B"



SITE PLAN
SCALE: N/A SCALE

BASED ON:

THE ABOVE DRAWING IS FOR ILLUSTRATION PURPOSES ONLY. IT IS NOT INTENDED TO REPRESENT THE ACTUAL CONSTRUCTION TO OCCUR. CHANGES AND MODIFICATIONS MAY BE NECESSARY TO MEET REQUIREMENTS FOR THE DEVELOPMENT OF THE PROPERTY.

Author:	
Checked:	
Date:	
Project Name:	
Drawn by:	
SP10	

Avondale Automall
 8111 89th Avenue and Interstate Highway 10
 Avondale, AZ



Larson Associates Architects Inc.
 2247 EAST WENDY DRIVE ROAD
 PHOENIX, ARIZONA 85024
 602.944.4444
 www.larsonarchitects.com

Exhibit E

1999 Corrective Development Agreement

First American Title

Recording Requested by:
FIRST AMERICAN TITLE

When recorded mail to:

First American Title Ins. Co.
2398 E. Camelback Rd., Ste. 1030
Phoenix, Az. 85016
Attn: Pam Swoboda

Unofficial
Document

2000-03-15 07:27:00
CLARK 1 OF 17

Escrow No. 226-100-1258320 $\frac{1}{2}$

CAPTION HEADING: CORRECTIVE DEVELOPMENT AGREEMENT

THIS DOCUMENT IS BEING RECORDED FOR THE SOLE PURPOSE OF ADDING EXHIBIT "B" TO THE DOCUMENT RECORDED 10/26/99 IN DOCUMENT No. 99-0984467, RECORDS OF MARICOPA COUNTY, ARIZONA.

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299-402

**REZONING REQUEST
&
GENERAL DEVELOPMENT PLAN AND PROGRAM**

AVONDALE AUTOMALL & RETAIL SHOPPING CENTER
Southwest Corner of 99th Avenue and Interstate 10

**Request: Rezoning from AG, Agricultural to PADD, C-2, CUP, Planned Area
Development District, Community Commercial, Conditional Use Permit, with
Development Standards Modifications**

Applicant: AZVT, L.L.C.
P.O. Box 16460
Phoenix, Arizona 85011
Phone: (602) 230-1051
Facsimile: (602) 200-7560
Attention: Michael Pacheco, Development Manager

Co-Applicant: Beus Gilbert
3200 North Central Avenue
Suite 1000
Phoenix, Arizona 85012
Phone: (602) 234-5806
Facsimile: (602) 234-5893
Attention: Paul E. Gilbert, Esq.

Developer: AZVT, L.L.C.
P.O. Box 16460
Phoenix, Arizona 85011
Phone: (602) 230-1051
Facsimile: (602) 200-7560
Attention: Michael Pacheco, Development Manager

Submitted to:

City of Avondale
525 North Central Avenue
Avondale, Arizona 85252
Phone: (602) 932-6088
Facsimile: (602) 932-6119

November 1999

Purpose of Request:

General

This application is a request to rezone approximately 150 acres of unimproved land located at the southwest corner of 99th Avenue and Interstate 10 (the "Site") from its existing zoning of AG, Agricultural to PADD, C-2, CUP, Planned Area Development District, Community Commercial, Conditional Use Permit zoning, with Site Plan approval and Development Standards Modifications. The purpose of this request is to allow for the development of an automall and a retail shopping center, which will host various land uses and amenities.

Automall

The requested PADD, C-2, CUP zoning with Development Standards Modifications is intended to accommodate the development of several full service automobile dealerships and other automotive related uses (the "Automall") on the eastern portion of the Site. Uses requested for the Automall generally include new and used car sales (outdoor and indoor), repair (including mechanical, collision repair and painting) and the storage and sale of automotive parts.

Retail Center

The requested PADD, C-2, CUP zoning with Development Standards Modifications is intended to accommodate the development of a retail shopping center on the western portion of the Site consisting of uses common to "power" and "neighborhood" type shopping centers (the "Shopping Center".)

Compliance with City of Avondale's General Plan

The intent of the City's General Plan and underlying Land Use Plan, consistent with Avondale planning goals, is to manage and guide development, rather than to react to it. The General Plan and Land Use Plan indicates that the future use of the site shall be Mixed-Use Commercial. The uses requested under this PADD, C-2, CUP zoning are compatible and consistent with the General Plan and the Land Use Plan. In particular, they are compatible with the City's Freeway Corridor Specific Plan. Additionally, the proposed development meets the goals and objectives of the City's Future Growth Plan.

Proposed Zoning District Modifications

In addition to the land uses permitted under the Community Commercial C-2 zoning district, this application includes a request for a Conditional Use Permit for the following uses, subject to stipulations:

- Outdoor Automobile Sales; New and Used.
- Motor Vehicle Repair
- Motor Vehicle Parts Storage and Sales
- Motor Vehicle Body Shop; provided the use occurs within the south half of the Site or is in conjunction with a franchised new motor vehicle dealership use.
- Restaurants with Live Entertainment; provided live entertainment does not include "adult" live entertainment.
- Second Hand Merchandising Sales; provided the use is limited to consignment sales.
- Skating Rinks
- Building Materials and Lumberyards; provided there are no milling or planing operations.
- Video Arcade or Similar Amusement Establishment; provided the site is not located within five hundred (500) feet of a public or private school site.
- Animal Kennels; provided the use is limited to veterinarians and retail pet shops.

Public Infrastructure Requirements

The Site lies within what generally can be characterized as an infrastructure deficient area of the City. We have conducted a preliminary investigation of the locations of available utilities and agree to install the following public infrastructure to serve the Site:

- Utilities: Water & Sewer, Electrical, Natural Gas, Telephone.
- Surface Improvements: 99th & 107th Avenues and Roosevelt Street half streets and all of the right-of-way improvements that lie within the Site as a result of the Roosevelt Street alignment at the easternmost end of the Site, including roadways, signalization, curbs & gutters, sidewalks, landscaping, lighting, signing, pavement marking.

Relationship to Surrounding Properties

The Site is bounded by Interstate 10, 99th & 107th Avenues and the future Roosevelt Street. The proposed development is located on the City of Avondale's eastern border and is designated as Mixed Use Commercial on the City's Freeway Corridor Specific Plan.

Currently, there is limited development at the properties that abut the Site. The nearest and only large scale development, the Reckitt & Coleman plant, is of an industrial

use and is located immediately east of the site, in the City of Tolleson. The surrounding land use and zoning designations are as follows:

<u>Direction</u>	<u>Existing Use</u>	<u>Current Zoning</u>
North	Interstate 10	N/A
East	Reckitt & Coleman Vacant Land	Industrial Industrial
South	Unimproved	A-1 (Industrial) and C-2 (Commercial)
West	Unimproved	AG (Agricultural)

The Site is also in close proximity to Phoenix International Raceway ("PIR"). PIR has emerged as a location for major national Stock & Indy Car racing events. We believe this development, and, in particular the Automall will benefit from its "automotive connection" with the raceway.

Site Accessibility

The Site is contiguous with 99th & 107th Avenues, and the future Roosevelt Street. This allows for excellent access via these surface streets to Interstate 10 and the future 101-loop freeway. Additional access to the existing Interstate 10 frontage road is being researched and requested from the Arizona Department of Transportation.

The Site is highly visible from Interstate 10 and the future Loop 101/I-10 interchange. We believe that this condition provides an excellent opportunity to capitalize on the traffic that travels Interstate 10 and the traffic that will travel the Loop 101. Many of the customers purchasing goods and services at the Site will be residents from outside of Avondale.

Traffic Circulation System

The public roads that abut the east (99th Ave.), south (Roosevelt St.) and the west (107th Ave.) sides of the Site are not fully improved. The Developer shall dedicate the necessary right-of-way improvements as required by the City of Avondale and the City of Tolleson. We will construct the public infrastructure as necessary to adequately and safely serve each phase.

On-Site vehicle circulation throughout the Site shall consist of private drives.

Phasing

While the Automall and the Shopping Center developments could potentially occur either simultaneously, overlap or could occur one after the other, the anticipated development phasing program is as follows:

Phase One

- Construction of public infrastructure (utilities, roadways, etc.) necessary for the development of the Automall portion of the Site.
- Approximately eight (8) full service automobile dealerships and various automotive related businesses.

Phase Two

- Construction of remaining public infrastructure necessary for the development of the retail shopping center portion of the Site.
- Shopping Center.

Public Utilities and Services

Water:	City of Avondale
Sewer:	City of Avondale
Refuse:	City of Avondale
Electricity:	Salt River Project (SRP)
Telephone:	US West
Natural Gas:	Southwest Gas
Fire Protection:	City of Avondale
Police Protection:	City of Avondale
Elementary School:	Littleton Elementary School District
High School:	Tolleson Union High School District

Topography

The Site is characterized as being relatively flat with surface drainage generally flowing south to southwest. The Site's is currently farmed and has an approximate elevation of 1,015 above mean sea level.

Proposed Development Standards Modifications

Introduction

Today's automotive sales industry is a highly competitive business. Dealers need every possible advantage to gain an edge on the rapidly expanding competition. The facility plays a big role in accomplishing this goal. If designed properly, an automobile dealership facility acts as a selling tool for its employees. If not, sales can fall short of expectations, and in some instances, even fail. Many dealerships have had to close their doors or build entirely new facilities because of inefficient, inadequate facility design.

This request is to allow for development standards that will give the dealers located in this Automall the ability to build user friendly, state-of-the-art facilities that will not only compete with the valley's existing automobile dealers, but will exceed anyone's expectations for success.

Likewise, the needs of today's shopping center retailers are not unlike those of the automobile dealers. To get the competitive edge they need to be successful, retailers must have flexibility when designing and operating their facilities. The proper development standards will produce an attractive, highly functional development that will allow them to be competitive deeply into the twenty-first century.

Proposed Modifications to Existing Development Standards

In addition to the Development Standards permitted by right under the requested existing C-2 ordinance, this request is to permit the following modifications to the existing Development Standards:

Automall Development Standards & Signs

General

- Drywells and/or buried lateral perforated pipe shall be permitted. All drywells installed within paved areas shall be Maxwell Enviro type or a city approved equivalent.
- Retention basins with side slopes greater than 4:1 shall be permitted provided they are not accessible by the general public or immediately visible from the public right-of-way.
- No increase in historical stormwater retention shall be required in excess of existing Maricopa County flood control data.
- Public right-of-way landscaping may be applied towards landscape calculations and any open space requirements.

- A flagpole of up to seventy-five (75) feet in height displaying the flag of the United States of America may be installed at each dealership.
- The joint use of a single driveway by two (2) or more adjoining parcels shall not be required.

The following shall be allowed in the Front Yard of dealerships:

- Each dealership's main vehicle display area (the "Front Yard") shall be landscaped at a minimum of 5%. Landscaping installed at the perimeter of each dealership shall consist of contours and variations in grade height provided it does not screen the general public's view of the vehicles.
- Special outdoor display features, such as patios, plazas, pedestals and courtyards shall be permitted and shall count towards landscape calculations and any open space requirements.
- Landscaped parking islands shall be provided at a minimum of one (1) for every twenty (20) parking spaces, shall be a minimum of 150 square feet in size (each) and shall be included in the landscape calculations.
- A minimum of two (2) trees for every twenty (20) parking spaces in the Front Yard shall be required.
- Stormwater retention shall not be required to occur in the dealership's Front Yards.
- Decorative fencing, eighteen to twenty-four inches in height shall be installed in lieu of solid walls or berms.
- Alternative building construction materials shall be permitted provided they fit into the dealership's overall architectural character and theme.

The following shall be allowed in the Rear Yard of dealerships:

- Each dealership's service section (the "Rear Yard") shall not require landscaping except for perimeter landscape treatments outside of the required screen wall.
- Vehicle parking and storage areas may be depressed up to eighteen (18) inches in order to accommodate stormwater.
- Foundation plantings shall not be required around buildings.
- Parking islands shall not be required.
- Alternative building construction materials, such as tilt-up concrete and pre-engineered metal shall be allowed. Any portion of a building located in the Back Yard that abuts the Front Yard of the dealership shall meet the finish standards required in the Front Yard.
- Open service bays shall be allowed provided they are screened from public right-of-way.

In addition to signs permitted by right under the existing ordinance, the following signs shall be permitted for the Automall:

Automall Signs

- One master Automall freeway identification sign located on Interstate 10, seventy-five (75) feet in height, with 1,000 square feet of sign area per side. Such sign shall identify the automall, display the names of each dealership and its corresponding manufacturer's logo, shall be internally lit and have change panels. Digital or reader board type sign shall be permitted.
- One mini-master Automall identification sign located on 99th Avenue, thirty (30) feet in height, with 250 square feet of sign area per side.
- Directory signs installed throughout the common areas of the Site.
- All master or common automall signs shall be of similar style and architecture. Developer may submit a comprehensive sign package at a later date.

Individual Dealership Signs

- Banners, pennants, fixed balloons and flags for the purposes of advertising or promoting special sales events shall be permitted on weekends and holidays.
- Decorative seasonal/holiday lighting such as Christmas lights.
- Temporary window painting of vehicles for the purpose of advertising.
- One (1) thirty-five (35) foot high pylon sign per dealership, with 150 square feet of sign area per side. Individual dealer signs may be unique to each corresponding manufacturer's trademark identification sign.
- Building signs shall be permitted, state the name of the respective dealership, and shall be allowed up to two (2) square foot of sign area for each building front foot. One building sign shall be permitted on each street the dealership fronts. For the purposes of calculating building sign area, private drives provided for the common use of the Automall shall be considered streets.
- Eight (8) foot high monument style signs with twenty-five (25) square feet of sign area per side located at each dealership's retail ingress/egress points.

Shopping Center Development Standards & Signs

General

- "Anchor" or "Major" users may construct buildings up to forty (40) feet in height.
- Drywells and/or buried lateral perforated pipe shall be permitted. All drywells installed within paved areas shall be Maxwell Enviro type or a city approved equivalent.

- Retention basins with side slopes greater than 4:1 shall be permitted provided they are not accessible by the general public or immediately visible from the public right-of-way.
- No increase in historical stormwater retention shall be required in excess of existing Maricopa County flood control data.
- All parking lots shall be screened from public streets with a combination of walls and berms a minimum of thirty-six (36) inches in height above the grade of the most adjacent parking lot or street.
- A flagpole of up to seventy-five (75) feet in height displaying the flag of the United States of America may be installed.
- Special outdoor features and amenities such as patios, plazas, pedestals and courtyards shall be permitted and shall count towards landscape calculations and any open space requirements.
- Vehicle parking areas may be depressed up to eighteen (18) inches.
- Foundation plantings shall not be required at buildings where not visible by the general public.
- Alternative building construction materials, such as tilt-up concrete and pre-engineered metal shall be allowed provided they are in architectural harmony with the remainder of the project.

In addition to signs permitted under the existing ordinance, the following signs shall be permitted for Shopping Center:

Master Shopping Center Signs

- One master freeway identification sign located on Interstate 10, sixty-five (65) feet in height, with 700 square feet of sign area per side. Such sign shall identify the name of the Shopping Center, may display the names of major/anchor users, may be internally lit and have change panels.
- One mini-master identification sign located on 99th Avenue, thirty (30) feet in height, with 250 square feet of sign area per side.
- Directory signs installed throughout the common areas of the Shopping Center.
- All master or common signs shall be of similar style and architecture. Developer may submit a comprehensive sign package at a later date.

Individual User Signs

- Major or Anchor users shall be allowed on building wall sign for each street the user's building space faces, and shall be allowed one and one-half (1 ½) square feet of sign area for each one (1) lineal front foot of building wall.
- Shop space, in-line or pad users shall be allowed on building wall sign for each street the user's building space faces, and shall be allowed one (1) square feet of sign area for each one (1) lineal front foot of building wall.

Summary

We have demonstrated the project's compatibility with the City of Avondale's General Plan and its underlying Growth and Use Plans. It will provide the mechanism for the installation of needed public infrastructure. Each year it will generate millions in City sales taxes and provide a source for thousands of jobs at all levels of pay.

Our goal in developing the proposed Avondale Automall & Shopping Center is to provide a successful marquee project in the City of Avondale. A project that Avondale's residents will cite as a point of pride in their city. A highly functional project that is attractive, safe, and will give its retailers the competitive edge they need to be successful.

Exhibits

The following exhibits are a part of this zoning request:

- Exhibit A Legal Description
- Exhibit B Vicinity Map
- Exhibit C Zoning Context Plan
- Exhibit D Conceptual Site Plan

Exhibit A

LEGAL DESCRIPTION

THE SOUTH HALF OF THE NORTH HALF OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ANY PORTION OF THE ABOVE DESCRIBED PROPERTY LYING BETWEEN LINE NO. 1 AND 2, AS SET FORTH IN FINAL ORDER OF CONDEMNATION RECORDED IN INSTRUMENT NO. 84-463775, DESCRIBED AS FOLLOWS:

LINE NO. 1

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 5; THENCE S00° 22'39"E, ALONG THE EAST LINE OF SAID SECTION, 100.00 FEET TO THE POINT OF BEGINNING; THENCE S89° 37'21"W, 40.00 FEET; THENCE S07° 08'11"W, 582.34 FEET; THENCE S08° 58'31"W, 50.65 FEET; THENCE S80° 16'47"W, 459.88 FEET; THENCE S88° 58'31"W, 411.38 FEET; THENCE N50° 46'18"W, 99.22 FEET; THENCE N10° 37'07"W, 187.87 FEET; THENCE S89° 44'25"W, 53.00 FEET TO THE POINT OF ENDING ON THE WEST LINE OF SAID SECTION 5, WHICH POINT BEARS S00° 45'35"E, 539.07 FEET TO THE NORTHWEST CORNER OF SAID SECTION.

LINE NO. 2

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 5; THENCE N00° 22'39"W, ALONG THE EAST LINE OF SAID SECTION, 170.48 FEET TO THE POINT OF BEGINNING; THENCE S89° 37'21"W, 40.00 FEET; THENCE N00° 22'39"W, 1009.75 FEET; THENCE N85° 00'46"W, 1014.57 FEET; THENCE S88° 58'31"W, 4124.51 FEET; THENCE S06° 08'17"W, 403.83 FEET; THENCE S89° 44'25"W, 53.00 FEET TO THE POINT OF ENDING ON THE WEST LINE OF SAID SECTION 5, WHICH POINT BEARS N00° 15'35"W 900.75 FEET FROM THE WEST QUARTER CORNER OF SAID SECTION; AND ALSO

EXCEPT THAT PORTION OF THE SOUTH HALF OF THE NORTHWEST QUARTER AND OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES BETWEEN THE EXISTING (1978) SOUTH RIGHT-OF-WAY LINE OF INTERSTATE HIGHWAY 10 (CHRENBERG-PHOENIX HIGHWAY) AND THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 5; THENCE ALONG THE WEST LINE OF SAID SECTION 5, N00° 04'33"W 1500.70 FEET (1500.75 RECORD) TO THE CENTERLINE OF SAID INTERSTATE HIGHWAY 10;

THENCE ALONG SAID CENTERLINE N89° 09'33"E, 1071.07 FEET; THENCE S00° 50'27"E, 200.00 FEET TO THE POINT OF BEGINNING ON SAID EXISTING SOUTH RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10; THENCE CONTINUING S00° 50'27"E, 46.18 FEET; THENCE N87° 35'49"E, 960.36 FEET; THENCE N87° 31'21"E, 700.29 FEET TO THE POINT OF ENDING ON SAID SOUTH RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10, AS CONVEYED TO THE STATE OF ARIZONA, BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION IN INSTRUMENT NO. 92-0512378; AND ALSO

EXCEPT THAT PORTION OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES BETWEEN THE EXISTING (1978) SOUTH RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10 (CHRENBERG-PHOENIX) AND THE FOLLOWING DESCRIBED LINE:

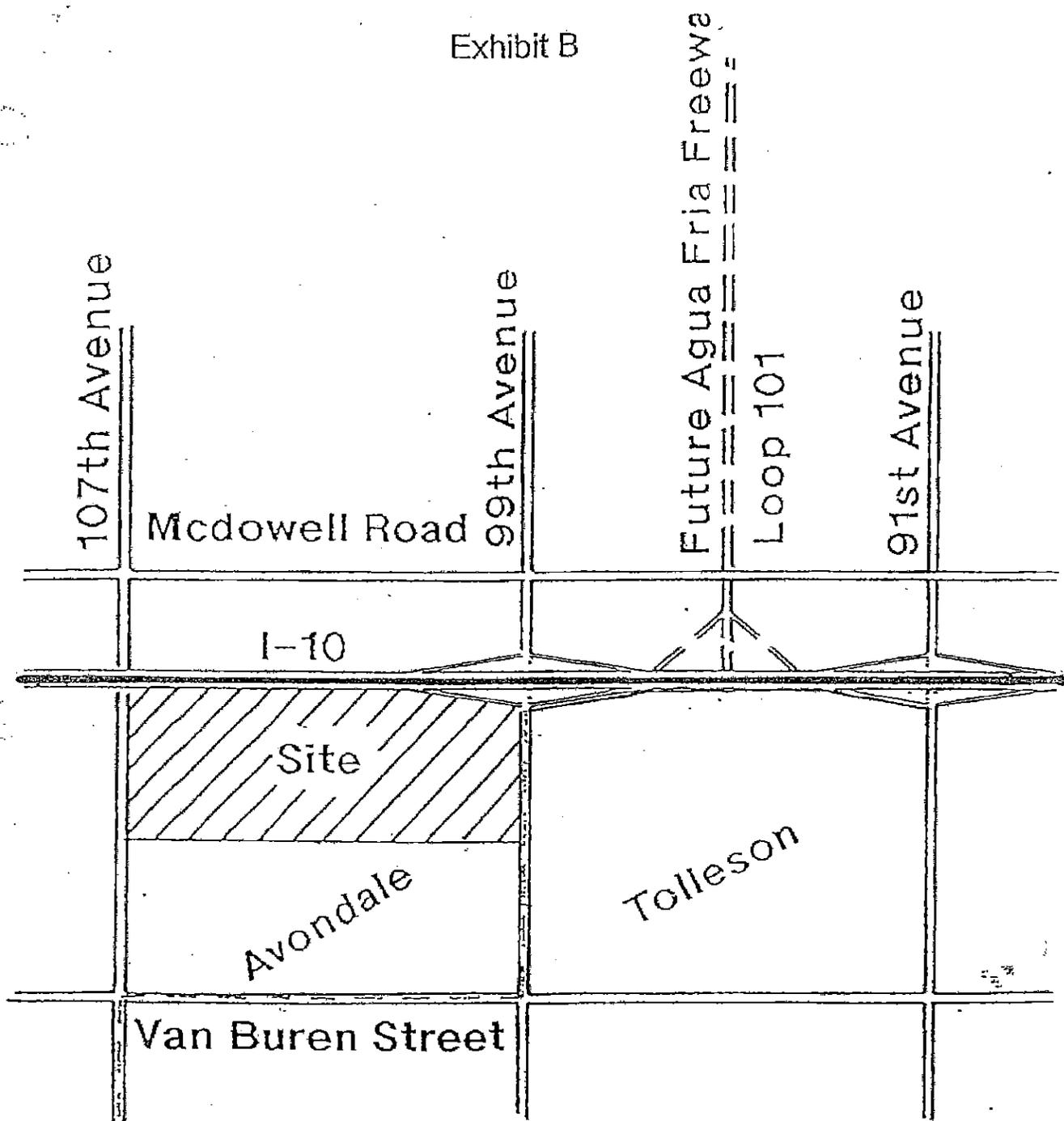
COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 5; THENCE ALONG THE EAST LINE OF SAID SECTION 5, N00° 11'37"W A DISTANCE OF 1486.92 FEET TO THE MEDIAN CENTERLINE OF THE AFORESAID INTERSTATE HIGHWAY 10; THENCE S89° 09'33"W 1443.24 FEET; THENCE S00° 50'27"E 200.00 FEET TO THE POINT OF BEGINNING; THENCE S88° 15'51"E 400.41 FEET; THENCE S84° 42'19"E 276.85 FEET; THENCE S82° 58'47"E 681.15 FEET; THENCE S41° 35'13"E, 75.01 FEET TO THE POINT OF ENDING ON THE EXISTING WEST RIGHT OF WAY LINE OF 99TH AVENUE AS CONVEYED TO THE STATE OF ARIZONA, BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION IN INSTRUMENT NUMBER 92-0406965; AND ALSO

EXCEPT THAT PORTION OF THE SOUTH HALF OF THE NORTHWEST QUARTER AND OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 1 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES BETWEEN THE EXISTING (1978) SOUTH RIGHT OF WAY LINE OF INTERSTATE HIGHWAY 10 (CHRENBERG-PHOENIX HIGHWAY) AND THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 5; THENCE ALONG THE WEST LINE OF SAID SECTION 5, N00° 04'33"W 1210.70 FEET; THENCE N89° 55'27"E 89.75 FEET TO THE POINT OF BEGINNING ON THE EXISTING EAST RIGHT OF WAY LINE OF 107TH AVENUE; THENCE N73° 19'36"E 150.91 FEET; THENCE N89° 09'33"E 700.01 FEET; THENCE N87° 35'49"E 1400.05 FEET; THENCE N00° 50'27"W 46.18 FEET TO THE POINT OF ENDING ON THE AFORESAID EXISTING SOUTH RIGHT OF WAY OF THE 107TH AVENUE INTERCHANGE AS CONVEYED TO THE STATE OF ARIZONA, BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION IN INSTRUMENT NUMBER 92-0406966, AND ALSO

EXCEPT THE WEST 40 FEET AND THE EAST 33 FEET THEREOF.

Exhibit B



Vicinity Map
N.T.S.

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CITY OF AVONDALE

INCORPORATED 1946

COMMUNITY DEVELOPMENT DEPARTMENT ♦ 1225 SOUTH 4TH STREET
AVONDALE, ARIZONA 85323 ♦ PHONE (623) 932-6088 ♦ FAX (623) 932-6119

CITY OF AVONDALE

PLANNING AND ZONING COMMISSION

STAFF REPORT

MEETING DATE: November 18, 1999

CASE NO.: Z99-402-A

APPLICANT: AZVT, L.L.C, Michael Pacheco
P.O Box 16460
Phoenix, AZ
85011

REQUEST: Request to rezone approximately 150 acres of AG (Agriculture) to P.A.D.D. (Planned Area Development District), consisting of C-2 (Commercial) Zoning

LOCATION: Project area is located west of 99th Avenue, east of 107th Avenue, south of Interstate 10 and north of the Roosevelt Street Alignment.

BACKGROUND:

The applicant is requesting the rezoning of approximately 150 acres of AG to P.A.D.D. consisting of C-2 zoning. The site is located within the City of Avondale Freeway Corridor Specific Plan and is designated as Mixed Use. The general development plan and program submitted by the applicant identifies two major land uses for the site. The eastern portion of the site has been designated by the development plan as an automall and consists of approximately 100.7 acres. The plan designates the remaining 49.2 acres within the western portion of the site as a retail shopping center.

The conceptual site plan for the project identifies eight full service automobile dealerships and other auto related business sites within the Automall portion of the site. The retail shopping component of the plan includes two major anchor businesses and several pads. Intended uses for the retail shopping center will consist of uses commonly found in power type shopping centers.

Conditional Use Request

The application for rezoning includes a request for Conditional Use Permit for several uses and potential uses within the project area. The uses listed below are identified in the City of Avondale Zoning Ordinance as uses that are subject to a Conditional Use Permit: Motor Vehicle Repair; Motor Vehicle Parts Storage and Sales; Motor Vehicle Body Shop; Restaurants with Live Entertainment, provided entertainment does not include "adult" live entertainment; Second Hand Merchandising Sales; Skating Rinks, Building Material and Lumberyard retail operations; Video Arcade or Similar Amusement Establishment, provided the location is not within 500 feet of a school site; and Animal Kennels.

The project area is surrounded by the I-10 freeway to the north and Industrial to the east. The City of Avondale Freeway Corridor Specific Plan identifies the land to the west as "mixed use" and the property to the south as "transitional". Future residential development would be unlikely within the immediate vicinity surrounding the project site, therefore causing no impact to surrounding neighborhoods by these uses. Staff supports the request for Conditional Use Permit for these uses and proposed uses within the project area.

Requested P.A.D.D. modifications

The applicant has requested modifications to the C-2 development standards within the P.A.D.D. plan and program development. The applicant has also requested modifications to the landscape standards and height standards of the C-2 zone.

Modification Requested:

- 1) Retention Basin with side slopes greater than 4 to 1
Ordinance Standard, maximum slope, 4 to 1
- 2) Flagpole with height up to 75 feet
C-2 Ordinance Standard, 35 feet maximum height
- 3) 5% front yard landscaping area (Automall area)
C-2 Ordinance Standard, 10 %
- 4) Rear Yard landscaping on perimeter of lot out side of screen wall (Automall Area)
C-2 Ordinance Standard 10%
- 5) Parking Lot trees , 2 trees per 20 parking spaces (Automall area)
C-2 Ordinance Standard, 1 tree per 8 parking spaces
- 6) Waiver of 3 foot high parking screen wall (Automall area)

C-2 Ordinance Standard, 3 foot block wall or berm required, adjacent to public roads

- 7) Major or Anchor height allowance of 40 feet (retail shopping center)
C-2 Ordinance Standard, 35 feet

The P.A.D.D. zoning designation of the subject property requires that each final site plan and building elevations within the project will proceed through the Planning and Zoning Commission and the Mayor and City Council for approval. The location of the project is ideally suited for regional commercial activity due to the visibility from both the I-10 freeway and the future 101 freeway interchange. Furthermore, the proposed project is ideal in that it is a use that will not be impacted negatively by freeway noise or the land uses that surround the site. Staff has found that the proposed project is consistent with the City of Avondale Freeway Corridor Specific Plan.

RECOMMENDATION:

Staff recommends that the Planning and Zoning Commission forward case Z99-402-A to the Mayor and City Council with their recommendation of **APPROVAL** with the following stipulations.

- 1) That the necessary right of way as required by the City of Avondale is dedicated for 107th Avenue and Roosevelt Street; and that the necessary right of way as required by the City of Tolleson is dedicated for 99th Avenue.
- 2) That a 6 foot high block wall is used to screen the rear service yard of the auto dealership parcels along 99th Avenue, Roosevelt Street and the retail center property line
- 3) That any metal structure used for the service facility buildings be architecturally altered through the application of a veneer so that it minimizes metal surfaces and appears architecturally compatible with the main sales building.

This is a revised staff report for Zoning Case Z99-402-A. The request for additional signage for the property has been withdrawn from the P.A.D.D. zoning application.

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CITY OF AVONDALE

INCORPORATED 1946

COMMUNITY DEVELOPMENT DEPARTMENT ♦ 1225 SOUTH 4TH STREET
AVONDALE, ARIZONA 85323 ♦ PHONE (623) 932-6088 ♦ FAX (623) 932-6119

CITY OF AVONDALE

MAYOR AND CITY COUNCIL

STAFF REPORT

MEETING DATE: December 20, 1999

CASE NO: Z99-402-A

APPLICANT: AZVT, L.L.C, Michael Pacheco
P.O. Box 16460
Phoenix, AZ 85011

REQUEST: Request to rezone approximately 150 acres of AG (Agriculture) to P.A.D.D. (Planned Area Development District), consisting of C-2 (Commercial) Zoning

LOCATION: Project area is located west of 99th Avenue, east of 107th Avenue, south of Interstate 10 and north of the Roosevelt Street Alignment.

BACKGROUND:

The applicant is requesting the rezoning of approximately 150 acres of AG to P.A.D.D. consisting of C-2 zoning. The site is located within the City of Avondale Freeway Corridor Specific Plan and is designated as Mixed Use. The general development plan and program submitted by the applicant identifies two major land uses for the site. The eastern portion of the site has been designated by the development plan as an automall and consists of approximately 100.7 acres. The plan designates the remaining 49.2 acres within the western portion of the site as a retail shopping center.

The conceptual site plan for the project identifies eight full service automobile dealerships and other auto related business sites within the Automall portion of the site. The retail shopping component of the plan includes two major anchor businesses and several pads. Intended uses for the retail shopping center will consist of uses commonly found in power type shopping centers.

Conditional Use Request

The application for rezoning includes a request for Conditional Use Permit for several uses and potential uses within the project area. The uses listed below are identified in the City of Avondale Zoning Ordinance as uses that are subject to a Conditional Use Permit: Motor Vehicle Repair, Motor Vehicle Parts Storage and Sales, Motor Vehicle Body Shop, Restaurants with Live Entertainment, provided entertainment does not include "adult" entertainment; Second Hand Merchandising Sales; Skating Rinks, Building Material and Lumberyard retail operations; Video Arcade or Similar Amusement Establishment, provided the location is not within 500 feet of a school site; and Animal Kennels.

The project area is surrounded by the I-10 freeway to the north and Industrial to the east. The City of Avondale Freeway Corridor Specific Plan identifies the land to the west as "mixed use" and the property to the south as "transitional". Future residential development would be unlikely within the immediate vicinity surrounding the project site, therefore causing no impact to surrounding neighborhoods by these uses. Staff supports the request for Conditional Use Permit for these uses and proposed uses within the project area.

Requested P.A.D.D. modifications

The applicant has requested modifications to the C-2 development standards within the P.A.D.D. plan and program development. The applicant has also requested modifications to the landscape standards and height standards of the C-2 zone.

Modification Requested:

- 1) Retention Basin with side slopes greater than 4 to 1.
Ordinance Standard, maximum slope, 4 to 1
- 2) Flagpole with height up to 75 feet
C-2 Ordinance Standard, 35 feet maximum height
- 3) 5% front yard landscaping area (Automall area)
C-2 Ordinance Standard, 10%
- 4) Rear Yard landscaping on perimeter of lot outside of screen wall (Automall area)
C-2 Ordinance Standard 10%
- 5) Parking Lot trees, 2 trees per 20 parking spaces (Automall area)
C-2 Ordinance Standard, 1 tree per 8 parking spaces

- 6) Waiver of 3 foot high parking screen wall (Automall Area)
C-2 Ordinance Standard, 3 foot block wall or berm required, adjacent to public roads
- 7) Major or Anchor height allowance of 40 feet (retail shopping center)
C-2 Ordinance Standard, 35 feet

The P.A.D.D. zoning designation of the subject property requires that each final site plan and building elevations within the project will proceed through the Planning and Zoning Commission and the Mayor and City Council for approval. The location of the project is ideally suited for regional commercial activity due to the visibility from both the I-10 freeway and the future 101 freeway interchange. Furthermore, the proposed project is ideal in that it is a use that will not be impacted negatively by freeway noise or the land uses that surround the site. Staff has found that the proposed project is consistent with the City of Avondale Freeway Corridor Specific Plan.

The request for additional signage for the property has been withdrawn from the P.A.D.D. zoning application. As required by section 909 C.1. of the Avondale sign code, the applicant will submit a comprehensive sign package to the Community Development Department. The planning division will submit a report of findings to the City Council regarding the compliance with the sign code.

RECOMMENDATION:

The Planning and Zoning Commission recommends that the Mayor and City Council **APPROVE** case Z99-402-A with the following stipulations by ordinance.

- 1) That the necessary right of way as required by the City of Avondale is dedicated for 107th Avenue and Roosevelt Street; and that the necessary right of way as required by the City of Tolleson is dedicated for 99th Avenue.
- 2) That a 6 foot high block wall is used to screen the rear service yard of the auto dealership parcels along 99th Avenue, Roosevelt Street and the retail center property line
- 3) That any metal structure used for the service facility buildings be architecturally altered through the application of a veneer so that it minimizes metal surfaces and appears architecturally compatible with the main sales building.

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ORDINANCE NO. 723-99

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AVONDALE, MARICOPA COUNTY, ARIZONA, AMENDING THE ZONING MAP OF THE CITY OF AVONDALE AND CHANGING THE ZONING DESIGNATION OF CERTAIN REAL PROPERTY FROM AG (AGRICULTURAL) TO P.A.D.D. (PLANNED AREA DEVELOPMENT DISTRICT) AND IMPOSING CONDITIONS TO SUCH CHANGE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AVONDALE, MARICOPA COUNTY, ARIZONA, as follows:

SECTION 1. The Zoning Map of the City of Avondale is hereby amended subject to the conditions set forth hereafter to reflect that the real property described in Exhibit "A" attached hereto shall constitute a Planned Area Development District as such District is defined in the Zoning Ordinance of the City of Avondale.

SECTION 2. The amendment to the Zoning Map referred to above is expressly conditioned upon the following:

1. The Developer shall dedicate right-of-way for 107th Avenue and Roosevelt Street as required by the City of Avondale.
2. The Developer shall dedicate right-of-way for 99th Avenue as required by the City of Tolleson.
3. A six (6) foot high block wall shall be constructed to screen the rear surfaces areas of the auto dealership parcels along 99th Avenue, Roosevelt Street and the retail center property line.
4. Any metal structure used for service facility buildings shall be architecturally altered through the application of a veneer so that said buildings are architecturally compatible with the main sales buildings.

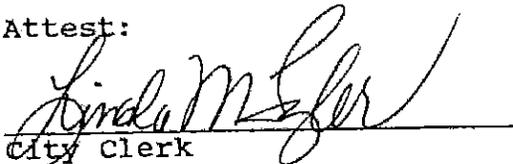
PASSED AND ADOPTED by the Mayor and Council of the City
of Avondale, Arizona, this 20th day of December, 1999.



Handwritten signature of Mayor Morales in cursive script, positioned above a horizontal line.

MAYOR MORALES

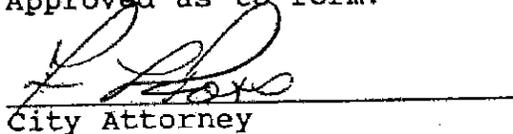
Attest:



Handwritten signature of Linda M. Eger in cursive script, positioned above a horizontal line.

City Clerk

Approved as to form:



Handwritten signature of the City Attorney in cursive script, positioned above a horizontal line.

City Attorney

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1999 Code.

SECTION 6

**PLANNED
AREA
DEVELOPMENT
DISTRICT**

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SECTION 6: PLANNED AREA DEVELOPMENT DISTRICT

Section 601: Purpose

The purpose of the Planned Area Development (PAD) District is to enable and encourage the planned development of large and small tracts of land which are under unified ownership and control, or lands which by reason of existing or planned uses are appropriate for development under this Section, so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area.

To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas, arranged and designed in accordance with modern land planning principles and other development techniques; and in such a manner as to properly relate to each other, the surrounding community, the planned thoroughfare system, and other public facilities such as water and sewer systems, parks, schools, and utilities.

The Planned Area Development District and procedures are further established to provide a land developer with reasonable assurances that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the City Council and to provide the Planning Commission and the City Council with a long-term proposal for the development of a given area.

This zoning district may only be developed in accordance with a specific development plan. The approved development plan is an integral part of this zoning district and all development shall comply with said plan. The district shall also be an instrument for implementation of the City's Comprehensive Plan.

Section 602: General Provisions

A. Qualifications

A PAD District may be established on any parcel of land.

B. Property Development Standards

All land uses in a PAD District shall conform to the property development standards of comparable zoning districts established in the City of Avondale Zoning Ordinance. The permitted uses allowed, the yard, height, and area requirements, and other requirements within the PAD District shall be those permitted or required in the comparable zoning district, except where modified as hereinafter provided. The City Planner shall determine, primarily on the basis of proposed use and density, which of the districts of this Ordinance are most closely comparable to the proposed uses.

C. Development Standards Modification Procedures

Where necessary to insure compatibility of buildings and uses with each other and with off-site properties, the Council may eliminate otherwise permitted uses in any comparable district. The Council may specify modification of the regulations, requirements, and standards, including but not limited to, conditioning the zoning upon maximum densities, maximum building heights, maximum lot coverage, and greater setback requirements than might be otherwise permitted by the comparable zoning district. Any modification of development standards shall produce an environment equal to or superior to that produced by existing standards.

D. Coordination With Subdivision Regulations

It is the intent of the PAD District that subdivision review under the City of Avondale Subdivision Ordinance be carried out simultaneously with the review of the PAD. Development plans submitted under this Section shall, whenever feasible, be submitted in a form which will satisfy the requirements of the Subdivision Ordinance.

Section 603: PAD Procedures

A. Introduction

The review and approval of a PAD District shall consist of a two-step process composed of (1) a General Development Plan and Program and (2) a Final Development Plan(s). The General Development Plan and Program is intended to provide the City with enough information about the character of the PAD to permit an amendment to the zoning map. Once the General Development Plan and Program is approved, Final Development Plans may then be processed for all or part of the PAD. The Final Development Plan requires more detailed information consistent with the requirements of the City's Subdivision Ordinance or the Site Plan Review Section (Section 106) of this Ordinance, depending on the type of uses or size of the development unit.

B. Application for PAD District

An application for the PAD District shall conform to Section 110: Application and Fees and shall include the following additional materials:

1. A General Development Plan showing at least the following:
 - a. the boundaries and approximate acreage of each development unit;
 - b. the proposed zoning, land use and acreage of each development unit, keyed to comparable zoning districts;
 - c. the approximate location of major and collector streets;

- d. the approximate location of public uses proposed, such as schools, parks, playgrounds, drainageways, trails, or other recreation facilities;
 - e. the topography of the site.
2. A Development Program consisting of text, maps, and other materials describing the PAD including:
- a. the number of dwelling units by type and density;
 - b. the standards of development and types of uses proposed keyed to comparable zoning districts;
 - c. proposed modifications to comparable zoning districts;
 - d. preliminary concepts for accommodation of storm drainage, sanitary sewer, and domestic water systems;
 - e. a statement of the applicant's purpose and objectives of the project;
 - f. a generalized landscape and open space plan including perimeter treatments of the PAD;
 - g. a development phasing schedule;
 - h. other material required to properly evaluate the PAD dependent on the size and scope of the project.

C. Processing of General Development Plan and Program

The General Development Plan and Program shall be processed in accordance with Section 109: Zoning Ordinance Amendments, and shall be subject to all public notice and hearing requirements contained therein.

D. Processing of Final Development Plans

Upon approval of the General Development Plan and Program, Final Development Plans for all or part of the PAD District may be filed. Final Development Plans shall be submitted in accordance with Section 106, Site Plan Review in the case of multi-family, commercial, or industrial development units, or in accordance with the City Subdivision Ordinance in the case of large-scale development units or single-family uses. The Planning Commission and City Council shall review and approve all Final Development Plans within PAD Districts. All Final Development Plans shall be in conformity with the approved General Development Plan and Program.

Section 604: Establishment of PAD District

- A. Upon approval of the General Development Plan and Program, the Zoning Map of the City of Avondale shall be amended by ordinance to reflect the PAD District designation on the subject property.
- B. The Development Program submitted as part of the PAD application shall become part of the regulations governing the use and development of the PAD and shall be adopted as part of the map amendment as outlined in Subsection A above.
- C. All conditions, modifications, and requirements of approval of the General Development Plan and Program imposed by the City Council, which are not included in written documentation submitted as part of the PAD application, shall become part of the regulations governing the use and development of the PAD.
- D. The specific zoning classification for a development unit shall vest concurrently with final site plan and/or subdivision approval for that unit. No building permits shall be issued on land within a PAD until a Final Development Plan for the development unit has been approved.
- E. Prior to approval of a Final Development Plan for the first development unit, the following additional information shall be submitted and approved:
 1. conceptual master drainage plan;
 2. master street plan for all major and collector streets abutting or within the site;
 3. master water and sanitary sewer plans;
 4. conditions, covenants, and restrictions for the project.

Section 605: Amendments to the PAD

Any amendments or modifications to the General Development Plan and Program shall be in accordance with the following procedures.

A. Major Amendments

The following changes to the approved General Development Plan and Program shall be considered major if they involve any one of the following:

1. an increase in the approved totals of dwelling units or in the acreages devoted to commercial or industrial uses;
2. a significant change in boundary lines of development units;

3. any change which could have significant impact on areas adjoining the PAD;
4. any change which could have a significant traffic impact on roadways adjacent or external to the PAD.

Major amendments shall be processed in the same manner as the original General Development Plan and Program in accordance with Section 109.

B. Minor Amendments

All amendments deemed minor by the City Planner shall be reviewed and approved administratively by the City Planner upon finding that the amendment is in substantial conformance to the approved General Development Plan and Program.

Section 606: Common Open Space

Common open space and recreation areas shall be an integral part of a PAD where residential uses are included in the project. The following standards shall apply.

- A. A minimum of five (5) percent of the total gross area of the development shall be reserved as common open space and/or recreational areas. The minimum size of open space area counting toward this requirement shall be 5000 square feet.
- B. Common open space areas shall be provided and improved by the applicant or project owner at a rate equal to or greater than the rate of construction of residential uses.

Section 607: Enforcement

- A. Development of the first development unit shall commence within two (2) years of the date upon which the PAD District amendment was approved. The City Council may, upon request and for good cause, extend for one (1) additional year the period for commencement of development.
- B. Failure to commence development within the time limits in Subsection A above shall cause the PAD District classification to become null and void. Thereafter, the City Council shall initiate an amendment to the zoning map to revert the zoning classification to its prior designation.

C. The Planning Department shall monitor development of the PAD to ensure compliance with the development phasing schedule. At such time that the Planning Commission determines that development is not proceeding in accordance with the schedule, a hearing shall be held to determine the cause of such delay. No further vesting of zoning or approval of final site plans or subdivision plats shall occur for that portion of the PAD in non-compliance with the General Development Plan and Program until resolution is agreed upon by the Commission and City Council.

1. The Commission may determine good cause exists for delay in the development of the PAD and may entertain an application to amend the PAD development schedule.
2. Should the Commission determine good cause does not exist for the delay, the Commission may impose additional restrictions and conditions on the PAD.
3. The City Council shall hold a public hearing to affirm or overrule the results of the Commission's deliberations.

Section 608: Findings

At the time of approval of a PAD District, the City Council must find:

- A. That the PAD is in substantial conformance with the Comprehensive Plan of the City and can be coordinated with existing and planned development of surrounding areas.
- B. That the streets and thoroughfares proposed are suitable and adequate to serve the proposed uses and the anticipated traffic which will be generated.

SECTION 7

SUPPLEMENTARY REGULATIONS

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EXHIBIT D

**PROJECT NARRATIVE
FOR
AVONDALE AUTOMALL &
RETAIL SHOPPING CENTER
PAD ZONING AMENDMENT**

February 2003



History & Project Narrative

AZVT, LLC acquired approximately 150 acres of unimproved land south of Interstate 10 between 99th and 107th Avenues. Subsequently, the project was rezoned to PADD, C-2, with a Conditional Use Permit to allow for new and used vehicle sales and other various automotive related uses on the easternmost 100 acres. The westernmost 50 acres was rezoned to PADD, C-2, with a Conditional Use Permit to allow for commercial and retail uses. Because of the Avondale Automall's success insofar as new vehicle dealers' desires to purchase land within the 50 acre portion of the overall 150 acre property owned by AZVT, LLC, but not within property rezoned as the Avondale Automall, AZVT wishes to obtain the proper zoning to allow for additional new vehicle dealers.

Rezoning Request

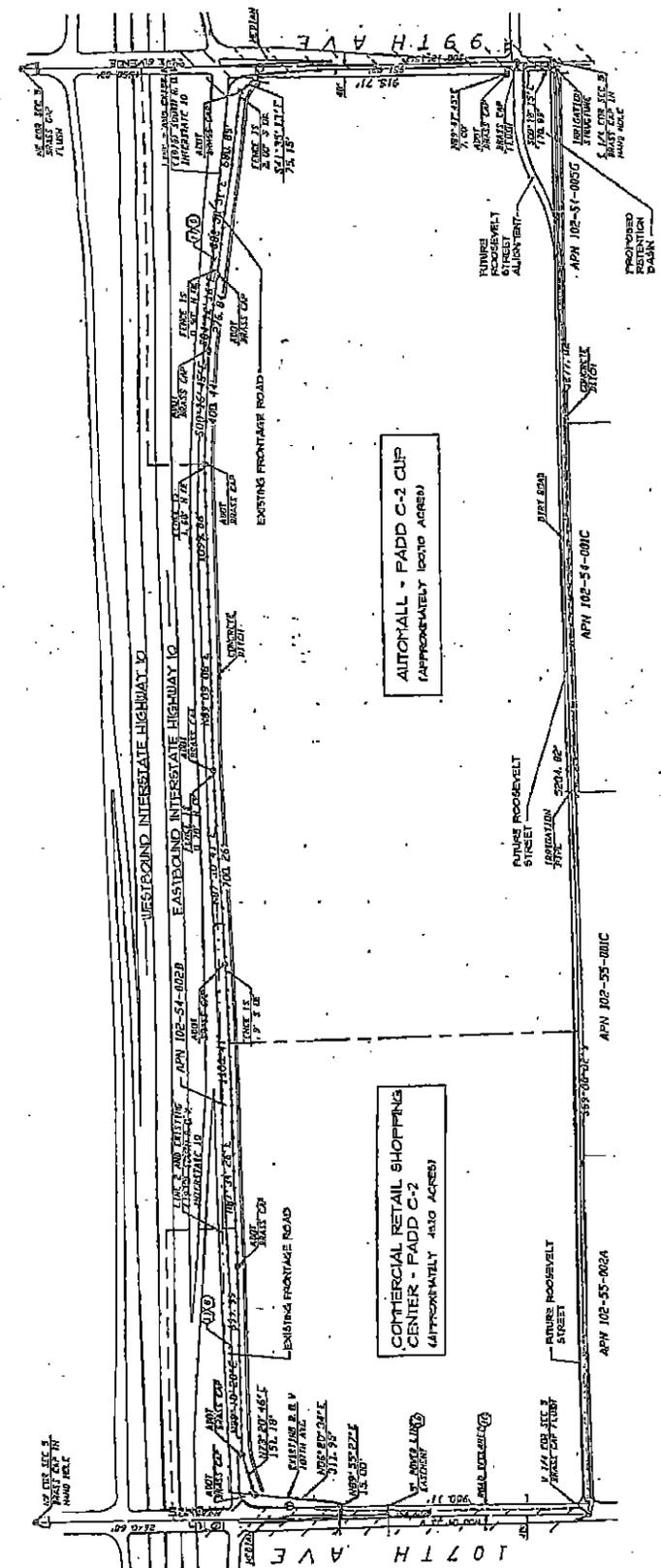
This rezoning request is to amend the existing zoning on AZVT's west 50 acres so that, in addition to the existing C-2 zoning, the following uses are allowed:

Outdoor Automobile Sales: New and Used
Motor Vehicle Repair
Motor Vehicle Parts Storage and Sales
Motor Vehicle Body Shop – provided the use occurs within the south half of the site or is in conjunction with a franchised new motor vehicle dealership
Motorcycle Sales: New and Used with parts sales and service

Additionally, the Modifications to Existing Development Standards, as applicable to the PADD for the Avondale Automall, shall apply to the expansion area of the Avondale Automall covered under this rezoning request. The applicable standards, whether automotive or retail commercial, shall apply to the particular proposed use.

A revised Zoning Context Plan is provided as Exhibit A and a Conceptual Site Plan is provided as Exhibit B.

EXHIBIT F



NOTES:
 1. THIS DRAWING IS FOR INFORMATION ONLY AND DOES NOT CONSTITUTE A CONTRACT.
 2. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
 3. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE CITY OF AVONDALE ZONING ORDINANCE.
 4. THE CITY ENGINEER SHALL REVIEW AND APPROVE ALL CONSTRUCTION PERMITS.
 5. THE CITY ENGINEER SHALL REVIEW AND APPROVE ALL RECORD PLANS.



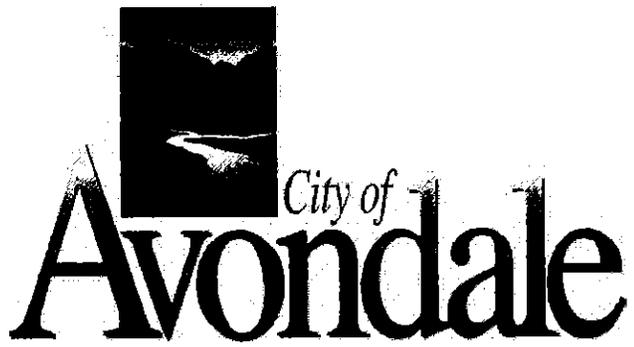
ZONING CONTEXT PLAN



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2003 - Ordinance ^{Zoning}



SECTION 6

**PLANNED
AREA
DEVELOPMENT
DISTRICT**

SECTION 6: PLANNED AREA DEVELOPMENT DISTRICT

Section 601: Purpose

The purpose of the Planned Area Development (PAD) District is to enable and encourage the planned development of large and small tracts of land which are under unified ownership and control, or lands which by reason of existing or planned uses are appropriate for development under this Section, so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area.

To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas, arranged and designed in accordance with modern land planning principles and other development techniques; and in such a manner as to properly relate to each other, the surrounding community, the planned thoroughfare system, and other public facilities such as water and sewer systems, parks, schools, and utilities.

The Planned Area Development District and procedures are further established to provide a land developer with reasonable assurances that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the City Council and to provide the Planning Commission and the City Council with a long-term proposal for the development of a given area.

This zoning district may only be developed in accordance with a specific development plan. The approved development plan is an integral part of this zoning district and all development shall comply with said plan. The district shall also be an instrument for implementation of the City's Comprehensive Plan.

Section 602: General Provisions

A. Qualifications

A PAD District may be established on any parcel of land.

B. Property Development Standards

All land uses in a PAD District shall conform to the property development standards of comparable zoning districts established in the City of Avondale Zoning Ordinance. The permitted uses allowed, the yard, height, and area requirements, and other requirements within the PAD District shall be those permitted or required in the comparable zoning district, except where modified as hereinafter provided. The City Planner shall determine, primarily on the basis of

proposed use and density, which of the districts of this Ordinance are most closely comparable to the proposed uses.

C. Development Standards Modification Procedures

Where necessary to insure compatibility of buildings and uses with each other and with off-site properties, the Council may eliminate otherwise permitted uses in any comparable district. The Council may specify modification of the regulations, requirements, and standards, including but not limited to, conditioning the zoning upon maximum densities, maximum building heights, maximum lot coverage, and greater setback requirements than might be otherwise permitted by the comparable zoning district. Any modification of development standards shall produce an environment equal to or superior to that produced by existing standards.

D. Coordination With Subdivision Regulations

It is the intent of the PAD District that subdivision review under the City of Avondale Subdivision Ordinance be carried out simultaneously with the review of the PAD. Development plans submitted under this Section shall, whenever feasible, be submitted in a form which will satisfy the requirements of the Subdivision Ordinance.

Section 603: PAD Procedures

A. Introduction

The review and approval of a PAD District shall consist of a two-step process composed of (1) a General Development Plan and Program and (2) a Final Development Plan(s). The General Development Plan and Program is intended to provide the City with enough information about the character of the PAD to permit an amendment to the zoning map. Once the General Development Plan and Program is approved, Final Development Plans may then be processed for all or part of the PAD. The Final Development Plan requires more detailed information consistent with the requirements of the City's Subdivision Ordinance or the Site Plan Review Section (Section 106) of this Ordinance, depending on the type of uses or size of the development unit.

B. Application for PAD District

An application for the PAD District shall conform to Section 110: Application and Fees and shall include the following additional materials:

1. A General Development Plan showing at least the following:
 - a. the boundaries and approximate acreage of each development until;
 - b. the proposed zoning, land use and acreage of each development unit, keyed to comparable zoning districts;
 - c. the approximate location of major and collector streets;
 - d. the approximate location of public uses proposed, such as schools, parks, playgrounds, drainageways, trails, or other recreation facilities;
 - e. the topography of the site.
2. A Development Program consisting of text, maps, and other materials describing the PAD including:
 - a. the number of dwelling units by type and density;
 - b. the standards of development and types of uses proposed keyed to comparable zoning districts;
 - c. proposed modifications to comparable zoning districts;
 - d. preliminary concepts for accommodation of storm drainage, sanitary sewer, and domestic water systems;
 - e. a statement of the applicant's purpose and objectives of the project;
 - f. a generalized landscape and open space plan including perimeter treatments of the PAD;
 - g. a development phasing schedule;
 - h. other material required to properly evaluate the PAD dependent on the size and scope of the project.

- C. Processing of General Development Plan and Program
The General Development Plan and Program shall be processed in accordance with Section 109: Zoning Ordinance Amendments, and shall be subject to all public notice and hearing requirements contained therein.

- D. Processing of Final Development Plans
Upon approval of the General Development Plan and Program, Final Development Plans for all or part of the PAD District may be filed. Final Development Plans shall be submitted in accordance with Section 106, Site Plan Review in the case of multi-family, commercial, or industrial development units, or in accordance with the City Subdivision Ordinance in the case of large-scale development units or single-family uses. The Planning Commission and City Council shall review and approve all Final Development Plans within PAD Districts. All Final Development Plans shall be in conformity with the approved General Development Plan and Program.

Section 604: Establishment of PAD District

- A. Upon approval of the General Development Plan and Program, the Zoning Map of the City of Avondale shall be amended by ordinance to reflect the PAD District designation on the subject property.

- B. The Development Program submitted as part of the PAD application shall become part of the regulations governing the use and development of the PAD and shall be adopted as part of the map amendment as outlined in Subsection A above.

- C. All conditions, modifications, and requirements of approval of the General Development Plan and Program imposed by the City Council, which are not included in written documentation submitted as part of the PAD application, shall become part of the regulations governing the use and development of the PAD.

- D. The specific zoning classification for a development unit shall vest concurrently with final site plan and/or subdivision approval for that unit. No building permits shall be issued on land within a PAD until a Final Development Plan for the development unit has been approved.

- E. Prior to approval of a Final Development Plan for the first development unit, the following additional information shall be submitted and approved:
1. conceptual master drainage plan;
 2. master street plan for all major and collector streets abutting or within the site;
 3. master water and sanitary sewer plans;
 4. conditions, covenants, and restrictions for the project.

Section 605: Amendments to the PAD

Any amendments or modifications to the General Development Plan and Program shall be in accordance with the following procedures.

A. Major Amendments

The following changes to the approved General Development Plan and Program shall be considered major if they involve any one of the following:

1. an increase in the approved totals of dwelling units or in the acreages devoted to commercial or industrial uses;
2. a significant change in boundary lines of development units;
3. any change which could have significant impact on areas adjoining the PAD;
4. any change which could have a significant traffic impact on roadways adjacent or external to the PAD.

B. Minor Amendments

All amendments deemed minor by the City Planner shall be reviewed and approved administratively by the City Planner upon finding that the amendment is in substantial conformance to the approved General Development Plan and Program.

Section 606: Common Open Space

Common open space and recreation areas shall be an integral part of a PAD where residential uses are included in the project. The following standards shall apply.

- A. A minimum of five (5) percent of the total gross area of the development shall be reserved as common open space and/or recreational areas. The minimum size of open space area counting toward this requirement shall be 5000 square feet.
- B. Common open space areas shall be provided and improved by the applicant or project owner at a rate equal to or greater than the rate of construction of residential uses.

Section 607: Enforcement

- A. Development of the first development unit shall commence within two(2) years of the date upon which the PAD District amendment was approved. The City Council may, upon request and for good cause, extend for one (1) additional year the period for commencement of development.
- B. Failure to commence development within the time limits in Subsection A above shall cause the PAD District classification to become null and void. Thereafter, the City Council shall initiate an amendment to the zoning map to revert the zoning classification to its prior designation.
- C. The Planning Department shall monitor development of the PAD to ensure compliance with the development phasing schedule. At such time that the Planning Commission determines that development is not proceeding in accordance with the schedule, a hearing shall be held to determine the cause of such delay. No further vesting of zoning or approval of final site plans or subdivision plats shall occur for that portion of the PAD in non-compliance with the General Development Plan and Program until resolution is agreed upon by the Commission and City Council.
 - 1. The Commission may determine good cause exists for delay in the development of the PAD and may entertain an application to amend the PAD development schedule.

2. Should the Commission determine good cause does not exist for the delay, the Commission may impose additional restrictions and conditions on the PAD.
3. The City Council shall hold a public hearing to affirm or overrule the results of the Commission's deliberations.

Section 608: Findings

At the time of approval of a PAD District, the City Council must find:

- A. That the PAD is in substantial conformance with the Comprehensive Plan of the City and can be coordinated with existing and planned development of surrounding areas.
- B. That the streets and thoroughfares proposed are suitable and adequate to serve the proposed uses and the anticipated traffic which will be generated.

Section 609: Design Review Criteria

The purpose of a design review process is to promote public and private efforts towards improving the City of Avondale character and image. The intent of the design review process is to encourage development which is attractive, while compatible with surrounding architecture. This process is accomplished by applying design policies to proposed development site plans, building quality, architecture, landscaping design, signage, and compatibility with the surrounding community. The design review process assists in the preservation the City's unique character, benefiting property values, vitality of business, and the maintenance of the tax base for government agencies and schools.

1. In reviewing any single family detached residential application for approval, the following criteria shall be considered:
 - a. All materials used in constructing, finishing, or accenting any building, structure, or sign shall be of concrete materials such as tile, stucco or architectural block (as to discourage smooth-face block) and be compatible with any material used in buildings, structures and/or signs in the general proximity to the applicant's property.
 - b. The one-site and off-site adjacent Right-Of-Way placement of all power utility lines (less than 69KV) and irrigation ditches shall be underground.

- c. The overall design of the building, structure, sign, and site shall not adversely affect the present or potential development of the nearby sites, and shall conform to California Mission, Santa Fe, or Southwestern architectural style. All buildings shall use earth tones for exterior colors, except for California Mission style, which can use white.
- d. On-site illumination shall be architecturally compatible with the overall project and shall not create any negative visual effects to surrounding property (See Section 504.C.3).
- e. Any principal building should not be less than (1,200) square feet of habitable living area; garages or other areas of similar type usage shall not be included in the area considered as habitable living area, even if such buildings are attached to the principal building.
- f. All single family residential developments of (30) acres or greater shall have an average lot size for the overall development of (96,000) square feet. The width of the lot shall be not less than (45) feet. Deviations may be granted for development which exceeds open space requirements or provides exceptional public amenities.
- g. No more than (15%) of the total housing project should contain homes less than (1,300) square feet in size.
- h. A minimum of three (3) elevations for each house plan is required. No adjacent home or home directly across the street shall have the same elevation or roof line. The roof line can be changed by the following options:
 - 1. alternating the ridge line from parallel to perpendicular, or vice versa, to the street.
 - 2. alternating the roof line between flat and pitched.
 - 3. alternating the roof line between vaults and pitches
 - 4. alternating between a one (1) and two (2) story home.

- i. For all pitched roofs, home builders shall provide at least twelve (12) inches of roof overhang (eve) to all walls of single family homes.
- j. Home builders shall offer home buyers not less than six (6) house color combinations, three (3) tile colors, and two (2) tile types. Exterior colors shall be southwestern earth tones.
- k. Home builders shall upgrade the appearance of rear or side elevations that are along an arterial or collector street and open space areas along an arterial or collector street. This can be accomplished by adding pop-out or recess window treatments, decks, fireplaces, staggered walls or overhangs to the structure.
- l. Rear yard setbacks for lots backing on to arterial roads shall be a minimum of thirty (30) feet from R.O.W. line. Lots that are side loaded shall have a minimum of a ten (10) feet side yard setback.
- m. Curvilinear streets are required for all lot areas of less than five thousand (5,000) square feet lots. Home builders shall stagger front and rear yard setbacks by three (3) feet for all lots less than (5,000) square feet.
- n. Home builders shall provide arterial, collector, and local street improvements to Public Works standards. ROW dedications shall be as follows:
 - 1. Major Arterial 130'
 - 2. Arterial 110'
 - 3. Major Collector Street 110'
 - 4. Collector Street 80'
 - 5. Major Local Street 60'
 - 6. Local Street 50'
 - i. Direct residential driveway access from arterial and collector streets shall be prohibited.
 - ii. All collector streets shall include an eight (8) foot P.U.E. (Public Utility Easement) outside of the right-of-way.

- o. Home builders shall provide unique entry features to the development including water features, signage, special landscaping, and enhanced wall detail.
- p. Home builders shall provide recreational open space as follows:
 - 1. A minimum of two (2) acres minimum of open space per every one hundred (100) homes.
 - 2. A minimum of one (1) tot lot play area per every two hundred fifty (250) homes.
 - 3. A minimum of eighty (80%) percent of the open space shall be active recreation, consisting of turf.
 - 4. Twenty (20%) percent of the open space shall be trees, shrubs, and other landscaping materials.
 - 5. Active recreational areas are considered to be playground areas, trail systems, and useable turf area.
- 2. A home builder shall create and record a set of covenants, conditions, and restrictions, establishing a home owner's association which shall be responsible for the maintenance of all landscaping in all common areas and ROW. The following are landscaping design requirements which shall be included in a development's CC& R's:
 - a. Landscaping (ADWR-approved) at one (1) tree and two (2) shrubs per twenty (20) feet of linear frontage along arterial or collector streets. Mounding and contouring of landscaped areas is required.
 - b. A landscaping package for each home shall be provided by the home builder consisting of a minimum of two (2)-fifteen (15) gallon trees.
 - c. Inorganic ground cover, specifically decomposed granite, shall be three-fourth (3/4) inch minus Jesse Red for all arterial and collector ROW landscaping areas.

3. All perimeter theme walls shall be in accordance with the "City Standard Wall" adopted by the City. All residential walls that front along arterial and collector streets be a combination of six by eight by sixteen (6x8x16) inch smooth face scored block and eight by eight by sixteen (8x8x16) architectural block as seen in design standards. Walls that border common open space shall be six by eight by sixteen (6x8x16) block and shall match the perimeter them wall. Dully walls shall be used only for side yards and rear yards and consist of four by eight by sixteen (4x8x16) inch block.

A. Common Design Elements

Wall Bordering arterial and collector streets shall have:

1. stained and sealed block and be two-tone in color(southwestern earth tone only).
2. a cap block eight by eight by sixteen (8x8x16) architectural block.
3. three bottom courses of eight by eight by sixteen (8x8x16)architectural block.
4. a geometric pattern consisting of architectural block to be repeated every at least every one hundred fifty (150) feet.
5. a decorative column at least every three (300) hundred feet consisting of architectural block.

B. The construction specifications must include the following:

1. eight by eight by sixteen (8x8x16) CMU solid masonry block construction with architectural block finishes.
2. a maximum thirty (30) feet spacing of complete wall expansion/construction joints.
3. two greased, smooth steel dowels per wall expansion/construction joint.

**DRAFT
CITY OF AVONDALE, ARIZONA
PLANNING COMMISSION
MEETING MINUTES**

Regular Meeting of: March 20, 2003

PRESENT:

Yolanda Gonzales, Commissioner
Rusty Martin, Commissioner
Anita Hedrick, Commissioner
William Moore Jr., Commissioner
Veronica De La O, Commissioner

OTHERS:

Dean Svoboda, Planning & Building Services Director
Nathan Crane, Planning Manager
Adrian Williamson, Planner
Steve Carrecia, Planner
Anna Roedler, Planner
Linda Fifer, Administrative Secretary

EXCUSED:

Bill Malone, Commissioner
Nancy J. Bolton, Commissioner

- 2) **CASE NO.:** A03-402-AM1
APPLICANT: Mr. Michael Pacheco
AZVT, LLC
1550 E. Missouri, Suite 300
Phoenix, Arizona 85014

REQUEST: Amendment to the Avondale Automall PAD to allow automotive dealerships and related uses to be located on all parcels. The Avondale Automall is located south of Interstate 10, between 99th and 107th Avenues.

Adrian Williamson, Planner II, presented the staff report to the Planning Commission. He said staff recommends approval of the proposed PAD amendment, subject to the seven stipulations contained in the staff report and two additional stipulations provided in a memo to the commission.

Commissioner Martin pointed out the applicant is requesting a conditional use for a number of other businesses, asking if that is why staff added a stipulation limiting the conditional use permits to auto related services. Mr. Williamson stated, while the original PAD listed other uses approved with the PAD, staff feels those uses would no longer be applicable in the subject area. He said, therefore, staff has limited the uses to automotive uses along Roosevelt. Commissioner Martin asked what is the square footage of the proposed retail center. Mr. Williamson said the square footage has not yet been determined. Commissioner Martin asked if the retail center could ultimately be made a dealership. Mr. Williamson responded yes.

Michael Pacheco, Applicant, said, in addition to developing the automall, they are also in the automobile business. He said their initial research, which was used as a model for Phase I, indicated automalls run from 50 to 70 acres. He said, however, they believe they will eventually have the largest automall in the country. He explained the proposed sizing is based on future markets and manufacturers' product line expansions.

Chairperson Hedrick opened the public hearing on Case No. A03-402-AM1. As no comments were made, she closed the public hearing.

Commissioner Martin expressed his opinion the automall will be a boon for the city and west valley.

COMMISSIONER MOORE MADE A MOTION TO FORWARD CASE NO. A03-402-AM1 TO THE MAYOR AND CITY COUNCIL WITH A RECOMMENDATION FOR APPROVAL, SUBJECT TO THE STIPULATIONS RECOMMENDED BY STAFF. COMMISSIONER DE LA O SECONDED THE MOTION. THE MOTION PASSED UNANIMOUSLY.

1. Development shall comply with the revised context plan dated February 10, 2003 and the PAD General Development Plan and Program as amended.
2. Automobile dealerships shall be developed in a contiguous fashion along Interstate 10 to avoid inter-mixed uses.
3. Automobile service and related uses not directly associated with an automobile dealership shall be located adjacent to Roosevelt Street subject to a Conditional Use Permit.
4. Outdoor storage by individual retail/service businesses of automotive parts and vehicles to be serviced is prohibited.
5. General retail uses shall only be allowed within a planned and a single center at the northeast corner of Dealer Drive and 107th Avenue.
6. The dedication of 107th shall occur with the final plat and improvements for 107th Avenue will be required from the developer as adjacent development occurs.
7. All individual retail developments not associated with an automotive dealership shall comply with the City of Avondale Sign Ordinance.
8. If automobile dealerships occupy 75% or more of the net area of the western 50 acres of the Automall, an additional 35-foot tall, 150 square feet per side freestanding pylon sign shall be allowed on 107th Avenue matching the existing freeway identification sign on Dealer Drive. These signs shall only identify the Automall and automobile dealerships. These signs shall require sign permits and be approved by staff prior to construction.

Draft March 20, 2003 Planning Commission Minutes
Page 3 of 3

9. If a retail commercial center is developed in the northwest corner of the PAD, a 12-foot tall, 84 square feet per side freestanding sign identifying the name of the center and individual tenants shall be permitted along 107th Avenue. This sign shall require a sign permit and be approved by staff prior to construction.

ORDINANCE NO. 927-03

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING THE AVONDALE AUTOMALL PLANNED AREA DEVELOPMENT (Z99-402-A) INCLUDING PERMITTED USES AND PROPERTY DEVELOPMENT STANDARDS FOR APPROXIMATELY 50 ACRES LOCATED AT THE SOUTHEAST CORNER OF 107th AVENUE AND INTERSTATE 10, AS SHOWN IN FILENAME A03-402-AM1.

WHEREAS, on December 20, 1999, the Council of the City of Avondale, (the "City Council") approved the Avondale Automall PAD zoning for approximately 150 acres of real property generally located at the southwest corner of 99th Avenue and Interstate 10; and

WHEREAS, the City Council desires to amend the Avondale Automall PAD zoning; and

WHEREAS, all due and proper notices of public hearings on this Ordinance held before the City of Avondale Planning and Zoning Commission (the "Commission") and the City Council were given in the time, form, and substance and manner provided by ARIZ. REV. STAT. § 9-462.04; and

WHEREAS, the Commission held a public hearing on Thursday, March 20, 2003, regarding this zoning amendment; and

WHEREAS, the Commission recommended to the City Council that this zoning amendment be approved; and

WHEREAS, the City Council held a public hearing regarding the zoning amendment on Monday, April 21, 2003.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

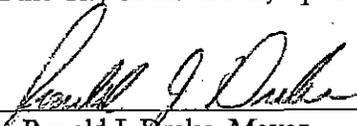
SECTION 1: That the Avondale Automall & Retail Shopping Center PAD approved for the Property on December 20, 1999, is hereby amended subject to the following stipulations:

1. Development shall be in substantial conformance with the revised the zoning context plan dated February 10, 2003 and the PAD Zoning Amendment dated March 5, 2003.
2. Automotive dealerships shall be developed in a linear fashion along Interstate 10. Retail and service uses shall not separate automotive dealerships.
3. Automobile service and related uses not directly associated with an automobile dealership shall be located adjacent to Roosevelt Street subject to a Conditional Use Permit.
4. Outdoor storage by individual retail/service businesses of automotive parts and vehicles to be serviced is prohibited.

5. General retail uses shall only be allowed within a planned, single center at the northeast corner of Dealer Drive and 107th Avenue.
6. The dedication of 107th shall occur with the final plat and improvements for 107th Avenue will be required from the developer as adjacent development occurs.
7. All individual retail developments not associated with an automotive dealership shall comply with the City of Avondale Sign Ordinance.
8. If automobile dealerships occupy 75% or more of the net area of the western 50 acres of the Automall, an additional 35-foot tall, 150 square feet per side freestanding pylon sign shall be allowed on 107th Avenue matching the existing pylon sign on 99th Avenue. An additional 75-foot tall, 573 square feet per side freeway identification sign shall be permitted on the western 50 acres on Dealer Drive matching the existing freeway identification sign on Dealer Drive. These signs shall only identify the Automall and automobile dealerships. These signs shall require sign permits and be approved by staff prior to construction.
9. If a retail commercial center is developed in the northwest corner of the PAD, a 12-foot tall, 84 square feet per side freestanding sign identifying the name of the center and individual tenants shall be permitted along 107th Avenue. This sign shall require a sign permit and be approved by staff prior to construction.
10. The provisions of the original Automall PAD (Z99-402-A) shall apply except as modified by the above stipulations.

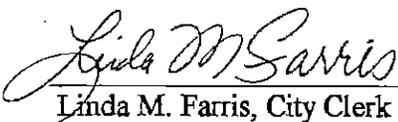
SECTION 3: If any provision of this Ordinance is for any reason held by any court of competent jurisdiction to be unenforceable, such provision or portion hereof shall be deemed separate, distinct and independent of all other provisions and such holding shall not affect the validity of the remaining portions of this Ordinance.

PASSED AND ADOPTED by the Council of the City of Avondale, April 21, 2003.



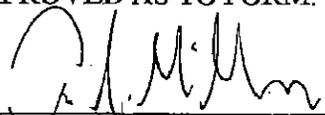
Ronald J. Drake, Mayor

ATTEST:



Linda M. Farris, City Clerk

APPROVED AS TO FORM:



Andrew J. McGuire, City Attorney

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After Recording Return to: City Clerk City of Avondale 525 N. Central Avondale, AZ 85323	City of Avondale
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226-100-1258320

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is made as of this 18th day of ~~OCTOBER~~, 1999, by and between the **CITY OF AVONDALE** (the "City"), an Arizona municipal corporation, and **AZVT, LLC**, an Arizona limited liability company (the "Developer").

RECITALS:

A. Developer owns certain land located generally at the southwest corner of Interstate 10 and 99th Avenue, in Avondale, Arizona which consists of approximately 150 acres, more or less (the "Property"). The legal description describing the Property is attached hereto as Exhibit "A".

B. Unofficial Document It is the desire and intention of Developer to develop the Property as follows:

(i) Develop and construct on approximately the east half of the Property an auto mall complex consisting of new car automotive dealerships and other automotive uses (the "Auto Mall"), and

(ii) Develop and construct on approximately the west half of the Property a commercial retail center and related uses (the "Retail Center")(the Auto Mall and the Retail Center are sometimes hereinafter collectively referred to as the "Project"); with the development of the Project to be generally in conformance with the conceptual site development plan attached hereto as Exhibit "B" (the "Development Plan"), it being understood that the Development Plan may be revised by Developer from time-to-time to reflect changes to the Project and as long as the revisions are approved by the City as required by law and do not materially change the Auto Mall and Retail Center to be constructed, such revisions shall not effect the terms of this Agreement.

C. Developer and City both believe that the development of the Project pursuant to this Agreement will result in significant benefits to City, its residents and the general public and enhance the economic ability of City by:

(i) significantly increasing transaction privilege tax (hereinafter "retail sales tax") revenues of the City by encouraging new car automotive dealerships and other retail businesses to be located within Avondale and within the Project in particular;

(ii) increasing real property tax revenues based on all of the improvements to be constructed at the Project;

(iii) creating new jobs in businesses to be located within and near the Project; and

(iv) retaining two (2) dealerships within the City who might otherwise relocate to another jurisdiction.

- D. City also wishes to obtain from Developer the construction of certain strategic infrastructure improvements and the dedication of certain public rights-of-way at no cost to City. Developer's infrastructure improvements will include extensive permanent water line, sewer line, and other utility extensions; the construction of fully improved, landscaped, lighted and signalized public streets and half-streets to enhance traffic flow; and the installation of landscaped frontage along Interstate 10 to upgrade the Property's current streetscape.
- E. Developer shall use its reasonable, good faith and diligent efforts to attract additional automotive dealerships to the Auto Mall, and retail businesses to the Retail Center. To that end, Developer has secured agreements to place both Gateway Chevrolet and Avondale Dodge in the Auto Mall in order to retain, and expand through future growth, the benefits of these dealerships for the City, and avoid the loss of these local businesses to competing sites in Goodyear and Tolleson.
- F. In light of the mutual benefits to City and Developer resulting from the Project, City and Developer desire that Developer receive an economic incentive in the form of retail sales tax rebates as described herein.
- G. Developer and City understand this Agreement is contingent upon Developer obtaining PADD C-2 zoning and the related use permits from the City for the Property and the Project, and substantially completing the infrastructure improvements described above.
- H. Developer and City further understand and acknowledge that this Agreement is within the meaning of, and is entered into pursuant to the terms of, A.R.S. Section 9-500.11, and the terms of this Agreement are intended to be binding upon City and Developer, but only to the extent permitted by law, and their successors and assigns and which terms and provisions will run with the land.

AGREEMENT:

In reliance upon and for the reasons set forth above, and in consideration of the covenants set forth herein, the parties hereto agree as follows:

1.0 Annexation.

1.1 The Property is already annexed into the City.

2.0 Development in Accordance With Zoning and Plat Approval.

2.1 Approvals. The Property is currently zoned for agricultural use, and Developer will apply to the City to rezone the Property to PADD C-2. The PADD C-2 rezoning complies with

the City's present General Plan. Upon the mutual execution of this Agreement by Developer and City, Developer's PADD C-2 zoning application and the required plat for the Project, which shall be in general conformance with the Development Plan, will be submitted to the City for review and processing to obtain the necessary rezoning approval.

3.0 Term of Agreement.

3.1 Term. This Agreement will commence upon the mutual execution of this Agreement by City and Developer, and will continue until the 15th (fifteenth) anniversary of the date the first automobile dealership opens for business.

4.0 Financial Assistance.

4.1 The Benefits of Project to the Community. The City has determined, based upon its independent evaluation, that development of the Project will provide social and economic benefits to the community. The proposed Project will provide a source of employment and creation of jobs within the community, and will generate needed additional retail sales and property tax revenues to the City and other public agencies. The proposed development will enable needed capital projects to be completed which will improve the economic and physical conditions of the community, provide for the public safety and convenience of the community, and will enhance the economic welfare of the inhabitants of the City.

4.2 Financial Assistance. Each auto dealership and retail business within the Project will collect all retail sales tax levied pursuant to the City Tax Code of the City of Avondale resulting from retail sales by such dealerships and retail businesses located within the Project, and will remit the same to the City according to law. ^{Unofficial Document} As an inducement to Developer to construct the infrastructure improvements, and to develop, attract, and open auto dealerships, other automotive uses, and retail businesses within the Project, and pursuant to the provisions of Section 9-500.11 of the Arizona Revised Statutes, the City hereby agrees to rebate a portion of the retail sales tax generated by each of the auto dealerships and other automotive uses operating within the Auto Mall, and retail businesses operating in facilities greater than 10,000 square feet within the Retail Center, and paid to the City. Upon the substantial completion by Developer of the infrastructure improvements described in Recital D, for the term described in Section 3.1 above, the City will rebate to Developer fifty percent (50%) of the annual retail sales taxes generated by each of the businesses described above located within the Project, payable in annual installments. The City's obligation to pay the annual retail sales tax rebates payments to Developer will automatically cease and the City will have no further obligation to Developer pursuant to this Agreement upon the earlier of the expiration of the fifteen (15) year term described in Section 3.1 above, or upon the Developer receiving a total of Twelve Million Dollars (\$12,000,000) (the date of such event being hereinafter referred to as the "Termination Date").

The first annual payment required by the preceding paragraph will be paid no later than sixty (60) days after the first calendar year-end following the opening for business of the first auto dealership or qualifying retail business generating retail sales tax within the Project. Subsequent annual payments will be made no later than sixty (60) days after the end of each succeeding calendar year. Each annual payment will be mailed to Developer at the address for notice set forth in Section 7.0 below, or as otherwise agreed by City and Developer.

The City's obligations under this Agreement, including without limitation, the City's obligations under this Section 4.0 relating to financial assistance are expressly conditioned upon Developer's substantial completion of the infrastructure improvements within the Project. If

there is a period of time during which no retail sales taxes are generated by the qualifying businesses within the Project, then Developer shall not be entitled to any Financial Assistance during that time. However, if, after such time period, retail sales taxes are again generated by the auto dealerships, other automotive uses, and the qualifying retail businesses located within the Project, then the City's obligation to pay the Financial Assistance to Developer (or its successors in interest or assigns pursuant to Section 12.7 below) shall resume until the Termination Date, which shall not be extended beyond the term provided in Section 4.2 above.

Developer shall have the right, as permitted by Section 12.7 below, to assign a portion of its right to receive retail sales tax rebates hereunder to any one or more persons or entities that purchase or lease a portion of the Property within the Project (an "Assignee"). Retail sales tax rebates paid directly by the City to Developer or its Assignee (or its permitted successors and assigns) at the request of and on behalf of the Developer will decrease the remaining retail sales tax rebate payments due the Developer hereunder. Any assignment requested by the Developer shall be approved by the City, such approval not to be unreasonably withheld or delayed.

4.3 Van Buren Sewer Line. As a part of the infrastructure improvements required by this Agreement, Developer agrees to build offsite improvements consisting of a sewer line (the "Van Buren Sewer Line") within the Van Buren Street public right-of-way, all in accordance with the City's latest adopted regulations, ordinances, current engineering design guidelines and construction standard notes/details and county requirements where applicable. Developer shall be responsible for the actual design costs and construction costs of the Van Buren Sewer Line. In consideration for the fact that the Van Buren Sewer Line is essential public infrastructure providing a broad public benefit, Developer shall comply with all City procurement regulations applicable to City participation in funding the cost of the Van Buren Sewer Line.

Developer shall obtain from its contractor and assign to the City a warranty for the Van Buren Sewer Line for a period of at least one(1) year following the issuance date of the City's acceptance document.

The City acknowledges and agrees that a portion of the Van Buren Sewer Line improvement (the "Reimbursable Items") shall benefit other properties and the Developer shall be entitled to reimbursement by such property owners for the cost of the Reimbursable Items. Concurrently with or following the completion of construction and the dedication or other conveyance of the Van Buren Sewer Line to the City, the Developer shall provide the City with a statement setting forth, in reasonable detail, the actual cost of the construction of such sewer line. The determination of the Reimbursable Items shall be based on the actual cost of design and construction of the Van Buren Sewer Line, including all engineering and design fees and costs, the costs of permits, the cost of construction materials and labor, and all other direct costs incurred in connection with such design and construction.

The City further agrees that with respect to each of the Reimbursable Items, it shall require each property owner who is benefited by the Van Buren Sewer Line to pay its proportionate share of the cost of the Reimbursable Items pursuant to a "Reimbursement Agreement", in form reasonably satisfactory to Developer and City before any development shall be permitted on the benefited property, whether as a result of an application for approval of development or improvement plans, an application for approval of a change in the zoning or uses otherwise applicable to such benefited property(ies), an application for approval of a development agreement with the City or otherwise. Each benefited property's share of the cost of the Reimbursable Items shall be determined in accordance with the Reimbursement

Agreement. Reimbursement shall be based on the relative area of the benefited property to the entire assessable area served by the applicable Van Buren Sewer Line, unless otherwise provided in the City Code for the type of improvement involved. Each benefited property owner shall pay its full share of the cost of the Reimbursable Items, in respect of its share, in cash to the City at the time such owner receives its first building permit for any improvements to the benefited property issued after the date of this Agreement as a result of any of the matters hereinabove described. The City shall within a reasonable time following receipt of such payment, not to exceed thirty (30) days, pay to the Developer all reimbursements collected on behalf of the Developer. Any such reimbursements received by Developer will decrease the remaining retail sales tax rebate payments due the Developer hereunder, by the amount of such reimbursement.

4.4 Change in Sales Tax Laws. If the laws which entitle the City to receive the City retail sales tax based on sales at or from the businesses located within the Project are repealed or modified after the date of this Agreement or if the sales tax the City is entitled to receive based on such sales is totally or partially replaced with another source of revenue, then the City's obligation to pay the annual retail sales tax rebate payments will be deemed modified and will be renegotiated. In that event, Developer and the City will fully cooperate with one another in amending this Agreement as necessary or appropriate to facilitate Developer's receiving the payments described in Section 4.2 above, so the intent of this Agreement can be attained.

4.5 Status of Payments. Developer and the City will cooperate with one another in issuing periodic reports of the status of the City's obligation to make annual payments pursuant to this Agreement.

Unofficial Document

4.6 Completion of the Auto Mall and Retail Center. Notwithstanding any other provision in this Agreement, the City's obligation to pay the annual payments pursuant to Section 4.2 above will apply only if construction of the Auto Mall development begins promptly following the City's approval of Developer's planned PADD C-2 zoning permitting the construction of the Project, and construction of the Retail Center begins promptly following Developer executing contracts for parcel sales or leases with anchor tenants necessary to make the Retail Center financially feasible. Developer's construction will be substantially completed within twenty four (24) months from the date Developer begins construction, except that the time for completion will be extended for a period equal to delays caused by force majeure or other causes beyond the reasonable control of Developer, unless such time periods are extended with the approval of the City.

5.0 Default.

5.1 Default by Either Party. If either party fails to perform any obligation, including City's obligation to pay money pursuant to this Agreement, and fails to cure its nonperformance within 30 (thirty) days after notice of nonperformance is given by the non-defaulting party, such party will be in default and the non-defaulting party will have all remedies which are available to it at law or in equity including, without limitation, the remedy of specific performance; provided, however, that if the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 (thirty) days, then the defaulting party will have such additional periods of time as may be reasonable under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance, until its nonperformance has been cured.

6.0 Relationship of the Parties.

6.1 Negation of Agency, Joint Venture or Partnership. The parties acknowledge that in entering into this Agreement, they are acting as independent entities and not as agents of the other in any respect and hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing in this Agreement will be construed as making them joint venturers or partners.

7.0 Notices and Filings.

7.1 Manner of Serving. All notices, filings, consents, approvals and other communications provided for herein or given in connection herewith shall be validly given, filed, made, delivered or served if in writing and delivered personally, sent by facsimile transmission or sent by registered or certified United States Mail, postage prepaid, if to:

The City: City of Avondale
525 North Central Avenue
Avondale, AZ 85323
Attn.: City Manager
Facsimile No. (602) 925-2162

The Developer: AZVT, LLC
P.O. Box 16460
Phoenix, AZ 85011
Attn: Mike Pacheco
Facsimile No. (602) 230-2826

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with a copy to: BEUS GILBERT PLLC
1000 Great American Tower
3200 North Central Avenue
Phoenix, AZ 85012-2417
Attn: Gordon M. Wasson, Esq.
Facsimile No. (602) 234-5893

or to such other addresses as either party hereto may from time to time designate in writing and deliver in a like manner.

7.2 Effective Delivery. If not received sooner, notices, filings, consents, approvals and communication ("Notices") given by mail shall be deemed delivered seventy-two (72) hours following deposit in the U.S. mail, postage prepaid and addressed as set forth above. Notices given by personal delivery are effective upon receipt, and Notices given by facsimile transmission are effective upon electronic verification of delivery or receipt.

8.0 Lender Provisions.

8.1 Lender Not Obligated to Construct. Notwithstanding any of the provisions of this Agreement, including but not limited to, those which are or are intended to be covenants running with the land, any lender who provides construction, interim or permanent financing for all or any part of the Property, and such financing is secured by a lien against the Property ("Lender"), shall in no way be obligated by the provisions of this Agreement to construct or complete the

development of the Project, or any part thereof, or to guarantee such construction completion or any other obligations related thereto. Notwithstanding the foregoing, Lender's purchaser or its other successors in interest in the Project (other than another lender or financial institution or acquirer of Lender) shall be obligated by the provisions of this Agreement.

8.2 Copy of Notice of Default to Lender. Whenever City shall deliver any notice or demand to Developer with respect to any breach or default by Developer under this Agreement, City shall at the same time forward a copy of such notice or demand to each Lender on any portion of the Property which may be affected by such notice provided such Lender has delivered or mailed written notice to City of its interest in the Property and mailing address.

8.3 Lender's Option to Cure Defaults. After any uncured Developer default referred to in Section 5.2 above, each Lender shall (insofar as the rights of City are concerned) have the right, at its option, to cure or remedy such default to the extent that it relates to the part of the Property covered by its lien and to add the cost of such cure to its debt and lien.

8.4 Transfer of the Property to or by the Lender. Nothing contained in this Agreement shall be deemed to prohibit, restrict, or limit in any way the right of Lender to take title to all or any part of the Property, pursuant to a foreclosure proceeding, trustee's sale or deed in lieu of foreclosure.

9.0 Representations and Warranties.

9.1 City Acknowledgement. City acknowledges that Developer has acquired the Property and is entering into this Agreement and has expended, and will continue to expend, substantial time, efforts and money with regard to development of the Project in reliance upon the representations, warranties and covenants of City as described elsewhere in this Agreement and hereinbelow. City represents and warrants to Developer that all of City's representations and warranties set forth in this Agreement are true in all material respects as of the date of this Agreement, including the following:

9.2 City Organization. City is a duly organized, validly existing municipal corporation in the State of Arizona and the person signing this Agreement on behalf of City is authorized to do so. The transactions contemplated by this Agreement and the execution and delivery of all documents required herein, and City's performance hereunder, have been duly authorized by all requisite actions of City and/or other parties. The execution and delivery of this Agreement and any other document required herein and the consummation of the transaction contemplated hereby and thereby will not result in any violation of, or default under, any term or provision of any applicable agreement, instrument, law, rule, regulation or official policy to which City is a party or by which City is bound.

9.3 No City Litigation. There is no litigation, investigation or proceeding pending or, to the knowledge of the City, contemplated or threatened against the City, or the Property which would impair or adversely affect the City's ability to perform its obligations under this Agreement or under any instrument or document related hereto.

9.4 Developer Acknowledgement. Developer acknowledges that City has expended and will continue to expend substantial time and effort with regard to the development of the Project in reliance upon the representations, warranties and covenants of Developer as described elsewhere in this Agreement and hereinbelow. Developer represents and warrants to City that

all of Developer's representations and warranties set forth in this Agreement are true in all material respects as of the date of this Agreement, including the following:

9.5 Developer Organization. Developer is a duly organized validly existing limited liability company in the State of Arizona and the person signing this Agreement on behalf of Developer is authorized to do so. The transactions contemplated by this Agreement and the execution and delivery of all documents required herein, and Developer's performance hereunder, have been duly authorized by all requisite actions of Developer and/or other parties. The execution and delivery of this Agreement and any other document required herein and the consummation of the transaction contemplated hereby and thereby will not result in any violation of, or default under, any term or provision of any application agreement, instrument, law, rule, regulation or official policy to which Developer is a party or by which Developer is bound.

9.6 No Developer Litigation. There is no litigation, investigation or proceeding pending or, to the knowledge of Developer, contemplated or threatened against Developer or the Property which would impair or adversely affect Developer's ability to perform its obligations under this Agreement or under any instrument or document related hereto.

9.7 Restatement of Warranties. At any time, or from time to time, upon the request of Developer, City within ten (10) days following receipt of Developer's request, shall reaffirm and restate any or all of its representations, warranties and covenants as set forth in this Agreement and any other agreements and instruments executed in connection herewith.

10.0 Access to the Property

10.1 Interstate 10 Frontage Road. Unofficial Document City agrees to use its best efforts to (i) assist Developer in obtaining one or more curb-cuts (entranceways) into the Project from the Interstate 10 frontage road, and (ii) assist Developer in obtaining the removal and/or redesign and upgrade of the existing chain-link fence parallel to the Project and the Interstate 10 frontage road.

11.0 New Dealerships

11.1 New Dealerships. To the extent legally possible, for the period from the effective date hereof through the Termination Date, City agrees to use its best efforts to refer any new automotive dealerships requesting to locate in the City to the Developer for possible location within the Auto Mall.

12.0 General.

12.1 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by City or Developer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

12.2 Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorney's fees by the other party, and in the event any judgement is secured by said prevailing party, all such

costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

12.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single Instrument so that the signature of all parties may be physically attached to a single document.

12.4 Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

12.5 Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

12.6 Time Essence. Time is of the essence of this Agreement.

12.7 Successors. All of the provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. Notwithstanding the foregoing, Developer shall have the right, upon fifteen (15) days' prior written notice to City, to assign all or part of its rights hereunder to any one or more persons or entities that purchase or lease a portion of the Property within the Project. Any assignment requested by the Developer shall be approved by the City, such approval not to be unreasonably withheld or delayed. Developer's rights and obligations hereunder may only be assigned by a written instrument expressly assigning such rights and obligations. In the event of a complete assignment by Developer of all rights and obligations of Developer hereunder, Developer's liability hereunder shall terminate effective upon the assumption by Developer's assignee.

12.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

12.9 Amendment. No amendment or waiver of any provision in this Agreement will be binding on the City unless and until it has been approved by the City Council and has become effective, or on Developer unless and until it has been executed by an authorized representative.

12.10 Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

12.11 Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, then the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable, will not be affected by that invalidity or unenforceability and each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

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12.12 Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith, so the intent of this Agreement can be attained.

12.13 Exhibits. All Exhibits attached hereto are incorporated herein by reference. The Exhibits are as follows:

- Exhibit "A" - Legal Description of Property
- Exhibit "B" - Development Plan
- Exhibit "C" - Construction Schedule

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

"DEVELOPER"

AZVT, LLC, an Arizona limited liability company

By: [Signature] 10-8-99
Date

Its: Manager

Unofficial Document

"CITY"

CITY OF AVONDALE, ARIZONA, an Arizona municipal corporation

By: [Signature] 10/18/99
Date

Its: VICE MAYOR
[Signature]
CITY CLERK

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STATE OF ARIZONA)
)
County of Maricopa)

The foregoing instrument was acknowledged before me this 8th day of October, 1999, by LARRY VAN TOYL, who acknowledged himself to be the Manager of AZVT, LLC, an Arizona limited liability company, for and on behalf of the company.

Linda Cortright
Notary Public

My commission expires:
6-30-2002



STATE OF ARIZONA)
)
County of Maricopa)

The foregoing instrument was acknowledged before me this 18th day of OCTOBER, 1999, by HENRY BELTRAN & LINDA TYLER Unrecorded Document who acknowledged himself to be the VICE MAYOR & CITY CLERK of the CITY OF AVONDALE, an Arizona municipal corporation, for and on behalf of the municipal corporation.

Sharon K. Marshall
Notary Public



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EXHIBIT "A"

The South half of the North half of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

EXCEPT any portion of the above described property lying between Line Nos. 1 and 2, as set forth in Final Order of Condemnation recorded in Instrument No. 84-463775, described as follows:

LINE NO. 1: COMMENCING at the Northeast corner of said Section 5;
THENCE South 0 degrees 22 minutes 39 seconds East, along the East line of said Section, 300.00 feet to the POINT OF BEGINNING;
THENCE South 89 degrees 37 minutes 21 seconds West, 40.00 feet;
THENCE South 7 degrees 08 minutes 11 seconds West, 382.34 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 58.65 feet;
THENCE South 80 degrees 16 minutes 47 seconds West, 859.88 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 4111.38 feet;
THENCE North 50 degrees 46 minutes 18 seconds West, 99.22 feet;
THENCE North 10 degrees 31 Unofficial Document 07 seconds West, 187.67 feet;
THENCE South 89 degrees 44 minutes 25 seconds West, 55.00 feet to the POINT OF ENDING on the West line of said Section 5, which point bears South 0 degrees 15 minutes 35 seconds East, 539.97 feet from the Northwest corner of said Section.

LINE NO. 2: COMMENCING at the East quarter corner of said Section 5;
THENCE North 0 degrees 22 minutes 39 seconds West, along the East line of said Section, 170.48 feet to the POINT OF BEGINNING;
THENCE South 89 degrees 37 minutes 21 seconds West, 40.00 feet;
THENCE North 0 degrees 22 minutes 39 seconds West, 1009.75 feet;
THENCE North 85 degrees 00 minutes 46 seconds West, 1014.57 feet;
THENCE South 88 degrees 58 minutes 31 seconds West, 4124.51 feet;
THENCE South 6 degrees 08 minutes 17 seconds West, 403.83 feet;
THENCE South 89 degrees 44 minutes 25 seconds West, 55.00 feet to the POINT OF ENDING on the West line of said Section 5, which point bears North 0 degrees 15 minutes 35 seconds West, 900.75 feet from the West quarter corner of said Section; and also

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EXCEPT that portion of the South half of the Northwest quarter and of the Southwest quarter of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix Highway) and the following described line:

COMMENCING at the West quarter corner of said Section 5;
THENCE along the West line of said Section 5, North 0 degrees 04 minutes 33 seconds West 1500.70 feet (1500.75, record) to the centerline of said Interstate Highway 10;
THENCE along said centerline North 89 degrees 09 minutes 33 seconds East, 1071.07 feet;
THENCE South 0 degrees 50 minutes 27 seconds East, 200.00 feet to the POINT OF BEGINNING on said existing South right of way line of Interstate Highway 10;
THENCE continuing South 0 degrees 50 minutes 27 seconds East, 46.18 feet;
THENCE North 87 degrees 35 minutes 49 seconds East, 960.36 feet;
THENCE North 87 degrees 31 minutes 21 seconds East, 700.29 feet to the POINT OF ENDING on said South right of way line of Interstate Highway 10, as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0512378; and also

EXCEPT that portion of the South half of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix) and the following described line:

COMMENCING at the East quarter corner of said Section 5;
THENCE along the East line of said Section 5, North 0 degrees 11 minutes 37 seconds West a distance of 1486.92 feet to the Median centerline of the aforesaid Interstate Highway 10;
THENCE South 89 degrees 09 minutes 33 seconds West 1443.24 feet;
THENCE South 0 degrees 50 minutes 27 seconds East 200.00 feet to the POINT OF BEGINNING in the aforesaid South right of way line of Interstate Highway 10;
THENCE South 88 degrees 15 minutes 51 seconds East 400.41 feet;
THENCE South 84 degrees 12 minutes 12 seconds East 276.85 feet;
THENCE South 82 degrees 58 minutes 47 seconds East 681.15 feet;
THENCE South 41 degrees 35 minutes 13 seconds East, 75.02 feet to the POINT OF ENDING on the existing West right of way line of 99th Avenue as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0406965; and also;

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EXCEPT that portion of the South half of the Northwest quarter and of the Southwest quarter of the Northeast quarter of Section 5, Township 1 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies between the existing (1978) South right of way line of Interstate Highway 10 (Ehrenberg-Phoenix Highway) and the following described line:

COMMENCING at the West quarter corner of said Section 5;
THENCE along the West line of said Section 5, North 0 degrees 04 minutes 33 seconds West 1210.70 feet;
THENCE North 89 degrees 55 minutes 27 seconds East 89.76 feet to the POINT OF BEGINNING on the existing East right of way line of 107th Avenue;
THENCE North 73 degrees 19 minutes 36 seconds East 150.91 feet;
THENCE North 89 degrees 09 minutes 33 seconds East 700.01 feet;
THENCE North 87 degrees 35 minutes 49 seconds East 140.05 feet;
THENCE North 0 degrees 50 minutes 27 seconds West 46.18 feet to the POINT OF ENDING on the aforesaid existing South right of way of the 107th Avenue Interchange as conveyed to the STATE OF ARIZONA, by and through its Department of Transportation in Instrument No. 92-0406966; and also

EXCEPT the West 40 feet and the East 33 feet thereof.

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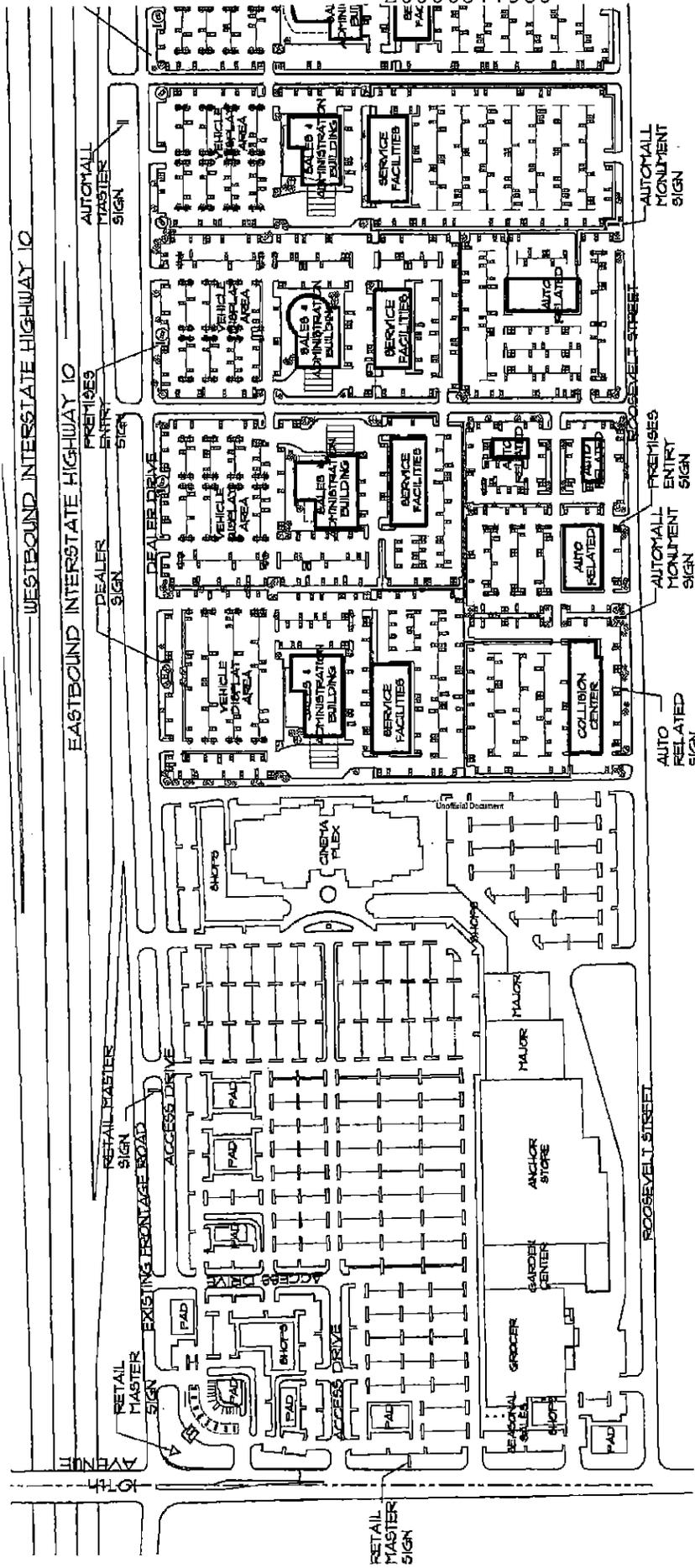
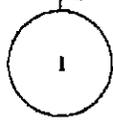


EXHIBIT "B" - PAGE 1 OF 2

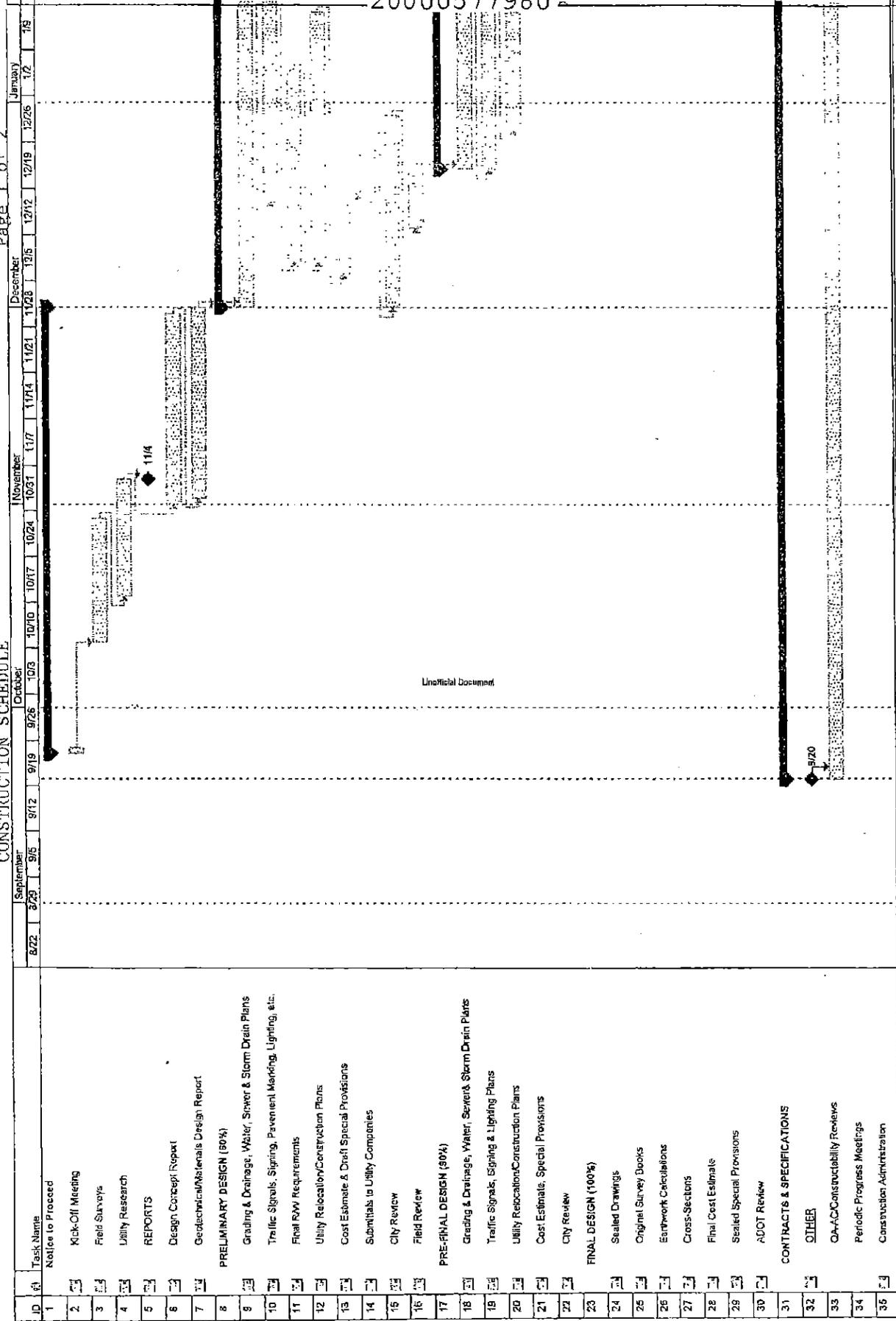


SITE PLAN

SCALE: NO SCALE

EMPGSBYB
2/20/07/08

EXHIBIT "C"
CONSTRUCTION SCHEDULE



Task	Milestone Summary	Roll Up Task	Roll Up Milestones	External Tasks
Task	Milestone Summary	Roll Up Task	Roll Up Milestones	External Tasks
Spill				Project Summary
Progress				

Project: Avondale Atoll
Date: Mon 9/20/99

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DATA INPUT FORM
PROSPECT INFORMATION

Project Name: Auto Mail
Industry Name: AUTO DEALERS & SVC STATIONS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Total Direct Employment:	240	550	1,090	1,090	1,090	1,090	1,090	1,090	1,090	1,090
Percent of Employees Living in Avoidable	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Value of Taxable Direct Sales:	\$43,750,000	\$215,000,000	\$270,000,000	\$286,200,000	\$303,372,000	\$321,574,320	\$340,868,779	\$361,320,906	\$383,000,160	\$405,980,170
Total Annual Payroll:	\$1,189,440	\$17,395,560	\$21,608,160	\$22,256,405	\$22,924,097	\$23,611,820	\$24,320,175	\$25,049,780	\$25,801,273	\$26,575,311
Percent Skilled Workforce	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Percent Semi-Skilled Workforce	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Percent Unskilled Workforce	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Value of New Construction	\$12,740,000	\$45,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Acreage (enter in year of constr. only)	25.0	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land Cost per Acre	\$141,570	\$262,812	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Square Footage (retail projects only)	98000	350000	0	0	0	0	0	0	0	0
Sales per Square Foot (retail projects only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Price (if buying existing building)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Lease Cost (if leasing existing space)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Local Equipment Purchases	\$500,000	\$1,100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Nonlocal Equipment Purchases	\$1,200,000	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Est. Monthly Water Use (000 gallons)	25,000	125,500	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000
Water meter size (inches)	0.50									
Estimated Monthly Electric Costs	\$18,500	\$105,502	\$135,700	\$139,771	\$143,964	\$148,283	\$152,721	\$157,313	\$162,032	\$166,893
New Water Main Miles Added	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Street Miles Added	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Sanitary Sewer Miles Added	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Excess Monthly Sewer Charges for Pretreatment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Housing Units (res. projects only)	0	0	0	0	0	0	0	0	0	0
If residential, is this a multi-family project? (yes=1, no=0)	0									
Sales Tax Incentives (fixed amount)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduced Sales Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Permit Fees Waived (yes=1, no=0)	2									
State Shared Revenues Adjusted (yes=1, no=0)	0	0	1	\$0	0	\$0	\$0	0	0	0

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**2000
ECONOMIC IMPACT SUMMARY
CITY OF AVONDALE**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Demographic										
Population	2,741	13,907	17,492	18,322	19,199	20,127	21,108	22,146	23,244	24,405
School Age Population	628	3,186	4,007	4,198	4,398	4,611	4,836	5,074	5,325	5,591
Households	848	4,306	5,416	5,672	5,944	6,231	6,535	6,856	7,196	7,556
Economic										
Employment	1,177	5,970	7,509	7,866	8,242	8,640	9,062	9,507	9,979	10,477
Personal Income	\$8,790,322	\$56,228,816	\$70,345,075	\$73,834,433	\$77,511,253	\$81,386,063	\$85,470,086	\$89,775,176	\$94,313,877	\$99,099,467
Output	\$108,984,147	\$395,850,211	\$747,038,086	\$788,477,750	\$832,302,312	\$878,651,827	\$927,674,656	\$979,527,963	\$1,034,378,251	\$1,092,401,917
Real Estate										
Residential Units	848	4306	5416	5672	5944	6231	6535	6856	7196	7556
Non-residential Sq. Feet	523,014	2,654,849	3,315,225	3,469,738	3,633,144	3,805,964	3,988,753	4,182,095	4,386,611	4,602,960
Assessed Value	\$62,489,293	\$309,836,854	\$373,119,279	\$387,569,953	\$402,528,258	\$417,991,056	\$433,925,729	\$451,136,679	\$470,171,689	\$490,307,975

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FISCAL IMPACT SUMMARY BY FUND
 CHESAPEAKE COUNTY
 1996 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV*	NPV*
											Years 1 to 5	Years 1 to 10
General Fund-Direct												
Revenue	\$996,663	\$4,773,790	\$5,304,933	\$4,579,319	\$5,868,023	\$6,171,737	\$6,491,064	\$6,830,392	\$7,193,000	\$7,576,555	\$13,531,840	\$37,709,861
Expenditures and Transfers Out	\$299,699	\$1,401,577	\$1,323,363	\$1,387,097	\$1,454,155	\$1,524,701	\$1,598,873	\$1,677,691	\$1,761,916	\$1,851,006	\$3,642,752	\$9,566,970
Net Impact	\$696,964	\$3,372,214	\$3,981,569	\$4,192,222	\$4,413,867	\$4,647,036	\$4,892,193	\$5,152,702	\$5,431,085	\$5,725,549	\$9,889,088	\$28,142,891
Transportation-Direct												
Revenue	\$10,457	\$32,941	\$58,969	\$61,966	\$65,119	\$68,436	\$71,924	\$75,630	\$79,590	\$83,779	\$151,423	\$418,142
Expenditures and Transfers Out	\$3,030	\$9,605	\$16,788	\$23,020	\$25,097	\$25,097	\$25,097	\$25,097	\$25,097	\$20,771	\$42,486	\$131,549
Net Impact	\$7,427	\$43,337	\$42,181	\$38,946	\$40,022	\$43,339	\$46,827	\$50,533	\$54,493	\$63,008	\$108,937	\$286,594
Waste Water Enterprise Fund-Direct												
Revenue	\$1,231	\$3,224	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,185	\$3,848	\$8,996
Expenditures and Transfers Out	\$1,495	\$4,040	\$4,993	\$6,017	\$6,358	\$6,358	\$6,358	\$6,358	\$6,358	\$6,358	\$17,825	\$36,713
Net Impact	(\$264)	(\$816)	(\$1,807)	(\$2,832)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$3,173)	(\$13,977)	(\$27,717)
Water Enterprise Funds-Direct												
Revenue	\$1,394	\$3,802	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$3,848	\$10,701
Expenditures and Transfers Out	\$2,767	\$7,910	\$12,177	\$16,413	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$17,825	\$31,956
Net Impact	(\$1,373)	(\$4,107)	(\$8,329)	(\$12,565)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$13,977)	(\$21,255)
Direct Net Impact-All Funds	\$642,734	\$3,410,627	\$4,013,614	\$4,215,772	\$4,436,740	\$4,673,226	\$4,935,986	\$5,186,085	\$5,468,428	\$5,771,407	\$10,072,175	\$28,350,065

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REAL ESTATE SUPPORTED BY: Auto Mall
CITY OF AVONDALE

Land Use	Square Feet Supported									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Hotel	6,558	35,852	44,949	47,442	50,079	52,868	55,818	58,938	62,238	65,730
Retail	226,263	1,116,667	1,406,340	1,468,603	1,534,449	1,604,089	1,677,745	1,755,654	1,838,066	1,925,246
Office	145,118	770,070	966,692	1,017,263	1,070,745	1,127,308	1,187,134	1,250,414	1,317,351	1,388,161
Industrial	98,180	472,948	596,311	621,038	647,188	674,845	704,097	735,038	767,767	802,390
Hospital	15,258	83,418	104,584	110,385	116,521	123,010	129,873	137,132	144,811	152,934
Utilities	3,722	20,348	25,511	26,926	28,422	30,005	31,679	33,450	35,323	37,304
Government	26,324	126,843	159,926	166,563	173,581	181,004	188,855	197,160	205,944	215,237
Other	1,592	8,704	10,913	11,518	12,158	12,836	13,552	14,309	15,110	15,958
Housing Units	848	4,306	5,416	5,672	5,944	6,231	6,535	6,856	7,196	7,556
Total Square Feet	523,014	2,634,849	3,315,225	3,469,738	3,633,144	3,805,964	3,988,753	4,182,095	4,386,611	4,602,960

Source: U.S. Bureau of Labor Statistics, Applied Economics.

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**TOTAL FISCAL IMPACT OF: Auto Mall
GENERAL FUND
CITY OF AVONDALE
1996 Dollars**

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES	\$1,642,676	\$8,297,387	\$12,362,575	\$12,740,991	\$13,233,491
Taxes					
Sales Tax	\$1,010,865	\$5,191,566	\$5,912,359	\$6,231,773	\$6,569,570
Primary Property Tax	\$158,867	\$781,757	\$909,917	\$939,868	\$970,118
Utility Franchise Tax	\$40,786	\$211,839	\$267,055	\$279,444	\$292,519
Cable TV Franchise	\$5,887	\$29,872	\$37,573	\$39,355	\$41,239
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$10,755	\$54,578	\$68,649	\$71,904	\$75,347
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$2,188	\$11,105	\$1,431,483	\$1,432,145	\$1,432,846
State Income Tax	\$2,339	\$11,870	\$1,530,110	\$1,530,818	\$1,531,566
Vehicle License Tax	\$67,052	\$340,255	\$427,976	\$448,271	\$469,734
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$56,923	\$237,629	\$75,615	\$18,354	\$19,410
Electrical Permit Fees	\$1,970	\$8,226	\$2,617	\$635	\$672
Plumbing Permit Fees	\$1,970	\$8,226	\$2,617	\$635	\$672
Engineering Fees	\$14,924	\$62,303	\$19,825	\$4,812	\$5,089
Planning Application Fees	\$3,990	\$16,656	\$5,300	\$1,286	\$1,360
Plan Check Fees	\$5,572	\$23,262	\$7,402	\$1,797	\$1,900
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$168,273	\$853,902	\$1,074,046	\$1,124,977	\$1,178,840
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$186	\$943	\$1,186	\$1,242	\$1,302
Court Fines	\$43,977	\$221,102	\$271,949	\$284,845	\$298,483
Misc Fines/Forfeits	\$660	\$3,297	\$3,994	\$4,183	\$4,383
Miscellaneous					
Interest	\$24,442	\$123,462	\$183,951	\$189,581	\$196,910
Ambulance Fees	\$4,745	\$24,076	\$30,283	\$31,720	\$33,238
Other	\$16,303	\$81,460	\$98,666	\$103,345	\$108,293
EXPENDITURES	\$1,023,218	\$5,045,090	\$5,860,443	\$6,087,763	\$6,378,531
City Council	\$1,084	\$5,499	\$6,917	\$7,245	\$7,592
City Manager/Administration	\$26,032	\$130,450	\$159,152	\$166,699	\$174,680
Human Resources	\$20,231	\$101,714	\$125,105	\$131,037	\$137,311
Economic Development	\$3,360	\$17,050	\$21,446	\$22,463	\$23,538
Equipment Management	\$53,928	\$273,655	\$344,206	\$360,528	\$377,790
Nondepartmental	\$99,476	\$487,991	\$558,426	\$579,135	\$606,783
Financial Services	\$23,679	\$119,606	\$178,205	\$183,660	\$190,759
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$14,590	\$74,035	\$93,122	\$97,538	\$102,208
Planning	\$51,988	\$211,881	\$111,300	\$116,578	\$122,159
Building Inspection	\$57,644	\$229,993	\$53,126	\$12,895	\$13,637
Facilities and Grounds	\$8,858	\$44,537	\$54,780	\$57,377	\$60,125
Social Services	\$36,201	\$183,700	\$231,059	\$242,016	\$253,604
Library	\$52,268	\$265,233	\$333,612	\$349,432	\$366,163
Police	\$264,003	\$1,335,629	\$1,647,615	\$1,726,679	\$1,810,294
Court	\$26,531	\$134,629	\$169,338	\$177,368	\$185,860
Fire	\$131,979	\$661,367	\$806,885	\$845,147	\$885,612
Sanitation	\$151,369	\$768,121	\$966,149	\$1,011,964	\$1,060,416
Transfers Out					
Debt Service	\$129,754	\$662,957	\$760,226	\$799,004	\$839,860
Special Revenue Funds	\$11,110	\$56,376	\$70,911	\$74,273	\$77,829
Vehicle Replacement	\$45,684	\$231,824	\$291,590	\$305,417	\$320,040
Equipment Replacement	\$2,998	\$15,212	\$19,134	\$20,041	\$21,000
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$17,941	\$90,621	\$135,020	\$139,153	\$144,532
Contingency/Appropriated Reserve	\$164,268	\$829,739	\$1,236,257	\$1,274,099	\$1,323,349
NET IMPACT	\$247,704	\$1,365,568	\$3,988,994	\$4,041,241	\$4,128,350

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TOTAL FISCAL IMPACT OF: Auto Mall
GENERAL FUND
CITY OF AVONDALE
 1996 Dollars

	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES	\$13,752,746	\$14,300,048	\$14,880,513	\$15,498,198	\$16,151,589
Taxes					
Sales Tax	\$6,926,829	\$7,304,694	\$7,704,376	\$8,127,159	\$8,574,402
Primary Property Tax	\$1,000,540	\$1,030,870	\$1,064,518	\$1,103,756	\$1,145,264
Utility Franchise Tax	\$306,320	\$320,888	\$336,268	\$352,506	\$369,652
Cable TV Franchise	\$43,232	\$45,340	\$47,569	\$49,928	\$52,422
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$78,988	\$82,839	\$86,912	\$91,221	\$95,779
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$1,433,586	\$1,434,370	\$1,435,199	\$1,436,075	\$1,437,003
State Income Tax	\$1,532,358	\$1,533,196	\$1,534,082	\$1,535,019	\$1,536,010
Vehicle License Tax	\$492,433	\$516,441	\$541,836	\$568,699	\$597,115
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$20,528	\$21,712	\$22,966	\$24,293	\$25,699
Electrical Permit Fees	\$711	\$752	\$795	\$841	\$890
Plumbing Permit Fees	\$711	\$752	\$795	\$841	\$890
Engineering Fees	\$5,382	\$5,693	\$6,021	\$6,369	\$6,738
Planning Application Fees	\$1,439	\$1,522	\$1,610	\$1,703	\$1,801
Plan Check Fees	\$2,010	\$2,125	\$2,248	\$2,378	\$2,516
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$1,235,806	\$1,296,057	\$1,359,788	\$1,427,202	\$1,498,516
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$1,365	\$1,431	\$1,502	\$1,576	\$1,655
Court Fines	\$312,907	\$328,163	\$344,299	\$361,369	\$379,426
Misc Fines/Forfeits	\$4,595	\$4,819	\$5,056	\$5,307	\$5,572
Miscellaneous					
Interest	\$204,636	\$212,780	\$221,417	\$230,608	\$240,330
Ambulance Fees	\$34,844	\$36,543	\$38,340	\$40,241	\$42,252
Other	\$113,526	\$119,061	\$124,916	\$131,109	\$137,660
EXPENDITURES	\$6,686,026	\$7,011,227	\$7,355,230	\$7,719,177	\$8,104,181
City Council	\$7,959	\$8,347	\$8,757	\$9,191	\$9,651
City Manager/Administration	\$183,122	\$192,050	\$201,493	\$211,483	\$222,050
Human Resources	\$143,947	\$150,965	\$158,388	\$166,241	\$174,347
Economic Development	\$24,676	\$25,879	\$27,151	\$28,497	\$29,921
Equipment Management	\$396,046	\$415,355	\$435,779	\$457,384	\$480,238
Nondepartmental	\$636,021	\$666,941	\$699,650	\$734,256	\$770,865
Financial Services	\$198,244	\$206,133	\$214,500	\$223,404	\$232,823
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$107,147	\$112,371	\$117,896	\$123,741	\$129,924
Planning	\$128,063	\$134,306	\$140,911	\$147,896	\$155,287
Building Inspection	\$14,423	\$15,255	\$16,135	\$17,068	\$18,055
Facilities and Grounds	\$63,030	\$66,103	\$69,354	\$72,792	\$76,429
Social Services	\$265,859	\$278,821	\$292,531	\$307,034	\$322,376
Library	\$383,857	\$402,572	\$422,368	\$443,307	\$465,458
Police	\$1,898,725	\$1,992,258	\$2,091,190	\$2,195,841	\$2,306,546
Court	\$194,841	\$204,341	\$214,389	\$225,018	\$236,261
Fire	\$928,408	\$973,673	\$1,021,550	\$1,072,196	\$1,125,771
Sanitation	\$1,111,659	\$1,165,858	\$1,223,186	\$1,283,828	\$1,347,978
Transfers Out					
Debt Service	\$882,898	\$928,219	\$976,321	\$1,027,588	\$1,081,818
Special Revenue Funds	\$81,590	\$85,568	\$89,776	\$94,227	\$98,935
Vehicle Replacement	\$335,506	\$351,864	\$369,166	\$387,468	\$406,829
Equipment Replacement	\$22,015	\$23,089	\$24,224	\$25,425	\$26,695
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$150,203	\$156,180	\$162,520	\$169,266	\$176,402
Contingency/Appropriated Reserve	\$1,375,275	\$1,430,905	\$1,488,051	\$1,549,820	\$1,615,159
NET IMPACT	\$4,219,233	\$4,313,897	\$4,415,225	\$4,525,228	\$4,641,570

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Source: Applied Economics, City of Avondale Ann

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PROSPECT INFORMATION

Project Name: 99th /107th Rental Center
 Industry Name: MISC RETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Total Direct Employment	0	950	950	950	950	950	950	950	950	950
Percent of Employees Living in Available	0%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Value of Taxable Direct Sales:	\$0	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000	\$140,000,000
Total Annual Payroll:	\$0	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000	\$15,245,000
Percent Skilled Workforce	0%	35%	35%	35%	35%	35%	35%	35%	35%	35%
Percent Semi-Skilled Workforce	0%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Percent Unskilled Workforce	0%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Total Value of New Construction	\$50,625,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Acreage (enter in year of constr. only)	150.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land Cost per Acre	\$239,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Square Footage (rental projects only)	0	0	0	0	0	0	0	0	0	0
Sales per Square Foot (rental projects only)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Price (if buying existing building)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Lease Cost (if leasing existing space)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Local Equipment Purchases	\$700,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Value of Nonlocal Equipment Purchases	\$6,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Est. Monthly Water Use (000 gallons)	0.000	300.000	300.000	300.000	300.000	300.000	300.000	300.000	300.000	300.000
Water meter size (inches)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Monthly Electric Costs	\$0	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
New Water Main Miles Added	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Street Miles Added	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Sanitary Sewer Miles Added	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Excess Monthly Sewer Charges for Pretreatment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Housing Units (res. projects only)	0	0	0	0	0	0	0	0	0	0
If residential, is this a multi-family project? (yes=1, no=0)	0	0	0	0	0	0	0	0	0	0
Sales Tax Incentives (fixed amount)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reduced Sales Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Permit Fees Waived (yes=1, no=0)	2	0	0	0	0	0	0	0	0	0
State Shared Revenues Adjusted (yes=1, no=0)	0	0	1	\$0	0	\$0	\$0	0	0	0

FISCAL YEAR-END SUMMARY BY FUND
1996 DOLLARS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	NPV*	NPV*
											Years 1 to 5	Years 1 to 10
General Fund - Total												
Revenues	\$892,245	\$3,611,565	\$4,208,499	\$4,207,701	\$4,205,567	\$4,200,781	\$4,196,283	\$4,196,283	\$4,196,283	\$4,196,283	\$10,633,778	\$25,902,632
Expenditures	\$516,030	\$2,279,877	\$2,293,758	\$2,293,573	\$2,293,077	\$2,291,905	\$2,290,921	\$2,290,921	\$2,290,921	\$2,290,921	\$6,095,749	\$14,428,618
Net Impact	\$376,215	\$1,331,688	\$1,914,741	\$1,914,128	\$1,912,489	\$1,908,876	\$1,905,362	\$1,905,362	\$1,905,362	\$1,905,362	\$4,538,029	\$11,474,014
Transportation Fund - Total												
Revenues	\$9,745	\$285,320	\$320,116	\$320,108	\$320,084	\$320,032	\$319,983	\$319,983	\$319,983	\$319,983	\$763,836	\$1,927,518
Expenditures and Transfers Out	\$11,870	\$233,610	\$265,781	\$269,535	\$270,920	\$270,920	\$270,920	\$270,920	\$270,920	\$270,920	\$654,863	\$1,650,027
Net Impact	(\$2,125)	\$51,710	\$54,335	\$50,573	\$49,164	\$49,112	\$49,063	\$49,063	\$49,063	\$49,063	\$108,973	\$287,490
Wastewater Enterprise Fund - Total												
Revenues	\$131	\$272,210	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$166,670	\$501,085	\$1,107,158
Expenditures and Transfers Out	\$318	\$239,680	\$134,823	\$135,506	\$135,733	\$135,733	\$135,733	\$135,733	\$135,733	\$135,733	\$423,075	\$916,651
Net Impact	(\$187)	\$32,530	\$31,847	\$31,164	\$30,937	\$30,937	\$30,937	\$30,937	\$30,937	\$30,937	\$78,010	\$190,507
Water Enterprise Fund - Total												
Revenues	\$795	\$209,852	\$201,771	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$201,371	\$502,039	\$1,234,297
Expenditures and Transfers Out	\$1,719	\$204,144	\$199,578	\$202,402	\$203,343	\$203,343	\$203,343	\$203,343	\$203,343	\$203,343	\$497,241	\$1,236,672
Net Impact	(\$924)	\$5,708	\$1,792	(\$1,031)	(\$1,973)	(\$1,973)	(\$1,973)	(\$1,973)	(\$1,973)	(\$1,973)	\$4,798	(\$2,375)
Total Net Impact - All Funds	\$372,978	\$1,401,636	\$2,003,116	\$1,994,834	\$1,990,618	\$1,986,892	\$1,983,389	\$1,983,389	\$1,983,389	\$1,983,389	\$4,729,810	\$11,949,636
Total Revenue Generated Per Dollar of O&M Expenditures	\$1.70	\$1.47	\$1.69	\$1.69	\$1.69	\$1.68	\$1.68	\$1.68	\$1.68	\$1.68		

* Net Present Value of ten-year impact discounted at 7 percent annually.

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REAL ESTATE SUPPORTED BY: 99th /107th Retail Center
CITY OF AVONDALE

Square Feet Supported

Land Use	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Hotel	0	56,699	56,699	56,699	56,699	56,699	56,699	56,699	56,699	56,699
Retail	0	388,952	388,952	388,952	388,952	388,952	388,952	388,952	388,952	388,952
Office	0	139,694	139,694	139,694	139,694	139,694	139,694	139,694	139,694	139,694
Industrial	0	133,520	133,520	133,520	133,520	133,520	133,520	133,520	133,520	133,520
Hospital	0	18,779	18,779	18,779	18,779	18,779	18,779	18,779	18,779	18,779
Utilities	0	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005	3,005
Government	0	49,067	49,067	49,067	49,067	49,067	49,067	49,067	49,067	49,067
Other	0	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898	8,898
Housing Units	0	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302
Total Square Feet	0	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614

Source: U.S. Bureau of Labor Statistics; Applied Economics.

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 ECONOMIC IMPACT SUMMARY
 CITY OF AVONDALE

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Demographic										
Population	0	4,204	4,204	4,204	4,204	4,204	4,204	4,204	4,204	4,204
School Age Population	0	963	963	963	963	963	963	963	963	963
Households	0	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302
Economic										
Employment	0	1,805	1,805	1,805	1,805	1,805	1,805	1,805	1,805	1,805
Personal Income	\$0	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750	\$61,791,750
Output	\$0	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000	\$196,434,000
Real Estate										
Residential Units	0	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302	1,302
Non-residential Sq. Feet	0	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614	798,614
Assessed Value	\$78,589,150	\$159,122,127	\$159,263,697	\$159,084,947	\$158,606,612	\$157,534,112	\$156,526,112	\$156,526,112	\$156,526,112	\$156,526,112

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TOTAL FISCAL IMPACT OF: 99th /107th Retail Center
GENERAL FUND
CITY OF AVONDALE
 1996 Dollars

	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUES	\$892,245	\$3,611,565	\$4,208,499	\$4,207,701	\$4,205,567
Taxes					
Sales Tax	\$524,553	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961
Primary Property Tax	\$345,478	\$498,699	\$499,321	\$498,535	\$496,432
Utility Franchise Tax	\$0	\$65,661	\$65,661	\$65,661	\$65,661
Cable TV Franchise	\$0	\$9,031	\$9,031	\$9,031	\$9,031
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$0	\$16,499	\$16,499	\$16,499	\$16,499
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$0	\$3,357	\$344,049	\$344,049	\$344,049
State Income Tax	\$0	\$3,588	\$367,754	\$367,754	\$367,754
Vehicle License Tax	\$0	\$102,862	\$102,862	\$102,862	\$102,862
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$0	\$78,317	\$0	\$0	\$0
Electrical Permit Fees	\$0	\$2,711	\$0	\$0	\$0
Plumbing Permit Fees	\$0	\$2,711	\$0	\$0	\$0
Engineering Fees	\$0	\$20,533	\$0	\$0	\$0
Planning Application Fees	\$0	\$5,489	\$0	\$0	\$0
Plan Check Fees	\$0	\$7,667	\$0	\$0	\$0
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$0	\$258,141	\$258,141	\$258,141	\$258,141
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$0	\$285	\$285	\$285	\$285
Court Fines	\$5,444	\$65,362	\$65,362	\$65,362	\$65,362
Misc Fines/Forfeits	\$136	\$960	\$960	\$960	\$960
Miscellaneous					
Interest	\$13,276	\$53,739	\$62,621	\$62,609	\$62,577
Ambulance Fees	\$0	\$7,278	\$7,278	\$7,278	\$7,278
Other	\$3,357	\$23,714	\$23,714	\$23,714	\$23,714
EXPENDITURES	\$324,254	\$1,471,985	\$1,419,587	\$1,419,574	\$1,419,540
City Council	\$0	\$1,662	\$1,662	\$1,662	\$1,662
City Manager/Administration	\$4,360	\$38,251	\$38,251	\$38,251	\$38,251
Human Resources	\$2,505	\$30,068	\$30,068	\$30,068	\$30,068
Economic Development	\$0	\$5,154	\$5,154	\$5,154	\$5,154
Equipment Management	\$0	\$82,728	\$82,728	\$82,728	\$82,728
Nondepartmental	\$36,997	\$141,455	\$135,477	\$135,475	\$135,471
Financial Services	\$12,862	\$52,060	\$60,665	\$60,653	\$60,623
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$0	\$22,381	\$22,381	\$22,381	\$22,381
Planning	\$137,293	\$26,750	\$26,750	\$26,750	\$26,750
Building Inspection	\$70,139	\$55,024	\$0	\$0	\$0
Facilities and Grounds	\$1,097	\$13,166	\$13,166	\$13,166	\$13,166
Social Services	\$0	\$55,534	\$55,534	\$55,534	\$55,534
Library	\$0	\$80,182	\$80,182	\$80,182	\$80,182
Police	\$36,898	\$400,729	\$400,729	\$400,729	\$400,729
Court	\$0	\$40,699	\$40,699	\$40,699	\$40,699
Fire	\$22,105	\$193,930	\$193,930	\$193,930	\$193,930
Sanitation	\$0	\$232,209	\$232,209	\$232,209	\$232,209
Transfers Out					
Debt Service	\$92,806	\$315,567	\$315,633	\$315,550	\$315,325
Special Revenue Funds	\$0	\$17,043	\$17,043	\$17,043	\$17,043
Vehicle Replacement	\$0	\$70,082	\$70,082	\$70,082	\$70,082
Equipment Replacement	\$0	\$4,599	\$4,599	\$4,599	\$4,599
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$9,745	\$39,444	\$45,964	\$45,955	\$45,932
Contingency/Appropriated Reserve	\$89,224	\$361,156	\$420,850	\$420,770	\$420,557
NET IMPACT	\$376,215	\$1,331,688	\$1,914,741	\$1,914,128	\$1,912,489

Source: Applied Economics, City of Avondale Annual Budget.

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TOTAL FISCAL IMPACT OF: 99th /107th Ref
GENERAL FUND
CITY OF AVONDALE
 1996 Dollars

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	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES	\$4,200,781	\$4,196,283	\$4,196,283	\$4,196,283	\$4,196,283
Taxes					
Sales Tax	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961	\$2,384,961
Primary Property Tax	\$491,718	\$487,286	\$487,286	\$487,286	\$487,286
Utility Franchise Tax	\$65,661	\$65,661	\$65,661	\$65,661	\$65,661
Cable TV Franchise	\$9,031	\$9,031	\$9,031	\$9,031	\$9,031
SRP In-Lieu Tax	\$0	\$0	\$0	\$0	\$0
Sales Tax Audit Assessment	\$0	\$0	\$0	\$0	\$0
Licenses and Permits					
Occupational Licenses	\$16,499	\$16,499	\$16,499	\$16,499	\$16,499
Liquor Licenses	\$0	\$0	\$0	\$0	\$0
Intergovernmental					
State Sales Tax	\$344,049	\$344,049	\$344,049	\$344,049	\$344,049
State Income Tax	\$367,754	\$367,754	\$367,754	\$367,754	\$367,754
Vehicle License Tax	\$102,862	\$102,862	\$102,862	\$102,862	\$102,862
Other County Reimbursements	\$0	\$0	\$0	\$0	\$0
Charges for Services					
Building Permit Fees	\$0	\$0	\$0	\$0	\$0
Electrical Permit Fees	\$0	\$0	\$0	\$0	\$0
Plumbing Permit Fees	\$0	\$0	\$0	\$0	\$0
Engineering Fees	\$0	\$0	\$0	\$0	\$0
Planning Application Fees	\$0	\$0	\$0	\$0	\$0
Plan Check Fees	\$0	\$0	\$0	\$0	\$0
Sanitation Development Fees	\$0	\$0	\$0	\$0	\$0
Refuse Collection Fees	\$258,141	\$258,141	\$258,141	\$258,141	\$258,141
Misc Fees	\$0	\$0	\$0	\$0	\$0
Fines and Forfeits					
Library Fines	\$285	\$285	\$285	\$285	\$285
Court Fines	\$65,362	\$65,362	\$65,362	\$65,362	\$65,362
Misc Fines/Forfeits	\$960	\$960	\$960	\$960	\$960
Miscellaneous					
Interest	\$62,506	\$62,439	\$62,439	\$62,439	\$62,439
Ambulance Fees	\$7,278	\$7,278	\$7,278	\$7,278	\$7,278
Other	\$23,714	\$23,714	\$23,714	\$23,714	\$23,714
EXPENDITURES	\$1,419,462	\$1,419,389	\$1,419,389	\$1,419,389	\$1,419,389
City Council	\$1,662	\$1,662	\$1,662	\$1,662	\$1,662
City Manager/Administration	\$38,251	\$38,251	\$38,251	\$38,251	\$38,251
Human Resources	\$30,068	\$30,068	\$30,068	\$30,068	\$30,068
Economic Development	\$5,154	\$5,154	\$5,154	\$5,154	\$5,154
Equipment Management	\$82,728	\$82,728	\$82,728	\$82,728	\$82,728
Nondepartmental	\$135,462	\$135,454	\$135,454	\$135,454	\$135,454
Financial Services	\$60,554	\$60,489	\$60,489	\$60,489	\$60,489
Engineering	\$0	\$0	\$0	\$0	\$0
City Clerk	\$22,381	\$22,381	\$22,381	\$22,381	\$22,381
Planning	\$26,750	\$26,750	\$26,750	\$26,750	\$26,750
Building Inspection	\$0	\$0	\$0	\$0	\$0
Facilities and Grounds	\$13,166	\$13,166	\$13,166	\$13,166	\$13,166
Social Services	\$55,534	\$55,534	\$55,534	\$55,534	\$55,534
Library	\$80,182	\$80,182	\$80,182	\$80,182	\$80,182
Police	\$400,729	\$400,729	\$400,729	\$400,729	\$400,729
Court	\$40,699	\$40,699	\$40,699	\$40,699	\$40,699
Fire	\$193,930	\$193,930	\$193,930	\$193,930	\$193,930
Sanitation	\$232,209	\$232,209	\$232,209	\$232,209	\$232,209
Transfers Out					
Debt Service	\$314,822	\$314,350	\$314,350	\$314,350	\$314,350
Special Revenue Funds	\$17,043	\$17,043	\$17,043	\$17,043	\$17,043
Vehicle Replacement	\$70,082	\$70,082	\$70,082	\$70,082	\$70,082
Equipment Replacement	\$4,599	\$4,599	\$4,599	\$4,599	\$4,599
Self Insurance	\$0	\$0	\$0	\$0	\$0
HURF	\$45,879	\$45,830	\$45,830	\$45,830	\$45,830
Contingency/Appropriated Reserve	\$420,078	\$419,628	\$419,628	\$419,628	\$419,628
NET IMPACT	\$1,908,815	\$1,905,362	\$1,905,362	\$1,905,362	\$1,905,362

Exhibit F

2002 First Amendment to Development Agreement

9

**FIRST AMENDMENT TO [ECONOMIC] DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AZVT, L.L.C.**

THIS FIRST AMENDMENT TO [ECONOMIC] DEVELOPMENT AGREEMENT (this "First Amendment") is made as of May 6, 2002, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and AZVT, L.L.C., an Arizona limited liability company (the "Developer"). All capitalized terms used in the First Amendment and not otherwise defined herein shall have the same meaning set forth in the Agreement, as defined below.

RECITALS

A. The City and the Developer entered into that certain development agreement on October 18, 1999 (the "Agreement"), relating to, *inter alia*, development of the Auto Mall located generally at the Southwest corner of 99th Avenue and Interstate 10.

B. The Agreement provided for transaction privilege tax rebates (the "Rebates") to Developer for developing the Auto Mall and attracting new car automobile dealerships to it.

C. The City and Developer have reached an agreement with Earnhardt Auto Centers ("Earnhardt") to bring Earnhardt Volkswagen, Earnhardt Honda and Earnhardt RV to the Auto Mall.

D. The City and Developer desire to amend the Agreement to alter the Rebates so that each may share a portion of its respective share thereof with Earnhardt as an inducement to bring the three additional dealerships to the Auto Mall.

AGREEMENT

NOW, THEREFORE, in consideration foregoing recitals and the covenants and conditions set forth below, the parties hereby agree as follows:

1. Section 4.2 of the Agreement is hereby deleted in its entirety and replaced with the following

4.2 Financial Assistance.

(a) Except as specifically set forth in subsection 4.2(c) below, each auto dealership and retail business within the Project will collect all retail sales tax levied pursuant to the City Tax Code resulting from retail sales by such dealerships and retail businesses located within the Project, and will remit the same to the City according to applicable law. As an inducement to Developer to construct the infrastructure improvements, and to develop, attract, and open auto dealerships, other automotive uses, and retail businesses within the Project, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the retail sales tax generated by each of the auto dealerships and other automotive uses

operating within the Auto Mall, and retail businesses operating in facilities greater than 10,000 square feet within the Retail Center, and paid to the City. Upon the substantial completion by Developer of the infrastructure improvements described in Recital D, for the term described in Section 3.1 above, the City will rebate to Developer 50% of the annual retail sales taxes collected by the City from each of the businesses described above located within the Project, payable in quarterly installments. The City's obligation to pay the quarterly retail sales tax rebate payments to Developer, pursuant to this subsection 4.2(a), will automatically cease and the City will have no further obligation to Developer pursuant to this Agreement upon the earlier of the expiration of the fifteen (15) year term described in Section 3.1 above, or upon the Developer receiving a total of Twelve Million Dollars (\$12,000,000) (the date of such event being hereinafter referred to as the "Termination Date").

(b) The first quarterly payment required by subsection 4.2(a) above will be paid no later than sixty (60) days after the end of the first full quarter following the opening for business of the first auto dealership or qualifying retail business generating retail sales tax within the Project. Subsequent quarterly payments will be made no later than sixty (60) days after the end of each succeeding quarter. Each quarterly payment will be mailed to Developer at the address for notice set forth in Section 7.0 below, or as otherwise agreed by City and Developer.

(c) With respect to Earnhardt Volkswagen, Earnhardt Honda and Earnhardt RV (collectively the "Earnhardt Dealerships"), each such Earnhardt Dealership within the Auto Mall will collect all retail sales tax levied pursuant to the City Tax Code resulting from retail sales by such Earnhardt Dealerships and will remit the same to the City according to applicable law. Developer and the City hereby agree that Developer shall accept a reduced sales tax rebate and the City shall accept reduced sales tax collections for the lots to be occupied by the Earnhardt Dealerships at the Auto Mall to provide funds for a sales tax rebate to Earnhardt to further induce it to develop the Earnhardt Dealerships at the Auto Mall. In furtherance thereof, the City has entered into that certain Economic Development Agreement between the City and Earnhardt, of equal date herewith (the "Earnhardt Agreement"). Developer hereby agrees, with respect to the Earnhardt Dealerships only, to reduce the sales tax rebate generally applicable to dealerships at the Auto Mall as set forth in subsection 4.2(a) above, by 0.25% of the annual taxable retail sales generated by the Earnhardt Dealerships, payable in quarterly installments. Developer agrees to such reduced rebate (i) in consideration of the City's willingness to relinquish a portion of its retail sales tax with respect to the Earnhardt Dealerships, as set forth in the Earnhardt Agreement, (ii) in recognition that the addition of the Earnhardt Dealerships will bring substantial benefits to the Developer and (iii) pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11. Upon (i) the total rebate to Earnhardt reaching \$5,000,000.00*, (ii) suspension, for a period exceeding thirty (30) days, of the City's obligation to pay such rebates to Earnhardt or (iii) termination of the City's obligation to pay such rebates to Earnhardt, the City's obligation to pay the reduced quarterly retail sales tax rebate payments to Developer pursuant to this subsection 4.2(c) will automatically cease and the sales tax rebate rate set forth in subsection

* If Earnhardt attracts an additional "similar" dealership ("similar" being defined as comparable quality of products and roughly equivalent to or greater than annual sales of either the Volkswagen dealership or the Honda dealership) to the Auto Mall (the "Fourth Earnhardt Dealership") and such Fourth Earnhardt Dealership opens for business and continues operations at the Auto Mall pursuant to the same terms and conditions of the Earnhardt Agreement applicable to the Earnhardt Dealerships, the total Rebate herein shall be increased to \$7,000,000.00.

4.2(a) above shall thereafter apply with respect to the Earnhardt Dealerships until the Termination Date.

(d) The first quarterly payment required by subsection 4.2(c) above will be paid no later than 60 days after the end of the first full quarter following the opening for business of the first Earnhardt Dealership generating retail sales tax at the Auto Mall. Subsequent quarterly payments will be made no later than sixty (60) days after the end of each succeeding quarter. Each quarterly payment will be mailed to Developer at the address first set forth in Section 7.0 below or as otherwise agreed by the City and Developer.

(e) The City's obligations under this Agreement, including without limitation, the City's obligations under this Section 4.0 relating to financial assistance are expressly conditioned upon Developer's substantial completion of the infrastructure improvements within the Project. If there is a period of time during which no retail sales taxes are generated by the qualifying businesses within the Project, then Developer shall not be entitled to any Financial Assistance during that time. However, if, after such time period, retail sales taxes are again generated by the auto dealerships, other automotive uses, and the qualifying retail businesses located within the Project, then the City's obligation to pay the Financial Assistance to Developer (or its successors in interest or assigns pursuant to Section 12.7 below) shall resume until the Termination Date, which shall not be extended beyond the term provided in subsection 4.2(a) above.

(f) Developer shall have the right, as permitted by Section 12.7 below, to assign a portion of its right to receive retail sales tax rebates hereunder to any one or more persons or entities that purchase or lease a portion of the Property within the Project (as "Assignee"). Retail sales tax rebates paid directly by the City to Developer or its Assignee (or its permitted successors and assigns) at the request of and on behalf of the Developer will decrease the remaining retail sales tax rebate payments due the Developer hereunder. Any assignment requested by the Developer shall be approved by the City, such approval not to be unreasonably withheld or delayed.

2. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained in the Agreement or this First Amendment shall be deemed to represent or constitute indebtedness or a general obligation of the City. Neither Developer nor Earnhardt shall have the right to compel payments from the City's general fund for payments of the rebates herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the City. Notwithstanding the foregoing, nothing set forth in this Section 2 shall relieve the City of its obligation to pay the rebates to Developer and Earnhardt. Further, the City's failure to appropriate any amounts necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments. Nothing in this Section 2 shall alter or amend the obligations of the City pursuant to Section 4.4 of the Agreement.

3. Except as expressly amended by this First Amendment, all terms and conditions of the Agreement are hereby ratified, confirmed and approved.

4. The Agreement and this First Amendment may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

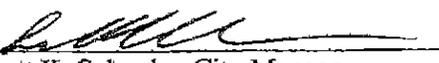
IN WITNESS WHEREOF, the parties have executed this First Amendment on the day and year first written above.

"City"

"Developer"

CITY OF AVONDALE, an Arizona
municipal corporation

AZVT, LLC., an Arizona
limited liability company

By: 
Scott K. Schrader, City Manager

By: 
Name: J. Van Tol
Title: MANAGER

ATTEST:

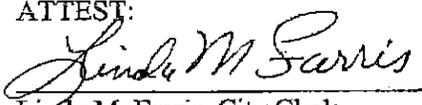

Linda M. Farris, City Clerk

Exhibit G

2003 Second Amendment to Development Agreement

3

Unofficial Document



MAI
HELEN PURCELL
2003-0658972 05/23/03 12:28
1 OF 2

5010a

When recorded mail to:

Attn: City Clerk
City of Avondale
525 North Central Ave
Avondale, AZ 85323

**SECOND AMENDMENT
TO
(ECONOMIC) DEVELOPMENT AGREEMENT
BETWEEN
CITY OF AVONDALE AND AZVT, LLC.**

Passed and Adopted by the Mayor and Council of the City of Avondale
The 4th Day November, 2002

9

**SECOND AMENDMENT TO [ECONOMIC] DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AZVT, L.L.C.**

THIS SECOND AMENDMENT TO [ECONOMIC] DEVELOPMENT AGREEMENT this "Second Amendment") is made as of November 4, 2002, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and AZVT, L.L.C., an Arizona limited liability company (the "Developer"). All capitalized terms used in this Second Amendment and not otherwise defined herein shall have the same meaning set forth in the Agreement, as defined below.

RECITALS

A. The City and the Developer entered into that certain development agreement on October 18, 1999 (the "Initial Agreement"), relating to, *inter alia*, development of the Auto Mall located generally at the Southwest corner of 99th Avenue and Interstate 10.

B. The Initial Agreement provided for transaction privilege tax rebates (the "Rebates") to Developer for developing the Auto Mall and attracting new car automobile dealerships to it.

C. The City and Developer amended ^{Unofficial Document} the Initial Agreement on May 6, 2002, to adjust the Rebates to attract several Earnhardt dealerships (the "First Amendment"). The Initial Agreement and the First Amendment are collectively referred to herein as the "Agreement".

D. The City and Developer desire to further amend the Agreement to increase Developer's total potential Rebates in consideration for (i) Developer extending Dealer Drive west to 107th Avenue and improving the east half of 107th Avenue to comply with existing City standards, to allow expansion of the Auto Mall to accommodate additional auto dealerships and (ii) eliminating certain complex, long-term sewer reimbursement arrangements with the City previously granted in Section 4.3 of the Initial Agreement.

E. Developer and the City understand that Developer will be promptly applying to the City for an amendment to the PADD zoning on the Retail Center portion of the Project to allow for additional auto dealerships. If the City does not approve a zoning change to allow automotive dealerships on the Retail Center portion of the Project within a reasonable time after Developer submits a complete application therefore, this Second Amendment shall be null and void and the Parties' rights and obligations hereunder shall immediately terminate and shall be of no further force and effect.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and conditions set forth below, the parties hereby agree as follows:

1. A new subsection 2.2 is added to the Agreement to read as follows:

2.2 Retail Center Rezoning. The Retail Center portion of the Property is currently not zoned for retail automotive use. Both Parties recognize that Developer has significant contacts with the auto dealership distributors and manufacturers and that the addition of more new franchised auto dealerships will bring substantial benefits to the City, its residents and the general public by further enhancing the economic ability of the City. In light of the opportunity to further improve the mutual benefits to City and Developer, Developer shall rezone the Retail Center to expand the permitted retail automotive dealership uses within the Project. Developer shall, within ninety (90) days of the date of this Second Amendment, file a complete application with the City to rezone the Retail Center to permit retail automotive use with the same stipulations as currently exist for the Auto Mall portion of the Project. As a part of this rezoning, the Developer shall agree to a stipulation permitting only retail automotive dealership businesses to front the south side of Dealer Drive. The City shall, through its Zoning Ordinance or any design guidelines applicable to properties along Interstate 10, have the right to approve the site plan and building elevations for the businesses located within the Project.

2. The last sentence of subsection 4.2(a) of the Agreement is hereby amended to read as follows:

The City's obligation to pay the quarterly retail sales tax rebate payments to Developer, pursuant to this subsection 4.2(a), ^{Unofficial Document} automatically cease and the City will have no further obligation to Developer pursuant to this Agreement upon the earlier of the expiration of the fifteen (15) year term described in Section 3.1 above, or upon the Developer receiving a total of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000); provided, however, that the amount of the total Rebate may be increased to Fourteen Million Dollars (\$14,000,000) pursuant to subsection 4.2(h) below (the date of Developer reaching either Rebate amount or expiration of the term of this Agreement being hereinafter referred to as the "Termination Date").

3. A new subsection 4.2 (g) is hereby added to the Agreement to read as follows:

(g) Notwithstanding any other provision in this Agreement, the City's obligation to pay One Million Five Hundred Thousand Dollars (\$1,500,000) of the additional Rebates relates to construction of the improvements to (i) Dealer Drive to extend it to 107th Avenue and (ii) the east half of 107th Avenue in accordance with City standards, and shall apply only if Developer begins construction thereof promptly following execution of this Second Amendment. Developer's construction shall be substantially completed within twelve (12) months of the date Developer begins construction unless extended (i) for a period equal to delays resulting from force majeure or other causes beyond the reasonable control of the Developer or (ii) by the City's written approval.

- 4. A new subsection 4.2(h) is hereby added to the Agreement to read as follows:
 - (h) Notwithstanding any other provision in this Agreement, the total Rebate to be paid by the City to the Developer pursuant to subsection 4.2(a) above shall be increased by Five Hundred Thousand Dollars (\$500,000) upon the opening of a Toyota franchised auto dealership in the Auto Mall.
- 5. Section 4.3 of the Agreement is hereby deleted in its entirety.

6. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained in the Agreement or this Second Amendment shall be deemed to represent or constitute indebtedness or a general obligation of the City. Developer shall not have the right to compel payments from the City's general fund for payments of the Rebates herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the City. Notwithstanding the foregoing, nothing set forth in this Section 7 shall relieve the City of its obligation to pay the Rebates to Developer. Further, the City's failure to appropriate any amounts necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments. Nothing in this Section 7 shall alter or amend the obligations of the City pursuant to Section 4.4 of the Initial Agreement.

7. Except as expressly amended by this Second Amendment, all terms and conditions of the Agreement are hereby ratified, confirmed and approved.

8. The Agreement and this Second Amendment may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

Unofficial Document

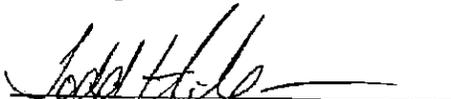
IN WITNESS WHEREOF, the parties have executed this Second Amendment on the day and year first written above.

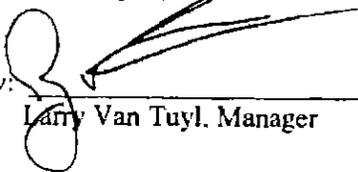
"City"

"Developer"

CITY OF AVONDALE, an Arizona municipal corporation

AZVT, LLC, an Arizona limited liability company

By: 
 Todd Hilerman, City Manager

By: 
 Larry Van Tuyl, Manager

ATTEST:


 Linda M. Farris, City Clerk

Exhibit H

Economic Development Agreements – Various Dealerships



March 14, 2011

Earnhardt Legal Department
7300 W. Orchid Ln
Chandler, AZ 85226

Re: First Amendment to Economic Development
Agreement.

Mary LaRue Walker:

Enclosed, please find (1) original copy of the First
Amendment to Economic Development Agreement
between Earnhardt Legal Department and the City of
Avondale for your records.

If I can be of further assistance, please don't hesitate to
call me @ 623-333-1213.

Thank you,

Amapola Arreola
City of Avondale
City Clerk Assistant II
aarreola@avondale.org

9

**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
EARNHARDT**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made 5/6/, 2002, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City"), EARNHARDT FORD SALES COMPANY, an Arizona corporation, dba EARNHARDT'S RV ("Earnhardt RV") and EARNHARDT GLENDALE, INC., an Arizona corporation ("Earnhardt Glendale"). Earnhardt RV and Earnhardt Glendale shall be collectively referred to herein as "Earnhardt".

RECITALS

A. Earnhardt desires to operate a Volkswagon dealership, a Honda dealership and a recreational vehicle dealership (individually each may be referred to as a "Dealership" and collectively the "Dealerships") on real property located at the Avondale Auto Mall (the "Auto Mall"), which is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference.

B. The Dealerships are anticipated to generate a significant amount of revenue to the City through transaction privilege taxes levied pursuant to the City Tax Code resulting from retail sale of vehicles (the "Sales Taxes").

C. The City desires that Earnhardt maintain the Dealerships at the Auto Mall (i) to generate future transaction privilege tax revenues for the City, (ii) to increase the value of the Auto Mall for real property tax purposes and (iii) to create opportunities for employment in Avondale.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and Earnhardt hereby agree as follows:

1. Earnhardt Obligation. Earnhardt shall enter into a binding agreement entitling Earnhardt, its successors or assigns, to occupy the Property for a period of at least ten years from the date the last Dealership opens for business. Earnhardt, its successors or assigns shall continue operations of all the Dealerships during that period. Earnhardt shall complete construction of and open all of the Dealerships for business, including all sales and services typically offered by Earnhardt at its other dealerships, not later than March 31, 2004. Earnhardt, its successors or assigns shall be permitted sell both new and used vehicles at the Dealerships; provided, however, that Earnhardt, its successors or assigns shall, during the entire term of this Agreement, maintain new car franchises for the Dealerships at the Auto Mall.

2. Temporary RV Sales. As a further inducement from the City to Earnhardt, Earnhardt RV shall be allowed to operate its RV sales center from temporary facilities at the Auto Mall at any

time after the execution of this Agreement until the earlier of (i) completion of its permanent facilities for Earnhardt RV at the Auto Mall or (ii) March 31, 2004. Such temporary operation shall be subject to approval by the City's Development Services Director with respect to site design and use, including, but not limited to temporary water, sewer, power, fencing, dust control, lighting and access.

3. Financial Assistance. Earnhardt shall collect all Sales Taxes for the Dealerships operating on the property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to Earnhardt, its successors or assigns to continue operations at the Auto Mall for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealerships at the Auto Mall and paid to the City (the "Rebate"). Commencing upon the opening of the Earnhardt RV temporary sales facility or the first Dealership, whichever occurs first, at the Auto Mall and continuing until the earlier of (i) the permanent cessation of sales by Earnhardt, its successors or assigns at the Auto Mall or (ii) the Rebate reaching a total of \$5,000,000.00 (the date of either event being designated as the "Termination Date"), the City shall rebate to Earnhardt 0.5% of the annual taxable retail sales generated by Earnhardt at the Dealerships, payable in quarterly installments. If Earnhardt attracts an additional "similar" dealership ("similar" being defined as comparable quality of products and roughly equivalent to or greater than annual sales of either the Volkswagen Dealership or the Honda Dealership) to the Auto Mall (the "Fourth Dealership") and such Fourth Dealership opens for business and continues operations at the Auto Mall pursuant to the same terms and conditions applicable to the Dealerships, the total Rebate herein shall be increased to \$7,000,000.00.

4. Term. This Agreement shall be effective when executed by both parties and shall remain in full force and effect until the Termination Date, unless terminated sooner pursuant to Section 8 below.

5. Payment Method. Earnhardt hereby assigns its rights to the Rebate required by Section 3 above to No Bull, L.L.C., an Arizona limited liability company ("No Bull"), on behalf of Earnhardt. The first quarterly payment required by Section 3 above shall be paid no later than 60 days after the end of the first full quarter following the execution of this Agreement in which Sales Taxes were paid to the City by Earnhardt. Subsequent quarterly payments will be made no later than 60 days after the end of each succeeding quarter. Notwithstanding the termination of the City's obligation to make the Rebates pursuant to Section 3 above, the City shall remain obligated to pay, upon the next occurring quarterly payment date, any amounts due to Earnhardt that accrued prior to such termination. Each quarterly payment will be mailed to No Bull at the address required for notices to Earnhardt under this Agreement, or as otherwise agreed to by Earnhardt and the City.

6. Waiver of Confidentiality. Earnhardt hereby waives, for the term of this Agreement, its right to keep confidential from the City the records indicating the amount of sales generated by the Dealerships at the Auto Mall. Earnhardt further agrees to take all steps necessary and to execute any required documents to permit the City's authorized representative to examine any such records in a timely fashion such that an appropriation may be designated in the City's annual budget to pay Earnhardt the necessary Rebate.

7. Sales Tax Rebates Not a Debt; Obligation to Pay Absolute. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained herein shall be deemed to represent or constitute indebtedness or a general obligation of the City. Earnhardt shall not have the right to compel payments from the City's general fund for payments of the Rebate herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the City. Notwithstanding the foregoing, nothing set forth in this Section 7 shall relieve the City of its obligation to pay the Rebate to Earnhardt. Further, the City's failure to appropriate any amounts necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments.

8. Default. If either party fails to perform any obligation, including the City's obligation to pay the Rebate pursuant to this Agreement, and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default and the non-defaulting party has the option to terminate this Agreement and will have all remedies which are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days.

9. Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to the City:	City of Avondale 525 N. Central Avenue Avondale, AZ 85323 Facsimile: 623-932-2205 Attn: City Manager
With copy to:	Jorden, Bischoff, McGuire & Rose, P.L.C. 7272 E. Indian School Rd., Suite 205 Scottsdale, AZ 85251 Facsimile: 480-505-3901 Attn: Andrew J. McGuire, Esq.
If to Earnhardt:	Earnhardt Auto Centers 1301 N. Arizona Avenue Gilbert, Arizona 85233 Facsimile: 480-892-3971 Attn: Hal J. Earnhardt, III

With copies to: Earnhardt Auto Centers
1301 N. Arizona Avenue
Gilbert, Arizona 85233
Facsimile: 480-892-3971
Attn: Mary LaRue Walker, Esq.

Earnhardt Auto Centers
1301 N. Arizona Avenue
Gilbert, Arizona 85233
Facsimile: 480-892-3971
Attn: Robbyn McDowell

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section 9. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

10. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Earnhardt of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

11. Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party and, in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

13. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

14. Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

15. Time of the Essence. Time is of the essence in this Agreement.

16. Assignment. This Agreement may not be assigned, in whole or in part, by Earnhardt without the prior, written consent of the City.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

18. Amendment. No amendment or waiver of any provision in this Agreement will be binding (i) on the City unless and until it has been approved by the City Council and has become effective or (ii) on Earnhardt unless and until it has been executed by an authorized representative.

19. Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

20. Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, then the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable, will not be affected by that invalidity or unenforceability. Each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

21. Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

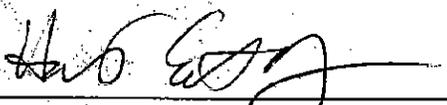
22. Conflict of Interest. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

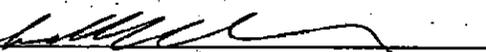
"Earnhardt Glendale"

EARNHARDT GLENDALE, INC.,
an Arizona corporation

By: 
Name: Hal J. Earnhardt, III
Title: President

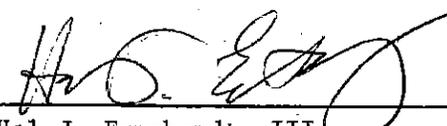
"City"

CITY OF AVONDALE, an Arizona
municipal corporation

By: 
Scott K. Schrader, City Manager

"Earnhardt RV"

EARNHARDT FORD SALES COMPANY,
an Arizona corporation, dba Earnhardt's RV

By: 
Name: Hal J. Earnhardt, III
Title: President

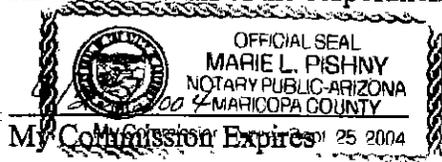
ATTEST:


Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 30 day of April, 2002, by HAL J. EARNHARDT III, the PRESIDENT of Earnhardt Ford Sales Company, an Arizona corporation, dba Earnhardt's RV, for and on behalf of the corporation.



Marie L. Pishny
Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

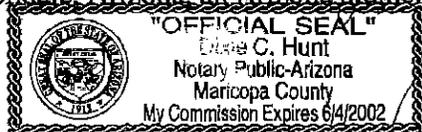
Acknowledged before me this 30 day of April, 2002, by HAL J. EARNHARDT III, the PRESIDENT of Earnhardt Glendale, Inc., an Arizona corporation, for and on behalf of the corporation.



Marie L. Pishny
Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 7 day of May, 2002, by Scott K. Schrader, the City Manager of the City of Avondale, Arizona, an Arizona municipal corporation, for and on behalf of the municipal corporation.



June 4 2002
My Commission Expires

Dore C. Hunt
Notary Public

**FIRST AMENDMENT TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
EARNHARDT**

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT AGREEMENT (this "First Amendment") is made March 7, 2011 (the "Effective Date"), by and between the City of Avondale, an Arizona municipal corporation (the "City") and Earnhardt Avondale, Inc., an Arizona corporation ("Earnhardt"). The City and Earnhardt are referred to herein individually as a "Party" or collectively as the "Parties."

RECITALS

A. Earnhardt Ford Sales Company, an Arizona corporation d/b/a Earnhardt's RV ("Earnhardt RV"), Earnhardt Glendale, Inc., an Arizona corporation ("Earnhardt Glendale") and the City entered into that certain Economic Development Agreement dated May 6, 2002 (the "Original Agreement") relating to the construction and operation of three dealerships offering sales and service for new and used (i) Volkswagen automobiles (the "Volkswagen Dealership"), (ii) Honda automobiles (the "Honda Dealership"), and (iii) recreational vehicles (the "RV Dealership") on real property (the "Dealership Property") located at the Avondale Auto Mall (the "Auto Mall") that is more particularly described and depicted on Exhibit 1 attached hereto and incorporated herein by reference. The Volkswagen Dealership, the Honda Dealership and the RV Dealership are collectively referred to herein as the "Original Dealerships." Unless specifically defined otherwise in this First Amendment, all capitalized terms used herein shall have the meanings ascribed to them in the Original Agreement.

B. Earnhardt is the successor in interest to Earnhardt Glendale and is the successor in interest to Earnhardt RV only with respect to the Original Agreement and this First Amendment. Notwithstanding the definition set forth in the Original Agreement, as of the Effective Date of this First Amendment, wherever used in the Original Agreement, "Earnhardt" shall mean Earnhardt Avondale, Inc.

C. The City and Earnhardt desire to amend the Original Agreement to (i) modify the financial assistance provisions, (ii) substitute a dealership offering sales and service for new and used Hyundai automobiles (the "Hyundai Dealership") on the Dealership Property at the Auto Mall for the RV Dealership, (iii) extend the required period during which Earnhardt, its successors and assigns, are required to operate the Dealerships at the Auto Mall and (iv) add provisions for liquidated damages to be assessed in the event that Earnhardt does not operate the Dealerships according to the requirements herein. As used in this First Amendment, "Dealerships" shall collectively refer to the Volkswagen Dealership, the Honda Dealership and the Hyundai Dealership. Each reference in the Original Agreement to "Dealerships" shall hereafter be deemed to have the meaning ascribed to it in this First Amendment and shall no longer refer to the Original Dealerships.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Earnhardt hereby agree as follows:

1. Earnhardt Obligation. Earnhardt shall enter into a binding agreement entitling Earnhardt, its successors or assigns, to occupy real property at the Auto Mall until at least January 1, 2020, and Earnhardt, its successors and assigns shall continuously operate, or cause to be operated, of all of the Dealerships at the Auto Mall until at least January 1, 2020 (the "Operating Period"). Earnhardt, its successors and assigns shall be permitted to sell both new and used vehicles at the Dealerships; provided, however, that Earnhardt, its successors and assigns shall, during the entire Operating Period, maintain new car franchises for all of the Dealerships at the Auto Mall. The obligations set forth in this Section 1 are collectively referred to herein as the "Performance Obligations."

2. Financial Assistance. Section 3 of the Agreement is hereby deleted in its entirety and replaced with the following:

3. Financial Assistance.

3.1 Rebate; Discount. Earnhardt meeting all of the Performance Obligations set forth in Section 1 above shall be a continuing pre-condition to the City's obligations as set forth in this Subsection 3.1. For so long as Earnhardt fully performs the Performance Obligations, the City shall be obligated to perform as set forth below. The City shall collect all Sales Taxes remitted by the Dealerships operating at the Auto Mall according to applicable law. Subject to the liquidated damages provisions set forth in Section 23 below, as an inducement to Earnhardt, its successors or assigns, to continuously maintain all of the Dealerships at the Auto Mall for the Operating Period, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealerships and paid to the City. Commencing upon the opening date for the Hyundai Dealership at the Auto Mall (the "Hyundai Opening Date") and continuing until the first to occur of the following: (i) the cessation of sales by Earnhardt, its successors and assigns of any of the Dealerships at the Auto Mall for a period of more than 12 months, (ii) the Rebate (as defined below) reaching a total of \$5,000,000, (iii) payment of the "Discount Rebate Payment" as set forth below or (iv) July 1, 2016 (the date of any such event being designated as the "Rebate Termination Date"), unless terminated earlier as set forth below in this subsection, the City shall rebate to Earnhardt 0.50% of the net taxable sales generated by taxable activities on the Dealerships for which Sales Taxes are collected (the "Rebate"); provided, however, that no such Rebate shall be paid unless the corresponding Sales Taxes due to the City from the Dealerships have been paid in full. At the City's option, it may, on the Effective Date, pay to Earnhardt \$2,000,000 (the "Discounted Rebate Payment") in full satisfaction of its obligations under this Section 3, and Earnhardt agrees that upon its receipt of the Discounted Rebate Payment, subject only to the extension provisions set forth in Subsection 3.2 below, the City's obligation to pay Rebates pursuant to the Original Agreement, as amended by this First Amendment, shall be completely discharged.

3.2 Extension of Rebate. If, within 12 months following the Effective Date, Earnhardt opens for business at the Auto Mall a new car dealership holding a new car franchise for a Ford Motor Company dealership selling Ford automobiles and operating at sales volumes roughly equivalent to or greater than the Honda Dealership (the "Ford Dealership") and operates the Ford Dealership for the Operating Period, the Rebate Termination Date may be modified until the first to occur of the following: (A) the cessation of sales by Earnhardt, its successors and assigns at any of the Dealerships (the term "Dealerships" shall, upon occurrence of the extension requirements set forth in this Subsection 3.2, be deemed to include the Ford Dealership) at the Auto Mall for a period of more than 12 months, (B) the aggregate Rebate reaching a total of \$7,000,000, (C) payment by the City of the "Additional Discounted Rebate Payment" as defined below in this Subsection or (D) July 1, 2016. At the City's option, it may, on the date that is 60 days after the opening date of the Ford Dealership for sales to the general public, pay to Earnhardt \$1,400,000 (the "Additional Discounted Rebate Payment") in full satisfaction of its obligations under this Subsection 3.2, and Earnhardt agrees that upon its receipt of the Additional Discounted Rebate Payment, the City's obligation to pay Rebates pursuant to the Original Agreement, as amended by this First Amendment, shall be completely discharged.

3.3 Rebate Payment; Termination. Unless terminated by payment of the Discounted Rebate Payment and Additional Discounted Rebate Payment, if any, as set forth in Subsections 3.1 and 3.2 above, the Rebate shall be payable in quarterly installments as set forth in Section 5 below. The City's obligation to pay the Rebate payments to Earnhardt pursuant to this Subsection will automatically cease and the City will have no further obligation to Earnhardt pursuant to this Agreement upon the earlier to occur of (A) the Rebate Termination Date or (B) such earlier date this Agreement is terminated pursuant to Section 8 below, the occurrence of either of which is referred to as the "Retail Rebate Termination."

3. Default. Section 8 of the Agreement is hereby deleted in its entirety and replaced with the following:

8. Default. If either Party fails to perform any obligation, including the City's obligation to pay the Rebates, pursuant to this Agreement, and such Party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting Party, such Party will be in default. In the event of such default, the non-defaulting Party may terminate this Agreement and will have all remedies that are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting Party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting Party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting Party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days. For the purposes of this Section 8, Earnhardt shall not be deemed to be in default under this Agreement in the event Earnhardt's failure to satisfy the Performance Obligations as set forth in Section 1 above is solely the result of American Honda Motor Co., Inc., a California corporation, Hyundai Motor America, Inc., a California corporation or

With copy to: GUST ROSENFELD, P.L.C.
One East Washington Street, Suite 1600
Phoenix, Arizona 85004-2553
Facsimile: 602-254-4878
Attn: Andrew J. McGuire, Esq.

If to Earnhardt: Earnhardt Auto Centers
7300 West Orchid Lane
Chandler, Arizona 85266-1000
Facsimile: 480-783-4625
Attn: Hal J. Earnhardt, III

With copies to: Earnhardt Auto Centers
7300 West Orchid Lane
Chandler, Arizona 85266-1000
Facsimile: 480-783-4625
Attn: Mary LaRue Walker, Esq.

Earnhardt Auto Centers
7300 West Orchid Lane
Chandler, Arizona 85266-1000
Facsimile: 480-783-4625
Attn: Robbyn McDowell

or at such other address, and to the attention of such other person or officer, as any Party may designate in writing by notice duly given pursuant to this subsection. Notices shall be deemed received (i) when delivered to the Party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a Party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a Party shall mean and refer to the date on which the Party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

6. Effect of Amendment. In all other respects, the Original Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Original Agreement shall remain in full force and effect.

7. Non-Default. By executing this First Amendment, Earnhardt affirmatively asserts that the City is not currently in default, nor has been in default at any time prior to this First Amendment, under any of the terms or conditions of the Original Agreement.

8. Cancellation. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

9. Earnhardt Warranty Regarding RV Dealership. Earnhardt warrants and represents to the City that, by entering into this First Amendment, the City will not be impairing any agreement relating to the Rebates, including, but not limited to, that certain Assignment between No Bull, LLC and Freedom Roads Property Holding Company, LLC, dated August 28, 2007 (the "Rebate Assignment"). Earnhardt further agrees and understands that it shall be solely liable for defending and holding the City harmless for, from and against any and all claims that may occur relating to the Rebate Assignment.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first set forth above.

"Earnhardt"

EARNHARDT AVONDALE, INC.,
an Arizona corporation

By: _____

Name: Hal J. Earnhardt, III

Title: President

"City"

CITY OF AVONDALE, an Arizona
municipal corporation

By: _____

Charles P. McClendon, City Manager

ATTEST:

Carmen Martinez
Carmen Martinez, City Clerk

(ACKNOWLEDGMENTS)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

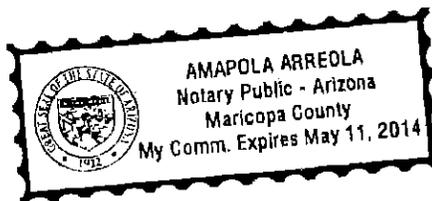
This instrument was acknowledged before me on March 9, 2011, by Charles P. McClendon, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, on behalf of the City of Avondale.

Amapola Arreola
Notary Public in and for the State of

Arizona

My Commission Expires:

May 11, 2014



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on March 2nd, 2011, by Hal J. Earnhardt, II, the President, of EARNHARDT AVONDALE, INC., an Arizona corporation, on behalf of the company.

Mary Lou Ciancillo
Notary Public in and for the State of

Arizona

My Commission Expires:

Sept. 14, 2011

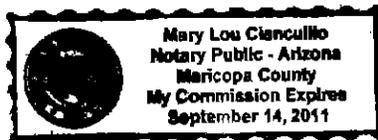


EXHIBIT 1
TO
FIRST AMENDMENT TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
EARNHARDT

[Property Legal Description and Map]

See following pages.

Legal Descriptions of Premises

Earnhardt Avondale Hyundai

10401 W. Papago Freeway
APN 105-54-043

Parcel No. 1:

Lot 10, Avondale Automall, Phase II, recorded in Book 646 of Maps, Page 29, as adjusted by Avondale Automall Lot 10 Lot adjustment recorded in Book 667 of Maps, Page 28, Maricopa County Recorder.

Parcel No. 2:

An easement for access as described in 35-foot private drive easement recorded in Instrument No. 2003-1374506 and accessory private drive easement recorded in instrument No. 2003-1374507.

Earnhardt Honda, Avondale

10151 W. Papago Freeway
APN 102-54-038

Lot 6, Avondale Automall Phase II, recorded in Book 646 of Maps, page 29, Maricopa County Recorder, Arizona.

Larry Miller Volkswagen

10205 W. Papago Freeway
APN 102-54-040B, 102-54-040B

Lot 7A, as depicted on A Minor Land Division Map for Avondale Automall Lot 7, as recorded in Book 747 of Maps Page 9, being a portion of Lot 7 of Avondale Automall Phase 2, as recorded in Book 646 of Maps, Page 29, Records of Maricopa County, Arizona more particularly described as follows:

Commencing at the Southwest Corner of said Lot 7;

thence North 01°11'14" West along the West line of said Lot 7, a distance of 493.34 feet to the true point of beginning;

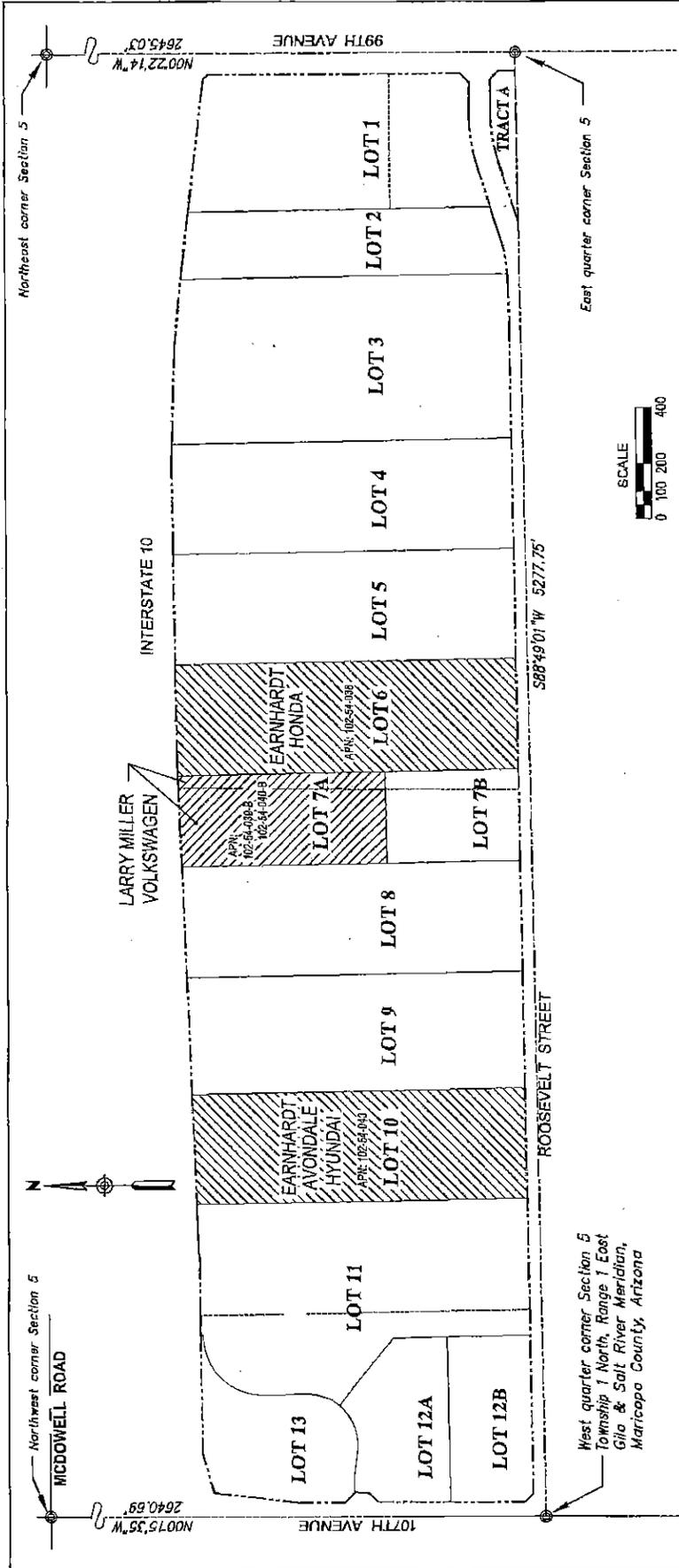
thence continuing at North 01°11'14" West along the West line of Lot 7, a distance of 745.19 feet to the northwest corner of Lot 7;

thence North 87°19'58" East, along the North line of Lot 7, a distance of 329.95 feet to the Northeast corner of Lot 7;

thence south 01°10'59" East, along the East line of Lot 7, a distance of 753.73 feet;

thence south 88°49'01" West, a distance of 329.78 feet to the true point of beginning.

Containing an approximate area of 247,180 square feet or 5.674 acres.



REFERENCE DOCUMENTS

- AVONDALE AUTOMALL, ACCORDING TO BOOK 604 PAGE 12, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA.
- AVONDALE AUTOMALL LOTS 2 AND 3, LOT ADJUSTMENT, ACCORDING TO BOOK 583 PAGE 41, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
- AVONDALE AUTOMALL PHASE 2, ACCORDING TO BOOK 646 PAGE 29, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
- MINOR LAND DIVISION MAP FOR AVONDALE AUTOMALL LOT 7 ACCORDING TO BOOK 747, PAGE 9 OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
- AVONDALE AUTOMALL LOT 10, LOT ADJUSTMENT, ACCORDING TO BOOK 567 DF MAPS PAGE 28, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
- AVONDALE AUTOMALL LOTS 11 & 12, LOT ADJUSTMENT, ACCORDING TO BOOK 677 PAGE 17 AND BOOK 686 PAGE 6, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA
- MINOR LAND DIVISION MAP FOR AVONDALE AUTOMALL LOT 12, ACCORDING TO BOOK 710, PAGE 17 OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA

City of Avondale
ENGINEERING DEPARTMENT

EXHIBIT MAP
Hyundai, Honda & Volkswagen
AVONDALE AUTOMALL

DATE: 2-28-2011
DSN: _____
DRN: LS
CHK: _____

PROJECT NAME
Avondale Automall
PAGE 2 OF 2

**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
M&JP, III, L.L.C.**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made November 21, 2002, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and M&JP, III, L.L.C., a Colorado limited liability company ("Nissan Dealer").

RECITALS

A. Nissan Dealer desires to operate a Nissan dealership (the "Dealership") on real property located at the Avondale Auto Mall (the "Auto Mall"), which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference (the "Property").

B. The Dealership is anticipated to generate a significant amount of revenue to the City through transaction privilege taxes (levied pursuant to the City Tax Code) resulting from retail sale of vehicles (the "Sales Taxes").

C. The City desires that Nissan Dealer maintain the Dealership at the Auto Mall to (i) generate future transaction privilege tax revenues for the City, (ii) increase the value of the Auto Mall for real property tax purposes and (iii) create opportunities for employment in Avondale.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and Nissan Dealer hereby agree as follows:

1. Nissan Dealer Obligation. Nissan Dealer shall enter into a binding agreement entitling Nissan Dealer, its successors or assigns, to occupy the Property for a period of at least ten years from the date the Dealership opens for business (the "Lease Period"). Nissan Dealer shall begin construction of the Dealership within twelve months of the "Effective Date" of this Agreement, as defined below, and shall complete construction of and open the Dealership for business, including all sales and services typically offered by other dealerships at the Auto Mall, not later than 24 months from the Effective Date. After construction is completed and the Dealership is opened for business, Nissan Dealer, its successors or assigns shall continuously operate the Dealership during the Lease Period. Nissan Dealer, its successors or assigns shall be permitted to sell both new and used vehicles at the Dealership; provided, however, that Nissan Dealer, its successors or assigns shall, during the entire term of this Agreement, maintain a new car franchise for the Dealership at the Auto Mall.

2. Financial Assistance. Nissan Dealer shall collect all Sales Taxes for the Dealership operating on the Property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to Nissan Dealer, its successors or assigns, to continue operations at the Auto Mall for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City

ORIGINAL

for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealership at the Auto Mall and paid to the City. Commencing upon the date a Certificate of Occupancy is issued by the City for the Dealership on the Property (the "Occupancy Date") and continuing for a period of seven years thereafter (the day ending such seven-year period being designated as the "Termination Date"), the City shall rebate to Nissan Dealer (i) for a period of five years from the Occupancy Date, 0.375% of the annual taxable retail sales generated by Nissan Dealer at the Dealership and (ii) for a period of two years commencing on the date that is five years after the Occupancy Date, 0.50% of the annual taxable retail sales generated by the Nissan Dealer at the Dealership (collectively, the "Rebate"), payable in quarterly installments.

3. Term. This Agreement shall be effective upon the date first set forth above (the "Effective Date") and shall remain in full force and effect until the Termination Date, unless terminated sooner pursuant to Section 7 below.

4. Payment Method. The first quarterly payment required by Section 2 above shall be paid no later than 60 days after the end of the first full quarter following the Occupancy Date in which Sales Taxes were paid to the City by Nissan Dealer. Subsequent quarterly payments will be made no later than 60 days after the end of each succeeding quarter. Notwithstanding the termination of the City's obligation to make the Rebates pursuant to Section 2 above, the City shall remain obligated to pay, upon the next occurring quarterly payment date, any amounts due to Nissan Dealer that accrued prior to such termination. Each quarterly payment will be mailed to Nissan Dealer at the address set forth in Section 8 below, or as otherwise agreed to by Nissan Dealer and the City.

5. Waiver of Confidentiality. Nissan Dealer hereby waives, for the term of this Agreement, any rights it may have to keep confidential from the City any records indicating the amount of sales generated by the Dealership at the Auto Mall. Nissan Dealer further agrees to take all steps necessary and to execute any required documents to permit the City's authorized representative to examine any such records.

6. Sales Tax Rebates Not a Debt; Obligation to Pay Absolute. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained herein shall be deemed to represent or constitute indebtedness or a general obligation of the City. Nissan Dealer shall not have the right to compel payments from the City's general fund for payments of the Rebate herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the City. Notwithstanding the foregoing, nothing set forth in this Section 6 shall relieve the City of its obligation to pay the Rebate to Nissan Dealer. Further, the City's failure to annually appropriate any amounts necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments.

7. Default. If either party fails to perform any obligation, including the City's obligation to pay the Rebate, pursuant to this Agreement, and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement and will have all remedies which are available to it at law or in equity including, without limitation, the

remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days.

8. Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to the City: City of Avondale
525 N. Central Avenue
Avondale, AZ 85323
Facsimile: 623-932-2205
Attn: City Manager

With copy to: JORDEN, BISCHOFF, MCGUIRE & ROSE, P.L.C.
7272 E. Indian School Rd., Suite 205
Scottsdale, AZ 85251
Facsimile: 480-505-3901
Attn: Andrew J. McGuire, Esq.

If to Nissan Dealer: Mitch Pierce
12019 S. Honah Lee Ct.
Phoenix, AZ 85044
Facsimile: 480-425-2980

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section 9. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

9. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Nissan Dealer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

10. Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party and, in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

12. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

13. Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

14. Time of the Essence. Time is of the essence in this Agreement.

15. Assignment. This Agreement may not be assigned, in whole or in part, by Nissan Dealer without the prior, written consent of the City.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

17. Amendment. No amendment or waiver of any provision in this Agreement will be binding (i) on the City unless and until it has been approved by the City Council and has become effective or (ii) on Nissan Dealer unless and until it has been executed by an authorized representative.

18. Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

19. Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable will not be affected by that invalidity or unenforceability. Each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith

for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

20. Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

21. Conflict of Interest. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

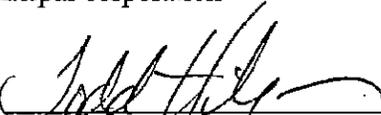
“Nissan Dealer”

“City”

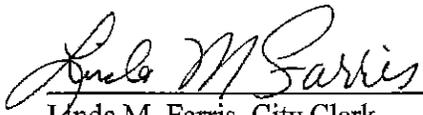
M&JP, III, L.L.C., a Colorado
limited liability company

CITY OF AVONDALE, an Arizona
municipal corporation

By: 
Name: Mitch Pearce
Title: President

By: 
Todd Hileman, City Manager

ATTEST:

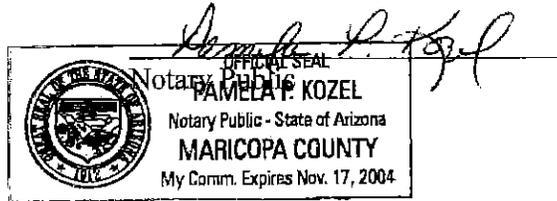

Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

STATE OF ~~COLORADO~~ ^{ARIZONA})
) ss.
County of MARICOPA)

Acknowledged before me this 21 day of NOVEMBER, 2002, by Mitch Pierce, the managing member of M&JP, III, L.L.C., a Colorado limited liability company, for and on behalf of the company.

NOVEMBER 17, 2004
My Commission Expires



STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 22nd day of November, 2002, by Todd Hileman, the City Manager of the City of Avondale, Arizona, an Arizona municipal corporation, for and on behalf of the municipal corporation.

June 4, 2006
My Commission Expires

[Signature]
Notary Public

**FIRST AMENDMENT
TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
M&JP, III, L.L.C.**

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT AGREEMENT (this "First Amendment") is made July 9th, 2003, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and M&JP, III, L.L.C., a Colorado limited liability company ("Nissan Dealer"). All capitalized terms used in the First Amendment and not otherwise defined herein shall have the same meaning set forth in the Agreement, as defined below.

RECITALS

A. The City and the Nissan Dealer entered into that certain economic development agreement on November 21, 2002 (the "Agreement"), relating to development of a Nissan Dealership at the Auto Mall located generally at the Southwest corner of 99th Avenue and Interstate 10.

B. The Agreement provided for transaction privilege tax rebates to the Nissan Dealer for constructing and operating a new Nissan automobile dealership at the Auto Mall.

C. The City and Nissan Dealer desire to amend the Agreement to correct an oversight in the Agreement relating to a freeze in development fees at the level existing on October 14, 2002, with respect to construction of the Nissan Dealership.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and Nissan Dealer hereby agree as follows:

1. That Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

2. Financial Assistance.

a. Nissan Dealer shall collect all Sales Taxes for the Dealership operating on the Property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to Nissan Dealer, its successors or assigns, to continue operations at the Auto Mall for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealership at the Auto Mall and paid to the City. Commencing upon the date a Certificate of Occupancy is issued by the City for the Dealership on the Property (the "Occupancy Date") and continuing for a period of seven years thereafter (the day ending such seven-year period

ORIGINAL

**FIRST AMENDMENT
TO
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
M&JP, III, L.L.C.**

THIS FIRST AMENDMENT TO ECONOMIC DEVELOPMENT AGREEMENT (this "First Amendment") is made July ~~2002~~ ²⁰⁰³, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and M&JP, III, L.L.C., a Colorado limited liability company ("Nissan Dealer"). All capitalized terms used in the First Amendment and not otherwise defined herein shall have the same meaning set forth in the Agreement, as defined below.

RECITALS

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C. The City and Nissan Dealer desire to amend the Agreement to correct an oversight in the Agreement relating to a freeze in development fees at the level existing on October 14, 2002, with respect to construction of the Nissan Dealership.

AGREEMENT

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1. That Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

2. Financial Assistance.

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being designated as the "Termination Date"), the City shall rebate to Nissan Dealer (i) for a period of five years from the Occupancy Date, 0.375% of the annual taxable retail sales generated by Nissan Dealer at the Dealership and (ii) for a period of two years commencing on the date that is five years after the Occupancy Date, 0.50% of the annual taxable retail sales generated by the Nissan Dealer at the Dealership (collectively, the "Rebate"), payable in quarterly installments.

b. The City shall charge Nissan Dealer development fees pursuant to Chapter 26 of the Avondale City Code at the rate that existed on October 13, 2002.

2. Except as expressly amended by this First Amendment, all terms and conditions of the Agreement are hereby ratified, confirmed and approved.

3. The Agreement and this First Amendment may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

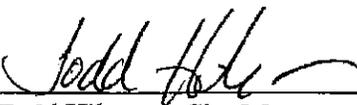
"Nissan Dealer"

"City"

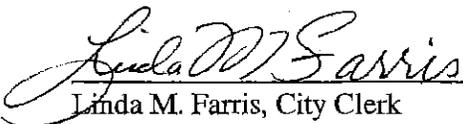
M&JP, III, L.L.C., a Colorado
limited liability company

CITY OF AVONDALE, an Arizona
municipal corporation

By: 
Name: Mitch Pierce
Title: Manager

By: 
Todd Hileman, City Manager

ATTEST:

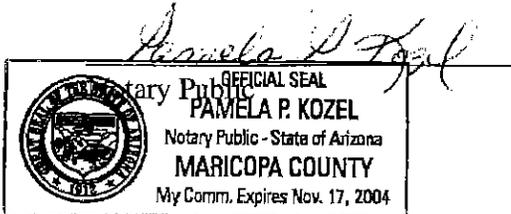

Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

STATE OF ~~COLORADO~~ ^{ARIZONA})
) ss.
County of MARICOPA)

Acknowledged before me this 16 day of JULY, 2003, by Mitch Pierce, the managing member of M&JP, III, L.L.C., a Colorado limited liability company, for and on behalf of the company.

NOVEMBER 17, 2004
My Commission Expires

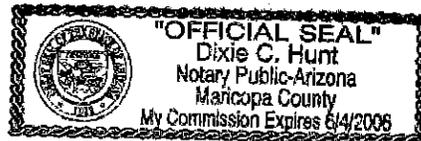


STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 9th day of July, 2003, by Todd Hileman, the City Manager of the City of Avondale, Arizona, an Arizona municipal corporation, for and on behalf of the municipal corporation.

June 4, 2006
My Commission Expires

Dixie C. Hunt
Notary Public



**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
SATURN DEVELOPMENT, L.L.C.**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made August 19th 2003, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and SATURN DEVELOPMENT, L.L.C., a North Dakota limited liability company ("Saturn Dealer").

RECITALS

A. Saturn Dealer desires to operate a Saturn dealership (the "Dealership") on real property located at the Avondale Auto Mall (the "Auto Mall"), which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference (the "Property").

B. The Dealership is anticipated to generate a significant amount of revenue to the City through transaction privilege taxes (levied pursuant to the City Tax Code) resulting from retail sale of vehicles (the "Sales Taxes").

C. The City desires that Saturn Dealer maintain the Dealership at the Auto Mall to (i) generate future transaction privilege tax revenues for the City, (ii) increase the value of the Auto Mall for real property tax purposes and (iii) create opportunities for employment in Avondale.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and Saturn Dealer hereby agree as follows:

1. Saturn Dealer Obligation. Saturn Dealer shall enter into a binding agreement entitling Saturn Dealer, its successors or assigns, to occupy the Property for a period of at least ten years from the date the Dealership opens for business (the "Operating Period"). Saturn Dealer shall begin construction of the Dealership within twelve months of the "Effective Date" of this Agreement, as defined below, and shall complete construction of and open the Dealership for business, including all sales and services typically offered by other dealerships at the Auto Mall, not later than 18 months from the Effective Date. After construction is completed and the Dealership is opened for business, Saturn Dealer, its successors or assigns shall continuously operate the Dealership during the Operating Period. Saturn Dealer, its successors or assigns shall be permitted to sell both new and used vehicles at the Dealership; provided, however, that Saturn Dealer, its successors or assigns shall, during the entire term of this Agreement, maintain a new car franchise for the Dealership at the Auto Mall.

2. Financial Assistance. Saturn Dealer shall collect all Sales Taxes for the Dealership operating on the Property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to Saturn Dealer, its successors or assigns, to continue operations at the Auto Mall

08

for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealership at the Auto Mall and paid to the City. Commencing upon the date a Certificate of Occupancy is issued by the City for the Dealership on the Property (the "Occupancy Date") and continuing for a period of two years thereafter (the day ending such two-year period being designated as the "Initial Termination Date"), the City shall rebate to Saturn Dealer 0.25% of the annual net taxable retail sales generated by Saturn Dealer at the Dealership (the "Initial Rebate"). If, during the 12-month period immediately preceding the Initial Termination Date, Saturn Dealer has generated annual net taxable retail sales in excess of \$40,000,000.00 at the Saturn Dealership, the City shall extend the Initial Rebate for an additional 12 months (the "First Extended Rebate"), beginning on the Initial Termination Date and ending on the date that is twelve months later (the "First Extended Termination Date"). If, during the 12-month period immediately preceding the First Extended Termination Date, Saturn Dealer has generated annual net taxable retail sales in excess of \$40,000,000.00 at the Saturn Dealership, the City shall extend the First Extended Rebate for an additional 12 months (the "Second Extended Rebate"), beginning on the First Extended Termination Date and ending on the date that is 12 months later (the "Second Extended Termination Date"). The Initial Rebate, the First Extended Rebate (if any) and the Second Extended Rebate (if any) are collectively referred to herein as the "Rebate", which shall be payable in quarterly installments.

3. Term. This Agreement shall be effective upon the date first set forth above (the "Effective Date") and shall remain in full force and effect until the date that is ten years thereafter, unless sooner terminated pursuant to Section 7 below. The Rebate shall become effective on the Effective Date and shall remain in full force and effect until the Initial Termination Date, the First Extended Termination Date or the Second Extended Termination Date, as applicable, unless terminated sooner pursuant to Section 7 below.

4. Payment Method. The first quarterly payment required by Section 2 above shall be paid no later than 60 days after the end of the first full quarter following the Occupancy Date in which Sales Taxes were paid to the City by Saturn Dealer. Subsequent quarterly payments will be made no later than 60 days after the end of each succeeding quarter. Notwithstanding the termination of the City's obligation to make the Rebates pursuant to Section 2 above, the City shall remain obligated to pay, upon the next occurring quarterly payment date, any amounts due to Saturn Dealer that accrued prior to such termination. Each quarterly payment will be mailed to Saturn Dealer at the address set forth in Section 8 below, or as otherwise agreed to by Saturn Dealer and the City.

5. Waiver of Saturn Dealer Confidentiality. Saturn Dealer hereby waives, for the term of this Agreement, any rights it may have to keep confidential from the City any records indicating the amount of sales generated by the Dealership at the Auto Mall. Saturn Dealer further agrees to take all steps necessary and to execute any required documents to permit the City's authorized representative to examine any such records.

6. Sales Tax Rebates Not a Debt; Obligation to Pay Absolute. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained herein shall be deemed to represent or constitute indebtedness or a general obligation of the City. Saturn Dealer shall not have the right to compel payments from the City's general fund for payments of the Rebate herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the

City. Notwithstanding the foregoing, nothing set forth in this Section 6 shall relieve the City of its obligation to pay the Rebate to Saturn Dealer. Further, the City's failure to annually appropriate any amounts necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments.

7. Default. If either party fails to perform any obligation, including the City's obligation to pay the Rebate, pursuant to this Agreement, and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement and will have all remedies which are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days.

8. Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to the City: City of Avondale
525 N. Central Avenue
Avondale, AZ 85323
Facsimile: 623-932-2205
Attn: City Manager

With copy to: JORDEN, BISCHOFF, MCGUIRE & ROSE, P.L.C.
7272 E. Indian School Rd., Suite 205
Scottsdale, AZ 85251
Facsimile: 480-505-3901
Attn: Andrew J. McGuire, Esq.

If to Saturn Dealer: Saturn Development, L.C.C.
P.O. Box 10813
White Bear Lake, MN 55110
Facsimile: 651-490-9416
Attn: Jim Price, Vice President

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and

instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

9. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Saturn Dealer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

10. Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party and, in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

12. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

13. Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

14. Time of the Essence. Time is of the essence in this Agreement.

15. Assignment. This Agreement may be assigned, in whole or in part, by Saturn Dealer only upon the prior, written approval of the City, as evidenced by the City Manager's signature thereon, which approval may be withheld by the City for any reason.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

17. Amendment. No amendment or waiver of any provision in this Agreement will be binding (i) on the City unless and until it has been approved by the City Council and has become effective or (ii) on Saturn Dealer unless and until it has been executed by an authorized representative.

18. Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

19. Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable will not be affected by that invalidity or unenforceability. Each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

20. Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

21. Conflict of Interest. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

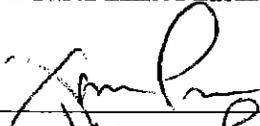
IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

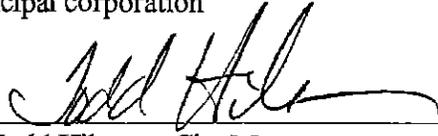
"Saturn Dealer"

"City"

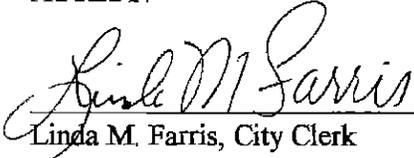
SATURN DEVELOPMENT, L.L.C. a
North Dakota limited liability company

CITY OF AVONDALE, an Arizona
municipal corporation

By: 
Name: James Price
Title: Area President

By: 
Todd Hileman, City Manager

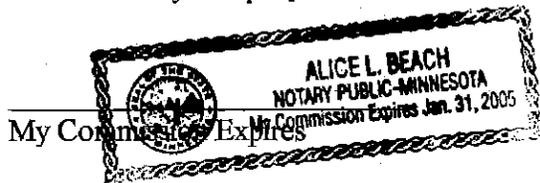
ATTEST:


Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

STATE OF _____)
) ss.
County of _____)

Acknowledged before me this ____ day of August, 2003, by Jim Price, the Vice President of Saturn Development, L.L.C., a North Dakota limited liability company, for and on behalf of the limited liability company.



Alice L. Beach

Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 19th day of August, 2003, by Todd Hileman, the City Manager of the City of Avondale, Arizona, an Arizona municipal corporation, for and on behalf of the municipal corporation.

June 4, 2006

My Commission Expires

Dixie C. Hunt

Notary Public



**ASSIGNMENT AND ASSUMPTION
(Agreement)**

BY THIS AGREEMENT made and entered into as of the 30th day of August, 2005, SATURN DEVELOPMENT L.L.C., a Minnesota limited liability company (hereinafter called "Assignor"), and SATURN OF WEST PHOENIX, INC., an Arizona corporation, whose address is 8801 West Bell Road, Peoria, AZ 85382 (hereinafter called "Assignee"), in consideration of the recitals and mutual covenants herein contained and other good and valuable consideration, the receipts and sufficiency of which is hereby acknowledged, confirm and agree as follows:

SECTION 1. Recitals.

1.1 Assignor is a party to that Economic Development agreement dated August 19, 2003, between Assignor, and the City of Avondale, Arizona (the "Development Agreement"). Assignor and Assignee are parties to a development agreement to design and construct a retail automobile dealership at 10685 West Papago Freeway, Avondale, Arizona (the "Dealership Agreement"). Pursuant to the Dealership Agreement, all rights, agreements and contracts are being conveyed to Assignee concurrently herewith.

1.2 Assignor desires to transfer and assign to Assignee all of its right, title and interest in and to, and arising under the Development Agreement with respect to the subject property only, and Assignee desires to assume all of the obligations of Assignor under the Development Agreement with respect to the subject property only.

SECTION 2. Assignment and Assumption.

2.1 Assignor does hereby irrevocably grant, sell, convey, assign, transfer, set over and deliver unto Assignee all of Assignor's right, title and interest in and to, and arising under, the Development Agreement with respect to the subject property only.

2.2 Assignee hereby assumes and agrees to perform all of the duties, obligations and promises of Assignor as set forth in or arising under the Development Agreement, to be bound by all of the terms, conditions and provisions of the Development Agreement and to do any and all acts and things required under the Development Agreement to be done by Assignor but all with respect to the subject property only.

2.3 Assignee covenants and agrees to indemnify and hold harmless Assignor from and against any actions, suits, proceedings or claims and expenses (including without limitation reasonable attorneys' fees) incurred in connection therewith, based upon or arising out of any breach or alleged breach of the Development Agreement (with respect to the subject property only) or out of any other statement of facts connected with the Development Agreement (with respect to the subject property only) occurring or alleged to have occurred from and after the effective date hereof. Assignor covenants and agrees to indemnify and hold harmless Assignee from and against any actions, suits, proceedings or claims, and all costs and expenses (including without limitation

reasonable attorneys' fees) incurred in connections therewith, based upon or arising out of any breach or alleged breach of the Development Agreement (with respect to the subject property only) or out of any other statement of facts connected with the Development Agreement (with respect to the subject property only) occurring or alleged to have occurred prior to the effective date hereof.

SECTION 3. Miscellaneous.

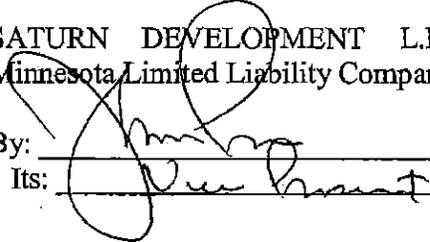
3.1 The parties shall execute such additional documents and do such other acts as may be reasonably necessary to fully implement the intent of this Assignment and Assumption.

3.2 This Assignment and Assumption shall be governed by and construed according to the laws of the State of Arizona.

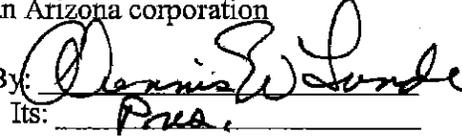
3.3 This Assignment and Assumption shall be binding upon, and shall inure to the benefit of, the parties hereto and their heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed the Assignment and Assumption as of the date indicated above.

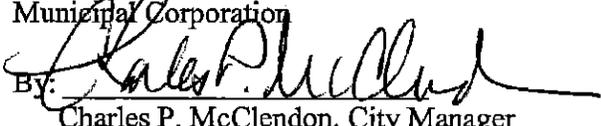
SATURN DEVELOPMENT L.L.C., a
Minnesota Limited Liability Company

By: 
Its: Pres.

SATURN OF WEST PHOENIX, INC.,
an Arizona corporation

By: 
Its: Pres.

CITY OF AVONDALE, an Arizona
Municipal Corporation

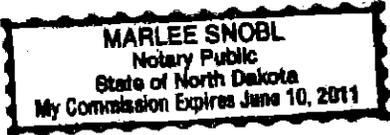
By: 
Charles P. McClendon, City Manager

STATE OF North Dakota
County of Grand Forks)ss.

The foregoing instrument was acknowledged before me this 30 day of August, 2005, by James Price the manager of SATURN DEVELOPMENT L.L.C., for and on behalf of the company.

Marlee Snobl
Notary Public

My commission expires:
June 10, 2011

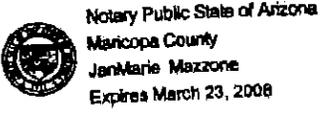


STATE OF Arizona)
County of Maricopa)ss.

The foregoing instrument was acknowledged before me this 30 day of August, 2005, by Dennis W. Lunde the President of SATURN OF WEST PHOENIX, INC., for and on behalf of the company.

JanMarie Mazzone
Notary Public

My commission expires:
3-23-08



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**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO - RE 3, L.L.C**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made Oct 7th, 2003, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and AUTO - RE 3, L.L.C., an Arizona Limited liability company ("Toyota Dealer").

RECITALS

A. Toyota Dealer desires to operate a Toyota dealership (the "Dealership") on real property located at the Avondale Auto Mall (the "Auto Mall"), which property is more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property").

B. The Dealership is anticipated to generate a significant amount of revenue to the City through transaction privilege taxes (levied pursuant to the City Tax Code) resulting from retail sale of vehicles (the "Sales Taxes").

C. The City desires that Toyota Dealer maintain the Dealership at the Auto Mall to (i) generate future transaction privilege tax revenues for the City, (ii) increase the value of the Auto Mall for real property tax purposes and (iii) create opportunities for employment in Avondale.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and Toyota Dealer hereby agree as follows:

1. Toyota Dealer Obligation. Toyota Dealer shall enter into a binding agreement entitling Toyota Dealer, its successors or assigns, to occupy the Property for a period of at least fifteen years from the date the Dealership opens for business (the "Operating Period"). Toyota Dealer shall begin construction of the Dealership within twelve months of the "Effective Date" of this Agreement, as defined below, and shall complete construction of and open the Dealership for business, including all sales and services typically offered by other dealerships at the Auto Mall, not later than 18 months from the Effective Date. After construction is completed and the Dealership is opened for business, Toyota Dealer, its successors or assigns shall continuously operate the Dealership during the Operating Period. Toyota Dealer, its successors or assigns shall be permitted to sell both new and used vehicles at the Dealership; provided, however, that Toyota Dealer, its successors or assigns shall, during the entire term of this Agreement, maintain a new car franchise for the Dealership at the Auto Mall.

2. Financial Assistance. Toyota Dealer shall collect all Sales Taxes for the Dealership operating on the Property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to Toyota Dealer, its successors or assigns, to continue operations at the Auto Mall for a period of fifteen years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City

ORIGINAL

hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealership at the Auto Mall and paid to the City. Commencing upon the date a Certificate of Occupancy is issued by the City for the Dealership on the Property (the "Occupancy Date"), and continuing for a period of four years thereafter (the day ending such four-year period being designated as the "Initial Termination Date"), the City shall rebate to Toyota Dealer 0.375% of the annual net taxable retail sales generated by Toyota Dealer at the Dealership. Commencing on the Initial Termination Date and continuing for a period of two years thereafter (the day ending such two-year period being designated as the "Second Termination Date"), the City shall rebate to Toyota Dealer 0.50% of the annual net taxable retail sales generated by Toyota Dealer at the Dealership. Commencing on the Second Termination Date and continuing for a period of two years thereafter (the day ending such two-year period being designated as the "Third Termination Date"), the City shall rebate to Toyota Dealer 0.75% of the annual net taxable retail sales generated by Toyota Dealer at the Dealership (the rebates for years one through eight being designated as the "Initial Rebate"). If, during the 12-month period immediately preceding the Third Termination Date, Toyota Dealer has generated annual net taxable retail sales in excess of \$70,000,000.00 at the Toyota Dealership, the City shall extend the Initial Rebate (at 0.75% of the annual net taxable retail sales generated by Toyota Dealer at the Dealership) for an additional 12 months (the "First Extended Rebate"), beginning on the Third Termination Date and ending on the date that is twelve months later (the "First Extended Termination Date"). If, during the 12-month period immediately preceding the First Extended Termination Date, Toyota Dealer has generated annual net taxable retail sales in excess of \$70,000,000.00 at the Toyota Dealership, the City shall extend the First Extended Rebate for an additional 12 months (the "Second Extended Rebate"), beginning on the First Extended Termination Date and ending on the date that is 12 months later (the "Second Extended Termination Date"). If, during the 12-month period immediately preceding the Second Extended Termination Date, Toyota Dealer has generated annual net taxable retail sales in excess of \$70,000,000.00 at the Toyota Dealership, the City shall extend the Second Extended Rebate for an additional 12 months (the "Third Extended Rebate"), beginning on the Second Extended Termination Date and ending on the date that is 12 months later (the "Third Extended Termination Date"). The Initial Rebate, the First Extended Rebate (if any), the Second Extended Rebate (if any) and the Third Extended Rebate (if any) are collectively referred to herein as the "Rebate", which shall be payable in quarterly installments.

3. Term. This Agreement shall be effective upon the date first set forth above (the "Effective Date") and shall remain in full force and effect until the date that is fifteen years thereafter, unless sooner terminated pursuant to Section 7 below. The Rebate shall become effective on the Effective Date and shall remain in full force and effect until the Initial Termination Date, the First Extended Termination Date, the Second Extended Termination Date or the Third Extended Termination Date, as applicable, unless terminated sooner pursuant to Section 7 below.

4. Payment Method. The first quarterly payment required by Section 2 above shall be paid no later than 60 days after the end of the first full quarter following the Occupancy Date in which Sales Taxes were paid to the City by Toyota Dealer. Subsequent quarterly payments will be made no later than 60 days after the end of each succeeding quarter. Notwithstanding the termination of the City's obligation to make the Rebates pursuant to Section 2 above, the City shall remain obligated to pay, upon the next occurring quarterly payment date, any amounts due to Toyota Dealer that accrued prior to such termination. Each quarterly payment will be mailed to Toyota Dealer at the address set forth in Section 8 below, or as otherwise agreed to by Toyota Dealer and the City.

Avondale, AZ 85323
Facsimile: 623-932-2205
Attn: City Manager

With a copy to: JORDEN, BISCHOFF, MCGUIRE & ROSE, P.L.C.
7272 E. Indian School Rd., Suite 205
Scottsdale, AZ 85251
Facsimile: 480-505-3901
Attn: Andrew J. McGuire, Esq.

If to Toyota Dealer: Auto-RE 3, L.L.C.
2425 E. Camelback Road, Suite 1155
Phoenix, AZ 85016
Facsimile: 602-381-6599
Attn: Mitch Pierce

With a copy to: Auto-RE 3, L.L.C.
2425 E. Camelback Road, Suite 1155
Phoenix, AZ 85016
Facsimile: 602-381-6599
Attn: Brian McCafferty

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

10. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or Toyota Dealer of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

11. Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party and, in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

13. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

14. Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

15. Time of the Essence. Time is of the essence in this Agreement.

16. Assignment. This Agreement may be assigned, in whole or in part, by Toyota Dealer only upon the prior, written approval of the City, as evidenced by the City Manager's signature thereon, which approval may be withheld by the City for any reason.

17. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

18. Amendment. No amendment or waiver of any provision in this Agreement will be binding (i) on the City unless and until it has been approved by the City Council and has become effective or (ii) on Toyota Dealer unless and until it has been executed by an authorized representative.

19. Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

20. Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable will not be affected by that invalidity or unenforceability. Each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

21. Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

22. Conflict of Interest. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

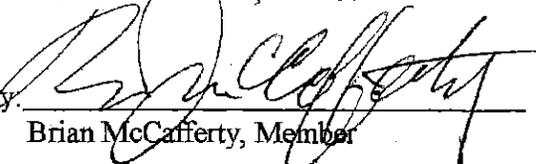
IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

"Toyota Dealer"

AUTO-RE 3, L.L.C., an Arizona
limited liability company

By: 

Mitchell D. Pierce, Member

By: 

Brian McCafferty, Member

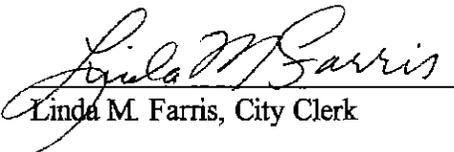
"City"

CITY OF AVONDALE, an Arizona
municipal corporation

By: 

Todd Hileman, City Manager

ATTEST:



Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

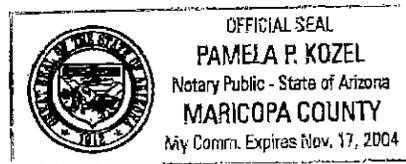
STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 20 day of October, 2003, by Mitchell D. Pierce, a member of Auto-RE 3, L.L.C., an Arizona limited liability company, for and on behalf of the limited liability company.

November 17, 2004
My Commission Expires

Pamela P. Koziel
Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

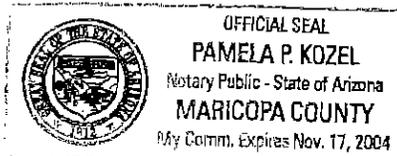


Acknowledged before me this 20 day of October, 2003, by Brian McCafferty, a member of Auto-RE 3, L.L.C., an Arizona limited liability company, for and on behalf of the limited liability company.

November 17, 2004
My Commission Expires

Pamela P. Koziel
Notary Public

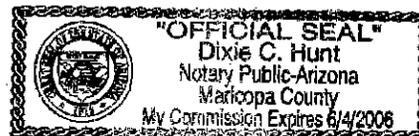
STATE OF ARIZONA)
) ss.
County of Maricopa)



Acknowledged before me this 7th day of October, 2003, by Todd Hileman, the City Manager of the City of Avondale, Arizona, an Arizona municipal corporation, for and on behalf of the municipal corporation.

June 4th 2006
My Commission Expires

Dixie C. Hunt
Notary Public



**ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO DEALER INVESTMENTS OF AMERICA**

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made *January*, 2003, by and between the CITY OF AVONDALE, an Arizona municipal corporation (the "City") and Auto Dealer Investments of America, L.L.C., an Arizona limited liability company ("ADIA").

RECITALS

A. ADIA desires to operate a Kia dealership (the "Dealership") on real property (the "Property") located at the Avondale Auto Mall (the "Auto Mall"), which is more particularly described and depicted on Exhibit A attached hereto and incorporated herein by reference.

B. The Dealership is anticipated to generate a significant amount of revenue to the City through transaction privilege taxes levied pursuant to the City Tax Code resulting from retail sale of vehicles (the "Sales Taxes").

C. The Council of the City of Avondale (the "City Council") has determined that the economic welfare of the citizens of Avondale will be enhanced by maintaining the Dealership at the Auto Mall to (i) to generate future transaction privilege tax revenues for the City, (ii) increase the value of the Auto Mall for real property tax purposes and (iii) create opportunities for employment in Avondale.

D. The City Council is empowered, pursuant to ARIZ. REV. STAT. § 9-500.11, to appropriate public funds to further employment and economic enhancement of the City. Accordingly, the City Council desires to rebate a portion of future Sales Taxes to provide the enhanced economic welfare of the City as set forth above.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the City and ADIA hereby agree as follows:

1. ADIA Obligation. ADIA shall enter into a binding agreement entitling ADIA, its successors or assigns, to occupy the Property for a period of at least ten years from the date the Dealership opens for business at the Auto Mall. ADIA, its successors or assigns shall continue operations of the Dealership during that period. ADIA shall complete construction of and open the Dealership for business, including all sales and services typically offered by ADIA at its other dealerships, not later than August 31, 2004. ADIA, its successors or assigns shall be permitted sell both new and used vehicles at the Dealership; provided, however, that ADIA, its successors or assigns shall, during the entire term of this Agreement, maintain a new car franchise for the Dealership at the Auto Mall.

ORIGINAL

2. Financial Assistance. ADIA shall collect all Sales Taxes for the Dealership operating on the Property and shall remit such Sales Taxes to the City according to applicable law. As an inducement to ADIA, its successors or assigns to continue operations at the Auto Mall for a period of ten years, and pursuant to the provisions of ARIZ. REV. STAT. § 9-500.11, the City hereby agrees to rebate a portion of the Sales Taxes generated by sales at the Dealership at the Auto Mall and paid to the City (the "Rebate"). Commencing upon the opening of the Dealership at the Auto Mall and continuing until the earlier of (i) the permanent cessation of sales by ADIA, its successors or assigns at the Auto Mall or (ii) ten years from the date the Dealership opens for business (the "Opening Date") at the Auto Mall (the date of either event being designated as the "Termination Date"), the City shall rebate to ADIA a portion of the annual taxable retail sales generated by ADIA at the Dealership (the "Taxable Sales"), payable in quarterly installments as follows: (i) beginning on the Opening Date and ending on the day three years thereafter (the "First Ending Date") 0.375% of the Taxable Sales, (ii) beginning on the first day following the First Ending Date and ending on the day four years thereafter (the "Second Ending Date") 0.5% of the Taxable Sales and (iii) beginning on the first day following the Second Ending Date and ending on the day three years thereafter, 0.75% of the Taxable Sales.

3. Term. This Agreement shall be effective when executed by both parties and shall remain in full force and effect until the Termination Date, unless terminated sooner pursuant to Section 7 below.

4. Payment Method. The first quarterly payment required by Section 2 above shall be paid no later than 60 days after the end of the first full quarter following the execution of this Agreement in which Sales Taxes were paid to the City by ADIA. Subsequent quarterly payments will be made no later than 60 days after the end of each succeeding quarter. Notwithstanding the termination of the City's obligation to make the Rebates pursuant to Section 2 above, the City shall remain obligated to pay, upon the next occurring quarterly payment date, any amounts due to ADIA that accrued prior to such termination. Each quarterly payment will be mailed to ADIA at the address required for notices to ADIA under this Agreement, or as otherwise agreed to by ADIA and the City.

5. Waiver of Confidentiality. ADIA hereby waives, for the term of this Agreement, its right to keep confidential from the City the records indicating the amount of sales generated by the Dealership at the Auto Mall. ADIA further agrees to take all steps necessary and to execute any required documents to permit the City's authorized representative to examine any such records in a timely fashion such that an appropriation may be designated in the City's annual budget to pay ADIA the necessary Rebate.

6. Sales Tax Rebates Not a Debt; Obligation to Pay Absolute. Pursuant to ARIZ. REV. STAT. § 42-17106, none of the provisions contained herein shall be deemed to represent or constitute indebtedness or a general obligation of the City. ADIA shall not have the right to compel payments from the City's general fund for payments of the Rebate herein and the terms of this Agreement shall not be construed to be a charge against the general (ad valorem) taxing power of the City. Notwithstanding the foregoing, nothing set forth in this Section 6 shall relieve the City of its obligation to pay the Rebate to ADIA. Further, the City's failure to appropriate any amounts

necessary to meet its obligations under this Agreement shall not relieve it of its duty to make such payments.

7. Default. If either party fails to perform any obligation, including the City's obligation to pay the Rebate pursuant to this Agreement, and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default and the non-defaulting party has the option to terminate this Agreement and will have all remedies which are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days.

8. Notices and Requests. Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered to the party at the address set forth below, (ii) deposited in the U.S. Mail, registered or certified, return receipt requested, to the address set forth below, (iii) given to a recognized and reputable overnight delivery service, to the address set forth below or (iv) delivered by facsimile transmission to the number set forth below:

If to the City: City of Avondale
525 N. Central Avenue
Avondale, AZ 85323
Facsimile: 623-932-2205
Attn: City Manager

With copy to: JORDEN, BISCHOFF, MCGUIRE & ROSE, P.L.C.
7272 E. Indian School Rd., Suite 205
Scottsdale, AZ 85251
Facsimile: 480-505-3901
Attn: Andrew J. McGuire, Esq.

If to ADIA: John Grant
10101 W. Papago Freeway
Avondale, AZ 85323
Facsimile: 623-925-0013
Attn: John Grant

or at such other address, and to the attention of such other person or officer, as any party may designate in writing by notice duly given pursuant to this Section 9. Notices shall be deemed received (i) when delivered to the party, (ii) three business days after being placed in the U.S. Mail, properly addressed, with sufficient postage, (iii) the following business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day, or (iv) when received by facsimile transmission during the normal business hours of the recipient. If a copy of a notice is also

given to a party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a party shall mean and refer to the date on which the party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

9. Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the City or ADIA of the breach of any covenant of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or any other covenant or condition of this Agreement.

10. Attorneys' Fees. In the event either party finds it necessary to bring any action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof, or by reason of any breach or default hereunder, the party prevailing in such action or other proceeding shall be paid all reasonable costs and reasonable attorneys' fees by the other party and, in the event any judgment is secured by said prevailing party, all such costs and attorneys' fees shall be included therein, such fees to be set by the court and not by jury.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signature pages from one or more counterparts may be removed from such counterparts and such signature pages all attached to a single instrument so that the signature of all parties may be physically attached to a single document.

12. Headings. The descriptive headings of the sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

13. Further Acts. Each of the parties hereto shall execute and deliver all such documents and perform all such acts as reasonably necessary, from time to time, to carry out the matters contemplated by this Agreement.

14. Time of the Essence. Time is of the essence in this Agreement.

15. Assignment. This Agreement may not be assigned, in whole or in part, by ADIA without the prior, written consent of the City.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations and understandings of the parties, oral or written, are hereby superseded and merged herein.

17. Amendment. No amendment or waiver of any provision in this Agreement will be binding (i) on the City unless and until it has been approved by the City Council and has become effective or (ii) on ADIA unless and until it has been executed by an authorized representative.

18. Governing Law. This Agreement is entered into in Arizona and shall be construed and interpreted under the laws of the State of Arizona.

19. Severability. Every provision of this Agreement is and will be construed to be a separate and independent covenant. If any provision in this Agreement or the application of the same is, to any extent, found to be invalid or unenforceable, then the remainder of this Agreement or the application of that provision to circumstances other than those to which it is invalid or unenforceable, will not be affected by that invalidity or unenforceability. Each provision in this Agreement will be valid and will be enforced to the extent permitted by law and the parties will negotiate in good faith for such amendments of this Agreement as may be necessary to achieve its intent, notwithstanding such invalidity or unenforceability.

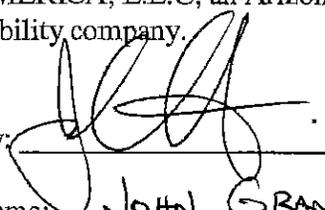
20. Covenant of Good Faith. In exercising their rights and in performing their obligations pursuant to this Agreement, the parties will cooperate with one another in good faith to ensure the intent of this Agreement can be attained.

21. Cancellation. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

“ADIA”

AUTO DEALER INVESTMENTS OF AMERICA, L.L.C, an Arizona limited liability company.

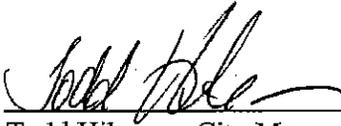
By:  _____

Name: JOHN GRANT

Title: VP/GM

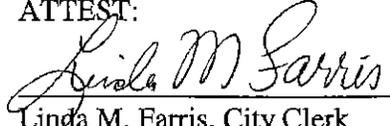
“City”

CITY OF AVONDALE, an Arizona municipal corporation

By:  _____

Todd Hileman, City Manager

ATTEST:

 _____
Linda M. Farris, City Clerk

(ACKNOWLEDGMENTS)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on June 3rd, 2003,
by Todd Hileman, the City Manager of the City of Avondale, an Arizona municipal corporation,
on behalf of the City of Avondale.

Dixie C. Hunt
Notary Public in and for the State of Arizona

My Commission Expires:

June 4, 2006



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on June 9th, 2003, by
John Grant, the VP/Gen, of Auto Dealer Investments of America, L.L.C., an
Arizona limited liability company, on behalf of the company.

Dixie C. Hunt
Notary Public in and for the State of Arizona



My Commission Expires:

June 4, 2006

(ACKNOWLEDGMENTS)

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on June 3rd, 2003,
by Todd Hileman, the City Manager of the City of Avondale, an Arizona municipal corporation,
on behalf of the City of Avondale.

Dixie C. Hunt
Notary Public in and for the State of Arizona

My Commission Expires:

June 14, 2006



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 2003, by
_____, the _____, of Auto Dealer Investments of America, L.L.C., an
Arizona limited liability company, on behalf of the company.

Notary Public in and for the State of Arizona

My Commission Expires:



City of
Avondale

525 North Central Avenue
Avondale, AZ 85323-1999
Phone: (623) 932-2400
Fax: (623) 932-2205
Website: www.avondale.org

MAYOR
Ronald J. Drake

VICE MAYOR
Marie Lopez Rogers

COUNCIL MEMBERS
Albert Carroll, Jr.
Stephanie Karlin
Betty S. Lynch
Raymond H. Shuey
Charles M. Wolf

CITY MANAGER
Todd Hileman

July 28, 2003

Ms. Pat Fletcher
Sr. Account Clerk
Finance Department
114 E. Western Avenue
Avondale, AZ 85323

Phone No: (623) 932-0264
Fax No: (623) 932-7989
Email: pfletcher@avondale.org

Re: Economic Development Agreement

Dear Pat:

Enclosed, please find (1) copy of the Economic Development Agreement between Auto Dealer Investments of America and the City of Avondale for your records.

If I can be of further assistance, or you have any questions or concerns, please call me @ (623) 932-2400 extension 220.

Sincerely

Dixie C. Hunt
Records Management

Enclosure

COPY

**FIRST AMENDMENT TO
AMENDED AND RESTATED
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO DEALER INVESTMENTS OF AMERICA**

THIS FIRST AMENDMENT TO AMENDED AND RESTATED ECONOMIC DEVELOPMENT AGREEMENT (this "First Amendment") is made August 9, 2010 (the "Effective Date"), by and between the City of Avondale, an Arizona municipal corporation (the "City") and Auto Dealer Investments of America, L.L.C., an Arizona limited liability company ("ADIA").

RECITALS

A. ADIA and the City entered into that certain Economic Development Agreement dated June 2, 2003 (the "Original Agreement") relating to the construction and operation of a dealership offering sales and service for new and used Kia automobiles (the "Kia Dealership") on real property (the "Kia Property"), which is more particularly described and depicted on Exhibit A attached hereto and incorporated herein by reference, located at the Avondale Auto Mall (the "Auto Mall").

B. The Original Agreement was amended and restated on January 5, 2004 (the "First Amended and Restated Agreement") to include the construction and operation of a dealership offering sales and service for new and used Mitsubishi automobiles (the "Mitsubishi Dealership") on real property (the "Mitsubishi Property") at the Auto Mall, which is more particularly described and depicted on Exhibit B attached hereto and incorporated herein by reference. The Original Agreement and the First Amended and Restated Agreement are collectively referred to as the "Agreement." The Kia Dealership and the Mitsubishi Dealership are collectively referred to herein as the "Dealerships."

C. The City and ADIA are currently engaged in litigation in the Superior Court of the State of Arizona, in and for Maricopa County, Case No. CV2010-001194, related to disputes arising from the Agreement (the "Litigation"). The City and ADIA desire to resolve the Litigation as a condition precedent to execution of this First Amendment.

D. The City collects transaction privilege taxes (levied pursuant to the City Tax Code) for taxable retail sales, service, and all other taxable activities ("Retail Sales Taxes"), for uses related to the Kia Dealership and the Mitsubishi Dealership.

E. The City and ADIA desire to further amend the Agreement to (i) resolve the Litigation, (ii) substitute a dealership offering sales and service for new and used Mazda automobiles (the "Mazda Dealership") on real property (the "Mazda Property") at the Auto Mall, which is more particularly described and depicted on Exhibit C attached hereto and incorporated herein by reference, for the Mitsubishi Dealership, (iii) account for the sale of the Kia Dealership to LGE Motors Limited Partnership, an Arizona limited partnership d/b/a Salazar Kia ("Salazar"), (iv) define the extent of the City's approval of the assignment of the operating obligation for the Kia Dealership

from ADIA to Salazar, including the retention of the right to Rebates (as defined below) by ADIA, (v) extend the required Operating Period and (vi) add provisions for liquidated damages to be assessed in the event that ADIA does not open and operate the Mazda Dealership according to the requirements herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and ADIA hereby agree as follows:

1. Dealership Definition Modified. The term "Dealerships" as used in the Agreement is hereby modified to have the meaning ascribed to term in this First Amendment.

2. ADIA Obligations Modified. Section 1 of the Agreement is hereby deleted in its entirety and replaced with the following:

1. ADIA Obligations.

1.1 Mazda Property. ADIA shall, not later than six months after the Effective Date, purchase the Mazda Property or otherwise commit itself, its successors and assigns to a lease, not less than five years in duration, entitling ADIA to occupy and use the Mazda Property for the purposes set forth herein.

1.2 Mazda Property Improvements. ADIA, its successors or assigns shall make any necessary improvements to the Mazda Property, according to City standards, necessary for ADIA to commence operation of the Mazda Dealership not later than December 31, 2010 (the "Opening Date" shall refer to the earlier to occur of the actual day ADIA permanently opens the Mazda Dealership to the public for business or December 31, 2010). ADIA, its successor or assign agrees and understands that the Retail Tax Rebate (as defined below) is specifically conditioned upon its permanent opening of the Mazda Dealership on the Mazda Property to the public not later than December 31, 2010.

1.3 Mazda Operation. ADIA, its successors or assigns, shall develop the Mazda Property and operate or cause to be operated the Mazda Dealership thereon, including all sales and services typically offered by ADIA at its other new car dealerships, and consistent with operations typically found at a new Mazda car dealership, for the period beginning on the Opening Date and continuing for not less than five years thereafter (the "Operating Period"). After construction is completed and the Mazda Dealership is opened for business on the Mazda Property, ADIA, its successors or assigns shall continuously operate, or cause to be operated, the Mazda Dealership on the Mazda Property during the Operating Period. ADIA, its successors or assigns shall be permitted to sell both new and used vehicles at the Mazda Dealership; provided, however, that ADIA, its successors or assigns shall, during the entire term of this Agreement, maintain a new car franchise for the Mazda Dealership at the Auto Mall.

1.4 Kia Operation. ADIA agrees and understands that, subject only to the "Adjusted Rebate" provisions set forth in Subsection 2.2 below, the City's obligation to pay the Retail Tax Rebate is specifically conditioned upon (A) the continuous operation of the Kia Dealership on the Kia Property during all times while this First Amendment is in effect and (B) ADIA providing to the City written authorization from Salazar pursuant to ARIZ. REV. STAT. § 42-2003(A)(6), in a form acceptable to the City Attorney, (1) waiving its rights to keep confidential information relating to Retail Sales Taxes paid by the Kia Dealership and (2) allowing the City to disclose such information to ADIA for the purpose of calculating the Retail Tax Rebate. The Mazda Property obligations set forth in subsection 1.1 above, the Mazda Improvements obligations set forth in subsection 1.2 above, the Mazda Operation obligations set forth in subsection 1.3 above and the Kia Operation obligations set forth in this subsection 1.4 are collectively referred to herein as the "Performance Obligations."

3. Financial Assistance. Section 2 of the Agreement is hereby deleted in its entirety and replaced with the following:

2. City Obligations.

2.1 Full Rebate. ADIA and Salazar meeting all of the Performance Obligations set forth in Section 1 above shall be a continuing pre-condition to the City's obligations as set forth in this Subsection 2.1. For so long as ADIA and Salazar fully perform the Performance Obligations, the City shall be obligated to perform as set forth below. The City shall collect all Sales Taxes remitted by the Dealerships operating on the Mazda Property and the Kia Property respectively, according to applicable law. Subject to the liquidated damages provisions set forth in Section 22 below, as an inducement to ADIA, its successors or assigns, to continuously maintain both the Mazda Dealership on the Mazda Property and the Kia Dealership on the Kia Property for the Operating Period, the City hereby agrees to rebate a portion of the Retail Sales Taxes generated by sales at the Dealerships and paid to the City. Commencing upon the Opening Date and continuing until August 31, 2011, unless terminated earlier as set forth below in this subsection, the City shall rebate to ADIA 0.50% of the net taxable sales generated by taxable activities on the Mazda Property and the Kia Property for which Retail Sales Taxes are collected. Beginning September 1, 2011 and continuing until August 31, 2014 (the day ending such period being designated as the "Latest Retail Rebate Termination Date"), unless terminated earlier as set forth below in this subsection, the City shall rebate to ADIA 0.75% of the net taxable sales generated by taxable activities on the Mazda Property and the Kia Property for which Retail Sales Taxes are collected (whether 0.50% or 0.75%, the rebate amount is referred to herein as the "Retail Tax Rebate"); provided, however, that no such Retail Tax Rebate shall be paid unless the corresponding Retail Sales Taxes due to the City from the Dealerships have been paid.

2.2 Adjusted Rebate. In the event that Salazar does not meet its obligations regarding the waiver pursuant to ARIZ. REV. STAT. § 42-2003(A)(6) required in Subsection 1.4(B) above, the Retail Tax Rebate set forth in Subsection 2.1 above shall be reduced such that the calculation of the rebate amount shall be based solely on the net taxable

sales generated by taxable activities on the Mazda Property, and no such rebate shall be paid for net taxable sales generated by taxable activities on the Kia Property; provided, however, that if Salazar, its successor or assign fails to continuously operate the Kia Dealership as required by Subsection 1.4(A) above, such failure shall be deemed a default as set forth in Section 7 below and the City's obligation to pay the Retail Tax Rebate shall cease.

2.3 Rebate Payment; Termination. The Retail Tax Rebate shall be payable in annual installments as set forth in Section 4 below. The City's obligation to pay the Retail Tax Rebate payments to ADIA pursuant to this subsection will automatically cease and the City will have no further obligation to ADIA pursuant to this Agreement upon the earlier to occur of (A) the Latest Retail Rebate Termination Date or (B) such earlier date this Agreement is terminated pursuant to Section 7 below, the occurrence of either of which is referred to as the "Retail Rebate Termination."

4. Default. Section 7 of the Agreement is hereby deleted in its entirety and replaced with the following:

7. Default. If either party fails to perform any obligation, including the City's obligation to pay the Retail Tax Rebates, pursuant to this Agreement, and such party fails to cure its nonperformance within 30 days after notice of nonperformance is given by the non-defaulting party, such party will be in default. In the event of such default, the non-defaulting party may terminate this Agreement and will have all remedies that are available to it at law or in equity including, without limitation, the remedy of specific performance. If the nature of the defaulting party's nonperformance is such that it cannot reasonably be cured within 30 days, then the defaulting party will have such additional periods of time as may be reasonably necessary under the circumstances, provided the defaulting party immediately commences to cure its nonperformance and thereafter diligently continues to completion the cure of its nonperformance. In no event shall any such cure period exceed 120 days. For the purposes of this Section 7, ADIA shall not be deemed to be in default under this Agreement in the event ADIA's failure to satisfy the Mazda Operation obligations as set forth in subsection 1.3 above is solely the result of Mazda Motors America, Inc. d/b/a Mazda North American Operations' (i) ceasing operations; (ii) ceasing operations in the State of Arizona; (iii) becoming a debtor in a proceeding under Title 11, United States Code, or similar statutory scheme, which proceeding is not dismissed within sixty (60) days; or (iv) electing to terminate the Dealer Sales and Service Agreement for the Mazda dealership operated by ADIA, its successors or assigns (collectively, a "Manufacturer Termination Event").

5. Liquidated Damages. A new Section 22 is hereby added to the Agreement to read as follows:

22. Liquidated Damages. Without limiting the remedies available to the City pursuant to Section 7 above, ADIA understands and acknowledges that if it fails to fulfill or cause to be fulfilled the Performance Obligations set forth in Subsections 1.1, 1.2 and 1.3 above (a "Performance Failure"), the City will suffer damages that are difficult to accurately specify and ascertain. ADIA hereby agrees that, upon its default hereunder and expiration of the cure period set forth in Section 7 above, it shall pay the City, as liquidated damages,

within 30 days of receipt of the City's written demand therefore, the following amounts: (i) if the Performance Failure relates to Subsections 1.1 or 1.2 above, \$200 per day for each day after December 31, 2010, and continuing until the earlier to occur of the date the Mazda Dealership is permanently open to the public for business or the date this Agreement is terminated pursuant to Section 7 above; (ii) if the Performance Failure relates to Subsection 1.3 above and occurs after the Opening Date, but prior to the Latest Retail Rebate Termination Date, 100% of the Retail Tax Rebate paid to ADIA between the Effective Date and the date of the City's written demand; or (iii) if the Performance Failure relates to Subsection 1.3 above and occurs between the Retail Rebate Termination Date and the end of the Operating Period, 50% of the Retail Tax Rebate paid to ADIA between the Effective Date and the date of the City's written demand. Such liquidated damages shall be payable in immediately available funds of United States currency. If the failure to fulfill or cause to be fulfilled the Performance Obligations is related solely to (a) Salazar's obligations set forth in Subsection 1.4(B) above or (b) a Manufacturer Termination Event, the provisions of this Section 22 shall not apply.

6. Litigation Dismissed. ADIA shall, not later than the Effective Date, cause the Litigation to be dismissed, with prejudice. The parties shall enter into such settlement agreement with respect to the Litigation as may be necessary. Further, ADIA agrees that it is not entitled to any Rebates (as that term is defined in the First Amended and Restated Agreement) for Retail Sales at the Auto Mall for the period beginning on August 14, 2008, and ending on the Opening Date.

7. Notices and Requests. From and after July 5, 2010, the copy of notices to the City's legal counsel shall be to:

GUST ROSENFELD, P.L.C.
One East Washington Street, Suite 1600
Phoenix, Arizona 85004-2553
Facsimile: 602-340-1538
Attn: Andrew J. McGuire, Esq.

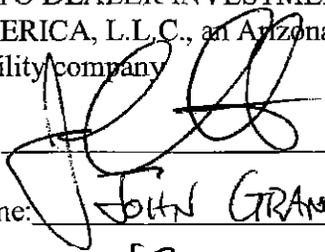
8. Cancellation. This Agreement may be cancelled by the City pursuant to ARIZ. REV. STAT. § 38-511.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first set forth above.

“ADIA”

AUTO DEALER INVESTMENTS OF AMERICA, L.L.C., an Arizona limited liability company

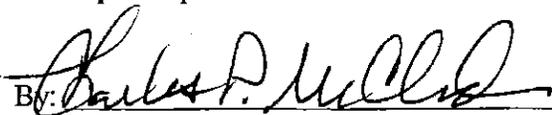
By: 

Name: JOHN GRANT

Title: VP

“City”

CITY OF AVONDALE, an Arizona municipal corporation

By: 

Charles P. McClendon, City Manager

ATTEST:


Carmen Martinez, City Clerk

(ACKNOWLEDGMENTS)

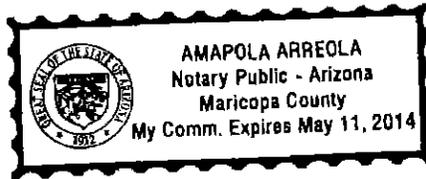
STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on August 9, 2010, by Charles P. McClendon, the City Manager of the CITY OF AVONDALE, an Arizona municipal corporation, on behalf of the City of Avondale.

Amapola Arreola
Notary Public in and for the State of Arizona

My Commission Expires:

May 11, 2014



STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on _____, 2010, by _____, the _____, of AUTO DEALER INVESTMENTS OF AMERICA, L.L.C., an Arizona limited liability company, on behalf of the company.

Notary Public in and for the State of Arizona

My Commission Expires:

EXHIBIT A
TO
FIRST AMENDMENT TO AMENDED AND RESTATED
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO DEALER INVESTMENTS OF AMERICA

[Kia Property Legal Description and Map]

See following pages.

EXHIBIT B
TO
FIRST AMENDMENT TO AMENDED AND RESTATED
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO DEALER INVESTMENTS OF AMERICA

[Mitsubishi Property Legal Description and Map]

See following pages.

EXHIBIT C
TO
FIRST AMENDMENT TO AMENDED AND RESTATED
ECONOMIC DEVELOPMENT AGREEMENT
BETWEEN
THE CITY OF AVONDALE
AND
AUTO DEALER INVESTMENTS OF AMERICA

[Mazda Property Legal Description and Map]

See following pages.