

service, retailing excellence and value. Today the company operates over 125 retail stations throughout Southern California. United El Segundo, Inc. is also an authorized distributor of fuels for Shell, ConocoPhillips (76), and Valero.

Pertinent terms of the proposed sale include the following:

- The Purchase price is an All Cash Purchase Price in the amount of One Million Four Hundred and Thirty-Five Thousand Dollars (\$1,435,000.) The offer contains no contingencies for the buyer to obtain financing, or the property to be appraised at the value of the purchase price.
- A deposit of Forty-Three Thousand and Fifty Dollars (\$43,050.00) is payable by the Buyer to the City at the opening of escrow.
- The Buyer's broker and the City's broker, Newmark Grubb Knight Frank, will each be paid a three percent (3%) commission from the proceeds of the sale.
- The Buyer will purchase the Property subject to the existing lease with Galaxy Oil Company and will assume the lease.
- The Property will be transferred to the Buyer in an "As-Is, Where-Is" condition following a forty-five (45) day due diligence period for the Buyer to conduct such investigations, inspection and studies necessary to satisfy itself as to the condition of the Property.
- Escrow fees will be split evenly between the Buyer and the City. City will pay the cost of a CLTA title insurance policy.
- California Department of Finance approvals of rescission of the Cooperative Agreement and lease assignment approved by the City and Successor Agency on January 28, 2014 are conditions precedent to closing.

A draft of the proposed Purchase and Sale Agreement is attached to this report.

FINANCIAL IMPACT

The gross proceeds to the City from the sale of the Property will be (\$1,435,000).

RECOMMENDATION

Staff recommends that the City Council:

- Approve the attached Purchase and Sale Agreement with and United El Segundo, Inc., for the sale of real property located at 13501 Harbor Boulevard, Garden Grove, in the amount of \$1,435,000;
- Authorize the City Manager to execute the Purchase and Sale Agreement, Grant Deed, Assignment and Assumption of Lease, and any other required related documents on behalf of the City and to make minor modifications as needed; and
- Authorize the City Manager to enter into a sales commission agreement with Newmark of Southern California, Inc. dba Newmark Grubb Knight Frank in an amount up to three percent (3%) of the gross sales price for the Property.

KINGSLEY OKEREKE
Finance Director



By: Greg Blodgett
Senior Project Manager

Attachment: Proposed Purchase and Sale Agreement

Recommended for Approval



Matthew Fertal
City Manager

PURCHASE AND SALE AGREEMENT

13501 Harbor Blvd.

Garden Grove, CA 92843

APN 100-122-39 & 40

ARTICLE I

PROPERTY/PURCHASE PRICE

1.1 Certain Basic Terms.

(a) Buyer and Notice Address:

United El Segundo, Inc., a California
corporation, or Assignee
Attn: Jeffrey G. Appel
17311 S. Main Street
Gardena, CA 90248
Telephone: 310-808-6813
Facsimile: 310-323-3483
E-mail: jappel@unitedoilco.com

With a copy to:

Mark B. Gilmartin Esq.
Law Offices of Mark B. Gilmartin
1534 17th Street, Suite 103
Santa Monica, CA 90404
Telephone: 310-310-2644
Facsimile: 310-496-1402
E-mail: mbgilmartin@earthlink.net

(b) Seller and Notice Address:

City of Garden Grove, a municipal
corporation
Attn: City Manager
11222 Acacia Parkway
Garden Grove, CA 92840
Telephone:
Facsimile:
Email:

With a copy to:

Garden Grove City Attorney
11222 Acacia Parkway
Garden Grove, CA 92840

(c) Title Company:

First American Title Insurance Company
National Commercial Services
Attn: Larry Schmidt
777 S. Figueroa Street, Suite 400
Los Angeles, CA 90017
Telephone: (213) 271-1726
Facsimile: (877) 398-1598
Email: lschmidt@firstam.com

Escrow Agent:

First American Title Insurance Company
National Commercial Services
Attn: Judy Armstrong
777 S. Figueroa Street, Suite 400
Los Angeles, CA 90017
Telephone 800-668-4853
Facsimile
Email: jarmstrong@firstam.com

- (d) Effective Date of this Agreement: The date on which the last party signs this Agreement. This Agreement shall be null and void if not executed by all parties prior to April 1, 2014.
- (e) Purchase Price: One Million Four Hundred and Thirty-Five Thousand Dollars (\$1,435,000.00)
- (f) Deposit: Forty-Three Thousand and Fifty Dollars (\$43,050.00), together with any and all interest accrued thereon.
- (g) Due Diligence Period: The period ending forty-five (45) days after the date of this Agreement.
- (h) Closing Date: No later than thirty (30) days after the end of the Due Diligence Period.
- (i) Seller's Broker:
Ian Brown
Managing Director
RE License #00775650
Newmark Grubb Knight Frank
4675 MacArthur Court, Suite 1600
Newport Beach, CA 92660
T 949.608.2050
M 949.683.0640
ibrown@ngkf.com
- (j) Buyer's Broker:
John E. Rapp
Commercial Plus, Inc.
Broker License # 01783097
1111 Corporate Center Drive
Monterey Park, CA 91754
Cell (949) 306-8800
Email – JRniners@cox.net
License # 01380453

1.2 Property. Subject to the terms of this Purchase and Sale Agreement (“Agreement”), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the following property (“Property”):

(a) That certain parcel consisting of approximately 13,000 square feet designated by the County of Orange Assessor as APN 100-122-39 & 40, commonly known as 13501 Harbor Blvd., Garden Grove, CA, a legal description of which is included on Exhibit A, together with the buildings and improvements thereon owned by Seller (“Improvements”), and

all appurtenances of the above-described real property, including easements or rights-of-way relating thereto.

(b) Seller's rights and interest in and to that certain Service Station Lease with Galaxy Oil Company ("Tenant"), dated September 14, 2010 ("Lease"). Buyer acknowledges and agrees that the Property is subject to the Lease and the rights of Tenant under the Lease.

1.3 Deposit. The Deposit, in immediately available federal funds, evidencing Buyer's good faith to perform Buyer's obligations under this Agreement, shall be deposited by Buyer with the Escrow Agent within two (2) business days after the Date of this Agreement. In the event Buyer fails to timely deliver the Deposit to the Escrow Agent, this Agreement may be terminated by Seller upon written notice to Buyer in which case this Agreement shall be of no further force and effect. The Deposit shall be applied to the Purchase Price at Closing. If this Agreement terminates pursuant to any express right of Buyer to terminate this Agreement, Seller agrees to act reasonably in authorizing the prompt return to Buyer of the Deposit, and all further rights and obligations of the parties under this Agreement shall terminate, except those that are specifically designed to survive the termination of this Agreement.

ARTICLE II

INSPECTIONS AND CONTINGENCIES

2.1 Due Diligence Period. Buyer shall have forty-five (45) days following the Date of this Agreement ("Due Diligence Period") to perform such inspections, investigations, inquiries, testing, and feasibility studies relating to the Property and to review the Property Information (as defined in Paragraph 2.3) as it deems appropriate to decide whether the Property is acceptable to Buyer, including review of any available environmental reports and performance of any Environmental Testing in strict conformance with the provisions of Paragraph 2.4 below. All costs and expenses of such inspections, investigations, inquiries, studies, and document reviews shall be borne by Buyer. Buyer's obligation to purchase the Property as herein provided shall be subject to Buyer's approval of the Property in Buyer's sole and absolute discretion. If, before the expiration of the Due Diligence Period, Buyer sends written notice to Seller that the Property is not acceptable to Buyer, then this Agreement shall terminate, the Deposit (less any escrow cancellation charges) shall be returned to Buyer, and the parties shall have no further obligations to each other except for such provisions that specifically survive the termination of this Agreement. If Buyer fails to deliver written notice to Seller before the end of the Due Diligence Period that the Property is not acceptable to Buyer, Buyer shall be deemed to have accepted the Property in its "AS-IS" condition and Buyer shall be obligated to close the transaction as herein provided.

2.2 Property Inspection. In conducting its inspection, Buyer and its agents and representatives shall: (a) obtain the prior written permission of Tenant to conduct any inspection or testing of the Property; (b) promptly pay when due the costs of all tests, investigations, studies and examinations done with regard to the Property and shall not permit any liens to attach to the Property by reason of the exercise of its rights hereunder; and (c) fully restore the Property to the condition that existed before any such inspections, tests or studies were undertaken.

2.3 Document Review. Within ten (10) business days after the opening of Escrow and the delivery of the Deposit, Seller shall make available to Buyer copies of its files, documents and other items relating to the Property that Seller has in its possession, custody or control, excluding any documents deemed by Seller to be proprietary, confidential or privileged, but including, without limitation, appraisals, valuations, leases and written communications to or from the Tenant ("Property Information"). In conjunction with provision of the Property Information, Seller agrees to request for Buyer's benefit the written statement from the Tenant contemplated by Section 23.1 of the Lease ("Estoppel Certificate"). Buyer acknowledges that Seller may not compel Tenant to execute and deliver an Estoppel Certificate and acknowledges the provisions of Section 23.2 of the Lease pertaining to the effect of Tenant's failure to provide an Estoppel Certificate. If Buyer waives its contingencies and proceeds with this transaction past the expiration of the Due Diligence Period, it shall be deemed that Buyer is either satisfied with the Property Information or, in the event Buyer decides not to inspect and/or make copies of the Property Information, that Buyer is not relying on the Property Information in its determination as to whether or not to purchase the Property. If this Agreement is terminated for any reason, Buyer shall promptly return to Seller the Property Information upon request by Seller. The obligations of Buyer pursuant to the foregoing sentence shall survive the termination of this Agreement.

2.4 Environmental Testing.

(a) Notwithstanding anything to the contrary contained herein, prior to conducting any environmental testing or analysis on or about the Property including, without limitation any boring, sampling, or any other inspection procedures ("Environmental Testing"), Buyer shall supply its proposed scope of work ("Proposal") to Seller setting forth, with specificity, the: (i) nature of the Environmental Testing contemplated, including the locations and number of samples to be obtained, the media (soil, soil vapor or groundwater) to be sampled, the sampling method and types of samples that will be subject to laboratory or field analysis, and the types of contaminants for which the testing is being conducted; and (ii) the anticipated dates that any on site Environmental Testing or other activities will take place. Buyer shall not perform any Environmental Testing without Seller's express prior written consent. In connection therewith, Seller reserves the right to comment, condition and approve or disapprove the Proposal in Seller's sole and absolute discretion. Upon its receipt of the Proposal, Seller will review and comment on the Proposal in a timely manner. Buyer acknowledges that all Environmental Testing on the Property is subject to prior approval of Tenant.

(b) Upon the approval of the Proposal by Seller and the written approval of Tenant, Buyer shall conduct the Environmental Testing at the times set forth in the Proposal and in a manner that does not unreasonably interfere with the business activities of Seller or Tenant on the Property.

(c) Upon completion of the Environmental Testing, Buyer shall restore the Property to substantially the same condition as existed on the Effective Date.

(d) Buyer shall provide Seller with copies of any and all data, results, conclusions and reports generated as a result of or during Buyer's Inspection relating in any manner to the Environmental Testing or the environmental condition of the Property.

(e) In the event the Buyer's Environmental Testing includes any subsurface or surface investigations, Buyer acknowledges and agrees that for purposes of disposal under any applicable laws: (i) Buyer is the owner and generator of any and all residual soil, water or other environmental media collected or produced in connection with Buyer's investigation; and (ii) Buyer shall be solely responsible for the lawful disposal of any such materials collected or produced in connection with Buyer's investigation. Buyer shall make reasonable efforts to use techniques and practices to minimize the volume of soil, water or other environmental media collected or produced during Buyer's investigation.

2.5 No Representation or Warranty By Seller. Buyer acknowledges and agrees that, except as otherwise specifically set forth herein, neither Seller nor any of its respective agents, employees or contractors has made any warranty or representation regarding the condition of the Property.

2.6 Insurance. Prior to performing any Environmental Testing on the Property, Buyer shall procure and keep in force and effect during the entire term of this Agreement a comprehensive general liability insurance policy or policies acceptable to City, including insurance against assumed or contractual liability under this Agreement, with respect to all of Buyer's activities in, on or about the Property. The limits of such policy with respect to personal liability and property damage shall be not less than Two Million Dollars (\$2,000,000) per occurrence. Seller and Tenant shall be listed as additional named insureds by endorsement to such insurance policy or policies, and a conforming certificate of insurance shall be delivered to Seller prior to performance of any Environmental Testing on the Property. The insurer under such policy shall agree not to cancel, materially change or fail to renew the coverage provided by such policy without first giving Seller at least ten (10) days' advance written notice.

2.7 Indemnification. Buyer shall defend, indemnify and hold harmless Seller, Tenant and their respective Affiliates (as defined below) and their respective managers, members, partners, stockholders, directors, officers, employees, agents, spouses, legal representatives, successors and assigns from and against any and all claims, judgments, damages, penalties, fines, costs, losses, liabilities and expenses (including, without limitation, attorneys' fees and costs) ("Claims") arising from or in any way connected with Buyer's investigations and inspections, including, but not limited to, the Environmental Testing. For purposes of this Agreement, "Affiliate" means, with respect to any Person (as defined below), any Person that controls, is controlled by or is under common control with such Person, together with its and their respective managers, members, partners, stockholders, directors, officers, employees, agents, spouses, legal representatives, successors and assigns. A Person shall be presumed to have control when it possesses the power, directly or indirectly, to direct, or cause the direction of, the management or policies of another Person, whether through ownership of voting securities, by contract, or otherwise. For purposes of this Agreement, "Person" shall mean an individual, partnership, limited liability company, association, corporation, or other entity. Buyer's indemnity obligation hereunder shall survive the termination of this Agreement.

2.8 Assumption of Risk. Seller does not assume any risk, liability or responsibility or duty of care as to Buyer or its employees, agents or contractors when they are on the Property to conduct any investigations or Environmental Testing. Buyer acknowledges and agrees that Buyer and its employees, agents and contractors enter the Property and conduct its physical inspection and Environmental Testing thereon at its own risk.

2.9 Confidentiality. The Property Information and all other information, other than matters of public record or matters generally known to the public, furnished to, or obtained through inspection of the Property by, Buyer, its Affiliates, lenders, employees, attorneys, accountants and other professionals or agents relating to the Property, shall be treated by Buyer, its Affiliates, lenders, employees and agents as confidential, and will not be disclosed to anyone other than on a need-to-know basis and to Buyer's consultants who agree to maintain the confidentiality of such information, and all such Property Information will be returned to Seller by Buyer and all copies of Property Information (and any summaries or reports thereof) will be destroyed if the Closing does not occur. The confidentiality provisions of this Paragraph 2.9 shall not apply to any disclosures made by Buyer as required by law, by court order, or in connection with any subpoena served upon Buyer; provided Buyer shall provide Seller with written notice before making any such disclosure.

ARTICLE III

TITLE REVIEW

3.1 Delivery of Title Commitment. Buyer shall order a title insurance commitment for a CLTA Owner's policy of title insurance in the amount of the Purchase Price ("Title Commitment"). Seller shall pay for the cost of the Title Commitment. If Buyer desires an ALTA Owner's policy, Buyer shall order such policy and pay the cost difference between the CLTA policy and ALTA policy. Should Buyer elect to obtain a survey, Buyer shall do so at its own expense. Buyer shall have five (5) business days after receipt of the Title Commitment to accept or object to any exceptions to title disclosed in Title Commitment. A failure to provide Seller written notice of an objection within such five (5) business days of receipt of the Title Commitment shall be conclusive evidence of Buyer's willingness to accept title subject to such exceptions. Seller shall have five (5) business days after receipt of any of Buyer's objections to notify Buyer which objections Seller will attempt to cure and which objections Seller will not attempt to cure. If Seller gives Buyer notice that Seller elects not to attempt to cure any of Buyer's objections, Buyer shall have the right, within five (5) business days of Seller's notice, to terminate this Agreement and receive a refund of the Deposit, and any interest thereon, or waive its objection. The matters disclosed by the Title Commitment to which Buyer does not object or waive are referred to as the "Permitted Exceptions."

3.2 Delivery of Title Policy at Closing. As a condition to Buyer's obligation to close, the Escrow Agent shall deliver to Buyer a standard California Land Title Association ("CLTA") Owner's Policy of Title Insurance (the "Title Policy"), or American Land Title Association ("ALTA") Extended Coverage Owner's Policy of Title Insurance if requested by Buyer, issued by the Title Company as of the date and time of the Closing, in the amount of the Purchase Price,

insuring Buyer as owner of good, marketable and indefeasible fee simple title to the Property, subject only to the Permitted Exceptions and together with any endorsements required by Buyer. Seller shall execute at Closing any affidavit in such form reasonably acceptable to Seller as the Title Company shall require for the issuance of the Title Policy. Seller shall pay for the cost of the Title Policy and the Title Commitment. Buyer shall pay for the cost of any upgrades to the standard Title Policy, including any endorsements.

3.3 Financing. Buyer shall pay all cash. Financing shall not be a contingency for Closing.

ARTICLE IV

OPERATIONS AND RISK OF LOSS

4.1 Ongoing Operations. During the pendency of this Agreement, Seller shall carry on its business and activities relating to the Property substantially in the same manner as before the Date of this Agreement. During the pendency of this Agreement, Seller shall perform its material obligations under the Lease and other agreements that may affect the Property.

4.2 Damage or Condemnation. Risk of loss resulting from any material condemnation or eminent domain proceeding which is commenced or has been threatened before the Closing, and risk of loss to the Property due to fire, flood or any other cause before the Closing, shall remain with Seller. If before the Closing the Property or any portion thereof shall be materially damaged, or if the Property or any material portion thereof shall be subjected to a bona fide threat of condemnation or shall become the subject of any proceedings, judicial, administrative or otherwise, with respect to the taking by eminent domain or condemnation, then Seller shall notify Buyer of such occurrence and Buyer may terminate this Agreement by written notice to Seller given promptly after Buyer receives notice of the damage or taking from Seller, in which event Seller shall cooperate to cause the Deposit to be returned to Buyer.

ARTICLE V

CLOSING

5.1 Closing. The consummation of the transaction contemplated herein ("Closing") shall occur on the Closing Date at the offices of the Escrow Agent.

5.2 Conditions to the Parties' Obligations to Close. The obligation of Seller, on the one hand, and Buyer, on the other hand, to consummate the transaction contemplated hereunder is contingent upon the following:

(a) The other party's representations and warranties contained herein shall be true and correct in all material respects as of the Closing Date;

(b) As of the Closing Date, the other party shall have performed its obligations hereunder and all deliveries to be made at Closing will have been tendered;

(c) There shall exist no actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, pending or threatened against the other party that would materially and adversely affect the other party's ability to perform its obligations under this Agreement;

(d) There shall exist no pending action, suit or proceeding with respect to the other party before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transaction contemplated hereby;

(e) That certain Health and Safety Code Section 33220 Agreement, dated September 14, 2010, between City and the Garden Grove Agency for Community Development, shall have been duly rescinded by both the Garden Grove City Council and the Board of Directors of the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency"), such action shall have been approved by the Successor Agency Oversight Board, and the California Department of Finance shall have either approved of such action by the Successor Agency or shall have failed to request a review of such action within five (5) business days of notice of such action in accordance with California Health and Safety Code Section 34179(h); and

(f) The Lease shall have been duly assigned to City, such action shall have been approved by the Successor Agency Oversight Board, the California Department of Finance shall have either approved of such action by the Successor Agency or shall have failed to request a review of such action within five (5) business days of notice of such action in accordance with California Health and Safety Code Section 34179(h), and the Tenant shall have executed a written statement recognizing City as Landlord under the Lease in accordance with Section 19.2 of the Lease.

So long as a party is not in default hereunder, if any condition to such party's obligation to proceed with the Closing hereunder has not been satisfied as of the Closing Date, such party may, in its sole discretion, terminate this Agreement by delivering written notice to the other party on or before the Closing Date, in which event the Deposit shall be returned to the Buyer, or elect to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition. If such party elects to close, notwithstanding the non-satisfaction of such condition, there shall be no liability on the part of the other party for non-satisfaction of such condition or for breaches of representations and warranties of which the party electing to close had knowledge as of the Closing. If a party is in default hereunder, the other party shall have the rights described in Article VIII.

5.3 Seller's Deliveries in Escrow. On or before the Closing Date, Seller shall deliver to the Escrow Agent the following:

(a) Grant Deed. A Grant Deed in substantially the form of **Exhibit "B"** attached hereto ("Grant Deed"), executed and acknowledged by Seller and Lessor;

(b) Assignment of Lease. An Assignment of Lease in substantially the form of Exhibit "C" attached hereto ("Assignment"), executed and acknowledged by Seller

(d) Security Deposit. The Security Deposit under the Lease in the sum of Fifteen Thousand Dollars (\$15,000) shall be delivered to Buyer; and

(e) Additional Documents. Any additional documents that Escrow Agent or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

5.4 Buyer's Deliveries in Escrow. On or before the Closing Date, Buyer shall deliver in escrow to the Escrow Agent the following:

(a) Purchase Price. The Purchase Price, less the Deposit that is applied to the Purchase Price, plus or minus applicable proration, deposited by Buyer with the Escrow Agent in immediate, same-day federal funds wired for credit into the Escrow Agent's escrow account at a bank satisfactory to Seller;

(b) Assignment of Lease. The Assignment, executed and acknowledged by Buyer; and

(c) Additional Documents. Any additional documents that Escrow Agent or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

5.5 Closing Statements. At the Closing, Seller and Buyer shall deposit with the Escrow Agent executed closing statements consistent with this Agreement in the form required by the Escrow Agent.

5.6 Title Policy. The Title Company shall unconditionally commit to issue the Title Policy to Buyer as provided in Paragraph 3.2.

5.7 Possession. Seller currently leases the Property to Galaxy Oil Company.

5.8 Costs. Each party shall pay its portion of the following costs as indicated below:

(a) Title Commitment – Seller;

(b) Broker Fees – Seller

(c) Extended coverage or endorsements to the Title Policy – Buyer;

(d) Sales Tax – Buyer;

- (e) Recording charges:
 - (1) Instruments to remove encumbrances that Seller is obligated to remove – Seller;
- (f) Appraisals, engineering studies, termite inspections, environmental inspections, survey and other inspections and tests desired by Buyer – Buyer;
- (g) Delivery of Property Information per Paragraph 2.3 and Title Commitment – Seller;
- (h) Other - The Escrow Agent's escrow fee, including any escrow and title cancellation fees, shall be evenly divided between the parties.

5.9 Close of Escrow. The Escrow Agent shall agree in writing with Seller and Buyer that it is holding the Closing documents, Closing funds and Closing statement and is prepared and irrevocably committed to disburse the closing funds in accordance with the closing statements. Disbursement of funds by Escrow Agent to the Seller shall irrevocably commit Title Company to issue the Title Policy in accordance with this Agreement. Upon satisfaction or completion of the foregoing conditions and deliveries, the parties shall direct the Escrow Agent to immediately record and deliver the documents described above to the appropriate parties and make disbursements according to the Closing statements executed by Seller and Buyer and in accordance with escrow instructions by each party consistent with this Agreement.

ARTICLE VI

PRORATIONS

6.1 Prorations. The day of Closing shall belong to Buyer and all prorations hereinafter provided to be made as of the Closing shall each be made as of the end of the day before the Closing Date. In each such proration set forth below, the portion thereof applicable to periods beginning as of Closing shall be credited or charged to Buyer and the portion thereof applicable to periods ending as of Closing shall be credited or charged to Seller.

(a) Taxes and Assessments. Buyer shall pay all real estate taxes and assessments due and payable as of the Closing and all real estate taxes and assessments that become due and payable after the Closing Date.

(b) Rent. All rent due Lessor under the Lease shall be prorated. Any prepaid rent for the period following the Closing Date shall be credited to Buyer at the Closing.

(c) Utilities. Utilities, including water, sewer, electric, and gas remaining in place shall be prorated at Closing.

6.2 Final Adjustment After Closing. If final prorations cannot be made at Closing for any item being prorated under Paragraph 6.1, including taxes, then Buyer and Seller shall

allocate such items on a fair and equitable basis as soon as invoices or bills are available, with final adjustment to be made as soon as reasonably possible after the Closing, to the effect that income and expenses are received and paid by the parties on an accrual basis with respect to their period of ownership. Payments in connection with the final adjustment shall be due within thirty (30) days of written notice.

6.3 Broker Commissions.

(a) Seller's Broker. Seller shall be responsible for paying a fee to Seller's Broker pursuant to a separate written agreement.

(b) Buyer's Broker. Buyer acknowledges and represents that it is represented by John E. Rapp or Commercial Plus, Inc. ("Buyer's Broker") in this transaction. Seller shall be responsible for paying Buyer's Broker at Closing. Seller shall authorize Escrow Agent to pay Buyer's Broker a commission in the amount equal to three percent (3.0%) of the Purchase Price, or Forty Three Thousand Fifty Dollars (\$43,050) at Closing, as specified in the Closing statements.

(c) No Other Broker's Commissions. Buyer and Seller each represent to the other that, except for the fees and commissions payable to Seller's Broker pursuant to Section 6.3(a) and to Buyer's Broker pursuant to Section 6.3(b), no brokerage commission, finder's fee or other compensation of any kind is due or owing to any person or entity in connection with this Agreement. Each party agrees to and does hereby indemnify and hold the other free and harmless from and against any and all costs, liabilities or causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the indemnifying party in connection with this Agreement

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

7.1 Seller's Representations and Warranties. As a material inducement to Buyer to execute this Agreement and consummate this transaction, Seller represents and warrants to Buyer that:

(a) Organization and Authority. Seller is a general law city lawfully existing under the laws of the State of California. Seller will have on the Closing Date the full right and authority and will have obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Seller at the Closing will be, authorized and properly executed and constitute, or will constitute, as appropriate, the valid and binding obligation of Seller.

(b) Conflicts and Pending Action. Except for the agreement referenced in Section 5.2(e) and except as otherwise disclosed to Buyer in this Agreement or within the Property Information, Seller is not aware of any agreement to which Seller is a party or, to

Seller's knowledge, is binding on Seller which is in conflict with this Agreement. Except as otherwise disclosed to Buyer in this Agreement or within the Property Information, there is no action or proceeding pending or, to Seller's knowledge, threatened against the Property, including condemnation proceedings, or against the Seller which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement.

(c) Books and Records. All books, records and other information prepared by Seller and provided by Seller to Buyer were prepared by or for Seller in the ordinary course of its business and are the same books, records and other information used and relied upon by Seller in its operation of the Property.

(d) Lease. Except as those otherwise disclosed to Buyer within the Property Information, to Seller's knowledge, there are not any breaches or defaults under the Lease. Buyer acknowledges that Seller has disclosed to Buyer that Tenant has not complied with the provisions of Article 13 of the Lease pertaining to insurance.

(e) Seller's Knowledge. When used above, the phrase "to Seller's knowledge" refers only to the current, actual knowledge and recollection of Matthew J. Fertal and it does not, however, imply that he has conducted any investigation or review or made an inquiry in connection with making the subject representation and warranty.

(f) Bankruptcy. Seller is not the subject of a bankruptcy proceeding.

(g) Change of Situation. Until the Closing Date, Seller shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing Date, immediately give written notice of such fact or condition to Buyer. Such exception(s) to a representation shall not be deemed a breach or default by Seller hereunder, but shall constitute an exception which Buyer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Property. If Buyer elects to proceed to Closing following disclosure of such information, Seller's representations and warranties contained herein shall be deemed to have been made as of the Closing, subject to such exception(s). If, following the disclosure of such information, Buyer elects not to proceed to Closing, then this Agreement and the escrow shall automatically terminate, the Deposit shall be returned to Buyer, and neither party shall have any further rights, obligations or liabilities hereunder.

7.2 Buyer's Representations and Warranties. As a material inducement to Seller to execute this Agreement and consummate this transaction, Buyer represents and warrants to Seller that:

(a) Organization and Authority. Buyer is a corporation organized, validly existing and in good standing under the laws of the State of California. Buyer has the full right and authority and has obtained any and all consents required to enter into this Agreement and to consummate or cause to be consummated the transactions contemplated hereby. This Agreement has been, and all of the documents to be delivered by Buyer at the Closing will be, authorized

and properly executed and constitute, or will constitute, as appropriate, the valid and binding obligation of Buyer, enforceable in accordance with their terms.

(b) Conflicts and Pending Action. There is no agreement to which Buyer is a party or to Buyer's knowledge binding on Buyer which is in conflict with this Agreement. There is no action or proceeding pending or, to Buyer's knowledge, threatened against Buyer which challenges or impairs Buyer's ability to execute or perform its obligations under this Agreement.

(c) Bankruptcy. Buyer is not the subject of a bankruptcy proceeding.

(d) Change of Situation. Until the Closing Date, Buyer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section not to be true as of the Closing Date, immediately give written notice of such fact or condition to Seller.

7.3 Disclaimer by Seller and Buyer's Agreement to Accept the Property "As-Is and Where-Is".

(a) Hazardous Materials. As used in this Agreement, the term "Hazardous Materials" shall mean any hazardous or toxic substance, material, or waste which is or becomes, regulated by any local governmental authority, the State, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law)), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) methyl tertiary butyl ether, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §§6901, et seq. (42 U.S.C. §6903) or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§9601, et seq.

(b) Except as expressly set forth in this Agreement, it is understood and agreed that Seller has not made and is not now making, and Seller specifically disclaims, any representations, warranties, promises, covenants, agreements, or guaranties of any kind or character whatsoever, whether express or implied, verbal or written, past, present or future, of, as to, concerning or with respect to the Property, including, but not limited to: (i) matters of title; (ii) environmental condition of the Property or any portion thereof, including the presence of any Hazardous Materials in, on, under or in the vicinity of the Property; (iii) geological conditions,

including subsidence, subsurface conditions, water table, underground water, limitations regarding the withdrawal of water, and geologic faults and the resulting damage of past and/or future faulting; (iv) whether, and to the extent to which, the Property or any portion thereof is affected by any stream (surface or underground), body of water, wetlands, flood-prone area, flood plain, floodway, riparian area or special flood hazard; (v) drainage; (vi) soil conditions, including the existence of instability, past soil repairs, soil additions or conditions of soil fill, or susceptibility to landslides, or the sufficiency of any under-shoring; (vii) the presence of endangered species or any environmentally sensitive or protected areas; (viii) zoning or entitlements to which the Property or any portion thereof may be subject or the extent to which building or other entitlements for the Property or any portion thereof may be obtained or any conditions that may be imposed in connection therewith; (ix) the availability of any utilities to the Property or any portion thereof including water, sewage, gas and electric; (x) usages of adjoining Property; (xi) access to the Property or any portion thereof; (xii) the value, compliance with the plans and specifications, size, location, age, use, design, quality, description, suitability, structural integrity, operation, title to, or physical condition of the Property or any portion thereof; (xiii) the condition or use of the Property or compliance of the property with any or all past, present or future federal, state or local ordinances, rules, regulations or laws, building, fire or zoning ordinances, codes or other similar laws; (xiv) the existence or non-existence of underground storage tanks, surface impoundments or landfills; (xv) any improvements made to the Property; (xvi) any other matter affecting the stability and integrity of the Property, including the commercial buildings, parking lots or parking garages, if any; (xvii) the potential for future development of the Property; (xviii) the merchantability of the Property or fitness of the Property for any particular purpose, including, without limitation, operation of a service station; (xix) the truth, accuracy or completeness of the Property Information or any information relating to the property prepared by any person or entity other than Seller; (xx) tax consequences; (xxi) the suitability of the Property for any and all activities and uses which Buyer may conduct or wish to conduct thereon, including, without limitation, operation of a service station; or (xxii) any other matter or thing with respect to the Property.

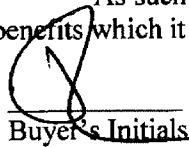
(c) Buyer acknowledges and agrees that upon Closing, Seller shall sell and convey to Buyer and Buyer shall accept the Property "as is, where is, with all faults." Except as expressly set forth in this Agreement, Buyer has not relied and will not rely on, and the Seller has not made and is not liable for or bound by, any express or implied warranties, guarantees, statements, representations or information pertaining to the Property or relating thereto made or furnished by Seller or any third party representing or purporting to represent Seller, to whomever made or given, directly or indirectly, orally or in writing.

(d) General Release. The Buyer hereby waives, releases and discharges forever the Seller and its employees, elected and appointed officials, agents and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with the condition of the Property, and any Hazardous Materials on the Property, however they came to be placed there, except that arising out of the Seller's negligence or Seller's misconduct.

Buyer acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

As such relates to this Section 7.3, Buyer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.


Buyer's Initials _____

ARTICLE VIII

DEFAULT AND DAMAGES

8.1 Default by Buyer. If Buyer shall default in its obligation to close hereunder, Buyer agrees that Seller shall have the right to have the Escrow Agent deliver the Deposit to Seller as liquidated damages to recompense Seller for time spent, labor and services performed, and the loss of its bargain.

THE DEPOSIT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND SHALL CONSTITUTE SELLER'S SOLE AND EXCLUSIVE REMEDY FOR A BREACH HEREOF BY BUYER. THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES SUFFERED BY SELLER AS A RESULT OF BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY PURSUANT TO THIS AGREEMENT. FURTHER, UNDER THE CIRCUMSTANCES EXISTING AS OF THE DATE OF THIS AGREEMENT, BUYER AND SELLER AGREE THAT THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS PARAGRAPH REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES THAT SELLER WILL INCUR AS A RESULT OF SUCH FAILURE; PROVIDED, HOWEVER, THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHTS TO RECEIVE REIMBURSEMENT FOR ATTORNEYS' FEES, NOR WAIVE OR AFFECT SELLER'S RIGHTS AND BUYER'S INDEMNITY OBLIGATIONS UNDER OTHER SECTIONS OF THIS AGREEMENT. IN ADDITION, BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. THE PARTIES HAVE SET FORTH THEIR INITIALS BELOW

TO INDICATE THEIR AGREEMENT WITH THE LIQUIDATED DAMAGES PROVISION CONTAINED IN THIS SECTION.

SELLER'S INITIALS


BUYER'S INITIALS

8.2 Default by Seller. If Seller defaults in its obligation to sell and convey the Property to Buyer pursuant to this Agreement, Buyer's sole remedy shall be to elect one of the following: (a) terminate this Agreement, in which event Buyer shall have the right to have the Escrow Agent deliver the Deposit to Buyer; or (b) file a civil action for specific performance (but not for damages in addition thereto), provided that any suit for specific performance must be brought within ninety (90) days of Seller's default, to the extent permitted by law, Buyer waiving the right to bring suit at any later date or for damages.

8.3 Survival and Limitation for Breach of any Seller Warranty. The representations and warranties of Seller contained herein shall survive the Closing Date for a period of six (6) months (the "Survival Period") and any claim for breach thereof must be commenced, if at all, within the Survival Period.

ARTICLE IX

ESCROW AGENT

9.1 Liability of Escrow Agent. The parties acknowledge that the Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that the Escrow Agent shall not be deemed to be the agent of either of the parties, and that the Escrow Agent shall not be liable to either of the parties for any action or omission on its part taken or made in good faith, and not in disregard of this Agreement, but shall be liable for its negligent acts and for any loss, cost or expense incurred by Seller or Buyer resulting from the Escrow Agent's mistake of law respecting the Escrow Agent's scope or nature of its duties. Seller and Buyer shall jointly and severally indemnify and hold harmless the Escrow Agent from and against all costs, claims and expenses, including reasonable attorneys' fees, incurred in connection with the performance of the Escrow Agent's duties hereunder, except with respect to actions or omissions taken or made by the Escrow Agent in bad faith, in disregard of this Agreement or involving negligence on the part of the Escrow Agent.

ARTICLE X

MISCELLANEOUS

10.1 Parties Bound. Except for an assignment by Buyer to an entity in which an officer or shareholder of Buyer control a majority of the interests which is hereby expressly permitted without the consent of Seller, neither party may assign this Agreement without the prior written consent of the other, and any such prohibited assignment shall be void; in the event of any such assignment by Buyer, Buyer shall not be relieved of its obligations under this Agreement and

shall remain liable therefor. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the respective legal representatives, successors, assigns, heirs, and devisees of the parties.

10.2 Headings. The article and paragraph headings of this Agreement are for convenience only and in no way limit or enlarge the scope or meaning of the language hereof.

10.3 Invalidity and Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall not be deemed to be a waiver of such party's right to enforce against the other party the same or any other such term or provision in the future.

10.4 Governing Law. This Agreement shall, in all respects, be governed, construed, applied, and enforced in accordance with the law of the State of California.

10.5 Survival. Unless otherwise expressly stated in this Agreement, each of the covenants, obligations, and agreements contained in this Agreement shall survive the termination of this Agreement or the Closing, whichever occurs, and shall not be merged, until the applicable statute of limitations with respect to any claim, cause of action, suit or other action relating thereto shall have fully and finally expired. Any claim brought after Closing based upon a misrepresentation or a breach of a warranty contained in Article VII of this Agreement shall be actionable or enforceable if and only if notice of such claim is given to the party which allegedly made such misrepresentation or breached such covenant, obligation, warranty or agreement within six (6) months after the Closing Date.

10.6 No Third Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions, or remedies to any person or entity as a third party beneficiary or otherwise.

10.7 Entirety and Amendments. This Agreement embodies the entire agreement between the parties and supersedes all prior agreements and understandings relating to the Property except for any confidentiality agreement binding on Buyer, which shall not be superseded by this Agreement. This Agreement may be amended or supplemented only by an instrument in writing executed by the party against whom enforcement is sought.

10.8 Time. Time is of the essence in the performance of this Agreement.

10.9 Attorneys' Fees. Should either party employ an attorney to enforce any of the provisions hereof, the party against whom any final judgment is entered agrees to pay the prevailing party all reasonable costs, charges, and expenses, including the reasonable attorneys' fees, expended or incurred in connection therewith.

10.10 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in Paragraph 1.1. Any such notices shall be

either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by facsimile, with written confirmation by overnight or first class mail, in which case notice shall be deemed delivered upon receipt of confirmation transmission of such facsimile notice, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. Any notice sent by facsimile or personal delivery and delivered after 5:00 p.m. Pacific time shall be deemed received on the next business day. A party's address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

10.11 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

10.12 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m.

10.13 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of such counterparts shall constitute one Agreement. To facilitate execution of this Agreement, the parties may execute and exchange by telephone, facsimile or electronic mail, counterparts of the signature pages and any and all amendments to this Agreement.

10.14 Tax-Deferred Exchange. Either party shall be permitted to assign its obligations under this Agreement to an intermediary for the purpose of effectuating a tax-deferred exchange so long as such assignment shall not (a) delay or extend the Closing Date, or (b) require the other party to assume any additional obligations, incur any out-of-pocket expenses, or take title to any other property. Neither party shall be, in any way, responsible or liable for the tax or other consequences of the tax-deferred exchange (or attempted tax-deferred exchange) effected by the other party.

10.15 WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below.

SELLER

City of Garden Grove, a municipal corporation

By: _____
Name: Matthew J. Fertal
Title: City Manager

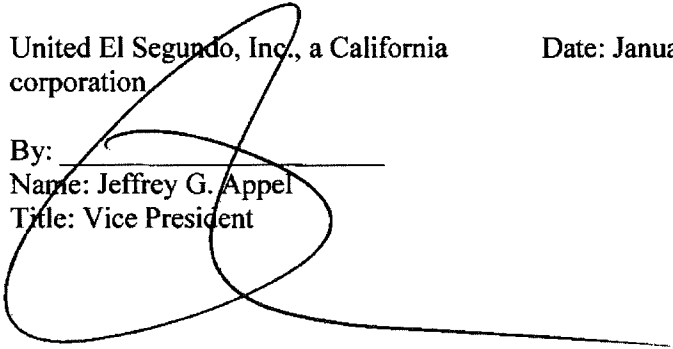
Date: _____

BUYER

United El Segundo, Inc., a California corporation

Date: January 24, 2014

By: _____
Name: Jeffrey G. Appel
Title: Vice President

A large, stylized handwritten signature in black ink, written over the signature line and extending to the right.

Acknowledgement by Escrow Agent

Escrow Agent has executed this Agreement in order to confirm that the Escrow Agent has received and shall hold the Deposit and the interest earned thereon, in escrow, and shall disburse the Deposit, and the interest earned thereon, pursuant to the provisions of Article 9.

FIRST AMERICAN TITLE INSURANCE COMPANY
NATIONAL COMMERCIAL SERVICES

By: _____
Name: _____
Title: Escrow Officer

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

That certain real property commonly known as 13501 Harbor Boulevard, Garden Grove, California, and is more particularly described as follows:

APN 100-122-39 & 40

EXHIBIT B
GRANT DEED

974645.1

EXHIBIT C

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease ("Assignment") dated as of the __ day of _____, 2014, is by and between the City of Garden Grove, a municipal corporation ("Assignor") and United El Segundo, Inc., California corporation ("Assignee").

I. STATUS OF ASSIGNOR.

Assignor and Assignee mutually acknowledge and agree Assignor is the "Landlord" under that certain Service Station Lease, dated as of September 14, 2010 ("Lease"), between Garden Grove Agency for Community Development and Galaxy Oil Company, a California corporation ("Tenant"), for that certain parcel of approximately 13,000 square feet commonly known as 13501 Harbor Blvd., Garden Grove, CA 92843.

II. ASSIGNMENT OF LEASE.

For value received, Assignor assigns and transfers to Assignee all of Assignor's rights and interest in and to the Lease.

II. ASSUMPTION OF LEASE.

For value received, Assignee hereby assumes and agrees to perform all obligations of Landlord under the Lease on and after the date of this Assignment.

ASSIGNOR

City of Garden Grove, a municipal corporation

By: _____
Name: Matthew J. Fertal
Title: City Manager

ASSIGNEE

United El Segundo, Inc., a California corporation

By: _____
Name: Jeff Appel
Title: Vice President