

BLUE FOLDER ITEM

Blue folder items are additional back up material to administrative reports and/or public comments received after the printing and distribution of the agenda packet for receive and file.

CITY COUNCIL MEETING JANUARY 19, 2021

H.13 ADOPT BY TITLE ONLY RESOLUTION NO. CC-2101-012, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A LOCAL SALES TAX REVENUE SHARING AGREEMENT AND A SALES TAX SHARING IMPLEMENTATION AGREEMENT FOR THE REDONDO MITSUBISHI DEALERSHIP LOCATED JOINTLY IN REDONDO BEACH AND HERMOSA BEACH

CONTACT: MARNI RUHLAND, FINANCE
DIRECTOR

Resolution
Sales Tax Sharing Agreement
Sales Tax Sharing Implementation Agreement

RESOLUTION NO. CC-2101-012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A SALES TAX REVENUE SHARING AGREEMENT AND A SALES TAX SHARING IMPLEMENTATION AGREEMENT

WHEREAS, a sales and use tax generating operation is located on certain, improved real property physically located in both Hermosa Beach and Redondo Beach, with a portion of the property at the northeast corner of First Street and Pacific Coast Highway, commonly referred to as 26 Pacific Coast Highway in the City of Hermosa Beach and a portion of the property at the northeast corner of Anita Street and Pacific Coast Highway, commonly referred to as 900 N. Pacific Coast Highway in the City of Redondo Beach (collectively, the "Property"); and

WHEREAS, the sales and use tax generating operation on the Property is conducted by Redondo Automotive, which conducts its business on, and requires the use of, the entire Property as a single entity so that sales and use tax activity is not limited to a single physical location; and

WHEREAS, California law permits cities to enter into contracts to apportion between them the revenue derived from any sales or use tax if the resolution proposing the agreement is approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract; and

WHEREAS, in the public interest, the cities of Hermosa Beach and Redondo Beach desire to allocate and split all sales and use tax generated on the Property; and

WHEREAS, Redondo Automotive agrees with the allocation and splitting of the sales and use tax generated by Redondo Automotive on the Property.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Approval of Recitals. City Council hereby finds and determines that the foregoing recitals are true and correct and incorporated herein.

SECTION 2. Public Interest. City Council hereby finds and determines that the allocation and splitting of the sales and use tax generated on the Property will serve the health, safety, and general welfare of both the cities of Hermosa Beach and Redondo Beach, and their citizens, and will serve to strengthen the cities' land use and social structure between these cities.

SECTION 3. Approval of Sales Tax Revenue Sharing Agreement. The Sales Tax Revenue Sharing Agreement is hereby approved. The Mayor is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Sales Tax Revenue Sharing Agreement, and the City Clerk is hereby authorized to attest to such execution.

SECTION 3. Approval of Sales Tax Sharing Implementation Agreement. The Sales Tax Sharing Implementation Agreement is hereby approved. The Mayor is hereby authorized and

directed, for and in the name and on behalf of the City, to execute the Sales Tax Sharing Implementation Agreement, and the City Clerk is hereby authorized to attest to such execution.

SECTION 4. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

PASSED, APPROVED AND ADOPTED this 19th day of January, 2021.

William C. Brand, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF REDONDO BEACH)

I, Eleanor Manzano, City Clerk of the City of Redondo Beach, California, do hereby certify that Resolution No. CC-2101-012 was passed and adopted by the City Council of the City of Redondo Beach, California, at a regular meeting of said City Council held on the 19th day of January, 2021, and there after signed and approved by the Mayor and attested by the City Clerk, and that said resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Eleanor Manzano, CMC
City Clerk

SALES TAX REVENUE SHARING AGREEMENT

between

City of Hermosa Beach,
a California municipal corporation

and

City of Redondo Beach,
a California municipal corporation

SALES TAX REVENUE SHARING AGREEMENT

THIS SALES TAX REVENUE SHARING AGREEMENT ("**Agreement**") is entered into this ____ day of January, 2021 (the "Execution Date") by and between (i) CITY OF HERMOSA BEACH, a California municipal corporation ("**Hermosa Beach**") and (ii) the CITY OF REDONDO BEACH, a California municipal corporation ("**Redondo Beach**"). Hermosa Beach and Redondo Beach are sometimes individually referred to herein as a "Party" or "City" and collectively as "Parties" or "Cities". The Parties enter into this Agreement on the basis of the following facts, understandings and intentions:

ARTICLE 1. RECITALS OF FACT.

1.1 A sales tax generating operation is located on certain improved real property physically located in both Cities, with a portion of the property at the northeast corner of First Street and Pacific Coast Highway, commonly referred to as 26 Pacific Coast Highway in the City of Hermosa Beach, County of Los Angeles, State of California (the "HB Site") and a portion of the property at the northeast corner of Anita Street and Pacific Coast Highway, commonly referred to as 900 N. Pacific Coast Highway in the City of Redondo Beach, County of Los Angeles, State of California (the "RB Site").

1.2 The HB Site and RB Site combined comprise approximately 18,000 square feet of buildings on 70,245 square feet of real property more particularly described by the Los Angeles County Assessor Parcel Numbers listed on Exhibit A attached hereto and incorporated by reference (collectively, the HB Site and the RB Site are referred to as the "Property"). The sales tax generating operation on the Property conducts its business on, and requires the use of, the entire Property as a single entity so that sales and use tax activity is not limited to a single physical address location.

1.3 To stabilize revenues, California law allows neighboring cities to enter into regional sales and use tax revenue sharing agreements. State law provides that sales and use tax revenue-sharing contracts shall be approved by a two-thirds vote of each affected jurisdiction's governing body.

1.4 The Parties determine that it is in the public interest to allocate and split all Redondo Beach and Hermosa Beach sales and use taxes generated on or arising from the Property by the relative proportion of the HB Site and the RB Site to the entire Property. This Agreement is in accord with applicable state and federal laws and is in the vital and best interests of the communities, will serve the health, safety, and general welfare of both the City of Hermosa Beach and Redondo Beach, and their citizens, will serve to strengthen the Cities' land use and social structure between these Cities.

1.5 Based upon the foregoing understandings, the specific purpose of this Agreement is to cause all sales and leases at the Property that generate Sales Tax Revenues (defined below) to be equitably allocated and shared by Hermosa Beach and Redondo Beach in accordance with the terms of this Agreement. By so splitting the Sales Tax Revenues, the parties will be advancing the following principles: (i) achieving equitable sales and use tax revenue allocations that will

remove fiscal consideration from land use decisions, and (ii) developing a sales and use tax revenue distribution system among the Cities for the Property which encourages mutual cooperation on economic development projects having an impact on both Cities. With respect to the latter, the Parties agree that the tax sharing arrangement herein has limited impacts only upon the Property and their mutual jurisdictions with no impacts upon the sales and use tax revenue of other jurisdictions and/or no impacts upon regional competition amongst other jurisdictions for sales and use tax generating businesses.

1.6 This Agreement has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, and the environmental guidelines of the respective Parties. This Agreement is not a "project" for purposes of CEQA, as that term is defined by Guidelines §15378, because this Agreement is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per §15378(b)(5) of the State CEQA Guidelines.

1.7 In accordance with California state law, this Agreement was authorized and approved by a two-thirds vote of the governing body of each City, as shown by the resolutions attached as Exhibit B, for Hermosa Beach, and Exhibit C, for Redondo Beach, which are hereby incorporated by reference.

ARTICLE 2. DEFINITIONS.

2.1 Definitions. Unless the context otherwise requires, the terms defined in this Article 2 shall for all purposes hereto, and of any amendment hereof, and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

2.1.1 **"Business Day"** means a day which is not a Saturday, Sunday or legal holiday on which the Cities are closed.

2.1.2 **"CDTFA"** means the California Department of Tax and Fee Administration, and any successor agency.

2.1.3 **"Effective Date"** means October 17, 2020.

2.1.4 **"Sales Tax Revenues"** means that portion of any tax under the Sales and Use Tax Law (defined below), if any, paid by Retail Sales Office (defined below) upon taxable leases, sales and uses attributable to the operations of Retail Sales Office and allocated and actually paid to, and received by, Redondo Beach and Hermosa Beach under the Sales and Use Tax Law (defined below). Sales Tax Revenues shall not include (i) penalty assessments, (ii) any Sales Tax (defined below) levied by, collected for or allocated to the State of California, the County of Los Angeles, a district or any entity (including an allocation to a statewide or countywide pool) other than Redondo Beach and Hermosa Beach, (iii) any administrative fee charged by the CDTFA, (iv) any Sales Tax subject to any sharing, rebate, offset or other charge imposed pursuant to any applicable provision of federal, state or local (except the Cities') law, rule, or regulation, (v) any Sales Tax attributable to any transaction not consummated within the Term (defined below), or (vi) any Sales Tax (or other funds measured by Sales Tax) required by the State of California to be paid over to another public entity (including the State) or set aside and/or pledged to a specific

use other than for deposit into or payment from the Cities' general funds, including retroactive payments.

2.1.5 **“Retail Sales”** means all sales and leases of tangible personal property to any person or entity which is subject to the Sales and Use Tax Law and which generates Sales Tax Revenues.

2.1.6 **“Retail Sales Office”** means any form of entity that maintains a retail sales operation on the Property and at which Retail Sales transactions are consummated pursuant to the Sales and Use Tax Law. Sales from distribution centers, warehouses, field sales offices, and other e-commerce sales are intended to be included as appropriate under the Sales and Use Tax Law. Notwithstanding the above, for clarity, physical retail store and service locations ordinarily open to the public and operated on the Property are intended to be included within the definition of Retail Sales Office.

2.1.7 **“Sales and Use Tax Law”** means (i) Part 1 of Division 2 of the California Revenue and Taxation Code, commencing with Section 6001, and any successor law thereto, (ii) any legislation by any public agency levying any form of sales and use tax on the operations and transactions on the Property, and (iii) regulations of the CDTFA and other binding rulings and interpretations relating to (i) and (ii) hereof.

2.1.8 **“Sales Tax”** means all sales and use taxes levied under the authority of the Sales and Use Tax Law generated from the Property.

2.1.9 **“Term”** means the Term of this Agreement, which commences as of the Effective Date and ends when there is no Retail Sales Office at the Property, unless extended or terminated by mutual agreement of the two Cities.

ARTICLE 3. GENERAL TERMS

3.1 Split of Sales Tax Revenues from All Retail Sales on the Property. The Parties agree that all Retail Sales deriving from Retail Sales Office operations on the Property, including Internet sales activity, shall be allocated and split for purposes of calculating Sales Tax Revenue as set forth in Section 3.2 below.

3.2 Allocation and Splitting of the Sales Tax Revenues. On and after the Effective Date of this Agreement and continuing for the Term hereof, the Sales Tax Revenues shall be allocated and split as follows:

Forty-seven percent (47%) to Hermosa Beach; and

Fifty-three percent (53%) to Redondo Beach.

3.3 Procedures for Allocating and Splitting of Sales Tax Revenues.

3.3.1 Hermosa Beach and Redondo Beach shall work together to cause the CDTFA to create necessary sub-permits for the Property to divide and allocate the Sales Tax Revenue between the Parties consistent with this Agreement.

3.3.2 If there is any problem with splitting the Sales Tax Revenue or issues raised by the CDTFA, then the Parties shall meet and confer and work together to identify and implement another mechanism to split the Sales Tax Revenue in accordance with the proportions agreed to herein and shall amend this Agreement as necessary.

3.4 Changes in Law. Changes in law, other than unilateral legislative action by either Party, that materially undermine the intent and purposes of this Agreement may be a basis for negotiated modification or termination hereof.

3.5 Audit of Books and Records. Either Party shall, upon no less than fifteen (15) Business Days prior written request from the other Party, make that portion of its books, records and data and documentation relating to the calculation and determination of that Party's rights and obligations under this Agreement available for review to the requesting Party and/or its designees (including its accountants and/or attorneys). Nothing herein shall be deemed to abridge or constitute a waiver of any Party's evidentiary rights and privileges arising pursuant to any provision of law, hereof or as otherwise ordered by any court of competent jurisdiction. Each Party shall bear the costs of its review, including copy charges, administrative expenses, and any auditors, experts and other consultants it may engage to complete its investigation of the other Party's books and records hereof, or as otherwise ordered by a court, provided, however, such costs may be recovered as an item of litigation expense pursuant to Section 6.6.

ARTICLE 4. DEFAULT & ENFORCEMENT

4.1 Event of Default. A non-defaulting Party (the "Non-Defaulting Party") in its discretion may elect to declare a default under this Agreement in accordance with the procedures hereinafter set forth for any failure or breach of the other Party ("**Defaulting Party**") to perform any material duty or obligation of said Defaulting Party under the terms of this Agreement. However, the Non-Defaulting Party must provide written notice to the Defaulting Party setting forth the nature of the breach or failure and the actions, if any, required by Defaulting Party to cure such breach or failure. The Defaulting Party shall be deemed in "**Default**" under this Agreement, if said breach or failure can be cured, but the Defaulting Party has failed to take such actions and cure such breach or failure within thirty (30) calendar days after the date of such notice ("**Cure Period**"). However, if such breach or failure cannot be cured within such Cure Period, and if and, as long as the Defaulting Party does each of the following:

(a) Notifies the Non-Defaulting Party in writing with a reasonable explanation as to the reasons the asserted Default is not curable within the thirty (30) calendar day period;

(b) Notifies the Non-Defaulting Party of the Defaulting Party's proposed course of action to cure the Default;

(c) Promptly commences to cure the Default within the thirty (30) calendar day period;

(d) Makes periodic reports to the Non-Defaulting Party as to the progress of the action to cure; and

(e) Diligently prosecutes such cure to completion, then the Defaulting Party shall not be deemed in breach of this Agreement.

4.2 Legal Actions.

4.2.1 *Institution Of Legal Actions and Forum.* In addition to any other rights or remedies, and subject to the provisions of Section 6.6, either Party may institute legal action to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other legal or equitable remedy consistent with the purpose of this Agreement, including, without limitation, the remedy of specific performance. Legal actions must be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, in any other appropriate court in that county, or in the Federal District Court in the Central District of California.

4.2.2 *Applicable Law.* The laws of the State of California shall govern the interpretation and enforcement of this Agreement, without regard to conflict of law principles.

4.2.3 *Acceptance Of Service of Process.* In the event that any legal action is commenced by a City, service of process on the other City shall be made by personal service upon the City Clerk, with a copy to the City Attorney.

4.3 Rights & Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the Parties are cumulative, and the exercise by either Party of one or more of its rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same Default or any other Default by the other Party.

4.4 No Waiver. Except as otherwise provided in this Agreement, waiver by either Party of the performance of any covenant, condition, or promise shall not invalidate this Agreement, nor shall it be considered a waiver of any other covenant, condition, or promise. Waiver by either Party of the time for performing any act shall not constitute a waiver of time for performing any other act or an identical act required to be performed at a later time. The delay or forbearance by either Party in exercising any remedy or right as to any Default shall not operate as a waiver of any Default or of any rights or remedies or to deprive such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

ARTICLE 5. REPRESENTATIONS

5.1 Representations. All of the following representations are made according to each City's actual current knowledge as of the Execution Date, without having undertaken any independent inquiry or investigation and without any duty of inquiry or investigation regarding this Agreement.

5.1.1 Each City is a California municipal corporation and has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated hereby. Each City has duly authorized the execution and delivery of this Agreement.

5.1.2 The representatives of each City executing this Agreement are fully authorized to execute the same pursuant to official action taken by each City.

5.1.3 To the extent this Agreement imposes a duty or obligation upon a City, the City will comply with the terms, intents and purposes of this Agreement.

5.1.4 The execution and delivery of this Agreement, the consummation of the transactions on the part of each City contemplated and the fulfillment or compliance by each City with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulations, or any applicable court or administrative decree or order, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of either City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would, materially and adversely affect the consummation of the transactions on the part of either City contemplated by this Agreement.

5.1.5 As of the Execution Date, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending, or, to the knowledge of either City, threatened against or affecting either City or its interests, which, if determined adversely to a City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement.

ARTICLE 6. MISCELLANEOUS

6.1 Amendment of Agreement. At any time either Hermosa Beach or Redondo Beach may determine that this Agreement should be amended for the mutual benefit of the Parties, or for any other reason, including a change of use on the Property. Any such amendment to this Agreement shall only be by written agreement between the Parties. Hermosa Beach and Redondo Beach agree to consider reasonable requests for amendments to this Agreement which may be made by any of the Parties hereto, lending institutions, bond counsel or financial consultants. Any amendments to this Agreement must be in writing and signed by the appropriate authorities of each Party.

6.2 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. Signatures sent by electronic means shall be valid as original wet ink signatures.

6.3 Notices and Demands. All notices or other communications required or permitted between the Cities under this Agreement shall be in writing, and may be (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, (iii) sent by telecopy, or (iv) sent by nationally recognized overnight courier service (e.g., Federal Express), and addressed to the Parties at the following addresses:

<i>Hermosa Beach:</i>	City of Hermosa Beach 1315 Valley Drive Hermosa Beach, CA 90254 Attn: City Manager	Copy To:	City Attorney Michael Jenkins Best Best & Krieger LLP 1230 Rosecrans Avenue Manhattan Beach, CA 90266
<i>Redondo Beach:</i>	City of Redondo Beach 415 Diamond Street Redondo Beach, CA 90277 Attn: City Manager	Copy To:	Office of City Attorney 415 Diamond Street Redondo Beach, CA 90277

Any notice given by registered or certified United States mail shall be deemed to have been received on the second Business Day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by telecopy or courier service (e.g., Federal Express) shall be deemed received upon attempted delivery or actual receipt of the same by the Party to whom the notice is given.

6.4 Nonliability of Officials and Employees. No board member, official, contractor, consultant, attorney or employee of either Party shall be personally liable to the other or any voluntary or involuntary successors or assignees, in the event of any Default or breach by either Party, or on any obligations arising under this Agreement.

6.5 Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the Parties. No other understanding, oral or otherwise, in direct conflict with this Agreement shall be deemed to exist or to bind any of the Parties hereto. All prior written or oral offers, counteroffers, memoranda of understanding, proposals and the like are superseded by this Agreement.

6.6 Attorney's Fees. In the event of the bringing of an arbitration, action or suit by a Party hereto against another Party hereunder by reason of any breach of any of the covenants or agreements on the part of the other Party arising out of this Agreement or any other dispute between the Parties concerning this Agreement then, in that event, the prevailing Party in such action or dispute, whether by final judgment or arbitration award, shall be entitled to have and recover of and from the other Party all costs and expenses of suit or claim, including reasonable attorneys' fees and expert witness fees. Any judgment, order or award entered in any final judgment or award shall contain a specific provision providing for the recovery of all costs and expenses of suit or claim, including actual attorneys' fees and expert witness fees (collectively, the "Costs") incurred in enforcing, perfecting and executing such judgment or award. For the purposes of this Section 6.6, Costs shall include, without implied limitation, attorneys' and experts' fees, costs and expenses incurred in the following: (i) post judgment motions and appeals, (ii) contempt proceedings, (iii) garnishment, levy and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation. This Section shall survive any termination of this Agreement.

6.7 Interpretation. Hermosa Beach and Redondo Beach acknowledge that this Agreement is the product of mutual arms-length negotiation and drafting and that both Parties have been represented by legal counsel in the negotiation and drafting of this Agreement. Accordingly, the rule of construction which provides that ambiguities in a document shall be construed the drafter of that document shall have no application to the interpretation and enforcement of this

Agreement. In any action or proceeding to interpret or enforce this Agreement, the finder of fact may refer to any extrinsic evidence not in direct conflict with any specific provision of this Agreement to determine and give effect to the intention of the Parties with respect to any ambiguities in this Agreement.

6.8 Successors and Assigns. The terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their voluntary and involuntary successors and assigns.

6.9 Third Party Beneficiaries. The performance of the respective obligations under this Agreement are not intended to benefit any party other than Hermosa Beach and Redondo Beach. No person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that Party's performance or non-performance under this Agreement.

6.10 Severability. Hermosa Beach and Redondo Beach declare that the provisions of this Agreement are severable. If it is determined by a court of competent jurisdiction that any term, condition or provision hereof is void, voidable, or unenforceable for any reason whatsoever, then such term, condition or provision shall be severed from this Agreement and the remainder of the Agreement enforced in accordance with its terms.

6.11 Further Acts and Releases. Hermosa Beach and Redondo Beach each agree to take such additional acts and execute such other documents as may be reasonable and necessary in the performance of their obligations hereunder.

6.12 Relationship of Parties. The Parties shall not be deemed in a relationship of partners or joint venturers by virtue of this Agreement, nor shall either Party be an agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement.

.[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto execute this Agreement as of the Execution Date first set forth above:

CITY OF HERMOSA BEACH,
a municipal corporation

By: _____
Name: Justin Massey
Title: Mayor

Attest:

By: _____
Name: Eduardo Sarmiento
Title: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Michael Jenkins
Title: City Attorney

CITY OF REDONDO BEACH,
a municipal corporation

By: _____
Name: William C. Brand
Title: Mayor

Attest:

By: _____
Name: Eleanor Manzano
Title: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Michael W. Webb
Title: City Attorney

EXHIBIT A

ASSESSOR PARCEL NUMBERS

City of Hermosa Beach Parcels

APN: 4186-031-003 Address: 18 PACIFIC COAST HWY

APN: 4186-031-002 Address: Address Not Available

APN: 4186-031-001 Address: 8 PACIFIC COAST HWY

APN: 4186-031-036 Address: 26 PACIFIC COAST HWY

City of Redondo Beach Parcels

APN: 4186-031-101 Address: 900 N PACIFIC COAST HWY

APN: 4186-031-023 Address: Address Not Available

APN: 4186-031-022 Address: 301 ANITA STREET

EXHIBIT B
HERMOSA BEACH RESOLUTION

[to be attached]

EXHIBIT C

REDONDO BEACH RESOLUTION

[to be attached]

SALES TAX SHARING IMPLEMENTATION AGREEMENT

between

City of Hermosa Beach,
a California municipal corporation,

City of Redondo Beach,
a California municipal corporation,

and

Redondo Automotive, LLC,
A California limited liability company

SALES TAX SHARING IMPLEMENTATION AGREEMENT [REDONDO AUTOMOTIVE]

THIS SALES TAX SHARING IMPLEMENTATION AGREEMENT ("**Agreement**") is entered into as of _____, 2021 (the "Execution Date") by and between (i) CITY OF HERMOSA BEACH, a California municipal corporation ("**Hermosa Beach**"), (ii) the CITY OF REDONDO BEACH, a California municipal corporation ("**Redondo Beach**"), and (iii) REDONDO AUTOMOTIVE, LLC, a California limited liability company, dba Redondo Mitsubishi ("**Redondo Automotive**"). Hermosa Beach and Redondo Beach are sometimes individually referred to herein as a "City" and together as "Cities", and any of the foregoing sometimes individually referred to herein as a "Party" or together as "Parties".

ARTICLE 1. RECITALS OF FACT.

1.1 Redondo Automotive leases certain improved real property physically located in both Hermosa Beach and Redondo Beach, with a portion of the property at the northeast corner of First Street and Pacific Coast Highway, commonly referred to as 26 Pacific Coast Highway in the City of Hermosa Beach, County of Los Angeles, State of California (the "HB Site") and a portion of the property at the northeast corner of Anita Street and Pacific Coast Highway, commonly referred to as 900 N. Pacific Coast Highway in the City of Redondo Beach, County of Los Angeles, State of California (the "RB Site").

1.2 The HB Site and RB Site combined comprise approximately 18,000 square feet of buildings on 70,245 square feet of real property more particularly described by the Los Angeles County Assessor Parcel Numbers listed on Exhibit A attached hereto and incorporated by reference (collectively, the HB Site and the RB Site are referred to as the "Property"). The Property is leased by Redondo Automotive, as tenant, under a Lease dated August 12, 2020, with 900 North PCH, LLC, a Delaware limited liability company, as landlord, for use as an auto dealership.

1.3 The parties believe that it is in the public interest to allocate and split all Redondo Beach and Hermosa Beach sales and use tax generated by Redondo Automotive from the Property. Hermosa Beach and Redondo Beach have executed that certain Sales Tax Revenue Sharing Agreement, dated January __, 2021 (the "City Sharing Agreement"), the terms and conditions of which are incorporated herein by reference.

1.4 Based upon the foregoing understandings, the specific purpose of this Agreement is to implement the City Sharing Agreement and to cause all Redondo Automotive sales and leases at or arising from the Property that generate Sales Tax Revenues (as defined in the City Sharing Agreement) to be split between Hermosa Beach and Redondo Beach.

ARTICLE 2. DEFINITIONS.

2.1 Definitions.

2.1.1 "**CDTFA**" means the California Department of Tax and Fee Administration, and any successor agency.

2.1.2 "**Effective Date**" for this Agreement means October 17, 2020.

2.1.3 “**Retail Sales**” means all sales and leases of tangible personal property to any person or entity which is subject to Sales Tax (defined below).

2.1.4 “**Sales Tax**” means all sales and use taxes levied under the authority of the California Sales and Use Tax Law (as defined in the City Sharing Agreement) from the Property.

2.1.5 “**Term**” means the Term of this Agreement, which commences as of the Effective Date and ends when Redondo Automotive is not operating at the Property, unless extended or terminated by mutual agreement of the two Cities.

ARTICLE 3. GENERAL TERMS

3.1 Allocation and Split of Sales Tax from All Retail Sales on the Property. The Parties agree that all Redondo Automotive sales and use tax revenue deriving from operations on the Property, including Internet sales activity, shall be split for purposes of calculating Sales Tax on Redondo Automotive’s operations as set forth in Section 3.2 below.

3.2 Allocating and Splitting of the Sales Tax Revenues. On and after the Effective Date of this Agreement and continuing for the Term hereof, Redondo Automotive shall allocate and split the Sales Tax to be paid as follows:

Forty-seven percent (47%) to Hermosa Beach; and

Fifty-three (53%) to Redondo Beach.

3.2.1 Redondo Automotive agrees to allocate and split Sales Tax payments as set forth in this Section 3.2 on all reporting for the CDTFA.

3.2.2 If there is any problem with allocating or splitting the Sales Tax or issues raised by the CDTFA, then the Parties shall meet and confer and work together to correct any issue or identify and implement another mechanism to allocate and split the Sales Tax within one hundred eighty (180) days of notification from the CDTFA.

ARTICLE 4. MISCELLANEOUS

4.1 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. Signatures sent by electronic means shall be valid as original wet ink signatures.

4.2 Entire Agreement. This Agreement contains all of the terms and conditions agreed upon by the Parties as to the subject matter herein. No other understanding, oral or otherwise, in direct conflict with this Agreement shall be deemed to exist or to bind any of the Parties hereto. All prior written or oral offers, counteroffers, memoranda of understanding, proposals and the like are superseded by this Agreement.

4.3 Relationship of Parties. The Parties shall not be deemed in a relationship of partners or joint venturers by virtue of this Agreement, nor shall any Party be an agent, representative,

trustee or fiduciary of the other. No Party shall have any authority to bind another to any agreement. The terms, covenants and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their voluntary and involuntary successors and assigns.

4.4 Amendment. Any amendment to this Agreement shall only be by written agreement between the Parties and signed by the appropriate authorities of each Party. The Parties agree to take such additional acts and execute such other documents as may be reasonable and necessary in the performance of their obligations hereunder.

4.5 Severability. The provisions of this Agreement are severable. If it is determined by a court of competent jurisdiction that any term, condition or provision hereof is void, voidable, or unenforceable for any reason whatsoever, then such term, condition or provision shall be severed from this Agreement and the remainder of the Agreement enforced in accordance with its terms.

4.6 Attorney's Fees. In the event of the bringing of an arbitration, action or suit by a Party hereto against another Party hereunder by reason of any breach of any of the covenants or agreements on the part of the other Party arising out of this Agreement or any other dispute between the Parties concerning this Agreement then, in that event, the prevailing Party in such action or dispute, whether by final judgment or arbitration award, shall be entitled to have and recover of and from the other Party all costs and expenses of suit or claim, including reasonable attorneys' fees and expert witness fees. Any judgment, order or award entered in any final judgment or award shall contain a specific provision providing for the recovery of all costs and expenses of suit or claim, including actual attorneys' fees and expert witness fees (collectively, the "Costs") incurred in enforcing, perfecting and executing such judgment or award. For the purposes of this Section 4.6, Costs shall include, without implied limitation, attorneys' and experts' fees, costs and expenses incurred in the following: (i) post judgment motions and appeals, (ii) contempt proceedings, (iii) garnishment, levy and debtor and third party examination; (iv) discovery; and (v) bankruptcy litigation. This Section shall survive any termination of this Agreement.

4.7 Authority; Third Party Beneficiaries. To each Party's actual current knowledge as of the Execution Date, without having undertaken any independent inquiry or investigation and without any duty of inquiry or investigation regarding this Agreement, the execution and delivery of this Agreement, the consummation of the transactions on the part of each Party contemplated and the fulfillment or compliance by each Party with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulations, or any applicable court or administrative decree or order, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of any Party, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would, materially and adversely affect the consummation of the transactions on the part of the Party contemplated by this Agreement. The performance of the respective obligations under this Agreement are not intended to benefit any party other than the Parties hereto. Except as provided otherwise, no person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that Party's performance or non-performance under this Agreement.

4.8 Remedies. Any Party may institute any legal action to cure, correct, or remedy any default, enforce any covenant or agreement herein, enjoin any threatened or attempted violation hereof, enforce by specific performance the obligations of the Parties hereto, or obtain any other remedy consistent with this Agreement.

4.9 Notices and Demands. All notices or other communications required or permitted between the Parties under this Agreement shall be in writing, and may be (i) personally delivered, (ii) sent by United States registered or certified mail, postage prepaid, return receipt requested, (iii) sent by telecopy, or (iv) sent by nationally recognized overnight courier service (e.g., Federal Express), and addressed to the Parties at the following addresses:

Hermosa Beach:

City of Hermosa Beach, 1315 Valley Drive, Hermosa Beach, CA, 90254; Attn: City Manager

Redondo Beach:

City of Redondo Beach, 415 Diamond Street, Redondo Beach, CA, 90277; Attn: City Manager

Redondo Automotive:

900 Pacific Coast Highway, Redondo Beach, CA, 90277; Attn: General Manager

Any notice so given by registered or certified United States mail shall be deemed to have been received on the second business day after the same is deposited in the United States mail. Any notice not so given by registered or certified mail, such as notices delivered by telecopy or courier service (e.g., Federal Express) shall be deemed received upon attempted delivery or actual receipt of the same by the Party to whom the notice is given.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto execute this Agreement as of the Execution Date first set forth above:

CITY OF HERMOSA BEACH,
a municipal corporation

By: _____
Name: Justin Massey
Title: Mayor

Attest:

By: _____
Name: Eduardo Sarmiento
Title: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Michael Jenkins
Title: City Attorney

CITY OF REDONDO BEACH,
a municipal corporation

By: _____
Name: William C. Brand
Title: Mayor

Attest:

By: _____
Name: Eleanor Manzano
Title: City Clerk

APPROVED AS TO FORM:

By: _____
Name: Michael W. Webb
Title: City Attorney

REDONDO AUTOMOTIVE, LLC
a California Limited Liability Corporation

By: _____
Name: Frank Figueredo
Title: _____

EXHIBIT A

ASSESSOR PARCEL NUMBERS

City of Hermosa Beach Parcels

APN: 4186-031-003 Address: 18 PACIFIC COAST HWY

APN: 4186-031-002 Address: Address Not Available

APN: 4186-031-001 Address: 8 PACIFIC COAST HWY

APN: 4186-031-036 Address: 26 PACIFIC COAST HWY

City of Redondo Beach Parcels

APN: 4186-031-101 Address: 900 N PACIFIC COAST HWY

APN: 4186-031-023 Address: Address Not Available

APN: 4186-031-022 Address: 301 ANITA ST