

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (this "Agreement") is entered into and effective as of September 24th, 2013, by and among the CITY OF LANCASTER, a charter city and California municipal corporation (the "City"), BYD ENERGY LLC, a California limited liability company ("BYD Energy"), and BYD COACH & BUS LLC, a California limited liability company ("BYD Coach") (BYD Energy and BYD Coach are referred to collectively as "BYD"), with reference to the following facts, intentions and understandings.

RECITALS

A. BYD, and its various domestic and international parent companies, is a large-scale supplier of rechargeable batteries, and has the world's largest market share of nickel-cadmium batteries, handset lithium-ion batteries and mobile phone chargers. BYD's current customers include international mobile phone giants Nokia, Motorola, Samsung, Sony Ericsson, Kyocera, Phillips, as well as cordless phone manufactures Vtech, Panasonic, and Sony. In 2003, BYD entered the automobile industry and began to develop what has since become a full line of fuel and electric vehicles. BYD's selection of vehicles includes traditional high quality fuel vehicles F3, F3R, F6, FO, S8, G3, M6, L3, dual mode electric vehicles F3DM, pure electric vehicle e6 and pure electric bus K9.

B. BYD now desires to operate its first two North American manufacturing facilities, both of which will be located within the City's jurisdictional boundaries. The first facility (the "Bus Manufacturing Facility") will manufacture BYD's pure electric bus "K9" and will be located upon certain real property that BYD Coach is currently in the process of purchasing from Rexhall Industries, Inc. and that is located at 46147 BYD Boulevard in the City of Lancaster (the "Bus Manufacturing Facility Site"). The Bus Manufacturing Facility Site is legally described in the Legal Description attached hereto as Exhibit "A" and incorporated herein. The second facility will manufacture BYD's energy storage system ("ESS") (the "ESS Manufacturing Facility") (the ESS Manufacturing Facility and Bus Manufacturing Facility are referred to collectively as the "Manufacturing Facilities"), which is a large-scale battery product, and will be located upon certain real property that BYD Energy currently owns and that is located at 43851 Division Street in the City of Lancaster (the "ESS Manufacturing Facility Site") (the Bus Manufacturing Facility Site and ESS Manufacturing Facility Site are referred to collectively as the "Manufacturing Facility Sites"). The ESS Manufacturing Facility Site is legally described in the Legal Description attached hereto as Exhibit "B" and incorporated herein. The Manufacturing Facilities are expected to employ hundreds of area residents and significantly contribute to the City's general objective of energy independence and sustainability.

C. The City shares BYD's commitment to developing clean and sustainable energy sources. Additionally, the City is committed to generating local employment opportunities for area residents. To that end, and subject to the terms and conditions set forth in this Agreement, the City desires to provide certain capital improvements and other assistance to BYD in consideration of BYD renovating and operating its Manufacturing Facilities within the City. The City has determined that the imposition of certain operating, use and restrictive covenants as set forth herein constitutes a valid public purpose, and therefore the City desires to obtain such operating, use and restrictive covenants and, subject to the terms set forth herein, BYD is willing to enter into and be bound by such operating, use and restrictive covenants.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto agree as follows:

100. RENOVATION OF THE MANUFACTURING FACILITY SITES

101. Scope of Renovation.

101.1 Bus Manufacturing Facility. BYD Coach shall within the time set forth in the Schedule of Performance that is attached hereto as Exhibit "C" and incorporated herein renovate or cause the renovation of the Bus Manufacturing Facility on the Bus Manufacturing Facility Site in accordance with the Scope of Renovation that is attached hereto as Exhibit "D" and incorporated herein, the City's Municipal Code, all applicable entitlements and approvals for the Bus Manufacturing Facility Site, and the plans, drawings and documents submitted by BYD Coach and approved by the City as set forth herein.

101.2 ESS Manufacturing Facility. BYD Energy shall within the time set forth in the Schedule of Performance that is attached hereto as Exhibit "C" and incorporated herein renovate or cause the renovation of the ESS Manufacturing Facility on the ESS Manufacturing Facility Site in accordance with the Scope of Renovation that is attached hereto as Exhibit "D" and incorporated herein, the City's Municipal Code, all applicable entitlements and approvals for the ESS Manufacturing Facility Site, and the plans, drawings and documents submitted by BYD Energy and approved by the City as set forth herein.

102. Land Use Approvals. Prior to commencement of renovation of the Bus Manufacturing Facility and/or ESS Manufacturing Facility or other works of improvement upon the Manufacturing Facility Sites BYD Coach or BYD Energy, as applicable, shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, and approvals, including environmental approvals, which may be required by the City and/or any other governmental agency affected by such construction or work for the Bus Manufacturing Facility and/or ESS Manufacturing Facility. BYD shall, without limitation, apply for and secure all permits required by the City, the County and other governmental agencies with jurisdiction over either or both of the Manufacturing Facility Sites, as applicable.

103. Schedule of Performance. BYD shall commence and complete all renovation of the Bus Manufacturing Facility and ESS Manufacturing Facility, and satisfy all other obligations and conditions of this Agreement within the times established therefore in the Schedule of Performance. The Schedule of Performance is subject to revision from time-to-time as mutually agreed upon in writing by the BYD and the City Manager and the City Manager is authorized to make such revisions as he or she deems reasonably necessary.

104. Cost of Renovations. Subject to the City's obligation to construct or cause the construction of the Street Improvements as set forth in Section 105, all of the cost of planning, designing, developing, constructing and/or renovating the Bus Manufacturing Facility and ESS Manufacturing Facility shall be borne solely by BYD.

105. Street Improvements. The City agrees to fog seal the public street improvements on Avenue J-11 west of Division Street and on 7th Street West north of Avenue H as set forth in the Scope of Renovation (the "Street Improvements"). The City shall complete or cause the completion of the Street Improvements within the times established therefore in the Schedule of Performance.

Additionally, the City agrees to and shall rename a portion of 7th Street West “BYD Boulevard” and the entrance road to the ESS Manufacturing Facility “BYD Drive.” The City agrees to and shall, at City’s cost and expense and subject to mutual agreement regarding price, install BYD’s energy-efficient lighting in street lights along the portion of 7th Street West that is renamed “BYD Boulevard” and Avenue G-12 that is renamed “Dream Way.”

106. Insurance Requirements. BYD shall take out and maintain or shall cause its contractor to take out and maintain until completion of the renovation described in Section 101, a comprehensive general liability policy in the amount of Two Million Dollars (\$2,000,000.00) combined single limit policy, and a comprehensive automobile liability policy in the amount of Five Hundred Thousand Dollars (\$500,000.00), combined single limit, or such other policy limits as the City may approve at its discretion, including contractual liability, as shall protect BYD and the City from claims for such damages. Such policy or policies shall be written on an occurrence form. BYD shall also furnish or cause to be furnished to the City evidence satisfactory to the City that BYD and any contractor with whom it has contracted for the performance of work on the Manufacturing Facility Sites or otherwise pursuant to this Agreement carries workers’ compensation insurance as required by law. BYD shall furnish a notarized certificate of insurance countersigned by an authorized agent of the insurance carrier on a form approved by the City setting forth the general provisions of the insurance coverage. This countersigned certificate shall name the City and its officers, agents, and employees as additionally insured parties under the policy, and the certificate shall be accompanied by a duly executed endorsement evidencing such additional insured status. The certificate and endorsement by the insurance carrier shall contain a statement of obligation on the part of the carrier to notify the City of any material change, cancellation or termination of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation or termination. Coverage provided hereunder by BYD shall be primary insurance and not be contributing with any insurance maintained by the City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. The required certificate shall be furnished by BYD prior to the commencement of construction of the Manufacturing Facilities.

107. Indemnities.

107.1 BYD’s Indemnity. BYD shall defend, indemnify, assume all responsibility for, and hold harmless the City, and its representatives, volunteers, officers, employees and agents, from and against all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which are legally caused by any acts or omissions of BYD under this Agreement, whether such activities or performance thereof be by BYD or by anyone directly or indirectly employed or contracted with by BYD and whether such damage shall accrue or be discovered before or after termination of this Agreement.

107.2 BYD’s Environmental Indemnity. Without limiting the generality of BYD’s indemnity obligations under Section 107.1, from and after the effective date of this Agreement, BYD agrees to and shall indemnify, protect, defend, reimburse and hold the City and its elected or appointed officials, agents, employees and attorneys, harmless from and against any and all claims, actions, proceedings, lawsuits, orders, costs, liabilities, judgments, damages, fines, encumbrances, liens, penalties, punitive damages, losses and expenses (including without limitation all costs and expenses reasonably incurred to investigate and defend claims, whether or not such claim is

ultimately defeated, and costs and expenses reasonably incurred for consultants, court fees, administrative fees, expert witness fees, and attorneys' fees) of whatever kind or nature, contingent or otherwise, matured or not matured, foreseeable or unforeseeable, any of which are suffered or incurred by said indemnified parties, or assessed, levied or asserted by any person or entity (whether governmental or private) against said indemnified parties and relating to Environmental Claims, Environmental Cleanup Liability and Environmental Compliance Costs arising from the Release or threatened Release of Hazardous Materials in or onto the soil or groundwater in, on, under or from the Manufacturing Facility Sites, or any portion thereof, as a result of the use, generation, discharge, storage, handling or disposal of Hazardous Materials by BYD. The indemnification obligations set forth in this Section 107.2 shall run with the land and shall survive the expiration or earlier termination of this Agreement.

For purposes of this Agreement, the following terms shall have the following meanings:

“Environmental Claims” shall mean any claims by third parties for personal injury (including sickness, disease or death), or for injury to property or natural resources or the environment, including, without limitation, lost profits, consequential damages, diminution of property value or loss of use of property, or for any violation or alleged violation of, or noncompliance with, the requirements of any Environmental Law.

“Environmental Cleanup Liability” shall mean any cost or expense incurred to investigate, monitor, remove, remediate, treat, clean up, abate or otherwise respond to any Release or threatened Release of Hazardous Materials, including, without limitation, the cost of obtaining site closure from applicable governmental agencies and the cost of restoring the affected property upon completion of responsive action.

“Environmental Compliance Costs” shall mean any cost or expense necessary to enable the affected property to comply with all applicable Environmental Laws.

“Environmental Law” shall mean any applicable federal, California, regional or local law, statute, ordinance, rule, regulation or order for the protection of human health or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601, et seq.); the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.); the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.); the Safe Drinking Water Act (42 U.S.C. § 300f et seq.); the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. § 11001 et seq.); the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.); the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code § 25300 et seq.); the Hazardous Waste Control Law (Health and Safety Code § 25100 et seq.); the Hazardous Waste Disposal Land Use law (Health and Safety Code § 25220 et seq.); the Porter-Cologne Water Quality Control Act (Water Code § 13000 et seq.); Hazardous Materials Release Response Plans and Inventory (Health and Safety Code § 25500 et seq.); Underground Storage of Hazardous Substances (Health and Safety § 25280 et seq.) ; The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65) (Health and Safety Code § 25249.5-25249.13); the Asbestos Notification Law (Health and Safety Code § 25915 et seq.); the California Occupational Safety and Health Act (Labor Code § 6300 et seq.); Chapters 10 and 11, Division 4.5, Title 22, California Code of Regulations; and any law or regulation implementing,

amending or succeeding any of the foregoing, and any similar laws or regulations at any time in effect having any of the purposes designated above.

“Hazardous Materials” shall mean any pollutant, contaminant, hazardous or toxic substance, material or waste which is or becomes identified, listed or regulated as such under any Environmental Law by the United States government, the State of California or any regional or local governmental authority having jurisdiction over the BYD or the Manufacturing Facility Sites (or portion thereof).

“Release” shall mean the release, as defined in Health and Safety Code §§ 25320 and 25321, of a Hazardous Material or Hazardous Materials.

107.3 City’s Indemnity. The City shall defend, indemnify, assume all responsibility for, and hold harmless BYD, and its representatives, volunteers, officers, employees and agents, from and against all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation hereof and for any damages to property or injuries to persons, including accidental death (including attorneys fees and costs), which are legally caused by any acts or omissions of the City under this Agreement, whether such activities or performance thereof be by the City or by anyone directly or indirectly employed or contracted with by the City and whether such damage shall accrue or be discovered before or after termination of this Agreement.

108. Rights of Access. Representatives of the City shall have the right of access to the Manufacturing Facility Sites, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Manufacturing Facilities so long as City representatives comply with all generally applicable safety rules.

109. Compliance With Laws. BYD shall carry out the design and construction of the Manufacturing Facilities in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City’s Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act (42 U.S.C. Sections 12101, *et seq.*).

109.1 Nondiscrimination in Employment. BYD certifies and agrees that, to the extent applicable to it, all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. Sections 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. Section 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. Sections 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. Sections 1324b, *et seq.*, 42 U.S.C. Section 1981, the California Fair Employment and Housing Act, California Government Code Sections 12900, *et seq.*, the California Equal Pay Law, California Labor Code Sections 1197.5, California Government Code Section 11135, the Americans with Disabilities Act, 42 U.S.C. Sections 12101, *et seq.*, and all other anti-discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. BYD shall allow representatives of the City access to its

employment records related to this Agreement during regular business hours to verify compliance with these provisions when so requested by the City.

109.2 Public Works Requirements. BYD shall carry out the construction of the Manufacturing Facilities and the development of the Manufacturing Facility Sites in conformity with all applicable federal and state labor laws (including, without limitation, if applicable, the requirement under California law to pay prevailing wages and to hire apprentices). BYD shall be solely responsible for determining and effectuating compliance with such laws, and the City make no representation as to the applicability or non-applicability of any of such laws to the Manufacturing Facilities or any part thereof. BYD hereby expressly acknowledges and agrees that the City has not previously affirmatively represented to BYD or its contractor(s) for the construction or development of the Manufacturing Facilities, in writing or otherwise, in a call for bids or otherwise, that the work to be covered by this Agreement is not a “public work,” as defined in Section 1720 of the Labor Code. BYD hereby agrees that BYD shall have the obligation to provide any and all disclosures or identifications required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. BYD shall indemnify, protect, defend and hold harmless the City and its officers, employees, contractors and agents, with counsel reasonably acceptable to the City, from and against any and all loss, liability, damage, claim, cost, expense and/or “increased costs” (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development, construction (as defined by applicable law) and/or operation of the Manufacturing Facilities, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by BYD of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages and to hire apprentices); (2) the implementation of Section 1781 of the Labor Code, as the same may be amended from time to time, or any other similar law; and/or (3) failure by BYD to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Manufacturing Facilities, including, without limitation, any and all public works (as defined by applicable law), BYD shall bear all risks of payment or non-payment of prevailing wages and hiring of apprentices under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. “Increased costs,” as used in this Section 109.2, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the construction and development of the Manufacturing Facilities by BYD.

110. Taxes and Assessments. BYD shall pay prior to delinquency all *ad valorem* real estate taxes and assessments on the Manufacturing Facility Sites. BYD shall remove or have removed any levy or attachment for any taxes and assessments made on the Manufacturing Facility Sites, or any part thereof, or assure the satisfaction thereof within a reasonable time.

111. Other Incentives. The City agrees to and shall use reasonable efforts to facilitate the following:

111.1 Workforce Training Programs. The City agrees to and shall solicit a local educational institution to create, in association with BYD, a “BYD University” training program, with curriculum specifically designed to address BYD’s particular training needs.

111.2 Electrical Cost Reduction. The City agrees to and shall, in consultation with the Lancaster Power Authority and without direct cost to the City, use commercially reasonable efforts to identify and facilitate the implementation of measures that seek to reduce BYD's electrical costs through the utilization of existing and future solar development projects.

111.3 BYD Bus Purchases. The City agrees to and shall recommend to the Antelope Valley Transit Authority that it purchase two (2) Buses manufactured at the BYD Bus Manufacturing Facility.

200. CONVENANTS AND RESTRICTIONS

201. Purchase of Covenants. The City agrees to construct or cause the construction of the Street Improvements described in Section 105 in consideration for the covenants provided for in this Agreement. In the event of an uncured breach of any of the covenants set forth in this Agreement, the City may cease construction of any uncompleted portion of the Street Improvements.

202. Bus Manufacturing Facility Site Use and Operating Covenant. In consideration for the City constructing or causing the construction of the Street Improvements, from and after the effective date of this Agreement, and in compliance with the terms of this Section 202, BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the Bus Manufacturing Facility Site, or any portion thereof, that the Bus Manufacturing Facility Site shall be occupied and used solely for automobile manufacturing uses relating to the manufacturing of dual mode electric vehicles, pure electric vehicles, pure electric bus and/or other electric-powered/green products, as well as for ancillary uses reasonably related and connected thereto. The Bus Manufacturing Facility Site and all improvements constructed and maintained thereon shall be used and operated by BYD for the uses permitted herein and for no other use or purpose. BYD shall not use or permit any other person to use the Bus Manufacturing Facility Site, or any part thereof, for any purposes tending to injure the reputation thereof or for any improper or offensive use or to constitute a nuisance; and BYD shall at all times during said terms conform to, and cause all persons using or occupying any part of the Bus Manufacturing Facility Site to comply with, all public laws, ordinances, and regulations from time to time applicable thereto and to all operations thereon. BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the Bus Manufacturing Facility Site to continue to operate the automobile manufacturing facility described in this Section 202 upon the Bus Manufacturing Facility Site for a period of not less than twenty (20) years following the effective date of the Agreement, and, except with the prior written consent of the City for each instance, which consent may be granted or withheld in the City's sole and absolute discretion, the failure of BYD, or its successors or assigns, to operate such an automobile manufacturing facility for ninety (90) consecutive days shall, at the City's option, constitute a default hereunder. BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the Bus Manufacturing Facility Site to designate the Bus Manufacturing Facility Site as the point of sale for sales tax purposes in all retail sales and lease contracts concerning buses, automobiles and/or other goods manufactured and/or assembled at the Bus Manufacturing Facility Site.

203. ESS Manufacturing Facility Site Use and Operating Covenant. In consideration for the City constructing or causing the construction of the Street Improvements, from and after the effective date of this Agreement, and in compliance with the terms of this Section 203, BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the ESS Manufacturing Facility Site, or any portion thereof, that the ESS Manufacturing Facility Site shall be occupied and used solely for manufacturing BYD's "energy storage system" and/or other electric-

powered/green products, as well as for ancillary uses reasonably related and connected thereto. The ESS Manufacturing Facility Site and all improvements constructed and maintained thereon shall be used and operated by BYD for the uses permitted herein and for no other use or purpose. BYD shall not use or permit any other person to use the ESS Manufacturing Facility Site, or any part thereof, for any purposes tending to injure the reputation thereof or for any improper or offensive use or to constitute a nuisance; and BYD shall at all times during said terms conform to, and cause all persons using or occupying any part of the ESS Manufacturing Facility Site to comply with, all public laws, ordinances, and regulations from time to time applicable thereto and to all operations thereon. BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the ESS Manufacturing Facility Site to continue to operate the manufacturing facility described in this Section 203 upon the ESS Manufacturing Facility Site for a period of not less than twenty (20) years following the effective date of the Agreement, and, except with the prior written consent of the City for each instance, which consent may be granted or withheld in the City's sole and absolute discretion, the failure of BYD, or its successors or assigns, to operate such a manufacturing facility for ninety (90) consecutive days shall, at the City's option, constitute a default hereunder. BYD covenants and agrees for itself, its successors, assigns and any successors in interest to the ESS Manufacturing Facility Site to designate the ESS Manufacturing Facility Site as the point of sale for sales tax purposes in all retail sales and lease contracts concerning energy storage systems and/or other goods manufactured and/or assembled at the ESS Manufacturing Facility Site.

204. Maintenance Covenants. BYD covenants and agrees for itself, its successors and assigns and any successor in interest to the Manufacturing Facility Sites or part thereof to maintain the Manufacturing Facility Sites and all improvements thereon in compliance with all applicable provisions of the City of Lancaster Municipal Code.

205. Nondiscrimination Covenants. BYD covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Manufacturing Facility Sites, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Manufacturing Facility Sites. The foregoing covenants shall run with the land.

BYD shall refrain from restricting the rental, sale or lease of the Manufacturing Facility Sites on any of the bases listed above in this Section 205. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) *In deeds.* "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or

practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

(b) *In leases.* “The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

(c) *In contracts.* “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this Agreement, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

206. Effect of Violation of the Terms and Provisions of this Agreement. The City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Manufacturing Facility Sites. The City shall have the right, if the Agreement or covenants are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. The covenants set forth in Sections 202 and 203 shall remain in effect for the period of time specified in those sections. The covenants against discrimination set forth in Section 205 shall remain in effect in perpetuity.

300. CONVEYANCE OF EXPANSION SITE

301. City's Conveyance of Expansion Site to BYD Coach. Pursuant to the terms and conditions set forth in this Agreement, the City agrees to convey that certain real property located at the northwest corner of Avenue H and BYD Boulevard (formerly 7th Street West) in the City of Lancaster (the "Expansion Site") to BYD Coach. The Expansion Site is legally described in the Legal Description attached as Exhibit "F" and incorporated herein. The transfer of the Expansion Site by the City to BYD Coach shall be by quitclaim deed, the form of which is attached hereto as Exhibit "G" and incorporated herein (the "Expansion Site Quitclaim Deed"). BYD Coach acknowledges that, as of the effective date of this Agreement, the Expansion Site is owned by Rexhall Industries, Inc. and that the City has a contractual right to purchase the Expansion Site on or before May 1, 2016, pursuant to the terms and conditions of that certain "Memorandum of Understanding" entered into by and among Rexhall Industries, Inc., the City and the Successor Agency to the Lancaster Redevelopment Agency, a true and correct copy of which is attached as Exhibit "I" and incorporated herein.

302. Conditions Precedent to Conveyance of Expansion Site. The City's obligation to convey the Expansion Site to BYD Coach pursuant to Section 301 is subject to the satisfaction of either of the following express conditions precedent:

(a) *Minimum Job Creation.* BYD's operation of the Manufacturing Facilities shall have generated a minimum of 250 new, full-time jobs as of May 1, 2016; or

(b) *Payment of Fair Market Value.* BYD's agreement to pay to the City the appraised fair market value of the Expansion Site, as established by an appraisal prepared by a licensed real estate appraiser selected by the City. BYD agrees to and shall be liable for the cost of an appraisal obtained pursuant to this Section.

303. No Warranties or Representations Concerning Expansion Site. The Expansion Site shall be conveyed to BYD Coach "AS-IS" without any warranties or representations, express or implied, including, but not limited to, the suitability of the Expansion Site for BYD Coach's intended use or plans for development.

303.1 Condition of Property. BYD Coach represents and warrants that in the event that BYD Coach elects to proceed with the Expansion Site Purchase Agreement following its investigation of the Expansion Site thereunder, BYD Coach shall have inspected and conducted tests, inspections, investigations and studies of the Expansion Site and that it is familiar with the condition of the Expansion Site, and is proceeding based solely on its own due diligence. BYD Coach understands and acknowledges that the Expansion Site may be subject to earthquake, fire, floods, erosion, high water table, dangerous underground soil conditions, unavailability or shortages of water and other utilities and similar occurrences that may alter its condition or affect its suitability for any proposed use. The City shall have no responsibility or liability with respect to any such occurrence.

303.2 "AS-IS" Condition. BYD COACH ACKNOWLEDGES AND AGREES THAT THE CITY HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE EXPANSION SITE, OR ANY ASPECT THEREOF. THE CITY IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR

WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE EXPANSION SITE, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON. BYD COACH FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE EXPANSION SITE AS PROVIDED FOR HEREIN IS MADE ON AN "AS-IS" CONDITION AND BASIS WITH ALL FAULTS, AND THAT THE CITY HAS NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED HEREIN. BYD REPRESENTS, WARRANTS AND COVENANTS TO THE CITY THAT BYD IS RELYING SOLELY UPON BYD COACH'S OWN INVESTIGATION OF THE EXPANSION SITE AND ALL MATTERS RELATING THERETO.

303.3 Release. BYD hereby releases the City and its representatives, agents, employees, contractors and consultants from any and all liability in connection with any and all claims, rights, demands, actions, causes of action, liabilities, promises, agreements, costs, losses, debts, attorneys' fees, of any kind or nature whatsoever which BYD now has or in the future may have, for, on account of, resulting directly or indirectly from, or arising out of: (i) this Agreement, (ii) the condition of the Expansion Site, or any portion thereof including, without limitation, the existence of Hazardous Materials (as defined in Section 107.2) on, or environmental conditions relating to, the Expansion Site or any portion thereof, or any matters arising under Environmental Laws (as defined in Section 107.2) which are related to the Expansion Site, or (iii) any acts, occurrences or matters (including, without limitation, entitlements and other governmental approvals either benefiting or not benefiting the Expansion Site of whatever kind or nature in any way related to the Expansion Site or any portion thereof); provided, however, that nothing contained herein shall constitute a release of the City of its express obligations under this Agreement. This release includes claims of which BYD is presently unaware or which BYD does not presently suspect to exist which, if known by BYD, would materially affect BYD's release of the City. BYD specifically waives the provision of California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

These provisions shall survive the expiration or any earlier termination of this Agreement and the closing or earlier termination of the Expansion Site Purchase Agreement. BYD has set forth its initials below to indicate its awareness and acceptance of each and every provision hereof.

BYD COACH:

By:  _____

Its: VP. SALES

BYD ENERGY:

By:  _____

Its: VP. SALES

400. DEFAULTS AND REMEDIES

401. Default Remedies. Subject to the extensions of time set forth in Section 502 of this Agreement, failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default (the “Claimant”) shall give written notice to the other party specifying the alleged grounds for the Default (the “Default Notice”). Except as otherwise expressly provided in this Agreement, the Claimant shall not institute any proceeding against any other party and the other party shall not be in Default if such party within forty-five (45) days from receipt of the notice required by this Section 401 immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence.

402. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Los Angeles, State of California, in an appropriate municipal court in that county, or in the United States District Court for the Central District of California.

403. Termination by BYD. In the event of any Default of the City, which is not cured within the time set forth in Section 401 hereof, and provided that BYD is not in Default of this Agreement, this Agreement may, at the option of BYD, be terminated by Notice thereof to the City. From the date of the Notice of termination of this Agreement by BYD to the City and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

404. Termination by City. In the event of any Default of BYD, which is not cured within the time set forth in Section 401 hereof, and provided that the City is not in Default of this Agreement, this Agreement may, at the option of the City, be terminated by Notice thereof to BYD. From the date of the Notice of termination of this Agreement by the City to BYD and thereafter this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

405. Rights and 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 such 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.

406. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either 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.

407. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

500. GENERAL PROVISIONS

501. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice (“Notice”) required or permitted under this Agreement must be in writing and shall be sufficiently given if delivered by hand (and a receipt therefore is obtained or is refused to be given) or dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered by telecopy or overnight delivery service to:

To City: City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534-2461
Attention: City Manager

To BYD
Coach: BYD Coach LLC
1800 South Figueroa Street
Los Angeles, California 90015
Attn: Stella Li

To BYD
Energy: BYD Energy LLC
1800 South Figueroa Street
Los Angeles, California 90015
Attn: Stella Li

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 501.

502. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: litigation challenging the validity of this transaction or any element thereof or the right of either party to engage in the acts and transactions contemplated by this Agreement; inability to secure necessary labor materials or tools; delays of any contractor, sub-contractor or supplier; or withdrawal of financing not caused by any act or omission of BYD; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; unusually severe weather; acts or omissions of the other party; acts or failures to act of any public or governmental agency or entity; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within forty-five (45) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the City and BYD. Notwithstanding any provision of this Agreement to the contrary, the lack of funding to complete the Manufacturing Facilities shall not constitute valid grounds of enforced delay pursuant to this Section 502.

503. Non-Liability of Officials and Employees of City. No member, official or employee of the City shall be personally liable to BYD, or any successor in interest, in the event of

any Default or breach by the City or for any amount which may become due to BYD or its successors, or on any obligations under the terms of this Agreement.

504. Relationship Between City and BYD. It is hereby acknowledged that the relationship between the City and BYD is not that of a partnership or joint venture and that the City and BYD shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided herein or in the Exhibits hereto, the City shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Manufacturing Facilities. BYD agrees to indemnify, hold harmless and defend the City from any claim made against the City arising from a claimed relationship of partnership or joint venture between the City and BYD with respect to the development, operation, maintenance or management of the Manufacturing Facilities.

505. City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the City, the City Manager is authorized to act on behalf of the City unless specifically provided otherwise or the context should require otherwise.

506. Commencement of City Review Period. The time periods set forth herein for the City's approval of agreements, plans, drawings, or other information submitted to the City by BYD and for any other City consideration and approval hereunder which is contingent upon documentation required to be submitted by BYD shall only apply and commence upon BYD's complete submittal of all the required information. In no event shall an incomplete submittal by BYD trigger any of the City's obligations of review and/or approval hereunder; provided, however, that the City shall notify BYD of an incomplete submittal as soon as is practicable and in no event later than the applicable time set forth for the City's action on the particular item in question.

507. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

508. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement constitutes the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

509. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees. Costs recoverable for enforcement of any judgment shall be deemed to include reasonable attorneys' fees.

510. Real Estate Brokerage Commission. BYD agrees to indemnify, defend, and hold harmless the City and its officials, employees, agents and representatives from and against any real

estate broker or finder's commissions or fees or claims thereto alleged to be owed in connection with the Manufacturing Facility Sites, which may be the responsibility of BYD.

511. Administration. This Agreement shall be administered and executed by the City Manager, or his or her designated representative, following approval of this Agreement by the City Council. The City shall maintain authority of this Agreement through the City Manager (or his or her authorized representative). The City Manager shall have the authority to issue interpretations, waive provisions and enter into amendments of this Agreement on behalf of the City so long as such actions do not substantially change the uses or development permitted on the Manufacturing Facility Sites or add to the costs to the City as specified herein as agreed to by the City Council, and such amendments may include extensions of time specified in the Schedule of Performance. All other waivers or amendments shall require the written consent of the City Council.

512. Amendments of Agreement. BYD and the City agree to mutually consider reasonable requests for amendments to this Agreement. BYD shall be responsible for the costs incurred by the City, including without limitation attorneys' fees ("BYD Costs"), in connection with any amendments to this Agreement which are requested by BYD ("BYD Request"). BYD shall be responsible for payment of the BYD Costs as provided in this Section 512 regardless of the outcome of the BYD Request.

513. Titles and Captions. Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement or of any of its terms. Reference to section numbers are to sections in this Agreement, unless expressly stated otherwise.

514. Interpretation. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly by both parties.

515. No Waiver. A waiver by either party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

516. Modifications. Any alteration, change or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party.

517. Severability. If any term, provision, condition or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

518. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens) and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term "holiday" shall mean all holidays as specified in Section 6700 and 6701 of the California

Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

519. Legal Advice. Each party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

520. Time of Essence. Time is expressly made of the essence with respect to the performance by the City and BYD of each and every obligation and condition of this Agreement.

521. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

522. Conflicts of Interest. No member, official or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he is directly or indirectly interested.

523. Time for Acceptance of Agreement by City. This Agreement, when executed by BYD and delivered to City, must be authorized, executed and delivered by the City on or before forty-five (45) days after signing and delivery of this Agreement by BYD or this Agreement shall be void, except to the extent that BYD shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

524. Representations and Warranties.

524.1 BYD's Representations and Warranties. BYD Coach and BYD Energy each hereby make the representations and warranties contained below in this Section 524.1. All of the representations and warranties set forth in this Section 524.1 are effective as of the date of this agreement. All of the representations and warranties set forth in this Section 524.1 are made with the acknowledgment that they are material, and with the intention that the City shall rely upon them as inducements to enter into this Agreement and to perform its obligations hereunder and to close the transactions contemplated herein. The representations and warranties contained in this Section 524.1 shall each survive the execution of this Agreement without limitation as to time.

(a) *Authority.* BYD Coach and BYD Energy are each a California limited liability company and each have full right, power and lawful authority to undertake all obligations as provided herein.

(b) *No Conflict.* BYD's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which BYD is a party or by which it is bound.

(c) *No BYD Bankruptcy.* BYD is not the subject of a bankruptcy proceeding.

(d) *Deliveries.* All documents, instruments and other information delivered by BYD to the City pursuant to this Agreement are true, correct and complete.

Each of the foregoing items (a) to (d), inclusive shall be deemed to be an ongoing representation and warranty. BYD shall advise the City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (d), inclusive.

524.2 City's Representations and Warranties. The City hereby makes the representations and warranties contained below in this Section 524.2. All of the representations and warranties set forth in this Section 524.2 are effective as of the effective date of this agreement. All of the representations and warranties set forth in this Section 524.2 are made with the acknowledgment that they are material, and with the intention that BYD shall rely upon them as inducements to enter into this Agreement and to perform its obligations hereunder and to close the transactions contemplated herein. The representations and warranties contained in this Section 524.2 shall each survive the execution of this Agreement without limitation as to time.

(a) *Authority.* The City has full right, power and lawful authority to undertake all obligations as provided herein.

(b) *No Conflict.* The City's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the City is a party or by which it is bound.

(c) *Deliveries.* All documents, instruments and other information delivered by the City to BYD pursuant to this Agreement are true, correct and complete.

Each of the foregoing items (a) to (d), inclusive shall be deemed to be an ongoing representation and warranty. The City shall advise BYD in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (d), inclusive.

525. Transfers of Interest in Site or Agreement.

525.1 Prohibition. The qualifications and identity of BYD are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with BYD. For the duration of the covenants set forth in Sections 202 and 203, no voluntary or involuntary successor in interest of BYD shall acquire any rights or powers under this Agreement, nor shall BYD make any total or partial sale, grant, transfer, conveyance, assignment,

subdivision or lease of the whole or any part of the Manufacturing Facilities or Manufacturing Facility Sites without prior written approval of the City, except as expressly set forth herein.

525.2 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the City's approval of an assignment of this Agreement or conveyance of the Manufacturing Facilities or Manufacturing Facility Sites, or any part thereof, shall not be required in connection with either of the following:

(a) Any conveyance or dedication to the City or other appropriate governmental agency, or the granting of easements or permits necessary in order to facilitate construction of the Manufacturing Facilities.

(b) Any transfer to an entity or entities in which BYD retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

525.3 City Consideration of Requested Transfer. The City agrees that it will not unreasonably withhold approval of a request made pursuant to this Section 525, provided BYD delivers written notice to the City requesting such approval. Such notice shall be accompanied by sufficient evidence regarding the proposed assignee's or purchaser's development and/or operational qualifications and experience, and its financial commitments and resources, in sufficient detail to enable the City to evaluate the proposed assignee or purchaser pursuant to the criteria set forth in this Section 525 and as reasonably determined by the City. The City shall evaluate each proposed transferee or assignee on the basis of its development and/or operational qualifications and experience and its financial commitments and resources, and may reasonably disapprove any proposed transferee or assignee, during the period for which this Section 525 applies, which the City determines does not possess equal or better qualifications than BYD. An assignment and assumption agreement in a form satisfactory to City's legal counsel shall also be required for all proposed assignments. Within thirty (30) days after the receipt of BYD's written notice requesting City approval of an assignment or transfer pursuant to this Section 525, the City shall either approve or disapprove such proposed assignment or shall respond in writing by stating what further information, if any, the City requires in order to determine the request complete and determine whether or not to grant the requested approval. Upon receipt of such a response, BYD shall promptly furnish to the City such further information as may be reasonably requested.

525.4 Successors and Assigns. All of the terms, covenants and conditions of this Agreement shall be binding upon BYD and its permitted and/or approved successors and assigns. Whenever the term "BYD" is used in this Agreement, such term shall include any other permitted and/or approved successors and assigns as herein provided.

525.5 Assignment by City. The City may assign or transfer any of its rights or obligations under this Agreement at its sole discretion.

526. Memorandum of Agreement. The parties shall execute and either party may record in the Office of the Los Angeles County Recorder a memorandum of this Agreement in the form attached as Exhibit "H" and incorporated herein.

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

CITY:

CITY OF LANCASTER, a charter city and California municipal corporation

By: _____
Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

BYD COACH:

BYD COACH LLC, a California limited liability company

By: _____
Its: VP SALES

BYD ENERGY:

BYD ENERGY LLC, a California limited liability company

By: _____
Its: VP SALES

EXHIBIT "C"

SCHEDULE OF PERFORMANCE

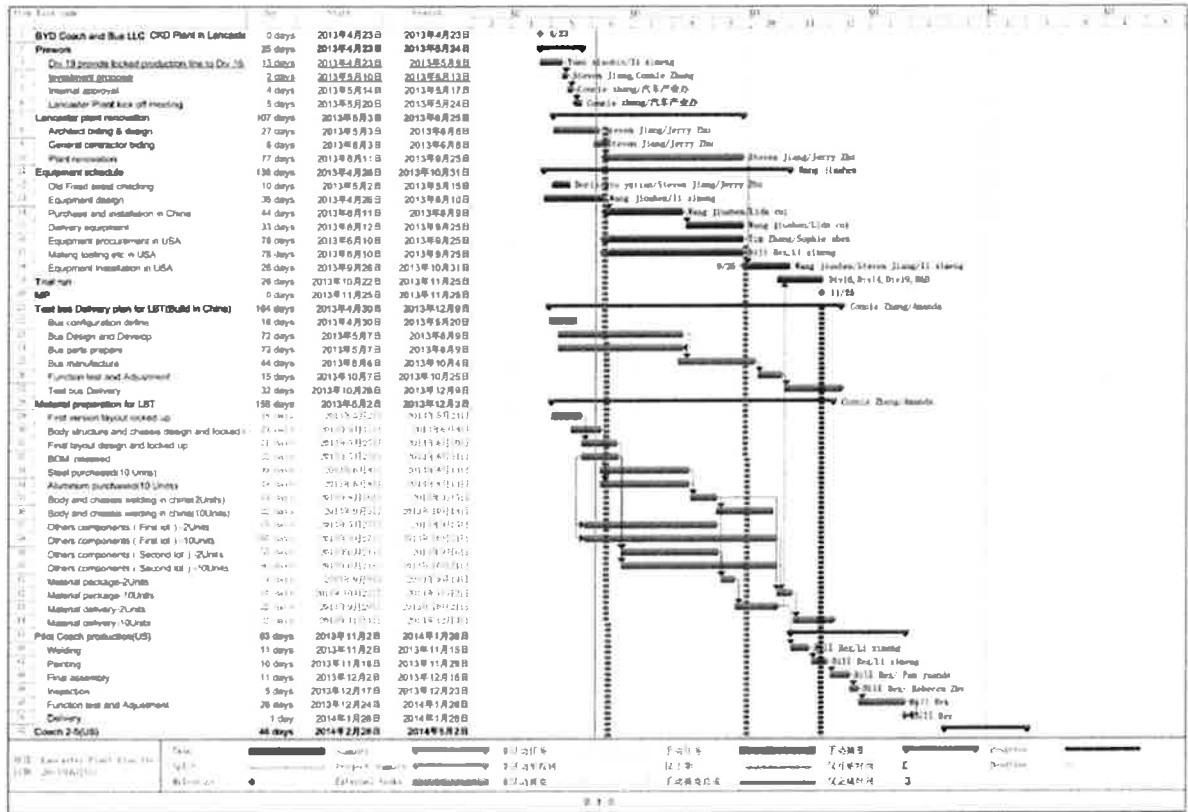


EXHIBIT "D"

SCOPE OF RENOVATION

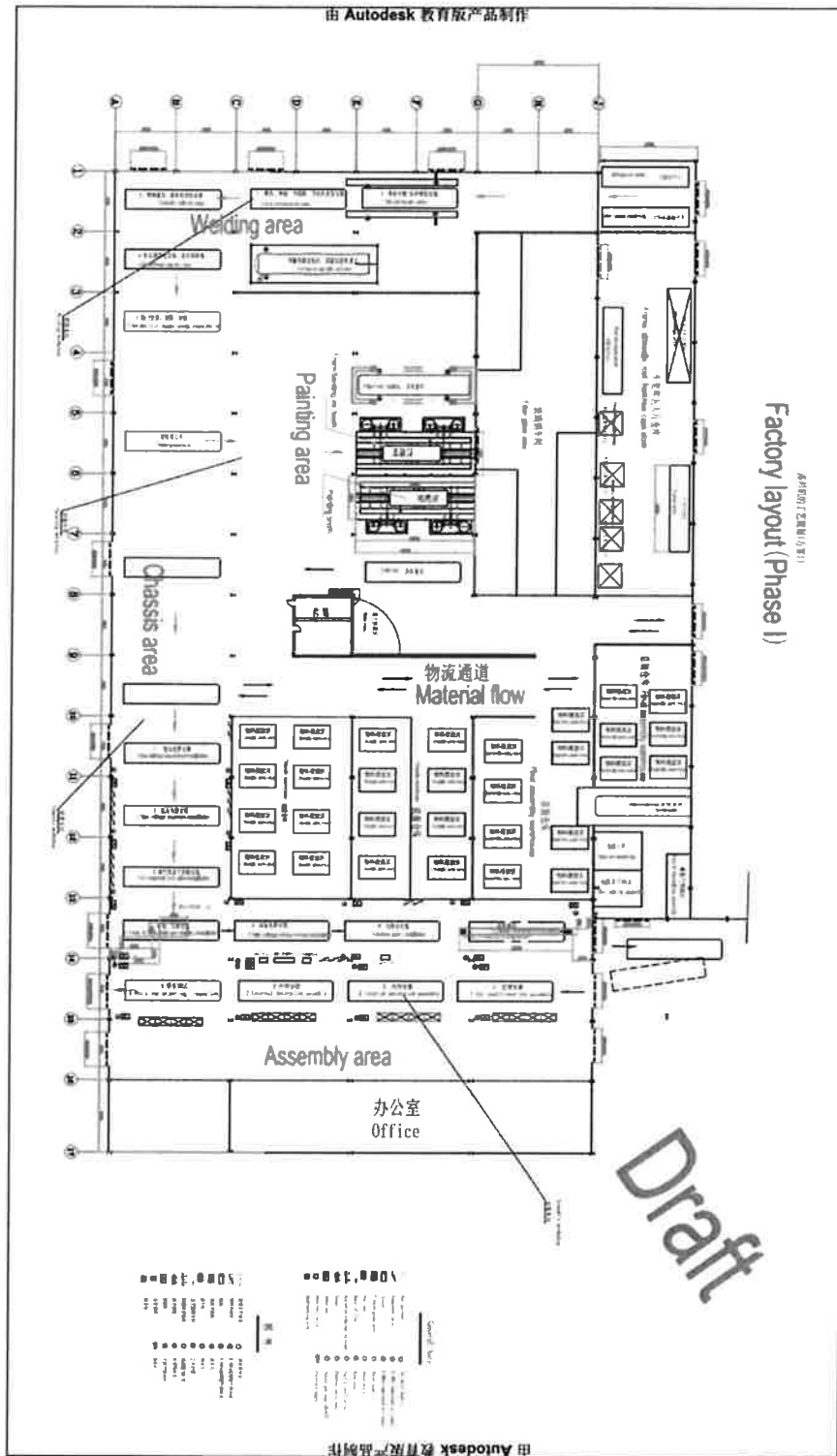
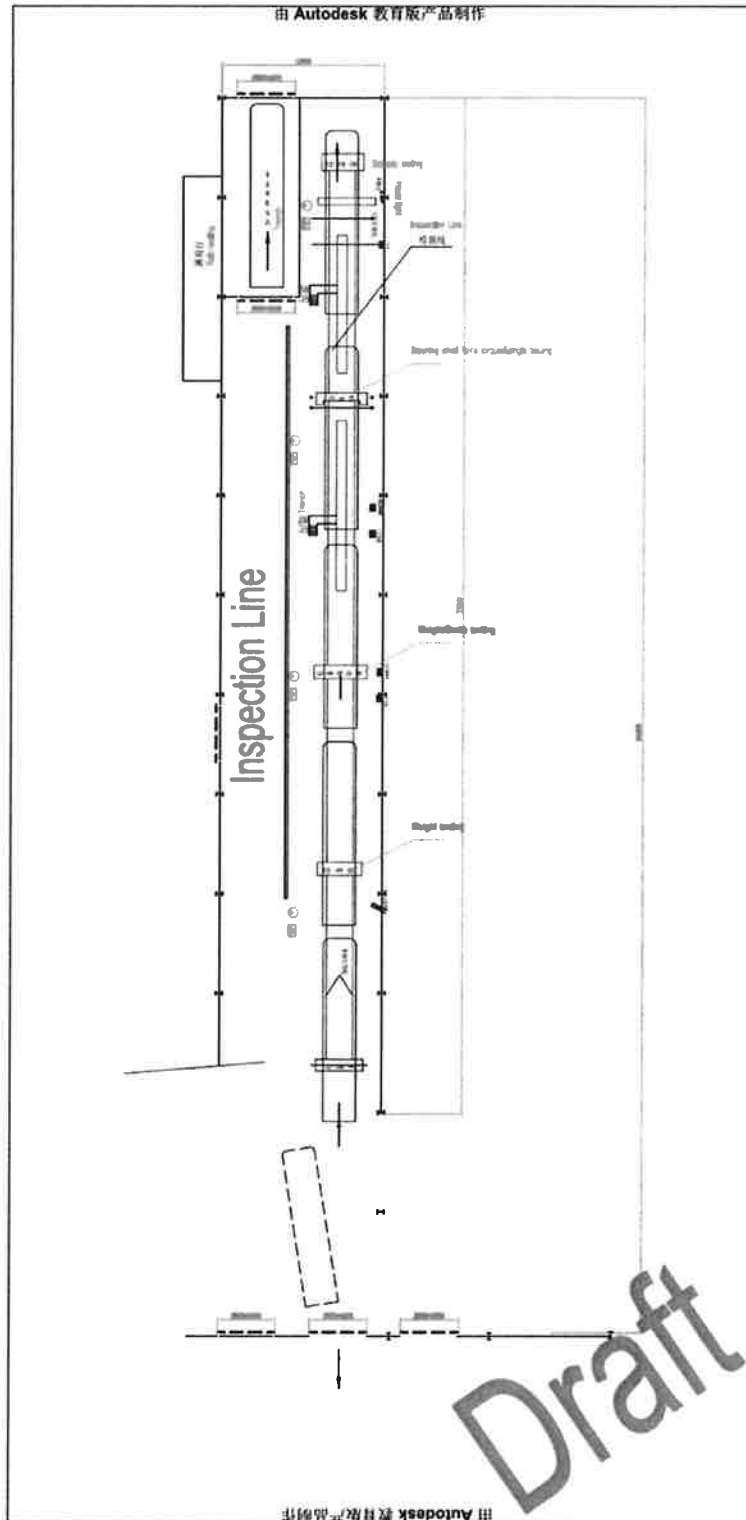


EXHIBIT "D" (Continued)
SCOPE OF RENOVATION



由 Autodesk 教育版产品制作

由 Autodesk 教育版产品制作

EXHIBIT “E”

[Reserved]

EXHIBIT "F"

EXPANSION SITE LEGAL DESCRIPTION

APN 3118-013-23

Legal Brief Description: LOT:26 CITY:REGION/CLUSTER: 24/24806 R.S 64-16-17 THAT POR S OF N 372.51 FT EX OF ST LOT 26 AND EX OF STS LOT 29 REGION/CLUSTER: 24/24806

Assessor Parcel Map

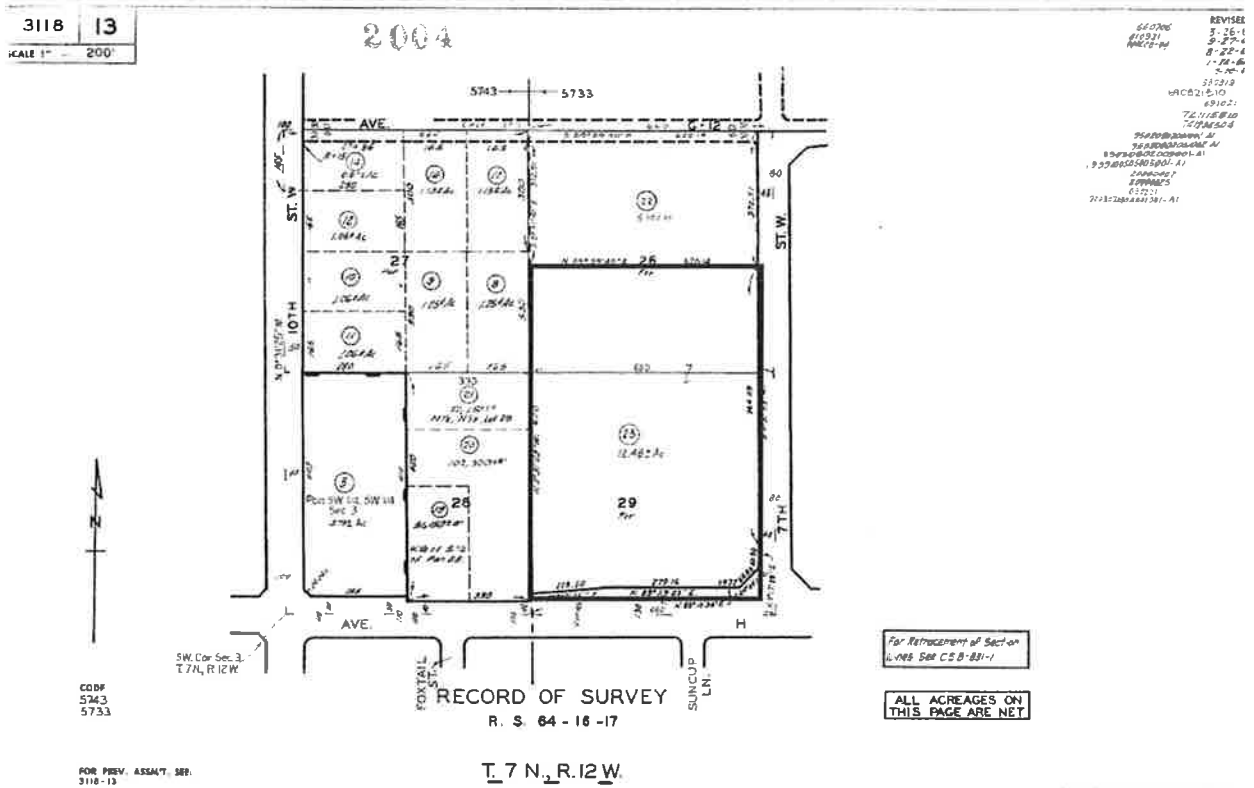


EXHIBIT "G"
EXPANSION SITE QUITCLAIM DEED

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Lancaster)
44933 North Fern Avenue)
Lancaster, California 93534)
Attention: City Clerk)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF LANCASTER, a California municipal corporation and charter city, does hereby remise, release and forever quitclaim to BYD COACH & BUS LLC, a California limited liability company, all its right title and interest in the real property in the City of Lancaster, County of Los Angeles, State of California described in Exhibit "A" attached hereto and made a part hereof.

Dated: _____, 20__

CITY OF LANCASTER, a California municipal corporation and charter city

By: _____
Its: _____

STATE OF CALIFORNIA

)

) ss.

COUNTY OF LOS ANGELES

)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

SIGNATURE OF NOTARY PUBLIC

EXHIBIT "H"

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Lancaster)
44933 North Fern Avenue)
Lancaster, California 93534)
Attention: City Clerk)
)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT ("Memorandum"), dated for identification purposes as of _____, 2013, is entered into by and among the CITY OF LANCASTER, a California municipal corporation and charter city ("City"), BYD ENERGY LLC, a California limited liability company ("BYD Energy"), and BYD COACH & BUS LLC, a California limited liability company ("BYD Coach") (BYD Energy and BYD Coach are referred to collectively as "BYD").

1. Disposition and Development Agreement. City and BYD have entered into a Disposition and Development Agreement ("Agreement"), dated as of _____, 2013, which provides for the renovation and use of that certain real property located in the City of Lancaster, County of Los Angeles, State of California, more fully described in Exhibits "A" and "B" attached hereto and incorporated herein by this reference (collectively, the "Site"). The Agreement is available for public inspection and copying at office of the City, 44933 North Fern Avenue, Lancaster, California. All of the terms, conditions, provisions and covenants of the Agreement are incorporated in this Memorandum by reference as though written out at length herein, and the Agreement and this Memorandum shall be deemed to constitute a single instrument or document.

2. Purpose of Memorandum. This Memorandum is prepared for recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants of the Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants of this Memorandum and the Agreement, the terms, conditions, provisions and covenants of the Agreement shall prevail.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date and year first written above.

CITY:

CITY OF LANCASTER, a charter city and California municipal corporation

By: _____
Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

BYD COACH:

BYD COACH LLC, a California limited liability company

By: _____
Its: _____

BYD ENERGY:

BYD ENERGY LLC, a California limited liability company

By: _____
Its: _____

EXHIBIT "I"

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF AGREEMENT (this "Agreement") is entered into this ___ day of _____, 2013, by and among the **CITY OF LANCASTER**, a charter city and municipal corporation (the "City"), the **SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY**, a public body, corporate and politic (the "Successor Agency"), and **REXHALL INDUSTRIES, INC.**, a California corporation ("Rexhall").

RECITALS

A. Rexhall is the fee owner of that certain real property located within the City's jurisdictional boundaries and described in Exhibit "A" attached hereto and incorporated herein (the "Dealership Property"), Exhibit "B" attached hereto and incorporated herein (the "Factory Property") and Exhibit "C" attached hereto and incorporated herein (the "Expansion Property"). Rexhall acquired the Dealership Property pursuant to a Disposition and Development Agreement (the "DDA") entered into by and between Rexhall and the Lancaster Redevelopment Agency (the "Former RDA") on or about August 16, 1995.

B. Pursuant to the terms of the DDA, the Former RDA made a loan to Rexhall in the original principal amount of \$882,000 (the "Former RDA Loan"). The Former RDA Loan was evidenced by a promissory note dated August 28, 1995 (the "Former RDA Loan Promissory Note") and secured by a deed of trust dated September 14, 1995 (the "Former RDA Loan Deed of Trust"). The Former RDA Loan Deed of Trust was recorded as an encumbrance against the Dealership Property in the Office of the Los Angeles County Recorder on September 20, 1995, as document number 95-1532542.

C. On or about February 18, 2008, Rexhall filed a voluntary petition under chapter 11 of the United States Bankruptcy Code. Rexhall's chapter 11 plan, which was confirmed by the United States Bankruptcy Court on or about September 9, 2010 (the "Confirmed Chapter 11 Plan"), had the effect of, among other things, modifying the terms of the Former RDA Loan. Specifically, the Confirmed Chapter 11 Plan provides for a payout to the Former RDA of \$59,230.71 (the "Post-Bankruptcy Loan Amount") over a 36-month period commencing the 25th month following the confirmation date. The Confirmed Chapter 11 Plan specifically provides that the Former RDA Deed of Trust remains in effect with respect to the Post-Bankruptcy Loan Amount.

D. Effective as of February 1, 2012, the Former RDA was dissolved by operation of law and the Successor Agency was formed and created for the purpose of winding down the affairs of the Former RDA.

E. Rexhall now desires to sell the Factory Property to BYD and the Expansion Property to the City. The Successor Agency and City desire to facilitate such sales because they will result in the City's ability to participate in the development of an emerging technology, create job opportunities for the City's residents and generally contribute the welfare of the City and its residents.

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Rexhall's Obligations.

a. Sale of Factory Property. Subject to the terms and conditions of this Agreement (and subject further to the terms and conditions of a purchase and sale agreement to be negotiated, prepared and entered into by and between Rexhall and BYD), Rexhall agrees to and shall sell the Factory Property to BYD for a purchase price of \$5,000,000.00.

b. Sale of Expansion Property. Subject to the terms and conditions of this Agreement (and subject further to the terms and conditions of a purchase and sale agreement to be negotiated, prepared and entered into by and between Rexhall and the City), Rexhall agrees to and shall sell the Expansion Property to the City for a purchase price of \$2.50 per square foot (the total square footage of the Expansion Property shall be as set forth in the maps and records of the Los Angeles County Assessor). The sale of the Expansion Property to the City shall close on or before May 1, 2016.

2. City's Obligations. The City agrees to and shall negotiate in good faith to reach agreement with Rexhall as to the terms, conditions and other provisions of the purchase and sale agreement described in Section 1.b. of this Agreement.

3. Successor Agency's Obligations. If and to the extent permitted by applicable law, the Successor Agency agrees to and shall forgive and excuse Rexhall's payment of the Post-Bankruptcy Loan Amount and shall execute and record in the Office of the Los Angeles County Recorder a full release and reconveyance of the Former RDA Deed of Trust.

4. Subject to Applicable Law. The rights, duties and obligation created and/or imposed by this agreement are all subject to applicable federal, state and local laws, regulations and ordinances, including, without limitation, the provisions of the California Health & Safety Code sections 34161 *et seq.*

5. Subject to Approval. This Agreement is subject to the prior approval of the following: (i) the City's governing body; (ii) the Successor Agency's governing body; and (iii) any other agency, department, body, board or other entity with the right or obligation to approve action taken by the Successor Agency.

6. Notices. All written notices required by or related to this Agreement shall be sent by Certified Mail, Return Receipt Requested, postage prepaid and addressed as listed below. Neither party to this Agreement shall refuse to accept such mail; parties to this Agreement shall promptly inform the other party of any changes of address. All notices required by this Agreement are effective on the day of receipt, unless otherwise indicated herein.

City: City of Lancaster
44933 North Fern Avenue
Lancaster, California 93534
Attn: City Manager

Successor Agency: Successor Agency to the Lancaster Redevelopment Agency
44933 North Fern Avenue
Lancaster, California 93534
Attn: City Manager

Rexhall: Rexhall Industries, Inc.
45640 23rd Street West
Lancaster, California 93534
Attn: Bill Rex

7. Governing Law. This Agreement shall be governed by the laws of the State of California.

8. Entire Agreement and Amendments. This Agreement constitutes the entire understanding and agreement between the parties. No amendment to this Agreement shall be binding unless in writing and signed by both parties.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized above.

CITY OF LANCASTER, a charter city and California municipal corporation

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public body. Corporate and politic

By: _____

Its: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

REXHALL INDUSTRIES, INC., a California corporation

By: _____

Its: _____

EXHIBIT "A"

LEGAL DESCRIPTION OF DEALERSHIP PROPERTY

APN: 3114-015-015

Legal Brief Description: LOT:7,8 CITY:REGION/CLUSTER: 24/24606 P M 174-12-13 LOTS 7 AND 8 REGION/CLUSTER: 24/24606

Assessor Parcel Map

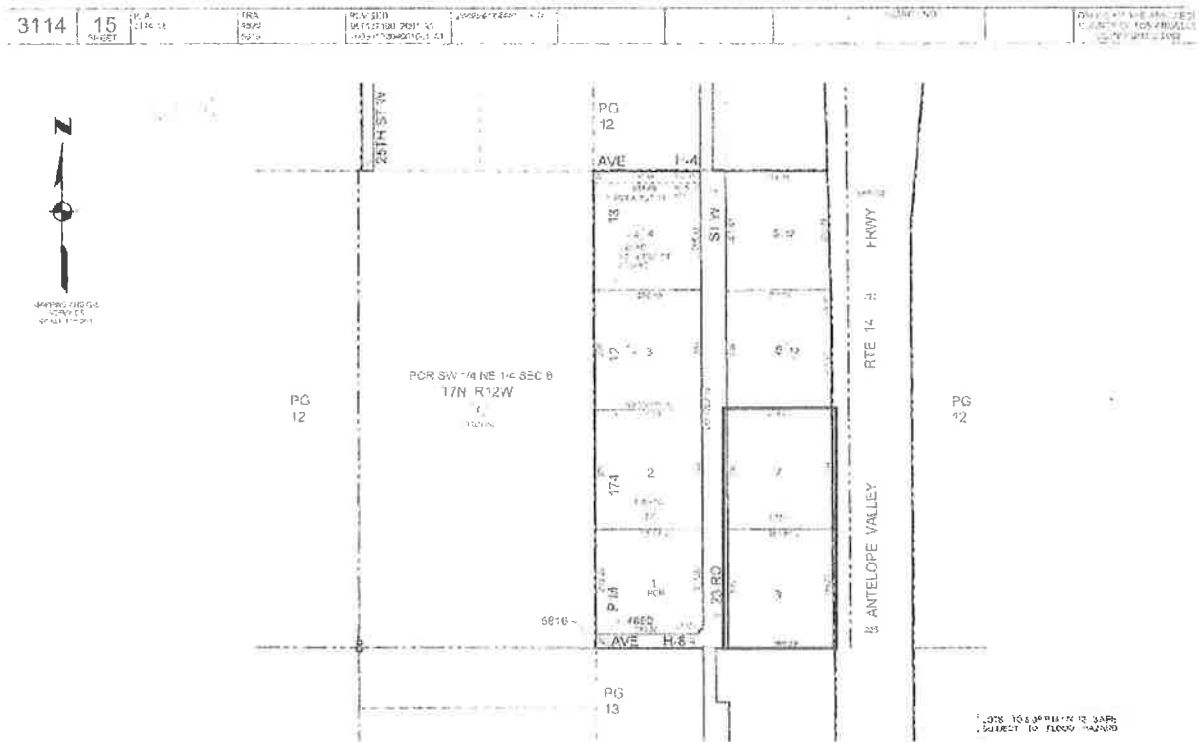


EXHIBIT "B"

LEGAL DESCRIPTION OF FACTORY PROPERTY

APN: 3118-012-028

Legal Brief Description: LOT:21 CITY:REGION/CLUSTER: 24/24806 R S 64-16-17 POR OF S 1/2 OF LOT 21 REGION/CLUSTER: 24/24806

Assessor Parcel Map

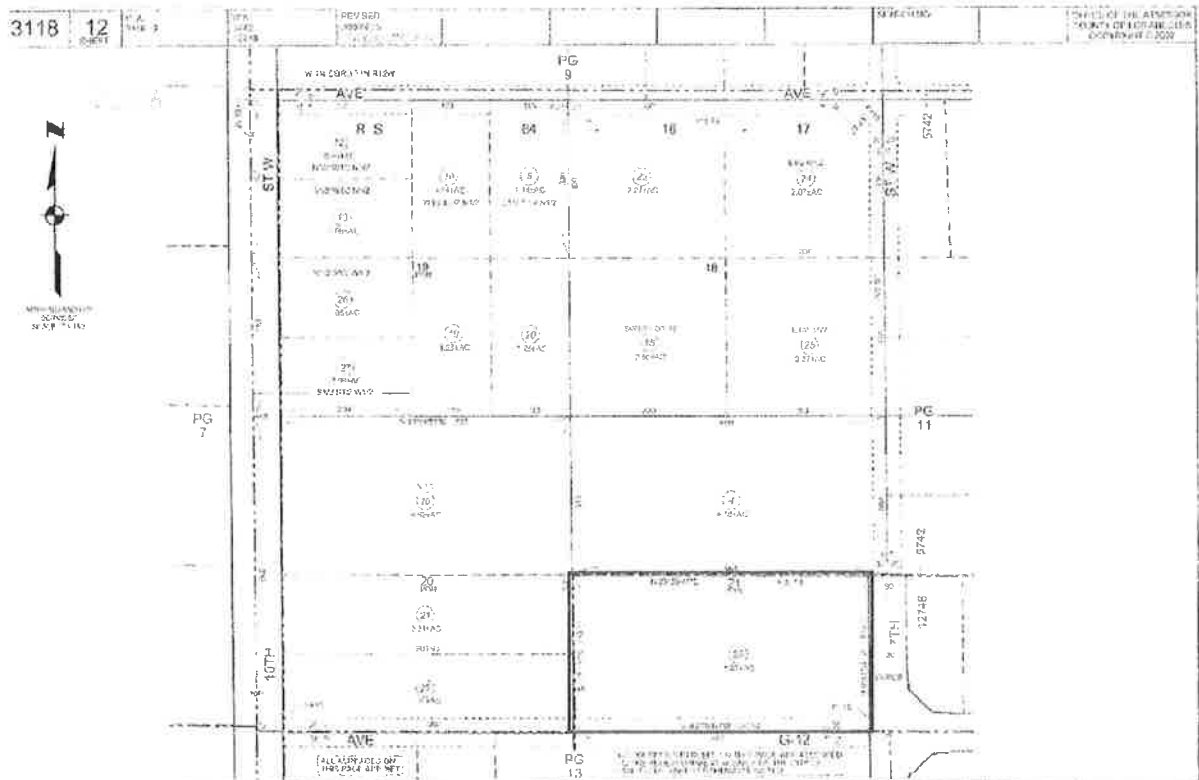


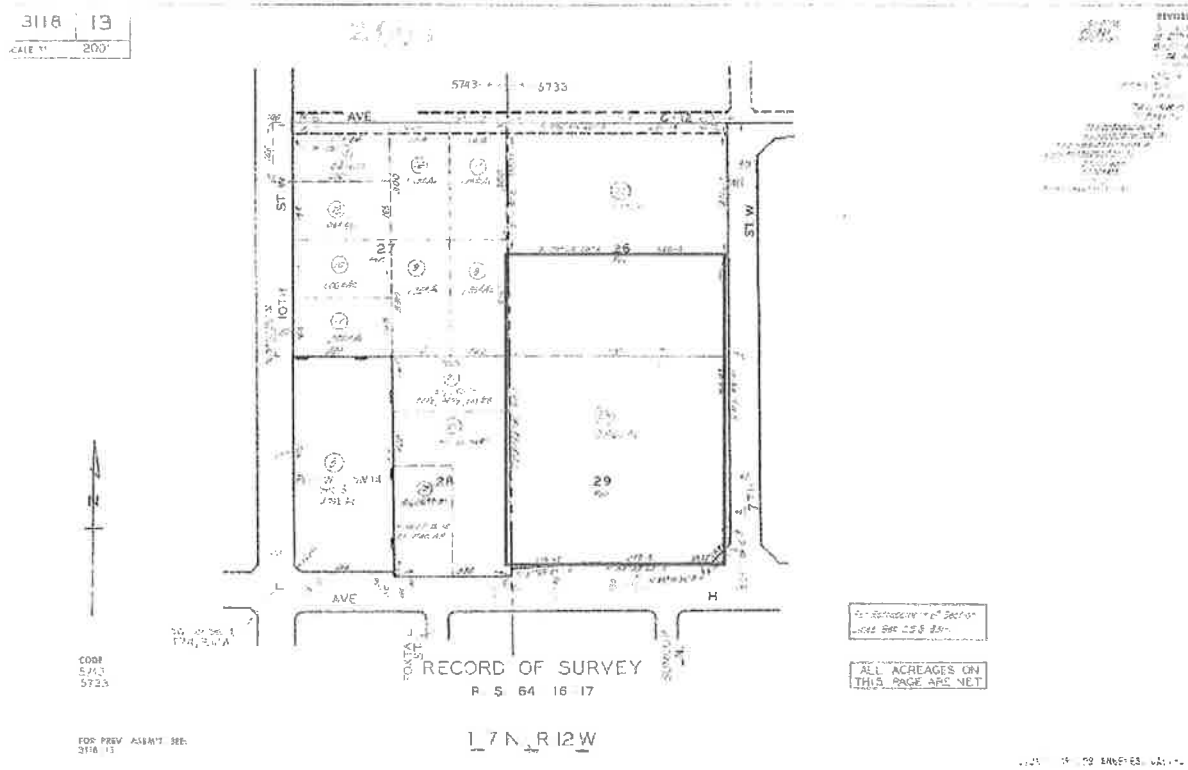
EXHIBIT "C"

LEGAL DESCRIPTION OF EXPANSION PROPERTY

APN 3118-013-23

Legal Brief Description: LOT:26 CITY:REGION/CLUSTER: 24/24806 R.S 64-16-17 THAT POR S OF N 372.51 FT EX OF ST LOT 26 AND EX OF STS LOT 29 REGION/CLUSTER: 24/24806

Assessor Parcel Map



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized.

CITY OF LANCASTER, a charter city and California municipal corporation

By: _____

Its: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

SUCCESSOR AGENCY TO THE LANCASTER REDEVELOPMENT AGENCY, a public body, corporate and politic

By: _____

Its: _____

ATTEST:

Secretary

APPROVED AS TO FORM:

General Counsel

REXHALL INDUSTRIES, INC., a California corporation

By: _____

Its: _____