

**FEE REIMBURSEMENT AGREEMENT BY AND
BETWEEN THE CITY OF TEMECULA AND
OREMOR OF TEMECULA, LLC, DBA TEMECULA VALLEY TOYOTA**

THIS AGREEMENT is made and effective as of November 18, 2025 by and between the City of Temecula, a municipal corporation ("City"), and Oremor of Temecula, LLC, DBA Temecula Valley Toyota, a California limited liability company ("Developer"). In consideration of the mutual covenants set forth in this Agreement, the parties hereto agree as follows:

1. **Recitals.** This Agreement is made with respect to the follow facts and for the following purposes, which each of the parties acknowledge and agree to be true and correct:

A. The Developer, Oremor of Temecula, LLC, DBA Temecula Valley Toyota, is a California limited liability company authorized and licensed to do business in the State of California.

B. Developer operating its business at 26631 Ynez and 41902 and 41922 Motor Car Parkway in the City of Temecula, as more fully described on Exhibit A ("Toyota Parcel").

C. Developer warrants and represents to the City that it is authorized by the owner of the Toyota Parcel to construct the improvements to its business as described in this Agreement.

D. Developer plans to renovate and expand its motor vehicle service facility on the Toyota Parcel ("Service Facility Project"). The estimated cost of the Service Facility Project is Three Million One Hundred Thousand Dollars (\$3,100,000.00).

E. Developer expects to employ approximately sixty (60) persons at the Service Facility Project within five (5) years from the date of this Agreement.

F. Developer and the City desire to provide for the Developer's operation of the Service Facility Project within the City.

G. The City Council finds and determines that performance of the City's obligations under this Agreement, the economic development subsidy to be provided to Developer under this Agreement and the undertakings of the Service Facility Project required by this Agreement will promote the public health, safety, and welfare of the citizens of the City and will be of substantial economic benefit to the City as the Agreement will: (1) generate new short term and long term quality employment opportunities within the City; (2) generate new tax revenues that will assist the City in funding public services for the residents and businesses within the City; (3) preserve and enhance the job/housing balance described in the City's General Plan and various regional plans; (4) develop new and expanded commercial and business facilities; (5) expand and enhance the City's tax base through increased property values and consumer purchasing; and (6) promote the stability and diversification of the City's economy.

H. On November 18, 2025, the City Council held a public hearing with ten-day's notice on the proposed terms of this Agreement and the economic development

subsidy. The information about the proposed economic development subsidy was posted on the City's website at least ten days prior to the public hearing.

I. This Agreement is a contract within the meaning of Section 53511(a) of the California Government Code and therefore subject to a validation action pursuant to Section 860 of the California Code of Civil Procedure.

2. Reimbursement of Certain Service Facility Fees.

A. Pursuant to the Temecula Municipal Code and the City's development policies, certain fees will be due the City for the development of the Service Facility Project on the Toyota Parcel. The Service Facility Fees and the approximate amounts thereof are described on Exhibit B ("Service Facility Fees"). The final amount of the Service Facility Fees shall be determined upon the filing of an application for approval of the Development Plan for the Service Facility Project.

B. Developer shall pay to the City all Service Facility Fees at the time they are due pursuant to the City's Municipal Code and City's development policies.

C. City shall reimburse the Developer for the Service Facility Fees actually paid to the City in an amount not to exceed the lessor of:

1) Seventy five percent (75%) of the verified annual sales tax revenue, net of adjustments (excluding any Temecula Transactions and Use Tax) for the Service Facility for the first four full quarters of operation; or

2) six hundred thousand dollars (\$600,000) or two percent (2.0%) of the actual construction cost of the facility, whichever is less (the maximum amount deemed to be de minimus); or

3) A maximum of two hundred and fifty thousand dollars (\$250,000).

D. The reimbursement shall be paid by the City to Developer within thirty (30) days of the completion of all of the following four events:

- 1) The full execution of this Agreement by all parties;
- 2) the issuance of the final Certificate of Occupancy by the City for the Service Facility Project;
- 3) the Service Facility Project opening to the public for motor vehicle service; and
- 4) the end of the first four full quarters of operation of the Service Facility.

E. City's obligation to reimburse Developer for the Service Facility Fees shall terminate on June 30, 2028 unless such period extended in writing by the City Manager, provided that any such extension shall not extend past June 30, 2030.

3. Findings Concerning Inapplicability of Prevailing Wages.

A. The City finds and determines that the amount of fees being reimbursed to Developer for the development of the Service Facility pursuant to the formula set forth in Section 2.C. of this Agreement when compared to the Developer's investment in the land costs, public improvement costs, and construction costs in the development of the Service Facility Project is de minimus, comprising less than six hundred thousand dollars or two percent (2%) of the total project cost, whichever is less.

B. Therefore, based on the above finding, the City and Developer have determined that prevailing wages are not required to be paid on the private improvements and development of the Toyota Parcel in accordance with Labor Code Sections 1720, et seq.

C. Developer hereby represent to City that it understands and acknowledges the relationship of the Service Facility Fees reimbursement described in this Agreement and the potential impact on the application of prevailing wages to development on the Toyota Parcel. Accordingly, Developer on behalf of itself and its successors in interest hereby expressly and knowingly waive their respective rights under Labor Code Sections 1726 and 1781 to seek recovery against the City of any prevailing wage liabilities they may incur based upon this Agreement. Developer hereby acknowledges that it has either consulted with legal counsel, or had an opportunity to consult with legal counsel, regarding the provisions of the California Civil Code section 1542, which provides as follows: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." Developer hereby acknowledges that it may have claims which are presently unknown and unsuspected, and such claims in the future. Nevertheless, Developer hereby acknowledges that this Agreement has been negotiated and agreed upon in light of that situation, and hereby expressly waive any and all rights which they may have under California Civil Code Section 1542, or under any statute or common law or equitable principal of similar effect.

Developer's authorized representative initials: _____



4. Representations and Agreements Concerning Use of Toyota Parcel as a Motor Vehicle Service Facility Project or Service Facility Projects.

A. In accordance with the requirements of Government Code Section 53084, the Developer hereby agrees on behalf of itself and its successors and assigns that neither Developer nor its successors in interest, lessee or licensee on the Toyota Parcel shall be a Vehicle Dealer that is Relocating from the territorial jurisdiction of one Local Agency to the territorial jurisdiction of the City but within the same Market Area.

1. As used in this section, "Vehicle Dealer" is defined in Government Code Section 53084 and means a retailer that is also a dealer as defined by Section 285 of the Vehicle Code.

2. As used in this Section "Local Agency" is defined in Government Code Section 53084 and means a chartered or general law city, a chartered or general law county, or a city and county.

3. As used in this Section "Market Area" is defined in Government Code Section 53084 and means a geographical area that is described in independent and recognized commercial trade literature, recognized and established business or manufacturing policies or practices, or publications of recognized independent research organizations as being an area that is large enough to support the location of the specific vehicle dealer that is relocating. With respect to a vehicle dealer, a "Market Area" shall not extend further than 40 miles, as measured by the most reasonable route on roads between two points, starting from the location from which the vehicle dealer is relocating and ending at the location to which the vehicle dealer is relocating.

4. As used in this Section "Relocating" is defined in Government Code Section 53084 and means the closing of a Vehicle Dealer in one location and the opening of a Vehicle Dealer in another location within a 365-day period when a person or business entity has an ownership interest in both the Vehicle Dealer that has closed or will close and the one that is opening. "Relocating" does not mean and shall not include the closing of a Vehicle Dealer because the Vehicle Dealer has been will be acquired or has been or will be closed as a result of the use of eminent domain.

B. In accordance with the requirements of Government Code Section 53084.5, Developer on behalf of itself and its successors and assigns warrants and represents to the City and agrees to the following:

1. This Agreement will not result, directly or indirectly, in the payment, transfer, diversion, or rebate of any tax revenue resulting from the imposition of a sales and use tax under the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) to any person for any purpose when both of the following apply:

a. The agreement results in a reduction in the amount of revenue under the Bradley-Burns Uniform Local Sales and Use Tax Law that, in the absence of the agreement, would be received by another local agency.

b. The retailer continues to maintain a physical presence within the territorial jurisdiction of that other local agency.

5. **Operating Memorandum.** The parties acknowledge that refinements and further development of Parcel A may demonstrate that changes are appropriate with respect to the details and performance of the parties under this Agreement. The parties desire to retain a certain degree of flexibility with respect to the details of the administration of the terms of this Agreement. If and when the parties mutually find that nonsubstantive changes, adjustments, or clarifications are appropriate to further the intended purposes of this Agreement, and such are not materially

inconsistent with the terms of this Agreement, they may, unless otherwise required by law, effectuate such changes, adjustments, or clarifications without amendment to this Agreement through one or more operating memoranda mutually approved by the City Manager, or designee, on behalf of the City and by any corporate officer or other person designated for such purpose in a writing signed by a corporate officer on behalf of Developer, which, after execution, shall be attached hereto as addenda and become a part hereof.

6. General.

A. Notices. Any notices which either party may desire to give to the other party under this Agreement must be in writing and may be given either by (i) personal service with return receipt or affidavit of delivery, (ii) delivery by a reputable document delivery service, such as, but not limited to, FedEx, that provides a receipt showing date and time of delivery, or (iii) mailing in the United States Mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below or at any other address as that party may later designate by a written notice provided in accordance with this Section. Notice shall be effective upon delivery to the addresses specified below or on the third business day following deposit with the document delivery service or United States Mail as provided above.

To City:	City of Temecula 41000 Main Street Temecula, California 92590 Attention: City Manager
With a copy to:	Peter M. Thorson, Esq. Richards, Watson & Gershon 350 S. Grand Ave., 37 th Floor Los Angeles, CA 90071
To: Developer:	Oremor of Temecula, LLC, DBA Temecula Valley Toyota 26631 Ynez Rd. Temecula California 92590 Attn: Tom Rudnai
With a copy to:	Diego of Temecula, LLC 1377 Kettering Drive Ontario, California 91761 Attn: Richard J. Romero

B.

B. Entire Agreement, Modifications. This Agreement and the documents referenced herein contain the complete expression of the whole agreement between the parties with respect to the obligations set forth herein, and there are no promises, representations, agreements, warranties or inducements, either expressed verbally or implied, except as are fully set forth herein. This Agreement cannot be enlarged, modified, or changed in any respect except

by written agreement between the parties. No alteration, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the parties hereto. The City Manager is authorized to enter into any amendments to this Agreement without any further action by the City Council.

C. Applicable Law/Venue. This Agreement shall be deemed to have been entered into and shall, in all respects, be interpreted, construed, enforced and governed by and under the laws of the State of California. The venue of any legal action relating to this Agreement shall be in the Superior Court of California or U.S. District Court, as applicable, with jurisdiction over the County of Riverside.

D. Independent Advice of Legal Counsel. Each party acknowledges that it had retained independent legal counsel of its own choice to review this Agreement and that prior to the execution hereof each party has had the opportunity to review the terms of this Agreement with its counsel and is entering into this Agreement after such review.

E. Validity of Agreement. All parties agree that this Agreement is legal, valid and binding on each party and enforceable in accordance with its terms.

F. Binding on Successors. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, assigns, executors and administrators.

G. Attorneys' Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs and expenses incurred in that action or proceeding in addition to any other relief to which it or they may be entitled.

H. Time. Time is of the essence of this Agreement.

I. Force Majeure Delays. Nonperformance of any of the conditions or covenants herein by any party hereto shall be excused when performance is prevented or delayed by reason of any of the following forces reasonably beyond the control of such party: acts of God, strike, war, lockout, labor trouble, reasonable inability to secure materials or labor, unreasonable delay by a governmental entity in the issuance of any required governmental permit, license or approval, act of nature (including but not limited to hurricane, earthquake, windstorm, flood, wildfire, or other severe weather or environmental condition) insurrection, riot, casualty, acts of public enemy, pandemic, governmental restrictions, litigation initiated by a party other than a party hereto or its affiliate, unreasonable acts or failures to act of any governmental agency or entity or unreasonable delays of any contractor, subcontractor or supplier. In such event, nonperformance shall be excused and the time of performance shall be extended only by the number of days the performance is delayed or prevented.

J. Exhibits. The following Exhibits are attached hereto and incorporated herein by this reference as though set forth in full:

Exhibit A Legal Description of Toyota Parcel
Exhibit B Service Facility Fees To Be Reimbursed

K. Authority to Execute this Agreement. The person or persons executing this Agreement on behalf of a party warrants and represents that he or she has the authority to execute this Agreement on behalf of the party and has the authority to bind that party to the performance of its obligations hereunder.

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

**CITY OF TEMECULA,
a municipal corporation**

Brenden Kalfus
Mayor

Attest:

Randi Johl, JD, MMC
City Clerk

Approved As to Form:

Peter M. Thorson
City Attorney

**OREMOR OF TEMECULA, LLC, DBA TEMECULA
VALLEY TOYOTA, LLC, a California limited liability
company**

By: _____

Richard J. Romero

Its: _____

Managing Shareholder

EXHIBIT A

LEGAL DESCRIPTION OF TOYOTA PARCEL

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED TEMECULA, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 3 AND 4 OF PARCEL MAP 23354, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 152, PAGES 74, 75 AND 76 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS AMENDED BY A CERTIFICATE OF CORRECTION RECORDED DECEMBER 20, 1988 AS INSTRUMENT NO. 373108, OF OFFICIAL RECORDS.

EXCEPT ALL MINERAL, OIL AND GAS RIGHTS BELOW THE DEPTH OF 500.00 FEET BELOW THE SURFACE OF SAID LAND WITHOUT THE RIGHT OF SURFACE ENTRY, AS RESERVED TO KAISER DEVELOPMENT CORPORATION, A CALIFORNIA CORPORATION BY DEED RECORDED DECEMBER 16, 1987 AS INSTRUMENT NO. 87-354622 OF OFFICIAL RECORDS.

PARCEL B:

PARCEL 4 OF PARCEL MAP 19145, IN THE CITY OF TEMECULA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 119, PAGES 36 THROUGH 39, INCLUSIVE OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AND AS AMENDED BY A CERTIFICATE OF CORRECTION RECORDED SEPTEMBER 28, 1984 AS INSTRUMENT NO. 211569, OF OFFICIAL RECORDS.

APN: 921-720-006-3, 921-680-004 & 03

EXHIBIT B

SERVICE FACILITY FEES TO BE REIMBURSED

Fees Paid to the City of Temecula for Motor Car Pkwy

Date	Payment Description	Amount
02/21/24	Building Permit Application	3,550.40
02/21/24	Building Permit Application	81.60
02/21/24	Building Permit Application	3,592.80
09/07/24	LD Permits	78,674.30
09/12/24	Unified School District Fee	3,512.88
10/11/24	BS Permits	68,173.05
11/29/24	Plan Check Fees	268.00
01/08/25	Fire Inspection	536.00
02/28/25	Sign Permit Fees	316.46
03/31/25	Alarm Install Permit	718.00
Total		159,423.49

Construction Estimate	3,100,000.00
2% of construction cost	62,000.00
Estimated annual sales tax increase for 2025	56,511.81
75% of sales tax revenue	42,383.86