Settlement Agreement and General Release

This Settlement Agreement and General Release ("Agreement") is made and entered into as of _____, 2009, by and between George Rich dba Caravan Lounge, ("Tenant") and by the Redevelopment Agency of the City of San José, a public body corporate and politic ("Agency").

RECITALS

A. On or after August 11, 2009, the Agency entered into a Purchase Agreement and Escrow Instructions ("Purchase Agreement") for certain real property located at 98 S. Almaden Avenue, in San Jose, California and more particularly described on Exhibit A attached ("Property") for redevelopment purposes. At the time the Agency entered into the Purchase Agreement, the Property was owned by Jan Chargin, as Trustee of the Jan Chargin Living Trust dated August 31, 2005 as to an undivided fifty percent (50%) interest; and Lynn M. Bohnen, as Trustee of the Lynn M. Bohnen Trust dated July 26, 2005, as to an undivided fifty percent (50%) interest, as tenants in common (collectively referred to as "Owner").

B. At the time the Agency entered into the Purchase Agreement, a portion of the Property was subject to a lease ("Lease") between the Owner and Tenant ("Premises"). Tenant commenced occupation of the premises on June 25, 2003. Tenant was operating Caravan Lounge on the Premises ("Business").

C. This Agreement is made with respect to any and all claims arising from or related to the acquisition by the Agency of the Property or any claims

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relating to Tenant's lease of the Premises, which claims could have been made or asserted by Tenant as a result of the Agency's acquisition of the Property for a redevelopment project, including, but not limited to, any claims for: relocation assistance, loss of business goodwill, furniture, fixtures and equipment, moving costs, severance damages, leasehold bonus value, statutory interest, lost rents, litigation expenses and/or attorneys' fees, appraisal fees, statutory costs, litigation expenses on appeal, and for damages of every other kind and nature suffered or to be suffered by Tenant or by reason of the Agency's acquisition of the Property and the construction of the project for which it is being acquired (collectively, "Claims").

AGREEMENT

1. Subject to the terms and conditions contained herein, the Agency agrees to pay Tenant the sum of One Hundred Eighty Seven Thousand Dollars ($187,000.00), and provide rent free Premises subject to the terms of this Agreement, as an all-inclusive settlement payment in compensation for any and all Claims ("Settlement Payment"). The Settlement Payment shall be paid to Tenant as follows:

A. Following Tenant's delivery, prior to July 24, 2009, to Agency of (1) an executed original of this Agreement; and (2) an executed Quitclaim Deed described in Section 2 below; (3) and following Agency Board approval of this Agreement and within ten (10) business days after the Closing Date (defined as the date on which a grant deed conveying the Property to Agency is recorded in the Santa Clara County Recorder's Office) on Agency's acquisition of the

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Property, the Agency shall pay Tenant an initial payment ("Initial Payment") of Twenty Thousand and No/100 Dollars ($20,000.00), and

B. Within ten (10) business days after Tenant has vacated the Premises, the Agency shall pay Tenant the remainder of the Settlement Payment. However, the Agency shall have no obligation pursuant to this Agreement, and this Agreement shall automatically terminate if the Closing Date does not occur.

2. Concurrently with execution and delivery of this Agreement to the Agency, Tenant shall deliver to the Agency a fully executed and acknowledged Quitclaim Deed in the form attached hereto as Exhibit B, quitclaiming to the Agency any and all of Tenant's interest in the Premises, including Tenant's leasehold interest, and/or any other interest of Tenant in the Property. Agency shall forward such Quitclaim Deed to Escrow for recording on or subsequent to the Closing Date for Agency's acquisition of the Property.

3. Tenant shall vacate the Property on or before January 15, 2010. Prior to vacating the Property, Tenant shall remove from the Property all furniture, fixtures, and equipment at the Property ("FF&E"). Tenant acknowledges that any items of FF&E remaining on the Property after Tenant vacates the Property shall be deemed abandoned by Tenant and shall become the property of the Agency. Thereafter, the Agency may dispose of such items in any manner the Agency deems appropriate.

4. Tenant hereby acknowledges that the Settlement Payment paid to Tenant through this Agreement constitutes the full and complete settlement of

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any and all Claims against Agency, by reason of Agency's acquisition of the Property and any relocation of Tenant from same, specifically including, but not limited to, lost rent or income, interest, the value of improvements pertaining to the realty, leasehold improvements, any and all claims for rental or leasehold value and loss of business goodwill, if any, and any and all relocation benefits to which Tenant may be entitled, and any and all other claims that Tenant may have, whether or not specifically mentioned here, relating directly or indirectly to the acquisition by Agency of the Property. Tenant acknowledges that Tenant has been advised of the nature and extent of the relocation benefits available to him. Tenant, its agents, representatives, successors, assigns, administrators, executors, heirs, and beneficiaries, hereby and forever release the Agency from any and all claims for relocation payments or benefits arising out of, or in any way relating to, Agency's acquisition of the Property. By such release, Tenant expressly waives its rights, if any, under California Civil Code Section 1542 which provides: "A General Release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release which if known by him or her must have materially affected his or her settlement with the debtor."

5. Upon payment to Tenant of the Settlement Payment, the Agency shall have no further obligation to Tenant under the state Eminent Domain Law or under any Relocation Assistance and Real Property Acquisition statutes and guidelines.

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6. Tenant expressly represents and warrants that it is the sole owner of the Business that operates on the Premises; that it has not sold, assigned, encumbered or transferred to any third party any portion of its ownership interest in the Business; that it has not assigned the Lease or subleased any portion of the Premise; that it has the exclusive authority to bind the Business by entering into this Agreement; and that no other person or entity is entitled to any portion of the Settlement Payment to be paid by the Agency to Tenant.

7. Tenant agrees to indemnify and hold harmless the Agency from and against all claims, demands, actions, damages, losses, costs, expenses (including attorneys' fees) or liability due to or based upon the assertion by any persons or entities not a party to this Agreement that such third parties are entitled to any portion of the Settlement Payment being paid by the Agency to Tenant.

8. Each of the Parties is entering into this Agreement to compromise a potential dispute as to the amount of compensation to be paid by the Agency to Tenant arising from or due to the Agency's acquisition of the Property for redevelopment purposes, and this Agreement is made in good faith.

9. In effecting this Agreement, each signatory hereto certifies that he or she has read all of this Agreement and fully understands it. This Agreement has been fully negotiated between the Agency and Tenant.

10. Each of the parties will execute, and deliver to the other, additional documents or instruments, and to take such additional actions as are required to implement the terms and conditions of this Agreement.

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11. Except as may be set forth herein, the rights and obligations arising out of this Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assignees of the respective parties hereto, and each of them.

12. This Agreement is made, executed and entered into and is intended to be performed in the State of California, County of Santa Clara, and is to be construed under California law.

13. This Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument, and all, when taken together, shall constitute the Agreement.

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

15. Each party to this Agreement will bear its own attorneys fees, and costs incurred.

"AGENCY"

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

APPROVED AS TO FORM:

By:_____
Associate Counsel

By:_____
Harry S. Mavrogenes,
Executive Director

"TENANT"

George E. Rich

George Rich dba Caravan Lounge

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EXHIBIT A

Legal Description of Property

The land referred to in this Report is situated in the County of Santa Clara, City of San Jose, state of California, and is described as follows:

Beginning at the point of intersection of the Northwesterly line of San Fernando Street with the Northeasterly line of Almaden Avenue, formerly Orchard Street; thence along said line of Almaden Avenue, North 30° 40' West 20.20 feet to the most Southerly corner of that certain Parcel of land conveyed by Joe Gulla, et ux, to E. A. Maas, et ux, by Deed dated May 18, 1960 and recorded May 23, 1960 in Book 4802 of Official Records, Page 402, thence leaving said line of Almaden Avenue and running along the Southeasterly line of said parcel of land so conveyed to Maas, North 53° 50' East 97.45 feet to the most Easterly corner thereof; thence along the Southeasterly prolongation of the Northeasterly line of said parcel of land, which is also the Southwesterly line of that certain parcel of land conveyed by Bank of Hayward, a corporation, to Elliott S. Miner, et ux, by Deed dated October 20, 1939 and recorded October 30, 1939 in Book 954 of Official Records, Page 331, South 30° 40' East 29.52 feet to the most Southerly corner of said parcel of land so conveyed to Miner on the Northwesterly line of San Fernando Street; thence along said line of San Fernando Street, South 59° 20' West 96.99 feet to the point of beginning.

APN: 259-40-070

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EXHIBIT B

RECORDING REQUESTED BY:
Redevelopment Agency of the City Of San Jose

WHEN RECORDED MAIL TO
The Redevelopment Agency of the City Of San Jose
200 East Santa Clara Street, 14th Floor, Tower
San Jose, CA 95113
Attn: General Counsel

DOCUMENTARY TRANSFER TAX $ NONE

QUITCLAIM DEED

FREE RECORDING REQUESTED Essential to acquisition by The Redevelopment Agency of the City of San Jose, CA – See Govt. Code 6103

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, George Rich dba Caravan Lounge ("Grantor"). does hereby REMISE, RELEASE AND FOREVER QUITCLAIM to The Redevelopment Agency of the City of San Jose

all right title and interest in the following described real property in the City of San Jose, County of Santa Clara, State of California, including all Grantor's right, title and interest in and to any existing or preexisting leases, including but not limited to that certain lease between Jan Chargin, as Trustee of the Jan Chargin Living Trust dated August 31, 2005 as to an undivided fifty percent (50%) interest; and Lynn M. Bohnen, as Trustee of the Lynn M. Bohnen Trust dated July 26, 2005, as to an undivided fifty percent (50%) interest, as tenants in common, as Lessor, and George Rich dba Caravan Lounge, as Lessee.

SEE EXHIBIT "A" ATTACHED HERETO AND
BY THIS REFERENCE MADE A PART HEREOF

Date:_____ By:_____
George Rich
dba Caravan Lounge

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ACKNOWLEDGEMENT

State of California
County of _____)

On _____before me, _____ _____
(insert name and title of officer)

Personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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_____ (Seal)

SIGNATURE OF NOTARY

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EXHIBIT A
to
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