

## INTRADEPARTMENTAL CORRESPONDENCE

November 14, 2018

1.0

**TO:** The Honorable Board of Police Commissioners

**FROM:** Executive Director, Board of Police Commissioners

**SUBJECT: SALE AND TRANSFER OF A.T.S. NORTHEAST TOW, INC., OFFICIAL POLICE GARAGE FOR SERVICE AREA 11, CONTRACT NO. C-127407 BY TOWWERKS, LLC AND CONSOLIDATION OF OFFICIAL POLICE GARAGE OPERATIONS FOR SERVICE AREAS 1 and 11.**

**Recommendation**

1. That the Board recommend the City Council APPROVE the purchase of A.T.S. Northeast Tow, Inc, (ATS) the Official Police Garage (OPG) for Service Area 11, Contract No. C-127407 by Towwerks, LLC (Towwerks), in accordance with Los Angeles Municipal Code Section 80.77.4.

2. That the Board approve Towwerks' request to consolidate operations for OPG Service Areas 1 and 11 at 2010 North Figueroa Street in the City of Los Angeles.

**Discussion:**

ATS has requested approval to sell its OPG operation to Towwerks. Towwerks currently operates the OPG for Service Area 1.

Los Angeles Municipal Code Section 80.77.4 (e)(2) states that any sale or transfer of a majority of either the ownership interest or stock, except public share stocks, of any OPG shall be subject to the approval of the City Council which shall consider any recommendation of the Board.

Towwerks is a California Limited Liability Corporation. Mr. Randy Steinberg is its sole member and managing partner. Mr. Steinberg underwent an extensive background investigation during Service Area 1's Request for Proposal and award process.

As part of the sales agreement, Towwerks would abide by the City's Service Contractor Worker Retention Ordinance. The ordinance requires that when a City contract has been terminated and will be replaced by a new contractor for the same services, the outgoing contractor must provide the successor contractor with a list of employees who meet certain requirements. Towwerks has stated it plans to retain 100% of ATS's current employees for at least a 90-day transition period.

Additionally, as part of the sale, Towwerks has agreed to assume all liabilities of ATS to the City of Los Angeles, including any liabilities that may result from current and future audits of the company. A copy of a confidential hold harmless agreement is attached along with a redacted copy of the sales agreement.

### **Consolidated Operations**

Towwerks' current location at 500 Center Street in the City of Los Angeles has been acquired by the Metropolitan Transit Authority through eminent domain. This will force Towwerks to close and relocate. Property that is zoned and available in the downtown area, which is covered by Service Area 1, is rare and would require an extensive renovation to meet the OPG facility standards.

OPGs, as designated by the Board for the storage of impounded, abandoned or partially dismantled automobiles, are subject to the following limitations:

#### **M1 Limited Industrial Zone (Official Police Garages)**

- (a) the use is located 300 feet or more from property in an A or R zone;
- (b) the use is conducted wholly within an area completely enclosed with a solid masonry wall or solid fence no less than eight feet in height with necessary solid gates of the same height;
- (c) no dismantling of vehicles or crushing, smashing, baling or reduction of metal takes place on the premises;
- (d) all property adjacent to any street is landscaped to a minimum depth of two feet measured at a right angle from the adjacent street, and extending the full length of property contiguous to the street except for area necessary for ingress and egress; and
- (e) paved off-street parking spaces are provided for buildings as required by Section 12.21 A, and in addition for all other portions of the lot, other than public parking areas, as follows:
  - (1) for one or fewer acres, a minimum of six spaces;
  - (2) for more than one acre but not more than two acres, one space for each 12,000 square feet of lot area; and
  - (3) for each acre exceeding two acres, one space for each acre of lot area; and
- (f) no material shall be stored to a height greater than the height of the enclosing wall or fence.

The Honorable Board of Police Commissioners

Page Three

1.0

Commission Investigation (CID) has confirmed the conditions in the attached Cushman & Wakefield letter with the Planning Department and believe that it would be in the best interest of the City to approve and relocate Service Area 1 OPG operations to Northeast Area. CID has no objection to the sale of ATS to Towwerks. As to the consolidation of operations in the Northeast Area at 2010 Figueroa, CID does not believe it would result in any degradation of service. The location is approximately 1/2 mile outside of Service Area 1 and approximately five miles away from Service Area 1's furthest border.

  
RICHARD M. TEFANK, Executive Director  
Board of Police Commissioners

BOARD OF  
POLICE COMMISSIONERS  
Approved *November 29, 2018*  
Secretary *Maria Selva*

Attachments

TOWWERKS,LLC

**Db a Viertel's Central Division**

**500 N Center St.  
Los Angeles, Ca. 90012  
(213)687-1003**

October 19, 2018

Mr. Richard Tefank, Executive Director  
Police Commission  
Los Angeles Police Department  
100 West 1st Street, 1st floor  
Los Angeles, CA 90012

Dear Mr. Tefank;

I am writing to request the Commission approve my purchase of 100% ownership interest in substantially all of the business assets of A.T.S Northeast Tow, Inc, Official Police Garage for Service Area 11, contract number C-127407. As a current owner of Viertel's Central Division Tow, contract number C-107278, I have an outstanding record as an OPG operator handling Service Area 1 for the City of Los Angeles.

As the Police Commission is aware, Viertel's Central Division's location at 500 Center Street was acquired by the Metropolitan Transportation Agency (MTA) through eminent domain and we are being forced to hand over possession of that location. Properly zoned property to operate an OPG, with a comparable current footprint, does not exist which would allow me to maintain my obligation to maintain a primary storage facility within the service area. While I was able to lease property at 20<sup>th</sup> and McGarry Street, the property is not big enough to handle my contractual needs nor is it even close to being ready for use as a main OPG facility. Currently, it is a vacant lot with no water or electricity and it requires a substantial capital commitment in improvements to bring it up to the minimum standard of an OPG.

I contacted ATS Towing with the intention of leasing land from them to hold vehicles when they suggested that they would be interested in selling their business. As a result, I have entered into a contract to purchase ATS' assets including their OPG contract. The sale and close of escrow are contingent upon, and subject to, obtaining Police Commission and City Council approval.

I would like to formally request Police Commission and City approval to purchase the assets of ATS Northeast Tow, including the contract ATS has with the City of Los Angeles to service the Northeast Division. I would like to request permission to move Viertel's Central Division's operations to the ATS main facility located at 2010 N Figueroa Street. I further request that the Police Commission to consider this a permanent move for Viertel's Central Division even though this location is outside of our service area. I understand that to make this move "permanent", it will require a change in City policy. I would like to request the Commission to

seek an Ordinance change so that when the current contract expires, anyone would be able to bid on the contract for Viertel's while being outside of the current service area footprint.

While pending formal City approval, we would like to begin the process of moving all our personnel, equipment and our current inventory of stored vehicles to ATS' main facility and their secondary lot. We will take great care to segregate the vehicles from each contract into separate areas or sections, including vehicles being held for evidence. As a part of the purchase of ATS' assets, I plan to utilize their main office facilities as the office for both ATS and Viertel's. We have an operational plan in place to ensure that there will be no denigration in service to Service Area I.

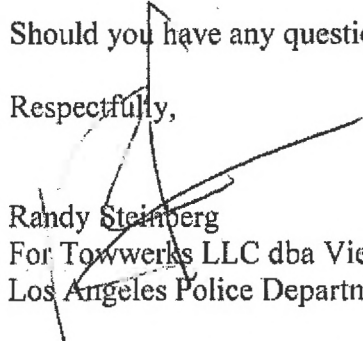
I will not close escrow documents on the purchase of ATS until the City has approved the sale. In addition, once the sale is approved by the City, I will divest half of my 10% interest in Kelmark and retain only a 5% interest in that OPG company.

I understand that the City of Los Angeles Workers Retention Ordinance (WRO) requires that when a City contract has been terminated and a new contractor will perform the same services, the outgoing contractor must provide the successor contractor with a list of employees who meet the WRO's requirements. We plan on retaining 100% of the current employees for more than a 90-day transition period

As part of the purchase, I have agreed to assume all liabilities of ATS Tow to the City of Los Angeles, including any liabilities that may be revealed due to an audit of ATS post closing. Attached hereto is a redacted copy of our asset purchase agreement.

Should you have any questions regarding this matter please contact me.

Respectfully,

  
Randy Steinberg  
For Towwerks LLC dba Viertel's Central Division  
Los Angeles Police Department Official Police Garage #1

Cc: Det. Ben Jones, Los Angeles Police Commission

A.T.S - Northeast Tow, Inc., Area 11  
Northeast Division



October 26, 2018

Mr. Richard Tefank, Executive Director  
Police Commission  
Los Angeles Police Department  
100 West 1st Street, 1st floor  
Los Angeles, CA 90012

Dear Mr. Tefank;

We are writing to request the Commission's approval of the transfer 100% ownership interests in A.T.S Northeast Tow, Inc, Official Police Garage for Service Area 11, contract number C-127407 to Randy Steinberg, owner of TowWerks LLC doing business as Viertel's Central Tow, a current OPG operating under contract number C-107278.

Los Angeles Municipal Code Section 80.77.4 (e) (2) states that any sale or transfer of a majority of either the ownership interests or stock, except public share stocks, of any official police garage shall be subject to the approval of the City Council, which shall consider any recommendation made by the Board of Police Commissioners.

Since Mr. Steinberg and his company are a current OPG operating in good standing with the City, I am requesting that Police Commission approve the transfer of ownership to sell our interest in our light duty tow to Mr. Steinberg. I am requesting that at the time of the approval of sale of our light duty contract that the Commission concurrently allows Viertel's Central Division to operate it OPG from our location. As the Commission is aware, Viertel's property was acquired by the Metropolitan Transportation Agency through Eminent Domain. Mr. Steinberg has informed me that he has been unable to find a suitable piece of property in his OPG footprint to operate his current OPG.

As part of the sale, Mr, Steinberg has agreed to assume all liabilities of A.T.S. Tow to the City of Los Angeles, including any liabilities that may result from current audits of our company. A redacted copy of our asset purchase agreement is attached.

2019 No. Figueroa Street  
Los Angeles, CA 90065  
Phone: (323) 342-0342

Should you have any questions regarding this matter please contact me.

Sincerely,

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**Arthur Mercer**  
**President**

Cc: Det. Ben Jones, Los Angeles Police Commission

## ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated as of October \_\_\_\_, 2018 (the “**Effective Date**”), is entered into by and between **ATS NORTHEAST TOW, INC.**, a California corporation (“**Seller**”), and **TOWWERKS, LLC**, a California limited liability company (“**Buyer**”). Capitalized terms used in this Agreement have the meanings given to such terms herein.

### RECITALS

**WHEREAS**, Seller is engaged in the business of operating an official police garage and tow service (the “**Business**”) at the real property commonly known as 2010 N. Figueroa Street, Los Angeles, California (the “**Figueroa Premises**”); a portion of the real property commonly known as 403 Avenue 33, Los Angeles, California (the “**Avenue 33 Premises**”); and that certain Parcel No. 07-LAX005-0021-11, Los Angeles, California (the “**Caltrans Premises**” and together with the Figueroa Premises and Avenue 33 Premises, each, a “**Premises**”); and

**WHEREAS**, Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase and assume from Seller, the rights and obligations of Seller to the Purchased Assets (as defined below), subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

#### PURCHASE AND SALE

**Section 1.01 Purchase and Sale of Assets.** Subject to the terms and conditions set forth herein, at the Closing (as defined below), Seller shall sell, convey, assign, transfer, and deliver to Buyer, and Buyer shall purchase from Seller, all of Seller’s right, title, and interest in, to, and under all of the tangible and intangible assets, properties, and rights of every kind and nature and wherever located (other than the Excluded Assets, as defined below), that relate to, or are used or held for use in connection with, the Business (collectively, the “**Purchased Assets**”), including the following:

(a) all Contracts (as defined below) to which Buyer is a party and which affect the Business or any Purchased Assets (individually and collectively, the “**Assigned Contracts**”), including that certain Official Police Garage Standard-Duty Towing and Storage Services Agreement Number 127407 for Service Area 11 (as amended from time to time, the “**OPG Contract**”) by and between Seller and the City of Los Angeles, acting by and through the Board of Police Commissioners, but excluding any insurance contracts and any contracts objected to by Buyer in its Approval Notice (as defined below) before the expiration of the Due Diligence Period (as defined below). The term “**Contracts**” means all contracts, leases, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures, and all other agreements, commitments, and legally binding arrangements, whether written or oral;

(b) all furniture, fixtures, equipment, impounded vehicles (inventory), forklifts located at the Premises, office equipment, supplies, computers, telephones, and other tangible personal property owned by Seller in connection with the Business and located on any Premises (the “**Tangible Personal Property**”), including those tow truck vehicles listed on Exhibit A attached hereto and incorporated herein by reference (the “**Tow Trucks**”), provided, however, that Buyer



shall have the right to elect not to purchase any one or more of the Tow Trucks by including such objection in its Approval Notice (as defined below), and in such event, the Purchase Price shall be reduced accordingly;

(c) to the extent assignable, any intangible property owned by Seller and used in connection with the Business, including the trade name "Northeast Tow" and any trademark registrations, websites and domain registrations, and phone numbers (collectively, the "Intangibles"), along with all current phone numbers and website domain names; and

(d) all of Seller's rights under warranties, indemnities, and all similar rights against third parties to the extent related to any Purchased Assets.

**Section 1.02 Excluded Assets.** Notwithstanding the foregoing, the Purchased Assets shall not include the following (collectively, the "Excluded Assets"): (1) all accounts receivable held by Seller; (2) any car lifts and fixtures located on any Premises; (3) any small tools owned by Seller; (4) any vehicles owned by Seller or any Affiliate of Seller and located on any Premises that are not related to the Business, including antique or classic cars owned by Seller or Landlord (as defined below) or Landlord's Affiliate (as defined below); and (5) if applicable, any Tow Trucks that Buyer elects not to purchase pursuant to its Approval Notice (as defined below).

**Section 1.03 Purchase Price; Deposit.**

(a) The aggregate purchase price for the Purchased Assets shall be [REDACTED] plus the amount to be paid for any of the Tow Trucks, as allocated on Exhibit A attached hereto and incorporated herein by reference, that Buyer elects to purchase as set forth in its Approval Notice (as applicable, the "Purchase Price"). At Closing, Buyer shall pay the Purchase Price, as adjusted by any proration items and Deposit (as defined below) credits, by wire transfer of immediately available funds through Escrow in accordance with the terms and conditions of this Agreement.

(b) Within two (2) business days after the Effective Date, Buyer shall deliver to the Escrow Holder, in its capacity as escrow holder, in immediately available funds, the amount of [REDACTED] (the "Deposit"). Upon Buyer's delivery of an Approval Notice (as defined below), the entire Deposit shall become non-refundable to Buyer but applicable to the Purchase Price, except in the event of Seller's breach of this Agreement, or a failure of any Buyer's Condition Precedent (as defined below).

**Section 1.04 Allocation of Purchase Price.** The Purchase Price shall be allocated among the Purchased Assets for all purposes (including Taxes (as defined below) and financial accounting) as shown on an allocation schedule to be mutually agreed upon by Seller and Buyer in their respective reasonable discretion (the "Allocation Schedule") before the expiration of the Due Diligence Period. The Allocation Schedule shall be prepared in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended. Buyer and Seller shall file all returns, declarations, reports, information returns and statements, and other documents relating to Taxes (including amended returns and claims for refund) ("Tax Returns") in a manner consistent with the Allocation Schedule.

**Section 1.05 Third Party Consents.** Except for the Governmental Approvals (as defined below), to the extent that Seller's rights under any Purchased Asset may not be assigned to Buyer without the consent of another Person (as defined below) that has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or

be unlawful. The parties covenant and agree to cooperate with each other in good faith and to use commercially reasonable efforts to obtain the Governmental Approvals.

**Section 1.06 Escrow Holder.** Concurrently with their respective execution and delivery of this Agreement, the parties shall open an escrow (the "Escrow") with Federal Escrow, Inc., attention: Stephanie Hardie Soto ("Escrow Holder"), which shall act as escrow holder with respect to all Purchased Assets and shall receive and deliver all documents or instruments and receive and disburse all sums of money according to the terms of this Agreement and the written instructions of the parties. The fee or charge of Escrow Holder shall be split equally between the parties.

**Section 1.07 Due Diligence Period.** Buyer intends to conduct certain due diligence with respect to the Purchased Assets, the Leases (as defined below), the Sublease (as defined below), and each Premises from and after the Effective Date, and from and after the Effective Date and until this Agreement is terminated, Seller will provide Buyer with access to each Premises and the Purchased Assets during normal business hours for inspection and due diligence purposes. Buyer will have the period commencing on the Effective Date and expiring at 5:00 P.M. (Pacific Time) on the date that is thirty (30) days after the Effective Date (the "Due Diligence Period") to conduct all due diligence of the Purchased Assets, each Premises, the Leases, and the Sublease. If, following Buyer's due diligence investigations as contemplated in this Section 1.07, Buyer approves of the Leases, the Sublease, and the condition of each Premises and the Purchased Assets, Buyer shall deliver a written approval notice (the "Approval Notice") to Seller and Escrow Holder. If Buyer fails to deliver an Approval Notice before the expiration of the Due Diligence Period (or if Buyer delivers a termination notice to Seller and Escrow Holder), then Buyer will be deemed to have disapproved the condition of each Premises, the Purchased Assets, the Leases, and the Sublease, in which case, (i) this Agreement shall terminate except for those obligations that expressly survive the termination of this Agreement, (ii) Escrow Holder shall return the Deposit to Buyer, less reimbursement of Seller's out-of-pocket costs and expenses incurred in connection with this Agreement, and Buyer's portion of any Escrow cancellation fees, within five (5) business days after the earlier of expiration of the Due Diligence Period or Buyer's written termination and without the need for further instruction or approval from either party; and (iii) Escrow Holder shall deliver to Seller the Reimbursement Amount within five (5) business days after the earlier of expiration of the Due Diligence Period or Buyer's written termination and without the need for further instruction or approval from either party. Seller has made, or within five (5) days after the Effective Date, will make available to Buyer (either directly or by delivery to Buyer's counsel), copies (or, at Seller's election, originals) of any documents to the extent within Seller's possession or control relating to any Premises, the Leases, the Sublease, and the Purchased Assets (collectively, the "Documents").

**Section 1.08 As-Is Sale.** BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SELLER IS SELLING AND BUYER IS PURCHASING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS, WITH ALL FAULTS AND DEFECTS" BASIS AND THAT BUYER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SELLER, ITS AGENTS OR BROKER AS TO ANY MATTERS CONCERNING THE PURCHASED ASSETS, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT.

**Section 1.09 Release.** Without limiting Section 1.08 above or any other provisions in this Agreement, Buyer on behalf of itself and its successors and assigns waives its right to recover from, and forever releases and discharges Seller and Seller's affiliates, and the partners, trustees, shareholders, directors, officers, members, managers, attorneys, employees and agents of each of them, and their respective heirs, successors, personal representatives and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, costs or expenses whatsoever (including, without limitation, reasonable attorneys' fees and costs), whether direct or indirect,

known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with the Purchased Assets. The waiver and release in the preceding sentence applies to, without limitation, the physical condition of the Purchased Assets or any law or regulation applicable thereto, as well as any information contained in any Documents. With respect to the waiver and release set forth herein relating to claims unknown to or unsuspected by Seller or Buyer, Buyer hereby acknowledges that such waiver and release is being made after obtaining the advice of counsel and with full knowledge and understanding of the consequences and effects of such waiver, and that such waiver is made with the full knowledge, understanding and agreement that California Civil Code Section 1542 provides as follows, and that the protections afforded by said code section are hereby waived:

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

  
Buyer's Initials

Buyer agrees that the foregoing waiver and release shall apply to the extent that Buyer should have or could have known or otherwise had constructive knowledge before the Closing about the matters giving rise to such claim, including by reviewing the Documents and any information contained therein. Without otherwise limiting the effect of the release in this Section 1.09, Seller agrees that the provisions of this Section 1.09 will not apply to, and Seller shall remain liable for, any claim arising from Seller's intentional misrepresentations or other intentional act of fraud by Seller (collectively, the "Excluded Claims"). The Excluded Claims shall survive the Closing for a period of six (6) months.

## ARTICLE II

### CLOSING

**Section 2.01 Closing.** Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place through Escrow on the date that is two (2) business days after receipt of all Governmental Approvals (as defined below), or at such other time as Seller and Buyer may mutually agree upon in writing; provided, however, that if the Closing has not occurred by February 15, 2019, then at any time thereafter but prior to the Closing, either party may terminate this Agreement by delivering written notice thereof to the other party and to Escrow Holder, in which case Escrow Holder shall return the Deposit to Buyer, Buyer will return all documents and/or reports delivered to or produced by Buyer in connection with this transaction, and neither Buyer nor Seller will have any further obligations under this Agreement except for any provisions that expressly survive the termination or expiration of this Agreement. The date on which the Closing is to occur is herein referred to as the "Closing Date."

**Section 2.02 Buyer's Conditions to Closing.** Buyer's obligation to consummate the purchase and sale transaction contemplated by this Agreement is subject to the satisfaction or waiver of the following conditions (collectively, the "Buyer's Conditions Precedent"):

- (a) Seller will not have materially breached any of its representations, warranties or covenants set forth in this Agreement, and none of Seller's representations or warranties, though true when made, will have become inaccurate as of the Closing.

(b) Seller shall have delivered to Escrow Holder the items required under this Agreement.

(c) Neither Seller nor Buyer shall have terminated this Agreement in accordance with the terms hereof.

(d) The parties shall have obtained the approval of the City of Los Angeles and any other governmental or quasi-governmental approvals or consents necessary for the assignment of the OPG Contract from Seller, and/or Seller's principal shareholder, Arthur Mercer, to Buyer and/or Buyer's designee (collectively the "Governmental Approvals").

The conditions set forth in this Section 2.02 are solely for the benefit of Buyer and may be waived only by Buyer, and no such waiver shall be effective unless specifically contained in a written instrument executed by Buyer and delivered to Seller and Escrow Holder.

**Section 2.03 Conditions to Seller's Obligations.** Seller's obligation to consummate the purchase and sale transaction contemplated by this Agreement is subject to the satisfaction of the following conditions (collectively, the "Seller's Conditions Precedent"):

(a) Buyer shall not have materially breached any of Buyer's representations, warranties or covenants set forth in this Agreement as of the Closing.

(b) Buyer shall have delivered to Escrow Holder the items required under this Agreement.

(c) Neither Seller nor Buyer shall have terminated this Agreement in accordance with the terms hereof.

(d) The parties shall have obtained all Governmental Approvals.

The conditions set forth in this Section 2.03 are solely for the benefit of Seller and may be waived only by Seller, and no such waiver shall be effective unless specifically contained in a written instrument executed by Seller and delivered to Buyer and Escrow Holder.

**Section 2.04 Closing Deliverables.**

(a) At the Closing, Seller shall deliver to Buyer the following:

(i) a bill of sale in the form of Exhibit B attached hereto (the "Bill of Sale") and duly executed by Seller, transferring the Tangible Personal Property to Buyer;

(ii) a general assignment and assumption agreement in the form of Exhibit C attached hereto (the "General Assignment") and duly executed by Seller in counterpart, transferring the Intangibles to Buyer;

(iii) an assignment of contracts and assumption agreement in the form of Exhibit D attached hereto (the "Assignment of Contracts") and duly executed by Seller in counterpart, transferring the Assigned Contracts to Buyer;

(iv) leases for each of the Figueroa Premises and Avenue 33 Premises in the form of Exhibits E-1 and E-2 attached hereto and incorporated herein by reference (each,

a "Lease" and collectively, the "Leases") and duly executed in counterpart by the owner of each Premises ("Landlord") as landlord thereunder, which shall contain the following terms: the Lease for the Figueroa Premises shall be for the same term as the remaining term under the OPG Contract, and rent shall commence [REDACTED] and the Lease for the Avenue 33 Premises shall be for the same term as the remaining term under the OPG Contract, and rent thereunder shall commence at [REDACTED] per month; and

(v) a sublease agreement for the Caltrans Premises in the form of Exhibit G attached hereto and incorporated herein by reference (the "Sublease") and duly executed in counterpart by Seller, as sublandlord thereunder;

(vi) resolutions evidencing Seller's authority to execute, deliver, and perform this Agreement, the Bill of Sale, the General Assignment, the Assignment of Contracts, the Leases, the Sublease, and the other agreements, instruments, and documents required to be delivered in connection with this Agreement or at the Closing (collectively, the "Transaction Documents") and the consummation of the transactions contemplated hereby and thereby.

(b) At the Closing, Buyer shall deliver to Seller the following:

- (i) immediately available funds in the amount of the Purchase Price;
- (ii) the General Assignment duly executed in counterpart by Buyer;
- (iii) the Assignment of Contracts duly executed in counterpart by Buyer;
- (iv) the Leases duly executed in counterpart by Buyer as tenant thereunder;
- (v) personal guaranties of each Lease from Buyer's principal, Randy Steinberg, in the forms attached hereto as Exhibits F-1 and F-2;
- (vi) the Sublease duly executed in counterpart by Buyer as subtenant thereunder; and
- (vii) resolutions evidencing Buyer's authority to execute, deliver, and perform the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby.

**Section 2.05 Seller Default; Failure of Buyer's Condition Precedent.**

(a) If the Closing fails to occur solely because of Seller's default, Buyer may elect, as its sole and exclusive remedy, to (i) terminate this Agreement by providing written notice to Seller and Escrow Holder, in which event, (a) Seller shall have no obligation to sell the Purchased Assets to Buyer; (b) Buyer shall deliver to Seller all of the due diligence materials received from Seller, including, without limitation, the Documents; (c) Escrow Holder shall return the entire Deposit to Buyer within five (5) days thereafter without the need for further instruction or approval from either party; and (d) this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement, except as expressly set forth in this Agreement; or (ii) maintain an action for specific performance. If Buyer elects to proceed under clause (ii) above, the non-prevailing party shall promptly pay to the prevailing party all costs incurred by the prevailing party in connection with the specific performance action, including, without limitation, reasonable attorneys' fees. Under no circumstance shall either party have any right to seek or

collect punitive damages, damages for lost profits, or other speculative damages in the event of a breach of this Agreement.

(b) Subject to Section 3.03 below, if one or more of Buyer's Conditions Precedent are not satisfied on the Closing Date (other than a failed Buyer's Condition Precedent due to a default by Seller under this Agreement, which is covered by subsection (a) above), Buyer may, as its sole and exclusive remedy, (i) waive the condition and proceed to close the transaction without any reduction in the Purchase Price, or (ii) terminate this Agreement following notice to Seller, in which case: (a) Seller shall have no obligation to sell the Purchased Assets to Buyer; (b) Buyer shall deliver to Seller all of the due diligence materials received from Seller, including, without limitation, the Documents; (c) Escrow Holder shall return the entire Deposit to Buyer within five (5) days thereafter without the need for further instruction or approval from either party; and (d) this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement, except as expressly set forth in this Agreement.

**Section 2.06 Post-Closing Buyer Covenants.** Notwithstanding anything to the contrary herein, Buyer covenants and agrees to do the following:

(a) Buyer agrees to comply with any legal, regulatory, insurance, and employment requirements in connection with the Assigned Contracts, including without limitation, complying with any requirements under the Living Wage Ordinance, Section 10.37 et seq. of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance, Section 10.36 et seq., of the Los Angeles Administrative Code, as amended from time to time.

(b) Effective as of Closing, Buyer shall hire Patricia Rodriguez ("Rodriguez") as an employee, in the capacity for which she worked for Seller, and Buyer shall not terminate the employment or materially change the job description of Rodriguez for a period of at least twenty-four months following the Closing Date (such period, the "Employment Period"), unless such employment termination is "for cause." As used herein, "for cause" means any act of gross negligence, fraud, intentional misconduct committed by Mercer or Rodriguez, or failure to perform their job functions in the manner expected by Buyer of its employees, as applicable. Rodriguez shall be paid the same salary, or hourly rate, as the case may be, and receive the same employment benefits from Buyer during the Employment Period as Rodriguez was receiving from Seller immediately prior to the Closing.

(c) Buyer shall indemnify, defend, and hold Seller harmless from any against any Actions against Seller and any liabilities and out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by Seller as a result of Buyer's failure to fulfill the covenants set forth in this Section 2.06, and all of Buyer's obligations under this Section 2.06 shall survive the Closing.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLER

**Section 3.01** Seller represents and warrants to Buyer, to Seller's actual, present knowledge, that the statements contained in this Article III are true and correct as of the date hereof.

(a) **Organization and Authority of Seller.** Seller is a corporation duly organized, validly existing, and in good standing under the Laws of the State of California. Seller has full corporate power and authority to enter into this Agreement and the other Transaction Documents

to which Seller is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized or will be duly authorized by all requisite corporate, board, and shareholder action on the part of Seller. This Agreement and the Transaction Documents constitute or will constitute legal, valid, and binding obligations of Seller enforceable against Seller in accordance with their respective terms.

(b) **No Conflicts or Consents.** The execution, delivery, and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of the articles of incorporation, bylaws, or other governing documents of Seller; (b) violate or conflict with any provision of any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, other requirement, or rule of law of any Governmental Authority (individually and collectively, "Laws") or any order, writ, judgment, injunction, decree, stipulation, determination, penalty, or award entered by or with any Governmental Authority ("Governmental Order") applicable to Seller or the Purchased Assets; (c) except for the Governmental Approvals (as defined below), require the consent, notice, declaration, or filing with or other action by any individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity ("Person") or require any permit, license, or Governmental Order; or (d) result in the creation or imposition of any charge, claim, pledge, equitable interest, lien, security interest, restriction of any kind, or other encumbrance ("Encumbrance") on the Purchased Assets.

(c) **Assigned Contracts.** Each Assigned Contract is valid and binding on Seller in accordance with its terms and is in full force and effect. Neither Seller nor, to Seller's knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any Assigned Contract. No event or circumstance has occurred that would constitute an event of default under any Assigned Contract or result in a termination thereof. Complete and correct copies of each Assigned Contract (including all modifications, amendments, and supplements thereto and waivers thereunder) have been made available to Buyer. There are no material disputes pending or threatened in writing under any Assigned Contract. As of the Closing Date, Seller has no knowledge of any event or occurrence that would cause the City of Los Angeles not to renew the OPG Contract when it expires in 2020.

(d) **Title to Purchased Assets.** Seller has good and valid title to all of the Purchased Assets, which shall be free and clear of Encumbrances as of the Closing.

(e) **Legal Proceedings; Governmental Orders.** There are no claims, actions, causes of action, demands, lawsuits, arbitrations, inquiries, audits, notices of violation, proceedings, litigation, citations, summons, subpoenas, or investigations of any nature, whether at law or in equity (collectively, "Actions") pending or, threatened against or by Seller: (a) relating to or affecting the Purchased Assets; or (b) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement.

(f) **Compliance with Laws.** Seller is in compliance with all Laws applicable to the ownership and use of the Purchased Assets.

(g) **Taxes.** All Taxes due and owing by Seller have been, or will be, timely paid. The term "Taxes" means all federal, state, local, foreign, and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, withholding, payroll, employment, unemployment, excise, severance, stamp, occupation, premium, property (real or personal), customs, duties, or other taxes, fees, assessments, or charges of any kind whatsoever, together with any interest, additions, or penalties with respect thereto.

(h) **Brokers.** Except for Rustin Mork with Realty Advisor Group, Inc. ("Broker") in connection with the Leases, whose commission shall be paid by Landlord thereunder, no broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

**Section 3.02** All references in this Agreement to the phrase "Seller's knowledge" or words of similar import shall refer only to the present actual knowledge of Jennifer Mercer (the "Designated Owner"). The use of the phrase "Seller's knowledge," or words of similar import, will not be construed to refer to the knowledge of any other officer, agent or employee of Seller except the Designated Owner or any Affiliate (as defined below) thereof or to impose or have imposed upon the Designated Owner any duty to investigate the matters to which such knowledge, or the absence thereof, pertains, including the contents of the files, documents and materials made available to or disclosed to Buyer or the contents of files maintained by the Designated Owner or Seller's counsel. There shall be no personal liability on the part of the Designated Owner arising out of any representations or warranties made herein. For purposes of this Agreement: (i) an "Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person; and (ii) the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

**Section 3.03** If, prior to the Closing, Buyer or any representative, attorney, consultant, engineer or agent of Buyer obtains actual knowledge that any of the representations or warranties made herein by Seller are untrue, inaccurate or incorrect in any material respect, Buyer shall give Seller written notice thereof within five (5) business days after obtaining such knowledge (but, in any event, prior to the Closing). If, prior to the Closing, Seller obtains knowledge that any of the representations or warranties made herein by Seller are untrue, inaccurate or incorrect in any material respect, Seller shall give Buyer written notice thereof within five (5) business days after obtaining such knowledge (but, in any event, prior to the Closing). In either such event, Seller shall have the right to cure such inaccuracy and shall be entitled to a reasonable adjournment of the Closing (not to exceed thirty (30) days) for the purpose of such cure. If Seller is unable to cure any inaccuracy, then Buyer, as its sole remedy for any and all such materially untrue, inaccurate or incorrect material representations or warranties, shall elect either (i) to proceed to the Closing without any reduction of or credit against the Purchase Price, or (ii) to terminate this Agreement by written notice given to Seller on the Closing Date, in which event: (a) Seller shall have no obligation to sell the Purchased Assets to Buyer; (b) Buyer shall deliver to Seller all of the materials received from Seller, including the Documents; (c) Escrow Holder shall deliver the Deposit to Buyer; and (d) this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement.

**Section 3.04** Notwithstanding anything to the contrary herein, if Buyer learns (either as a result of a disclosure by Seller or by its own investigations) that any representation or warranty by Seller is untrue, but such inaccurate or incorrect representation or warranty is not untrue, inaccurate or incorrect in any material respect (as defined below), Buyer shall be deemed to waive such misrepresentation or breach, and Buyer shall be required to consummate the transaction contemplated by this Agreement without any reduction of or credit against the Purchase Price. The untruth, inaccuracy or incorrectness of a



representation or warranty shall be deemed "material" only if Buyer's aggregate damages resulting from the untruth, inaccuracy or incorrectness of any of the representations or warranties are reasonably estimated by Buyer to exceed [REDACTED]

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the date hereof.

**Section 4.01 Organization and Authority of Buyer.** Buyer is a limited liability company, duly organized, validly existing, and in good standing under the Laws of the State of California. Buyer has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder, and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of Buyer. This Agreement and the Transaction Documents constitute legal, valid, and binding obligations of Buyer enforceable against Buyer in accordance with their respective terms.

**Section 4.02 No Conflicts; Consents.** The execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or conflict with any provision of the articles of organization, operating agreement, or other organizational documents of Buyer; (b) violate or conflict with any provision of any Law or Governmental Order applicable to Buyer; or (c) other than the Governmental Approvals (as defined below), require the consent, notice, declaration, or filing with or other action by any Person or require any permit, license, or Governmental Order.

**Section 4.03 Brokers.** No broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

**Section 4.04 Legal Proceedings.** There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

#### ARTICLE V

##### COVENANTS

**Section 5.01 Confidentiality.** From and after the Closing, each party shall, and shall cause its Affiliates to, hold, and shall use its commercially reasonable efforts to cause its or their respective directors, shareholders, members, officers, employees, consultants, counsel, accountants, and other agents (individually and collectively, "Representatives") to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that such party can show that such information: (a) is generally available to and known by the public through no fault of such party, any of its Affiliates, or their respective Representatives; or (b) is lawfully acquired by such party, any of its Affiliates, or their respective Representatives from and after the Closing from sources that are not prohibited from disclosing

such information by a legal, contractual, or fiduciary obligation. If either party or any of its Affiliates or their respective Representatives are compelled to disclose any information by Governmental Order or Law, such party shall promptly notify the other party in writing and shall disclose only that portion of such information that is legally required to be disclosed, *provided that* such party shall use commercially reasonable efforts to obtain as promptly as possible an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

**Section 5.02 Public Announcements.** Unless otherwise required by applicable Law, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

**Section 5.03 Bulk Sales Laws.** The parties hereby waive compliance with the provisions of Division 6 of the California Uniform Commercial Code relating to bulk sales and the provisions of any other bulk sales, bulk transfer, or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer.

**Section 5.04 Receivables.** From and after the Closing, if Buyer or any of its Affiliates receives or collects any funds relating to any Excluded Assets, Buyer or its Affiliate shall remit such funds to Seller within five (5) business days after its receipt thereof. From and after the Closing, if Seller or its Affiliate receives or collects any funds relating to any Purchased Assets, Seller or its Affiliate shall remit any such funds to Buyer within five (5) business days after its receipt thereof. If Seller receives funds after the Closing Date relating to the reimbursement of fees or other payments from the City of Los Angeles that relate to events or collections arising before the Closing Date, including any Fiscal Division reimbursements, then Seller shall promptly pay to Buyer 50% of such reimbursements; provided that any such reimbursements received before the Closing Date will be retained 100% by Seller.

**Section 5.05 Transfer Taxes.** All sales, use, registration, and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the other Transaction Documents, if any, shall be borne and paid by Seller when due. Seller shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

**Section 5.06 Further Assurances.** Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

## ARTICLE VI

### INDEMNIFICATION

**Section 6.01 Survival.** All representations, warranties, covenants, and agreements contained herein and all related rights to indemnification shall survive the Closing.

**Section 6.02 Indemnification by Seller.** Subject to the other terms and conditions of this Article VI, Seller shall indemnify and defend each of Buyer and its Affiliates and their respective Representatives (collectively, the "Buyer Indemnitees") against, and shall hold each of them harmless from and against, any and all losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards,

penalties, fines, costs, or expenses of whatever kind, including reasonable attorneys' fees (collectively, "Losses"), incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, or with respect to:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, any other Transaction Document, or any schedule, certificate, or exhibit related thereto, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement, any other Transaction Document, or any schedule, certificate, or exhibit related thereto; or

(c) any Third Party Claim based upon, resulting from, or arising out of the business, operations, properties, assets, or obligations of Seller or any of its Affiliates conducted, existing, or arising prior to the Closing Date. For purposes of this Agreement, "Third Party Claim" means any demand for money or assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing.

**Section 6.03 Indemnification by Buyer.** Subject to the other terms and conditions of this Article VI, Buyer shall indemnify and defend each of Seller and its Affiliates and their respective Representatives (collectively, the "Seller Indemnitees") against, and shall hold each of them harmless from and against any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, or with respect to:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or any schedule, certificate, or exhibit related thereto as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer pursuant to this Agreement or any schedule, certificate, or exhibit related thereto; or

(c) any Third Party Claim based upon, resulting from, or arising out of the business, operations, properties, assets, or obligations of Seller or any of its Affiliates conducted, existing, or arising from and after the Closing Date.

**Section 6.04 Indemnification Procedures.** Whenever any claim shall arise for indemnification hereunder, the party entitled to indemnification (the "Indemnified Party") shall promptly provide written notice of such claim to the other party (the "Indemnifying Party"). In connection with any claim giving rise to indemnity hereunder resulting from or arising out of any Action by a Person who is not a party to this Agreement, the Indemnifying Party, at its sole cost and expense and upon written notice to the Indemnified Party, may assume the defense of any such Action with counsel reasonably satisfactory to the Indemnified Party. The Indemnified Party shall be entitled to participate in the defense of any such Action, with its counsel and at its own cost and expense. If the Indemnifying Party does not assume the defense of

any such Action, the Indemnified Party may, but shall not be obligated to, defend against such Action in such manner as it may deem appropriate, including settling such Action, after giving notice of it to the Indemnifying Party, on such terms as the Indemnified Party may deem appropriate and no action taken by the Indemnified Party in accordance with such defense and settlement shall relieve the Indemnifying Party of its indemnification obligations herein provided with respect to any damages resulting therefrom. The Indemnifying Party shall not settle any Action without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed).

**Section 6.05 Cumulative Remedies.** The rights and remedies provided in this Article VI are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise.

## ARTICLE VII

### MISCELLANEOUS

**Section 7.01 Expenses.** All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, *provided, however,* Seller shall pay all amounts payable to Broker in connection with the Leases.

**Section 7.02 Notices.** All notices, claims, demands, and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or email of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient, or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7.02):

If to Seller:

ATS Northeast Tow, Inc.  
2010 N. Figueroa Street  
Los Angeles, CA 90065  
Attention: Jennifer Mercer

with a copy to:

Seyfarth Shaw LLP  
601 S. Figueroa Street, #3300  
Los Angeles, CA 90017  
Attention: Dana S. Treister, Esq.

If to Buyer:

Towwerks, LLC  
8600 Rheem Avenue  
South Gate, CA 90280  
Facsimile: (323) 789-7844

with a copy to:

David Altshuler, Esq.  
401 Wilshire Boulevard, Suite 1200  
Santa Monica, CA 90401

Escrow Holder:

[REDACTED]  
Federal Escrow, Inc.  
25152 Springfield Ct., Suite 285  
Valencia, CA 91355  
[REDACTED]

**Section 7.03 Interpretation; Headings.** This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

**Section 7.04 Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

**Section 7.05 Entire Agreement.** This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits, and the Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

**Section 7.06 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder, including by merger or operation of law, without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. Any purported assignment in violation of this Section 7.06 shall be null and void. No assignment shall relieve the assigning party of any of its obligations hereunder.

**Section 7.07 Amendment and Modification; Waiver.** This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No failure to exercise, or delay in exercising, any right or remedy arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

**Section 7.08 Governing Law; Submission to Jurisdiction.** This Agreement and all matters arising out of or relating hereto shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction). Any legal suit, action, proceeding, or dispute arising out of or related to this Agreement, the other Transaction Documents, or the transactions contemplated hereby or thereby may be instituted in the federal courts of the United States of America or the courts of the State of California in each case located in the City and County of Los Angeles, and each party irrevocably submits to the sole and exclusive jurisdiction of such courts in any such suit, action, proceeding, or dispute.

**Section 7.09 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

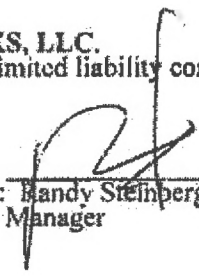
A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[signatures appear on following page(s)]

**BUYER:**

**TOWWERKS, LLC.**  
a California limited liability company

By

  
Name: Bandy Steinberg  
Title: Manager

[Signature Page to Asset Purchase Agreement]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SELLER:**

**ATS NORTHEAST TOW, INC.,**  
a California corporation

By \_\_\_\_\_  
Name:  
Title:

[Signature Page to Asset Purchase Agreement]



this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SELLER:**

**ATS NORTHEAST TOW,  
INC.,**  
a California corporation

By



Name: *ARTHUR M. JONES*

Title: *PRESIDENT*

EXHIBIT A

Tow Trucks Purchase Price Allocations

Unit No.	Year	Make	Type	License Number	Vehicle Identification Number	Purchase Price
4	2018	Hino	Flatbed	8R61687	5PVNJ8JN3J4S53254	
7	2010	Hino	Flatbed	94776A1	5PVNJ8JT2A4S52871	
11	2009	UD	Flatbed	49900A1	JNAMB81HX9AN75070	
14	2010	Hino	Flatbed	94777A1	5PVNJ8JT6A4S52873	

**EXHIBIT B**

Form of Bill of Sale

**BILL OF SALE**

**THIS BILL OF SALE**, for [REDACTED] cash and other good and valuable consideration, receipt of which is hereby acknowledged, **ATS NORTHEAST TOW, INC.**, a California corporation ("Seller"), does hereby sell, assign, convey, transfer and set over to **TOWWERKS, LLC**, a California limited liability company ("Buyer"), all of the "Tangible Personal Property" as such term is defined in that certain Asset Purchase Agreement dated October \_\_, 2018, by and between Seller and Buyer, without warranty, express or implied.

Seller further hereby covenants to execute and deliver such further instrument(s) as Buyer may hereafter request to evidence or confirm any of the sales made herein, in such form as Buyer may reasonably request and promptly after Buyer's request therefor.

Dated: \_\_\_\_\_, 201\_\_

**ATS NORTHEAST TOW, INC.**,  
a California corporation

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT C

Form of General Assignment and Assumption Agreement

**GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT**

**THIS GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT** (this "Assignment") is made as of \_\_\_\_\_, 201\_\_\_\_, by and between **ATS NORTHEAST TOW, INC.**, a California corporation ("**Assignor**"), and **TOWWERKS, LLC**, a California limited liability company ("**Assignee**").

**RECITALS**

A. Assignor has entered into that certain Asset Purchase Agreement dated October \_\_, 2018 (the "**Purchase Agreement**"), between Assignor, as "Seller," and Assignee, as "Buyer," for purchase of certain assets as more particularly set forth therein. Initially capitalized but undefined terms used herein shall have the meaning set forth in the Purchase Agreement.

B. In conjunction with the sale and purchase of the Purchased Assets, the Purchase Agreement obligates Assignor to assign to Assignee certain intangible rights and Assignee to assume all of Assignor's obligations with respect thereto, subject to the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and conditions herein contained, the parties hereto (together, the "**Parties**," and each sometimes a "**Party**") hereby act and agree as follows:

1. **Assignment.** To the extent assignable, Assignor hereby assigns, sets over and transfers to Assignee all of Assignor's rights, if any, in, under and to the Intangibles (and to all benefits and privileges hereafter accruing to Assignor thereunder).

2. **Assumption of Obligations and Liabilities by Assignee.** Assignee hereby assumes all of the obligations and liabilities of Assignor accruing from and after the date hereof with respect to the Intangibles.

3. **No Impairment of Purchase Agreement Provisions.** Nothing contained in this Assignment shall be deemed to limit, waive or otherwise derogate from any warranty, representation, covenant or indemnification made in the Purchase Agreement by either Party, or to waive or abrogate any limits on liability specified in the Purchase Agreement, and none of such provisions in the Purchase Agreement shall be deemed to have merged into the assignment made by this Assignment.

4. **Further Assurances.** Assignor shall promptly execute and deliver to Assignee any additional instrument or other document which Assignee reasonably requests to evidence or better effect the assignment contained herein.

5. **Counterparts.** This Assignment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

6. **Governing Law.** This Assignment shall be deemed to be an agreement made under the laws of the State of California and for all purposes shall be governed by and construed in accordance with such laws.

7. **Binding Effect.** This Assignment shall be binding upon and inure to the benefit of, respectively, Assignor and Assignee and their respective successors and assigns.

8. **Warranty of Signers.** Each individual executing and delivering this Assignment on behalf of Assignor hereby represents and warrants to Assignee that such individual has been duly authorized and empowered to make such execution and delivery.

**IN WITNESS WHEREOF,** Assignor and Assignee have caused their duly authorized representatives to execute this Assignment as of the date first above written.

**ASSIGNOR:**

**ATS NORTHEAST TOW, INC.,**  
a California corporation

By: \_\_\_\_\_  
Name:  
Its:

**ASSIGNEE:**

**TOWWERKS, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name: Randy Steimberg  
Its: Manager

EXHIBIT D

Form of Assignment of Contracts and Assumption Agreement

**ASSIGNMENT OF CONTRACTS AND ASSUMPTION AGREEMENT**

**THIS ASSIGNMENT OF CONTRACTS AND ASSUMPTION AGREEMENT** (this "Assignment") is made as of \_\_\_\_\_, 2018, by and between **ATS NORTHEAST TOW, INC.**, a California corporation ("Assignor"), and **TOWWERKS, LLC**, a California limited liability company ("Assignee").

RECITALS

A. Assignor has entered into that certain Asset Purchase Agreement dated October \_\_\_\_, 2018 (as amended, the "Purchase Agreement"), between Assignor as "Seller," and Assignee, as "Buyer," for the purchase of certain assets as more particularly described therein. Initially capitalized but undefined terms used herein shall have the same meanings as set forth in the Purchase Agreement.

B. In conjunction with the sale and purchase of the Purchased Assets, the Purchase Agreement obligates Assignor to assign to Assignee, and Assignee to assume, all of Assignor's rights, title and interest in, to and under the contracts identified in the Schedule of Contracts attached hereto as Exhibit A (the "Contracts"), subject to the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and conditions herein contained, the parties hereto (together, the "Parties," and each sometimes a "Party") hereby act and agree as follows:

1. **Assignment.** Assignor hereby assigns, sets over and transfers to Assignee, and Assignee hereby takes and accepts from Assignor, all of Assignor's rights, title and interest in, to and under each of the Contracts and to all benefits and privileges hereafter accruing to Assignor thereunder.

2. **Assumption of Obligations and Liabilities by Assignee.** Assignee hereby assumes all of the obligations and liabilities of Assignor under each of the Contracts accruing from and after the date hereof.

3. **No Impairment of Purchase Agreement Provisions.** Nothing contained in this Assignment shall be deemed to limit, waive or otherwise derogate from any warranty, representation, covenant or indemnification made in the Purchase Agreement by either Party, or to waive or abrogate any limits on liability specified in the Purchase Agreement, and none of such provisions in the Purchase Agreement shall be deemed to have merged into the assignment made by this Assignment.

4. **Further Assurances.** Assignor shall promptly execute and deliver to Assignee any additional instrument or other document which Assignee reasonably requests to evidence or better effect the assignment contained herein.

5. **Counterparts.** This Assignment may be executed in any number of counterparts and by each Party on a separate counterpart or counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute but one and the same instrument.

6. **Governing Law.** This Assignment shall be deemed to be an agreement made under the laws of the State of California and for all purposes shall be governed by and construed in accordance with such laws.

7. **Binding Effect.** This Assignment shall be binding upon and inure to the benefit of each of the Parties and its successors and assigns.

8. **Warranty of Signers.** Each individual executing and delivering this Assignment on behalf of a Party hereby represents and warrants to the other Party that such individual has been duly authorized and empowered to make such execution and delivery.

**IN WITNESS WHEREOF**, the Parties have caused this Assignment to be executed and delivered by their respective representatives, thereunto duly authorized, as of the date first above written.

**ASSIGNOR:**

**ATS NORTHEAST TOW, INC.,**  
a California corporation

By: \_\_\_\_\_  
Name:  
Title:

**ASSIGNEE:**

**TOWWERKS, LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

Official Police Garage Standard-Duty Towing and Storage Services Agreement Number 107456,  
by and between Assignor, as contractor, and the City of Los Angeles

[additional contracts to be determined]





EXHIBIT E-1

Form of Lease Agreement for Figueroa Premises

[to be attached]

EXHIBIT E-2

Form of Lease Agreement for Avenue 33 Premises

[to be attached]



EXHIBIT F-1

Form of Lease Guaranty for Figueroa Premises

[to be attached]

EXHIBIT F-2

Form of Lease Guaranty for Avenue 33 Premises

[to be attached]

EXHIBIT G

Form of Sublease Agreement for Caltrans Premises

[to be attached]

**DBA VIERTEL'S CENTRAL DIVISION**  
**500 N Center St.**  
**Los Angeles, Ca. 90012**  
**(213)687-1003**

October 30, 2018

Mr. Richard Tefank, Executive Director  
Police Commission  
Los Angeles Police Department  
100 West 1st Street, 1st floor  
Los Angeles, CA 90012

Dear Mr. Tefank;

As a follow-up to my previous letter regarding my purchase of ATS Towing, I would like to inform the Police Commission that I am not engaged in nor do I have any interest in any other automotive related businesses.

As I indicated to the Police Commission, as owner of Towwerks LLC, I am not engaged nor or do I have interests in any repair shops, body shops and auto dismantler and wrecking yards. I do not have any interests in automotive related businesses such as auctions, including charity auctions, unrelated to my OPG scope of work and other businesses as well.

I will not close escrow documents on the purchase of ATS until the City has approved the sale. Once the sale is approved by the City, I will forthwith divest half of my 10% interest in Kelmark Toing and retain only a 5% interest in that OPG company so that I will be in full compliance with the requirement that states "no individual, partnership, closely held corporation or public corporation shall be awarded more than two contracts to operate as an Official Police Garage at any given time."

Should you have any questions regarding this matter please contact me.

Respectfully,

  
Randy Steinberg  
Towwerks LLC dba Viertel's Central Division  
Los Angeles Police Department Official Police Garage #1

Cc: Det. Ben Jones, Los Angeles Police Commission