SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS

This Settlement Agreement and Release of All Claims (the “AGREEMENT”) is entered into by and between CITY OF BELL (“CITY”), for itself and as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL (“AGENCY”), and PETE WERLEIN CHILDREN’S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991 (“TRUST”), to terminate fully and finally all disputes arising out of or related to the ACTION (defined hereinafter). CITY and TRUST are referred to herein as the “PARTIES”, and individually as a “PARTY”.

RECITALS

A. The ACTION concerns AGENCY’s purchase of real property located at 6415 Atlantic Avenue and 6414 Clarkson Avenue, Bell, California (“PROPERTY”) owned by TRUST for $4.6 million (“TRANSACTION”). The PROPERTY is in an “L” shaped configuration at almost 30,000 square feet within the C-3 (heavy commercial) zone and is improved with a two-story commercial retail building.

B. The PROPERTY is within the 1987 Amendment Area, along the west side of Atlantic Avenue, a major thoroughfare, just south of Gage Avenue at one of the busiest intersections within the area. The 2004-2009 Implementation Plan of the AGENCY stated that some of the relevant goals of the AGENCY were: (i) to develop distinct commercial districts and to attain consistent image and charter; (ii) to expand, renovate, and relocate businesses within the AGENCY’s Project Area; and (iii) to enhance economic vitality within the community. The Implementation Plan also discussed a commercial rehabilitation program to eliminate conditions of blight at commercial buildings within the community and encourage employment opportunities at commercial centers.

C. In early 2008, CITY, for itself, began considering purchasing the PROPERTY, which is located within the heart of the Downtown Business District of the City. Although the PROPERTY once housed a taco restaurant, travel agency, and an auto service business called “Western Auto,” which generated significant sales tax for the community, the PROPERTY had become, at the time of the TRANSACTION, a vacant, dilapidated building without any business operations and a magnet for graffiti, crime, and blight. Furthermore, the Downtown Business District was in great need of revitalization and repair, as residents lacked retail and commercial establishments within their community.

D. On June 2, 2008, CITY received one appraisal report for the PROPERTY for $4.8 million. CITY began negotiating the purchase of the PROPERTY with TRUST. Soon thereafter, it was decided that AGENCY, instead of CITY, would purchase the PROPERTY, based on the one and only appraisal done for the PROPERTY, without any further evaluation of the fair market value of the PROPERTY.

E. On October 21, 2008, AGENCY and TRUST opened escrow and executed a purchase and sale agreement, which was amended on or about May 1, 2009. On May 21, 2009, the PARTIES closed escrow and completed the TRANSACTION. For payment of the PROPERTY, AGENCY executed a promissory note dated May 21, 2009 (“ORIGINAL
NOTE”) in favor of TRUST for $4.6 million at an interest rate of 6.0%. The ORIGINAL NOTE required AGENCY to make monthly payments of $38,817.41 for 15 years until the purchase price was fully paid (by May 2024). The ORIGINAL NOTE was secured by a deed of trust dated May 21, 2009 and recorded as Instrument No. 20090752338 in the Official Records of the Los Angeles County Recorder’s Office.

F. In September of 2010, after AGENCY had paid almost $500,000.00 of the purchase price for the PROPERTY, the California State Controller issued an audit report challenging the validity and propriety of the TRANSACTION, noting there was “inadequate information [and] documentation for a transaction of this magnitude [of $4.6 million]”; “the project file contains no documentation regarding what the property was to be used for, how many properties were considered, and how this particular property was selected”; he could not “determine what business benefit will be gained by the city in purchasing the … [PROPERTY]”; and concluding that “this matter merits further scrutiny which is beyond the scope of an internal control audit.” As a result of the audit report, AGENCY stopped making payments on the ORIGINAL NOTE.

G. On February 17, 2011, and amidst CITY’s financial crisis, corruption scandal, and recall election, a Notice of Default was recorded against the PROPERTY. On March 25, 2011, counsel for TRUST informed AGENCY that foreclosure proceedings for the PROPERTY began. On June 21, 2011, a Notice of Trustee’s Sale was mailed informing AGENCY that a foreclosure sale of the PROPERTY would occur on July 21, 2011. However, the foreclosure sale was continued to August 31, 2011.

H. On August 26, 2011, CITY, on behalf of itself and AGENCY, filed a lawsuit in the Los Angeles County Superior Court, City of Bell, et al. v. County Records Research Inc., et al., Case No. VC059404 (“ACTION”) against TRUST seeking declaratory relief, a gift of public funds, and injunctive relief to preclude and/or postpone the foreclosure sale of the PROPERTY, pending the California Supreme Court’s decision regarding the constitutionality of Assembly Bill (First Extraordinary Session) 26 (“AB 26”) relating to the dissolution of redevelopment agencies and, among others, the disposition of agency property.

I. On December 29, 2011, the California Supreme Court upheld AB 26 in California Redevelopment Ass’n, et al. v. Matasantos, et al. (Case No. S194861), which dissolved all redevelopment agencies as of February 1, 2012, after the ACTION was filed. One of the provisions of AB 26, Health & Safety Code Section 34167(d)(4), allows for litigants to resolve ongoing redevelopment litigation matters between them with court approval.

J. Additionally, on June 27, 2012, AB 1484 was enacted which, in pertinent part, suspended the “fire sale” of redevelopment property and enabled communities to retain properties for redevelopment-related purposes after cash balances are recovered and settled.

K. Pursuant to AB 26 and AB 1484, the PARTIES formalized a disposition proposal and presented it to the Court for approval in a stipulation for settlement dated September 19, 2013 (“STIPULATION”), which is attached hereto as Attachment No. 1. The Court approved the STIPULATION in its Order re Ex Parte Application By Plaintiff City of Bell For Court Approval of the Settlement dated September 19, 2013 (“ORDER”), which is attached hereto as Attachment No. 2.
L. Pursuant to the STIPULATION and ORDER, the PARTIES agree that CITY will retain the PROPERTY for redevelopment purposes, with the goal of attracting a commercial or retail establishment to the PROPERTY to promote economic vitality and commercial diversity in the community, eliminate blight within the surrounding area, and enhance the Downtown Business District. The PARTIES further agree that the price for the PROPERTY, as-is, shall be Two Million Five Hundred Thousand Dollars ($2,500,000.00), which shall be memorialized in a new 10-year promissory note, secured by a new deed of trust, replacing the ORIGINAL NOTE and deed of trust between the PARTIES.

M. Pursuant to the STIPULATION and ORDER, and as provided in this AGREEMENT, CITY’s periodic payments on the new promissory note will be listed as an enforceable obligation on the CITY’s Recognized Obligation Payment Schedule ("ROPS"), which was approved by CITY’s Oversight Board on September 23, 2013. On November 7, 2013, the California Department of Finance ("DOF") approved the CITY’s payment of the new promissory note as an enforceable obligation on the ROPS.

N. By this AGREEMENT, the PARTIES desire to fully and finally settle any and all disputes and all claims for damages of any nature whatsoever that are in any way related to, or that may exist concerning, the TRANSACTION and the ACTION.

NOW, THEREFORE, for full and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and based upon the foregoing recitals and the terms, conditions, covenants, and agreements contained herein, all PARTIES hereto agree as follows:

AGREEMENT

1. Incorporation of Recitals

Each of the above Recitals is incorporated in full by this reference into the AGREEMENT as material and binding terms in the same.

2. Consideration

2.1. Settlement Payment. Following the execution of this AGREEMENT by the PARTIES and their respective counsel, TRUST shall be paid the amount of Two Million Five Hundred Thousand Dollars ($2,500,000.00) ("SETTLEMENT PAYMENT"), which is the agreed-upon price of the PROPERTY, as full and final settlement of the ACTION. This payment shall be made as follows:

(A) CITY shall pay Two Hundred Fifty Thousand Dollars ($250,000.00) per year for ten (10) fiscal years, paid biannually in two installments, from available tax increment funds CITY receives ("PROGRESS PAYMENT"). Each PROGRESS PAYMENT shall be an enforceable obligation listed on each ROPS of CITY during said period. If the amount of tax increment funds is insufficient to make the PROGRESS PAYMENT because of other obligations required by law or because of a shortfall in the actual amount of available tax increment received for that period, then CITY shall pay TRUST thirty-three percent (33%) of the available tax increment funds CITY receives for that period. Each PROGRESS PAYMENT shall not exceed $250,000.00 per year for 10
fiscal years after all existing ROPS obligations are met. The balance of any due but unpaid PROGRESS PAYMENT shall be rolled over to the following ROPS period.

(B) The entire balance of the SETTLEMENT PAYMENT shall become immediately due and payable upon the earlier of (i) the end of 10 fiscal years; (ii) the sale of the PROPERTY; or (iii) an uncured default under the terms of the new promissory note ("NOTE").

2.2. Interest Payment. CITY shall pay five percent (5%) simple interest per year based on $2,500,000.00, paid biannually in two installments, from available tax increment funds CITY receives ("INTEREST PAYMENT"). Each INTEREST PAYMENT shall be in addition to the PROGRESS PAYMENT, subject to the limitation that said INTEREST PAYMENT shall not be required or made if the amount of tax increment funds is insufficient to make the payment because of other obligations required by law or because of a shortfall in the actual amount of available tax increment received for that period. Interest shall accrue only on the then-outstanding principal SETTLEMENT PAYMENT, and any unpaid INTEREST PAYMENT due to insufficient tax increment funds shall not roll over or continue to accrue to the next ROPS period.

2.3. Deed of Reconveyance, Note, and Deed of Trust. CITY agrees to memorialize the SETTLEMENT PAYMENT in the form of the NOTE, to be secured by a new deed of trust and assignment of rents ("DEED OF TRUST"). Accordingly, the ORIGINAL NOTE is no longer in force or effect, is superseded by the NOTE, and shall be returned to CITY. The NOTE may not be negotiated. In exchange, TRUST agrees to execute a deed of reconveyance ("DEED OF RECONVEYANCE") releasing CITY and/or AGENCY from any and all obligations under the prior deed of trust dated May 21, 2013. Recordation of the DEED OF RECONVEYANCE shall occur prior to the recordation of the DEED OF TRUST. Said NOTE, DEED OF TRUST, and DEED OF RECONVEYANCE are attached hereto as Attachment Nos. 3, 4, and 5, respectively, and are incorporated herein by this reference.

3. Ownership and Development of PROPERTY

The PARTIES acknowledge that CITY has all legal and equitable title to the PROPERTY. Pursuant to its responsibilities under state law, including but not limited to AB 26 and AB 1484, CITY retains all rights and authority to develop, convey, sell, assign or sublease any portion of its interest in the PROPERTY, consistent with Health & Safety Code Section 34191.5, which specifically allows "the retention of the property for future development." CITY expects to hold the PROPERTY according to a Long Range Property Management Plan ("LRPMP"), to be approved by the DOF, that will further define the parameters for the PROPERTY’s future development. If the PROPERTY is sold within the next 10 fiscal years, the outstanding balance of the SETTLEMENT PAYMENT at the time of the sale shall become due and payable to TRUST.

4. Dismissal of Action

The terms of this AGREEMENT have already been approved by CITY’s Oversight Board and the DOF, but this AGREEMENT is subject to final approval by the City Council. Within ten (10) calendar days of approval by the City Council, CITY shall cause the ACTION to
be dismissed in its entirety against TRUST, with prejudice, with all PARTIES to bear their own costs and attorneys’ fees.

5. **Releases**

5.1. **Mutual Release.** For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the PARTIES do hereby release and forever discharge each other and their respective “Releasees” hereunder, consisting of their respective board members, officers, agents, owners, trustors, settlors, trustees, members, employees, attorneys, co-owners, spouses, and/or any other person(s) acting on their behalf, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, cost or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called “CLAIMS”), which the PARTIES now have or hereafter may have against each other and/or the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof including, without limiting the generality of the foregoing, the ACTION as well as any matters, causes, or things whatsoever that were, or have been, could in any way have been, alleged in the ACTION.

5.2. **Release of Unknown Claims.** The PARTIES intend and agree that the Release set forth above in Paragraph 5.1 of this AGREEMENT is to be interpreted as broadly as possible, is a release of all CLAIMS of any nature whatsoever described in the Release, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the PARTIES may have as a result of the ACTION, except for any claims which may arise from the terms of this AGREEMENT.

5.3. **Waiver of Civil Code Section 1542.** Further, the PARTIES expressly agree to waive and relinquish all rights and benefits that they respectively have against each other and the Released PARTIES under Paragraph 5.1 of this AGREEMENT, based on Section 1542 of the Civil Code of the State of California. That section reads as follows:

§1542. (General release; void; 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 later become known or known to him through the operation of this section.)

CITY’s initials:  

TRUST’s initials:  

6. **Discovery Of Different Or Additional Facts**

The PARTIES acknowledge that they may hereafter discover facts different from or in addition to those that they now know or believe to be true with respect to the CLAIMS of any nature whatsoever that are the subject of this AGREEMENT, and expressly agree to assume the risk of the possible discovery of additional or different facts, injuries, damages and/or claims. The PARTIES further agree that this AGREEMENT shall be and remain effective in all respects, regardless of such additional or different facts, injuries, damages and/or claims.
7. **Non-Admission of Liability**

The PARTIES acknowledge and agree that this AGREEMENT is a settlement of disputed claims related to the TRANSACTION and ACTION. Neither the fact that the PARTIES have settled nor the terms of this AGREEMENT shall be construed in any manner as an admission of any liability by any PARTY hereto, or any of its employees, or an affiliated person(s) or entity/ies, including each PARTY’s attorneys, all of whom have consistently taken the position that they have no liability whatsoever to the other PARTY.

8. **No Assignment Of Claims**

The PARTIES each warrant that they have made no assignment, and will make no assignment, of any claim, chose in action, right of action or any right of any kind whatsoever, embodied in any of the claims and allegations referred to herein, and that no other person or entity of any kind had or has any interest in any of the demands, obligations, actions, causes of action, debts, liabilities, rights, contracts, damages, attorneys’ fees, costs, expenses, losses or claims referred to herein.

9. **Successors And Assigns**

This AGREEMENT, and all the terms and provisions hereof, shall be binding upon and shall inure to the benefit of the PARTIES and their respective heirs, legal representatives, successors, officers, owners, members, and assigns.

10. **Knowing And Voluntary**

This AGREEMENT is an important legal document and in all respects has been voluntarily and knowingly executed by the PARTIES hereto. The PARTIES specifically represent that prior to signing this AGREEMENT, they have been provided a reasonable period of time within which to consider whether to accept this AGREEMENT. The PARTIES further represent that they have each carefully read and fully understand all of the provisions of this AGREEMENT, and that they are voluntarily, knowingly, and without coercion entering into this AGREEMENT based upon their own judgment.

11. **Assistance Of Counsel**

The PARTIES each specifically represent that they have consulted to their satisfaction with and received independent advice from their respective counsel prior to executing this AGREEMENT concerning the terms and conditions of this AGREEMENT. The PARTIES acknowledge that this AGREEMENT was jointly prepared by them, by and through their respective legal counsel, and any uncertainty or ambiguity existing herein shall not be interpreted against any of the PARTIES, but otherwise shall be interpreted according to the application of the rules on interpretation of contracts.

12. **Counterparts.**

This AGREEMENT may be executed in multiple counterparts, each of which shall be considered an original but all of which shall constitute one agreement.
13. **Enforcement Costs**

If either PARTY to this Agreement is required to initiate or defend any action or proceeding in any way arising out of the PARTIES' agreement to or performance of this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees from the other. As used herein, the “prevailing party” shall be the party determined as such by a court of law pursuant to the definition in Code of Civil Procedure Section 1032(a)(4), as it may be subsequently amended. Attorneys' fees shall include attorneys' fees on any appeal. In addition, the PARTY entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

14. **Severability**

Should any portion, word, clause, phrase, sentence or paragraph of this AGREEMENT be declared void or unenforceable, such portion shall be considered independent and severable from the remainder, the validity of which shall remain unaffected.

15. **Waiver**

Failure to insist on compliance with any term, covenant or condition contained in this AGREEMENT shall not be deemed a waiver of that term, covenant or condition, nor shall any waiver or relinquishment of any right or power contained in this AGREEMENT at any one time or more times be deemed a waiver or relinquishment of any right or power at any other time or times.

16. **Governing Law**

This AGREEMENT is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed under the laws of said State without giving effect to conflicts of laws principles.

17. **Full Integration**

This AGREEMENT constitutes the entire agreement between the PARTIES who have executed it and supersedes any and all other agreements, understandings, negotiations, or discussions, either oral or in writing, express or implied between the PARTIES to this AGREEMENT for the subject matter herein. The PARTIES to this AGREEMENT each acknowledge that no representations, inducements, promises, agreements, or warranties, oral or otherwise, have been made by them, or anyone acting on their behalf, which are not embodied in this AGREEMENT, that they have not executed this AGREEMENT in reliance on any such representation, inducement, promise, agreement or warranty, and that no representation, inducement, promise, agreement or warranty not contained in this AGREEMENT, including, but not limited to, any purported supplements, modifications, waivers, or terminations of this
AGREEMENT shall be valid or binding, unless executed in writing by all of the PARTIES to this AGREEMENT.

18.  Modifications

Any alteration, change, or modification of or to this AGREEMENT shall be made by written instrument executed by each PARTY hereto in order to become effective.

19.  No Third Party Beneficiaries

No person or entity shall be deemed to be a third party beneficiary hereof, and nothing in this AGREEMENT (either express or implied) is intended to confer upon any person or entity that is not a party to this AGREEMENT any rights, remedies, obligations or liabilities under or by reason of this AGREEMENT.

20.  Authority To Sign

The persons executing this AGREEMENT hereto warrant that (i) such PARTY is duly organized and existing, (ii) they are duly authorized to execute and deliver this AGREEMENT on behalf of said PARTY and to bind that PARTY, including its members, agents and assigns, (iii) by so executing this AGREEMENT, such PARTY is formally bound to the provisions of this AGREEMENT, and (iv) the entering into this AGREEMENT does not violate any provision of any other agreement to which said PARTY is bound.

[Signature page follows]
IN WITNESS WHEREOF, the undersigned have read, understand, and agree to all of the above terms and conditions of this AGREEMENT, by executing it on the dates set forth below.

Dated: 02-19-2014

“TRUST”

PETE WERRLEIN CHILDREN’S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: __________________________
    Darryl Roth, trustee

By: __________________________
    Robert P. Hess, trustee

Dated: __________________________

“CITY”

CITY OF BELL, for itself as a municipal corporation, and as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

By: __________________________
    Violeta Alvarez, Mayor

ATTEST

______________________________
City Clerk

[Continued]
IN WITNESS WHEREOF, the undersigned have read, understand, and agree to all of the above terms and conditions of this AGREEMENT, by executing it on the dates set forth below.

Dated: 02-19-2014

"TRUST"

PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: Darryl Roth, trustee

By: Robert P. Hess, trustee

Dated: 02-28-14

"CITY"

CITY OF BELL, for itself as a municipal corporation, and as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

By: Violeta Alvarez, Mayor

ATTEST

City Clerk

[Continued]
APPROVED AS TO FORM

For TRUST:

LAW OFFICES OF ROBERT
PULONE & ASSOCIATES

[Signature]
Robert Pulone, Esq.

For CITY:

ALESHIRE & WYNDE, LLP

[Signature]
Anthony Taylor, Esq.

[End of signatures]
ATTACHMENT NO. 1

STIPULATION

[On following pages]
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES, SOUTHEAST DISTRICT

CITY OF BELL REDEVELOPMENT AGENCY,

                      Plaintiff,

vs.

DARRYL ROTH, as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST; ROBERT P. HESS, as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST, COUNTY RECORDS RESEARCH, INC., a California Corporation,

                      Defendants.

Case No. VC059404
Filing Fees Exempt, Per Gov't Code § 6103
STIPULATION FOR SETTLEMENT OF CASE
[Filed Concurrently With the Plaintiff's Ex Parte Application for Court Approval of the Settlement of the Case, Per Stipulation of the Parties, and [PROPOSED] Order]
Judge: Hon. Yvonne T. Sanchez
Dept: F
Date: September 19, 2013
Time: 9:00 a.m.
Dept: C
Complaint Filed: August 26, 2011
Trial Date: October 28, 2013

This Stipulation is entered into effective the 19th day of September 2013, by and between Plaintiff CITY OF BELL, for itself and as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL (the "City") and Defendants COUNTY RECORDS RESEARCH, INC., a California Corporation; DARRYL ROTH, an individual as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991; ROBERT P. HESS, an individual as trustee of the PETE WERRLEIN...
CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991 (collectively, "Defendants") as follows:

RECATALS

A. This action concerns real property located at 6415 Atlantic Avenue, City of Bell, California (the "Property") that was purchased on or about May 21, 2009 by the Agency from the defendant trust, subject to a deed of trust, for $4.6 million, and the validity of this transaction is at issue in this lawsuit.

B. This matter is impacted by the elimination of redevelopment through ABX1 26 ("AB 26") that was upheld by the California Supreme Court's December 29, 2011 ruling in California Redevelopment Association, et al. v. Matosantos, et al., Case No. S194861, which dissolved all redevelopment agencies as of February 1, 2012, after this lawsuit was filed.

C. The California State Department of Finance ("DOF") is now vested with the authority to make the determination of which of the obligations of former redevelopment agencies throughout the State of California are enforceable.

D. The DOF has not approved any payments for the subject deed of trust for the Property. A final determination by DOF in this matter is still pending.

E. A final determination by DOF concerning this matter is necessary, and exhaustion of all applicable administrative remedies, before this case can proceed to trial, given the change in redevelopment law that occurred after this lawsuit was filed.

F. However, one of the provisions of AB 26, Health & Safety Code § 34167(d)(4), allows for litigants to resolve ongoing redevelopment litigation matters between them with court approval.

G. On or about June 27, 2012, AB 1484 was enacted which, in pertinent part, has suspended the "fire sale" of redevelopment property and enables communities to retain properties for redevelopment-related purposes after cash balances are recovered and settled.

H. The parties are following this process and have completed discussions between them in compliance with the aforementioned provisions of AB 26 and AB 1484 in this matter.

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STIPULATION FOR SETTLEMENT OF CASE
The Parties have formalized a disposition proposal and are presenting it to the Court for approval under AB 26 and AB 1484 in this Stipulation for Settlement of the Case.

**STIPULATION**

1. Defendants shall be paid Two-Hundred Fifty Thousand Dollars ($250,000.00) total annually from available tax increment funds paid in two installments on the Recognized Obligations Payment Schedule ("ROPS") of the City of Bell as Successor Agency, per the terms and conditions in a new promissory note. If that amount is unavailable because of other obligations that are required by law, or because of a shortfall in the actual amount of available tax increment received by the City, the City will pay Defendants thirty-three percent (33%) of the available tax increment funds received by the City for that year. Those available tax increment funds are currently projected at between approximately $705,000.00 and $884,000.00 per year. These payments to the Defendants are not to exceed $250,000.00 annually for the next ten (10) fiscal years after all existing ROPS obligations are met (the "Progress Payment").

2. This settlement must be approved by the Court, which would direct the City to place on the ROPS for October 1, 2013 and each ROPS thereafter (until final disposition of the Property) the Progress Payment set forth in paragraph 1, above.

3. The Price for the Property, as-is, is agreed to be Two Million Five Hundred Thousand Dollars ($2,500,000.00). All payments, except interest payments, will be deducted from said price once paid to the Defendants. Defendants shall receive the difference between $2,500,000.00 minus principal payments made through the ROPS at the time when the Property is sold.

4. Defendants shall receive five percent (5%) simple interest annually based on $2,500,000.00, as set forth in an agreed upon schedule effective on the approval date by the Court of the stipulated settlement order (the "Interest Payment"). Interest Payment shall be in addition to the Progress Payment, subject to the limitation that said Interest Payment is not required unless there are sufficient available tax increment funds to pay it. No Interest Payment is made if there are insufficient tax increment funds available.
5. The payment schedule detailed herein, including the Progress Payment and the Interest Payment, shall be conformed to the requirements of the Oversight Board and the DOF.

6. The settlement is subject to:
   a. Court approval; and
   b. Department of Finance ("DOF") approval on the ROPS.

7. Each party shall bear its own legal fees and costs.

8. Each party shall release the other party from any and all present claims related to this matter, except claims arising out of performance of this stipulated settlement order.

9. The City shall have the right, unless ordered otherwise by the DOF, to retain control of the Property, and Defendants agree to not take any action to foreclose on the Property in consideration for the above terms and conditions.

10. The lawsuit shall be dismissed, without prejudice, and the Court shall retain jurisdiction to enforce the settlement order subject to Code of Civil Procedure Section 664.6.

Dated: September 19, 2013

ALESHIRE & WYNDER, LLP

By: Pam K. Lee
Attorneys for Plaintiff CITY OF BELL

Dated: September 19, 2013

LAW OFFICES OF ROBERT PULONE & ASSOCIATES

By: Robert Pulone
Attorneys for Defendants COUNTY RECORDS RESEARCH, INC., a California Corporation; DARRYL ROTH, an individual as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991; ROBERT P. HESS, an individual as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

STIPULATION FOR SETTLEMENT OF CASE
ATTACHMENT NO. 2

ORDER

[On following pages]
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES, SOUTHEAST DISTRICT

Case No. VC059404
Filing Fees Exempt, Per Gov’t Code § 6103

[PROPOSED] ORDER RE EX PARTE APPLICATION BY PLAINTIFF CITY OF BELL FOR COURT APPROVAL OF THE SETTLEMENT OF THE CASE, PER STIPULATION OF THE PARTIES
[Filed Concurrently With Ex Parte Application By Plaintiff City of Bell for Court Approval of the Settlement of the Case, Per Stipulation of the Parties; and Stipulation for Settlement of Case]

Judge: Hon. Margaret Miller Bernal
Date: September 19, 2013
Time: 9:00 a.m.
Dept: C

Complaint Filed: August 26, 2011
Trial Date: October 28, 2013

The Ex Parte Application of Plaintiff City of Bell for an Order Re Ex Parte Application for Court Approval of the Settlement of the Case came on for hearing on September 19, 2013 before the Honorable Margaret Miller Bernal. Plaintiff appearing by counsel Pam K. Lee, Esq. of the Law Firm of Aleshire & Wynder, LLP. Defendants appearing by counsel Robert Pulone, Esq.
THE COURT, HAVING READ AND CONSIDERED THE FOREGOING EX PARTE
APPLICATION AND STIPULATION FOR COURT APPROVAL OF THE SETTLEMENT,
NOW THEREFORE, HEREBY ORDERS AS FOLLOWS:

This Order ("Order") is being entered pursuant to the Ex Parte Application regarding court
approval for settlement of the case between Plaintiff CITY OF BELL, for itself and as successor
agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL (the
"City") and Defendants COUNTY RECORDS RESEARCH, INC., a California Corporation;
DARRYL ROTH, an individual as trustee of the PETE WERRLEIN CHILDREN'S PRIVATE
ANNUITY TRUST DATED AUGUST 28, 1991; ROBERT P. HESS, an individual as trustee of
the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991
(collectively, "Defendants") (City and Defendants collectively referred to as "Parties").

1. Defendants shall be paid Two Hundred Fifty Thousand Dollars ($250,000.00) total
annually from available tax increment funds paid in two installments on the Recognized
Obligations Payment Schedule ("ROPS") of the City of Bell as Successor Agency, per the
terms and conditions in a new promissory note. If that amount is unavailable because of
other obligations that are required by law, or because of a shortfall in the actual amount of
available tax increment received by the City, the City will pay Defendants thirty-three
percent (33%) of the available tax increment funds received by the City for that year. Those
available tax increment funds are currently projected at between approximately $705,000.00
and $884,000.00 per year. These payments to the Defendants are not to exceed
$250,000.00 annually for the next ten (10) fiscal years after all existing ROPS obligations
are met (the "Progress Payment").

2. The Court directs the City to place on the ROPS for October 1, 2013 and each ROPS
thereafter (until final disposition of the Property) the Progress Payment set forth in
paragraph 1, above.

3. The Price for the Property, as-is, is agreed to be Two Million Five Hundred Thousand
Dollars ($2,500,000.00). All payments, except interest payments, will be deducted from
said price once paid to the Defendants. Defendants shall receive the difference between
$2,500,000.00 minus principal payments made through the ROPS at the time when the
Property is sold.

Defendants shall receive five percent (5%) simple interest annually based on $2,500,000.00,
as set forth in an agreed upon schedule effective on the approval date by the Court of the
stipulated settlement order (the “Interest Payment”). Interest Payment shall be in addition
to the Progress Payment, subject to the limitation that said Interest Payment is not required
unless there are sufficient available tax increment funds to pay it. No Interest Payment is
made if there are insufficient tax increment funds available.

The payment schedule detailed herein, including the Progress Payment and the Interest
Payment, shall be conformed to the requirements of the Oversight Board and the DOF.

The settlement is subject to Department of Finance (“DOF”) approval on the ROPS.

Each party shall bear its own legal fees and costs.

Each party shall release the other party from any and all present claims related to this
matter, except claims arising out of performance of this stipulated settlement order.

The City shall have the right, unless ordered otherwise by the DOF, to retain control of the
Property, and Defendants agree to not take any action to foreclose on the Property in
consideration for the above terms and conditions.

The lawsuit shall be dismissed, without prejudice, and the Court shall retain jurisdiction to
enforce the settlement order subject to Code of Civil Procedure Section 664.6.

IT IS SO ORDERED:

Dated: ________________________

_________________________________________
Margaret Miller Bernal,
Judge of the Superior Court.
ATTACHMENT NO. 3

NOTE

[On following pages]
PROMISSORY NOTE

$2,500,000.00 ("Note Amount") \hspace{10cm} \text{__________________________}, 20\_ ("Note Date")

FOR VALUE RECEIVED, the undersigned CITY OF BELL ("City"), as successor agency to the former COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL ("Agency"), hereby promises to pay to the order of the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991 ("Holder"), at a place designated by Holder, the principal sum of Two Million Five Hundred Thousand Dollars ($2,500,000.00), plus accrued interest, or such lesser amount which shall from time to time be owing hereunder pursuant to the terms hereof. This Promissory Note shall be repaid pursuant to the terms and conditions set forth in the Settlement Agreement and Release of All Claims by and between Agency and Holder of even date herewith ("Settlement Agreement"), which was executed in relation to City of Bell, et al. v. County Records Research, Inc., et al. (LASC Case No. VC059404) ("Action").

1. Purpose of Promissory Note. This Promissory Note is made and delivered pursuant to and in implementation of the Settlement Agreement which is on file as a public record with the City and is incorporated herein by reference.

2. Principal Amount; Interest.

2.1. Loan Amount. The principal amount of the loan shall be Two Million Five Hundred Thousand Dollars ($2,500,000.00).

2.2. Interest. The interest rate on the principal amount shall be five percent (5%) per year, subject to the terms of repayment in Section 3 below.

3. Term of Note; Repayment.

3.1. Term. This Promissory Note is for a term of ten (10) years.

3.2. Repayment. The City shall pay Two-Hundred Fifty Thousand Dollars ($250,000.00) per year, paid biannually in two installments, from available tax increment funds the City receives ("Progress Payment"). Each Progress Payment shall be an enforceable obligation listed on each Recognized Obligation Payment Schedule ("ROPS") of the CITY throughout the Term of this Promissory Note. If the amount of tax increment funds is insufficient to make the Progress Payment because of other obligations required by law or because of a shortfall in the actual amount of available tax increment received for that period, the City will pay Holder thirty-three percent (33%) of the available tax increment funds the City receives for that period. Each Progress Payment shall not exceed $250,000.00 per year during the Term of this Promissory Note after all existing ROPS obligations are met. The balance of any due but unpaid Progress Payment shall be rolled over to the following ROPS period. The entire balance of the Note
Amount shall become immediately due and payable upon the earlier of (i) the end of the Term of this Promissory Note; (ii) the sale of the property located at 6415 Atlantic Avenue and 6414 Clarkson Avenue, Bell, California ("Property"), for which this Promissory Note is written; or (iii) an uncured default, as provided in Sections 5 and 6 below.

3.3. Interest Payment. The City shall pay five percent (5%) simple interest per year based on the Note Amount, paid biannually in two installments, from available tax increment funds the City receives (the "Interest Payment"). The Interest Payment shall be in addition to the Progress Payment, subject to the limitation that said Interest Payment shall not be required or made to Holder if the amount of tax increment funds is insufficient to make the payment because of other obligations required by law or because of a shortfall in the actual amount of available tax increment received for that period. Interest shall accrue only on the then-outstanding principal Note Amount, and any unpaid Interest Payment due to insufficient tax increment funds shall not roll over or continue to accrue to the next ROPS period.

A schedule for the Progress Payment and Interest Payment for the Term of the Note is attached hereto as Exhibit "A" and incorporated herein.

4. Prepayment. The City may prepay the balance of the Promissory Note at any time without premium or penalty.

5. Acceleration By Breach Or Nonperformance. The Note Amount shall become immediately due and payable on demand by Holder, if the City commits any uncured default. The City shall be liable for 100% of all Note Amount with whatever accrued simple interest on the unpaid principal that would then be due. Holder shall amend or revise this Promissory Note as needed to reflect the actual balance of Note Amount plus interest due from the City.

6. Default; Cross-Default; Acceleration.

6.1. A default of this Promissory Note shall occur upon the City's failure to timely perform the requirements of this Promissory Note. The City shall also be in default of this Promissory Note if the City, without the prior written approval of Holder, which shall not be reasonably withheld, refinances any outstanding loan or note secured by the Property for an amount greater than the sum of (i) the then-outstanding principal balance of the Loan, plus (ii) the reasonable costs of such refinancing transaction, which shall not include loan points or origination fees greater than two percent (2%) of the then-outstanding principal balance of the Loan. Notwithstanding the foregoing, the City shall not be in default of this Promissory Note to the extent the Holder has consented to such refinancing or the City completely repays the Note.

6.2. The City's failure or delay to perform any term or provision of this Promissory Note constitutes a default; however, the City shall not be deemed to
be in default unless and until all provisions for the notice of default and default cure periods under the Note (as applicable) have been fulfilled. In the event the City is deemed in default under this Promissory Note, and has not cured the default within the time set forth in the applicable notice of default, the Holder may, at its option, declare this Promissory Note and the entire obligations hereby evidenced immediately due and payable and collectible then or thereafter as Holder may elect, regardless of the date of maturity.

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

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

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

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

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

(e) Diligently prosecutes such cure to completion;

then the Defaulting Party shall not be deemed in breach of this Agreement.

7. Severability. The unenforceability or invalidity of any provision or provisions of this Promissory Note as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

8. Notices. All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Promissory Note shall be in writing and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:
IF TO HOLDER:

Pete Wennein Children's Private Annuity Trust Dated August 28, 1991
5722 Ocean Vista Drive
Huntington Beach, California 92648

IF TO THE CITY:

City of Bell
Attn: City Manager
6330 Pine Avenue
Bell, CA 90201

With a copy to:
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 1700
Irvine, CA 92612
Attn: David J. Aleshire, Esq.

Notices shall be effective upon the earlier of receipt or refusal of delivery. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Promissory Note.

9. Modifications. Neither this Promissory Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by the City and Holder. No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Promissory Note.

10. No Waiver by Holder. No waiver of any breach, default or failure of condition under the terms of this Promissory Note shall be implied from any failure of the Holder to take action, or any delay be implied from any failure by the Holder in taking action, with respect to such breach, default or failure from any prior waiver of any similar or unrelated breach, default or failure.

11. Usury. Notwithstanding any provision in this Promissory Note, the total liability for payment in the nature of interest shall not exceed the limit imposed by applicable laws of the State of California.

12. Assignability. Each party may freely transfer, assign, or encumber their interest in this Promissory Note in any manner upon written notice thereof to the other party.

13. Governing Law. This Promissory Note has been executed and delivered by the City in the State of California and is to be governed and construed in accordance with the laws thereof.
14. **Time of Essence.** Time is of the essence in the performance of the obligations and provisions set forth in this Promissory Note.

15. **Non-Recourse.** Notwithstanding anything to the contrary herein contained, (i) the liability of the City shall be limited to its interest in the Property and any rents, issues, and profits arising from the Property and, in addition, with respect to any obligation to hold and apply insurance proceeds, proceeds of condemnation or other monies hereunder, any such monies received by it to the extent not so applied in accordance with the terms of this Promissory Note; (ii) no other assets of the City shall be affected by or subject to being applied to the satisfaction of any liability which the City may have to Holder or to another person by reason of this Promissory Note; and (iii) any judgment, order, decree or other award in favor of Holder shall be collectible only out of, or enforceable in accordance with, the terms of this Promissory Note by termination or other extinguishment of the City’s interest in the Property. Notwithstanding the foregoing, it is expressly understood and agreed that the aforesaid limitation on liability shall in no way restrict or abridge the City’s continued personal liability for: (A) fraud or willful or grossly negligent misrepresentation made by the City in connection with this Promissory Note or any of the Agency Agreements; (B) misapplication of (a) proceeds of insurance and condemnation or (b) rent received by the City under rental agreements entered into for any portion of the Site after default of the Note; (C) the retention by the City of all advance rentals and security deposits of tenants not refunded to or forfeited by such tenants; (D) the indemnification undertakings of the City under the Agency Agreements, provided, however, nothing herein shall be deemed to obligate the City to repay any portion of the Loan evidenced hereby as a result of any such indemnification; and (E) material waste by the City with respect to the Property.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the parties hereto have executed this Promissory Note as of the date of the last signature:

"THE CITY"
CITY OF BELL, as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

Date: ______________________

By: ______________________
Violeta Alvarez, Mayor

ATTEST:
By: ______________________
City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: ______________________
David J. Aleshire, City Attorney

"HOLDER"
PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: ______________________
Darryl Roth, Trustee

By: ______________________
Robert P. Hess, Trustee

Page 6 of 6
IN WITNESS WHEREOF, the parties hereto have executed this Promissory Note as of the date of the last signature:

"THE CITY"

CITY OF BELL, as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

By: ______________________________
Violeta Alvarez, Mayor

Date: 2/27/14

ATTEST:
By: ______________________________
City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: ______________________________
David J. Aleshire, City Attorney

"HOLDER"

PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: ______________________________
Darryl Rott, Trustee

By: ______________________________
Robert P. Hess, Trustee
EXHIBIT "A" TO PROMISSORY NOTE

NOTE REPAYMENT SCHEDULE

[on following page]
### WERRLEIN DEBT SERVICE SCHEDULE

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Starting Year: 2014
Starting Half: 1
Principal: $2,500,000
Annual Rate: 5.000%
Term (Years): 10
Payments/Year: 2
Periods: 20
ATTACHMENT NO. 4

DEED OF TRUST

[On following pages]
RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

CITY OF BELL
Attn: City Manager
6330 Pine Ave.
Bell, CA 90201

DEED OF TRUST AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS ("Deed of Trust") is made as of the __ day of ____________, 20 __, by CITY OF BELL, as successor agency of the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL ("Truster"), whose address is 6330 Pine Ave., Bell, California 90201, ____________ ("Trustee"), whose address is ____________, and the PETE WERRLEIN CHILDREN'S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991 ("Beneficiary"), whose address is 5722 Ocean Vista Drive, Huntington Beach, California 92648, and with respect to the following:

Truster irrevocably grants, transfers and assigns to Trustee, in trust with the power of sale, together with right of entry and possession, the following property (collectively, the "Trust Estate"):

(a) all of that certain real property located in the City of Bell, County of Los Angeles, State of California, more particularly described in Exhibit A attached hereto (collectively, the "Subject Property");

(b) all buildings, structures, and other improvements now or in the future located or to be constructed on the Subject Property (collectively, the "Improvements");

(c) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefitting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (collectively, the "Appurtenances");

(d) subject to the assignment to Beneficiary set forth in Section 4, all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Subject Property, the Improvements and the Appurtenances (collectively, the "Real Property"), or the ownership, use, management, operation, leasing or occupancy of the Real Property, including those past due and unpaid (collectively, the "Rents");
(e) all leasehold estate, right, title and interest of Trustor in and to all leases or subleases covering the Subject Property or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, advance rentals, and deposits or payments of similar nature; and

(f) all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Subject Property, and any and all sidewalks, alleys and strips of land adjacent to or used in connection with the Property; and

(g) all the estate, interest, right, title, other claim or demand, of every nature, in and to such property, including the Subject Property, both in law and in equity, including, but not limited to, all deposits made with or other security given by Trustor to utility companies, the proceeds from any or all of such property, including the Property, claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire, any and all awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the whole or any part of such Subject Property, including without limitation, any awards resulting from a change of grade of streets and awards for severance damages;

FOR THE PURPOSE OF SECURING, in such priority as Beneficiary may select, (i) payment of that certain Promissory Note of even date herewith executed by Trustor and payable to Beneficiary in the original principal amount of not to exceed Two Million Five Hundred Thousand Even Dollars ($2,500,000.00) (the “Note”); (ii) Trustor's due, prompt and complete payment, performance, observance and discharge of each and every covenant, condition, provision and agreement contained in this Deed of Trust; (iii) Trustor's due, prompt and complete performance, observance and discharge of all obligations of Trustor under that certain Settlement Agreement of even date herewith executed by Trustor and Beneficiary (the “Settlement Agreement”); and (iv) payment of all monies expended or advanced by Beneficiary pursuant to the terms hereof or to preserve the Trust Estate or the rights of Beneficiary under the Settlement Agreement (the foregoing obligations, duties and performance by Trustor secured hereby are referred to herein collectively as the “Secured Obligations”). This Deed of Trust shall secure any and all extensions, amendments, modifications or renewals of the Secured Obligations, however evidenced.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall perform the Secured Obligations at the required time and in the required manner.

2. That Trustor shall not permit or suffer the use of the Trust Estate for any purpose other than the use for which the Trust Estate was intended and as stated in the Settlement Agreement, as of the date of this Deed of Trust.
3. That Secured Obligations are incorporated in, and made a part of, this Deed of Trust. Upon default of Trustor for its failure to perform, observe, or discharge its obligations under the Secured Obligations and after the giving of notice and the expiration of any applicable cure period (an “Event of Default”), Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That all Rents, profits and income from the Trust Estate are hereby assigned to Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as an Event of Default does not exist, to collect such Rents, profits and income for use in accordance with the provisions of the Secured Obligations.

5. That upon an Event of Default, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, with notice, to take possession and protect the Trust Estate and operate the same and collect the Rents, profits and income therefrom.

6. That Trustor will keep the Improvements now existing or hereafter erected on the Subject Property insured against loss by fire and such other hazards, casualties, and contingencies and shall also provide to Beneficiary and maintain in force and effect comprehensive public liability insurance, all in amounts and as otherwise required in order for Trustor to satisfy applicable provisions in the Settlement Agreement to be performed by Trustor.

7. That Trustor shall pay before delinquency any taxes and assessments affecting the Real Property; to pay, when due, all encumbrances, charges and liens, with interest, on the Real Property that appear to be prior or superior hereto; and to pay all costs, fees and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. That as is provided more specifically in the Secured Obligations, Trustor shall keep the Trust Estate in good condition and repair, subject to ordinary wear and tear, casualty and condemnation, not to remove or demolish any buildings thereon except as provided in the Settlement Agreement; to complete or restore promptly and in good and workmanlike manner any building or Improvements which may be constructed, damaged, or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws affecting the Trust Estate or requiring any alterations or improvements to be made thereto (subject to Trustor’s right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Trust Estate in violation of law and/or covenants, conditions and/or restrictions affecting the Trust Estate; not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Trust Estate without the consent of Beneficiary.

9. That following an Event of Default, Beneficiary or Trustee may, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from the Secured Obligations, cure such Event of Default in such manner and to such extent as
either may deem necessary to protect the Trust Estate; Beneficiary or Trustee being authorized to
(i) enter upon the Trust Estate for such purposes; (ii) commence, appear in and/or defend any
action or proceeding purporting to affect the Trust Estate or the rights of Beneficiary or Trustee;
(iii) pay, purchase, contest or compromise any encumbrance, charge or lien that, in the judgment
of either, appears to be prior or senior to the lien hereof; and (iv) in exercising any such powers,
pay necessary expenses, including reasonable attorneys’ fees.

10. That Beneficiary shall have the right to pay fire and other property insurance
premises when due, should Trustor fail to make any required premium payments. All such
payments made by Beneficiary shall be added to the sums secured hereby and shall bear interest
as provided in the Note secured hereby.

11. That Trustor shall pay immediately and without demand all sums so expended by
Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date
of expenditure, at the rate of interest specified in the Note, if unspecified, at the highest rate of
interest permitted by law.

12. Trustor further covenants that it will not voluntarily create, suffer, or permit to be
created against the Trust Estate any lien or liens except as authorized by Beneficiary and further
that it will keep and maintain the Trust Estate free from the claims of all persons supplying labor
or materials which will enter into the construction of any and all buildings now being erected or
to be erected on the Trust Estate. Notwithstanding anything to the contrary contained in this
Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services
which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at
Beneficiary’s written request, within thirty (30) days after the filing of any claim or lien (but in
any event, and without any requirement that Beneficiary must first provide a written request,
prior to foreclosure) record in the Office of the Recorder of Los Angeles County, a surety bond
in an amount one-and-one-half (1½) times the amount of such claim item to protect against a
claim of lien, or provide such other security reasonably satisfactory to Beneficiary.

13. That the funds advanced and secured hereby are to be used in accordance with the
Settlement Agreement and the Secured Obligations. That the Trust Estate, including any and all
improvements thereto, and all plans and specifications therefore, shall comply with all applicable
municipal ordinances and regulations and all other applicable regulations made or promulgated,
now or hereafter, by lawful authority, and with the rules of the applicable fire rating or inspection
organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

14. Transfer. Unless the same is a transfer permitted in the Settlement Agreement,
Trustor confirms that if Trustor should sell, enter into a contract of sale, convey, or in any way
transfer all or any interest of Trustor in the Real property or suffer Trustor’s title or any interest
therein to be divested, whether voluntarily or involuntarily, without the prior written consent of
Beneficiary being first obtained, then Beneficiary shall have the right, at Beneficiary’s sole
option, to declare all sums payable under the Note secured hereby immediately due and payable
in full, irrespective of the maturity date otherwise specified in the Note. No waiver of this right
shall be effective unless in writing and signed by Beneficiary. Consent by Beneficiary to any one such transaction shall not be deemed a waiver of the right to require such consent to future or successive transactions.

15. **Condemnation: Damage to Trust Estate.** Should the Trust Estate be taken or damaged by reason of any public improvements or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor that are not used to reconstruct, restore or otherwise improve the Trust Estate that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds that are not used to reconstruct, restore or otherwise improve the Trust Estate that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting the Trust Estate, are, subject to the rights of senior lenders, if any, hereby assigned to Beneficiary. After deducting therefrom all its expenses, including attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Trust Estate that was taken or damaged, shall be delivered to Beneficiary to apply toward payment due under the Note.

16. **Default: Notice.** Upon default by Trustor in taking any action or in making any payments provided for herein or in the Note, or if Trustor shall fail to perform any non-monetary covenant or agreement in this Deed of Trust within thirty (30) days after written demand therefor by Beneficiary (or, in the event that more than 30 days is reasonably required to cure such default, should Trustor fail to promptly commence such cure within such thirty (30) day period, and diligently prosecute same to completion), after the giving of notice and the expiration of any applicable cure period, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of a written declaration of default and demand for sale, and of a written notice of default and election to cause the Trust Estate to be sold, which notice Trustee shall cause to be recorded in the Official Records of Los Angeles County, California, and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed of Trust and all documents evidencing expenditures secured hereby.

17. **Foreclosure By Power Of Sale.** After the lapse of such time as may then be required by law following the recordation of such notice of default, and notice of sale having been given as required by law, Trustee, without demand on Trustor, shall sell the Trust Estate at the time and place fixed by it in such notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of the Trust Estate by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed conveying the Trust Estate so sold, but without any covenant or warranty, express or implied. The recitals in the deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustee or Beneficiary, may purchase at the sale. Trustee shall apply the proceeds of sale to payment of (i)
the expenses of such sale, together with the reasonable expenses of this trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (ii) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (iii) all sums expended under the terms hereof, not then repaid, with accrued interest at the maximum rate allowed by law; (iv) all other sums then secured hereby; and (v) the remainder, if any, to the person or persons legally entitled thereto.

18. **Change of Trustee.** Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust, which, when duly recorded in the Official Records of Los Angeles County, California, shall be conclusive proof of proper appointment of the successor trustee.

19. **Reconveyance By Trustee.** Upon written request of Beneficiary stating that all sums secured hereby have been paid and all obligations secured hereby have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Trust Estate then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as “the person or persons legally entitled thereto.”

20. **Irrevocability.** The trust created hereby is irrevocable by Trustor.

21. **Successors And Assigns.** This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term “Beneficiary” shall include not only the original Beneficiary hereunder but also any future successor in interest to Beneficiary. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. If “Trustor” is composed of more than one person or entity, all obligations of Trustor hereunder are joint and several.

22. **Notice Of Sale By Trustee.** Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

23. **Notice To Trustor.** Trustor requests that a copy of any notice of default and any notice of sale hereunder be mailed to it as follows: City of Bell, 6330 Pine Avenue, Bell, California 90201, Attn: City Manager.
24. **Certain Non-Performance Not Default.** Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; acts or failure to act of any public or governmental agency or entity (except that any act or failure to act of Beneficiary shall not excuse performance by Beneficiary); or any other causes beyond the reasonable control or without the fault of the party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the delay and shall commence to run from the time of the commencement of the cause.

25. **Performance of Unsecured Obligations.** If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as the Secured Obligations, the unsecured portion of the Secured Obligation shall be completely performed and paid prior to the performance and payment of the remaining and secured portion of the Secured Obligations, and all performance and payments made by Trustor shall be considered to have been performed and paid on and applied first to complete payment of the unsecured portion of the Secured Obligations.

26. **No Waiver.**

(a) Subject to the extensions of time set forth in Section 24, and subject to the further provisions of this Section 26, failure or delay by Trustor to perform any term or provision respectively required to be performed under the Secured Obligations, Settlement Agreement, or this Deed of Trust constitutes a default under this Deed of Trust.

(b) If required by California law, Beneficiary shall give notice of default to Trustor specifying the default complained of by Beneficiary. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(d) In no event shall Beneficiary be precluded from exercising remedies if its security becomes, or is about to become, materially jeopardized by any failure to cure a default after a notice of default is first given or an Event of Default.

27. **Request for Information.** Trustor agrees at any time and from time to time, upon receipt of a request from Beneficiary, to furnish Beneficiary detailed statements in writing of income, Rents, profits and operating expenses of the Trust Estate, and the names of the occupants and tenants in possession, together with the expiration dates of their leases and full
information regarding all rental and occupancy agreements, and the rents provided for by such leases and rental and occupancy agreements, and such other information regarding the Trustee Estate and its use as may be requested by Beneficiary.

28. **Purpose.** Trustor agrees that the obligations secured by this Deed of Trust are made expressly for the purpose of financing the acquisition of the Subject Property and the construction and operation of the Improvements.

29. **Nonrecourse.** As is provided more specifically in the Note, the obligations of Trustor are nonrecourse obligations. Neither Trustor nor any of its principals, nor any other party, shall have any personal liability for payment of obligations arising from the Note, except as specifically provided therein. The sole recourse of Beneficiary shall be the exercise of its rights against the Trust Estate and as provided under this Deed of Trust.

30. **Remedies Cumulative.** No right, power or remedy conferred upon or reserved to Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity.

31. **Severability.** Every provision of this Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

32. **Governing Law.** This Deed of Trust shall be governed by and construed in accordance with the laws of the State of California. Any action to enforce the provisions hereof shall be instituted and maintained in the Superior Court of the County of Los Angeles, State of California, or in any other appropriate court in that county.

[Signatures on following page]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year set forth above.

TRUSTOR:

CITY OF BELL, as successor agency of the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

By:  ________________________
     Doug Willmore, City Manager

ATTEST

__________________________
City Clerk

Page 9 of 9
EXHIBIT “A” TO DEED OF TRUST

Legal Description of Subject Property

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lots 23, 24, 25, 33, 34, 35 and 36 of Tract 7787, in the City of Bell, County of Los Angeles, State of California, as per map recorded in Book 82, Page 49 of Maps, in the Office of the County Recorder of Said County.

Assessor’s Parcel Number 6325-020-408

Consisting of 29,962 square feet, more or less.
ATTACHMENT NO. 5

DEED OF RECONVEYANCE

[On following pages]
FREE RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

CITY OF BELL
Attn: City Manager
6330 Pine Ave.
Bell, CA 90201

(Space Above This Line for Recorder’s Office Use Only
Free Recording Pursuant to Government Code § 27383)

DEED OF RECONVEYANCE

WHEREAS, the former COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL ("Agency"), which was dissolved by operation of law such that the CITY OF BELL is the successor agency to the Agency, and the PETE WERRLEIN CHILDREN’S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991 ("Trust") entered into that certain Agreement for Purchase and Sale, and Joint Escrow Instructions dated October 21, 2008, as amended on or about May 1, 2009 ("Purchase and Sale Agreement"), which includes, among others, a Deed of Trust dated May 21, 2009 ("Deed of Trust"); and

WHEREAS, the Deed of Trust secures the performance of obligations contained in the Purchase and Sale Agreement and concerns property located at 6415 Atlantic Avenue and 6414 Clarkson Avenue, Bell, California 90201, with Assessor’s Parcel Number 6325-020-408 ("Property"), as more particularly described in Exhibit “A” attached hereto and incorporated herein; and

WHEREAS, the Deed of Trust was entered into by Agency as Trustor, Chicago Title Company as Trustee, and Trust as Beneficiary, and was recorded on the Property as Instrument No. 20090752338 on May 21, 2009 in the Official Records of the Los Angeles County Recorder’s Office; and

WHEREAS, a dispute between Trustor and Beneficiary regarding the purchase of the Property by Trustor arose such that Trustor filed a lawsuit against Beneficiary in City of Bell, et al. v. County Records Research, Inc., et al. (LASC Case No. VC059404) (“Action”); and

WHEREAS, the Trustor and Beneficiary resolved the Action through a Settlement Agreement by and between Trustor and Beneficiary of even date herewith (“Settlement Agreement”); and

WHEREAS, pursuant to the Settlement Agreement, Trustor agreed to execute a promissory note secured by a new deed of trust, and in conjunction therewith, Beneficiary agreed to release Trustor from its rights and obligations under the Deed of Trust;

Page 1 of 3
NOW, THEREFORE, Beneficiary of said Deed of Trust does hereby grant and reconvey to Trustor, without warranty, all of the estate and interest derived to Beneficiary in and to the Property.

IN WITNESS WHEREOF, Beneficiary has executed this Deed of Reconveyance this 19th day of February, 2014.

BENEFICIARY:

“TRUST”

PETE WERRLEIN CHILDREN’S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: Darryl Roth, trustee

By: Robert P. Hess, trustee
NOW, THEREFORE, Beneficiary of said Deed of Trust does hereby grant and reconvey to Trustor, without warranty, all of the estate and interest derived to Beneficiary in and to the Property.

IN WITNESS WHEREOF, Beneficiary has executed this Deed of Reconveyance this 19th day of February, 2014.

**BENEFICIARY:**

"TRUST"

PETE WERRLEIN CHILDREN’S PRIVATE ANNUITY TRUST DATED AUGUST 28, 1991

By: 

Darryl Roth, trustee

By: 

Robert P. Hess, trustee

Page 2 of 3
CONSENT TO RECORDATION

CITY OF BELL, as successor agency to the former COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL, "Trustor" defined herein, as owner of the fee title to the real property legally described in Exhibit "A" hereto, hereby consents to the recordation of this Deed of Reconveyance against said real property.

TRUSTOR:

"AGENCY"

CITY OF BELL, as successor agency to the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF BELL

By: ____________________________
Violeta Alvarez, Mayor

Date: 2/28/14

ATTEST

City Clerk

Page 3 of 3
EXHIBIT “A” TO DEED OF RECONVEYANCE

LEGAL DESCRIPTION

All that certain real property situated in the County of Los Angeles, State of California, described as follows:

Lots 23, 24, 25, 33, 34, 35 and 36 of Tract 7787, in the City of Bell, County of Los Angeles, State of California, as per map recorded in Book 82, Page 49 of Maps, in the Office of the County Recorder of Said County.

Assessor’s Parcel Number 6325-020-408

Consisting of 29,962 square feet, more or less.
STATE OF CALIFORNIA 
COUNTY OF LOS ANGELES 

On       Feb 19       2014 before me, KAREN R. BECKER, a Notary Public, personally appeared Darryl Ett, 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

STATE OF CALIFORNIA 
COUNTY OF LOS ANGELES 

On       Jul 19, 2014 before me, KAREN R. BECKER, a Notary Public, personally appeared Robert P. Hess, 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.
STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On __Jul__ 19___ 2014 before me, Karen Becker, a Notary Public, personally appeared __Charlye Kite__, 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)

KAREN R. BECKER
Commission # 1960108
Notary Public - California
Orange County
My Comm. Expires Nov 12, 2015

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On __Jul__ 19___ 2014 before me, Karen Becker, a Notary Public, personally appeared __Robert Peterson__, 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)

KAREN R. BECKER
Commission # 1960108
Notary Public - California
Orange County
My Comm. Expires Nov 12, 2015