

**CITY OF SAN DIEGO
CONSENT TO STOCK PURCHASE AND SALE AGREEMENT**

THIS CITY OF SAN DIEGO CONSENT TO STOCK PURCHASE AND SALE AGREEMENT, (Consent) is made by the City of San Diego, a California municipal corporation (CITY), San Diego Coaster Company, a California corporation (LESSEE), and Symphony Asset Pool XVI, LLC, a Delaware limited liability company (SYMPHONY), to be effective as of the closing of the transaction contemplated by the Agreement described and defined below, but in no event before signed by the parties and approved by the San Diego City Attorney (Effective Date), as follows:

RECITALS

This Consent is made with regard to the following facts:

- A. CITY and LESSEE entered into that certain The City of San Diego Percentage Lease dated September 11, 1989, filed as Document No. RR-274204 in the Office of the City Clerk (the "Lease"). The Lease pertains to that certain CITY-owned property in Mission Beach, consisting of approximately 7.136 acres of land ("Premises"), which includes the Mission Beach Roller Coaster and a coaster museum.
- B. LESSEE desires to sell 100% of its outstanding stock to SYMPHONY, pursuant to that certain Stock Purchase and Sale Agreement dated June 12, 2014, and amended by that certain Amendment to Stock and Purchase and Sale Agreement dated August 27, 2014, (collectively the "Agreement") for which LESSEE now seeks CITY's Consent as required in Sections 4.02, Assignment and Subletting, and 4.06, Control by Specified Individuals or Entities, of the Lease. A copy of the Agreement is attached hereto as Exhibit "A."
- C. CITY's consent to Agreement is conditioned upon the SYMPHONY's agreement to assume all rights and obligations of LESSEE assigned to it by the Agreement as applicable to the Lease and that SYMPHONY shall keep and perform all covenants, conditions and provisions of the Lease applicable to the rights acquired. In addition, LESSEE agrees to additional rent as more fully set forth below, as the Effective Date of this Consent.
- D. LESSEE and SYMPHONY acknowledge that the City's act of consenting to the Agreement will not, except as may be expressly provide herein, relieve LESSEE or SYMPHONY, to the extent applicable, from any requirements under the Lease, including but not limited to rent.

NOW, THEREFORE, in consideration of the following terms and conditions, CITY, LESSEE, and SYMPHONY respectfully agree as follows:

1. CONSENT BY CITY: Upon the effective date of this Consent, CITY consents to LESSEE's request to sell 100 percent of its stock to SYMPHONY, as set forth in the Agreement, pursuant to Sections 4.02, Assignment and Subletting, and 4.06, Control by Specified Individuals or Entities, of the Lease. By this Consent, CITY does not release LESSEE from the Lease obligations for, and LESSEE shall remain liable for, the payment of all rents and for the performance of all obligations under the Lease arising prior to and after the effective date of this Consent should LESSEE fail to perform under the Lease.
2. ASSUMPTION BY SYMPHONY: Pursuant to the terms of the Lease, SYMPHONY agrees that it will assume the rights and obligations assigned to it by LESSEE under the Agreement and that it will keep and perform all covenants, conditions, and provisions of the Lease which are applicable to the rights acquired by it.
3. ADDITIONAL RENT: Subsection b. of Section 3.02, Rent, shall be amended to provide for an additional five percent (5%) in gross income for a total of ten percent (10%) of all gross income resulting from the use of the leased premises payable from LESSEE to CITY.
4. USE: The Premises shall be used solely and exclusively for the uses set forth in the Lease.
5. SUBSEQUENT ASSIGNMENTS; RECAPTURE: This Consent does not constitute consent to any other subsequent subletting or assignment of the Lease and does not relieve LESSEE or any persons claiming under or through LESSEE, including SYMPHONY, of the obligation to obtain the prior written consent of CITY prior to subletting and/or assigning the Lease.
6. INSURANCE: Prior to the Effective Date of this Consent, LESSEE shall provide CITY with all Certificates of Insurance required under the Lease. Such certificate(s) and binder(s) shall name as additional insureds the CITY, its employees, officers, elected officials, its representatives and agents.
7. MASTER LEASE CONTROLS: The Lease shall control with regard to the rights of CITY and obligations of LESSEE and as applicable to SYMPHONY. CITY shall not be bound by any term or condition in the Agreement.
8. LEASE MODIFIED: Unless specifically modified by this Consent, all provisions of the Lease remain in full force and effect.
9. CONTROLLING LAW: The terms and conditions of this Consent will be construed in accordance with and will be governed by the laws of the State of California.
10. CAPTIONS: Captions in this Consent are included for convenience only and do not modify any of the terms of this Consent.

11. **ENTIRE AGREEMENT:** This Consent constitutes the final, complete, and exclusive statement between the parties pertaining to the terms of CITY's Consent. This Consent supersedes all prior and contemporaneous understandings or agreements of the parties pertaining to this Consent, whether oral or written, and is binding on and inures to the benefit of their respective heirs, representatives, successors or assigns. No party has been induced to enter into this Consent, nor is any party relying on any representation or warranty outside those set forth in this Consent. Any agreement made after the date of this Consent is ineffective to modify, waive, or terminate this Consent, in whole or in part, unless that agreement is in writing, is signed by the parties to this Consent, and states that said agreement modifies this Consent.
12. **WAIVER:** Except as explicitly stated in this Consent, nothing contained in this Consent will be deemed or construed to modify, waive, impair, or affect any of the covenants, agreements, terms, provisions, or conditions contained in the Lease. In addition, the acceptance of rents by CITY from LESSEE or anyone else liable under the Lease will not be deemed a waiver by CITY of any provisions of the Lease.
13. **NOTICE:** Any notice that may or must be given by any party under this Consent and/or the Lease will be delivered (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to CITY, LESSEE, or SYMPHONY shall be sent to the respective address set forth below, or such other address as the party may designate for service of notice by a notice given in accordance with the provisions of this section. A notice sent pursuant to the terms of this section shall be deemed delivered (a) when delivery is completed, if delivered personally, (b) three (3) business days after deposit into the United States mail, or (c) the day following deposit with a nationally recognized overnight courier if overnight delivery is requested by that courier.

Address for CITY:

City of San Diego
Real Estate Assets Department
1200 Third Avenue, Suite 1700
San Diego, CA 92101
Attn: Director

Address for LESSEE under the Consent:

San Diego Coaster Company
c/o Dana Morgan
755 Blair Ranch Road
Scotts Valley, CA 95066

Address for SYMPHONY:

San Diego Coaster Company
c/o Symphony Asset Pool XVI, LLC
5505 Cancha De Golf
~~San Diego, CA 92101~~
Rancho Santa Fe, CA 92091

14. CAPITALIZED TERMS: All terms spelled with initial-capital letters in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Lease.

15. AUTHORITY: Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Consent is binding upon such person or entity in accordance with its terms. Each person executing this Consent on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to CITY, that such authority is valid, and such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California. This Consent may be signed in counterparts by the parties.

IN WITNESS WHEREOF, this Consent is executed by CITY acting by and through its Mayor, or his designee, and by LESSEE and SYMPHONY through their legal representatives.

CITY:

THE CITY OF SAN DIEGO, a
California Municipal Corporation

By: 
Cybele Thompson
Real Estate Assets Director
Date: 11/7/14

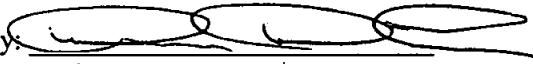
LESSEE:

San Diego Coaster Company,
a California Corporation

By: _____
Name: _____
Title: _____
Date: _____

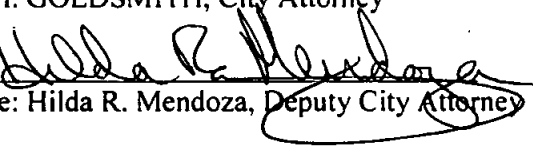
SYMPHONY:

Symphony Asset Pool XVI LLC
a Delaware limited liability company

By: 
Name: Dario De Luca
Title: President of Manager
Date: 11/07/14

APPROVED as to form and legality this
7th day of November, 2014

JAN I. GOLDSMITH, City Attorney

By: 
Name: Hilda R. Mendoza, Deputy City Attorney

14. **CAPITALIZED TERMS:** All terms spelled with initial-capital letters in this Consent that are not expressly defined in this Consent will have the respective meanings given such terms in the Lease.

15. **AUTHORITY:** Each individual executing this Consent on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Consent on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Consent is binding upon such person or entity in accordance with its terms. Each person executing this Consent on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to CITY, that such authority is valid, and such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California. This Consent may be signed in counterparts by the parties.

IN WITNESS WHEREOF, this Consent is executed by CITY acting by and through its Mayor, or his designee, and by LESSEE and SYMPHONY through their legal representatives.

CITY:

THE CITY OF SAN DIEGO, a
California Municipal Corporation

By: [Signature]
Cybele Thompson
Real Estate Assets Director
Date: 11/7/14

LESSEE:

San Diego Coaster Company,
a California Corporation

By: [Signature]
Name: Dana Morgan
Title: President
Date: 11-7-2014

SYMPHONY:

Symphony Asset Pool, XVI LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

APPROVED as to form and legality this
7th day of November, 2014

JAN I. GOLDSMITH, City Attorney

By: [Signature]
Name: Hilda R. Mendoza, Deputy City Attorney

EXHIBIT "A"
TO
CONSENT TO STOCK PURCHASE AND SALE AGREEMENT
(San Diego Coaster Company)

[to follow behind this page]

CONFIDENTIAL

ASSIGNMENT

This assignment ("Assignment") is entered into as of July 23, 2014 (the "Effective Date"), between SDCC Investments, Inc., a California corporation ("Assignor") and Symphony Asset Pool XVI LLC, a Delaware limited liability company ("Assignee").

RECITALS

A. Assignor, San Diego Coaster Company, a California corporation ("SDCC"), Santa Cruz Seaside Company, a California corporation ("SCSC"), Dana Morgan ("D.Morgan"), Paula Morgan ("P.Morgan"), Robert Mazurek ("R.Mazurek") and Julianne Mazurek ("J.Mazurek") entered into that certain Stock Purchase and Sale Agreement dated June 12, 2014 (the "SPA"). SCSC, D.Morgan, P.Morgan, R.Mazurek and J.Mazurek are collectively referred to as "Shareholders" and Shareholders and SDCC are collectively referred to in this Assignment as "Selling Parties."

B. All capitalized terms not defined in this Assignment shall have the meanings ascribed to them in the SPA.

C. Assignor desires to assign to Assignee all of its right, title and interest in the SPA.

FOR GOOD AND VALUABLE CONSIDERATION RECEIVED, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee agree as follows:

AGREEMENT

1. Assignor assigns and transfers to Assignee, effective as of the Effective Date, all of Assignor's right, title and interest in and to the SPA.

2. Assignee accepts this Assignment and assumes and agrees to perform and observe each and every obligation, duty, term, covenant and condition of Assignor under the SPA, all with the same force and effect as if Assignee had signed the SPA originally, as the Buyer named therein.

3. Assignee hereby confirms that the representations and warranties contained in the SPA made by Assignor are true and correct with respect to Assignee, with the same force and effect as if Assignee had signed the SPA originally as the Buyer named therein, and to the extent any such representation or warranty is applicable to Assignor as a corporation, Assignee hereby confirms that such representation or warranty is true and correct with respect to Assignee as a limited liability company.

4. Assignor authorizes Assignee and Selling Parties to amend the SPA after the date of this Assignment, without notice to or consent of Assignor. Assignor and Assignee are jointly and severally liable for all of Buyer's obligations under the SPA.

CONFIDENTIAL

5. Assignor and Assignee represent that Assignee is an affiliate of Assignee, and Assignee is in compliance with all representations contained in the SPA that relate to Assignor.

6. This Assignment and the SPA embodies the entire agreement between Assignor and Assignee with respect to the subject matter of this Assignment and supersedes any prior agreements, whether written or oral, with respect to the subject matter of this Assignment. There are no agreements or understandings which are not set forth in this Assignment or the SPA.

7. This Assignment shall be (a) binding upon, and inure to the benefit of, the parties to this Assignment and their respective heirs, legal representatives, successors and assigns, and (b) construed in accordance with the laws of California.

8. All provisions of the SPA remain in full force and effect, as specifically modified hereby to add the Assignee as Buyer and to provide that Assignor and Assignee shall be jointly and severally liable as Buyers under the SPA.

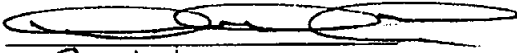
9. Assignor and Assignee each covenants and agrees to execute and deliver, at the request of the other party hereto or the Selling Parties, such further instruments of transfer, assignment and assumption and to take such other actions as such other party or the Selling Parties may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Assignment.

10. The parties hereto, acknowledge and agree that the Selling Parties are intended third party beneficiaries of this Assignment with full power and authority to enforce the terms hereof against the Assignee and Assignor.

11. This Assignment and the Consent and Approval thereto may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Assignor:

SDCC Investments, Inc.,
a California corporation

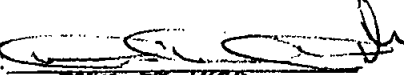
By: 

Its: President

Assignee:

Symphony Asset Pool XVI LLC,
a Delaware limited liability company

By: Pacifica Enterprises, Inc.,
a California corporation, *Its Manager*

By: 

Its: President

By: _____

Its: _____

CONFIDENTIAL

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CONSENT AND APPROVAL

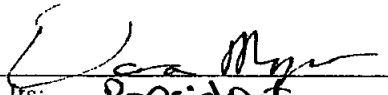
The undersigned hereby consent to this Assignment of the Stock Purchase Agreement ("SPA"), provided however, that notwithstanding this Assignment and the consents of the undersigned to this Assignment, Assignor and Assignee are jointly and severally liable for all of Buyer's obligations under the SPA, and the undersigned do not waive or relinquish any rights under the SPA against Assignor or Assignee.

Corporation:

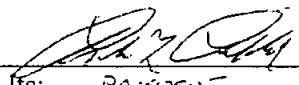
San Diego Coaster Company,
a California corporation

Shareholders:

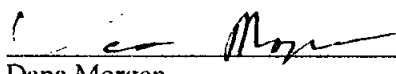
Santa Cruz Seaside Company,
a California corporation

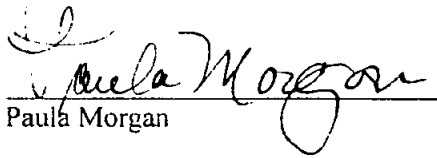
By: 

Its: President

By: 

Its: President


Dana Morgan


Paula Morgan


Robert Mazurek


Julianne Mazurek

CONFIDENTIAL

AMENDMENT TO STOCK PURCHASE AND SALE AGREEMENT

This Amendment to Stock Purchase and Sale Agreement is entered into as of August 27, 2014 by and between Symphony Asset Pool XVI LLC, a Delaware limited liability company ("*Symphony*"), San Diego Coaster Company ("*SDCC*"), a California corporation, Santa Cruz Seaside Company, a California corporation ("*SCSC*"), Dana Morgan ("*D. Morgan*"), Paula Morgan ("*P. Morgan*"), Robert Mazurek ("*R. Mazurek*") and Julianne Mazurek ("*J. Mazurek*") (collectively, the "*Parties*").

RECITALS

WHEREAS, on June 12, 2014, SDCC Investments, Inc., a California corporation ("*SDCC Investments*"), SDCC, SCSC, D. Morgan, P. Morgan, R. Mazurek and J. Mazurek entered into a Stock Purchase and Sale Agreement (the "*Agreement*");

WHEREAS, pursuant to an Assignment of even date herewith, SDCC Investments assigned to Symphony all of its right, title and interest in the Agreement, Symphony accepted such assignment and Symphony thereby became the "Buyer" under the Agreement; and

WHEREAS, the Parties desire to amend the Agreement to modify the Closing Date and acknowledge that such Closing Date shall also apply to Section 9.1 of that certain Agreement of Purchase and Sale of Assets, dated June 12, 2014, by and among Symphony, La Selva Beach Management, LLC, a California limited liability company, SCSC, D. Morgan, P. Morgan (in her capacity as spouse of D. Morgan), R. Mazurek and J. Mazurek.

NOW, THEREFORE, the Parties hereby amend the Agreement as follows:

AMENDMENT

Section 1. Definitions. Except as otherwise provided herein, capitalized terms used in this Amendment shall have the definitions set forth in the Agreement.

Section 2. Amendment to Section 8.1 of the Agreement. Section 8.1 of the Agreement is hereby amended and restated in its entirety as follows:

"8.1 Time and Place. The transfer of the Shares by Shareholders to Buyer (the "Closing") shall take place at the offices of Judkins, Glatt & Hulme at 10:00AM local time, on September 30, 2014, concurrent with and conditioned upon the "Closing" under the Asset Purchase Agreement, or at such other time and place as Buyer and Selling Parties may agree to in writing (the "Closing Date")."

Section 3. No Additional Changes. Except as specifically set forth in this Amendment, the terms and provisions of the Agreement shall remain unmodified. The Agreement, as hereby amended, constitutes the entire understanding of the parties with respect to the subject matter thereof.

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Section 4. Counterparts. This Amendment may be executed in one or more counterparts, all of which shall be considered one and the same instrument.

[Signature Page Follows]

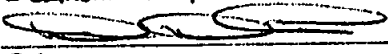
CONFIDENTIAL

IN WITNESS WHEREOF, the parties have caused this Amendment to Stock Purchase and Sale Agreement to be executed as of the date first above written.

Buyer:

Symphony Asset Pool XVI LLC,
a Delaware limited liability company

By: *Pacific Enterprises, Inc.*
a California corporation, its manager

By: 

DARIO DE LUCA
Its: President

Shareholders:

Santa Cruz Senseside Company,
a California corporation

By: _____

Its: _____

Seller:

San Diego Coaster Company,
a California corporation

By: _____

Its: _____

Dana Morgan

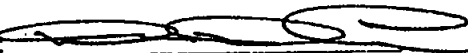
Paula Morgan

Robert Mazurek

Julianne Mazurek

Acknowledged & Agreed:

SDCC Investments, Inc.,
a California corporation

By: 

Its: President

Acknowledged & Agreed:

La Selva Beach Management, LLC,
a California limited liability company

By: _____

Its: _____

CONFIDENTIAL

IN WITNESS WHEREOF, the parties have caused this Amendment to Stock Purchase and Sale Agreement to be executed as of the date first above written.

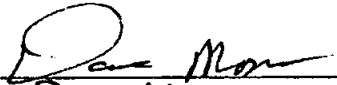
Buyer:

Symphony Asset Pool XVI LLC,
a Delaware limited liability company

By: _____
Its: _____

Seller:

San Diego Coaster Company,
a California corporation

By: 
Dana Morgan
Its: President

Acknowledged & Agreed:

SDCC Investments, Inc.,
a California corporation

By: _____
Its: _____

Acknowledged & Agreed:

La Selva Beach Management, LLC,
a California limited liability company

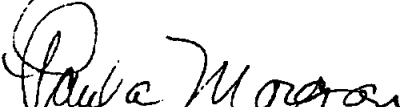
By: 
Its: Member

Shareholders:

Santa Cruz Seaside Company,
a California corporation

By: 
Its: PRESIDENT


Dana Morgan


Paula Morgan


Robert Mazurek


Julianne Mazurek

SIGNATURE PAGE TO AMENDMENT TO STOCK PURCHASE AND SALE AGREEMENT

pa-1658742

CONFIDENTIAL

Execution Copy

STOCK PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement is entered into as of June 12, 2014, by SDCC Investments, Inc., a California corporation ("Buyer"), San Diego Coaster Company, a California corporation ("Corporation"), Santa Cruz Seaside Company, a California corporation ("SCSC"), Dana Morgan ("D.Morgan"), Paula Morgan ("P.Morgan"), Robert Mazurek ("R.Mazurek") and Julianne Mazurek ("J.Mazurek"). SCSC, D.Morgan, P.Morgan, R.Mazurek and J.Mazurek are collectively referred to as "Shareholders" and Shareholders and Corporation are collectively referred to in this Agreement as "Selling Parties."

1. RECITALS.

1.1 The Shareholders own all the outstanding stock of Corporation. Buyer desires to purchase from Shareholders and Shareholders desire to sell to Buyer all the outstanding capital stock of Corporation (the "Shares"); Corporation desires that this transaction be consummated.

1.2 Concurrent with the "Closing" (as defined below) of the transactions contemplated herein, Symphony Asset Pool XVI LLC, a Delaware limited liability company and affiliate of Buyer (the "APA Buyer") shall acquire substantially all of the assets of Corporation's affiliate, La Selva Beach Management, LLC, a California limited liability company ("LSBM") pursuant to the terms and conditions set forth in that certain "Asset Purchase Agreement" executed concurrently with the execution of this Agreement (the "Asset Purchase Agreement").

1.3 Shareholders desire to sell, and Buyer desires to purchase, the Shares, on and subject to the terms and conditions set forth below.

In consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the parties agree as follows:

2. PURCHASE AND SALE OF SHARES.

2.1 Sale and Transfer of Shares. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Shareholders will transfer and convey the Shares to Buyer, and Buyer will acquire the Shares from Shareholders.

2.2 Consideration from Buyer at Closing. As full payment for the transfer of the Shares by Shareholders to Buyer, Buyer shall deliver [REDACTED] cash at the Closing (the "Consideration"), in accordance with the provisions of paragraph 8, via wire transfer to the Shareholders as follows:

2.2.1 [REDACTED] to the SCSC;

2.2.2 [REDACTED] to D.Morgan and P.Morgan;

2.2.3 [REDACTED] to R.Mazurek; and

2.2.4 [REDACTED] to J.Mazurek.

2.3 Net Working Capital. In the event immediately prior to the Closing Date, (a) Corporation's Net Working Capital (as defined below) is less than \$0.00 (the "Target Working Capital"), Selling Parties shall contribute to Corporation that amount of cash necessary to raise working capital to the Target Working Capital or (b) Corporation's Net Working Capital exceeds the Target Working

CONFIDENTIAL

Capital, the Corporation shall distribute the excess amount in cash to the Shareholders. For purposes hereof, "Net Working Capital" shall be determined as of the Closing Date by subtracting Closing Date Current Liabilities from Closing Date Current Assets, each as determined by mutual agreement of Corporation and Buyer using Corporation's current accounting policies and practices as set forth on Schedule 2.3 (the "Working Capital Schedule").¹ To determine the forgoing, no later than two (2) business days prior to the Closing Date, the Corporation shall prepare and deliver in writing its good faith estimate of the Net Working Capital (the "Estimated Net Working Capital"), including any estimated surplus (the amount by which the Net Working Capital exceeds the Target Working Capital) or estimated deficit (the amount by which the Net Working Capital is less than the Target Working Capital). If the Shareholders and Buyer mutually determine within 60 days after the Closing Date that the Estimated Net Working Capital does not accurately reflect the actual Net Working Capital as of the Closing Date then (i) to the extent there was a deficit (e.g. actual Net Working Capital was less than the Target Working Capital), then the Shareholders shall reimburse Corporation for such Shareholder's Pro Rata Share (as determined in accordance with paragraph 12.5.1) of such deficit amount as determined by the mutual agreement of Buyer and the Shareholders; or (ii) to the extent there was a surplus (e.g. actual Net Working Capital was greater than the Target Working Capital), then the Buyer shall pay to each Shareholder such Shareholder's Pro Rata Share (as determined in accordance with paragraph 12.5.1) of such surplus amount as determined by the mutual agreement of Buyer and the Shareholders.

3. REPRESENTATIONS AND WARRANTIES OF SELLING PARTIES. Except as set forth on the disclosure schedules attached hereto as Exhibit 3 (the "Disclosure Schedules"), Selling Parties, severally and not jointly, represent and warrant to Buyer that:

3.1 Organization, Standing and Qualification of Corporation. Corporation is a corporation duly organized, validly existing, and in good standing under the laws of the State of California, has all necessary corporate powers to own its assets and to carry on its business as now owned and operated by it. California is the only jurisdiction in which the nature of Corporation's business or of its properties makes qualification or registration necessary.

3.2 Stock of Corporation.

3.2.1 Capital Structure. The authorized capital stock of Corporation consists of 1,000,000 shares of capital stock, of which 6,142 shares of Common Stock are issued and outstanding. All the Shares are validly issued, fully paid, and nonassessable, and such Shares have been so issued in full compliance with all federal and state securities laws. Other than as set forth in the previous sentence, there are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating Corporation to issue or to transfer from treasury any additional Shares of its capital stock of any class.

3.2.2 Title to Shares. Each Shareholder represents that he, she or it is the owner, beneficially and of record, of all the Shares listed next to its name on Schedule 3.2.2, free and clear of all liens, encumbrances, security agreements, equities, options, claims, charges, and restrictions. Shareholders have full power to transfer the Shares held by such Shareholder to Buyer without obtaining the consent or approval of any other person or governmental authority.

¹ All inter-company accounts shall be settled and zeroed out. Closing Date Current Liabilities shall include accrued but unpaid taxes of Corporation as of the Closing Date for previous taxable years and the taxable year beginning before the Closing Date and ending on or after the Closing Date, the amount of which will be determined by Corporation based on a closing of the books method.



3.3 Subsidiaries. Corporation does not own, directly or indirectly, any interest or investment (whether equity or debt) in any corporation, partnership, business, trust, or other entity.

3.4 Financial Statements. Corporation has previously delivered to Buyer (a) unaudited balance sheets of Corporation as of December 31, 2011, December 31, 2012 and December 31, 2013, and the related unaudited statements of income and retained earnings for the three years ending on those dates and (b) unaudited balance sheet of Corporation as of March 31, 2014 together with related unaudited statements of income and retained earnings for the two-month period ending on such date (collectively referred to herein as the "Financial Statements"). The Financial Statements have been prepared in accordance with accounting principles applied consistently with prior periods and based on the books and records of Corporation. The Financial Statements are true and correct and fairly present the financial position of Corporation as of the respective dates of the balance sheets included in the Financial Statements, and the results of its operations for the respective periods indicated.

3.5 Absence of Specified Changes. Since March 31, 2014, there has not been any:

3.5.1 Transaction by Corporation except in the ordinary course of business as conducted on that date;

3.5.2 Capital expenditure by Corporation exceeding \$5,000;

3.5.3 Material adverse change in the financial condition, liabilities, assets, business, or, to Corporation's knowledge, prospects of Corporation;

3.5.4 Destruction, damage to, or loss of any asset of Corporation (whether or not covered by insurance) that materially and adversely affects the financial condition, business, or, to Corporation's knowledge, prospects of Corporation;

3.5.5 Change in accounting methods or practices (including, without limitation, any change in depreciation or amortization policies or rates) by Corporation;

3.5.6 Declaration, setting aside, or payment of a dividend or other distribution in respect to the capital stock of Corporation, or any direct or indirect redemption, purchase, or other acquisition by Corporation of any of its shares of capital stock;

3.5.7 Increase in the salary or other compensation payable or to become payable by Corporation to any of its officers, directors, or employees in excess of usual and customary practices, or the declaration, payment, or commitment or obligation of any kind for the payment, by Corporation of a bonus or other additional salary or compensation to any such person in excess of usual and customary practices;

3.5.8 Sale or transfer of any asset of Corporation, except in the ordinary course of business;

3.5.9 Amendment or termination of any contract, agreement, or license to which Corporation is a party, except in the ordinary course of business;

3.5.10 Loan by Corporation to any person or entity, or guaranty by Corporation of any loan;

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3.5.11 Mortgage, pledge, or other encumbrance on any asset of Corporation;

3.5.12 Waiver or release of any right or claim of Corporation, except in the ordinary course of business;

3.5.13 Commencement or notice or, to Corporation's knowledge, threat of commencement of any civil litigation or any governmental proceeding against or, to Corporation's knowledge, investigation of Corporation or its affairs;

3.5.14 Labor trouble or claim of wrongful discharge or other unlawful labor practice or action;

3.5.15 Issuance or sale by Corporation of any shares of its capital stock of any class or any other of its securities; or

3.5.16 Agreement by Corporation to do any of the things described in the preceding clauses 3.5.1 through 3.5.15.

3.6 Absence of Undisclosed Liabilities. Corporation has no debt, liability, or obligation of any nature, whether accrued, absolute, contingent, or otherwise, and whether due or to become due (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against the Corporation giving rise to any liability), that is not reflected or reserved against in Corporation's balance sheet as of March 31, 2014, or included in the Financial Statements, except for (i) for liabilities arising in the ordinary course of business, consistent with past practice since March 31, 2014, which individually or in the aggregate, are not material and averse (none of which results from, arises out of, relates to, is in the nature of, or was caused by any material breach of contract or warranty, infringement or violation of law) and (ii) those that are not required by generally accepted accounting principles to be included in a balance sheet. All debts, liabilities, and obligations incurred after that date were incurred in the ordinary course of business and are usual and normal in amount both individually and in the aggregate.

3.7 Tax Returns and Audits. For purposes of the following representations, the term "Corporation" shall be construed to refer also to each predecessor-in-interest of Corporation. Except as set forth in Schedule 3.7 of the Disclosure Schedules:

3.7.1 Corporation has within the past three (3) years filed or caused to be filed on a timely basis all federal, state, and local tax returns (including income, payroll and sales tax returns) and all reports with respect to taxes that are or were required to be filed pursuant to applicable laws by Corporation ("Tax Returns") or with respect to the activities, assets, income or operations of Corporation. All Tax Returns and reports with respect to taxes filed by Corporation within the past three (3) years are true, correct and complete in all material respects. Corporation has timely paid, or made provision in the financial statements for all taxes related to the assets, business, income and operations of Corporation that have or may have accrued or become due for all periods covered by the Tax Returns or that will have accrued or become due prior to the Closing, or pursuant to any assessment received by Corporation, except such taxes, if any, as are listed on Schedule 3.7.1 and are being contested in good faith or as to which adequate reserves (determined in accordance with the Corporation's accounting principles, consistently applied) have been provided in the financial statements. Except as provided Schedule 3.7.1, Corporation currently is not the beneficiary of any extension of time within which to file any Tax Return.



3.7.2 Corporation has delivered or made available to Buyer copies of all Tax Returns filed with the Internal Revenue Service, the California Franchise Tax Board and the California State Board of Equalization since December 31, 2011.

3.7.3 Schedule 3.7.3 contains a complete list of all audits, examinations and investigations within the past three (3) years with respect to the Tax Returns of Corporation and a complete description of any and all deficiencies or other amounts that were paid or are currently being contested. All such deficiencies or other amounts proposed as a result of such audits have been paid, reserved against, or settled without further liability (or are being contested in good faith by appropriate proceedings as described on Schedule 3.7.3). Except as provided on Schedule 3.7.3, there is no dispute or claim concerning any taxes related to the Corporation either (i) claimed or raised by any governmental authority in writing or (ii) as to which Corporation has knowledge. Except as described on Schedule 3.7.3, Corporation has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other person) of any statute of limitations relating to the assessment or payment of taxes. There is no lien on any of the assets of Corporation that arose in connection with any failure (or alleged failure) to pay any tax, and Corporation has no knowledge of any basis for assertion of any claims attributable to taxes which, if adversely determined, would result in any such lien.

3.7.4 Corporation has, within the past three (3) years, complied in all material respects with all provisions of tax law relating to withholding, payment and remittance of taxes and information reporting with respect thereto.

3.7.5 Corporation has not within the past three (3) years been a party to a "reportable transaction," as such term is defined in Treasury Regulations Section 1.6011-4(b)(1). Corporation has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code.

3.8 Assets of Business.

3.8.1 Leases.

3.8.1.1 Description. All the leases for real property listed in Schedule 3.8.1.1 to the Disclosure Schedules (the "Leases") are valid and in full force, and there does not exist any default or event that with notice or lapse of time, or both, would constitute a default under any of these leases by Corporation or, to Corporation's knowledge, any other party.

3.8.1.2 Zoning. To Selling Parties' knowledge, the zoning of each parcel of property subject to the Leases permits the presently existing improvements. Corporation has not commenced, nor have Selling Parties received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

3.8.1.3 Hazardous Materials. To Selling Parties' knowledge, there are no underground storage tanks located on the real property subject to the Leases in which any Hazardous Material, as defined below, has been or is being stored, nor have any of the Selling Parties caused any spill, disposal, discharge, or release of any Hazardous Material into, upon, from, or over that real property or into or upon ground or surface water on that real property. To Selling Parties' knowledge, there are no asbestos-containing materials incorporated into the buildings or interior improvements that are part of that real property, or into other assets of Corporation, nor is there any electrical transformer, fluorescent light fixture with ballasts, or other equipment containing PCBs on that real property. As used in this

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paragraph, "Hazardous Material" means any hazardous or toxic substance, material, or waste that is regulated by any federal authority or by any state or local governmental authority where the substance, material, or waste is located.

3.8.2 Other Tangible Personal Property. Schedule 3.8.2 to the Disclosure Schedules contains a complete and accurate schedule describing all trucks, forklifts, automobiles, machinery, equipment, furniture and all other tangible personal property, in each case with an individual value in excess of \$5,000, owned by, in the possession of, or used by Corporation in connection with its business, except inventories of finished goods. All the motor vehicles listed in Schedule 3.8.2 are in good condition and repair (normal wear and tear excepted) and have current smog certifications. Except as stated in Schedule 3.8.2, no personal property used by Corporation in connection with its business is held under any lease, security agreement, conditional sales contract, or other title retention or security arrangement, or is located other than in the possession of Corporation.

3.8.3 Accounts Receivable. Corporation has no accounts receivable.

3.9 Title to Assets. Corporation has good and marketable title to all its tangible assets, free and clear of mortgages, liens, pledges, charges, encumbrances, equities, claims, covenants, conditions, or restrictions, except for (i) those disclosed in the Financial Statements; (ii) the lien of current taxes not yet due and payable; and (iii) possible minor matters that, in the aggregate, are not substantial in amount and do not materially detract from or interfere with the present or intended use of any of these assets or materially impair business operations. Corporation is not in default or in arrears in any material respect under any lease. All real property and tangible personal property of Corporation is in good operating condition and repair, ordinary wear and tear excepted. Corporation is in possession of all premises leased to it from others. None of the Shareholders nor any officer, director, or employee of Corporation; nor any spouse, child, or other relative of any of these persons, owns, or has any interest, directly or indirectly, in any of the real or personal property owned by or leased to Corporation.

3.10 Insurance Policies. Schedule 3.10 to the Disclosure Schedules provides a description of all insurance policies to which Corporation is a named insured which are currently in effect (the "Insurance Policies"). Corporation is not in default with respect to payment of premiums, is not in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such policy and such policies are in full force and effect. Except for workers compensation claims arising in the ordinary course of Corporation's business, no claim is pending under any such policy.

3.11 Compliance With Laws.

3.11.1 General. Corporation has complied in all material respects with all federal, state, and local environmental protection laws and regulations and have not been cited for any violation of any such law or regulation. There is no pending audit known to Selling Parties or any of their officers by any federal, state, or local governmental authority with respect to groundwater, soil, or air monitoring; the storage, burial, release, transportation, or disposal of hazardous substances; or the use of underground storage tanks by Corporation or relating to the facilities of Corporation. Corporation does not have any agreement with any third party or federal, state, or local governmental authority relating to any such environmental matter or any environmental cleanup. Corporation has complied with all requirements of the Occupational Safety and Health Act and its California equivalents and regulations promulgated under any such legislation, the consequences of a violation of which could have a material adverse effect on their operations, and with all orders, judgments, and decrees of any tribunal under such legislation that apply to their business or properties. Corporation has not directly or indirectly paid or delivered any fee, commission, or other money or property, however characterized, to any finder, agent, government official, or other party, in the United States or any other country, that is in any manner related

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to the business or operations of Corporation, and that Shareholders or Corporation knows or has reason to believe to have been illegal under any federal, state, or local law of the United States or any other country having jurisdiction.

3.11.2 Employment Practices. Corporation is in material compliance with all applicable laws pertaining to employment and employment practices to the extent they relate to employees of Corporation. To the Corporation's knowledge, (a) all individuals characterized and treated by Corporation as consultants or independent contractors are properly treated as independent contractors under all applicable laws the consequences of a violation of which could have a material adverse effect on their operations; and (b) all employees of Corporation classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified as such. There are no legal actions pending against the Corporation, or to the Corporation's knowledge, threatened by or with any governmental authority or arbitrator against the Corporation in connection with the employment of any current or former employee, consultant or independent contractor of Corporation.

3.12 Litigation. Except for workers compensation claims arising in the ordinary course of Corporation's business, there is no pending, nor, to the best knowledge of Shareholders and Corporation, threatened, any suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation against or affecting Corporation or any of its business, assets, or financial condition. Corporation is not in default with respect to any order, writ, injunction, or decree of any federal, state, local, or foreign court, department, agency, or instrumentality applicable to Corporation. Neither the Corporation nor the Shareholders are presently engaged in any legal action to recover moneys due to the Corporation or damages sustained by the Corporation.

3.13 Agreement Will Not Cause Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute any of the following: (i) a default or an event that, with notice or lapse of time or both, would be a default, breach, or violation of the articles of incorporation or bylaws of Corporation or any lease, license, promissory note, conditional sales contract, indenture, mortgage, deed of trust, or other agreement, instrument, or arrangement to which Shareholders or Corporation is a party or by which any of them or the assets of the Corporation are bound; (ii) an event that would permit any party to terminate any material agreement or to accelerate the maturity of any indebtedness or other obligation of Corporation; or (iii) the creation or imposition of any lien, charge, or encumbrance on any of the properties of Corporation.

3.14 Authority and Consents. Selling Parties have the right, power, legal capacity, and authority to enter into, and perform their respective obligations under, this Agreement; and no approvals or consents of any persons other than Selling Parties are necessary in connection with it. The execution and delivery of this Agreement by Corporation has been duly authorized by all necessary corporate action.

3.15 Corporate Documents. Selling Parties have furnished to Buyer for its examination (i) copies of the articles of incorporation and bylaws of Corporation; (ii) the minute book of Corporation containing all records required to be set forth of all proceedings, consents, actions, and meetings of the shareholders and boards of directors of Corporation; (iii) all permits, orders, and consents issued by the California Commissioner of Corporations with respect to Corporation, or any security of Corporation, and all applications for such permits, orders, and consents; and (iv) the stock transfer book of Corporation setting forth all transfers of any capital stock.

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3.16 Personnel.

3.16.1 Employment Contracts and Benefits. Except for offer letters and employment agreements entered into in the ordinary course, Schedule 3.16.1 to the Disclosure Schedule contains a list of all employment contracts and collective bargaining agreements, and all pension, bonus, profit-sharing, stock option, or other agreements providing for employee remuneration and all employee benefit plans covered by the provisions of the Employee Retirement Income Security Act ("ERISA") to which Corporation is a party or by which Corporation is bound. Corporation is not, nor, to Corporation's knowledge, is any other party thereto in default under any such contracts or arrangements. There have been no claims of defaults and, to the best knowledge of Selling Parties, there are no facts or conditions that if continued, or on notice, will result in a default under these contracts or arrangements. There is no pending or, to Selling Parties' knowledge, threatened labor dispute, strike, or work stoppage affecting Corporation's business. Corporation has complied in all material respects with all applicable laws for its employee benefit plans, including the provisions of the ERISA if and to the extent applicable. There are no threatened (to Corporation's knowledge) or pending claims by or on behalf of any such benefit plan, by or on behalf of any employee covered under any such plan, or otherwise involving any such benefit plan, that allege a breach of fiduciary duties or violation of other applicable state or federal law, nor is there, to Selling Parties' knowledge, any basis for such a claim. Corporation is not party to any severance or similar arrangement in respect of any present or former employee that will result in any obligation, absolute or contingent, of Buyer or Corporation, to make any payment to any present or former employee following termination of employment.

4. BUYER'S REPRESENTATIONS AND WARRANTIES. Buyer represents and warrants that:

4.1 Organization, Standing and Qualification of Buyer. Buyer is a corporation duly organized, existing, and in good standing under the laws of California. This is the only jurisdiction in which the nature of Buyer's business or of its properties makes such qualification necessary. The execution and delivery of this Agreement and the consummation of this transaction by Buyer have been duly authorized, and no further corporate authorization is necessary on the part of Buyer.

4.2 Authority and Consents. No consent, approval, or authorization of, or declaration, filing, or registration with, any United States federal or state governmental or regulatory authority is required to be made or obtained by Buyer in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement.

4.3 Litigation. There is not pending, or, to the best knowledge of Buyer, threatened, any suit, action, arbitration, or legal, administrative, or other proceeding, or governmental investigation against or affecting Buyer or any of its business, assets, or financial condition, that would adversely affect the Buyer's ability to consummate the transactions contemplated by this Agreement.

4.4 Agreement Will Not Cause Breach or Violation. The consummation of the transactions contemplated by this Agreement will not result in or constitute a default or an event that, with notice or lapse of time or both, would be a default, breach, or violation of the articles of incorporation or bylaws of Buyer or any agreement, instrument, or arrangement to which Buyer is a party or by which it is bound.

4.5 Authority and Consents. Buyer has the right, power, legal capacity, and authority to enter into, and perform its obligations under, this Agreement; and no approvals or consents of any third parties are necessary in connection with it. The execution and delivery of this Agreement by Buyer has been duly authorized by all necessary corporate action.

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5. OBLIGATIONS BEFORE CLOSING.

5.1 Selling Parties' Obligation before the Closing. Selling Parties covenant that from the date of this Agreement until the Closing:

5.1.1 Buyer's Access to Premises and Information. Subject to compliance with the terms of that certain Confidentiality Agreement among Corporation, LSBM and Buyer dated November 19, 2013, in connection with the implementation of the transactions contemplated by this Agreement: (a) Buyer and its counsel, accountants, and other representatives shall have reasonable access during normal business hours to all properties, books, accounts, records, contracts, and documents of or relating to Corporation; and (b) Selling Parties shall furnish or cause to be furnished to Buyer and its representatives all data and information concerning the business, finances, and properties of Corporation that may reasonably be requested.

5.1.2 Conduct of Business in Normal Course. Corporation will carry on its business and activities diligently and in substantially the same manner as it previously has been carried out.

5.1.3 Preservation of Business and Relationships. Corporation will use its best efforts, without making any commitments on behalf of Buyer, to preserve its business organizations intact, to keep available to Corporation its present officers and employees, and to preserve its present relationships with suppliers, customers, and others having business relationships with them.

5.1.4 Corporate Matters. Corporation will not (i) amend its articles of incorporation or bylaws; (ii) issue any shares of its capital stock; (iii) issue or create any warrants, obligations, subscriptions, options, convertible securities, or other commitments under which any additional shares of its capital stock of any class might be directly or indirectly authorized, issued, or transferred from treasury; or (iv) agree to do any of the acts listed in this paragraph.

5.1.5 Maintenance of Insurance. Corporation will continue to carry its existing Insurance Policies subject to variations in amounts required by the ordinary operations of its business.

5.1.6 Employees and Compensation. Corporation will not do, or agree to do, any of the following acts: (i) make any change in compensation payable or to become payable by it, to any officer, employee, sales agent, or representative, except annual increases in compensation consistent with past practices and not material in amounts; (ii) make any change in benefits payable to any officer, employee, sales agent, or representative under any bonus or pension plan or other contract or commitment; or (iii) modify any collective bargaining agreement to which it is a party or by which it may be bound.

5.1.7 New Transactions. Corporation will not do or agree to do, without Buyer's consent, any of the following acts:

5.1.7.1 Enter into any contract, commitment, or transaction not in the usual and ordinary course of its business;

5.1.7.2 Enter into any contract, commitment, or transaction in the usual and ordinary course of business involving an amount exceeding \$5,000, individually, or \$20,000 in the aggregate, except contract, commitment, or transactions for seasonal promotions in the ordinary course of business;

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5.1.7.3 Make any capital expenditures in excess of \$5,000 for any single item or \$20,000 in the aggregate, or enter into any leases of capital equipment or property under which the annual lease charge is in excess of \$20,000; or

5.1.7.4 Sell or dispose of any capital asset, except for the sale or transfer of the children's boat amusement ride.

5.1.8 Dividends, Distributions, and Acquisitions of Stock. Corporation will not:

5.1.8.1 Declare, set aside, or pay any dividend or make any distribution in respect of its capital stock; provided, however, Corporation may distribute available cash to the Shareholders, to the extent it exceeds the Closing Date Working Capital required pursuant in paragraph 2.3;

5.1.8.2 Directly or indirectly purchase, redeem, or otherwise acquire any shares of its capital stock; or

5.1.8.3 Enter into any agreement obligating it to do any of the foregoing prohibited acts.

5.1.9 Payment of Liabilities and Waiver of Claims. Corporation will not do, or agree to do, any of the following acts: (i) pay any obligation or liability, fixed or contingent, other than current liabilities; (ii) waive or compromise any material right or claim; or (iii) cancel, without full payment, any note, loan, or other material obligation owing to Corporation.

5.1.10 Existing Agreements. Corporation will not modify, amend, cancel, or terminate any of its existing material contracts or agreements, or agree to do any of those acts.

5.1.11 Updated Financial Statements. Within thirty (30) days of the end of each month, Corporation shall deliver to Buyer unaudited balance sheets of Corporation as of the relevant month end, together with related unaudited statements of income and retained earnings for the period commencing on January 1, 2014 and ending on the relevant month end date. The financial statements described in this paragraph 5.1.11 shall be prepared in accordance with accounting principles applied consistently with prior periods and based on the books and records of Corporation.

5.2 All Parties' Obligations before Closing. Each party covenants that from the date of this Agreement until the Closing, each shall use its reasonable best efforts to cause the conditions set forth in Section 6 or Section 7 that are not beyond its reasonable control to be satisfied at or prior to the Closing and shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things commercially reasonably necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including Buyer's obligation to cooperate with the Selling Parties and to use its best efforts to obtain the City Lease Modification as described in paragraph 6.8 below.

5.3 Updates to Disclosure Schedules. Should any occurrence or non-occurrence of an event happen after the date of this Agreement which would reasonably be expected to cause any representation or warranty in this Agreement to be untrue or inaccurate or otherwise require a change in the Disclosure Schedules, Corporation may (but is not obligated to) deliver to Buyer a supplement to the Disclosure Schedules specifying such event or change. If Corporation delivers to Buyer any such supplement to the Disclosure Schedules which would reasonably be expected to result in a failure to meet a condition to

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Closing set forth in paragraph 6, Buyer will have the right to terminate this Agreement pursuant to paragraph 12.6.1.1 within five (5) days of receipt of such notice; provided however, if Buyer does not terminate this Agreement within five (5) days of receipt of such notice or if such change would not reasonably be expected to result in a failure to meet a condition to Closing set forth in paragraph 6, Buyer will be deemed to have accepted such supplement to the Disclosure Schedules. Upon the acceptance or deemed acceptance of any such supplement by Buyer, the information contained in such supplement will be deemed to become part of the Disclosure Schedules and will be deemed to qualify and constitute an exception to the applicable representations, warranties and covenants of Corporation.

6. **CONDITIONS PRECEDENT TO BUYER'S PERFORMANCE.** The obligations of Buyer to purchase the Shares under this Agreement are subject to the satisfaction, at or before the Closing, of all the conditions set out below in this paragraph 6. Buyer may waive any or all of these conditions in whole or in part without prior notice.

6.1 **Accuracy of Selling Parties' Representations and Warranties.** Except as otherwise permitted by this Agreement, all representations and warranties by each of the Selling Parties in this Agreement shall be true in all material respects on and as of the Closing Date as though made at that time.

6.2 **Performance by Selling Parties.** Selling Parties shall have performed, satisfied, and complied in all material respects with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by them, or any of them, on or before the Closing Date.

6.3 **No Material Adverse Change.** Between the date of this Agreement and the Closing Date, there shall not have been any material adverse change in the financial condition or the results of operations of Corporation, and Corporation shall not have sustained any material loss or damage to its assets, whether or not insured, that materially affects its ability to conduct a material part of its business.

6.4 **Absence of Litigation.** No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transaction contemplated by this Agreement or to its consummation, shall have been instituted or threatened on or before the Closing Date.

6.5 **Corporate Approval.** The execution and delivery of this Agreement by Corporation, and the performance of their covenants and obligations under it, shall have been duly authorized by all necessary corporate action, and Buyer shall have received copies of all resolutions pertaining to that authorization, certified by the secretary of Corporation.

6.6 **Consents.** All necessary agreements and consents of third parties to the consummation of the transactions contemplated by this Agreement as listed on Schedule 6.6 hereto, shall have been obtained by Selling Parties and delivered to Buyer.

6.7 **Employment Agreements.** The employment agreements in such forms as are acceptable to Selling Parties and as set forth in Exhibit 6.7, dated the Closing Date, shall have been executed and delivered by Wendy Crain, Colleen Quinones, Minh Tra, Pat Crain and Jennafer Harris (collectively, "**Key Employees**") to Buyer (the "**Employment Agreements**").

6.8 **City of San Diego Lease Modification or Termination.** An amendment, extension and/or assignment or termination shall have been obtained for the benefit of Corporation, Buyer and/or its affiliates in connection with that certain lease agreement between "City of San Diego" as "Lessor" and "San Diego Seaside Company Inc" as "Lessee" under document number RR-274204 recorded August 7, 1989 at the Office of the City Clerk, San Diego, CA, (the "**City Lease Modification**") under terms acceptable by Buyer in its sole and absolute discretion.

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6.9 Working Capital Schedule. The Working Capital Schedule (as defined in paragraph 2.3) shall have been completed to the mutual agreement of Selling Parties and Buyer and attached to this Agreement as Schedule 2.3.

6.10 Approval of Documentation. The form and substance of all certificates, instruments, opinions, and other documents delivered to Buyer under this Agreement shall be satisfactory in all reasonable respects to Buyer and its counsel.

6.11 Resignations. Selling Parties shall have delivered to Buyer, except as otherwise requested by Buyer, the written resignations of all the officers and directors of Corporation, and will cause any other action to be taken with respect to these resignations that Buyer may reasonably request.

6.12 Concurrent Closing of Asset Purchase Agreement. The concurrent closing of the transactions set forth in the Asset Purchase Agreement referenced in paragraph 1.2.

7. CONDITIONS PRECEDENT TO SELLING PARTIES' PERFORMANCE. The obligations of Shareholders to sell and transfer the Shares under this Agreement are subject to the satisfaction, at or before the Closing, of all the following conditions. Shareholders may waive any or all of these conditions in whole or in part without prior notice.

7.1 Accuracy of Buyer's Representations and Warranties. All representations and warranties by Buyer contained in this Agreement or in any written statement delivered by Buyer under this Agreement shall be true in all material respects on and as of the Closing Date as though such representations and warranties were made on and as of that date.

7.2 Buyer's Performance. Buyer shall have performed and complied with all covenants and agreements and satisfied all conditions that it is required by this Agreement to perform, comply with, or satisfy before or at the Closing.

7.3 Absence of Litigation. No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transaction contemplated by this Agreement or to its consummation, shall have been instituted or threatened on or before the Closing Date.

7.4 Corporate Approval. The execution and delivery of this Agreement by Buyer, and the performance of its covenants and obligations under it, shall have been duly authorized by all necessary corporate action, and Selling Parties shall have received copies of all resolutions pertaining to that authorization, certified by the secretary of Buyer.

7.5 Employment Agreements. The Employment Agreements, in such forms and on such terms as are acceptable to Selling Parties, shall have been executed and delivered by the Buyer to the Key Employees.

7.6 Employee Bonus Plan. Buyer shall have adopted and shall maintain for the duration of its term an employee bonus plan providing for payment of retention and performance bonuses to Key Employees and those employees as mutually agreed by Buyer and Corporation in such form and on such terms as is acceptable to Selling Parties and as attached hereto as Exhibit 7.6 (the "Employee Bonus Plan").

7.7 Working Capital Schedule. The Working Capital Schedule shall have been completed to the mutual agreement of Selling Parties and Buyer and attached to this Agreement as Schedule 2.3.

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7.8 Approval of Documentation. The form and substance of all certificates, instruments and other documents delivered to Selling Parties under this Agreement shall be satisfactory in all reasonable respects to Selling Parties and its counsel.

7.9 Concurrent Closing of Asset Purchase Agreement. The concurrent closing of the transactions set forth in the Asset Purchase Agreement referenced in paragraph 1.2 above.

8. THE CLOSING.

8.1 Time and Place. The transfer of the Shares by Shareholders to Buyer (the "Closing") shall take place at the offices of Judkins, Glatt & Hulme at 10:00AM local time, on September 2, 2014, concurrent with and conditioned upon the "Closing" under the Asset Purchase Agreement, or at such other time and place as Buyer and Selling Parties may agree to in writing (the "Closing Date").

8.2 Selling Parties' Obligations at Closing. At the Closing, Selling Parties shall deliver to Buyer the following instruments, in form and substance satisfactory to Buyer and its counsel, against delivery of the items specified in paragraph 8.3:

8.2.1 Certificates representing the Shares, registered in the name of Shareholders, duly endorsed by Shareholders for transfer or accompanied by an assignment of the Shares duly executed by Shareholders. On submission of that certificate or certificates to Corporation for transfer, Corporation shall issue to Buyer a certificate representing the Shares, registered in the Buyer's name.

8.2.2 The stock books, stock ledgers and minute books of Corporation.

8.2.3 The written resignations of all the officers and directors of Corporation.

8.2.4 The Employment Agreements duly executed by the Key Employees, in the form set forth in Exhibit 6.7.

8.2.5 A certificate executed by Selling Parties, dated the Closing Date, certifying that their respective representations and warranties in this Agreement are true and correct in all material respects at and as of the Closing Date, as though each representation and warranty had been made on that date.

8.2.6 A general release in the form set forth in Exhibit 8.2.6, in favor of Corporation, executed by Shareholders, and dated the Closing Date.

8.3 Buyer's Obligations at Closing. At the Closing, Buyer shall deliver to Shareholders the following instruments, in form and substance satisfactory to Buyer and its counsel, against delivery of the items specified in paragraph 8.2:

8.3.1 The Consideration by way of wire transfers to each Shareholder in the respective amounts set forth in paragraph 2.2 above to such accounts as directed by the Shareholders;

8.3.2 The Employment Agreements duly executed by the Buyer, in the form set forth in Exhibit 6.7;

8.3.3 The fully adopted and effective Employee Bonus Plan;

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8.3.4 A certificate executed by Buyer, dated the Closing Date, certifying that its representations and warranties in this Agreement are true and correct in all material respects at and as of the Closing Date, as though each representation and warranty had been made on that date; and

8.3.5 Evidence that Buyer has obtained substantially equivalent insurance policies to the personal injury, general liability, property damage, fire and casualty, automobile and excess liability insurance policies listed on Schedule 3.10 effective as of the Closing and named the Selling Shareholders as additional insured in accordance with the requirements of paragraph 9.4 below.

9. COVENANTS OF PARTIES

9.1 **Publicity.** All notices to third parties and all other publicity concerning the transactions contemplated by this Agreement shall be jointly planned and coordinated by and between Buyer and Selling Parties. No party shall act unilaterally in this regard without the prior written approval of the others; however, this approval shall not be unreasonably withheld.

9.2 **Finder's or Broker's Fees.** Each party represents and warrants that it has dealt with no broker or finder in connection with any transaction contemplated by this Agreement, and, as far as it knows, no broker or other person is entitled to any commission or finder's fee or similar payment in connection with any of the transactions contemplated by this Agreement and each party will be responsible for any such commission, finder's fee or similar payment arising due to its actions and will hold harmless the other parties therefrom.

9.3 **Expenses.** Each party shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

9.4 **Replacement Insurance.** Buyer or Corporation, at Buyer's own expense, shall obtain insurance policies covering personal injury, general liability, property damage, fire and casualty, automobile and excess liability on substantially equivalent terms to such policies currently covering Corporation and providing for at least equivalent coverage as that set forth on Schedule 9.4 (such policies are referred to herein, as the "Corporate Insurance Policies") for Corporation or Buyer for at least four (4) years following the Closing Date naming Selling Shareholders and LSBM as additional insureds on such policies. The Corporate Insurance Policies to be so maintained by Buyer or Corporation shall be in full force and effect at the Closing. Buyer shall provide Selling Shareholders or LSBM with evidence of insurance certificate for such initial policy at the Closing or as promptly thereafter as Buyer receives same. At least five (5) days after each renewal of the policy term, or as promptly thereafter as Buyer receives same, Buyer shall provide Selling Shareholders with such a certificate for the renewal policy. Further, at a Selling Shareholder's or LSBM's request, Buyer shall promptly upon request provide such Selling Shareholder or LSBM with copies of policies, riders, evidence of insurance and any related information with respect to the Corporate Insurance Policies. Buyer shall pay for all Corporate Insurance Policies described in this paragraph 9.4 commencing on the Closing Date.

9.5 **Compliance with Employee Bonus Plan.** Buyer shall maintain and comply with the Employee Bonus Plan in accordance with its terms. Buyer shall not modify the Employee Bonus Plan without the prior written consent of all of the employees participating in such plan.

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10. FORM OF AGREEMENT.

10.1 Effect of Headings. The subject headings of the paragraphs and subparagraphs of this Agreement are included for convenience only and shall not affect the construction or interpretation of any of its provisions.

10.2 Entire Agreement; Modification; Waiver. This Agreement and the Asset Purchase Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained in it and supersede all prior and contemporaneous agreements, representations, and understandings of the parties. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

10.3 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. PARTIES.

11.1 Parties in Interest. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and the Key Employees, LSBM, and the LSBM Members (as defined in the Asset Purchase Agreement) and their respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party to this Agreement, the Key Employees, LSBM or the Members, nor shall any provision give any third persons any right of subrogation or action over against any party to this Agreement.

11.2 Assignment. This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors, and assigns; provided, however, that Buyer may not assign any of its rights under this Agreement, except to a wholly owned subsidiary corporation of Buyer. No such assignment by Buyer to its wholly owned subsidiary shall relieve Buyer of any of its obligations or duties under this Agreement.

12. REMEDIES.

12.1 Mediation. The parties shall first endeavor to resolve any claim, dispute or other controversy subject to this Agreement ("Dispute") through mediation. The mediation shall be conducted by an organization or individual selected by agreement of the parties or, failing such agreement, then by the San Diego offices of the American Arbitration Association ("AAA"). The complaining party shall contact AAA to schedule a mediation conference within thirty (30) days. The parties may agree on a mediator from the AAA panel. If they are unable to agree, AAA shall provide a list of three available mediators and each party may strike one. The remaining one will serve as the mediator. Neither party may initiate arbitration proceedings until mediation is completed. Notwithstanding any other provision of this Agreement to the contrary, a party who refuses to participate in the mediation process shall not be entitled to recover its attorneys fees and costs incurred in connection with the Dispute that may have otherwise been awarded pursuant to the provisions of paragraph 12.4 below.

12.2 Arbitration. Any Dispute not resolved through mediation shall be resolved by binding arbitration. The arbitration will be conducted by an organization or individual agreed upon by the parties

or, failing such an agreement, by the San Diego offices of AAA, under the commercial arbitration rules of AAA then existing, except that the parties shall have the rights of discovery provided for in Part 4 of the California Code of Civil Procedure, and judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. Arbitrators shall be persons experienced in negotiating, making, and consummating acquisition agreements. The arbitrator may be the same person who served as mediator. To the maximum extent possible, the parties agree that any mediation or arbitration under this addendum be consolidated with other mediation or arbitration proceedings in which related issues are being resolved. The parties agree to take all reasonable action necessary or desirable to achieve such consolidation.

12.3 [Intentionally omitted.]

12.4 Recovery of Litigation Costs. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled, except as otherwise set forth in paragraph 12.1 above and subject to the limitations set forth in paragraph 12.5 below.

12.5 Limitations on Liability.

12.5.1 Notwithstanding anything to the contrary contained in this Agreement, in no event shall the liability of the Shareholders under this Agreement and the Members and LSBM under the Asset Purchase Agreement exceed each Shareholder's Pro Rata Share of \$705,346 if a claim is made during the First Year, \$500,000 if a claim is made during the Second Year or \$300,000 if a claim is made during the Third Year (in each case, such amount shall be referred to as the "Damages Cap") and the maximum aggregate amount which Buyer and APA Buyer (collectively, the "Buyer Affiliates" or individually, a "Buyer Affiliate") can recover from the Shareholders, the Members and LSBM as a result of any claims under this Agreement or the Asset Purchase Agreement shall not exceed \$705,346 in the aggregate under any circumstances, except for damages based on breaches of paragraphs 3.1 and 3.2 of this Agreement (collectively, the "Fundamental Representations") or fraud of an individual Shareholder in which case the liability of the Shareholders under this Agreement and the Members and LSBM under the Asset Purchase Agreement would not exceed each Shareholder's Pro Rata Share of the Consideration (as defined in this Agreement and the Asset Purchase Agreement, collectively, the "Total Consideration") received by such Shareholder under this Agreement and the Asset Purchase Agreement. More specifically, to the extent that any Buyer Affiliate recovers any funds from Members or LSBM under the Asset Purchase Agreement, then the amount recoverable under this Agreement shall be reduced by such amount and to the extent that any Buyer Affiliate recovers any funds from Shareholders under this Agreement, then the amount recoverable from Members or LSBM under the Asset Purchase Agreement shall be correspondingly reduced by such amount. By way of example, if the Members pay to a Buyer Affiliate \$155,346 for a breach of the Asset Purchase Agreement to which the Damages Cap applies during Year One, then the total liability of the Shareholders, Members and LSBM under this Agreement and the Asset Purchase Agreement shall be reduced to \$550,000. In no event shall the liability of any individual Shareholder exceed the lesser of such Shareholder's Pro Rata Share of (i) the damages claimed or (ii) the Damages Cap (or in the case of breach of a Fundamental Representation or fraud, the Total Consideration). For purposes of this paragraph, the terms set forth below shall have the following meanings:

- a) "First Year" means the twelve (12) month period commencing on the

Closing Date;

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b) "Pro Rata Share" means with respect to each Shareholder, such Shareholder's pro rata share, based upon the ratio that the number of underlying Shares held by each Shareholder bears to the total number of Shares outstanding as set forth in Schedule 12.5.1 hereto;

c) "Second Year" means the twelve (12) month period commencing on the first day after the end of the First Year; and

d) "Third Year" means the twelve (12) month period commencing on the first day after the end of the Second Year.

The parties acknowledge that the Members hold the same pro rata share of membership interests in LSBM as the Shareholders hold in the Corporation. Buyer also acknowledges and agrees that it shall have no right pursuant to this paragraph 12.5.1 or otherwise under this Agreement or the Asset Purchase Agreement to pursue any Shareholder or Member or LSBM with respect to any breach or failure by a Shareholder or Member to fully perform his or her obligations under such person's respective consulting agreement, and/or similar agreement with Corporation or any Buyer Affiliate, as applicable, and that any cause of action arising as a result of such breach or failure to perform shall be asserted only in a separate action by a Buyer Affiliate against the breaching party that is independent of this Agreement or the Asset Purchase Agreement.

12.5.2 Notwithstanding anything to the contrary set forth herein, the Shareholders shall not have any liability under this Agreement (and the Members and LSBM shall not have any liability under the Asset Purchase Agreement), unless and until the aggregate amount of damages suffered by the Buyer Affiliates under both this Agreement and the Asset Purchase Agreement exceeds an amount equal to \$80,000 (the "Basket") at which time the Shareholders shall only be liable for damages in excess of such Basket amount up to the applicable Damages Cap, subject to the offset for any payments of damages under the Asset Purchase Agreement as described in paragraph 12.5.1.

12.5.3 None of Buyer or any Buyer Affiliate shall have any claim with respect to any damages arising out of any breach of representation and warranty after the applicable Survival Date (as defined in paragraph 13) except to the extent that a written claim for damages related to a breach of a representation or warranty has been received by the Shareholders within the applicable period as provided in and subject to paragraph 13.

12.5.4 The parties shall mitigate their damages. The amount of any claim for damages shall be calculated net of any insurance proceeds received by the party claiming the damages.

12.6 Termination.

12.6.1 Termination Rights. This Agreement shall be terminated and neither party shall be obligated to proceed with the transactions contemplated by this Agreement upon the occurrence of any of the following events prior to Closing:

12.6.1.1 At Buyer's option and upon written notice to Selling Parties, if the conditions precedent to Buyer's obligation set forth in paragraph 6 are not satisfied at or before the Closing Date, as applicable;

12.6.1.2 At Selling Parties' option and upon written notice to Buyer, if the conditions precedent to Selling Parties' obligation set forth in paragraph 7 are not satisfied at or before Closing Date, as applicable; or

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12.6.1.3 At the option of the non-breaching party and upon written notice, in the event of a material breach of this Agreement which is not cured within five business days after written notice to the breaching party specifying the material breach.

The parties acknowledge and agree that any termination of this Agreement shall also constitute a termination of the Asset Purchase Agreement unless otherwise agreed in writing by Selling Parties and Buyer.

13. NATURE AND SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS. All representations, warranties, covenants, and agreements of the parties contained in this Agreement, or in any instrument, certificate, opinion, or other writing provided for in it, shall survive the Closing until all obligations with respect thereto shall have been performed or satisfied or shall have been terminated in accordance with their terms, provided that the representations and warranties of the Selling Parties shall expire twelve (12) months from the Closing, except for the Fundamental Representations and the representations and warranties set forth in paragraph 3.7 which shall expire thirty six (36) months from the Closing (in each case, the "Survival Date," as applicable), after which date, the Buyer shall no longer have a right to claim a breach of or sue for damages under the representations and warranties by the Selling Parties, except in the event of a Selling Party's fraud, in which case such Selling Party's liability shall survive the Closing until the applicable statute of limitations. The Selling Parties shall not have any liability with respect to any such representations and warranties after the applicable Survival Date, except to the extent that a written claim for damages related to a breach of a representation or warranty has been received by such Selling Party from Buyer, prior to the applicable Survival Date, in which case the representation or warranty that is the subject of such notice shall survive with respect to such claim until such claim is finally resolved.

14. NOTICES. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) on the date of delivery if personally delivered, (ii) one business day after delivery by overnight courier, facsimile or telegram, or (iii) three business days after mailing if mailed by first-class mail, postage prepaid, to the parties at their addresses set forth below, or such other address designated from time to time in writing by such party to all other parties.

To Shareholders:

Santa Cruz Seaside Company
400 Beach Street
Santa Cruz, CA 95060
Attention: Charles Canfield, President
Telephone: 831/460-3330

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Dana Morgan and Paula Morgan
755 Blair Ranch Road
Scotts Valley, CA 95066
Telephone: 831/439-9694
Facsimile: 831/439-9694

Robert Mazurek
3155 Wakefield Way
Scotts Valley, CA 95066
Telephone: 831/335-4482

Julianne Mazurek
3155 Wakefield Way
Scotts Valley, CA 95066
Telephone: 831/335-4482

To Corporation:

San Diego Coaster Company
c/o Dana Morgan
755 Blair Ranch Road
Scotts Valley, CA 95066
Telephone: 831/439-9694
Facsimile: 831/439-9694

To Buyer:

SDCC Investments, Inc.,
a California corporation
5505 Cancha De Golf
Rancho Santa Fe, California 92091
Telephone: 858/775-0216
Facsimile: 858/755-0216

With a copy to:

Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304-1018
Attention: Suzanne S. Graeser, Esq.
Telephone: 650/813-5600
Facsimile: 650/251-3774

With a copy to:

Andrew M. Glatt, Esq.
Judkins, Glatt & Hulme LLP
600 B Street, Ste 2350
San Diego, CA 92101
Telephone: 619/232-4604
Facsimile: 619/232-4616

and to:

David H. Getz, Esq.
Judkins, Glatt & Hulme LLP
5505 Cancha de Golf
Rancho Santa Fe, CA 92091
Telephone: 858/779-9080
Facsimile: 858/779-9302

Any party may change its address for purposes of this paragraph by giving the other parties written notice of the new address in the manner set forth above.

15. **GOVERNING LAW.** This Agreement shall be construed in accordance with, and governed by, the laws of the State of California as applied to contracts that are executed and performed entirely in California.

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16. SEVERABILITY. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

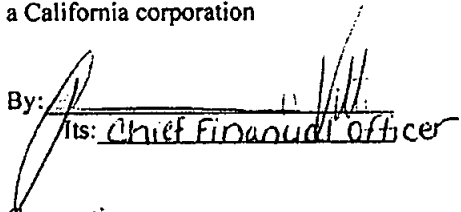
17. EXHIBITS/SCHEDULES. The Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

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IN WITNESS WHEREOF, the parties to this Stock Purchase and Sale Agreement have duly executed it on the day and year first above written.

Buyer:

SDCC Investments, Inc.,
a California corporation

By: 

Its: Chief Financial Officer

Corporation:

San Diego Coaster Company,
a California corporation

By: _____

Its: _____

Shareholders:

Santa Cruz Seaside Company,
a California corporation

By: _____

Its: _____

Dana Morgan

Paula Morgan

Robert Mazurek

Julianne Mazurek

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IN WITNESS WHEREOF, the parties to this Stock Purchase and Sale Agreement have duly executed it on the day and year first above written.

Buyer:

SDCC Investments, Inc.,
a California corporation

By: _____
Its: _____

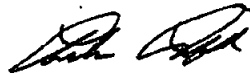
Corporation:

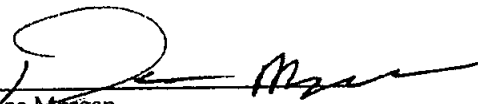
San Diego Coaster Company,
a California corporation

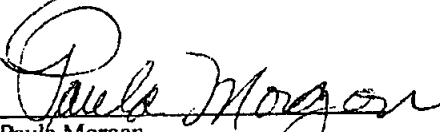
By: 
Its: President

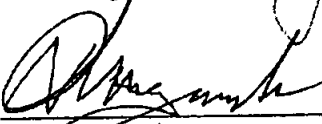
Shareholders:

Santa Cruz Seaside Company,
a California corporation

By: 
Its: President


Dana Morgan


Paula Morgan


Robert Mazurek


Julianne Mazurek