

1 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
A Limited Liability Partnership
2 Including Professional Corporations
ADAM F. STREISAND, Cal. Bar No. 155662
3 GOLNAZ YAZDCHI, Cal. Bar No. 279160
ALEXANDRA M. BANIS, Cal. Bar No. 294177
4 1901 Avenue of the Stars, Suite 1600
Los Angeles, California 90067-6055
5 Telephone: 310.228.3700
Facsimile: 310.228.3701
6 E mail: astreisand@sheppardmullin.com
gyazdchi@sheppardmullin.com
7 abanis@sheppardmullin.com

8 KROLOFF, BELCHER, SMART, PERRY & CHRISTOPHERSON
A Professional Law Corporation
9 CHRISTOPHER ENGH, Cal. Bar No. 95095
7540 Shoreline Dr.
10 Stockton, CA 95219
Telephone: (209) 478-2000
11 Facsimile: (209) 478-0354
E mail: cengh@kroloff.com

12 Attorneys for Dea Spanos Berberian, Co-
13 Trustee of the Alex and Faye Spanos Family
Trust, dated January 27, 1998, as amended
14 and restated on June 28, 2007

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 COUNTY OF SAN JOAQUIN

17 In re the

18 Alex and Faye Spanos Family Trust,
dated January 27, 1998, as amended
19 and restated on June 28, 2007

Case No. STK-PR-TR-2020-0000226
(Consolidated with Case No. STK-PR-TR-
2021-0001333)

**DEA SPANOS BERBERIAN'S
PETITION FOR:**

- 20 **1. BREACH OF FIDUCIARY DUTY**
- 21 **AND SURCHARGE AGAINST**
- 22 **DEAN SPANOS;**
- 23 **2. SUSPENSION AND REMOVAL OF**
- 24 **DEAN SPANOS AS CO-TRUSTEE;**
- 25 **3. AIDING AND ABETTING**
- 26 **BREACHES OF FIDUCIARY**
- 27 **DUTY AGAINST MICHAEL**
- 28 **SPANOS AND STEVEN COHEN;**
- 4. DISQUALIFICATION OF**
- MICHAEL SPANOS AS**
- SUCCESSOR CO-TRUSTEE; AND**
- 5. AN ORDER INSTRUCTING DEA**
- TO REFUSE TO AGREE TO**
- LETTERS OF INTENT.**

1 [PROB. CODE, §§ 15642, 17200]

2
3 Date:
4 Time:
5 Dept.: 10C

6 Petitioner Dea Spanos Berberian (“**Dea**”), as co-trustee of the Alex and Faye
7 Spanos Family Trust, dated January 27, 1998, as amended (the “**Trust**”), respectfully
8 petitions this Court for an order surcharging Dean Spanos (“**Dean**”) as a co-trustee of the
9 Trust for breaches of fiduciary duty; suspending and removing Dean as a co-trustee;
10 awarding damages as against Michael Spanos (“**Michael**”), who has falsely held himself
11 out as a co-trustee, even executing legal agreements purporting to bind the Trust by falsely
12 representing that he is a co-trustee, and who has aided and abetted Dean’s breaches of
13 fiduciary duty, and Steven Cohen (“**Cohen**”) for aiding and abetting Dean’s breaches of
14 fiduciary duty and Michael’s fraudulent actions claiming to be a co-trustee; disqualifying
15 Michael from serving as a successor co-trustee; and instructing Dea to refuse to agree to
16 Letters of Intent (“**LOI**”) (the “**Petition**”) and alleges as follows:

17 **I. INTRODUCTION**

18 1. Dea brings this Petition to rectify the multitude of abuses of fiduciary duty
19 and self-dealing by Dean, aided and abetted every step of the way by Michael and Cohen.
20 Their conduct has caused great harm to the Trust and its beneficiaries and threatens even
21 greater damage if they are not stopped – and stopped promptly. It will become clear to the
22 trier of fact that Dean, Michael and Cohen have pursued a campaign to punish, belittle and
23 humiliate Dea ever since she had the audacity to speak up against their mismanagement of
24 the Trust, as is her right as a co-equal co-trustee. This is because Dean and Michael – who
25 is not even a trustee despite his fraudulent pretensions to the contrary – believe to their
26 cores that, regardless of what their parents intended and their wills specified, men are in
27 charge and women should shut up. As a result, Dean and Michael, with their henchman
28

1 Cohen, have taken every possible step to excommunicate Dea and her children from the
2 Spanos family and to attempt to humiliate and shame her publicly. And that is not all.

3 2. Stooping to a level so vile and outrageous that it is impossible, in Dea’s
4 view, that he acted without Dean and Michael’s direction and approval, Cohen deliberately
5 damaged Dea’s relationship with her Pastor and spiritual advisor, Father Alex Karloutsos
6 (“**Father Alex**”). Until his recent retirement, Father Alex was the Vicar General of the
7 Greek Orthodox Archdiocese of America and often referred to as one of the most powerful
8 religious leaders in the country. Dean, Michael and Cohen and their entourages recently
9 flew to Greece, supposedly to explore a business deal, without informing Dea. She learned
10 of the trip and that the business deal might also involve Father Alex’s son. When she
11 learned of the trip, Dea, logically, asked questions about the purpose of the trip. She also
12 asked for confirmation that whatever business they were pursuing in Greece would not
13 involve Father Alex’s son, noting that he has a “checkered past” (which a simple Google
14 search would demonstrate). This was obviously a sensitive issue to Dea to raise given her
15 religious and pastoral relationship with Father Alex. For that *very* reason, Cohen seized on
16 it as an ideal opportunity, another in a long line of his pernicious schemes, to punish Dea,
17 this time sinking into the virtual sewer. Cohen forwarded this private, internal business
18 communication to Father Alex and asked him to take note in particular of Dea’s comment
19 about Father Alex’s son’s “checkered past.” There was one and only reason: to punish,
20 shame, and humiliate this woman for daring to exercise her right to ask questions and do
21 so in the most personal and personally destructive way possible to this woman of faith. As
22 they all knew, nothing, not even a lawsuit, could salve this wound.

23 3. Since the passing of Alex and Faye Spanos (the “**Settlors**”), Dean, who is a
24 co-trustee with Dea, and Michael, who is not, have behaved as though Dean and Michael
25 can dictate how the Trust will be used and abused for their own self-interest. Dea believes
26 that Dean and Michael have repeatedly acted out of their deeply-held misogynistic
27 attitudes and sense of entitlement as the men in the family to trample the Settlers’ express
28 intention that Dean and *Dea* – not Michael – serve together, jointly and equally as co-

1 trustees, and to rationalize their pitiable behavior which she believes is intended to teach
2 her that a woman has no rights, no matter what any trust instrument might say.

3 4. Dea is informed and believes that Dean has repeatedly breached his fiduciary
4 duties to the beneficiaries of the Trust as alleged hereinafter and summarized as follows:

- 5 a. by self-dealing with Trust assets to profit personally at the
6 beneficiaries' expense, including by causing the Trust to borrow from
7 and pay interest to entities in which Dean has a personal ownership
8 interest;
- 9 b. by self-dealing with Trust assets by continuing to require the Trust to
10 guarantee 100% of \$80 million worth of third-party debt owed by an
11 entity in which the Trust has only an 8% ownership interest, while he
12 and the other owners of 92% guarantee zero, and by using the Trust to
13 borrow to fund that entity's business operations and having a business
14 wholly owned by the Trust guarantee construction loans;
- 15 c. by manipulating the Trust financials by "reallocating" \$25 million of
16 debt from one entity to another entity (with different owners), without
17 Dea's consent, and then failing to provide information or a substantive
18 explanation;
- 19 d. by manipulating the Trust financials by "reallocating" \$33+ million of
20 debt from one entity to another (with different owners) in order to
21 permit The Spanos Corporation ("TSC") to borrow in excess of \$60
22 million more for the wasteful purchase of an airplane for Dean's and
23 Michael's use that has no legitimate business justification;
- 24 e. by marketing secretly Trust real estate for sale with Michael (who
25 misrepresented to the City of Stockton that he was a trustee) and
26 Cohen, without Dea's knowledge, consent or involvement and
27 presenting to her a listing agreement for her to sign long after plans to
28 sell had been set in motion, followed by a Letter of Intent ("LOI")
and being told to sign it despite the fact that doing so would expose
the Trust to unreasonable risk; and
- f. by hostility and retaliation against Dea and her family in order to
punish Dea for exercising her rights and her duties as a co-trustee.

5. Michael and Cohen repeatedly aided and abetted Dean's various breaches of
fiduciary duty. The conduct by all three has caused substantial harm to the Trust. Not
only must they pay damages to the Trust for the losses they have caused, but Michael
(named as a successor Co-Trustee if Dean is unable to serve) must immediately be
disqualified from serving, since he his actions have shown that he has irreconcilable
conflict and is demonstrably unfit for the role.

///

1 6. Dea seeks relief from this Court because Dean continues to run the same
2 play: make unilateral decisions that harm the Trust but benefit him personally, hide the ball
3 from Dea (or wait until the last possible moment to involve her), try to force her to sign
4 documents if necessary (and always under duress), all the while withholding information
5 and acting hostile toward Dea and her family. Given Dean’s ongoing conduct despite
6 numerous attempts by Dea demanding that he involve her presents an imminent risk of
7 further loss and injury warranting his immediate suspension and eventual removal as a Co-
8 Trustee under Probate Code sections 17200, subdivision (b)(10) and 15642.

9 7. In addition, Dean has acted in a hostile manner towards certain beneficiaries,
10 specifically Dea and her children, which has impaired the Trust administration and
11 similarly warrants his suspension and removal under Probate Code section 15642 and *In re*
12 *Gilmaker’s Estate* (1962) 57 Cal.2d 627.

13 **II. STANDING, JURISDICTION, VENUE & AUTHORITY**

14 8. **Standing.** Dea is a co-trustee of the Trust and, therefore, has standing to
15 bring this Petition under Probate Code sections 17200 and 15642.

16 9. **Jurisdiction and Venue.** The principal place of administration of the Trust
17 is in California; hence, this Court has jurisdiction pursuant to Probate Code sections 17003
18 and 17004. This Court has exclusive jurisdiction of this proceeding because it concerns
19 the internal affairs of the Trust. (Prob. Code, § 17000, subd. (a).) Venue in San Joaquin
20 County is proper under Probate Code sections 17002 and 17005, subdivision (a)(1).

21 **III. FACTUAL BACKGROUND**

22 **A. The Spanos Family**

23 10. Settlers Alex Spanos (“**Alex**”) and his wife of 70 years, Faye Spanos
24 (“**Faye**”) had four children: Dea, Dean, Michael, and Alexandra Spanos Ruhl (“**Alexis**”)
25 (individually, a “**Sibling**,” and together, the “**Siblings**”). Settlers also had 15
26 grandchildren and 12 great-grandchildren during their lifetimes. Alex and Faye died
27 within two months of each other. Faye died on August 7, 2018 at 92 years old. Alex died
28 on October 9, 2018 at 95 years old.

1 **B. The Trust**

2 11. Settlers established the Trust on January 27, 1998, amending it on December
3 8, 2003, December 4, 2006, January 19, 2007, amending and restating it on June 28, 2007,
4 which Faye then amended on December 22, 2014 (the Trust was also modified by Court
5 Order on June 29, 2020). A true and correct copy of the Trust instruments are attached
6 hereto as **Exhibit 1**.

7 12. In accordance with Section 10.1 of the Trust, Faye, Dea, and Dean served as
8 co-trustees of the Trust. (**Ex. 1** [Trust, § 10.1].) Once Faye could no longer serve, Dea
9 and Dean (individually, a “**Co-Trustee**,” and together, the “**Co-Trustees**”) became the
10 sole Co-Trustees. (*Ibid.*) The Co-Trustees must act unanimously to take action on behalf
11 of the Trust. (Prob. Code, § 15620; **Ex. 1** [Trust at § 10.10].) If Dean becomes unable or
12 unwilling to serve, then Michael shall serve as Dean’s successor. (**Ex. 1** [Trust, § 10.1].)
13 If Dea becomes unable or unwilling to serve, then Alexis shall serve as Dea’s successor.
14 (*Ibid.*) “If only one of Settlers’ children is able and willing to serve as a Trustee, Settlers
15 appoint that remaining child of Settlers to serve as sole Trustee...” (*Ibid.*)

16 13. Dean consistently has lied under oath claiming that the Siblings are the sole
17 beneficiaries of the Trust to justify many of his actions. That is false. In fact, the Trust
18 instrument lays its instructions out quite differently: Upon the death of the Settlers, the Co-
19 Trustees are required to pay taxes and debts, to satisfy charitable pledges made by the
20 Settlers, and to distribute the assets to eight separate subtrusts: four GST Exempt Trusts
21 and four GST Non-Exempt Trusts (together, the “**Subtrusts**”). (**Ex. 1** [Trust at §§ 6.1,
22 6.9(E)].) Each of the four GST Exempt Trusts is intended to benefit the four Siblings
23 respectively during their lifetimes as well as their respective issue. (**Ex. 1** [Trust, §
24 6.9(E)].) The GST Non-Exempt Trusts are intended to benefit each of the Siblings during
25 their lifetimes. (*Ibid.*) At their deaths, the Siblings simply have powers of appointment
26 over the assets of the Subtrusts which they can direct to their descendants and/or to
27 charities. (*Ibid.*) Their descendants are the remainder beneficiaries in the event that
28 powers of appointment are not exercised.

1 14. The interested persons therefore include the Siblings, their issue, unborn and
2 unascertained descendants and the California Attorney General.¹

3 **C. Dea’s Efforts to Carry Out Her Fiduciary Duties**

4 15. The following background is necessary to understand how and why Dea
5 asserted herself, as she had not only the right but the *obligation* to do as a co-trustee,
6 regardless of her gender, and Dean, Michael and Cohen’s reaction, which began with a
7 joint effort just to ignore Dea, escalated to threats and has finally resulted in an attempted
8 wholesale excommunication from the Spanos family. Cohen is TSC’s Executive Vice
9 President and COO. He also purports to be acting as the person who administers the Trust,
10 even though Dea has not only objected to Cohen purporting to act in this role, but also has
11 never authorized him to act for the Trust, thereby rendering his actions unlawful.

12 16. The Trust owns illiquid assets consisting largely of minority interests in
13 certain business entities as well as parcels of undeveloped real property. The Trust’s assets
14 generate no income save a few promissory notes from the Siblings. According to the
15 Trusts financial statements, the Trust’s debts totaled over ***\$358 million*** as of December 31,
16 2021. The Trust also guarantees debt while receiving nothing in return. For example, the
17 Trust guarantees 100% of the \$80 million of debt of TSC to third-party lenders.
18 Meanwhile, the Trust owns only an 8% interest in TSC and the Siblings, who own 92% of
19 TSC personally, reprehensibly refuse to guarantee even a dime of that debt. In addition,
20 A.G. Spanos Construction (“**AGSC**”), which is owned entirely by the Trust, guarantees
21 millions in construction loans made to single purpose limited liability companies owned by
22 TSC. If any of those LLCs were to default on those loans, it is unclear whether AGSC
23 would have the assets to satisfy those debts and it would undoubtedly harm the Trust.
24 Thus, the Trust’s total debt exposure is in excess of ***\$438 million***.

25
26
27 ¹ The California Attorney General is charged with oversight authority over charitable
28 trusts, pledges, and bequests, and is thus an interested person in these Probate Court
proceedings. (*See generally* Gov. Code, § 12581.)

1 17. The amount of debt also assumes that the IRS will sign off on the amount the
2 Co-Trustees reported as owing in estate tax in the estate tax returns for Faye and Alex.
3 Both returns are currently under audit by the IRS (“**Audit**”).

4 18. Even assuming no change to the amount of its debts, the Trust’s debt service
5 and expenses exceed income *by more than \$11 million annually*.

6 19. Dea has made it abundantly clear since the outset of the post-death Trust
7 administration that the Co-Trustees must work together to devise a plan to address the
8 Trust’s significant liabilities, debts, and expenses. Dean has continuously refused and,
9 instead, has responded by making three patently false assertions: (1) there is no financial
10 problem, (2) the Siblings are the only beneficiaries of the Trust, and (3) the Trust can be
11 used and exploited for the personal benefit of the Siblings and their personal interests in
12 Spanos-related entities.

13 20. Dean contends the total value of the Trust’s *assets* is *\$470 million*, which,
14 Dean notes, exceeds the amount of its debt obligations. Dean says, therefore, the Trust is
15 not insolvent. First and foremost, the issue is not whether the Trust is insolvent. The fact
16 that the Trust might have assets worth more than its debts simply means it *may* be possible
17 for the Trust to keep borrowing more money for the taxes and debts it cannot pay. If the
18 current amount of debt service, which the Trust has no income to pay, remains static at \$11
19 million annually, then the Trust will be insolvent anyway in approximately *three years*.²

20 21. Meanwhile, and of utmost concern to Dea all along, is that the Trust remains
21 liable for \$18 million pledged to charities by the Settlers (most over 12 years ago) in the
22 following amounts: Cal Poly Foundation (\$5.5 million), the University Foundation at
23 Sacramento State University (\$5 million), Mercy General Hospital (\$4.5 million), and the
24 Greek Orthodox Archdiocese of America (\$3 million). That concern is evident in
25 correspondence from her to Dean and others dating back to February, 2019, to which there
26

27 ² With debt exposure of \$438 million and assets worth \$470 million, the delta is \$32
28 million. The Trust currently needs to borrow \$11 million per year to service its debt,
meaning, in approximately 3 years, the amount of debt will surpass the value of the assets.

1 was never any response, other than Dean’s pronouncement: “I think we can do whatever
2 we want and no one is going to say anything!” A true and correct copy of this
3 correspondence is attached hereto and incorporated by reference as **Exhibit 2**.

4 22. Dea has attempted for years to engage with Dean to work together to devise
5 a plan to resolve the Trust’s liquidity problems – sadly, to no avail. Dea has explained that
6 the Co-Trustees’ fiduciary duty is solely to discharge debts, pay expenses, and make
7 distributions to the beneficiaries. It is a breach of fiduciary duty to disregard willfully this
8 singular obligation and to withhold information from Dea, but that is what Dean has done.

9 23. On July 24, 2019 (less than a year after the Settlers passed), Dea sent a letter
10 to her Siblings, Cohen, Keith Schiller (joint counsel for Dea and Dean as Co-Trustees)
11 (“**Schiller**”), and those in charge of the finances for Trust owned businesses (“**Financial**
12 **Officers**”) regarding her concerns with respect to the Settlers’ estates (“**Estates**”) and
13 Trust. A true and correct copy of this correspondence is attached hereto and incorporated
14 by reference as **Exhibit 3**. She explained that a plan needed to be formulated,

15 ...because while our family certainly has great wealth, none
16 of it is liquid and it hasn’t been for more than 12 years. I do
17 not believe we can continue down this path without great
18 hardship, personally and emotionally. It is time we have an
19 honest discussion about the family, our parent’s estate, and all
20 the debt obligations the family is facing right now.

21 24. Dea warned that there was no money to “take care” of Trust assets and that
22 “[w]hile the growing debt in the family is a HUGE problem, the resources are there to deal
23 with it if we are all honest with the current state of affairs.” She requested a meeting and
24 listed “DEBT ISSUES” to be discussed. She cautioned that the debt would only increase
25 (which it has). She even included an excerpt from Alex’s book describing the years when
26 he took on too much debt as a businessman and almost went broke. (Fortunately, Alex’s
27 accountant warned him to sell some buildings to avoid financial ruin, but Dean
28 bullheadedly continues to ignore his father’s valuable lesson.) Dea closed with, “I am
formally requesting a meeting to discuss all of what is in the letter and require that all

1 those copied on this letter must personally attend the meeting.” She explicitly requested a
2 meeting in August of 2019, which did not occur.

3 25. After over two weeks had passed, only Schiller responded. He wrote on
4 August 7, 2019 and encouraged more communication between the Co-Trustees and by the
5 Co-Trustees to the beneficiaries, particularly the younger generations. A true and correct
6 copy of this correspondence is attached hereto and incorporated by reference as **Exhibit 4**.
7 He also suggested that Dea and Dean develop an investment policy statement and
8 informed them of their duty to account annually. He stated, in no uncertain terms, “it will
9 be necessary to develop a liquidity plan” and “[t]he development of an overall plan to
10 reduce debt and pay taxes and obligations is crucial for this estate.”

11 26. Eventually, the Siblings and certain members of management at TSC such as
12 Cohen (TSC’s Executive Vice President and COO), agreed to meet on October 1, 2019.
13 However, the Financial Officers who were critical to the discussion were unable to attend.
14 Dea sent a follow-up letter on September 12, 2019, expressing her disappointment that the
15 meeting took so long to set. A true and correct copy of this correspondence is attached
16 hereto and incorporated by reference as **Exhibit 5**. She also requested a second meeting,
17 after October 1, 2019, because without the Financial Officers, they would not be able to
18 discuss details of a long-term plan to resolve the issues identified in Dea’s July letter. She
19 also requested information and documents necessary for her to make informed decisions
20 with respect to the plan that the Co-Trustees needed to develop.

21 27. Dean, predictably, continued to ignore Dea. On September 30, 2019,
22 counsel for Dea responded to a letter from Cohen and reminded Cohen and the Siblings
23 that Dea had been requesting a meeting since July, but that meeting had yet to occur. In
24 the letter, counsel for Dea raised questions concerning the Estates, Trust and other family
25 owned entities. He also requested information prior to the October 1, 2019 meeting.

26 28. Thereafter, Dean sent an email to his Siblings on October 4, 2019,
27 suggesting a family meeting on October 8, 2019 to discuss the questions raised in the
28 September 30, 2019 letter. A true and correct copy of this correspondence is attached

1 hereto and incorporated by reference as **Exhibit 6**. Dea responded that “October 8 does
2 not work because of dad’s memorial,” and offered October 10 or 11 instead (October 9
3 was a Jewish holiday). A meeting, with counsel, was held on October 11, 2019 at DLA
4 Piper. In that meeting, Dean delegated to Cohen to review the Trust situation, which lasted
5 less than 20 minutes. Throughout, Dean stared out the window and said nothing.

6 29. On November 12, 2019, after the Settlor’s estate tax returns had been
7 completed, Dea emailed Dean to inform him of her intent to call a family meeting with the
8 second and third generations of the Spanos family to satisfy their obligation to keep the
9 beneficiaries of the Trust reasonably informed. A true and correct copy of this
10 correspondence is attached hereto and incorporated by reference as **Exhibit 7**. She stated
11 that she planned to hold the meeting on November 25 or 26 and expressed her hope that he
12 would join her. On November 13, 2019, Dean responded that a meeting would be
13 premature. He claimed that Cohen had asked the accountants who had prepared the estate
14 tax returns to draw up a report and wanted that in hand prior to a meeting. Dea responded
15 the next day that she did not think it made sense to wait. Dean said that he could not
16 attend the meeting in person, but offered to call in. On November 14, 2019, Dea sent the
17 family an email proposing that they meet on November 25, 2019 at the Sheppard Mullin
18 Richter & Hampton office in Los Angeles. Dean led her to believe that he would attend
19 such a meeting, but suggested that they propose a few different dates in January or
20 February 2020, after an accounting had been completed and that they only allow one child
21 per Sibling to attend. A true and correct copy of this correspondence is attached hereto
22 and incorporated by reference as **Exhibit 8**. The suggestion of only allowing one child per
23 Sibling made no sense to Dea as the purpose of the meeting was to reasonably inform *all*
24 beneficiaries of the Trust administration and to develop a plan for moving forward. Dean
25 also suggested that no attorneys attend the meeting.

26 30. On November 15, 2019, Alexis said she was unavailable for the meeting and
27 also suggested that it be postponed to January because of “everyone’s busy holiday
28 schedule and the football season.” A true and correct copy of this correspondence is

1 attached hereto and incorporated by reference as **Exhibit 9**. She too expressed her desire
2 that the meeting occur without attorneys, claiming that legal bills had been astronomical
3 and continuing to expend them was unnecessary. Dean then suggested that the meeting be
4 only amongst the Siblings, despite Dea's repeated and intense efforts to ensure that
5 *everyone* in the family would be involved and informed.

6 31. Although multiple members of the third generation initially expressed
7 interest in attending a meeting, eventually many family members claimed that they had a
8 conflict and could not attend. Dea rescheduled the meeting to December 16, 2019 in hopes
9 of accommodating as many family members' schedules as possible. On December 7,
10 2019, Dea emailed her Siblings and cc'd Schiller as well as other Spanos family members,
11 expressing her frustration that there had been so much "interference" with her plan to call a
12 meeting on December 16, 2019. A true and correct copy of this correspondence is
13 attached hereto and incorporated by reference as **Exhibit 10**.

14 32. Dea continued to feel pressured to cancel the meeting. In the end, many of
15 the younger generation said they were unavailable. Dea suspects that they received
16 pressure from Dean and others not to attend because they would seem "disloyal." Dean
17 poisoned the atmosphere and Dea was forced to cancel the meeting. Thereafter, Dea
18 insisted that Dean needed to speak with her, but he refused.

19 33. On August 13, 2020, Dean emailed his Siblings informing them that a draft
20 accounting was being finalized. A true and correct copy of this correspondence is attached
21 hereto and incorporated by reference as **Exhibit 11**. This was news to Dea, his Co-
22 Trustee. Only then, when he was in control and it was convenient for him, did Dean
23 suggest that the Siblings and their children (if invited by their parent) try to schedule a
24 Zoom meeting "to review the trust's overall obligations and liquidity, and the draft
25 accounting." He did not offer availability. A meeting to formulate a plan did not occur.

26 34. On November 16, 2020, Dea's counsel presented what they knew of the
27 Trust's bleak financial situation to Michael and Cohen in hopes of gaining consensus that
28 Dean had to come up with a plan. Dea's counsel welcomed any questions or comments,

1 but Michael and Cohen were resolutely silent. Dea also tried to engage with Dean about
2 the Trust issues at other business meetings during the past few years, but he refused.

3 35. Due to Dean’s unwillingness to engage in substantive discussions with Dea
4 and his withholding of information from beneficiaries by way of intimidation, no plan was
5 or has been developed for how this Trust is going to pay taxes, debts, expenses or how the
6 beneficiaries will ever enjoy any fruits from the inheritance the Settlers intended for them.

7 36. Dea then requested that Dean go to mediation to see if they could cooperate
8 because otherwise Dea would have no choice but to seek instructions from the court about
9 creating liquidity in order to pay the Trust’s debts. Meanwhile, Michael threatened Dea
10 that if she were to do what co-trustees are supposed to do when there is a disagreement
11 between them – i.e. seek court instructions – Dea would be “excommunicated” from the
12 family and her sons would be punished and forced out of TSC. Prioritizing his fiscal and
13 moral duties over her fear of Michael’s intimidation tactics, Dea sought instructions from
14 the court. Subsequently, Dean and Michael, along with Cohen, carried out Michael’s
15 threats (as explained in Section V below). Further, Dean and Michael’s aggressive press
16 flack issued a misogynistic press statement that Dean and Michael considered Dea
17 “misguided” and acting out of a “personal agenda,” transparent code to suggest that
18 everyone should just ignore her because she is too stupid to understand business and her
19 only motivations could be petty, personal and emotional vendettas: all false.

20 37. Finally on August 12, 2021, counsel for Dean represented that Dean would
21 attend a meeting to discuss the Trust, but only what he unilaterally deemed to be
22 “legitimate issues involving administration of the Trust.” A true and correct copy of this
23 correspondence is attached hereto and incorporated by reference as **Exhibit 12**. In the
24 same letter, he proceeded to repeat what Dean’s press flack told the press, that Dea’s
25 concerns with respect to the Trust’s financial situation are “fiction” because, according to
26 Dean and his advisors, most of the Trust’s debt is intercompany debt and that the Trust’s
27 only “true” debt is a modest amount owed to banks. In other words, the Trust’s financial
28

1 situation, which Dea contends to be real, legitimate, actual and urgent, is an issue that
2 Dean will not discuss because, to him, it is illegitimate Trust business.

3 38. Dea has also repeatedly requested that Cohen comply with the Trust's third-
4 party credit facilities, including that the Co-Trustees provide to banks the estate tax returns
5 for Alex and Faye. Cohen has repeatedly ignored Dea and refused to comply with the loan
6 documents, which is an event of default thereunder, putting the Trust at risk.

7 **IV. DEAN HAS BREACHED HIS FIDUCIARY DUTIES AND HAS BEEN**
8 **AIDED AND ABETTED BY MICHAEL AND COHEN**

9 39. Dean has a duty to administer the Trust according to the Trust instrument
10 and solely in the interests of the beneficiaries (Prob. Code, §§ 16000, 16002), to act
11 impartially (Prob. Code, § 16003), to avoid conflicts of interest (Prob. Code, §§ 16004-
12 16005), to preserve Trust property and make Trust property productive (Prob. Code, §§
13 16006-16007), to keep the beneficiaries reasonably informed of the Trust and its
14 administration (Prob. Code, § 16060), to provide requested information and account (Prob.
15 Code, §§ 16061, 16062), and to exercise his discretion reasonably (Prob. Code, § 16080).
16 These statutory duties apply, except to the extent that the Trust instrument lawfully
17 provides otherwise. (Prob. Code, § 16000.) "A violation by the trustee of any duty that
18 the trustee owes the beneficiary is a breach of trust." (Prob. Code, § 16400.)

19 40. Dea is informed and believes that Dean has, on a continuing basis, materially
20 breached his fiduciary duties, by, and among other things, the acts, omissions, and conduct
21 explained in detail below.

22 41. Dea is further informed and believes that Michael and Cohen are guilty of
23 aiding and abetting Dean of breaching his fiduciary duties as alleged hereinbelow.

24 *Nasrawi v. Buck Consultants LLC* (2014) 231 Cal.App.4th 328, 343, provides,

25 The elements of a claim for aiding and abetting a breach of
26 fiduciary duty are: (1) a third party's breach of fiduciary
27 duties owed to plaintiff; (2) defendant's actual knowledge of
28 that breach of fiduciary duties; (3) substantial assistance or
encouragement by defendant to the third party's breach; and

1 (4) defendant's conduct was a substantial factor in causing
2 harm to plaintiff.

3 (*Nasrawi v. Buck Consultants LLC* (2014) 231 Cal.App.4th 328, 343; (internal citations
4 omitted).)

5 **A. Dean Abuses the Trust for His Pecuniary Benefit; Michael Aids and Abets**
6 **Dean's Breaches for the Same Reason**

7 42. Dean and Michael are profiting personally by self-dealing with Trust assets.
8 As noted above, the Trust owns only an 8% interest in TSC, while the remaining 92% is
9 owned by the four Siblings personally (the "92% Owners"). Instances of self-dealing
10 arise due to (1) the Trust's guarantee of 100% of TSC's \$80 million debt owed by TSC to
11 certain banks, while he and the other 92% Owners guarantee *zero* and (2) Dean (TSC's
12 Chairman), Michael (TSC's President) and Cohen's (TSC's Executive Vice President and
13 COO) practice of drawing on the Trust's lines of credit to fund TSC construction projects.

14 43. With respect to the guarantee, the Trust derives no benefit from its minority
15 ownership interest in TSC and it receives nothing for guaranteeing 100% of its bank debt.
16 If the 92% Owners think it is too risky and speculative to guarantee the increasingly
17 leveraged way in which TSC functions, then it is unjustifiable that the Trust should do so
18 for nothing in return. If 92% of the owners do not have enough confidence in the busines
19 to guarantee these obligations, how can they ask anyone else to do so?

20 44. In addition, the Trust owns 100% of AGSC and that entity guarantees
21 millions in construction loans made to single purpose LLCs owned by TSC. Again, the
22 92% Owners of TSC benefit (albeit indirectly) from these guarantees, while endangering
23 Trust assets without a second thought.

24 45. Meanwhile, Dean, Michael and Cohen are putting the Trust at greater and
25 greater risk (1) by operating TSC's business in an increasingly risky manner and (2)
26 because the Trust has no liquidity to back up these guarantees. Michael, Dean and Cohen
27 operate TSC's business by 100% financing of its development projects. In addition, they
28 have increased preferred return capital to 15% of TSC's total capital stack. As a result,

1 TSC has a fixed obligation of between 8% to 12% on the preferred capital. Interest rates
2 are also on the rise and worldwide the economy is in tumult due to the war in Europe.
3 During the last financial downturn, TSC barely was able to keep afloat and only because
4 interest rates remained extremely low. If TSC's business falters again, the Trust will be
5 responsible on the guarantees, even though it has no liquidity to pay on them, and receives
6 absolutely no economic benefit for guaranteeing the 92% Owners' debts. Dean, Michael
7 and Cohen are well aware that they are taking extreme risks with TSC's business by the
8 growing leverage at higher and higher rates as evidenced by the fact that they are
9 undercutting TSC's potential returns by oftentimes engaging in pre-sales at fire sale prices
10 in a desperate attempt to manage the leverage load: a house of cards in a dangerous era.

11 46. Dean has an irreconcilable conflict of interest given his ownership interest in
12 TSC. Dean and Michael own a majority interest in TSC. Cohen is TSC's Executive Vice
13 President and COO. The facts are clear: these three men are acting in concert to exploit
14 the beneficiaries of the Trust for their own personal, pecuniary benefit. Dean has a
15 fiduciary duty to insist that the 92% Owners either guarantee all of the debt (or that the
16 owners guarantee the debt on a pro rata basis based on their ownership interest) or to
17 obtain indemnities from the 92% Owners in favor of the Trust. However, as long as the
18 Trust is guaranteeing the debt, all on its own, the beneficiaries are assured of never
19 deriving any enjoyment of their expected inheritance. Meanwhile, Dean is able to stack all
20 of the risk of TSC's business, a business in which he and Michael together own a majority
21 stake, onto the beneficiaries of the Trust for free. It is an outrageous abuse of his conflict
22 of interest and self-dealing.

23 47. If Dean and Michael are unwilling to take actions to protect the Trust and its
24 beneficiaries from being hung out exposed to the debt while the 92% Owners have no risk
25 at all, then the Trust should receive a market rate of return for its guarantee. After pressure
26 upon the Co-Trustees from certain of the beneficiaries about the outrageous failure of the
27 Co-Trustees to insist upon an appropriate, market-rate fee for the guarantee, Dean said he
28 would agree to a 1% fee. Dea is informed and believes that 1% is not nearly sufficient to

1 compensate the Trust for the risk it is assuming by guaranteeing TSC's bank debt when the
2 Trust's equity stake in TSC is a mere 8%.

3 48. With respect to the lines of credit, while there is some overlap, the owners of
4 TSC are not the same people who are the beneficiaries of the Trust. Dean and Michael,
5 each 26% owners of TSC for a total of 52%, are receiving much more value than the Trust
6 as a result of Dean's decision to have the Trust draw upon its various lines of credit and
7 then use that cash to fund projects for TSC. Although the Trust is hemorrhaging money,
8 Dean and Michael continue to squeeze as much as they can from its resources for their
9 own personal gain. With respect to Dean, this practice not only constitutes self-dealing,
10 but also is a breach of his duty to exercise his discretion reasonably.

11 49. For example, the Trust's lines of credit have financial covenants, such as
12 minimum net liquidity and debt to equity ratio requirements, that the Trust risks violating
13 due to Dean's greed. As usual, Dea is not given much of a choice in these matters. The
14 Trust's four lines of credit have been in place since prior to the Settlers' deaths. While she
15 does not agree with Dean's approach, Cohen and his agents put pressure on Dea
16 (sometimes only giving her a few business days to consider decisions) by claiming that her
17 signatures are urgently needed on loan agreement extensions, modifications and other
18 documents so as to not hold up construction projects to which TSC has already committed.
19 Last year, in exchange for her signature on documents related to a line of credit, Dea
20 demanded that Cohen properly document the repayment of the debt by way of a formal
21 promissory note (with interest and payment of all fees charged by the bank) prior to the
22 transfer of funds. She also demanded that the transaction and any repayments be
23 accounted for in the Trust books and that she receive monthly financial statements for the
24 Trust. A Co-Trustee of the Trust should not have to bargain for monthly financial
25 statements, but that is the untenable reality Dean, Michael and Cohen have created.

26 50. Finally, Section 10 of the Spanos Corporation Shareholders Agreement
27 provides that TSC "shall pay each year dividends on all of the outstanding shares of
28 common stock of this Corporation in an amount per share sufficient to pay the federal and

1 state income taxes attributable to the portion of the Corporation’s income taxable to the
2 Shareholder who is in the highest income tax brackets” and additional dividends “if at the
3 end of any fiscal year of the Corporation its shareholder equity is more than
4 \$20,000,000.00”. To date it is Dea’s understanding that no dividends were paid for tax
5 years 2011-2013, 2018 or 2019 and it is unclear whether the amounts paid in other years
6 were sufficient. Dean has failed to adequately explain how dividends are calculated and to
7 demonstrate that the calculation is in compliance with Section 10 of the Shareholders
8 Agreement.

9 51. Dean continues to use Trust assets as collateral, draw on the Trust’s lines of
10 credit, and refuses to pay dividends for his own personal benefit and in breach of his
11 fiduciary duties.

12 **B. Dean, Michael and Cohen Repeatedly Manipulate the Books of the Trust and**
13 **the Entities in Which the Trust Has a Minority Interest and Debt Obligations**
14 **to Commit Waste and Mismanagement for Their Personal Ambitions**

15 52. It has become sadly apparent that Dean, Michael and Cohen greedily and
16 repeatedly conspire to manipulate the books and financial records of the Trust for their
17 own personal gain. Dea has never even *authorized* Cohen to act as an agent of the Co-
18 Trustees and has repeatedly objected to Cohen’s involvement, yet, as Dean has asserted
19 under oath in these proceedings, Cohen is the person administering the Trust. Dea has
20 been denied her right, which is also her duty, to administer the Trust with her Co-Trustee,
21 and denied the right to have any say on Cohen’s involvement. To date, Dea has been
22 stymied in making necessary personnel changes because the Co-Trustees must act together
23 and Dean refuses to allow any deviation from prior methods of operation.

24 53. As explained above, the Trust owes debt (of hundreds of millions of dollars)
25 to various entities. The ownership of those entities varies. For example, the Trust owns
26 8% of TSC and the Siblings own 92%. The Trust owns 100% of A.G. Spanos Corporation
27 (“ASC”). In one example in which Dean, Michael and Cohen manipulated the books, Dea
28 is informed that Dean directed Cohen to manipulate the financial statements of TSC, ASC

1 and the Trust in order to make it appear that TSC’s financial condition was better than it
2 really was so that TSC could borrow more than \$60 million to acquire an airplane.

3 54. Dean, Michael and Cohen concealed these facts from Dea who only
4 discovered them by analyzing financial statements for the Trust and making inquiries
5 about the discrepancies. Specifically, the Trust owed TSC more than \$33 million prior to
6 September 2021. Upon receiving the September 2021 financial statements, Dea noticed
7 that instead of the Trust owing TSC the \$33+ million, it now owed ASC that amount.

8 55. When Dea asked Cohen how the Trust, of which Dea is Co-Trustee,
9 overnight went from owing \$33+ million to TSC to owing it instead to ASC, without her
10 knowledge or consent, Cohen responded nonsensically that the debt was “consolidated by
11 our CFO” and “this presentation is better for TSC’s bank reporting by minimizing the
12 intercompany receivables and payables...” Of course, as mentioned, the ownership of
13 these entities is not the same and the debt in question is a debt of the Trust of which Dea is
14 a Co-Trustee. This is nothing but a shell game that was concealed from her. Moreover,
15 simply shuffling the debt in order for TSC to take on more debt, worsening its financial
16 strength, when the Trust is an owner of that entity, without conferring with Dea or
17 obtaining her consent, is a breach of the Trust by Dean, as usual, aided and abetted by
18 Cohen. Seemingly frustrated by the fact that it did not slip Dea’s notice in the financials,
19 Cohen claimed he could just “reverse” the entry now that TSC had convinced a lender to
20 lend more than \$60 million to TSC.

21 56. Meanwhile, the new airplane and borrowing to acquire it is a corporate
22 waste. It has absolutely no legitimate business justification. Indeed, Dea is informed and
23 believes that Dean and Michael simply use TSC as their personal piggy bank and Cohen
24 enables the behavior while knowingly providing information to auditors and tax preparers
25 claiming that expenses that Cohen knows are personal are, in fact, business expenses. For
26 example, despite the fact that TSC conducted little to no business in Las Vegas for
27 decades, Dean insisted on keeping a TSC office there so that he could write-off private
28

1 flights to enjoy his second home and get his hair cut, since Las Vegas is where Dean's
2 barber is based.

3 57. The book manipulation is not isolated to this one incident. Indeed, when
4 asked to explain his actions in another such incident, Cohen responded it's part of his
5 common practice. Dea previously complained about the fact that Dean, Michael and
6 Cohen unilaterally and in secret manipulated the books and records of the Trust and
7 entities to which the Trust is indebted. Dea is informed and believes that Dean, Michael
8 and Cohen used \$25 million from TSC to pay down \$25 million of the debt to an
9 unaffiliated company (and one which has different ownership) from the Trust. As a result,
10 without any notice or approval by Dea, TSC, in which the Trust is also an owner, is now
11 \$25 million more illiquid and its debt from the Trust has now been increased by \$25
12 million. The Trust paid nothing and received nothing by this sleight of hand; instead, one
13 company, TSC now is owed \$25 million more from the Trust than it did the day prior,
14 while the other company is owed \$25 million less. Meanwhile, the financials of these
15 companies are also very different. Not only was this done without Dea's approval, it was
16 entirely concealed from her. She discovered it only when auditors asked her to confirm the
17 truth of the financials. When Dea inquired of Cohen why the auditors were asking Dea to
18 confirm the accuracy of the financials of the original company reflecting a debt from the
19 Trust that was \$25 million lower suddenly, he said he "reallocated" the debt. Dean and
20 Cohen refused to explain why they manipulated the financials of the Trust and the other
21 companies, whether and why cash changed hands, nor why they concealed the same from
22 Dea, a Co-Trustee of the Trust, which is an owner of these entities and borrower of the
23 manipulated debt.

24 58. Dea is informed and believes that Cohen not only manipulates the books but
25 deliberately does not document the transactions so, as he suggested, if need be, he can
26 simply alter the books as it suits Dean and Michael. Cohen's conduct is already causing
27 significant IRS problems yet Dean and Michael do nothing but double down on it.

28 ///

1 59. For example, the IRS has assessed millions of dollars of penalties on
2 millions of dollars in income tax deficiencies arising from Alex and Faye’s personal
3 income tax returns. The assessment involves Trinity Capital Development, LLC
4 (“**Trinity**”). Trinity was a Spanos real estate development project that was a spectacular
5 failure. Alex formed Trinity to own and develop real property. Trinity borrowed over
6 \$100 million mostly from entities in which the Trust has some interest. The project was a
7 complete bust and Trinity has no ability to pay back any part of its debt.

8 60. Meanwhile, Cohen created an IRS fiasco for the Trust and Dean, Michael
9 and Cohen attempted to conceal it from Dea. Cohen likely oversaw the preparation of the
10 Trinity income tax return and it is safe to assume that as a result of the allocations made in
11 that return, Alex took losses on his individual tax returns for 2016, 2017 and 2018 of
12 nearly \$28 million for the loans that Trinity cannot repay. Cohen instructed the
13 accountants that Alex could take those losses by falsely asserting that the Trust had made
14 the bad loans to Trinity (at the time, the Trust was revocable and thus the assets and
15 liabilities are treated as belonging to the settlors for filing of income tax returns).
16 However, according to the books and records of the entities, it was the entities, and not the
17 Trust, that had made approximately \$75 million of the loans to Trinity; hence, the IRS has
18 asserted that Alex had no right to take losses for the loans the entities made.

19 61. Cohen’s post facto position has been that Alex borrowed the money from
20 those entities and it was Alex that made the loans to Trinity. The IRS has said that is
21 nonsense because the books and records do not reflect what Cohen claims; instead, the
22 books and records of the entities show that they made the loans directly to Trinity. If there
23 were losses, therefore, they belonged to those entities, not to the Trust.

24 62. In fact, even before the IRS caught on, Cohen realized in 2018 that he had
25 better try to take some sort of retroactive action to try and demonstrate that Alex had a
26 right to declare those losses. So, Cohen had the books and records of the Trust and entities
27 fraudulently altered to reflect that the Trust was the lender at least in 2018 forward. The
28

1 IRS has not yet responded to the assertion that 2018 should be treated differently due to
2 Cohen's shell game with the books and records.

3 63. As Co-Trustee of the Trust, the tax audit and deficiency is of course critical
4 to her fiduciary duties. However, Dea was never informed by Dean or Cohen that there
5 was an audit of Trinity, let alone permitted to participate to try to protect the Trust. She
6 also never authorized Cohen to participate in that audit. The IRS has completed its audit
7 for 2016 and 2017 and has disallowed losses taken by Alex in the amounts of \$18,274,281
8 for 2016 and \$6,570,271 for 2017, which are subject to appeal. The IRS declared that it
9 also disallowed losses taken in 2018 of \$2,846,795. The Co-Trustees recently filed a
10 petition in the U.S. Tax Court because the IRS did not provide notice before issuing the
11 deficiency for 2018.

12 64. A further complication is that, inexplicably, if Cohen had truly believed that
13 Alex was the lender (though he admits he never documented it as such and the books and
14 records of the entities reflect that they made the loans directly), and if Cohen had truly
15 believed that the Trust had assumed the debt from the entities in 2018, it is unclear then
16 why the estate tax returns for Alex and Faye, in which Cohen had a major hand, failed to
17 identify as an asset the receivable from Trinity and failed to report that the receivable had
18 value: Trinity owned property that had a value of approximately \$16 million.
19 Incomprehensibly, the estate tax returns failed to identify this asset, i.e., the value of the
20 Trinity assets, or to pay estate tax on it.

21 65. Dea is informed and believes that Dean not only refuses to take action to
22 rectify any of this horrendous behavior, he instructs Cohen to continue to manipulate the
23 books and records of the Trust and these various other entities to suit Dean's self-interested
24 ambitions. Both Cohen and Michael, meanwhile, aid and abet Dean's multitudinous
25 breaches of duty, without any regard to the harm they are causing to the beneficiaries of
26 the Trust.

27 ///

28 ///

1 **C. Dean Unilaterally and Covertly Marketed Trust Real Estate, Aided and**
2 **Abetted by Michael and Cohen**

3 66. Dean, Michael and Cohen unilaterally and covertly marketed real estate
4 owned by the Trust. The activities related to two master planned communities in Stockton
5 that are owned by the Trust: (1) Delta Cove and (2) Crystal Bay.

6 67. First, it appears Michael negotiated an amendment to the Development
7 Agreement affecting Crystal Bay with the City of Stockton on behalf of the Trust in or
8 around 2019 without Dea's knowledge or consent. A true and correct copy of this
9 amendment is attached hereto and incorporated by reference as **Exhibit 13**. On
10 information and belief, the purpose of the amendment was to extend the term of the
11 Development Agreement and to clarify that it indeed incorporated Crystal Bay. This was
12 potentially done at Dean's direction to facilitate a future sale. While it is troubling that
13 Michael pursued this course of action without authorization from Dea, what is indefensible
14 is that he signed the amendment on behalf of "A.G. SPANOS as Trustee of the Alex and
15 Faye Spanos trust Under agreement dated January 27, 1998" as "Its Trustee", "MICHAEL
16 SPANOS." This constituted a blatant misrepresentation. Michael was never a trustee of
17 the Trust and Dea never authorized him to sign anything.

18 68. Later, Dea is informed that Dean, with the assistance of Michael and Cohen,
19 met with at least two separate real estate brokers and solicited potential buyers of Crystal
20 Bay and Delta Cove. Without informing Dea, let alone gaining her consent at that time,
21 Dean and his team met with at least one large developer and potential buyer on July 26,
22 2021 to discuss the sale of the Trust properties. It is unclear when or why, but they
23 eventually decided to proceed with the sale of Crystal Bay on its own. As has happened in
24 the past, Dea was only presented with a listing agreement for Crystal Bay for her to sign
25 long after plans to sell had been set in motion by Dean, without having had an opportunity
26 to evaluate the decision to sell. Based on his standard operating procedure, Dean
27 proceeded as if she did not exist with respect to the property. Once Dean obtained Dea's
28 signature to the listing agreement in October 2021, Dean, Michael and Cohen again took

1 covert actions designed to keep Dea in the dark and exclude her at every turn from any
2 discussions with the brokers or potential buyers.

3 69. On information and belief, Dean, Michael and Cohen received at least one
4 offer from a qualified buyer for \$16 million to purchase Crystal Bay with a proposed
5 closing in May 2022. On information and belief, Michael, who is not a trustee and who
6 has no business whatsoever being involved with Trust properties in any capacity, rejected
7 this offer without even presenting it to Dea. Michael rejected the offer despite having
8 previously agreed to list Crystal Bay at \$16 million based on a broker valuation.

9 70. On information and belief, in January 2022, Dean, Michael and Cohen
10 received additional offers to purchase Crystal Bay – one from a land development and
11 investment company based in Roseville, California for \$20 million and a second offer from
12 a land speculator based in Tracy, California for \$22 million. Again, Dea was never
13 consulted. On information and belief, Michael countered with an unrealistic \$30 million
14 demand, thereby impeding the Co-Trustees’ ability to consider and potentially enter into a
15 deal that would be in the beneficiaries’ best interests. On information and belief, Dean,
16 Michael and Cohen continued to solicit offers to purchase, while excluding Dea.

17 71. Eventually, after shutting Dea out from the entire process, Cohen sent Dea a
18 LOI to purchase Crystal Bay from a developer named Taylor Builders for \$25 million in
19 February, 2022 (“**Taylor LOI**”). A true and correct copy of the Taylor LOI is attached
20 hereto and incorporated by reference as **Exhibit 14**. Cohen provided almost no substantive
21 information for Dea to evaluate the decision. In his brief email he wrote, “Michael and I
22 worked on these terms” with the potential buyer. That was news to Dea. He then inserted
23 a blurb from the buyer’s website to provide “background” on the buyer and attached the 3-
24 page LOI. Based on this scant information, he began pressuring Dea to sign the LOI on an
25 urgent basis though there was no deadline in the LOI and no reason at all to believe there
26 was any urgency. It is simply outrageous – yet also outrageously typical of them – that
27 Dean, Michael and Cohen usurped Dea’s role as a Co-Trustee, excluded her from the
28 process and, as is their modus operandi, pressured her to sign urgently.

1 72. Similarly, on information and belief, Dean and Michael (managers of ASC,
2 which is owned 100% by the Trust) received several LOIs on a 118.92 acre parcel of land
3 in Vacaville, California that is owned by ASC (owned 100% by the Trust). Although they
4 received the LOIs in March of 2021, they failed to share them contemporaneously with
5 Dea. They only sent them after the fact, once Dea learned of their existence through others
6 and had to request them directly. The Trust administration should be coordinated and
7 transparent; Dea should not need to investigate tips from outside sources to determine what
8 her Co-Trustee is doing with Trust property.

9 73. Dean, Michael and Cohen’s consistent objective appears to be to prevent Dea
10 from evaluating offers to purchase and/or present Dea with final offers and demand that
11 she sign while under duress, even though she will not have had an opportunity to
12 participate in negotiations, weigh in on the method of marketing the properties, and/or
13 evaluate whether the final offers are actually competitive. Dean simply wants to avoid
14 resolving the Trust’s growing debt crisis. He has deprived Dea of information and
15 continues to ignore her, once again, as he, Michael, and Cohen proceed to make decisions
16 without first obtaining consent from Dea, the Co-Trustee.

17 **V. DEAN MUST BE SUSPENDED AND REMOVED FOR HOSTILITY**

18 74. Dean’s hostility towards the beneficiaries has also impaired the Trust
19 administration and warrants removal under Probate Code section 15642 and *In re*
20 *Gilmaker’s Estate* (1962) 57 Cal.2d 627. Probate Code section 17200 provides that a
21 trustee may petition the court for the purpose of “removing a trustee.” (Prob. Code, §
22 17200, subd. (b)(10).) Probate Code section 15642 provides,

23 (a) A trustee may be removed in accordance with the trust
24 instrument, by the court on its own motion, or on petition of a
25 settlor, cotrustee, or beneficiary under Section 17200.

26 (b) The grounds for removal of a trustee by the court include
27 the following:

28 (1) Where the trustee has committed a breach of the
 trust.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(2) Where the trustee is insolvent or otherwise unfit to administer the trust.

(3) Where hostility or lack of cooperation among cotrustees impairs the administration of the trust.

(4) Where the trustee fails or declines to act.

...

(9) For other good cause.

(e) If it appears to the court that trust property or the interests of a beneficiary may suffer loss or injury pending a decision on a petition for removal of a trustee and any appellate review, the court may, on its own motion or on petition of a cotrustee or beneficiary, compel the trustee whose removal is sought to surrender trust property to a cotrustee or to a receiver or temporary trustee. The court may also suspend the powers of the trustee to the extent the court deems necessary.

(Prob. Code, § 15642.) “Hostility between the beneficiary and the trustee is a ground for removal of the trustee when the hostility impairs the proper administration of the trust” as it has here. (*In re Gilmaker’s Estate* (1962) 57 Cal.2d 627, 632; see also, *Schwartz v. Labow* (2008) 164 Cal.App.4th 417, 428 [where removal is warranted, the Court may employ the less extreme remedy of suspension of powers].)

75. In *In re Gilmaker’s Estate*, Bank of America served as the trustee and the petitioner was the sole lifetime beneficiary of the trust. (*In re Gilmaker’s Estate, supra*, 57 Cal.2d at 629.) The terms of the trust prohibited the trustee from maintaining in any one bank a cash balance of more than “the maximum balance insured by the Federal Deposit Insurance Corporation” and required the trustee, among other things, to gain written approval from the petitioner to “sell, lease, exchange, hypothecate, or improve any property which is a part of the trust estate, or invest or reinvest any trust estate funds.” (*Ibid.*) The trustee was also required to provide petitioner with a semi-annual accounting. (*Ibid.*) Petitioner moved for the removal and substitution of the trustee when the trustee violated these requirements and when the “hostility and disagreement between him and the trustee prevent[ed]...the proper administration of the trust.” (*Id.* at 631.) The Supreme

1 Court of California held that the trustee had failed to follow the trust directions, that it was
2 required and had failed to provide an accounting as described in the trust, and that,

3 [t]he hostility between the trustee and petitioner ha[d]
4 impaired the proper administration of the trust, and therefore
5 require[d] the removal and substitution of the trustee.

6 (*In re Gilmaker's Estate, supra*, 57 Cal.2d at 633.) As explained above, Dean has taken
7 similar actions warranting his immediate suspension and removal. He has acted in a
8 hostile manner towards Dea and her children (all beneficiaries), for example, by
9 withholding critical information concerning the Trust from them. He has also displayed
10 hostility towards them in other ways.

11 **A. Hostility Towards Lex**

12 76. Dean, using Michael and Cohen as his henchmen, has acted in a hostile
13 manner towards Lex, a Trust beneficiary. Lex has worked at TSC since 2003 and serves as
14 Executive Vice President of the company.

15 77. In 2020, Lex received a \$50,000 raise in his annual TSC salary and a
16 commitment to an annual 3% cost of living increase. In addition, he received an increase
17 in his long-term bonus on the net profit from completed development projects, which was
18 raised from a minimum of 3% to a minimum of 4%. Back then, Michael also considered
19 increasing the bonus to 5% on specific projects where Lex made significant contributions
20 to those projects. There were even discussions about raising Lex's 4% minimum bonus
21 based on Lex's exceptional performance. However, in April of 2021, Dean (Chairman of
22 the Board and CEO of TSC) began to act in a hostile manner toward Lex.

23 78. On information and belief, Dean directed Michael (TSC's President) and
24 Cohen (TSC's Executive Vice President and COO) to cease all verbal communication with
25 Lex other than weekly meetings, many of which were cancelled. The little communication
26 that remained was done via email through Cohen. At least one of those communications
27 consisted of Cohen directing Lex to stop all work on multiple projects and pending deals.
28 Then, during an in-person meeting, Cohen advised Lex that the Kansas City, Portland, and

1 Denver offices that he oversees were being closed. None of these hostile acts could have
2 been carried out without Dean's approval.

3 79. On information and belief, Michael discussed with Lex the idea of moving
4 Lex from his long-time office in TSC's Stockton building and relocating him. On
5 information and belief, Lex did not think it was fair or appropriate, but after multiple
6 conversations, Michael informed Lex that he would simply make the decision himself if
7 Lex would not agree. Cohen then casually mentioned to Lex's assistant that she and Lex
8 would be moving on May 19, 2021. It was news to Lex that a decision had been made.
9 Eventually, on June 7, 2021, Lex was forced to vacate his office because it was needed on
10 an "urgent basis." Apparently, Dean wanted to occupy the space (or at least create the
11 appearance that he was occupying the space). Lex complied. Although Dean's nameplate
12 was immediately affixed to the wall outside of the office, the room itself was completely
13 barren for at least a week. However, Dean's bad behavior towards Lex only intensified.

14 80. In the summer of 2021, when Lex mentioned his anticipated bonus for the
15 Denver project he had worked tirelessly to complete, Cohen and Michael suddenly claimed
16 that Lex's bonus was "discretionary." Prior to that conversation, Lex had never been told
17 that this large portion of his compensation that requires him to wait years to receive could
18 be extinguished without warning or reason by Dean, Cohen and/or Michael.

- 19 81. The harassment continued when, at Dean's direction, Cohen,
- 20 a. began pulling personnel away from Lex's development projects to
21 work on other jobs;
 - 22 b. refused to communicate with Lex personally and opted instead to
23 deliver messages through Lex's subordinates;
 - 24 c. under-capitalized and/or undermined Lex's development projects;
 - 25 d. withheld approvals for Lex's new development projects without
26 providing any legitimate reason(s);
 - 27 e. removed Lex as the lead developer for his projects and undermined
28 his authority;
 - 28 f. repeatedly berated Lex in weekly meetings, requiring him to defend
himself against false accusations and holding him to unreasonable
standards not applied to other employees; and,

1 g. threatened to end the ten-year practice of rewarding Lex with bonuses
2 of the net profits on development projects.

3 82. On information and belief, not only have Dean, Cohen and Michael taken
4 steps to dismantle Lex's successful career, but they also have conspired to disparage his
5 reputation by encouraging Lex to lie to a TSC employee and friend. In order to induce a
6 TSC employee to relocate his family from Texas to California to take over Lex's
7 California projects, Cohen and Michael promised the employee that he would "always
8 have a job at" TSC. In reality, they had pushed for his termination for the past two years,
9 while Lex vigorously defended the employee. The employee and his wife did not want to
10 move to California. Lex suggested putting him on a specific bonus program and timeline
11 to finish out his two projects in California. Cohen and Michael agreed and asked Lex to
12 present the idea to the employee. This would allow the employee to be compensated for
13 his hard work and give both TSC and the employee time to plan for him to stay in Texas.
14 Eventually, the employee asked Lex for advice about moving to California and Lex said
15 that he could not, in good conscience, advise him to move based on Cohen and Michael's
16 false "promise" that he would always have a job at TSC. Instead, Lex told the employee
17 that he must "be careful" when dealing with Cohen and Michael. On information and
18 belief, Lex knew that Cohen and Michael were making a false representation because they
19 had approved him to move forward with the program for the employee to finish out his two
20 projects. Lex refused to go along with it. On August 17, 2021, Cohen and Michael
21 confronted Lex about his unwillingness to lie to the employee as an apparent set up for
22 Lex's termination based on purported insubordination. In furtherance of this scheme,
23 Michael accused him of "undermin[ing] our credibility with company employees" in an
24 email on August 19, 2021.

25 83. None of these hostile acts could have been carried out against Lex, a senior
26 TSC employee and beneficiary of the Trust, without Dean's approval as Chairman of the
27 Board and CEO of TSC. Dean's hostility toward Lex provides a basis for Dean's removal
28 as a Co-Trustee because the hostility has impaired the proper administration of the Trust as

1 Dean will not communicate directly with Lex and is not acting in his best interest. (*In re*
2 *Gilmaker's Estate, supra*, 57 Cal.2d 627, 632.)

3 **B. Hostility Towards Dea and Her Children**

4 84. Dean's hostility goes beyond Lex in his role at TSC and has been directed at
5 Dea and her children in other ways.

6 85. Some examples of the hostility directed at Dea are particularly personal and
7 troubling. Dea's strong commitment to her Greek Orthodox faith is unshakable and well
8 known. Aware of the importance of the church to Dea, Dean, Michael and Cohen have
9 made deliberate attempts to tarnish her reputation with Father Alex Karloutsos, who is
10 considered one of the most influential clergymen in the history of the Greek Orthodox
11 Church in America. Dea has been very close to him for four decades. First, in late 2021,
12 Father Alex contacted Dea and other members of the family regarding whether they might
13 be able to satisfy the remaining pledge amount promised to the church by the Settlers.
14 Dea, of course, wanted to transfer the remaining amount, but after she and Dean could
15 formulate a comprehensive plan to evaluate and pay all of the debts and expenses of the
16 Trust. She knew there were and are other charitable pledges that remain unpaid and debts
17 that the Co-Trustees must consider. Dean refused to create such a plan. Eventually, the
18 Co-Trustees agreed that a partial payment of the balance in the amount of \$2 million could
19 be paid. On December 16, 2021, Michael wrote a cover letter enclosing the check, which
20 provided in part,

21 On behalf of my brother, *sister*, and myself, I am happy to
22 send the enclosed two-million-dollar check toward my
23 family's pledge for the re-building of the Saint Nicholas
24 Shrine.

24 86. A true and correct copy of this correspondence is attached hereto and
25 incorporated by reference as **Exhibit 15** (emphasis added). Michael has two sisters. It
26 was obvious to Dea that he intended to exclude her. This belief is bolstered by the fact that
27 he sent an almost identical cover letter to Father Alex months before, on May 10, 2021,
28 wherein he stated that the payment was made on behalf of "my brother, *sisters*, and

1 myself.” A true and correct copy of this correspondence is attached hereto and
2 incorporated by reference as **Exhibit 16**. Eventually, Dea received an invitation from
3 Father Alex to attend the commemoration of the Saint Nicholas Shrine on the twentieth
4 Anniversary of 9/11. She emailed Cohen to see who was arranging travel for the family.
5 He answered that he had no idea. Then, Dea was told that only Michael would attend the
6 commemoration. She assumed that he would represent the family. Immediately
7 thereafter, she found out that Dean, Dean’s family and Alexis’ family planned to attend as
8 well. She was not invited to travel with them and had to make alternative arrangements to
9 attend. Cohen, despite claiming that he was out of the loop, was in attendance. The efforts
10 to undermine her close reputation with Father Alex did not stop there, however.

11 87. Recently, Cohen deliberately went on a mission to destroy that relationship.
12 On information and belief, he did so simply because Dea asked straight-forward questions
13 about actions taken by Dean, Michael and Cohen that could impact the Trust’s well-being.

14 88. Dean, Michael, and Cohen recently traveled to Europe to explore a business
15 opportunity in Greece. As explained above, multiple Spanos business entities are partially
16 or entirely owned by the Trust and/or loan funds to the Trust (or vice versa). Thus,
17 concerned that she had been left in the dark yet again when it came to a decision affecting
18 the Trust, she politely requested information from Cohen via email on March 13, 2022.
19 She wrote, in part,

20 Steve,

21 I would like some information regarding your recent trip to
22 Europe with Deno and Michael. I understand it was to
23 explore a business opportunity in Greece.

24 Would you please provide the following information:

25 1. If there is a business purpose, what is it?

26 2. Is this intended to be [SIC] business opportunity related to
27 the business of The Spanos Corporation? If not, to which
28 entity does it relate?

1 3. What other third parties would be potentially involved in
2 this matter?

3 4. Can you confirm whether or not that Michael Karloutsos
4 will be involved? There are claims out there that he has a
5 questionable and checkered past.

5 ...

6 89. Michael Karloutsos (mentioned in question No. 4) is Father Alex's son. Mr.
7 Karloutsos has been the subject of multiple lawsuits in various states. The most recently
8 filed case is *Chaleplis et al. v. Karloutsos et al.*, case number 2:21-Cv-01492, in the U.S.
9 District Court for the Eastern District of Pennsylvania, wherein he and a Philadelphia-
10 based attorney are accused of stealing more than \$9 million from an investment firm. Dea
11 does not know whether the allegations are true, but the nature of the lawsuits would cause
12 any reasonable person, especially in the role of a fiduciary, to question whether entering
13 into a business relationship with him at this time is prudent. Instead of responding to
14 Dea's inquiries, Cohen forwarded this private communication to Father Alex and wrote
15 that he was "unaware of what Dea is referring to below" with respect to Mr. Karloutsos's
16 "checkered past" and asked him to "address Dea's question about Michael's character." A
17 true and correct copy of this correspondence is attached hereto and incorporated by
18 reference as **Exhibit 17**. It is highly unlikely, if not impossible, that Cohen was unaware
19 of what Dea was referring to in her question. Dea was shocked to learn of this malicious
20 act of retaliation by Dean's cohort. Not only have Dean and Michael excommunicated her
21 from most of the family, but now it appears as though they and their minion are working to
22 sever her most cherished relationships within the church. They are doing so at a time
23 when members of her family have turned against her and she is most in need of pastoral
24 support. As was the case in this example, the hostility is often in response to nothing more
25 than Dea's efforts to fulfill her duties as a Co-Trustee.

26 90. This campaign is only intensifying and broadening in scope.

27 91. Indeed, Dean, Michael and Cohen direct their hostility at Dea's immediate
28 family as well. For decades, Spanos family members have flown privately from wherever

1 they were located (typically in Stockton) to attend football games. Like clockwork, the
2 Spanos GV Jet would leave Stockton on gameday to transport family (always prioritized)
3 and their friends (space permitting) to the game. In the past five or so years the protocol
4 has been to have one or more family members inform Cohen ahead of time that they
5 needed a certain number of seats on the jet. Most would board in Stockton. Then the jet
6 would stop in Carmel, California to pick up Michael and his family, before continuing on
7 to its final destination in Southern California. Spanos family members have never paid
8 personally for the costs incurred.

9 92. That changed last year – but only for Dea and her children. First, Dean
10 banished Dea and her family from the Owner’s Box. Historically, an email was circulated
11 by Dean’s office to each owner asking him or her for the number of tickets needed for a
12 game. When Dea did not receive an email for a pre-season game in August of 2021, she
13 emailed Dean requesting her equal allocation of seats in the family’s Box for the next
14 game against Dallas. Dean responded, “[w]ith the current family dynamics, it would not
15 be practical or enjoyable for our four families to all share one suite for the home games.”
16 A true and correct copy of this correspondence is attached hereto and incorporated by
17 reference as **Exhibit 18**. He – and he alone – made the decision for Dea that it would be in
18 her best interest to occupy seats elsewhere. When she pushed back, he responded on
19 September 5, 2021, “[w]ith respect to the suite, Lexy, Michael and I made a decision
20 together about *what is [sic] our families’ best interests* given the current situation.”
21 (Emphasis added.) A true and correct copy of this correspondence is attached hereto and
22 incorporated by reference as **Exhibit 19**. Dean cannot act in a manner that is in the “best
23 interests” of his immediate family and some of the other beneficiaries of the Trust, while
24 being hostile towards others. Based on Dean’s decisions and his admission that he is
25 acting in the best interest of certain beneficiaries, but not others, Dea and her family have
26 lost all confidence in Dean’s ability to administer the Trust impartially.

27 93. Second, Dean now only authorizes the payment and/or reimbursement of
28 costs for private jets taken by certain family members in his good graces and not for

1 others. No family members have paid personally for these costs in the past, but now Dean
2 is buying loyalty. On September 14, 2021, Dean's assistant informed Dea's assistant, "I
3 was told that the long-standing policy which is applicable to everyone is that the team will
4 reimburse for the costs for Dea; any costs for her children and friends will not be
5 reimbursed by the team." A true and correct copy of this correspondence is attached
6 hereto and incorporated by reference as **Exhibit 20**. Yet, on September 30, 2021, when
7 Dea requested that Cohen arrange for a NetJet for Lex and his family to fly to the game
8 separately from Dea (who would arrive from the East Coast), Cohen asked her to "confirm
9 that this will be charged to you personally." A true and correct copy of this
10 correspondence is attached hereto and incorporated by reference as **Exhibit 21**. Dea
11 responded,

12 Steve,
13 Please confirm that the flights to the game for Dean and all
14 the other Spanos family members are personal expenses
15 which [sic] paid by them personally.
16 DEA

16 A true and correct copy of this correspondence is attached hereto and incorporated by
17 reference as **Exhibit 22**. He did not respond. The following week, Cohen informed Dea
18 she would be required to pay for three of the five hours of her flight from the East Coast to
19 the game (a rule he and/or Dean fabricated because it never existed in the past). On
20 information and belief, no other beneficiaries are being asked to pay personally for similar
21 travel costs. Dean's assistant also stated that the cost of a police escort from the airport to
22 SoFi Stadium would only be paid for when Dea is one of the passengers in the vehicle, not
23 for her family if arriving separately. Security has always been provided in years past
24 without charge for all family members, whether arriving together or separately. On
25 information and belief, free flights and security continue to be provided to beneficiaries,
26 other than Dea's children. Clearly, this cannot be for legitimate business reasons and
27 violates Dean's duty of impartiality.

28 ///

1 94. The constant and intense hostility described herein has impaired the Trust
2 administration and warrants Dean’s immediate suspension and eventual removal under
3 Prob. Code, § 15642, subdivisions (b)(3) and (e), as well as, *In re Gilmaker’s Estate*.

4 95. Dean’s persisting breaches of trust will cause further loss to Trust property
5 and the interests of all beneficiaries will suffer loss or injury pending a decision for his
6 removal. Therefore, Dea requests that the Court compel Dean to surrender Trust property
7 to Dea pursuant to Probate Code section 15642, subdivision (e), pending his eventual
8 removal.

9 **VI. MICHAEL MUST BE DISQUALIFIED FROM SERVING AS SUCCESSOR**
10 **CO-TRUSTEE**

11 96. If the Court suspends or removes Dean, Michael must be disqualified from
12 serving as the successor co-trustee to Dean. “The court in its discretion may make any
13 orders and take any other action necessary or proper to dispose of the matters presented by
14 the petition...” (Prob. Code, § 17206.)

15 **To preserve the trust and to respond to perceived**
16 **breaches of trust, the probate court has wide, express**
17 **powers to “make any orders and take any other action**
18 **necessary or proper to dispose of the matters presented”**
19 **by the section 17200 petition....**

20 More important, the probate court has the “inherent power to
21 decide all incidental issues necessary to carry out its express
22 powers to supervise the administration of the trust.” (*Estate of*
23 *Heggstad* (1993) 16 Cal.App.4th 943, 951, 20 Cal.Rptr.2d
24 433, italics added.) This inherent equitable power of the
25 probate court has long been recognized to encompass the
26 authority to take remedial action. “**Under California trust**
27 **law, a court can intervene to prevent or rectify abuses of a**
28 **trustee’s powers.** [Citations.]” (*Edwards v. Edwards* (1998)
29 61 Cal.App.4th 599, 604, 71 Cal.Rptr.2d 653.)
30 (*Schwartz v. Labow* (2008) 164 Cal.App.4th 417, 427, as modified (July 9, 2008).)

31 97. Michael’s aiding and abetting of Dean’s breaches of fiduciary duty
32 demonstrate that his disqualification from serving as a successor co-trustee is necessary to
33 prevent probable injury or loss to the Trust.

1 98. Further, if Michael were appointed, he would have an irreconcilable conflict
2 of interest because he would have a duty “to take reasonable steps to redress a breach of
3 trust committed by the predecessor trustee in a case where the successor trustee knows or
4 has information from which the successor trustee reasonably should have known of the
5 predecessor trustee’s breach.” (Prob. Code, § 16403, subd. (b)(3).) Michael assisted Dean
6 in his breaches of fiduciary duty and would be unable to redress Dean’s breaches without
7 implicating himself in the process. He is unfit to serve and has a conflict he cannot cure.

8 **VII. DEA SEEKS INSTRUCTION TO REFUSE TO AGREE TO ANY EXISTING**
9 **LETTER OF INTENT RELATED TO CRYSTAL BAY**

10 99. The Probate Code authorizes a trustee to seek instructions from the Court
11 concerning the internal affairs of the Trust. (Prob. Code, § 17002, subd. (b)(6).) Under
12 Probate Code section 16000, a trustee has a duty to “administer the trust according to the
13 trust instrument...” (Prob. Code, § 16000.) Where a trust has more than one trustee, each
14 has a duty to participate in the administration of the trust and to take reasonable steps to
15 prevent a co-trustee from committing a breach of trust. (Prob. Code, § 16013.) Thus,
16 when one co-trustee anticipates continued action by another co-trustee that is contrary to
17 the terms of the trust or in the best judgment of the co-trustee, it is appropriate for the
18 concerned co-trustee to petition for instructions from the Court in order to prevent a co-
19 trustee from committing a breach of trust. (*See* Prob. Code, § 17200, subd. (b)(6).)

20 100. As explained above, Dean, Michael and Cohen solicited Crystal Bay LOIs
21 while excluding Dea from the process. Based on the information Dea was able to obtain
22 after the fact, it appears they marketed Crystal Bay to potential buyers without making two
23 critical disclosures up front, i.e., the existence of: (1) a development water discharge
24 agreement and (2) a pipeline easement. The development water discharge agreement is an
25 easement agreement with one neighbor to accept surface drainage from that neighbor’s
26 property once developed, which the current system is not designed to accommodate, and
27 will therefore cause the owner of Crystal Bay to eventually incur significant costs. The
28 pipeline easement that is being negotiated with another neighbor will require funding close

1 to \$1 million in the coming months or significantly multiply the costs to make Crystal Bay
2 developable. On information and belief, the Taylor LOI did not take either into
3 consideration.

4 101. In addition, it does not appear that Dean, Michael or Cohen fully vetted
5 Taylor Buildings, a developer that relies on capital from a third-party rather than its own.
6 The Taylor LOI contemplates purchase money financing for \$15 million of the \$25 million
7 purchase price. In the current uncertain environment of pending inflation and Federal Rate
8 increases, it would be much more favorable to the Trust to require a purchase price in cash,
9 rather than having a large portion of the purchase price take the form of a non-recourse,
10 purchase money note. When Dea asked about this component of the Taylor LOI,
11 specifically why the Trust is being asked to carry most of the property value if the buyer is
12 well-financed, they responded that Taylor Builders indicated that by having the Trust carry
13 the note for one year, they avoid carrying \$15 million on their books and would therefore
14 be in a better position to secure improvement plans and final maps before closing, and that
15 benefit was factored into their offer. It is Dea's understanding that any buyer would need
16 to carry the purchase money loans "on their books".³ In addition, while the Trust would
17 obtain 8% per annum interest payments and a first lien on Crystal Bay if they agreed to the
18 deal, the ultimate buyer could potentially file for bankruptcy, contest a foreclosure in State
19 or Federal Court and/or delay a foreclosure for a very long time in the event they default.
20 In short, if the market crashes, the manner in which the Taylor LOI is structured would
21 likely end up embroiling the Trust in a long and expensive legal battle.

22 102. Further, when Dea asked why the 8% interest rate was acceptable, she was
23 told that "[t]he Trust's broker advises that market is 4% to 5% for these kind of
24 transactions." However, Dea is unaware of third party lenders who would make a 60%
25 loan to value loan on land for 4% to 5%. Her understanding is that banks typically loan *at*
26 *most* 50% of a land purchase price and debt funds and other higher risk lenders charge

27 _____
28 ³ It would be much better for the Trust if the buyer obtained a third party purchase money
loan if that loan will not be kept "on their books".

1 higher rates. There has been no number offered by the buyer to simply purchase the
 2 property and there are no obligations in the Taylor LOI to perform any work within any
 3 timeframes. This would allow them to essentially play the market and see what happens.
 4 Dea recognizes that if the buyer defaults, the Trust would keep \$10 million, plus interest,
 5 and get Crystal Bay back, but as explained above the possible problems for the Trust if the
 6 purchase money note and property are tied up in a buyer bankruptcy proceeding or in State
 7 or Federal court litigation make this fallback position untenable. When Dea asked these
 8 and other questions, Cohen deferred solely to the broker in all respects while ignoring that
 9 the Co-Trustees have obligations to exercise their duties in a manner that is consistent with
 10 the Trust and in the beneficiaries' best interests. Accordingly, agreeing to the Taylor LOI
 11 or any other LOIs that were submitted prior to the prospective buyer learning of the two
 12 disclosures above and/or that provide for purchase money financing (particularly given the
 13 uncertainty of the economy over the next couple of years) would be an unreasonable
 14 exercise of the Co-Trustees' discretion. Dea requests an instruction from this Court to
 15 refuse to agree to such LOIs.

16 **VIII. NOTICE**

17 103. The following parties are or may be entitled to notice of this proceeding:

Name	Relationship
Dean A. Spanos 2751 Bayshore Drive Newport Beach, CA 92663	Son, Co-Trustee of the Trust, Beneficiary
Joseph C. Shenker, Esq. Sullivan & Cromwell LLP 125 Broad Street New York, New York 10004	Counsel for Dean A. Spanos
Robert A. Sacks, Esq. Sullivan & Cromwell LLP 1888 Century Park East Los Angeles, CA 90067	Counsel for Dean A. Spanos

1	Daniel I. Spector, Esq. Law Office of Daniel I. Spector 9700 Business Park Drive, Suite 301 Sacramento, CA 95827	Counsel for Dean A. Spanos
4	Alexander G. Spanos 130 Irvine Cove Circle Laguna Beach, CA 92651	Grandchild, Beneficiary
7	Dean Spanos II 130 Irvine Cove Circle Laguna Beach, CA 92651	Great-grandchild, Beneficiary
9	Leonidas Spanos (Leo) 130 Irvine Cove Circle Laguna Beach, CA 92651	Great-grandchild, Beneficiary
11	Theodore David Spanos 130 Irvine Cove Circle Laguna Beach, CA 92651	Great-grandchild, Beneficiary
14	John Spanos 224 Driftwood Road Corona Del Mar, CA 92625	Grandchild, Beneficiary
16	Jack Spanos 224 Driftwood Road Corona Del Mar, CA 92625	Great-grandchild, Beneficiary
19	Jade Spanos 224 Driftwood Road Corona Del Mar, CA 92625	Great-grandchild, Beneficiary
21	Dea Spanos Berberian 1319 W. Lincoln Road Stockton, CA 95207	Daughter, Co-Trustee of the Trust, Beneficiary
23	Dimitrios S. Economou 6810 Chevy Chase Avenue Dallas, TX 75225-2505	Grandchild, Beneficiary
26	Taki Economou 6810 Chevy Chase Avenue Dallas, TX 75225-2505	Great-grandchild, Beneficiary

28

1	Aristotelis Economou "Telis" 6810 Chevy Chase Avenue Dallas, TX 75225-2505	Great-grandchild, Beneficiary
2		
3	Alexandros S. Economou	Grandchild, Beneficiary
4	6030 Huntingdale Circle	
5	Stockton, CA 95219	
6	Geraldine A. Wyle, Esq.	Counsel for Dimitrios Economou and
7	Jeryll S. Cohen, Esq.	Alexandros Economou
8	Thomas C. Aikin, Esq.	
9	Freeman & Smiley, LLP 1888 Century Park East, Suite 1500 Los Angeles, CA 90067	
10	Vasilios Economou "Vasili"	Great-grandchild, Beneficiary
11	6030 Huntingdale Circle	
12	Stockton, CA 95219	
13	Markos Economou	Great-grandchild, Beneficiary
14	6030 Huntingdale Circle Stockton, CA 95219	
15	Stylios Economou "Stelios"	Great-grandchild, Beneficiary
16	6030 Huntingdale Circle Stockton, CA 95219	
17	Aram Berberian	Grandchild, Beneficiary
18	4236 Tsushima Court	
19	Stockton, CA 95219	
20	Alexandra Spanos Ruhl	Daughter, Beneficiary
21	7347 N. Pershing Avenue Stockton, CA 95207	
22	Edward J. Corey, Jr., Esq.	Counsel for Dean A. Spanos, Alexandra
23	Daniel C. Kim, Esq.	Spanos Ruhl, and Michael Spanos,
24	Weintraub Tobin Chediak Coleman Grodin	Beneficiaries
25	400 Capitol Mall, 11 th Floor Sacramento, CA 95814	
26	Adriana Ruhl Cox	Grandchild, Beneficiary
27	P.O. Box 1372 Ross, CA 94957	
28		

1	Benjamin Cox	Great-grandchild, Beneficiary
2	P.O. Box 1372	
3	Ross, CA 94957	
4	Emilia Cox	Great-grandchild, Beneficiary
5	P.O. Box 1372	
6	Ross, CA 94957	
7	Vivian Cox	Great-grandchild, Beneficiary
8	P.O. Box 1372	
9	Ross, CA 94957	
10	Nicoletta Ruhl	Grandchild, Beneficiary
11	13053 Bluff Creek Drive	
12	Playa Vista, CA 90094	
13	Nicolas Ruhl	Grandchild, Beneficiary
14	1528 W. Lincoln Road	
15	Stockton, CA 95207	
16	William Ruhl	Great-grandchild, Beneficiary
17	1528 W. Lincoln Road	
18	Stockton, CA 95207	
19	Sophia Ruhl	Great-grandchild, Beneficiary
20	1528 W. Lincoln Road	
21	Stockton, CA 95207	
22	Phillip Ruhl	Grandchild, Beneficiary
23	10787 Wilshire Blvd., #804	
24	Los Angeles, CA 90024	
25	Alexandra Ruhl	Grandchild, Beneficiary
26	4148 Wabash Avenue	
27	San Diego, CA 92104	
28	Michael Spanos	Son, Beneficiary
	7259 N. Pershing Avenue	
	Stockton, CA 95207	
	Michael Spanos II	Grandchild, Beneficiary
	3333 Susan Street	
	Costa Mesa, CA 92626	

1	Christopher Spanos 3204 West Price Avenue Tampa, FL 33611	Grandchild, Beneficiary
2		
3	Andreas Spanos 5108 Sutter Park Way Sacramento, CA 95918	Grandchild, Beneficiary
4		
5		
6	Thomas Spanos 1600 20th Street Sacramento, CA 95811	Grandchild, Beneficiary
7		
8	Ana Spanos 3333 Susan Street Costa Mesa, CA 92626	Grandchild, Beneficiary
9		
10		
11	Steven L. Cohen COO/EVP The A.G. Spanos Group of Companies 10100 Trinity Parkway, 5 th Floor Stockton, CA 95219	Agent of Dean Spanos
12		
13		
14	The Spanos Foundation Alex and Faye Spanos Family Foundation 10100 Trinity Parkway, 5 th Floor Stockton, CA 95219	Remote Contingent Beneficiary. Non-profit charitable organization
15		
16		
17	Joseph N. Zimring, Supervising Deputy Attorney General Office of the Attorney General 300 S. Spring Street, Suite 1702 Los Angeles, CA 90013-1256	California Attorney General
18		
19		
20		
21	Office of the Attorney General Charitable Trusts Section 1300 I Street Sacramento, CA 95814-2919	California Attorney General
22		
23		
24	Cal Poly Foundation 1 Grand Avenue San Luis Obispo, CA 93407-0443	Interested person, Non-profit charitable organization
25		
26		

27
28

1 2 3	The University Foundation at Sacramento State 6000 J Street Sacramento, CA 95819	Interested person, Non-profit charitable organization
4 5 6	Jeffrey D. Davine, Esq. Mitchell Silberberg & Knupp LLP 2049 Century Park East, 18 th Floor Los Angeles, CA 90067	Counsel for California Polytechnic State University Foundation and The University Foundation at Sacramento State
7 8 9 10	Kevin B. Duggan, President and CEO of Mercy Foundation Mercy General Hospital 4001 J Street Sacramento, CA 95819	Interested person, Non-profit charitable organization
11 12 13 14	Fr. Panagiotis Papazafiroopoulos, Chief of Staff to the Archbishop Elpidophoros Greek Orthodox Archdiocese of America 8 East 79 th Street New York, NY 10075-0192	Interested person, Non-profit charitable organization

15 **A. Virtual Representation By Each Grandchild Or Minor And Unborn Issue**

16 104. Each grandchild of Settlers virtually represents the interests of the minor
17 children and unborn issue of that grandchild. The interests of each great-grandchild or
18 more remote issue arise with respect to the GST Exempt portion of each of the Siblings’
19 trusts because they may receive distributions from an “Independent Trustee” in certain
20 circumstances. (Ex. 1 [Trust at § 6.9(E)(2)(b)].) In addition, the Siblings hold a limited
21 power of appointment with respect to the GST Exempt portion of each of the Siblings’
22 trusts created under the Trust, which they may exercise in favor of their issue. (*Id.* at §
23 6.9(E)(5).)

24 105. With respect to the GST Non-exempt portion of each of the Siblings’ trusts
25 created under the Trust, the Siblings have a general power of appointment exercisable on
26 death among the issue of that Sibling and creditors of the estate of that Sibling to appoint
27 the principal and accrued, but unpaid income, of the GST Non-exempt portion of each of
28

1 the Siblings’ trusts created under the Trust. (Ex. 1 [Trust at § 6.9(E)(5)(b)].) To the extent
 2 a Sibling does not exercise his or her general power of appointment, the Siblings trusts
 3 created under the Trust shall be distributed, by right of representation, “to the then living
 4 issue of that deceased child, by right of representation, and held, administered, and
 5 distributed as provided in Paragraph F of this Section 6.9...” (*Id.* at § 6.9(E)(5)(c).)
 6 Accordingly, the great-grandchildren and more remote issue are only contingent remainder
 7 beneficiaries of the Siblings’ GST Non-exempt trusts created under the Trust, because
 8 their interests are dependent on how and to what extent the Siblings exercise his or her
 9 general power of appointment, as well as other unknowns.

10 106. The following are the names of the parents (*i.e.*, the grandchildren of
 11 Settlers) who are the parents of the minor great-grandchildren beneficiaries. As indicated,
 12 each grandchild listed below should be determined by this Court to virtually represent his
 13 or her minor children and unborn issue:

Name of Parent (Grandchild of Settlers) of Minor Great Grandchildren	Name of Minor Great-Grandchild(ren) Whom the Grandchild Virtually Represents Together with Their Unborn Issue
Alexander G. Spanos	Dean Spanos II Leonidas Spanos Theodore David Spanos Unborn Issue
John Spanos	Jack Spanos Jade Olivia Unborn Issue
Dimitrios S. Economou	Taki Economou Aristotelis Economou “Telis” Unborn issue
Alexandros S. Economou	Vasilios Economou “Vasili” Markos Economou Stylianios Economou “Stelios” Unborn issue

1	Aram Berberian	Unborn issue
2	Adriana Ruhl Cox	Benjamin Cox
3		Emilia Cox
4		Vivian Cox
		Unborn issue
5	Nicoletta Ruhl	Unborn issue
6	Nicholas Ruhl	William Ruhl
7		Sophia Ruhl
8		Unborn issue
9	Phillip Ruhl	Unborn issue
10	Michael Spanos II	Unborn issue
11	Christopher Spanos	Unborn issue
12	Andreas Spanos	Unborn issue
13	Thomas Spanos	Unborn issue
14	Ana Spanos	Unborn issue
15		

16
17 Probate Code section 15804 states:

18 15804. Notice in case involving future interest of
19 beneficiary

20 (a) Subject to subdivisions (b) and (c), it is sufficient
21 compliance with a requirement in this division that notice be
22 given to a beneficiary, or to a person interested in the trust, if
notice is given as follows:

23 (1) Where an interest has been limited on any future
24 contingency to persons who will compose a certain class upon
25 the happening of a certain event without further limitation,
26 notice shall be given to the persons in being who would
27 constitute the class if the event had happened immediately
28 before the commencement of the proceeding or if there is no
proceeding, if the event had happened immediately before
notice is given,

1 (2) Where an interest has been limited to a living
2 person and the same interest, or a share therein, has been
3 further limited upon the happening of a future event to the
4 surviving spouse or to persons who are or may be the
distributees, heirs, issue, or other kindred of the living person,
notice shall be given to the living person,

5 (3) Where an interest has been limited upon the
6 happening of any future event to a person, or a class of persons,
7 or both, and the interest, or a share of the interest, has been
8 further limited upon the happening of an additional future
9 event to another person, or a class of persons, or both, notice
shall be given to the person or persons in being who would take
the interest upon the happening of the first of these events.

10 (b) If a conflict of interest involving the subject matter of
11 the trust proceeding exists between a person to whom notice is
12 required to be given and a person to whom notice is not
13 otherwise required to be given under subdivision (a), notice
14 shall also be given to persons not otherwise entitled to notice
under subdivision (a) with respect to whom the conflict of
interest exists,

15 (c) Nothing in this section affects any of the following:

16 (1) Requirements for notice to a person who has
17 requested special notice, a person who has filed notice of
18 appearance, or a particular person or entity required by statute
to be given notice.

19 (2) Availability of a guardian ad litem pursuant to
20 Section 1003.

21 (d) As used in this section, “notice” includes other papers.

22 107. The interests of each grandchild of Settlers and their minor and unborn issue
23 are aligned with respect to the relief requested in this Petition. Accordingly, providing
24 notice to each of the grandchildren on their own behalf and on behalf of their minor and
25 unborn issue provides virtual representation and satisfies the notice requirements
26 applicable to each such minor great-grandchild and more remote issue.

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IX. PRAYER

WHEREFORE, Dea prays for an Order:

1. That the Court grant this Petition and find notice proper;
2. Surcharging Dean for his breaches of fiduciary duty and unreasonable exercise of discretionary authority in an amount according to proof at trial, or otherwise compelling Dean to redress his breaches of Trust;
3. Suspending Dean as a Co-Trustee of the Trust;
4. Removing Dean as a Co-Trustee of the Trust;
5. Awarding damages against Michael and Cohen for aiding and abetting Dean’s breaches of fiduciary duty;
6. Disqualifying Michael from serving as a successor co-trustee of the Trust;
7. Confirming that Dea shall serve as the sole trustee of the Trust;
8. Instructing Dea to refuse to agree to the Taylor LOI and any other LOIs to purchase Crystal Bay that existed prior to the filing of this Petition;
9. For an award of punitive damages;
10. For an award of prejudgment interest; and,
11. For all costs of suit, including attorneys’ fees, and such other and further relief as the Court deems just and proper.

Dated: June 8, 2022

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By



ADAM F. STREISAND

Attorneys for Dea Spanos Berberian, Co-Trustee of the Alex and Faye Spanos Family Trust, dated January 27, 1998, as amended and restated on June 28, 2007

1 VERIFICATION

2 STATE OF CALIFORNIA, COUNTY OF SAN JOAQUIN

3 I have read the foregoing **DEA SPANOS BERBERIAN'S PETITION FOR: 1.**
4 **BREACH OF FIDUCIARY DUTY AND SURCHARGE AGAINST DEAN SPANOS;**
5 **2. SUSPENSION AND REMOVAL OF DEAN SPANOS AS CO-TRUSTEE; 3.**
6 **AIDING AND ABETTING BREACHES OF FIDUCIARY DUTY AGAINST**
7 **MICHAEL SPANOS AND STEVEN COHEN; 4. DISQUALIFICATION OF**
8 **MICHAEL SPANOS AS SUCCESSOR CO-TRUSTEE; AND 5. AN ORDER**
9 **INSTRUCTING DEA TO REFUSE TO AGREE TO LETTERS OF INTENT** and
10 know its contents.

11 I am a party to this action. The matters stated in the foregoing document are true of
12 my own knowledge except as to those matters which are stated on information and belief,
13 and as to those matters I believe them to be true.

14 I declare under penalty of perjury under the laws of the State of California that the
15 foregoing is true and correct.

16 Executed on June 8, 2022, at Stockton, California.

17
18
19
20
21
22
23
24
25
26
27
28
Dea Spanos Berberian, Co-Trustee
Print Name of Signatory

Dea Spanos Berberian
Signature

EXHIBIT 1

**ALEX AND FAYE SPANOS FAMILY TRUST
(A REVOCABLE INTER VIVOS TRUST)**

FIRST: TRUSTEE.

A.G. Spanos, called the Trustee in this declaration of trust, declares that he and his wife, Faye Spanos, have transferred and delivered to him as the Trustee the sum of ONE THOUSAND DOLLARS (\$1,000.00) in cash. A.G. Spanos is also known as Alexander G. Spanos, and is sometimes referred to in this declaration of trust as "Alex". Faye Spanos is sometimes referred to as "Faye". They are both collectively sometimes referred to as "Settlers", or as "husband and wife". It is the intention of Alex and Faye to transfer additional property to this trust from time to time by gifts, bequests, proceeds of life insurance policies and other methods.

SECOND: TRUST ESTATE.

All property transferred to this trust and subject to this instrument is referred to as the "trust estate" and shall be held, administered, and distributed in accordance with this instrument. Any community property transferred to the trust shall remain community property after its transfer.

It is the intention of Alex and Faye that the Trustee shall have no more extensive power over any community property transferred to the trust estate than either of them would have had under California Civil Code Sections 5125 and 5127 had this trust not been created, and this instrument shall be so interpreted to achieve this intention. This limitation shall terminate on the death of either Alex or Faye.

Notwithstanding the foregoing, the Trustee, for the benefit of the community, shall

have the power to convey, encumber, or otherwise dispose of community real and personal property held under this instrument without the consent of either Alex or Faye, whether or not either of them shall then be capable of giving such consent.

THIRD: DISTRIBUTIONS OF INCOME AND PRINCIPAL DURING JOINT LIFETIMES.

A. Income Distributions. During their joint lifetimes, the Trustee shall pay to Alex and Faye for the account of the community, or shall apply for their benefit, the entire net income of the community estate in quarter-annual or more frequent installments. If the Trustee considers the net income insufficient, the Trustee shall pay to them for the account of the community, or apply for their benefit, as much of the principal of the community estate as is necessary in the Trustee's discretion for their proper health, education, support, maintenance, comfort, and welfare, in accordance with their accustomed manner of living at the date of this instrument. The spouse receiving payments shall have the same duty to use community income and principal received under this instrument for the benefit of both Alex and Faye as he or she has with respect to any other community property.

B. Exercise of Liberal Discretion on Invasion of Principal. The Trustee shall exercise in a liberal manner the power to invade principal contained in this ARTICLE THIRD, and the rights of the remaindermen in the trust shall be considered of secondary importance.

FOURTH: ONE SETTLOR INCAPACITATED.

A. Distributions to Nonincapacitated Spouse for Support. If at any time, either in the Trustee's discretion or as certified in writing by two licensed physicians, either Alex or Faye has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared him or her incompetent, mentally ill, or in need of a conservator, the Trustee shall pay to the other one or apply for the benefit of either of them,

the amounts of net income and principal necessary in the Trustee's discretion for the proper health, support and maintenance of both Alex and Faye in accordance with their accustomed manner of living at the date of this instrument, until the one who is incapacitated, either in the Trustee's discretion or as certified by two licensed physicians, is again able to manage his or her own affairs, or until the earlier death of either of them.

B. Withdrawals by Nonincapacitated Spouse from Community. The nonincapacitated spouse may also withdraw from time to time accumulated trust income and principal of community property. Income and principal from community property so paid or withdrawn shall be held and administered as community property by the nonincapacitated spouse. Any income in excess of the amounts applied for the benefit of Alex or Faye shall be accumulated and added to principal.

C. Payments by Guardian or Conservator. If a guardian or conservator of the person or the estate is appointed for either Alex or Faye, the Trustee shall take into account any payments made for either's benefit by the guardian or conservator.

FIFTH: PAYMENTS TO OTHERS.

A. Payments from Community Property. Alex and Faye acting jointly may at any time direct the Trustee in writing to pay single sums or periodic payments out of the community estate to any other person or organization.

B. Exercise of Power by Guardian or Conservator. Notwithstanding anything in this instrument to the contrary, this power may be exercised by the guardian or conservator of either Alex or Faye to the extent of payments to one or more persons or organizations that qualify for the annual federal gift tax exclusion. This power may also be exercised by any attorney-in-fact appointed by either Settlor, provided that the attorney-in-fact is specifically authorized to remove assets from a revocable trust established by either Settlor for the purpose of making gifts of that Settlor's property to others.

SIXTH: DIVISION INTO SEPARATE TRUSTS ON DEATH OF FIRST SPOUSE TO DIE.

A. Division and Designation.

1. The first to die of Alex or Faye shall be referred to hereafter as the “deceased spouse” and the survivor shall be referred to as the “surviving spouse”. On the death of the deceased spouse, the Trustee shall divide the trust estate, including any additions made to the trust by reason of his or her death, such as from the decedent’s Will or life insurance policies on the deceased spouse’s life, into three separate trusts, designated the “Survivor’s Trust”, the “GST Tax (Generation Skipping Transfer Tax) Exempt Trust”, and the “Marital Trust”.

2. Whenever the Trustee is directed to make a distribution of trust assets or a division of trust assets into separate trusts or shares on the death of either Alex or Faye, the Trustee may, in the Trustee’s discretion, defer that distribution or division until six months after that person’s death.

3. When the Trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this instrument in the absence of this paragraph, and all rights given to the beneficiaries of those trust assets under other provisions of this instrument shall be deemed to have accrued and vested as of that prescribed time.

B. The Survivor’s Trust. The Survivor’s Trust shall include the surviving spouse’s interest in the community estate included in or added to the trust estate in any manner, including any undistributed or accrued income on it, plus any portion of the GST Tax Exempt Trust allocated to it by the Trustee as provided below in Paragraph E of this ARTICLE SIXTH.

C. The GST Tax Exempt Trust. The GST Tax Exempt Trust shall consist of

an amount equal to the amount of the deceased spouse's generation skipping tax exemption, reduced by the aggregate amount of the deceased spouse's generation skipping tax exemption that has been allocated by the deceased spouse or by the Executor of the deceased spouse's Will to other transfers of property by the deceased spouse during his or her lifetime or as a result of the deceased spouse's death.

D. Marital Trust. The Marital Trust shall consist of the balance of the trust estate.

E. Reallocation By Trustee. Notwithstanding any other provision of this declaration of trust, if the Trustee in the Trustee's absolute discretion shall determine that the remaining amount to be allocated to the GST Tax Exempt Trust is too small to warrant administration as a separate trust, the Trustee may in the Trustee's absolute discretion add the balance to the Survivor's Trust or to the Marital Trust, and no beneficiary of this Trust shall have any right to reimbursement for any loss the beneficiary may have suffered because of the decision made by the Trustee.

SEVENTH: PAYMENTS, ALLOCATIONS, AND DISTRIBUTIONS ON DEATH OF THE DECEASED SPOUSE.

A. Allocations of Taxes, Expenses, and Assets.

1. All state and federal estate and generation skipping transfer taxes, and all unclaimed administration expenses allocable in whole or in part to the GST Tax Exempt Trust shall be paid from the Marital Trust regardless of any other provision either in this instrument or by applicable law allocating administration expenses or taxes. The term "unclaimed administration expenses" means administration expenses described in IRC Section 2053(a)(2) and 2053(b), which are eligible for deduction on the federal estate tax return, but which are not deducted there because they are claimed as income tax deductions.

2. The Trustee shall satisfy the amounts so determined in cash or in

kind, or partly in each, and shall allocate to the GST Tax Exempt Trust only assets of the deceased spouse contributed or added to the trust estate that are eligible for the federal estate tax marital deduction. Assets allocated in kind to these trusts shall be deemed to satisfy the amounts on the basis of their values as finally determined for federal estate tax purposes; provided that in making the allocations the Trustee shall allocate assets to each of the trusts that are fairly representative of the appreciation and depreciation of all of the assets that are in the trust and available for allocation.

3. However, assets qualifying for the federal estate tax marital deduction shall be transferred to the GST Tax Exempt Trust only to the extent that such transfer would not create a liability for the federal generation skipping transfer tax on the death of the deceased spouse.

4. The GST Tax Exempt Trust and the Marital Trust are both intended to qualify as marital deduction trusts under I.R.C. Section 2056(b)(7), and the provisions of these trusts shall be interpreted so that they will qualify in accordance with that law and the applicable regulations. Alex and Faye suggest that the deceased spouse's Executor make the election required under this paragraph. If this election is made they further suggest that the deceased spouse's Executor make an election under Section 2652(a)(3) of the Internal Revenue Code to treat the property transferred to the GST Tax Exempt Trust for purposes of Chapter 13 of the Internal Revenue Code, as if the election under IRC Section 2056(b)(7) had not been made. However, the deceased spouse's Executor's decision to elect or not to elect shall be final and the deceased spouse's Executor shall be relieved from any responsibility for these decisions. If the election is made, taxes on the surviving spouse's death shall be paid in accordance with I.R.C. Section 2207A, unless the surviving spouse's Will provides otherwise.

5. During the surviving spouse's lifetime, he or she shall have the

power to require the Trustee to make all or part of the principal of the GST Tax Exempt Trust and of the Marital Trust productive or to convert promptly any unproductive part into productive property. This power shall be exercised by the surviving spouse in a written instrument delivered to the Trustee.

B. Deceased Spouse's Expenses.

1. On the death of the deceased spouse, the Trustee, in the Trustee's discretion, may pay out of the trust estate debts of the deceased spouse, the federal and state estate taxes, and generation skipping transfer taxes, including interest and penalties attributable to the trust estate arising because of the deceased spouse's death, the last illness and funeral expenses of the deceased spouse, attorneys' fees, and other costs incurred in administering the deceased spouse's probate estate. Unless otherwise specifically provided herein, if the election to qualify the trusts under IRC Section 2056(b)(7) is not made, any payment for federal and state estate taxes or generation skipping transfer taxes attributable to property in the trust estate shall be charged to the Marital Trust without apportionment or charge against any beneficiary of the trust. Payments for last illness, funeral and other administration costs shall be charged to the Marital Trust, provided, however, that administration costs allocable to the surviving spouse's share of the community property administered in the deceased spouse's estate shall be charged to the Survivor's Trust.

2. Payment of any of the deceased spouse's debts shall be charged against the Marital Trust, provided, however, that to the extent the Survivor's Trust includes any interest in community property, debts allocable against community property shall be charged against the Survivor's Trust and the Marital Trust in accordance with California law in effect at the date of the decedent's death, but the charges against the Survivor's Trust shall not exceed the value of community property allocable to the Survivor's Trust.

3. Notwithstanding anything in this instrument to the contrary, the

Trustee shall not pay any death taxes, including interest or penalties, last illness and funeral expenses, attorneys' fees, administration expenses, debts, or other obligations of a deceased Settlor or his or her estate from proceeds of insurance policies on the deceased spouse's life. However, to the extent there are no other assets available for such purposes, the Trustee, in the Trustee's discretion, may use insurance proceeds that are otherwise taxable in the deceased spouse's estate for federal estate tax purposes for such payments.

C. Payments to Surviving Spouse. From the death of the deceased spouse, the Trustee shall pay to or apply for the benefit of the surviving spouse the net income of all three trusts in quarter-annual or more frequent installments. If the income is insufficient, the Trustee shall also pay to or apply for the benefit of the surviving spouse such sums out of the principal of the trusts as shall be necessary for the surviving spouse's proper health and support. Payments out of principal shall be made first out of the Survivor's Trust until it is exhausted, then out of the Marital Trust until it is exhausted, and thereafter out of the GST Tax Exempt Trust.

D. Surviving Spouse Authorized to Use Residence. On the death of the deceased spouse, the surviving spouse shall have the right to continue to occupy all real property in the trust estate that the surviving spouse and the deceased spouse were using for residential purposes, whether on a full or part-time basis, including resort property, provided, however, that the surviving spouse, in his or her discretion, may direct the Trustee to sell any such property and replace it with or rent or lease another residence selected by the surviving spouse of comparable or lower value.

EIGHTH: PAYMENTS, DIVISIONS, AND DISTRIBUTIONS ON DEATH OF SURVIVING SPOUSE.

A. Surviving Spouse's Expenses.

1. On the death of the surviving spouse, the Trustee may in the

Trustee's discretion pay out of the principal of the Survivor's Trust or, if it has been exhausted, out of the Marital Trust, the surviving spouse's debts, last illness and funeral expenses, attorneys' fees, other costs incurred in administering the surviving spouse's probate estate, and federal and state estate taxes, and generation skipping transfer taxes, including interest and penalties, arising on the death of the surviving spouse.

2. Except for taxes to be paid from the Marital Trust pursuant to IRC Section 2207A as provided above in Paragraph A4 of ARTICLE SEVENTH, if the Trustee exercises the Trustee's discretion to pay federal and state estate taxes, any payments of the estate taxes and generation skipping transfer taxes shall be charged first to the Survivor's Trust, or if it has been exhausted, then to the Marital Trust, without apportionment or charge against any person.

3. Unless instructed differently in the Will of the Surviving Spouse, any taxes to be paid pursuant to IRC Section 2207A as provided in Paragraph A4 of ARTICLE SEVENTH and charged to the marital trust shall be paid by the Trustee from funds of and charged to the Marital Trust until it is exhausted before paying any portion out of the GST Tax Exempt Trust.

B. Division of Trusts on Death of Surviving Spouse.

1. On the death of the surviving spouse, the Trustee shall distribute the balance then remaining, if any, of the Survivor's Trust, including both principal and any accrued or undistributed income to such one or more of Settlor's issue then living, and on such terms and conditions, either outright or in trust, as the surviving spouse shall appoint by Will or by a written instrument filed with the Trustee specifically referring to and exercising this power of appointment. Any of the Survivor's Trust not effectively appointed by the surviving spouse in this manner shall be divided by the Trustee into two trusts designated as the GST Tax Exempt Trust and the Survivor's Trust, to follow the disposition of these two Trusts in all respects as hereafter provided; but the Trustee in that event may in the Trustee's

discretion, first pay out of the principal of the Survivor's Trust not so appointed by the surviving spouse the surviving spouse's last illness and funeral expenses and other obligations incurred for the surviving spouse's support, and any federal and state estate taxes attributable to the Survivor's Trust by reason of the surviving spouse's death.

2. The GST Tax Exempt Trust shall consist of an amount equal to the surviving spouse's generation skipping tax exemption, reduced by the aggregate amount of the surviving spouse's generation skipping tax exemption that has been allocated by the surviving spouse or by the executor of the surviving spouse's Will to other transfers of property by the surviving spouse during the surviving spouse's lifetime or as a result of the surviving spouse's death.

a. The Trustee shall satisfy the amount allocated to the GST Tax Exempt Trust in cash or kind, or partly in each. Assets allocated in kind to these two trusts shall be deemed to satisfy the amounts on the basis of their values as finally determined for federal estate tax purposes; provided that in making the allocations the Trustee shall allocate assets to each of the two trusts that are fairly representative of the appreciation and depreciation of all of the assets that are in the trust and available for allocation.

b. The GST Tax Exempt Trust established on the surviving spouse's death shall be combined with the balance then remaining of the GST Tax Exempt Trust established on the prior death of the deceased spouse, and the total so combined shall be held, administered and distributed in accordance with the provisions of the Grandchildren's Trust as set forth in Subparagraph 2 of Paragraph C below.

c. Notwithstanding anything to the contrary in this declaration of trust or in the Will of the surviving spouse, all estate and generation skipping transfer taxes that are attributable to the GST Tax Exempt Trust shall be charged to and paid from the balance of the Survivor's Trust.

3. The balance of the Survivor's Trust then remaining shall then be

distributed to the Marital Trust established on the death of the deceased spouse to be held and administered or distributed as provided below in Paragraph C of this ARTICLE EIGHTH.

C. Distributions on Death of Surviving Spouse.

1. On the death of the surviving spouse, the Trustee shall distribute the balance of the Marital Trust as then constituted, to the Survivor's Trust. The Trustee shall thereupon divide the Survivor's Trust as so combined into as many equal shares as there are children of Alex and Faye then living and children of Alex and Faye then deceased leaving issue then living. The Trustee shall allocate one (1) such equal share of the trust to each living child and one (1) such equal share to each group composed of the living issue of a deceased child of Alex and Faye. Each such share shall be distributed, or retained in trust, as hereafter provided.

a. Each share allocated to one of Alex and Faye's living children shall be distributed to the child outright and free of trust, and the trust estate with respect to that child shall terminate.

b. Each share allocated to a group composed of the living issue of a deceased child of Alex and Faye shall be held, administered, and distributed as follows:

(1) The Trustee shall pay to or apply for the benefit of the issue, of whatever degree, living from time to time, including those whose ancestor or ancestors are still living, as much of the net income and principal of the trust as the Trustee in the Trustee's discretion shall deem necessary or advisable for their proper support, maintenance, and education, after taking into consideration, to the extent the Trustee shall deem advisable, any other income or resources of such issue, known to the Trustee and reasonably available for these purposes. Any net income not distributed shall be accumulated and added to principal. In exercising the discretion granted by this subparagraph, the Trustee may pay more to or apply more for some beneficiaries than others and may make payments

to or applications of benefits for one or more beneficiaries to the exclusion of others. Any payment or application of benefits pursuant to this subparagraph shall be charged against the trust as a whole rather than against the ultimate distributive share of the beneficiary to whom or for whose benefit the payment is made.

(2) The trust shall terminate as soon as no child of Alex and Faye's deceased child who was living at the time of the death of the survivor of Alex and Faye is living who is under age twenty-five (25). Upon termination, the remaining balance of the trust shall be distributed, free of trust, to the then living issue of the deceased child by right of representation, or if there are none, to the then living issue of the children of Alex and Faye on the principle of representation, subject, however, to the provisions of Subparagraph 1 of Paragraph D below. However, if a part of that balance would otherwise be distributed to a person for whose benefit a trust is then being administered under this Will, that part shall instead be added to that trust and shall thereafter be administered according to its terms, except that in the case of any trust that has been partially distributed because of a beneficiary's attainment of a designated age, any addition shall augment proportionally the distributed and the undistributed portions of the trust.

c. If a transfer of assets held in a beneficiary's trust under any of the provisions of this trust instrument would cause a taxable termination or taxable distribution for generation-skipping transfer tax purposes with respect to the trust or portion of the trust, that beneficiary shall have, in addition to any other power of appointment granted by this trust instrument, a general testamentary power of appointment over the trust or the portion that would otherwise have been subject to the taxable termination or taxable distribution.

(1) However, the beneficiary shall not have this general power of appointment if a generation-skipping taxable transfer, including a direct skip, would occur at the death of that beneficiary with respect to that trust or portion thereof de-

spite or because of this general power of appointment.

(2) If that beneficiary has a non-general or limited power of appointment over that trust, the determination of whether the beneficiary's death would otherwise cause a taxable termination or distribution shall be made by assuming that the non-general power is not exercised.

(3) A general power granted under this provision may be exercised by the beneficiary only in favor of the creditors of the beneficiary's estate.

(4) The general power granted by this paragraph shall be exercised by the beneficiary in the beneficiary's last Will or Codicil thereto by specific reference to this power and not merely to powers of appointment generally.

2. The Grandchildren's Trust provided to be established under subparagraph 2b of Paragraph B of this ARTICLE EIGHTH shall be held, administered, and distributed by the Trustee as follows:

a. The Trustee shall pay to or apply for the benefit of the grandchildren of Alex and Faye and their issue of whatever degree living from time to time as much of the net income of the trust estate as the Trustee in the Trustee's absolute discretion shall deem advisable taking into account the income and other taxes to the trust and to the beneficiaries as a whole, as well as the income and other resources of the various beneficiaries known to the Trustee. Any income not so distributed shall be accumulated by the Trustee and added to the principal of the trust estate.

b. In exercising the discretion granted by the provisions of the above subparagraph, the Trustee may pay more to or apply more for the benefit of some beneficiaries than others, and may make payments to or application of benefits for one or more of the beneficiaries to the exclusion of others. Any payments or applications of benefits pursuant to these subparagraphs shall be charged against the trust estate as a whole, rather than against the ultimate distributive share of the beneficiary to whom or for whose bene-

fit the payment is made.

c. This trust shall terminate as soon as no grandchild is living who was living as the time of the death of the survivor of Alex and Faye. Upon termination, the balance of the trust shall be distributed, free of trust, to the then living members of the group consisting of any grandchildren of Alex and Faye then living who were born after the death of the survivor of them and the then surviving issue of their deceased grandchildren, per capita and not on the principle of representation.

d. The distribution of the balance of the trust as provided in subparagraph c above shall be subject to the provision of subparagraph 1 of Paragraph D of this ARTICLE EIGHTH below.

D. Other Provisions.

1. Notwithstanding any other provisions in this instrument to the contrary, if any person entitled to outright distribution of a trust or of a portion of a trust is under age twenty-one (21), or if any beneficiary who was living at the time of the death of Alex or Faye is under age twenty-five (25) or if the Trustee shall determine that there is a compelling reason to postpone a distribution, in complete or partial termination of a trust, such as a serious disability, a pending divorce, potential financial difficulty, a serious tax disadvantage in making distribution or similar substantial cause, or if the Trustee in the Trustee's discretion shall determine that the beneficiary will not manage the funds to the beneficiary's advantage, then the Trustee shall continue to hold and administer that beneficiary's trust or portion of the trust estate for his or her benefit. Income of the beneficiary's trust shall be added to principal and the Trustee shall pay to or apply for the beneficiary's benefit as much of the beneficiary's trust as the Trustee, in the Trustee's discretion, considers necessary for the beneficiary's proper support, health, maintenance, and education. When the beneficiary attains age twenty-one (21), or twenty-five (25), or when in the Trustee's discretion the compelling reason for postponement of distribution ceases to exist, the

Trustee shall distribute to the beneficiary the beneficiary's entire trust. If the beneficiary dies before attaining age twenty-one (21), or twenty-five (25), or while distribution has been postponed, the beneficiary's trust shall be distributed to the beneficiary's then living issue, or if there are none, to the beneficiary's parents' then living issue, or if there are none, to the then living issue of Alex and Faye on the principle of representation. However, if any part of that trust would otherwise be distributed to a person for whose benefit a trust is then being administered under this instrument, that part shall be added instead to that trust and administered according to its terms, except that in the case of any trust that has been partially distributed because of a beneficiary's attainment of a designated age, any distribution shall augment proportionally the distributed and the undistributed portions of the trust.

2. Whenever provision is made in this trust instrument for payment for the "education" of a beneficiary, the term "education" shall be construed to include any vocational school, college, and postgraduate study, so long as pursued to advantage by the beneficiary, at an institution of the beneficiary's choice; and in determining payments to be made for such vocational school, college, or postgraduate education, the Trustee shall take into consideration the beneficiary's related living and travel expenses to the extent that they are reasonable.

3. The Trustee shall have the discretionary power from time to time, without the need of court approval, to divide any trust created by this trust instrument for generation-skipping transfer tax purposes or for any other tax, administrative, or other purposes. In exercising this authority for inclusion ratio, reverse QTIP election, or other generation-skipping transfer tax purposes, the power shall be exercised in a manner that complies with the applicable Treasury Regulations or other requirements for accomplishing the intended purposes. The division may be made in equal or unequal shares. However, any division made pursuant to this authority shall be made by fractional shares of the whole trust, but the Trustee need not allocate a proportionate share of each and every asset.

NINTH: DISTRIBUTION OF REMAINDER.

A. Disposition on Death of All Issue. If at any time before full distribution of the trust estate both Alex and Faye and all their issue are deceased and no other disposition of the property is directed by this instrument, the remaining portion of the trust shall then be distributed as follows: The entire balance of all trusts being administered under this instrument shall be distributed one half (½) to those persons who would then be the heirs of Alex, and one half (½) to those persons who would then be the heirs of Faye, the identities and the respective shares of the heirs of each of them to be determined as though the deaths of each of them had then occurred and according to the laws of the State of California then in effect relating to the succession of separate property not acquired from parent, grandparent, or pre-deceased spouse.

B. Perpetuities Savings Clause. Unless sooner terminated in accordance with other provisions of this trust, each trust created under this instrument shall terminate twenty-one (21) years after the death of the last survivor of Alex or Faye and their issue living on the date of the death of the first of them to die. All principal and undistributed income of any trust so terminated shall be distributed to the then income beneficiaries of that trust in the proportions in which they are, at the time of termination, entitled to receive the income; provided, however, that if the rights to income are not then fixed by the terms of the trust, distribution under this clause shall be made, by right of representation, to such issue of Alex and Faye as are then entitled or authorized in the Trustee's discretion to receive income payments, or, if there are no such issue, in equal shares to those beneficiaries who are then entitled or authorized to receive income payments.

TENTH: RETAINED POWERS TO ALTER, AMEND, REVOKE AND TERMINATE.

A. Revocation During Settlers' Joint Lifetimes. During the joint lifetimes of the Alex and Faye, this trust may be revoked in whole or in part with respect to community

property by an instrument in writing signed by either Alex or Faye and delivered to the Trustee and the other Settlor. On revocation, the Trustee shall deliver to both spouses all or the designated portion of the community property trust assets. All property delivered to both spouses shall continue to be the community property of Alex and Faye, and shall be held and administered as community property. The Trustee shall also account for the Trustee's acts since the preceding account. If this instrument is revoked with respect to all or a major portion of the assets subject to the instrument, the Trustee shall be entitled to retain sufficient assets reasonably to secure payment of liabilities lawfully incurred by the Trustee in the administration of the trust, including Trustee's fees that have been earned, unless the Settlers shall indemnify the Trustee against loss or expense.

B. Amendment. Alex and Faye may at any time during their joint lifetimes amend any of the terms of this instrument by an instrument in writing signed by both of them and delivered to the Trustee. No amendment shall substantially increase the duties or liabilities of the Trustee or change the Trustee's compensation without the Trustee's consent, nor shall the Trustee be obligated to act under such an amendment unless the Trustee accepts it. If a Trustee is removed, Alex and Faye shall pay to the Trustee any sums due and shall indemnify the Trustee against liability lawfully incurred by the Trustee in the administration of the trusts.

C. Powers of Revocation and Amendment Personal to Settlers. The powers of the Settlers to revoke or amend this instrument during their joint lifetimes are personal to them and shall not be exercisable in their behalf by any guardian, conservator, or other person, except that revocation or amendment may be authorized, after notice to the Trustee, by the court that appointed the guardian or conservator.

D. Revocation and Amendment by Surviving Spouse. On the death of the deceased spouse, the surviving spouse shall have the power to amend, revoke, or terminate the Survivor's Trust, but the GST Tax Exempt Trust, and the Marital Trust may not be

amended, revoked, or terminated. On the death of the surviving spouse, none of the trusts may be amended, revoked, or terminated. On revocation or termination of the Survivor's Trust, all its assets shall be delivered to the surviving spouse. Revocation and amendment shall be made in the manner provided in Paragraphs A and B, respectively.

ELEVENTH: POWER AND AUTHORITY OF TRUSTEE.

A. Investment Powers. In order to carry out the provisions of the trusts created by this instrument, the Trustee shall have these powers in addition to those now or hereafter conferred by law:

1. To invest and reinvest funds in every kind of property, real, personal, or mixed, and every kind of investment, specifically including, but not limited to, corporate obligations of every kind, stocks, preferred or common, shares of investment trusts, investment companies, and mutual funds, and mortgage participations that men of prudence, discretion, and intelligence acquire for their own account, and life insurance policies on the life of any beneficiary except the beneficiary of a marital deduction trust.

2. To continue to hold any property and to operate at the risk of the trust estate any business that the Trustee receives or acquires under the trust as long as the Trustee deems advisable.

3. To have all the rights, powers, and privileges of an owner with respect to the securities held in trust, including, but not limited to, the powers to vote, give proxies, and pay assessments; to participate in voting trusts, pooling agreements, foreclosures, reorganizations, consolidations, mergers, and liquidations, and incident to such participation to deposit securities with and transfer title to any protective or other committee on such terms as the Trustee may deem advisable; and to exercise or sell stock subscription or conversion rights.

4. To manage, control, grant options on, sell (for cash or on deferred payments), convey, exchange, partition, divide, improve, and repair trust property.

5. To lease trust property for terms within or beyond the term of the trust for any purpose, including exploration for and removal of gas, oil, and other minerals; and to enter into community oil leases, pooling, and unitization agreements.

6. To lend money to any person, including the probate estate of either Settlor, provided that any such loan shall be adequately secured and shall bear a reasonable rate of interest.

7. To purchase property at its fair market value as determined by the Trustee in the Trustee's discretion, from the probate estate of either Settlor.

8. To loan or advance the Trustee's own funds to the trust for any trust purpose, with interest at current rates; to receive security for such loans in the form of a mortgage, pledge, deed of trust, or other encumbrance on any assets of the trust; subject to other limitations in this instrument relating to the ranch property, to purchase assets of the trust at their fair market value as determined by an independent appraisal of those assets; and to sell property to the trust at a price not in excess of its fair market value as determined by an independent appraisal. Any such purchases or sales of property shall be subject to approval by a majority of the children of Settlor.

9. To take any action and to make any election, in the Trustee's discretion, to minimize the tax liabilities of this trust and its beneficiaries. The Trustee may allocate the benefits among the various beneficiaries, and the Trustee may make adjustments in the rights of any beneficiaries, or between the income and principal accounts, to compensate for the consequences of any tax election or any investment or administrative decision that the Trustee believes has had the effect of directly or indirectly preferring one beneficiary or group of beneficiaries over others.

10. To borrow money, and to encumber trust property by mortgage, deed of trust, pledge, or otherwise, for the debts of the trust or the joint debts of the trust and a co-owner of trust property.

11. To commence or defend, at the expense of the trust, such litigation with respect to the trust or any property of the trust estate as the Trustee may deem advisable, and to compromise or otherwise adjust any claims or litigation against or in favor of the trust. The Trustee's powers under this paragraph shall apply during the term of the trust and after distribution of trust assets. However, the Trustee shall have no obligations or duties with respect to any litigation or claims occurring after distribution of trust assets unless the Trustee is adequately indemnified by the distributees for any loss in connection with such matters.

12. To carry insurance of such kinds and in such amounts as the Trustee deems advisable, at the expense of the trust, to protect the trust estate and the Trustee personally against hazard.

13. To withhold from distribution, in the Trustee's discretion, at the time for distribution of any property in this trust, without the payment of interest, all or any part of the property, as long as the Trustee shall determine in the Trustee's discretion that such property may be subject to conflicting claims, to tax deficiencies, or to liabilities, contingent or otherwise, properly incurred in the administration of the estate.

14. To partition, allot, and distribute the trust estate on any division or partial or final distribution of the trust estate, in undivided interests or in kind, or partly in money and partly in kind, at valuations determined by the Trustee, and to sell such property as the Trustee may deem necessary to make division or distribution. In making any division or partial or final distribution of the trust estate, the Trustee shall be under no obligation to make a pro rata division, or to distribute the same assets to beneficiaries similarly situated; but rather, the Trustee may, in the Trustee's discretion, make a non-pro rata division between trusts or shares and non-pro rata distributions to such beneficiaries, as long as the respective assets allocated to separate trusts or shares, or distributed to such beneficiaries, have equivalent or proportionate fair market value.

15. The Trustee is expressly authorized to continue to hold and operate or participate in the operation of any farming or ranching property or interest that the Trustee receives or acquires under this trust as long as the Trustee deems advisable, at the risk of the trust estate.

B. Physical Division of Trust Property Not Required. There need be no physical segregation or division of the various trusts except as segregation or division may be required by the termination of any of the trusts, but the Trustee shall keep separate accounts for the different undivided interests.

C. Authority to Pay Death Taxes. Except as otherwise specifically provided in this instrument, or in the Will of either Alex or Faye, federal estate taxes and generation skipping transfer taxes imposed on or by reason of the inclusion of any portion of the trust estate in the gross taxable estate of either Alex or Faye under the provisions of any federal tax law shall be paid by the Trustee and charged to, prorated among, or recovered from the trust estate or the persons entitled to the benefits under these trusts as and to the extent provided by any applicable tax law or any proration statute. Except where otherwise specifically provided, inheritance taxes shall be paid and charged to the trust estate or deducted and collected as provided by law.

TWELFTH: OTHER GENERAL PROVISIONS GOVERNING THE TRUSTEE AND THE TRUST.

A. Revised Uniform Principal and Income Act to Govern. Except as otherwise specifically provided in this instrument, the determination of all matters with respect to what is principal and income of the trust estate and the apportionment and allocation of receipts and expenses between these accounts shall be governed by the provisions of the California Revised Uniform Principal and Income Act from time to time existing. Any such matter not provided for either in this instrument or in the California Revised Uniform Principal and Income Act shall be determined by the Trustee in the Trustee's discretion, but in such cases the Trustee must treat income beneficiaries and remaindermen equitably.

B. Allocation of Expenses Among Successive Beneficiaries. Among successive beneficiaries of this trust, all taxes and other current expenses shall be deemed to have been paid and charged to the period in which they were paid.

C. Undistributed Income Payable to Succeeding Beneficiaries. Income accrued or unpaid on trust property when received into the trust shall be treated as any other income. Income accrued or held undistributed by the Trustee at the termination of any trust created herein shall go to the next beneficiaries of the trust in proportion to their interest in it.

D. Notice to Trustee of Births, Deaths, and Other Events Affecting Interests. Unless the Trustee shall have received actual written notice of the occurrence of an event affecting the beneficial interests of this trust, the Trustee shall not be liable to any beneficiary of this trust for distribution made as though the event had not occurred.

E. Clause Authorizing Additions to Trust. Other property acceptable to the Trustee may be added to these trusts by any person, by the Will or Codicil of either Alex or Faye, by the proceeds of any life insurance, or otherwise.

F. Spendthrift Clause. No interest in the principal or income of any trust created under this instrument shall be anticipated, assigned, encumbered, or subjected to creditor's claim or legal process before actual receipt by the beneficiary.

G. Choice of Law Clause. The validity of this trust and the construction of its beneficial provisions shall be governed by the laws of the State of California in force from time to time. This paragraph shall apply regardless of any change of residence of the Trustee or any beneficiary, or the appointment or substitution of a Trustee residing or doing business in another state.

H. Definitions of Issue and Children. In this instrument, the term "issue" shall refer to lawful lineal descendants of all degrees, and the terms "child", "children", and "issue" shall include adopted children who were minors at the date of adoption.

I. Abandonment of Property. The Trustee is authorized to abandon any property or interest in property belonging to the trust when, in the Trustee's discretion, such abandonment is in the best interest of the trust and its beneficiaries.

J. Gender and Number Clause. As used in this instrument, the masculine, feminine, or neuter gender, and the singular or plural number, shall each include the other whenever the context so indicates.

K. Severability Clause. If any provision of this trust instrument is unenforceable, the remaining provisions shall nevertheless be carried into effect.

L. Power To Pay Bequests for Benefit of Minors or Incompetents. If at the date of distribution of any property from the trust, the beneficiary of the property under the trust is a minor, or under any other legal disability, or unable, in the Trustee's opinion, to administer the property properly by reason of mental or physical illness or disability, the Trustee is empowered to distribute the property, in the Trustee's sole discretion, to any one or more of the following persons for the benefit of the beneficiary: (a) a legally appointed guardian or conservator of the estate of the beneficiary; or (b) if the beneficiary is a minor, his or her parent or custodian under any applicable Uniform Transfer to Minors Act, provided that if no custodian is then in existence, the Trustee is empowered to designate a custodian for this purpose from among these persons qualified to serve. The Trustee is authorized to accept the receipt of any distributee in full satisfaction and discharge of the distribution of such property.

**THIRTEENTH: ALTERNATE TRUSTEE AND POWER OF TRUSTEE
TO APPOINT SUCCESSOR TRUSTEE.**

If A.G. Spanos shall for any reason fail to qualify or cease to serve as the Trustee then Faye Spanos shall serve as the Trustee. If for any reason both Alex and Faye shall fail to qualify or cease to serve as a Trustee, then Dean A. Spanos and Dea Spanos Berberian shall serve as Co-Trustees of all trusts established under this instrument. If either Dean A. Spanos or Dea Spanos Berberian shall for any reason fail to qualify or cease to serve, then

Alexandra Spanos Ruhl shall serve as the Co-Trustee with the other. If any two of the above persons shall for any reason fail to qualify or cease to serve, then Michael A. Spanos shall serve as Co-Trustee with the remaining one. If for any reason all but one of the above named persons shall fail to qualify or cease to serve, then the remaining one shall serve as the sole Trustee of all trusts established by this instrument.

Notwithstanding the last preceding paragraph, each person designated or acting from time to time as a Trustee of any trusts established by this instrument shall have the power to designate successor Trustees to act when any Trustee shall become unable or unwilling to act as Trustee of the trusts. Each person may designate the same or different persons or entities, including corporate fiduciaries, to act as successor Trustee of the trusts. If all individuals appointed as Trustee and any successors designated by them shall be unable or unwilling to act as Trustee, the probate court having jurisdiction shall appoint a corporate trustee to act as Trustee of all trusts. Any person acting as Trustee of any trust may from time to time revoke any designation of any successor to himself, whether that designation shall have been made by him or by his antecedent in interest, and that person may designate other persons or entities, or one or more of the same persons or entities, or all the same persons or entities previously designated in a different order, as successor Trustee to him. All such designations or revocations shall be exercised in writing and shall be effective on delivery to the beneficiaries of the trusts for which they are designated.

FOURTEENTH: TRUSTEE'S BOND.

No bond shall be required of any person named in this instrument as Trustee, or of any person appointed as the Trustee in the manner specified here, for the faithful performance of his duties as Trustee, whether acting individually or jointly with another in the performance of duties as Trustee under this instrument.

FIFTEENTH: LIMITATION ON LIABILITY OF TRUSTEE.

No Trustee designated in this instrument shall be liable to any beneficiary or to any

heir of either Alex or Faye for the Trustee's acts or failure to act, except for willful misconduct or gross negligence. No Trustee shall be liable or responsible for any act, omission, or default of any other Trustee provided that the Trustee shall have had no knowledge of facts that might reasonably be expected to put the Trustee on notice of it. No successor Trustee shall be liable for any act, omission, or default of a predecessor Trustee. Unless requested in writing within sixty (60) days of appointment by an adult beneficiary of the trust, no successor Trustee shall have any duty to investigate or review any action of a predecessor Trustee and may accept the accounting records of the predecessor Trustee showing assets on hand without further investigation and without incurring any liability to any person claiming or having an interest in the trust.

SIXTEENTH: ACCOUNTING BY TRUSTEE.

A. During Settlor's Lifetimes. During the lifetimes of either Alex or Faye, the Trustee shall account only to them jointly or to the Survivor of them, and the written approval of either of them shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and contingent beneficiaries.

B. Accountings After Death of Surviving Settlor.

1. After the death of the survivor of Alex and Faye, the Trustee shall have a duty to keep the beneficiaries of the trust reasonably informed of the trust and its administration.

2. In addition to any accounting or information required under Section 17200 of the California Probate Code, on reasonable request by a beneficiary, the Trustee shall provide the beneficiary with a report of information about the assets, liabilities, receipts, and disbursements of the trust, the acts of the Trustee, and the particulars relating to the administration of the trust relevant to the beneficiary's interest, including the terms of the trust that describe or affect the beneficiary's interest.

3. The Trustee shall in addition account at least annually, at the termi-

nation of the trust, and upon a change of trustees, to each beneficiary to whom income or principal is required or authorized in the Trustee's discretion to be currently distributed.

4. Each account furnished to a beneficiary shall contain the following information:

a. A statement of receipts and disbursements of principal and income that have occurred during the last complete fiscal year of the trust or since the last account.

b. A statement of the assets and liabilities of the trust as of the end of the last complete fiscal year of the trust or since the last account.

c. The Trustee's compensation for the last complete fiscal year of the trust or since the last account.

d. The agents hired by the Trustee, their relationship to the Trustee, if any, and their compensation, for the last complete fiscal year of the trust or since the last account.

e. A statement that the recipient of the account may petition the court pursuant to Section 17200 to obtain a court review of the account and of the acts of the Trustee.

f. A statement that claims against the Trustee for breach of trust may not be made after the expiration of three years from the date the beneficiary receives an account or report disclosing facts giving rise to the claim.

g. A further statement that unless any beneficiary, including parents, guardians, or conservators of beneficiaries, shall deliver a written objection to the Trustee within sixty (60) days after receipt of the Trustee's account, the account shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and unascertained beneficiaries, and that after the expiration of the sixty (60) day period, the Trustee shall no longer be liable to any beneficiary of the

trust, including unborn and unascertained beneficiaries, in respect to transactions disclosed in the account, except for the Trustee's intentional wrongdoing or fraud.

C. Manner of Rendering Accountings. Accountings shall be made by delivering a written accounting to each beneficiary entitled to current income distribution or, if there are no current income beneficiaries, to each beneficiary entitled to current distribution out of income or principal in the Trustee's discretion, and to each remainderman in being. If any person entitled to receive an accounting is a minor or is under a disability, the accounting shall be delivered to his parents or the guardian of his person if he is a minor or to the guardian or conservator of his person if he is under any other disability. Unless any beneficiary, including parents, guardians, or conservators of beneficiaries, shall deliver a written objection to the Trustee within sixty (60) days after receipt of the Trustee's account, the account shall be final and conclusive in respect to transactions disclosed in the account as to all beneficiaries of the trust, including unborn and unascertained beneficiaries. After settlement of the account by agreement of the parties objecting to it, or by expiration of the sixty (60) day period, the Trustee shall no longer be liable to any beneficiary of the trust, including unborn and unascertained beneficiaries, in respect to transactions disclosed in the account, except for the Trustee's intentional wrongdoing or fraud.

SEVENTEENTH: TRUSTEE'S COMPENSATION.

If the Trustee does not waive a fee, then the Trustee may be paid the customary fee charged by corporate Trustees in the area for the administration of the trust estate during each calendar year for all ordinary services rendered by the Trustee, and reasonable additional compensation for any extraordinary services. If the Trustee shall serve for a part of a calendar year, the annual compensation shall be prorated.

EIGHTEENTH: NO CONTEST CLAUSE.

In the event any beneficiary under this trust shall, singly or in conjunction with any

other person or persons, contest in any court the validity of this trust or of a deceased Trustor's last Will or shall seek to obtain an adjudication in any proceeding in any court that this trust or any of its provisions or that such Will or any of its provisions is void, or seek otherwise to void, nullify or set aside this trust or any of its provisions, then the right of that person to take any interest given to him or her by this trust shall be determined as it would have been determined had the person predeceased the execution of this instrument.

The Trustee is hereby authorized to defend, at the expense of the trust estate, any contest or other attack of any nature on this trust or any of its provisions.

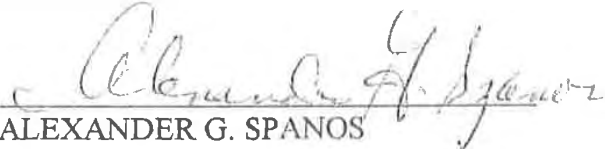
NINETEENTH: NAMES OF TRUSTS.

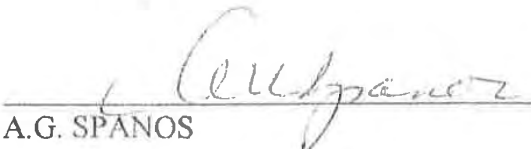
The trusts created under this instrument may be referred to collectively as the ALEX AND FAYE SPANOS FAMILY TRUST and each separate trust created in this instrument may be referred to by adding the designation set forth above in this declaration of trust for each trust. Each share allocated for the benefit of an individual may be further designated by adding the name of that individual.


Executed at Stockton, California, on January 27, 1998.

SETTLORS:

TRUSTEE:


ALEXANDER G. SPANOS


A.G. SPANOS


FAYE SPANOS

ACKNOWLEDGMENT

State of California)
County of San Joaquin)

On January 27, 1998, before me, *Nannette P. Hatch*, Notary Public, personally appeared Alexander G. Spanos, also known as A.G. Spanos, and Faye Spanos personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.



Nannette P. Hatch

Notary Public

TRUSTSPANOSKIDS 7

**FIRST AMENDMENT
TO THE
ALEX AND FAYE SPANOS FAMILY TRUST**

Pursuant to the powers retained by Alex and Faye Spanos, the Settlers of the ALEX AND FAYE SPANOS FAMILY TRUST Under Agreement Dated January 27, 1998, Alex and Faye Spanos hereby amend the terms of the trust as follows:

FIRST: ARTICLE SIXTH, ARTICLE SEVENTH, AND ARTICLE EIGHTH are revoked in their entirety and the following Articles are substituted in their place:

ARTICLE SIXTH: DISTRIBUTIONS AND DIVISION OF BALANCE.

A. Distributions on death of Alex Spanos.

1. On the death of Alex Spanos, whether or not he is the first to die, the Trustee shall distribute the following amounts from Alex Spanos' share of the community property in the trust estate to the following persons who survive him:

Danny Spanos	\$100,000.00
Stella Graham	100,000.00
Madeline Madsen	100,000.00
George C. Spanos	100,000.00
Leo Spanos	100,000.00
William Blain	200,000.00
Ruth Segarini	200,000.00
Jennifer Mahurin	200,000.00
Karen Bartolomei	200,000.00

Keri Rishwain	200,000.00
Vicki Perez	200,000.00
Michael Tonegato	200,000.00
Raymond Haynes	200,000.00
Judy Petersen	200,000.00
Natalia Orfanos	500,000.00

2. If any one or more of these persons does not survive Alex Spanos, the bequest to the deceased person shall lapse and shall not be distributed to the surviving issue of that deceased person.

3. It is the intention of the Settlor that these bequests be paid in full without any charge or reduction for any apportionment of any federal or state estate taxes. Any federal and state estate taxes and any generation skipping transfer taxes that may be due because of these bequests shall be paid by the Trustee from the balance of the principal of the trust estate and shall not be apportioned to or charged against any of the above bequests.

B. Division and Designation.

1. The first Settlor to die shall be called the "deceased spouse" and the living Settlor shall be called the "surviving spouse". On the death of the deceased spouse, the Trustee shall divide the balance of the trust estate, including any additions made to the trust by reason of his or her death, such as from the decedent's Will or life insurance policies on the decedent's life, into two separate trusts, designated the "Survivor's Trust" and the "Exemption Trust".

2. Whenever the Trustee is directed to make a distribution of trust assets or a division of trust assets into separate trusts or shares on the death of the Settlor, the Trustee may, in the Trustee's discretion, defer that distribution or division until six months after the Settlor's death.

3. When the Trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this instrument in the absence of this paragraph, and all rights given to the beneficiaries of those trust assets under other provisions of this instrument shall be deemed to have accrued and vested as of that prescribed time.

C. Survivor's Trust. The Survivor's Trust shall include the following:

1. The surviving spouse's interest in the Settlor's community estate included in or added to the trust estate in any manner, including any undistributed or accrued income on it.

2. The Survivor's Trust shall in addition include that portion of the balance of the deceased spouse's share of the community property not allocated by the Trustee to the Exemption Trust as provided in Paragraph D immediately following this Paragraph C.

3. The portion of the deceased spouse's share of the community property allocated by the Trustee pursuant to the terms of Sub-paragraph 2 above shall be held, administered, and distributed in accordance with the terms of the Survivor's Trust and shall be subject to all of the terms and conditions of that trust as set forth herein, including the power in the surviving spouse to amend or to revoke the Survivor's Trust and receive the entire principal of the trust, including the deceased spouse's share of the community property allocated to it.

D. Exemption Trust. The Exemption Trust shall consist of a pecuniary amount equal to the applicable exclusion amount available to the trust as provided in Internal Revenue Code Section 2010(c) as it shall provide at the time of the death of the deceased spouse after taking into account the following:

1. All available deductions taken in determining the estate tax payable

by reason of the death of the deceased spouse;

2. All credits allowed for federal estate tax purposes, other than any credit allowable under IRC Section 2011, to the extent the credit exceeds any state estate or inheritance taxes payable without regard to the availability of such credit, provided that no credit shall be taken into account if such credit shall result in the disallowance of the marital deduction;

3. The net value of all other property included in the deceased spouse's gross estate whether given under this instrument or otherwise, that passes at the time of the deceased spouse's death, or has passed before the deceased spouse's death to any person, trust, or other entity included in the deceased spouse's gross estate, and that does not qualify for the federal estate tax marital deduction.

SEVENTH: PAYMENTS ALLOCATIONS, AND DISTRIBUTIONS ON DEATH OF DECEASED SPOUSE.

A. Allocations of Taxes, Expenses, and Assets.

1. All unclaimed administration expenses and death taxes shall be paid from the Exemption Trust regardless of any other provision either in this instrument or by applicable law allocating administration expenses or taxes. The term "unclaimed administration expenses" means administration expenses described in IRC Section 2053(a)(2) and 2053(b), which are eligible for deduction on the federal estate tax return, but which are not deducted there because they are claimed as income tax deductions.

2. The Trustee shall satisfy the amount so allocated to the Exemption Trust in cash or in kind, or partly in each. Assets allocated in kind shall be deemed to satisfy this amount on the basis of their net fair market values as finally determined for federal estate tax purposes, provided that in making the allocation of assets between the trusts the Trustee shall allocate assets to each of the trusts that are fairly representative of the appreciation and depreciation of all of the assets that are in the trusts and available for allocation.

3. However, assets qualifying for the federal estate tax marital deduction shall be transferred to the Survivor's Trust from the deceased spouse's share of the community estate only to the extent that such transfer would effect a reduction in the federal estate tax otherwise payable by reason of the deceased spouse's death. No assets with respect to which a credit for foreign death taxes shall be allowed under the federal estate tax law applicable to the deceased spouse's estate shall be allocated to the Survivor's Trust, unless the deceased spouse's estate shall contain insufficient other property to fully fund the Survivor's Trust.

4. If for any reason the surviving spouse shall make a valid disclaimer of any portion of the deceased spouse's share of the community property, the portion so disclaimed shall be allocated by the Trustee to the Exemption Trust to follow the disposition of the Exemption Trust as hereinafter provided.

5. If for any reason the surviving spouse shall make a valid disclaimer of any portion or all of the Exemption Trust, the portion so disclaimed shall be distributed by the Trustee to the issue then surviving of the deceased spouse by right of representation.

B. Deceased Spouse's Expenses.

1. On the death of the deceased spouse, the Trustee, in the Trustee's discretion, may pay out of the trust estate debts of the deceased spouse, the federal and state estate taxes, including interest and penalties attributable to the trust estate arising because of the deceased spouse's death, the last illness and funeral expenses of the deceased spouse, attorneys' fees, and other costs incurred in administering the deceased spouse's probate estate. Unless otherwise specifically provided herein, any payment for federal and state estate taxes shall be charged to the Exemption Trust without apportionment or charge against any beneficiary of the trust estate or any transferee of property passing outside of the trust estate. Payments for last illness, funeral and other administration costs shall be charged to the Exemption Trust, provided, however, that administration costs allocable to the surviving

spouse's share of the community property administered in the deceased spouse's estate shall be charged to the Survivor's Trust.

2. Payment of any of the decedent's debts shall be charged against the Exemption Trust, provided, however, that to the extent the Survivor's Trust includes the interest of the surviving spouse in community property, debts allocable against community property shall be charged against the Survivor's Trust and the Exemption Trust in accordance with California law in effect at the date of the decedent's death, but the charges against the Survivor's Trust shall not exceed the value of the surviving spouse's interest in the community property allocable to the Survivor's Trust.

C. Payments to Surviving Spouse. From the death of the deceased spouse, the Trustee shall pay to or apply for the benefit of the surviving spouse the net income of both of the trusts in quarter-annual or more frequent installments. If the income is insufficient, the Trustee shall also pay to or apply for the benefit of the surviving spouse such sums out of the principal of the trusts as shall be necessary for the surviving spouse's proper health and support. Payments out of principal shall be made first out of the Survivor's Trust until it is exhausted, and thereafter out of the Exemption Trust.

D. Surviving Spouse Authorized to Use Residence. On the death of the deceased spouse, the surviving spouse shall have the right to continue to occupy all real property in the trust estate that the surviving spouse and the deceased spouse were using for residential purposes, whether on a full or part-time basis, including resort property, provided, however, that the surviving spouse, in his or her discretion, may direct the Trustee to sell any such property and replace it with or rent or lease another residence selected by the surviving spouse of comparable or lower value.

EIGHTH: PAYMENTS AND DISTRIBUTIONS ON DEATH OF SURVIVING SPOUSE.

A. Surviving Spouse's Expenses.

1. On the death of the surviving spouse, the Trustee may in the

Trustee's discretion pay out of the principal of the Survivor's Trust the surviving spouse's debts, last illness and funeral expenses, attorneys' fees, other costs incurred in administering the surviving spouse's probate estate, and federal and state estate taxes, including interest and penalties arising on the death of the surviving spouse.

2. If the Trustee exercises the Trustee's discretion to pay federal and state estate taxes, any payments of these taxes shall be charged to the Survivor's Trust, without apportionment or charge against any person.

B. Division of Trusts into Shares and Distribution.

1. On the death of the surviving spouse, the Trustee shall divide the Survivor's Trust, as then constituted into as many equal shares as there are children of the Settlers then living and children of the Settlers then deceased leaving issue then living. The Trustee shall distribute one (1) such equal share to each child of the Settlers then living and one such equal share to the issue then living of each child of the Settlers then deceased leaving issue then surviving on the principle of representation, but subject, however, to the provisions of Paragraph 3 below.

2. On the death of the surviving spouse, the Trustee shall divide the Exemption Trust as then constituted into as many equal shares as there are children of the Settlers then living and children of the Settlers then deceased leaving issue then living. The Trustee shall distribute one (1) such equal share to each child of the Settlers then living and one (1) such equal share to the issue then living of each child of the Settlers then deceased leaving issue then surviving, on the principle of representation, subject, however, to the provisions of Paragraph 3 below.

3. Notwithstanding any other provision in this instrument, if any person entitled to outright distribution of a trust or of a portion of a trust is under age twenty-one (21), or if the Trustee shall determine that there is a compelling reason to postpone a distribution, in complete or partial termination of a trust, such as a serious disability,

a pending divorce, potential financial difficulty, a serious tax disadvantage in making distribution or similar substantial cause, the Trustee shall continue to hold and administer that beneficiary's trust or portion of the trust estate for his or her benefit. Income of the beneficiary's trust shall be added to principal and the Trustee shall pay to or apply for the beneficiary's benefit as much of the beneficiary's trust as the Trustee, in the Trustee's discretion, considers necessary for the beneficiary's proper support, health, maintenance, and education. When the beneficiary attains age twenty-one (21), or when in the Trustee's discretion the compelling reason for postponement of distribution ceases to exist, the Trustee shall distribute to the beneficiary his or her entire trust. If the beneficiary dies before attaining age twenty-one (21), or while distribution has been postponed, that deceased beneficiary's trust shall be distributed to his or her lawful issue, or if there are none, to his or her parents' then living lawful issue, or if there are none, to Settlers' then lawful living issue on the principle of representation. However, if any part of that trust would otherwise be distributed to a person for whose benefit a trust is then being administered under this instrument, that part shall be added instead to that trust and administered according to its terms.

SECOND: Paragraph D of ARTICLE TENTH is revoked in its entirety and the following Paragraph D is substituted in its place:

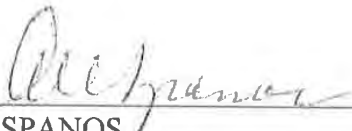
D. Revocation and Amendment by the Surviving Spouse. On the death of the deceased spouse, the surviving spouse shall have the power to amend, revoke, or terminate the Survivor's Trust; but the Exemption Trust may not be amended, revoked, or terminated. On the death of the surviving spouse, neither of the trusts may be amended, revoked, or terminated. On revocation or termination of the Survivor's Trust, all its assets shall be delivered to the surviving spouse. Revocation or amendment shall be made in the manner provided in Paragraphs A and B respectively.

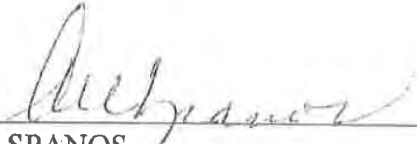
In all other respects the Trust Agreement is hereby ratified, confirmed, and republished by the Settlers.

This FIRST AMENDMENT to the ALEX AND FAYE SPANOS FAMILY TRUST is signed at Stockton, California, on December 8, 2003.

TRUSTEE:

SETTLORS:


A.G. SPANOS


A.G. SPANOS

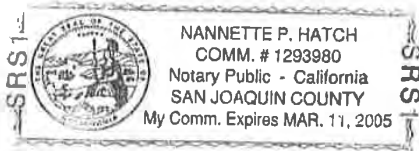

FAYE SPANOS

ACKNOWLEDGMENT

State of California)
County of San Joaquin)

On December 8, 2003, before me, **Nannette P. Hatch**, Notary Public, personally appeared A.G. Spanos and Faye Spanos, personally known to me ~~(or proved to me on the basis of satisfactory evidence)~~ to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.




Notary Public Signature

(n)

SECOND AMENDMENT TO THE ALEX AND FAYE SPANOS FAMILY TRUST
(A REVOCABLE INTERVIVOS TRUST)

ALEX G. SPANOS (also known as A.G. SPANOS and herein called "Alex") and FAYE SPANOS (herein called "Faye") hereby amend the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended on December 8, 2003, (herein called the "Declaration of Trust") as follows:

I. Settlers delete paragraphs B, C, and D of Article SIXTH of the Declaration of Trust, as amended, and amend said paragraphs to read in full as follows:

" 6. DISTRIBUTION UPON DEATH OF SETTLORS

Upon the death of the first Settlor to die ("Deceased Settlor" or "Deceased Spouse"), after distribution of any gifts pursuant to paragraph A, if Alex G. Spanos if the Deceased Spouse, the Trustee shall hold, administer and distribute the trust estate as follows:

B. Division and Designation.

The Trustee shall divide the balance of the trust estate (including not only property held hereunder on the date of death but also such other property as may be added hereto by the Deceased Spouse's Will or from any other source) into three (3) trusts, designated as Trust A, Trust B and Trust C, and also referred to as the Survivor's Trust (Trust A), the Marital Trust (Trust B) and the Exemption Trust (Trust C), respectively.

A. Trust A (Survivor's Trust) shall consist of the Surviving Spouse's separate property assets administered under this trust and the community property

interest and quasi- community property interest, if any, of the Surviving Spouse in the trust assets to be held, administered and distributed as provided in paragraph B of Article SEVENTH. Any and all retirement benefits and individual retirement accounts to which the Trust is beneficiary on the death of the Deceased Spouse shall be paid into Trust A (Survivor's Trust)

B. Trust B (Marital Trust) shall consist of the smallest fractional share of the residual trust estate that, if taken as a federal estate tax marital deduction, will entirely eliminate (or reduce to the maximum extent possible) any federal estate tax on the Deceased Spouse's death, after taking into account all factors relevant to this estate-tax objective, including but not limited to:

(1) All deductions claimed and allowed in determining the estate tax payable by reason of the Deceased Spouse's death.

(2) The net value of all other property (whether or not it is given under this instrument and whether it passes at the time of the Deceased Spouse's death or has passed before the Deceased Spouse's death to or in trust for the Surviving Spouse) that is included in the Deceased Spouse's gross estate and qualifies for the federal estate tax marital deduction. If the Surviving Spouse disclaims any property that would otherwise qualify for the federal estate tax marital deduction, this disclaimer shall be disregarded.

(3) All credits allowed for federal estate tax purposes other than any credit allowable under Internal Revenue Code section 2011, unless and to the extent that death tax would be payable to the state or states regardless of the federal credit, as

long as no credit is taken into account that results in disallowance of the marital deduction.

The term "residual trust estate" means the trust estate remaining after payment of all pecuniary gifts, expenses of administration, debts, and death taxes that are properly chargeable against the residue of the trust estate.

In establishing the foregoing fraction, values as finally determined for federal estate tax purposes shall be used, and the following shall be excluded from the numerator and denominator of this fraction and allocated only to the Exemption Trust:

(1) Any assets that are not eligible for the federal estate tax marital deduction; and

(2) Any assets for which a credit for foreign death taxes is allowed under the federal estate tax law applicable to the Deceased Spouse's estate, unless there is insufficient other property to fully fund the Marital Trust.

The Trustee shall select property to satisfy such a fractional share of the trust estate in cash or in kind, or partly in each, pro-rata or non-pro-rata, with assets allocated in kind valued at their net fair market values on the date or dates of allocation to the Marital Trust. The community property of the Settlers may be divided in the aggregate to achieve an equal division of the community property rather than on the item principle of division on the death of the Deceased Spouse.

The Marital Trust shall be established as two separate trusts -- one trust to include the balance of the Deceased Spouse's GST exemption under Internal Revenue Code Section 2631(a), as amended, not applied to the Exemption Trust nor otherwise allocated by the Executor and the balance of the Marital Trust shall consist of non-

exempt GST property (Non-Exempt Marital Trust). The terms "Trust B", "Marital Trust" and "Marital Trusts" shall refer to both of these trusts. The GST Exempt Marital Trust shall have a zero inclusion ratio for GST purposes.

All state death taxes as a result of the death of the Deceased Spouse attributable in whole or in part to the Marital Trust shall be paid from the Exemption Trust (regardless of any other provision either in this instrument or by applicable law allocating administration expenses to the contrary). All unclaimed administration expenses of the Deceased Spouse's trust estate shall be charged against trust accounting income and not against principal of the trust estate of the Deceased Spouse. The term "unclaimed administration expenses" means administration expenses described in Internal Revenue Code Sections 2053 (a)(2) and 2053 (b), that are eligible for deduction on the federal estate tax return, but that are not deducted on that return because they are claimed as income tax deductions.

It is intended that the distribution to the Marital Trusts qualify for the marital deduction allowable under the Internal Revenue Code, as amended, and this instrument shall be construed accordingly. The Deceased Spouse explicitly empowers the person responsible for filing the federal estate tax return to determine whether to make the election by IRC Section 2056(b)(7), as amended, as to the Marital Trust in light of the circumstances existing at the time the election may be made. Any power including powers specifically granted by this instrument to allocate receipts and disbursements between principal and income may not be exercised so as to deny the Surviving Spouse income to which the Surviving Spouse would otherwise be required to receive under applicable rules pertaining to the estate tax marital deduction.

The Marital Trust shall be held, administered and distributed as provided in paragraph C of Article SEVENTH.

C. Trust C (Exemption Trust) shall consist of the balance of the trust estate of the Deceased Spouse, to be held, administered and distributed in accordance with paragraph D of Article SEVENTH."

II. Article SEVENTH of the Declaration of Trust is deleted and amended to read in full as follows:

"SEVENTH: PAYMENTS, ALLOCATIONS, AND DISTRIBUTIONS ON DEATH OF DECEASED SPOUSE.

A. Allocation of Taxes and Expenses. On the Deceased Spouse's death, the Trustee, in the Trustee's discretion, shall pay out of the trust estate, the Deceased Spouse's debts outstanding at the time of his or her death; the federal or state estate and inheritance taxes including interest and penalties attributable to the trust estate arising because of the Deceased Spouse's death; the last illness and funeral expenses of the Deceased Spouse; attorney's fees; and other costs incurred in administering the Deceased Spouse's interest in the trust estate. Any payments for estate, inheritance or other death taxes shall be charged as directed by this trust agreement. Payments for last-illness, funeral and other administrative expenses and costs not taken as deductions on the Federal Estate Tax Return for the estate of the Deceased Spouse shall be charged to the Exemption Trust, and if the Exemption Trust is insufficient, to the Marital Trust (charged first to the non-exempt Marital Trust until exhausted), provided, however, that administrative costs and expenses allocable to the Surviving Spouse's share of the community property administered in the Deceased

Spouse's estate shall be charged to the Survivor's Trust. Payment of any of the Deceased Spouse's debts shall be made proportionately from the property of the trust estate as such property shall be liable for the debts so that the community estate of the Deceased Spouse and separate estate of the Deceased Spouse each bear its own proportionate share of the debts of the Deceased Spouse. Community property debts shall be paid one-half from the Deceased Spouse's trust estate and one-half from the Surviving Spouse's trust estate; separate property debts of the Deceased Spouse shall be paid from the Deceased Spouse's trust estate, and separate debts of the Surviving Spouse shall be paid from the Surviving Spouse's trust estate.

B. Distribution of the Survivor's Trust.

1. During the lifetime of the Surviving Spouse, the Trustee shall hold, administer and distribute the Survivor's Trust as follows:

(a) The Trustee shall pay to or apply for the benefit of the Surviving Spouse the entire net income of Survivor's Trust quarter-annually or at more frequent intervals.

(b) In addition, the Trustee shall pay to the Surviving Spouse as much of the principal of Survivor's Trust as the Surviving Spouse may request by written instrument delivered to the Trustee.

(c) The Surviving Spouse may amend or revoke the Survivor's Trust at any time during the lifetime of the Surviving Spouse.

2. On the Surviving Spouse's death, the Trustee, in the Trustee's discretion shall pay out of the trust estate, the Surviving Spouse's debts outstanding at the time of his or her death; the federal or state estate and inheritance taxes, including

interest and penalties attributable to the trust estate arising because of the Surviving Spouse's death (to be charged as provided in this instrument); the last illness and funeral expenses of the Surviving Spouse; attorney's fees; and other costs incurred in administering the Surviving Spouse's interest in this trust. Survivor's Trust shall not bear estate tax applicable to IRC Section 2044 property.

3. On the death of the Surviving Spouse, the Trustee shall distribute the balance then remaining, if any, of Survivor's Trust (including both principal and any accrued or undistributed income) to such one or more persons and entities, including the Surviving Spouse's estate, and on such terms and conditions, either outright or in trust, as the Surviving Spouse shall appoint by a Will specifically referring to and exercising this power of appointment (whether such Will is executed before or after the death of the Settlor first to die).

4. The balance of Survivor's Trust not effectively appointed in the foregoing manner by the Surviving Spouse, after distribution of the gifts pursuant to paragraph A of Article SIXTH in the event that Alex G. Spanos is the Surviving Trustor, shall be held, administered and distributed as provided in Article EIGHTH of this Declaration of Trust.

C. Distribution of the Marital Trust. During the lifetime of the Surviving Spouse, the Trustee shall hold, administer and distribute Marital Trust as follows:

1. The Trustee shall pay to or apply for the benefit of the Surviving Spouse the entire net income of Marital Trust quarter- annually or at more frequent intervals.

2. In addition, the Trustee shall pay to or apply for the benefit of the Surviving Spouse from time to time as much of the principal of Marital Trust as the Trustee deems necessary for the proper health, support or maintenance of the Surviving Spouse. In making any payments of principal from Marital Trust to or for the benefit of the Surviving Settlor, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of the Surviving Spouse outside of these trusts, known to the Trustee, and reasonably available for that purpose. Marital Trust shall refer to both Marital Trusts. Distributions of principal from Marital Trust shall be taken first from the Non-Exempt Marital Trust until exhausted and thereafter, from the GST Exempt Marital Trust (also referred to as the Exempt Marital Trust).

3. On the death of the Surviving Spouse, the balance then remaining, if any, of the principal of the Marital Trusts shall be distributed to such persons consisting of the issue of the Settlers and/or any charity and/or qualified interest as provided in Internal Revenue Code Sec. 2055, as amended, to which charitable deduction is allowed for federal estate tax purposes, including but not limited to the Alex and Faye Spanos Family Foundation, as the Surviving Spouse may appoint by Will or acknowledged instrument (executed before or after the death of the Deceased Spouse) specifically referring to and exercising this limited power of appointment. On the death of the Surviving Spouse, the balance then remaining, if any, of the accrued but unpaid income of the Marital Trusts shall be distributed as the Surviving Spouse directs under the general power of appointment held by the Surviving Settlor under the Survivor's Trust. With respect to each of these powers of appointment, distribution as so exercised

8

shall be on such terms and conditions (either outright or in trust) as the Surviving Spouse may appoint as aforesaid. To the extent that either of said powers of appointment is not effectively exercised, the un-appointed balance of Marital Trust shall be held, administered and distributed as stated in Article EIGHTH of this Declaration of Trust applicable to the Exemption Trust; but the Trustee in that event shall first (regardless of whether or not a power of appointment is exercised) pay out of the principal of Marital Trust, the last illness and funeral expenses and other obligations incurred for the Surviving Spouse's support, and any estate or inheritance taxes attributable to Marital Trust by reason of the Surviving Spouse's death or the making of the Q-TIP election on the death of the Deceased Spouse. The foregoing taxes, expenses and obligations shall be charged first against the Non-Exempt Marital Trust until exhausted, and thereafter to the Exempt Marital Trust without right of reimbursement or recourse by the Non-Exempt Marital Trust under Internal Revenue Code Section 2207A, as amended, or otherwise; provided however that no such taxes or expenses shall be charged against any trust, value or share with respect to which the charitable deduction is allowed for federal estate tax purposes.

D. Distribution of the Exemption Trust.

During the lifetime of the Surviving Spouse, the Trustee shall hold, administer and distribute the Exemption Trust as follows:

1. The Trustee shall pay to or apply for the benefit of the Surviving Spouse the entire net income of Exemption Trust quarter-annually or at more frequent intervals.

2. In addition, the Trustee shall pay to or apply for the benefit of the Surviving Spouse from time to time as much of the principal of the Exemption Trust as the Trustee deems necessary for the proper health, support or maintenance of the Surviving Spouse. In making any payments of principal from the Exemption Trust to or for the benefit of the Surviving Settlor, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of the Surviving Spouse outside of these trusts, known to the Trustee, and reasonably available for that purpose. Distributions of principal shall be taken first from Marital Trust until exhausted and thereafter, from the Exemption Trust.

3. Upon the death of the Surviving Spouse, the balance of the accrued but unpaid income and the principal of the Exemption Trust shall be held, administered and distributed as provided in Article EIGHTH of this Declaration of Trust.

E. Surviving Spouse Authorized to Use Residence. On the death of the Deceased Spouse, the Surviving Spouse shall have the right to continue to occupy all real property in the trust estate that the Surviving Spouse and the Deceased Spouse were using for residential purposes, whether on a full or part-time basis, including resort property, provided, however, that the Surviving Spouse, in his or her discretion, may direct the Trustee to sell any such property and replace it or rent or lease another residence selected by the Surviving Spouse of comparable or lower value.”

III. Paragraph A of Article EIGHTH is deleted.

IV. The following sentence is added to the conclusion of paragraph D of Article TENTH, as amended:

“On the death of the deceased spouse, the Marital Trusts may not be amended, revoked, or modified.”

VI. Except as above amended, the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended on December 8, 2003 is ratified and confirmed.

IN WITNESS WHEREOF, the Settlers and Trustee have executed this Second Amendment to the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended on December 8, 2003, this 4th day of December, 2006.

SETTLORS

Alex G. Spanos
ALEX G. SPANOS

Faye Spanos
FAYE SPANOS

Trustees:

Faye Spanos
FAYE SPANOS

Dean A. Spanos
DEAN A. SPANOS

DEA SPANOS BERBERIAN

(Notary Jurats on next page.)

IV. The following sentence is added to the conclusion of paragraph D of Article TENTH, as amended:

"On the death of the deceased spouse, the Marital Trusts may not be amended, revoked, or modified."

VI. Except as above amended, the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended on December 8, 2003 is ratified and confirmed.

IN WITNESS WHEREOF, the Settlers and Trustee have executed this Second Amendment to the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended on December 8, 2003, this 4th day of December, 2006.

SETTLORS

ALEX G. SPANOS

FS Faye Spanos

FAYE SPANOS

Trustees:

FS Faye Spanos

FAYE SPANOS

DEAN A. SPANOS

Dea Spanos Berberian

DEA SPANOS BERBERIAN

(Notary Jurats on next page.)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 4th day of December, 2006, before me, appeared ~~nr~~ ALEX G. SPANOS and FAYE SPANOS, personally known to me (~~or 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.

WITNESS my hand and official seal.

Nannette P. Hatch
NOTARY PUBLIC



STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this _____ day of _____, 2006, before me, appeared DEA SPANOS BERBERIAN, personally known to me (or 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.

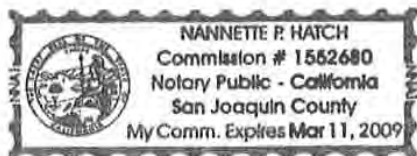
WITNESS my hand and official seal.

NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Joaquin)

On this 4th day of December, 2006, before me, appeared DEAN A. SPANOS, personally known to me (~~or 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.

WITNESS my hand and official seal.



Nannette P. Hatch
NOTARY PUBLIC

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 4th day of December, 2006, before me, appeared ~~ALEX G. SPANOS and FAYE SPANOS~~, personally known to me ~~(or 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.

WITNESS my hand and official seal.

Nannette P. Hatch
NOTARY PUBLIC

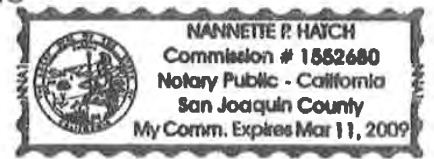


STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 4th day of December, 2006, before me, appeared ~~DEA SPANOS BERBERIAN~~, personally known to me ~~(or 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.

WITNESS my hand and official seal.

Nannette P. Hatch
NOTARY PUBLIC



STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On this _____ day of _____, 2006, before me, appeared DEAN A. SPANOS, personally known to me (or 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.

WITNESS my hand and official seal.

NOTARY PUBLIC

THIRD AMENDMENT TO THE ALEX AND FAYE SPANOS FAMILY TRUST
(A REVOCABLE INTERVIVOS TRUST)

ALEX G. SPANOS (also known as A.G. SPANOS and herein called "Alex") and FAYE SPANOS (herein called "Faye") hereby amend the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended by the First Amendment on December 8, 2003 and by the Second Amendment on December 4, 2006 (herein called the "Declaration of Trust") as follows:

I. Settlers revoke paragraph A of Article SIXTH of the Declaration of Trust, as amended, in its entirety.

II. Settlers amend the introductory paragraph of Article SIXTH of the Declaration of Trust as amended by the Second Amendment, to read in full as follows:

" 6. DISTRIBUTION UPON DEATH OF SETTLORS

Upon the death of the first Settlor to die ("Deceased Settlor" or "Deceased Spouse"), the Trustee shall hold, administer and distribute the trust estate as follows:"

III. Settlers amend subparagraph 4 of paragraph B of Article SEVENTH of the Declaration of Trust, as amended, to read in full as follows:

"4. The balance of the Survivor's Trust not effectively appointed in the foregoing manner by the Surviving Spouse shall be held, administered and distributed as provided in Article EIGHTH of this Declaration of Trust."

IV. Except as amended by this Third Amendment, which may be executed in counterpart, the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as amended by the First Amendment on December 8, 2003 and by the Second

Amendment on December 4, 2006, is ratified and confirmed.

IN WITNESS WHEREOF, the Settlers and Trustees have executed this Third Amendment to the ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, as previously amended on December 8, 2003 and on December 4, 2006, this

19 day of January, 2007.

SETTLORS

Alex G. Spanos
ALEX G. SPANOS

Faye Spanos
FAYE SPANOS

Trustees:

Faye Spanos
FAYE SPANOS

Dean A. Spanos
DEAN A. SPANOS

Dea Spanos Berberian
DEA SPANOS BERBERIAN

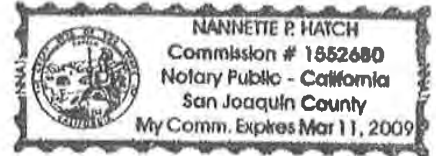
(Notary Acknowledgments appear on next page.)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 19 day of January, 2007, before me, appeared ALEX G. SPANOS and FAYE SPANOS, personally known to me (~~or 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.

WITNESS my hand and official seal.

Nannette P. Hatch
NOTARY PUBLIC

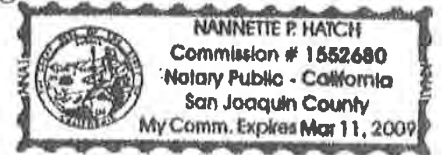


STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 19 day of January, 2007, before me, appeared DEA SPANOS BERBERIAN, personally known to me (~~or 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.

WITNESS my hand and official seal.

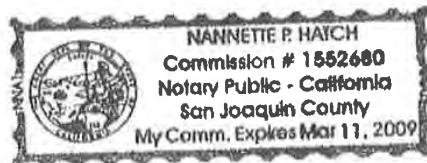
Nannette P. Hatch
NOTARY PUBLIC



STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN JOAQUIN)

On this 19 day of January, 2007, before me, appeared DEAN A. SPANOS, personally known to me (~~or 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.

WITNESS my hand and official seal.



Nannette P. Hatch
NOTARY PUBLIC

AMENDED AND RESTATED ALEX AND FAYE SPANOS FAMILY TRUST

Table of Contents

1. TRUST NAME 1

2. SETTLORS' FAMILY 2

3. TRUST ASSETS 2

4. POWER TO ALTER, AMEND OR REVOKE 4

5. DISTRIBUTION DURING JOINT LIFE OF SETTLORS 5

 5.1. Payments of Net Income 5

 5.2. Payments of Principal 5

 5.3. Spouses' Duties Regarding Community Property Received 6

 5.4. Payments to Incapacitated Spouse 6

6. DISTRIBUTION UPON DEATH OF SETTLORS 7

 6.1 Deceased Settlor's Expenses 7

 6.2 Tangible Personal Property 8

 6.3. Division Into Shares Upon Death of Deceased Settlor 8

 A. Composition of Trust A (Survivor's Trust) 9

 B. Composition of Trust B (Marital Trust) 9

 C. Rules Applicable to Trust B 10

 D. Composition of Trust C (Exemption Trust) 12

 6.4 Payments to Surviving Settlor From Trust A (Survivor's Trust) 12

 A. Payments of Net Income 12

 B. Payments of Principal 13

 C. Trustee's Power to Pay Principal 13

 6.5 Distribution of Trust A on Death of Surviving Settlor 13

 6.6 Payment to Surviving Settlor From The Marital Trust 15

 A. Payments of Net Income 15

 B. Trustee's Power to Pay Principal 15

 6.7 Distribution of the Marital Trust on Death of Surviving Settlor 16

 6.8 Payments to Surviving Settlor From Trust C (Exemption Trust) 17

 A. Payments of Income 17

 B. Payments of Principal 18

 6.9 Distribution of Trust C on Death of Surviving Settlor 18

 A. Limited Power of Appointment 18

 B. Personal Residential Property 19

 C. Pre-Residuary Pecuniary Gifts 21

 D. Division Into Shares for Children and Issue 23

 E. Separate Share Trusts for Children 23

 F. Separate Share Trusts for Grandchildren or More Remote Issue ... 31

6.10	Contingent Disposition	36
6.11	Meaning of Education	37
6.12	Exchange of Property by Surviving Settlor	37
6.13	Primacy of Beneficiary Interests	38
7.	POWERS OF TRUSTEE	40
7.1	Hold and Operate	40
7.2	To Deal with and Protect Trust Property	40
7.3	To Trade, Invest and Reinvest	41
7.4	Securities	41
7.5	Power to Employ Agents and Advisors	42
7.6	Division into Shares	42
7.7	Payments to a Beneficiary Under Age Twenty-Five (25) Years	43
7.8	No Segregation: Separate Accounts	44
7.9	Accounting	44
7.10	To Determine Principal and Income	45
7.11	Notice to Trustee of Births, Etc.	46
7.12	Use of Insurance and Retirement Benefits	46
7.13	Deferral of Division or Distribution of Trust Assets	46
7.14	Tax Matters and Decisions	47
7.15	Termination Where Share is Small	51
7.16	Power to Lend to Settlor's Probate Estate	51
7.17	Power to Purchase Property from Settlor's Probate Estate	51
7.18	Release of Powers	51
7.19	Power to Withhold Payment if Conflicting Claims Arise	51
7.20	Savings and Bank Accounts	52
7.21	Power to Engage in Partnership Business	52
7.22	Compensation for Trustee Services	53
7.23	S Corporation Stock	54
7.24	Non-Diversification and Alteration of the Standard of Care Respecting Spanos Business Interests	57
7.25	Special Investment Provisions	64
7.26	Power To Borrow and Guarantee	64
7.27	Compliance with Business Agreements and Amendments	65
7.28	Limitation Unitrust or Annuity Trust Conversion	65
8.	SPENDTHRIFT PROVISIONS	67
9.	TERMINATION	67
10.	DESIGNATION OF TRUSTEES AND OFFICE OF TRUSTEE	69
10.1	Designation of Trustees Other Than for Trusts for Children or Their Issue	69
10.2	Designation of Trustees of Trusts for Children or Their Issue	73

10.3	Independent Trustee	83
10.4	Co-Trustees	85
10.5	No Bond Required, Except as Expressly Designated	85
10.6	Lack of Trustee; Change in Situs	85
10.7	Resignation Procedure	86
10.8	Successor Corporation	86
10.9	Powers of Successor Trustees and Acts of Prior Trustees	86
10.10	Majority Voting	87
11.	SIMULTANEOUS DEATH	88
12.	RESIDENCE	88
13.	ANTI-CONTEST	89
14.	ESTATE AND DEATH TRANSFER TAXES	90
15.	SITUS OF TRUST	91
16.	DEFINITION OF TERMS	91
17.	SETTLOR'S RETENTION OF RIGHTS IN POLICY	92
18.	UNENFORCEABLE PROVISIONS DISREGARDED	93
19.	CONFLICTS REGARDING PERSONAL EFFECTS PROVISIONS	93
20.	NINETY -DAY SURVIVORSHIP REQUIREMENT	93
21.	MEDIATION AND ARBITRATION	94
21.1	Mediation	94
21.2	Binding Arbitration	96

AMENDED AND RESTATED ALEX AND FAYE SPANOS FAMILY TRUST

This AMENDED AND RESTATED DECLARATION OF TRUST is executed this 28th day of June, 2007 by A.G. SPANOS (also known as ALEX SPANOS, ALEX G. SPANOS, or ALEXANDER G. SPANOS, and also referred to herein as "Husband"), and FAYE SPANOS (also referred to herein as "Wife"), residents of San Joaquin County, State of California, hereinafter referred to as the "Settlers", and FAYE SPANOS, DEAN A. SPANOS, and DEA SPANOS BERBERIAN, hereinafter referred to as the "Trustees". This Amended and Restated Declaration of Trust amends and restates in its entirety the ALEX AND FAYE SPANOS FAMILY TRUST executed by Husband and Wife, as Settlers, and A.G. Spanos, as Trustee, on January 27, 1998, which was amended by Settlers on December 8, 2003 by the First Amendment, on December 4, 2006 by the Second Amendment, and on January 19, 2007, by the Third Amendment. Settlers hereby amend and restate said ALEX AND FAYE SPANOS FAMILY TRUST in full, as set forth herein, pursuant to the powers reserved to them pursuant to Article TENTH of said Trust.

As used herein, the terms "Trustee" and "Trustees" shall refer to whoever is serving as trustee, whether it is in the plural or singular, unless the context indicates otherwise.

1. TRUST NAME

This trust shall be known as the "ALEX AND FAYE SPANOS FAMILY TRUST", the "AMENDED AND RESTATED ALEX AND FAYE SPANOS FAMILY TRUST", the "ALEX AND FAYE SPANOS FAMILY TRUST, as amended and restated", or such other appropriate designation.

2. SETTLORS' FAMILY

Settlors declare that they are married and have four (4) living children, all of whom are adults, and whose names are DEAN A. SPANOS ("DEAN"), MICHAEL A. SPANOS ("MICHAEL"), DEA SPANOS BERBERIAN ("DEA"), and ALEXANDRA SPANOS RUHL ("ALEXANDRA"). Neither Settlor has any other children, living or deceased. Neither Settlor has any genetic material on deposit with anyone or anywhere.

3. TRUST ASSETS

The Settlers declare that all assets that have previously been assigned, delivered, transferred or conveyed to the Trustee continue to be held as part of the trust estate. The term "trust estate" shall include all property that has been or which may hereafter be assigned, delivered, transferred or conveyed to the Trustee. The Trustees agree to hold, administer, and distribute the trust estate, including such other property as may later become subject to this Trust, under the terms and conditions as hereinafter set forth without change of its community or separate property character.

Any person shall have the right at any time to add to this Trust, whether before or after the death of the Settlers, by transferring to the Trustee, property either by gift, assignment, bequest or devise, and, if so added, such additional property, upon its receipt and acceptance by the Trustee, shall become a part of the trust estate.

It is the Settlers' intention that all community property transferred to this trust and the proceeds thereof (hereinafter referred to as "community estate") shall retain its character as community property during the joint lifetimes of the Settlers, subject only to the terms and conditions of this instrument. Similarly, it is the Settlers' intention that all separate

property of either spouse and the proceeds thereof (hereinafter referred to as "separate estate") shall retain its character during the joint lifetimes of the Settlers, subject also to all the terms and conditions of this instrument. All property subject to this trust instrument is referred to as "the trust estate" and shall be held, administered and distributed as provided herein.

Any power reserved to Settlers to alter, amend, modify, or revoke this trust, in whole or in part, is held by the Settlers during their joint lifetimes in their capacity as managers of the community property as to the community estate, subject to all restrictions imposed by law on their management of the community property. In no event shall the powers granted to the Trustee under this instrument during the joint lifetimes of Settlers be more extensive than those powers possessed by Husband and Wife under the provisions of California Family Code Sections 1100 and 1102. If the trust is revoked, this community property shall be returned to Settlers as their community property and not as the separate property of either or both Settlers. This limitation shall terminate on the death of either Settlor.

Settlers may transfer other property to the Trustee, to be held pursuant to this instrument, and when transferring property to the Trustee, Settlers shall indicate the status of that property, whether community, separate of either of them, or otherwise. Settlers declare that any property held in joint tenancy title as between Settlers is community property and shall not pass by right of survivorship. This declaration is effective even if title has not been transferred to this trust. Settlers further declare that all real and personal property that would otherwise be subject to administration under a probate proceeding

upon the death of a Settlor is a part of the trust estate regardless of whether or not record title has, in fact, been transferred to the Trustee.

4. POWER TO ALTER, AMEND OR REVOKE

During the lifetime of both Settlers, the community property in the trust estate may be revoked in whole or in part by either Settlor. The power of revocation shall be exercised by written notice delivered to the other Settlor and to the Trustee. In the event of such revocation, the community estate or the revoked portion shall revert to both Settlers as their community property. During the lifetime of the Settlor who placed any of his or her separate property into the trust estate, that Settlor may revoke as to his or her separate property, in whole or in part. A Settlor may not revoke as to the separate estate of the other Settlor. In the event of a revocation by a Settlor as to his or her separate estate, such property shall revert to that Settlor. This trust may not be amended or altered during the lifetime of both Settlers except by the written agreement of both of them. An exercise of the power of amendment substantially affecting the duties, rights, and liabilities of the Trustee shall be effective only if agreed to by the Trustee in writing. From and after the death of the first spouse to die, none of the trusts established under this instrument may be amended, altered, or revoked by any person, except that the Surviving Settlor may alter, amend, or revoke the Survivor's Trust in whole or in part. The holder of a Power of Attorney may amend or revoke this trust only in accordance with the terms and conditions of the Power of Attorney and provided further the power to amend or revoke trusts is specifically granted in the Power of Attorney.

5. DISTRIBUTION DURING JOINT LIFE OF SETTLORS

5.1. Payments of Net Income

During the joint lifetimes of the Settlers, the Trustees shall pay to Settlers, as co-managers of the community estate owned by Settlers, or shall apply for their benefit, the net income of the trust estate, in quarter-annual or more frequent installments. With the consent of both Settlers, the net income may be retained and accumulated in the trust for subsequent distribution to the Settlers, or for their benefit, whenever desired by the Settlers. During the joint lifetimes of the Settlers, the Trustee shall also apply to either Settlor, or shall apply for his or her benefit, the net income of that Settlor's separate estate in quarter-annual or more frequent installments. With the consent of the applicable Settlor, the net income of that Settlor's separate estate may be retained and accumulated in the trust for subsequent distribution to that Settlor, or for his or her benefit, whenever desired by that Settlor.

5.2. Payments of Principal

If the Trustee considers net income from the community estate to be insufficient, the Trustee shall pay to the Settlers, or apply for the benefit of the Settlers, as much of the principal of the community estate as is necessary in the Trustee's discretion for the Settlers' proper health, pleasure, tax planning, support and maintenance. At the written request of the Settlor who transferred a separate estate to the trust, the Trustee shall pay to him or her so much of the principal of the separate estate established by him or her as he or she shall request. Distributions of principal to or on behalf of Settlers shall be made in a liberal manner and the rights of remainder beneficiaries shall be of secondary importance.

5.3. Spouses' Duties Regarding Community Property Received

The spouse receiving payments of community property income and principal under this instrument shall have the same duty to use such income and principal for the benefit of Settlers as he or she has with respect to any other community property.

5.4. Payments to Incapacitated Spouse

If at any time, either in the Trustee's discretion or as certified in writing by two licensed physicians, either spouse has become physically or mentally incapacitated, whether or not a court of competent jurisdiction has declared him or her mentally ill, incompetent, or in need of a conservator, the Trustee shall pay to the other spouse or apply for the benefit of either Settlor first from the community estate, and then equally from the separate estates of both Settlers the amounts of net income and principal necessary in the Trustee's discretion for the proper health, support, and maintenance of both Settlers in accordance with their accustomed manner of living at the date of this instrument, until the incapacitated Settlor, either in the Trustee's discretion or as certified by two licensed physicians, is again able to manage his or her own affairs, or until the earlier death of either Settlor. The non-incapacitated spouse may also withdraw from time to time accumulated trust income and principal of community property. Income and principal from community property so paid or withdrawn shall be held and administered as community property by the non-incapacitated spouse. Any income in excess of the amounts applied for the benefit of the Settlers shall be accumulated and added to principal of the community estate or the separate estate, as the case may be.

(Document continued on next page.)

6. DISTRIBUTION UPON DEATH OF SETTLORS

Upon the death of the first Settlor to die ("Deceased Settlor"), the Trustee shall hold, administer and distribute the trust estate as follows:

6.1 Deceased Settlor's Expenses

On the Deceased Settlor's death, the Trustee shall pay out of the trust estate, the Deceased Settlor's debts outstanding at the time of his or her death; the federal or state estate and inheritance taxes including interest and penalties attributable to the trust estate arising because of the Deceased Settlor's death; the last illness and funeral expenses of the Deceased Settlor; attorney's fees; and other costs incurred in administering the Deceased Settlor's interest in the trust estate. Any payments for estate, inheritance or other death taxes shall be charged as directed by this trust agreement. Payments for last-illness, funeral and other administrative expenses and costs not taken as deductions on the Federal Estate Tax Return for the estate of the Deceased Settlor shall be charged to the Exemption Trust, and if the Exemption Trust is insufficient, to the Marital Trust (charged first to the non-exempt Marital Trust until exhausted), provided, however, that administrative costs and expenses allocable to the Surviving Settlor's share of the community property administered in the Deceased Settlor's estate shall be charged to the other assets in the Survivor's Trust. Payment of any of the Deceased Settlor's debts shall be made proportionately from the property of the trust estate as such property shall be liable for the debts so that the community estate of the Deceased Settlor and separate estate of the Deceased Settlor each bear its own proportionate share of the debts of the Deceased Settlor.

6.2 Tangible Personal Property

Upon the death of the Deceased Settlor, the Trustee shall distribute all household belongings, jewelry, furnishings, artwork, collections, personal effects, and other non-business tangible personal property of the Deceased Settlor to the Survivor's Trust (Trust A), for the benefit of the Surviving Settlor, as shall be established pursuant to Section 6.3 below, except for any such items that the Deceased Settlor has directed to be disposed of in another manner on his or her death in a signed writing written and maintained by the Deceased Settlor during his or her lifetime, to the extent that such writing is not revoked before his or her death. If such an unrevoked signed writing exists, the items of tangible personal property included in that list shall be disposed of as set forth therein. If the signed writing contains any item that does not exist on the death of the Deceased Settlor (or is not owned by the Deceased Settlor or the trust estate on the Deceased Settlor's death), the gift of that item shall fail and shall not be made. If a recipient on the list to whom distribution is to be made on the death of the Deceased Settlor is not living at the death of the Deceased Settlor, the items to be distributed to that recipient on the death of the Deceased Settlor shall be distributed in accordance with any alternate disposition for that gift set forth in the list, but if the list does not contain an alternate disposition, then it shall be added to the Survivor's Trust (Trust A), as shall be established pursuant to Section 6.3 below. Gifts of tangible personal property under this Section 6.2 shall not be reduced by or charged with estate tax or GST tax.

6.3. Division Into Shares Upon Death of Deceased Settlor

The Trustee shall distribute the gifts as set forth in Section 6.2. The Trustee shall then divide the balance of the trust estate (including not only property held hereunder on

the date of death but also such other property as may be added hereto by the Deceased Settlor's Will or from any other source) into three (3) trusts, designated as Trust A, Trust B and Trust C, and also referred to as the Survivor's Trust (Trust A), the Marital Trust (Trust B) and the Exemption Trust (Trust C).

A. Composition of Trust A (Survivor's Trust)

Trust A (Survivor's Trust) shall consist of the Surviving Settlor's separate property assets administered under this trust and the community property interest and quasi-community property interest, if any, of the Surviving Settlor in the trust assets, and shall be held and administered pursuant to Sections 6.4 and 6.5.

B. Composition of Trust B (Marital Trust)

Trust B (Marital Trust) shall consist of the smallest fractional share of the residual trust estate that, if taken as a federal estate tax marital deduction, will entirely eliminate (or reduce to the maximum extent possible) any federal estate tax on the Deceased Settlor's death, after taking into account all factors relevant to this estate tax objective, including but not limited to:

1. All deductions and exclusions claimed and allowed in determining the estate tax payable by reason of the Deceased Settlor's death.
2. The net value of all other property (whether or not it is given under this instrument and whether it passes at the time of the Deceased Settlor's death or has passed before the Deceased Settlor's death to or in trust for the Surviving Settlor) that is included in the Deceased Settlor's gross estate and qualifies for the federal estate tax marital deduction. If the Surviving Settlor disclaims any property that would otherwise qualify for the federal estate tax marital deduction, this disclaimer shall be disregarded.

3. All credits and applicable credit amounts allowed for federal estate tax purposes other than any credit allowable under Internal Revenue Code section 2011, unless and to the extent that death tax would be payable to the state or states regardless of the federal credit, as long as no credit is taken into account that results in disallowance of the marital deduction.

The term "residual trust estate" means the trust estate remaining after payment of all pecuniary gifts, expenses of administration, debts, and death taxes that are properly chargeable against the residue of the trust estate.

C. Rules Applicable to Trust B (Marital Trust)

In establishing the fraction under Paragraph B of this Section 6.3, values as finally determined for federal estate tax purposes shall be used, and the following shall be excluded from the numerator and denominator of this fraction and allocated only to the Exemption Trust:

1. Any assets that are not eligible for the federal estate tax marital deduction; and
2. Any assets for which a credit for foreign death taxes is allowed under the federal estate tax law applicable to the Deceased Settlor's estate, unless there is insufficient other property to fully fund the Marital Trust.

The Trustee shall select property to satisfy such a fractional share of the trust estate in cash or in kind, or partly in each, with assets allocated in kind, valued at their net fair market values on the date or dates of allocation to the Marital Trust.

The Marital Trust shall be established as two separate shares. One of those two shares shall be a trust called the GST Exempt Marital Trust, which shall include the balance of the Deceased Settlor's GST exemption under Internal Revenue Code Section 2631(a), as amended, not applied to the Exemption Trust nor otherwise allocated by the Executor. The other of those two shares is to be called the Non-Exempt Marital Trust, which shall consist of non-exempt GST property.

The terms "Trust B", "Marital Trust" and "Marital Trusts" are synonymous, and shall refer to both the GST Exempt Marital Trust and the Non-Exempt Marital Trust. The Marital Trust shall be held, distributed and administered in accordance with Sections 6.6 and 6.7 of this instrument. The GST Exempt Marital Trust shall have a zero inclusion ratio for GST purposes.

All state death taxes as a result of the death of the Deceased Settlor attributable in whole or in part to the Marital Trust shall be paid from the Exemption Trust (regardless of any other provision either in this instrument or by applicable law allocating administration expenses to the contrary). All unclaimed administration expenses of the Deceased Settlor's trust estate shall be charged against trust accounting income and not against principal of the trust estate of the Deceased Settlor provided that said allocation does not disqualify or reduce the estate tax marital deduction. The term "unclaimed administration expenses" means administration expenses described in Internal Revenue Code Sections 2053(a) and 2053(b), that are eligible for deduction on the federal estate tax return, but that are not deducted on that return because they are claimed as income tax deductions.

It is intended that the distribution to the Marital Trusts qualify for the marital deduction allowable under the Internal Revenue Code, as amended, and this instrument shall be construed accordingly. The Deceased Settlor explicitly empowers the person responsible for filing the federal estate tax return to determine whether to make the election by IRC Section 2056(b)(7), as amended, as to the Marital Trust in light of the circumstances existing at the time the election may be made. Any power including powers specifically granted by this instrument to allocate receipts and disbursements between principal and income may not be exercised so as to deny the Surviving Settlor income to which the Surviving Settlor would otherwise be required to receive under applicable rules pertaining to the estate tax marital deduction.

D. Composition of Trust C (Exemption Trust)

Trust C (Exemption Trust) shall consist of the balance of the trust estate of the Deceased Settlor, to be held, administered and distributed in accordance with Sections 6.8 and 6.9.

6.4 Payments to Surviving Settlor From Trust A (Survivor's Trust)

During the lifetime of the Surviving Settlor, the Trustee shall hold, administer and distribute Trust A as follows:

A. Payments of Net Income

The Trustee shall pay to or apply for the benefit of the Surviving Settlor the net income of Trust A quarter-annually or at more frequent intervals. With the consent of the Surviving Settlor, the net income may be retained and accumulated in the trust for subsequent distribution to the Surviving Settlor, or for his or her benefit, whenever desired by the Surviving Settlor.

B. Payments of Principal

In addition, the Trustee shall pay to the Surviving Settlor as much of the principal of Trust A as the Surviving Settlor may request by written instrument delivered to the Trustee.

C. Trustee's Power to Pay Principal

In addition, the Trustee shall pay to or apply for the benefit of the Surviving Settlor from time to time as much of the principal of Trust A as the Trustee deems necessary or desirable for the benefit of the Surviving Settlor.

6.5 Distribution of Trust A on Death of Surviving Settlor

On the Surviving Settlor's death, the Trustee shall pay out of the trust estate the Surviving Settlor's debts outstanding at the time of his or her death; the federal and state estate and inheritance taxes, including interest and penalties attributable to the trust estate arising because of the Surviving Settlor's death (to be charged as provided in this instrument); the last illness and funeral expenses of the Surviving Settlor; attorney's fees; and other costs incurred in administering the Surviving Settlor's interest in this trust. The Survivor's Trust shall not bear estate tax applicable to IRC Section 2044 property.

On the death of the Surviving Settlor, the Trustee shall distribute the balance then remaining, if any, of Trust A (including both principal and any accrued or undistributed income) to such one or more persons and entities, including the Surviving Settlor's estate, and on such terms and conditions, either outright or in trust, as the Surviving Settlor shall appoint by a Will or acknowledged instrument (executed before or after the death of the Deceased Settlor) specifically referring to and exercising this general power of appointment.

Estate taxes applicable to the GST Exempt Marital Trust shall be charged against the Non Exempt Marital Trust until exhausted. Settlers expressly waive IRC Section 2207A to the extent it would otherwise allocate estate tax to Section 2044 property.

The Deceased Settlor requests, but does not require, that the Surviving Settlor provide direct payments for the health and medical care assistance of DANNY SPANOS, a brother of Husband. This request does not establish any obligation and no obligation exists for the providing of such care or assistance. The decision to provide funds or not is a non-fiduciary, unfettered choice.

Upon the death of the Surviving Settlor, all household belongings, jewelry, furnishings, artwork, collections, personal effects, and other non-business tangible personal property of the Surviving Settlor not effectively appointed by the Surviving Settlor shall be distributed outright and free of trust, in equal shares by value, to the children of Settlers who are then living, except for any such items that the Surviving Settlor has directed to be disposed of in another manner on his or her death in a signed writing written and maintained by the Surviving Settlor during his or her lifetime, to the extent that such writing is not revoked before his or her death. If such an unrevoked signed writing exists, the items of tangible personal property included in that list shall be disposed of as set forth therein. If the signed writing contains any item that does not exist on the death of the Surviving Settlor (or is not owned by the Surviving Settlor or the trust estate on the Surviving Settlor's death), the gift of that item shall fail and shall not be made. If a recipient on the list to whom distribution is to be made on the death of the Surviving Settlor is not living at the death of the Surviving Settlor, the items to be distributed to that recipient on the death of

the Surviving Settlor shall be distributed in accordance with any alternate disposition for that gift set forth in the list, but if the list does not contain an alternate disposition, then the gift shall be distributed in equal shares outright and free of trust to the children of Settlers who are then living. Gifts of tangible personal property under this paragraph of Section 6.5 shall not be reduced by or bear estate or GST taxes.

The balance of Trust A not effectively appointed by the Surviving Settlor in the foregoing manner shall be added to Trust C.

6.6 Payment to Surviving Settlor From The Marital Trust

During the lifetime of the Surviving Settlor, the Trustee shall hold, administer and distribute the Marital Trust as follows:

A. Payments of Net Income

The Trustee shall pay to or apply for the benefit of the Surviving Settlor the entire net income of the Marital Trust quarter-annually or at more frequent intervals.

B. Trustee's Power to Pay Principal

In addition, the Trustee shall pay to or apply for the benefit of the Surviving Settlor from time to time as much of the principal of the Marital Trust as the Trustee deems necessary for the proper health, education, support or maintenance of the Surviving Settlor. In making any payments of principal from the Marital Trust to or for the benefit of the Surviving Settlor, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of the Surviving Settlor outside of these trusts, known to the Trustee, and reasonably available for that purpose. Distributions of principal

shall be taken first from the Non-Exempt Marital Trust until exhausted, and then from the GST Exempt Marital Trust.

6.7 Distribution of the Marital Trust on Death of Surviving Settlor

Any accrued but unpaid income from the Marital Trust on the death of the Surviving Settlor shall be added to Trust A, to follow the disposition of Trust A as provided in Section 6.5.

On the death of the Surviving Settlor, the balance then remaining, if any, of the principal of the Marital Trust shall be distributed to such persons consisting of the issue of Settlers and/or any charity and/or qualified interest as provided in Internal Revenue Code Section 2055, as amended, to which charitable deduction is allowed for federal estate tax purposes, including but not limited to the Alex and Faye Spanos Family Foundation and/or a charitable trust (lead or remainder) for the benefit of any such charity and the issue of Settlers, as the Surviving Settlor may appoint by a Will or acknowledged instrument (executed before or after the death of the Deceased Settlor) specifically exercising this limited power of appointment. With respect to such limited power of appointment, distribution shall be on such terms and conditions (either outright or in trust) as the Surviving Settlor may appoint as aforesaid. To the extent said power of appointment is not effectively exercised, the principal balance of the Marital Trust shall be distributed as stated in Section 6.9; but the Trustee in that event shall first (regardless of whether or not the power of appointment is exercised) pay out of the principal of Trust B, the last illness and funeral expenses and other obligations incurred for the Surviving Settlor's support in the event that Trust A is insufficient to satisfy said liabilities, and any estate or inheritance

taxes attributable to Trust B by reason of the Surviving Settlor's death or the making of the QTIP election on the death of the Deceased Settlor. The foregoing taxes, expenses and obligations shall be charged first against the Non-Exempt Marital Trust until exhausted, and thereafter to the Exempt Marital Trust without right of reimbursement or recourse by the Non-Exempt Trust under Internal Revenue Code Section 2207A, as amended, or otherwise; provided, however, that no such taxes or expenses shall be charged against any trust, value, or share with respect to which the charitable deduction is allowed for federal estate tax purposes.

6.8 Payments to Surviving Settlor From Trust C (Exemption Trust)

During the lifetime of the Surviving Settlor, the Trustee shall hold, administer and distribute Trust C as follows:

A. Payments of Income

The Trustee shall pay to or apply for the benefit of the Surviving Settlor such sums from the net income of Trust C as the Trustee determines appropriate for the health, education, support and maintenance of the Surviving Settlor, after taking into consideration such other income and resources as the Trustee determines appropriate; provided, however, that with respect to any S Corporation shares that are allocated to Trust C, the Trustee shall pay to or apply for the benefit of the Surviving Settlor, annually or at more frequent intervals, the entire net income respect to said S Corporation shares that are allocated to Trust C. Undistributed net income shall be added to the principal of Trust C.

(Document continued on next page)

B. Payments of Principal

In addition, the Trustee shall pay to or apply for the benefit of the Surviving Settlor from time to time as much of the principal of Trust C as the Trustee deems necessary for the proper health, education, support or maintenance of the Surviving Settlor. In making any payments of principal from Trust C to or for the benefit of the Surviving Settlor, the Trustee shall take into consideration, to the extent the Trustee deems advisable, any income or other resources of the Surviving Settlor outside of these trusts, known to the Trustee, and reasonably available for that purpose. Payments of principal shall not be made to or for the benefit of the Surviving Settlor under this Paragraph B, for the purposes stated, until the principal of the Survivor's Trust (Trust A) and the principal of the Marital Trust (Trust B), to the extent feasible, and other property under control of the Surviving Settlor, have been exhausted.

6.9 Distribution of Trust C on Death of Surviving Settlor

On the death of the Surviving Settlor, the balance of the Exemption Trust (Trust C) shall be distributed as follows:

A. Limited Power of Appointment

On the death of the Surviving Settlor, the balance then remaining, if any, of Trust C shall be distributed to such persons consisting of the issue of Settlers and/or any charity and/or qualified interest as provided in Internal Revenue Code Section 2055, as amended, to which charitable deduction is allowed for federal estate tax purposes, including but not limited to the Alex and Faye Spanos Family Foundation, and/or a charitable trust (lead or remainder) for the benefit of any such charity and the issue of

Settlers, as the Surviving Settlor may appoint by a Will or acknowledged instrument (executed before or after the death of the Deceased Settlor) specifically exercising this limited power of appointment. With respect to such limited power of appointment, distribution shall be on such terms and conditions (either outright or in trust) as the Surviving Settlor may appoint as aforesaid. To the extent said power of appointment is not effectively exercised, the balance of Trust C shall be distributed as hereinafter set forth in this Section 6.9.

B. Personal Residential Property

On the death of the Surviving Settlor, to the extent such property has not been effectively appointed under the provisions of Trust A, Trust B, or Trust C, the Trustee shall distribute the Settlers' personal residential property (as defined herein), as follows:

1. STELLA GRAHAM ("STELLA"), who is a sister of Husband, shall have the right to reside at the residence at 1548 West Lincoln Rd., Stockton, CA, rent free, except as provided herein, for the balance of her life. This right shall end upon the earlier of STELLA's death or cessation of occupancy as her actual, principal residence. The payment of all real estate taxes, property insurance, and major expenditures (such as a new roof or other item of a capital nature) with respect to said property are to be charged equally to the residuary trusts. All other expenses attributable to said property, including but not limited gardening, utilities, repairs and ordinary maintenance, and pool service shall be paid by STELLA as a condition of this gift. This gift under this subparagraph 1 shall not be charged with estate taxes or other death taxes. If STELLA is not living at the death of the Surviving Settlor, this gift shall lapse and not be made. On the death of STELLA or

when her right to live in the residence or her occupancy of said property as her principal residence otherwise ends under this subparagraph 1, this property shall be held, administered, and distributed in accordance with subparagraph 3 of this Paragraph B.

2. SOPHIA CHIACHIANIS ("SOPHIA"), who is a god-sister of Husband, shall have the right to reside at the residence at 2263 Lido Circle, Stockton, CA 95207, rent free, except as provided herein, for the balance of her life. This right shall end upon the earlier of SOPHIA's death or cessation of occupancy as her actual, principal residence. The payment of all real estate taxes, property insurance, and major expenditures (such as a new roof or other item of a capital nature) with respect to said property are to be charged equally to the residuary trusts. All other expenses attributable to said property, including but not limited gardening, utilities, repairs and ordinary maintenance, and pool service shall be paid by SOPHIA as a condition of this gift. This gift under this subparagraph 2 shall not be charged with estate taxes or other death taxes. If SOPHIA is not living at the death of the Surviving Settlor, this gift shall lapse and not be made. On the death of SOPHIA or when her right to live in the residence otherwise ends under this subparagraph 2, this property shall be held, administered, and distributed in accordance with subparagraph 3 of this Paragraph B

3. All other personal residential real property of the Settlers (which premises currently consist of the following: 1528 West Lincoln Road and 1533 West Lincoln Road, Stockton, CA) shall be distributed equally and outright to each child of Settlers. If a child of Settlers does not survive the Surviving Settlor, his or her share shall be allocated, in trust, to the issue of that child then living, by representation, under the

trust otherwise provided. Reference to personal residential property is not limited to the properties in the particular list, but refers to properties used by Settlers and not rented or acquired for general investment or resale. This gift shall bear its share of estate taxes and other death taxes.

C. Pre-Residuary Pecuniary Gifts

On the death of the Surviving Settlor, to the extent such property has not been effectively appointed under the provisions of Trust A, Trust B, or Trust C, the Trustee shall distribute the following pecuniary gifts without reduction for any estate or other death taxes or expenses:

1. The sum of One Hundred Thousand Dollars (\$100,000) to GEORGE SPANOS, a brother of Husband.
2. The sum of One Hundred Thousand Dollars (\$100,000) to STELLA GRAHAM, a sister of Husband.
3. The sum of One Hundred Thousand Dollars (\$100,000) to CORINA FAKLIS, a sister-in-law of Wife.
4. The sum of One Hundred Thousand Dollars (\$100,000) to FRAN TULUMARIS, a cousin of Wife.
5. The sum of One Hundred Thousand Dollars (\$100,000) to MADELINE MADSEN, a sister of Husband, which sum shall be payable in two installments of Three Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars (\$33,333.00) and a third installment of Three Hundred Thirty Three Thousand Three Hundred Thirty-Four Dollars (\$33,334.00), commencing on the one-year anniversary of the death of the

Surviving Settlor and continuing each of the next two anniversaries thereafter. It is provided, however that in the event MADELINE MADSEN dies before the respective payment anniversary date that no further payments shall be made. There shall be no statutory interest payable on this gift, or any part thereof.

6. The sum of One Hundred Thousand Dollars (\$100,000) to LEO SPANOS, a brother of Husband, which sum shall be payable in two installments of Three Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars (\$33,333.00) and a third installment of Three Hundred Thirty Three Thousand Three Hundred Thirty-Four Dollars (\$33,334.00), commencing on the one-year anniversary of the death of the Surviving Settlor and continuing each of the next two anniversaries thereafter. It is provided, however that in the event LEO SPANOS dies before the respective payment anniversary date that no further payments shall be made. There shall be no statutory interest payable on this gift, or any part thereof.

In the event that any of the above-named individuals does not survive the Surviving Settlor, the gift to that person shall lapse and fail.

The Surviving Settlor requests, but does not require, that the residue of the trust estate and/or the children of Settlers then living, provide direct payments for the health and medical care assistance of DANNY SPANOS, a brother of Husband, in the event that DANNY survives the death of the Surviving Settlor. This request does not establish any obligation and no obligation exists for the providing of such care or assistance. The decision of the children, and each of them, to provide funds or not is a non-fiduciary, unfettered choice.

D. Division Into Shares for Children and Issue

On the death of the Surviving Settlor, the Trustee shall divide the remaining unappointed balance of Trust A, the remaining unappointed principal balance of Trust B, and the remaining unappointed balance of Trust C as then constituted into equal shares as specified in the next sentence. The Trustee shall allocate one (1) equal share to each child of Settlor then living and one (1) equal share to a group consisting of the living issue of each deceased child of Settlor, by right of representation. In the event that any of Settlor's children predecease the Surviving Settlor without issue then living, such deceased child's share shall be divided fully among the surviving children, or surviving issue of a deceased child, by right of representation.

Each share for a then-living child of the Settlor shall be held, administered, and distributed as set forth in Paragraph E of this Section 6.9. Each share for a child of Settlor who is then deceased but who has issue then living shall be divided fully among the surviving issue of the deceased child, by right of representation as set forth above in this Paragraph D of this Section 6.9, and shall be distributed as set forth in Paragraph F of this Section 6.9.

E. Separate Share Trusts for Children

Each share for a child of the Settlor shall be held, administered and distributed as a separate trust as follows::

1. Division of Each Trust Into Two Parts

Each child's trust shall be divided into two parts, one part being the Nonexempt Trust and the other part being the GST Exempt Trust. The GST Exempt Trust

shall be funded with assets to the extent that child's share includes assets to which the GST exemption has been or is taken as to assets in that child's trust. The GST Exempt Trust shall consist of the following: (a) assets equal in value to the amount of any GST exemption of the Surviving Settlor that has been allocated to this child's GST Trust by the Trustee from Trust A; (b) any share of the Trust C that has an inclusion ratio of zero as the result of an allocation of the Deceased Settlor's GST exemption to that trust; (c) any share of the GST Exempt Marital Trust that has an inclusion ratio of zero as the result of an allocation of the Deceased Settlor's GST exemption to that trust; and (d) any share of any trust that has an inclusion ratio of zero. The Nonexempt Trust shall include all other assets in the child's trust (i.e., the non-exempt assets) and shall have an inclusion ratio of one. It is Settlor's intention that the GST Exempt Trust retain a zero inclusion ratio for generation-skipping transfer tax purposes so that it contains only GST exempt property. Each child's Trust (i.e., the Nonexempt Trust and the GST Exempt Trust) shall be distributed as hereinafter provided.

2. Distribution of Net Income from GST Exempt Trust

(a) Subject to part (b) of this subparagraph 2, the Independent Trustee designated in Section 10.3 shall pay to or apply for the benefit of the child from time to time during the child's lifetime as much of the net income of that child's GST Exempt Trust as the Independent Trustee determines necessary to the proper health, education, maintenance or support of the child. In making payments of net income to or for the benefit of the child, the Independent Trustee shall take into consideration, to the extent the Independent Trustee determines advisable, any income or other resources of the

child outside of the GST Exempt Trust, that are known to the Independent Trustee and are reasonably available for that purpose. Unless otherwise distributed in accordance with part (b) of this subparagraph 2 or the provisions of this part (a), undistributed income shall be accumulated and added to the principal of the child's GST Exempt Trust. Notwithstanding the foregoing, however, in the event that the GST Exempt Trust of a child includes an interest in a so-called Subchapter S Corporation or other entity that requires that all net income be distributable, without discretion, to a beneficiary as a condition for such election or tax benefit, then all net income with respect to said asset shall be paid to or applied for the benefit of the child, annually or at more frequent intervals, without discretion or power of the Independent Trustee to otherwise distribute or accumulate said income. The determination as to whether or not a S election or other income tax election shall be made shall be that of the Trustee, in the sole discretion of the Trustee.

(b) Except as provided in this part (b), the Independent Trustee designated in Section 10.3 shall pay to or apply for the benefit of any one or more of the group consisting of the child and the child's then-living issue (such child and then-living issue of that child being collectively referred to in this part (b) of subparagraph 2 as the "beneficiaries") from time to time during the child's lifetime as much, if any, of the net income of the GST Exempt Trust of that child's trust as the Independent Trustee deems necessary for the proper health, education, support or maintenance of any one or more of the beneficiaries. In making any payments of net income from the GST Exempt Trust to or for the benefit of a beneficiary, the Independent Trustee shall take into consideration, to the extent the Independent Trustee deems advisable, any income or other resources of the

beneficiary outside of these trusts, known to the Independent Trustee, and reasonably available for that purpose. Subject to the standard for payment of net income set forth in the preceding sentences, the Independent Trustee may pay or apply more net income of the GST Exempt Trust to or for the benefit of any of those beneficiaries than the other(s) and may exclude any beneficiary from payment of net income of the GST Exempt Trust under this part (b) of this subparagraph 2, and a beneficiary shall have no right of reimbursement for any such unequal payments or lack of payments of net income, nor shall any such payments be deducted from a remainder beneficiary's eventual share of the trust estate of the child's trust. Distributions under this part (b) of this subparagraph 2 to or for the benefit of issue of the child may not be made to discharge a support obligation of the child. Any net income of the GST Exempt Trust of a child that is not distributed to the then-living issue of the child in accordance with this part (b) of this subparagraph 2 shall be accumulated in the GST Trust and added to the principal thereof. Notwithstanding the foregoing in this part (b) of this subparagraph 2, in the event of the repeal of the federal estate tax or the increase of the GST exemption in excess of Five Million Dollars (\$5 million) in effect at the time of death of the Surviving Settlor, the power of the Independent Trustee with respect to the discretionary distribution of income under this part (b) of subparagraph 2 shall be limited to the lesser of: (i) the full GST Exempt Trust if the GST exemption allocated to a child's trust is under \$5 million; or (ii) that percentage of the net income of the GST Exempt Trust equal to what \$5 million reflects to the initial funding value of the GST Exempt Trust. (Therefore, by way of example and not by way of limitation, if the initial funding value to a child's GST Exempt Trust is \$10 million, then the

Independent Trustee's discretion in the distribution of income would apply to only 50 percent of the net income of that GST Exempt Trust.) In addition, in the event that the GST Exempt Trust of a child includes an interest in a so-called Subchapter S Corporation or other entity that requires that all net income be distributable, without discretion, to a beneficiary as a condition for such election or tax benefit, then all net income with respect to said asset shall be paid to or applied for the benefit of the child, annually or at more frequent intervals, without discretion or power of the Independent Trustee to otherwise distribute or accumulate said income. The determination as to whether or not a S election or other income tax election shall be made shall be that of the Trustee, in the sole discretion of the Trustee.

3. Distribution of Greater of Net Income or Unitrust Amount from Nonexempt Trust

The Trustee shall pay to or apply for the benefit of the child annually or at more frequent intervals during the child's lifetime the greater of: (a) the entire net income of the "investment assets" (as defined herein) of the Nonexempt Trust; or (b) a unitrust amount from gains that would otherwise be allocated to principal of four percent (4%) of the net fair market value of the investment assets of the Nonexempt Trust, as valued on the first business day of each calendar year (or the date of the Surviving Settlor's death for that calendar year, and prorated for the year of Surviving Settlor's death or any other short year). The term "investment assets" means the corpus of the Nonexempt Trust other than any Spanos Business Interests (as defined in section 7.24 of this instrument) and/or any part thereof, residential real property and/or tangible personal property that is

allocated to the Nonexempt Trust (unless such residential real property is rental property) and that is part of the trust estate. If any residential real property that is not rental property is sold after the Surviving Settlor's death, then the term investment assets shall not include the corpus of any other residential non-rental assets acquired under the Nonexempt Trust with the proceeds of such sale, but any proceeds of such sale not invested in residential assets (or invested in residential rental property) shall be included in the term investment assets. The value of any such residential real property (other than rental property) shall be excluded in the determination of net income or the unitrust amount. Payments of any unitrust amounts shall be made first from income of the Nonexempt Trust and next from receipts from net gains on principal of the Nonexempt Trust. For example, in the event that the Nonexempt Trust has a fair market value of \$11 million, including non-rental residential real property and/or tangible personal property of \$1 million, the investment assets would equal \$10 million. In the event that the trust has net income of \$300,000 under trust accounting principals and there were no receipts attributable to net principal gains, then only \$300,000 of net income would be distributable and no unitrust payment would apply. In the event, however, that there were net principal gains of \$200,000 (for example principal gains of \$250,000 and principal losses of \$50,000), then the unitrust payment of \$400,000 would be made, of which \$300,000 would be from net income and \$100,000 would be from net principal gains. Net principal gains shall be determined net of gains, losses, and all charges allocated to principal. In the event that net income is less than the unitrust amount and net principal gains are insufficient to pay the difference, the amount of said difference shall be payable to the child from the Nonexempt Trust in such

next occurring future year(s) in which there is sufficient excess from either net income or net principal gain receipts to make up the shortfall from a prior year. This deficit make up shall not be made after the death of the child.

4. Payments of Principal

In addition to any payments made under subparagraphs 2 and 3, the Trustee shall pay to or apply for the benefit of the child from time to time during the child's lifetime as much of the principal of that child's trust as the Trustee determines necessary to the proper health, education, maintenance or support of the child. In making payments of principal from the child's trust to or for the benefit of the child, the Trustee shall take into consideration, to the extent the Trustee determines advisable, any income or other resources of the child outside of the trust, that are known to the Trustee and are reasonably available for that purpose. To the extent feasible, distributions of principal shall be charged first to the Nonexempt Trust, until exhausted, and then to the GST Exempt Trust.

5. Disposition at Death of Child

(a) At the death of the child, the balance of the child's GST Exempt Trust, including principal and accrued interest, shall be distributed to the following as that child may appoint: (i) such persons (outright or in trust and on such terms and conditions) consisting of the issue of that child of Settlers, and/or (ii) any charity and/or qualified interest as provided in Internal Revenue Code Section 2055, as amended, to which charitable deduction is allowed for federal estate tax purposes, including but not limited to the Alex and Faye Spanos Family Foundation and/or a charitable trust (lead or remainder) for the benefit of any such charity and any one or more of the issue of that

child. The child may exercise this power of appointment by a Will or written acknowledged instrument (executed before or after the death of the Surviving Settlor) specifically exercising this limited power of appointment.

(b) At the death of the child, the balance of the child's Nonexempt Trust, including principal and accrued interest, shall be distributed to the following as that child may appoint: (i) such persons (outright or in trust and on such terms and conditions) consisting of the issue of that child of Settlers, (ii) the creditors of the estate of that child, and/or (iii) any charity and/or qualified interest as provided in Internal Revenue Code Section 2055, as amended, to which charitable deduction is allowed for federal estate tax purposes, including but not limited to the Alex and Faye Spanos Family Foundation and/or a charitable trust (lead or remainder) for the benefit of any such charity and any one or more of the issue of that child. The child may exercise this power of appointment by a Will or written acknowledged instrument (executed before or after the death of the Surviving Settlor) specifically exercising this general power of appointment.

(c) To the extent any power of appointment under this subparagraph 5 is not effectively exercised, or if that any child of Settlers is not living at the time of the death of the Surviving Settlor, then all of that deceased child's trust shall be allocated to the then living issue of that deceased child, by right of representation, and held, administered, and distributed as provided in Paragraph F of this Section 6.9, or in the event such deceased child of Settlor has no issue then living, then the balance of such deceased child's trust shall be allocated equally among the surviving children of Settlers, and held, administered, and distributed as provided in this Paragraph E of this Section 6.9,

or allocated to a group consisting of the living issue of a deceased child of Settlers, by right of representation, and held, administered, and distributed as provided in Paragraph F of this Section 6.9. If any part of the balance of a trust would otherwise be distributed to a person for whose benefit a trust is then being administered under the terms of this trust agreement, then said share shall be added to the share already held by the Trustee, except that any partially distributed trust shall augment proportionately the distributed and undistributed portions of the trust. Distribution to the living issue of Settlers' deceased children shall be made, by right of representation, as set forth in Section 6.9(F) of this instrument should such deceased child of Settlers either predecease the Surviving Settlor or, upon such deceased child's death. If any of Settlers' children and their issue die before complete distribution of that child's trust, then the undistributed balance of that deceased child's trust shall be distributed to the then living issue of Settlers, by right of representation, as herein provided.

F. Separate Share Trusts for Grandchildren or More Remote Issue

Each share for the benefit of a living child of a deceased child of Settlers (grandchild) or more remote issue of Settlers (each such grandchild or more remote issue being referred to herein as the "beneficiary") shall be held, administered and distributed as a separate share or trust for the beneficiary, as herein provided.

1. Division of Each Trust Into Two Parts

Each trust for a beneficiary shall be divided into two parts, one part being the GST Exempt Trust and the other part being the Nonexempt Trust. The GST Exempt Trust shall consist of any share of any trust for the beneficiary that has an inclusion

ratio of zero. The Nonexempt Trust shall include all other assets in the beneficiary's trust (i.e., the non-exempt assets). It is Settlers' intention that the GST Exempt Trust retain a zero inclusion ratio for generation-skipping transfer tax purposes so that it contains only GST exempt property. The beneficiary's trust (both the GST Exempt Trust and Nonexempt Trust) shall be distributed as hereinafter provided.

2. Discretionary Net Income and Principal

In the event the beneficiary has not attained the age of thirty (30) years at the time of the death of the Surviving Settlor (or at such other applicable time at which the trust for the beneficiary is created or property is added to an existing trust for the beneficiary, referred to herein as "then"), then until the beneficiary has attained the age of thirty (30) years, the Trustee shall pay to or apply for the benefit of the beneficiary such sums from the net income and principal of that beneficiary's trust as the Trustee determines proper for the beneficiary's health, education, maintenance or support. In making such distributions, the Trustee shall take into consideration all other income and resources of the beneficiary that are known to the Trustee and are reasonably available for that purpose. Accumulated but unpaid income shall be added to principal.

3. Mandatory Net Income; Discretionary Principal

Upon the beneficiary attaining the age of thirty (30) years, or if the beneficiary has then attained the age of thirty (30) years, the Trustee shall pay to or apply for the benefit of the beneficiary all net income of the beneficiary's trust, annually or at more frequent intervals. In addition, the Trustee shall pay to or apply for the benefit of the beneficiary from time to time as much of the principal of that beneficiary's trust as the

Trustee determines necessary to the proper health, education, maintenance or support of the beneficiary. In making payments of principal from the beneficiary's trust to or for the benefit of the beneficiary, the Trustee shall take into consideration, to the extent the Trustee determines advisable, any income or other resources of the beneficiary outside of the trust, that are known to the Trustee and are reasonably available for that purpose.

4. Order of Payment of Discretionary Payment of Principal

If the beneficiary is a non-skip person under GST law (taking into account any predeceased parent rule), distributions of principal under this Paragraph D shall be first made from the Nonexempt Trust, and GST Exempt Trust principal shall not be distributed until the Nonexempt Trust principal is exhausted. Conversely, if the beneficiary is a skip person under GST law (taking into account any predeceased parent rule), distributions of principal shall be first made from the GST Exempt Trust, and Nonexempt Trust principal shall not be distributed until GST Exempt Trust principal is exhausted.

5. GST Exempt Trust for Life of Beneficiary

The principal of each beneficiary's GST Exempt Trust (to the extent that the Trustee, in the Trustee's discretion, does not distribute such principal pursuant to subparagraphs 2 and 3) shall be held in the GST Exempt Trust during the beneficiary's lifetime.

6. Distributions of Nonexempt Trust in Stages

The principal of each beneficiary's Nonexempt Trust shall be distributed outright based on age of the beneficiary as follows:

- (a) Upon the beneficiary attaining the age of thirty (30)

years, the Trustee shall distribute outright to that beneficiary one-third (1/3) of the balance of that beneficiary's Nonexempt Trust.

(b) Upon the beneficiary attaining the age of thirty-five (35) years, the Trustee shall distribute outright to that beneficiary one-half (1/2) of the balance of that beneficiary's Nonexempt Trust.

(c) Upon the beneficiary attaining the age of forty (40) years, the Trustee shall distribute outright to the beneficiary the entire remaining balance of that beneficiary's Nonexempt Trust, including all principal and accrued but unpaid income.

(d) In the event that the beneficiary has then attained the age of thirty (30) years but not the age of thirty-five (35) years, the Trustee shall distribute outright to the beneficiary one-third (1/3) of the principal balance of that beneficiary's Nonexempt Trust. In the event that the beneficiary has then attained the age of thirty-five (35) years but not the age of forty (40) years, the Trustee shall distribute outright to the beneficiary two-thirds (2/3) of the principal balance of that beneficiary's Nonexempt Trust. In the event that the beneficiary has then attained the age of forty (40) years, the Trustee shall distribute outright to the beneficiary the entire balance of that beneficiary's Nonexempt Trust.

7. Disposition at Death of Beneficiary

(a) At the death of the beneficiary, the balance of the beneficiary's GST Exempt Trust, including principal and accrued interest, shall be distributed to such persons (outright or in trust and on such terms and conditions) consisting of the issue of that beneficiary as that beneficiary may appoint by a Will or

written acknowledged instrument (executed before or after the death of the Surviving Settlor) specifically exercising this limited power of appointment.

(b) In the event that the beneficiary dies before complete distribution of that beneficiary's Nonexempt Trust, the balance of the beneficiary's Nonexempt Trust, including principal and accrued interest, shall be distributed to such persons (outright or in trust and on such terms and conditions) consisting of the issue of that beneficiary and the creditors of the estate of that beneficiary as that beneficiary may appoint by a Will or written acknowledged instrument (executed before or after the death of the Surviving Settlor) specifically exercising this general power of appointment.

(c) To the extent any power of appointment under this subparagraph 7 is not effectively exercised, or if there are no issue of Settlers living at the time of the death of the Surviving Settlor or other applicable time the trust is to be created for the beneficiary or property added to a trust for the beneficiary, then all of that deceased beneficiary's trust shall be distributed to the then living issue of that deceased beneficiary, by right of representation, either outright or in trust depending upon the age and generation of such issue as provided in this Paragraph F, or in the event such deceased beneficiary has no issue then living, the balance of such deceased beneficiary's trust shall be distributed, by right of representation, to the living issue of the next immediate ancestor of that beneficiary who is an issue of Settlers and which ancestor has issue then living, and distributed as provided herein, and in the absence thereof, to Settlers' issue, by right of representation, and distributed as provided herein, and in the absence thereof, to such beneficiaries and under the terms and conditions provided in Section 6.10. If any part of

the balance of a trust would otherwise be distributed to a person for whose benefit a trust is then being administered under the terms of this trust agreement, then said share shall be added to the share already held by the Trustee.

(d) Upon a vote of a majority of Settlers' children living at the time of the vote, the potential appointees in favor of whom a beneficiary (i.e., grandchild or more remote issue of Settlers) may exercise a power of appointment under this subparagraph 7 may be expanded to include not only the issue of that beneficiary, but also some or all of the other issue of Settlers (other than that beneficiary). Said vote to expand, if made, shall be confirmed by a written memorandum executed by at least a majority of Settlers' children then living. To the extent that the scope of the permitted appointees is expanded by said vote, the exercise of any such power of appointment, including the accrued interest thereon, shall be to such persons (outright or in trust and on such terms and conditions) consisting of the issue of Settlers to the extent approved by said vote, but excluding the beneficiary holding said power of appointment, the estate of said beneficiary, the creditors of said beneficiary, and the creditors of the estate of said beneficiary (except to the extent said power of appointment allows a general power of appointment under part (b) of this paragraph 7), as that beneficiary may appoint by a Will or written acknowledged instrument (executed before or after the death of the Surviving Settlor) specifically exercising the respective power of appointment.

6.10 Contingent Disposition

If at the time of the death of the Surviving Settlor, or at any later time before full distribution of the trust estate (referred to as "then" in this section), no other provision for

distribution is made, the trust estate or the portion of it then remaining shall be distributed to the ALEX AND FAYE SPANOS FAMILY FOUNDATION, a California Corporation, with the further stipulation that said funds be used and applied in the manner directed by any by-laws or other written instrument executed prior the death of the Surviving Settlor, and in the absence of said direction, then in a manner consistent with contribution history of said foundation and its purposes as evidenced prior to the event giving rise to the implementation of this section 6.10. All gifts made by said foundation shall be made in the name of the foundation.

6.11 Meaning of Education

Whenever provision is made in this Section 6 for payment for the "education" of a beneficiary, the term "education" shall be construed to include pre-school, elementary, preparatory, vocational, college and post-graduate study, including instruction in music, art, and other subjects conducted either before or after the regular school day so long as pursued to advantage by the beneficiary at the institution of the beneficiary's choice, and in determining payments to be made for such pre-school, elementary, preparatory, vocational, college or post-graduate education, the Trustee shall take into consideration the beneficiary's related living expenses to the extent that they are reasonable.

6.12 Exchange of Property by Surviving Settlor

The Surviving Settlor may exchange properties between the Survivor's Trust and Exemption Trust and/or Marital Trust if agreeable to the Trustee, on reasonable terms and at fair market value. Before making any such exchange, the Surviving Settlor and the Trustee are encouraged, but not required, to consider any tax consequences of the exchange.

6.13 Primacy of Beneficiary Interests

Settlors are the primary beneficiaries of the trust estate while either or both of them are living and this trust shall be so interpreted. Accordingly, their interests shall be considered first, and the interests of remainder beneficiaries shall be of lesser significance. Upon the death of both of the Settlers, the children of the Settlers become the primary beneficiaries; and, as to each of their trusts, that child shall be the primary beneficiary. Accordingly, their interests of that child shall be considered first; and, the interests of remainder beneficiaries shall be of lesser significance. In view of the fact that each child has a power of appointment as each respective trust of that child, that child may further designate the beneficiary or beneficiaries who shall be of primary importance.

Settlors further recognize that certain children are more active in the family businesses than are other children, that certain children have greater decision making authority with respect the operation of particular family business interests than do other children, and that the interests of children may differ. Settlers recognize that these differences may continue with respect to future generations since some of the issue may participate in Spanos Business and others may not. Also, participation in a closely-held business offers certain benefits of employment, including but not limited to compensation, travel, enhanced prestige, perks, income tax benefits, use of company transportation, bonuses, insurance and a variety of other benefits that are not, and/or may not later be available to other family members. While Settlers hope and encourage that their children and subsequent issue function in a cooperative spirit with constructive communication, Settlers also recognize that conflicts exist or may exist, including the selection of the

Trustee and with respect to investment, management and other business-related decisions that the Trustee may make.

Any individual who has a financial interest in any Spanos Business Interest may enter into any transaction, directly or indirectly, between or among that individual in his or her capacity as a Trustee of a trust hereunder, and in other capacities, including, but not limited to, as an individual, as an officer, partner, director, manager, member or fiduciary of another entity, and as a beneficiary of a trust hereunder, and the prohibitions of Probate Code Section 16004, as amended, shall not apply. For the purposes hereof, the term "transaction" shall involve a Spanos Business Interest and shall include, but shall not be limited to, sales or exchanges, loans, redemptions, partial or whole liquidations, and ordinary course of business. Any sale or exchange between any individual in his or her capacity as a Trustee of a trust hereunder and that same individual in any other capacity, including as a beneficiary of the same trust, shall be at fair market value. Any loan between an individual in his or her capacity as Trustee hereunder and that same individual in any other capacity, including as a beneficiary of the same trust, shall be at reasonable rates of interests and adequately secured.

(Document continued on next page.)

7. POWERS OF TRUSTEE

To carry out the purposes of the trusts herein created and subject to any limitations stated elsewhere in this instrument, Trustee is vested with the following powers with respect to the trust estate and any part of it, in addition to those now or hereafter conferred by law:

7.1 Hold and Operate

To continue to hold any property, including shares of stock of the Trustee under this agreement, and to operate at the risk of the trust estate and not at the risk of Trustee, any property or business received or acquired under this trust, so long as the Trustee shall deem advisable, the profits and losses therefrom to inure or be chargeable to the trust estate as a whole and not to Trustee. However, the Trustee may not unreasonably retain under productive property in the Marital Trust (Trust B) over the objection of the Surviving Settlor and the Trustee shall convert such property to productive property within a reasonable time upon request by the Surviving Settlor.

7.2 To Deal with and Protect Trust Property

To manage, control, partition, divide, subdivide, improve, repair, to sell, convey or exchange trust property at the fair market value of such property; to grant options and to sell upon deferred payments; to lease for any purpose upon terms within or extending beyond the duration of the trust created hereunder, including exploration for and removal of gas, oil and other minerals; to enter into community oil leases; to create restrictions, easements and other servitudes; to compromise, arbitrate or otherwise adjust claims in favor of or against any trust created herein; to institute, compromise and defend actions and proceedings; to carry such insurance as Trustee may deem advisable.

7.3 To Trade, Invest and Reinvest

To trade on margin, invest and reinvest the principal and income, and to purchase or acquire therewith every kind of property, real and personal, and every kind of investment, specifically including, but not limited to, corporate obligations of every kind, and stocks, preferred or common, shares of investment trusts, investment companies and mutual funds, mortgage participations and the purchase, sale, straddle or other transaction relating to commodity contracts or options, which persons of prudence, discretion and intelligence acquire for their own account, all in a manner conforming with existing law; subject always to the Trustee's fiduciary duties, to hold trust assets in its own name or in the name of its nominee, and to invest in any common or commingled trust fund or funds now or hereafter established by Trustee, and operated by and under the control of Trustee solely for the investment of trust funds, all in conformity with the express provisions of the instruments establishing such common trust fund or funds and all amendments thereof.

7.4 Securities

To have respecting securities all the rights, powers, and privileges of an owner, including, but not by way of limitation, the power to pay assessments and other sums deemed by Trustee necessary for the protection of the trust, to participate in voting trusts (including voting trusts extending beyond the term of the trust), pooling agreements, foreclosures, reorganizations, consolidations, mergers and liquidations, and in connection therewith, to deposit securities with and transfer title to any protective or other committee under such terms as Trustee may deem advisable; to exercise or sell stock subscription or conversion rights; to accept and retain as an investment any securities or other property

received through the exercise of any of the foregoing powers, subject to any limitations elsewhere in this instrument relative to investments by Trustee; to cause securities or other property of the trust to be held or registered in Trustee's individual or joint names, or in the name of a nominee, or in such other form as Trustee deems best without disclosing the trust relationship.

7.5 Power to Employ Agents and Advisors

The Trustee is authorized to employ attorneys, accountants, auditors, psychologists, family dynamics consultants, investment managers, specialists and such other agents as the Trustee shall deem necessary or desirable to advise or assist the Trustee in the performance of his or her administrative duties; to act without independent investigation upon their recommendations; and instead of acting personally, to employ one or more agents to perform any act of administration, whether or not discretionary. The Trustee shall have the authority to appoint an investment manager or managers to manage all or any part of the assets of the trust, and to delegate to said investment manager the discretionary power to acquire and dispose of assets of the trust. The Trustee may charge the compensation of such attorneys, accountants, auditors, psychologists, family dynamics consultants, investment managers, specialists and other agents against the trust, including any other related expenses. The foregoing engagements and payments may be made at the expense of the trust estate even though the Trustee is licensed, trained or otherwise qualified to render such services.

7.6 Division into Shares

In any case in which the Trustee is required, pursuant to the provisions of the trust, to divide any trust property into parts or shares for the purpose of distribution, or otherwise,

the Trustee is authorized, in the Trustee's absolute discretion, to make the division and distribution in kind, including undivided interests in any property, or partly in kind and partly in money, pro rata or non-pro rata, and for this purpose to make such sales of the trust property as the Trustee may deem necessary on such terms and conditions as the Trustee shall see fit.

7.7 Payments to a Beneficiary Under Age Twenty-Five (25) Years

In the event that any distribution hereunder is to be made to a beneficiary who is then under twenty-five (25) years of age, or whose mental or physical health is then such that in the sole opinion of the Trustee the interests of such beneficiary may be served by providing distribution on behalf of such beneficiary through other channels, in whole or in part, rather than directly to such beneficiary, the Trustee may make such distribution in any one or more of the following ways (irrespective of the existence of a legal representative of such beneficiary): (i) to the legal representative of such beneficiary; (ii) to a relative of such beneficiary to be expended or used for the health, maintenance and support of such beneficiary; (iii) by the Trustee expending or using the same for the health, maintenance and support of such beneficiary; or (iv) to the Custodian under a Uniform Gifts to Minors Act or Uniform Transfers to Minors Act, (including termination at age 25) under the laws of the State of residence of the beneficiary. A receipt for any such payment from any such recipient shall be a complete discharge of the Trustee, and the Trustee shall not be required to see to the application of any money so paid.

(Document continued on next page.)

7.8 No Segregation: Separate Accounts

There need be no physical segregation or division of the various trusts except as segregation or division may be required by the termination of any of the trusts, but the Trustee shall keep separate accounts for the different undivided interests.

7.9 Accounting

No accounting shall be required of the Trustee in the absence of demand by either Settlor during the lifetime of the Settlor and so long as either of them is serving as a Trustee. Upon neither Settlor serving as a Trustee, the Trustee shall render annual accountings in the format and content provided in the California Probate Code Sections 1060-1063, as amended, without the necessity of court confirmation or approval (unless petition for confirmation is requested by a Trustee or beneficiary). In the event that request for confirmation or approval of the accounting is not made by a Trustee or beneficiary then in lieu of the three-year limitations period provided for in Probate Code Section 16063, as amended, within which to object to an accounting, the accounting rendered by the Trustee shall be final, conclusive and binding on all persons and beneficiaries receiving the accounting (and all future beneficiaries claiming through such person) unless written objection is made to the Trustee or an objection to the accounting is filed with the Court within one hundred eighty (180) days of the receipt of the accounting by the beneficiary. The accounting rendered by the Trustee shall contain a statement that claims against the Trustee for breach of trust may not be made after the expiration of 180 days from the date the beneficiary receives the account disclosing facts giving rise to the claim. The accounting shall also contain a statement that the recipient of the account may petition to

court pursuant to Section 17200 of the Probate Code to obtain a court review of the account and of the acts of the Trustee.

Notwithstanding the foregoing, in the event that a charitable trust, including but not limited to a charitable remainder trust of any type, a charitable lead trust of any type, or other charitable entity is a beneficiary, the foregoing accounting requirements, in the sole discretion of the Trustee, shall be satisfied upon the delivery of a copy of the federal income tax return with respect to the trust or gift made to that trust without the requirement for further accounting. The Trustee and not the charitable trust, or its trustee, shall have the election as to the method of accounting that shall be used. Notwithstanding the foregoing provisions of this paragraph, the Trustee shall provide to the charitable trust, foundation, or other charitable entity an accounting in accordance with the prior paragraph upon request of said charitable trust or entity; provided however, that the charitable trust or entity shall be charged for the cost of the preparation of said accounting, unless said accounting reflects the need to adjust the rights, sum, or benefit provided to said charitable trust or entity, in addition to that which has been otherwise reported to that charitable trust or entity by the Trustee in any other manner.

7.10 To Determine Principal and Income

Except as provided herein, the Trustee shall determine what shall constitute principal of the trust, gross income therefrom, and net income distributable under the terms of this instrument, applying the provisions of the Uniform Principal and Income Act of the State of California as they may from time to time exist. Expense of administration not taken as income tax deduction on the death of the Deceased Settlor shall be charged to trust

accounting income, provided said authority or exercise of power does not decrease or disqualify the marital deduction.

7.11 Notice to Trustee of Births, Etc.

Until the Trustee shall receive written notice of any birth, marriage, death or other event upon which the right to payments from this trust may depend, the Trustee shall incur no liability to persons whose interests may have been affected by that event for disbursements made in good faith.

7.12 Use of Insurance and Retirement Benefits

Notwithstanding anything in this instrument to the contrary, the Trustee shall not pay any death taxes, including interest or penalties, last illness and funeral expenses, attorneys' fees, administration expenses, debts, or other obligations of the Deceased Settlor or the Deceased Settlor's probate estate from funds received from qualified retirement plans that are excludable from the Deceased Settlor's gross estate for federal estate tax purposes under Section 2039 of the Internal Revenue Code or any successor statute or from proceeds of insurance policies on the Deceased Settlor's life which are not otherwise includible in the Deceased Settlor's gross estate.

7.13 Deferral of Division or Distribution of Trust Assets

Whenever the Trustee is directed to make a distribution of trust assets or a division of trust assets into separate trusts or shares on a Settlor's death, the Trustee may, in the Trustee's discretion, defer such distribution or division until six (6) months after the Settlor's death. When the Trustee defers distribution or division of the trust assets, the deferred division or distribution shall be made as if it had taken place at the time prescribed in this instrument in the absence of this Section 7.13, and all rights given to the beneficiaries of

such trust assets under other provisions of this instrument shall be deemed to have accrued and vested as of such prescribed time.

7.14 Tax Matters and Decisions

A. The Trustee shall have absolute discretion, but shall not be required to make adjustments in the rights of any beneficiaries, or among the principal and income accounts, to compensate for the consequences of any tax decision or election, or of any investment or administrative decision, that the Trustee believes has had the effect, directly or indirectly, of preferring one beneficiary or group of beneficiaries over others. In determining the federal estate and income tax liabilities of the estate of a Settlor or of the trust created by this instrument, the Trustee shall have discretion to select the valuation date, to determine whether any or all of the allowable administration expenses in any estate shall be used as federal estate tax deductions or as federal income tax deductions, and to make or not to make any elections, available to the trust or the estate of a Settlor. The trust estate shall not be responsible for the payment of estate tax, generation skipping tax, inheritance tax, income tax or other death taxes pertaining to assets or interests that are not a part of the trust estate.

B. In connection with any trust arising after the death of the Surviving Settlor to which there exists a discretion as to the distribution of income, Settlers authorize, but do not require the Trustee to consider the income tax situation of the trust and beneficiaries. Settlers recognize that this authorization creates a standard to which the action or inaction of the Trustee or the exercise or nonexercise of discretion can create disagreement. Said authority as well as other tax elections and decisions of the Trustee,

shall be made or not made without recourse from any beneficiary. The Trustee may also take into consideration after the death of the Surviving Settlor the relative income tax marginal rates which apply to the trust as well as to the respective beneficiary as part of the consideration as to whether or not income will be distributed or accumulated. The exercise of said authority shall be without recourse against the Trustee.

C. The Trustee is authorized to divide and partition trusts in order to segregate any trust as between exempt and non-exempt property. Reference in this instrument to "exempt" property includes all types of property and interests that are exempt from transfer tax whether under estate, generation skipping transfer tax or other type of succession or inheritance tax. The term "non-exempt" refers to property that is not exempt from GST tax. The Trustee may also divide and partition trusts if such action would be beneficial to the administration of the trust or for the benefit of the beneficiaries as a result of tax reasons or as may be determined appropriate by the Trustee, in the Trustee's judgment.

D. The Trustee shall be authorized to make GST exemption applications, elections and allocations applicable to the trust estate. The Trustee shall be an "Executor" as that term is used under GST law for that purpose. The Trustee is authorized, but not required to make the QTIP election under IRC Section 2056(b)(7). The GST Exemption shall be allocated equally to each child's trust unless the Trustee in the reasonable discretion of the Trustee determines that the GST Exemption should not be allocated equally. For example, if one or more children do not want issue or become close to the age of forty-five without issue and believe the prospects of issue are remote, then little or no

GST exemption need be allocated to that child's share so that more exemption can be allocated to the share of children with issue.

E. Upon termination, partial termination or other later subdivision or distribution of any of the separate trusts (including subtrusts) created by this trust instrument, or when separate trusts are combined, the nonexempt (inclusion ratio of one) or exempt (zero inclusion ratio) generation-skipping character of property shall be preserved. Accordingly, when property is to be added to or combined with the property of another trust or other trusts or when additional trusts are to be established from one or more sources, nonexempt property or trusts shall not be added to or combined with exempt property or trusts, even if this requires the establishment of additional separate trusts with the same terms and provisions. If, for example, the terms of what would otherwise be one trust direct that, on termination (or on failure to exercise a power of appointment), trust property is to be added to another trust, the exempt property of a separate trust that had been derived from the terminating trust shall be added only to an exempt trust derived from the recipient trust; nonexempt property shall be similarly added only to a nonexempt recipient trust; and if no appropriate recipient trust exists for either exempt or nonexempt property, then a new trust of that character shall be established with the same terms and provisions as those of the trust that would otherwise receive that property under the original trust terms.

F. In this trust instrument, and in the generation skipping context generally, the term "exempt" or "Exempt" refers to property or a trust (or share) that has a generation-skipping inclusion ratio of zero (that is, an applicable fraction for GST purposes

of one). When reference is made to an "exempt trust" or to the "exempt portion" of certain property or of a trust, this is a reference to or a special titling for property or a trust that has or is to be established having an inclusion ratio of zero. The term "non-exempt portion" or the adjective "nonexempt" or "non-exempt" indicates property or a trust that has a GST inclusion ratio of one (that is, an applicable fraction of zero). The term "generation-skipping or "GST" in this trust refers to the federal generation-skipping transfer tax under Chapter 13, as amended, of the Internal Revenue Code of 1986, as amended. References to a "trust" or to "trusts" refer also to a separate share or shares of a trust if appropriate to the context and to the Settlor's apparent objectives and if the shares will be entitled to be treated as separate trusts for GST purposes. The term "subtrust" shall be synonymous with "trust" and shall be established as a separate trust. The "establishment" or to "establish" as trust shall mean to hold, administer and distribute that trust or share as a separate trust.

G. In this Section 7.14, and in the GST context generally, the term "executor" refers to the person or persons authorized by the IRC provisions and Treasury regulations to make the transferor election for qualified terminable interest property under IRC Section 2652(a)(3) and to allocate the exemption under IRC Section 2631(a) and shall include the Trustee. No person acting as executor, however, shall be authorized to make any GST election if power to do so would result in his or her having a general power of appointment (for federal estate and gift tax purposes) over property with respect to which he or she would not otherwise have such a general power; should this prohibition leave no executor to make the elections or allocations, the office of executor for this limited purpose shall be filled in the manner that other vacancies in the office of executor of the Settlor's Will would be filled.

7.15 Termination Where Share is Small

If the trust held for a beneficiary who is over twenty-five (25) years of age has a total value at the end of a calendar year of less than \$1,000,000.00, the Trustee, in the Trustee's sole discretion, may distribute the entire trust estate of that beneficiary's trust outright and may terminate the trust of that beneficiary. In the event that the beneficiary is the sole Trustee, this power may only be exercised with court approval.

7.16 Power to Lend to Settlor's Probate Estate

To lend money to any person, including the probate estate of either Settlor, provided any such loan shall be adequately secured at a reasonable rate of interest.

7.17 Power to Purchase Property from Settlor's Probate Estate

To purchase property at its fair market value, as determined by the Trustee in the Trustee's discretion, from the probate estate of either Settlor.

7.18 Release of Powers

Each Trustee shall have the power to release or to restrict the scope of any power that the Trustee may hold in connection with the trust created under this instrument, whether this power is expressly granted in this instrument or implied by law. The Trustee shall exercise this power in a written instrument specifying the powers to be released or restricted and the nature of any restriction. Any released power shall pass to and be exercised by a Trustee in the order of succession provided in this instrument as though the Trustee who exercised the release or restriction were not then serving as Trustee.

7.19 Power to Withhold Payment if Conflicting Claims Arise

To withhold from distribution, in the Trustee's discretion, at the time for distribution of any property in any trust without the payment of interest, all or any part of the property,

if the Trustee determines, in the Trustee's discretion, that the property may be subject to conflicting claims, to tax deficiencies or to liabilities, contingent or otherwise.

7.20 Savings and Bank Accounts

The Trustee may establish one or more checking or savings accounts, demand deposits, money market accounts, certificates of deposit or other monetary funds or accounts as the Trustee determines. At the direction on a signature card signed by all Trustees then serving at a time when two or more Co-Trustees are serving, the signature of two (2) Co-Trustees shall be sufficient to endorse checks or make withdrawals, sign checks or make deposits at a time when two or more Co-Trustees are serving. In addition, with the approval, in writing, of all then living children of Settlers, plus the consent of Wife if Wife is then serving as a Co-Trustee, the signature of one (1) Trustee shall be sufficient to endorse checks or make withdrawals, sign checks or make deposits. This authorization for fewer than all Trustees (whether the authorization applies to two Co-Trustees or any other number fewer than all Co-Trustees, may be revoked by any Trustee or any child of Settlers then living even if that child is not a Co-Trustee.

7.21 Power to Engage in Partnership Business

- A. The Trustee may, in the Trustee's discretion:
- (1) Enter into any general or limited partnership agreement;
 - (2) Become or remain a partner under the agreement;
 - (3) Transfer to the partnership any real or personal assets of the trust estate, in exchange for an interest in the partnership;
 - (4) Carry out all the terms and conditions of any partnership agreement; and

- (5) When possible, convert any general partnership interest to a limited partnership interest.

B. The Trustee shall have these powers even if the Trustee is also a partner of the partnership for the Trustee's own account or another fiduciary account.

C. Notwithstanding the foregoing, the Trustee shall, if possible, convert any general partnership interest that the trust may hold at the time of or by reason of the Settlor's death to a limited partnership interest.

7.22 Compensation for Trustee Services

The Trustee shall be entitled to reasonable compensation subject to the following:

- (1) Neither Settlor nor any child of Settlers shall receive compensation from the trust estate for services rendered as a Trustee, Co-Trustee or Independent Trustee or Independent Co-Trustee.
- (2) Any Trustee or Independent Trustee who is employed by any Spanos Business shall not receive any compensation from the trust estate for services as a Trustee, Co-Trustee or Independent Trustee or Independent Co-Trustee during the time of such employment, but may receive compensation for services rendered after the cessation of employment as herein provided.
- (3) Currently, Settlers believe that compensation of Twenty-Five Thousand Dollars (\$25,000) per year would be sufficient for payment to a Co-Trustee when not precluded from receiving compensation as above provided. While Settlers recognize the value of a dollar may change and that the nature of duties and other circumstances may change with respect to Trustee workload, Settlers' approach toward Trustee compensation is to be conservative. Appropriate adjustment in the compensation payable to a Trustee may be made with respect to a trust for the benefit of a child, or issue of a child, with the written approval of a majority of the current income beneficiaries of that trust, but in no event shall it be greater than would be reasonable under the circumstances. Settlers do not encourage the engagement of a bank, trust company or other corporate fiduciary as a Trustee or Co-Trustee. In the event, however, that a bank, trust company or other corporate fiduciary becomes a Trustee or Co-Trustee, the current income beneficiaries of that trust may agree upon the amount of

compensation that would be reasonably payable to that bank, trust company or other corporate fiduciary at the expense of that trust estate, for services rendered as a Trustee or Co-Trustee.

The Trustee and the Independent Trustee, regardless of the identity of that Trustee or Independent Trustee, shall be reimbursed, as an expense of the trust estate, for out-of-pocket and other direct expenses and costs incurred for services rendered on behalf of the trust estate.

7.23 S Corporation Stock

A. In the event that the assets of the trust estate include stock in a so-called "S Corporation" or "Subchapter S Corporation" under I.R.C. Section 1361, as amended, the Trustee shall have the power if permitted by law to join with the income beneficiary of any trust holding such stock as to whether or not to elect that the trust be treated as an owner under I.R.C. Section 678, as amended, and such stock shall be allocated to trust(s) which include only one income beneficiary. The authority of this paragraph is included for convenience and not to change the income tax law under which the beneficiary is treated as the owner for purposes of Section 678(a) of the Code. The Trustee is further granted such powers and authority, as the law may permit to make such elections and take such acts as may be necessary or appropriate to retain S Corporation status, unless there is a decision to terminate S Corporation status, with respect to such stock and/or the corporation with regard thereto. Said election, the inclusion of S Corporation Stock in the trust estate, and the other discretions in the exercise of authority conferred by this Section 7.23 are done without recourse against the Trustee or the trust estate with respect thereto and the action or actions of the Trustee. The Trustee shall have

the further authority to adjust division or allocation of assets as between trusts to avoid a disproportionate allocation or division of trust assets at the time of the division or allocation, to distribute S Corporation Stock to the Settlor's probate estate and to take other actions as may be necessary or appropriate to preserve S Corporation status, unless a decision has been made to terminate S Corporation status. Accordingly, during such time as the trust owns shares in a "small business corporation," as defined in I.R.C. Section 1361(d), as amended from time to time, the Trustee shall take all action as may be necessary in order to ensure continued qualification of this Trust as a qualified Subchapter S trust. Specifically:

- (1) During the life of the current income beneficiary of any trust created herein, there shall be only one (1) income beneficiary of such trust;
- (2) Any principal distributed during the life of the current income beneficiary of any such trust may be distributed only to such beneficiary;
- (3) The income interest of the current income beneficiary in such trust shall terminate on the earlier of such beneficiary's death or the termination of the trust;
- (4) Upon the termination of any such trust during the lifetime of the current income beneficiary, the trust shall distribute all of its assets to such beneficiary; and
- (5) All of the income of such trust (within the meaning of I.R.C. Section 643(b)) shall be distributed only to an individual who is a citizen or a resident of the United States.

B. In the event, however, that the income beneficiary is an adult and does not want the S election made or continued, the Trustee shall follow the beneficiary's decision to the extent permitted by law and to the extent the Trustee is able to do so. In

the event a trust estate includes S Corporation stock but there would exist more than one income beneficiary, then the Special Trustee as defined herein shall have the authority to divide and re-divide the S Corporation Stock into shares (each share established as a separate trust) on a per stirpal basis among the then-living beneficiaries (including any afterborn beneficiaries who would be part of that otherwise "pot trust"). The Trustee shall then establish each of the trusts as separate qualified Subchapter S trusts. The Special Trustee for the above purposes shall be either the then current Trustee if the Trustee is not an income beneficiary, or if the office of Special Trustee cannot be so filled then it shall be filled by the successor Trustee or Co-Trustee as herein designated and who accepts office of Trustee and who shall be the Special Trustee for the foregoing purposes. In no event, however, shall a person to whom the authority granted in this Part B would constitute a general power of appointment serve as the Special Trustee.

C. The Trustee is also authorized to make the election under I.R.C. Section 1362 to qualify any corporation as an S corporation. The Trustee is also authorized to take any steps necessary to terminate such S corporation election if the Trustee, after consultation with the other shareholders of such corporation, if any, the income beneficiaries of the trust (or their guardians or conservators in the case of any minor or incompetent beneficiary), and any tax advisor selected by the Trustee, determines that termination of such election is in the best interests of the trust. Notwithstanding the foregoing, the Trustee shall comply with any binding shareholder agreement regarding the making or termination of an S-Corporation election.

7.24 Non-Diversification and Alteration of the Standard of Care Respecting Spanos

Business Interests

A. The Trustee is not compelled to sell assets or make acquisitions as may be otherwise required by the rule directing fiduciaries to diversify holdings provided that the decision as to the retention or disposition of assets is not made wilfully, in bad faith, and, in addition, in a manner that is contrary to the provisions of this trust.

B. As guiding instruction and statement of intent, Settlers emphasize that during their lifetimes Settlers' investment philosophy has been one of assuming greater risks in order to maximize financial rewards, and Settlers specifically authorize the Trustee to continue this investment policy and to retain assets or investments of the kind currently held in this trust estate, and others that may be hereafter acquired, despite the fact that concentrating in higher-risk investments may violate the usual and customary rules requiring Trustees to diversify investments, as well as the rules requiring the Trustees to emphasize the security of principal and/or production of income. In addition, Settlers value family participation in business and believe that family business provides opportunities and benefits that are not measured in simply financial terms. Money is not the only currency or measure of value, or of that which should be valued. Furthermore, the ownership of a professional football team provides benefits of potential appreciation in value, standing in the community, presence, enjoyment, and other benefits that Settlers do not want to see threatened or guided by the standards of the Probate Law and duties imposed on a trustee with respect to business or investment decisions of any kind in connection with Spanos Business Interests. As a result, Settlers have provided enhanced discretion to the Trustee in dealing with Spanos Business Interests and waiver of the

Prudent Investor Act with respect to said interests. Moreover, Settlers have gone even further in their granting greater prerogatives to the Trustee with respect to the San Diego Chargers components (as defined below in this section 7.24) by waiving the standard of Probate Code Section 16040, as amended, with respect to the Chargers component of the Spanos Family Business and applying a more management-friendly and business-friendly reference to guideline under the Corporations Code as below provided.

C. In order to implement Settlers' intentions, each of the following actions, instructions, waivers and/or authorizations are made with respect to Spanos Business Interests (as defined herein) other than those related to the San Diego Chargers components (as defined below in this section 7.24):

- (1) Settlers exempt the Trustee from any and all such rules and direct that Trustee shall have no liability for any loss resulting from retention, investment, and reinvestment in or with respect to the Spanos Business Interests existing or established from time to time before or after the death of Settlers, unless said action arises from willful misconduct as a Trustee or gross negligence as a Trustee. Trustee conduct is willful or grossly negligent if it is in bad faith, and, in addition, in a manner that is contrary to the provisions of this trust.
- (2) TO THE FULLEST EXTENT PERMITTED BY LAW, SETTLORS DIRECT THAT THE PRUDENT INVESTOR ACT UNDER PROBATE CODE SECTION 16045 ET SEQ., AND SUBDIVISION (A) OF PROBATE CODE SECTION 16002 AND

PROBATE CODE SECTION 16003 INsofar AS SAID SECTIONS PERTAIN TO THE PRUDENT INVESTOR ACT, AS AMENDED, OR ANY SUCCESSOR SECTIONS, IS WAIVED WITH RESPECT TO SPANOS BUSINESS INTERESTS, AND EACH PART THEREOF; AND NOTHING IN THIS SECTION SHALL BE CONSTRUED TO NARROW SAID WAIVER.

- (3) Settlers authorize the Trustee to continue to own and/or hereafter acquire, a substantial, controlling or other interest in a closely-held business or businesses in which family members of the Settlers actively participate in a material manner in a career or other professional manner.

D. In order to implement Settlers' intentions, each of the below-stated actions, instructions, waivers and/or authorizations are made with respect to San Diego Chargers components of the Spanos Business Interests. The term "components" with respect to the San Diego Chargers (which term is further defined in paragraph F of this section 7.24) refers to all divisions, subsidiaries, associations, assets, rights, title, interests, and property of whatever kind of nature (real or personal) that is directly or indirectly involved with the San Diego Chargers. The following provisions apply with respect to the San Diego Chargers:

- (1) TO THE FULLEST EXTENT PERMITTED BY LAW, SETTLORS DIRECT THAT THE PRUDENT INVESTOR ACT UNDER PROBATE CODE SECTION 16045 ET SEQ., AND SUBDIVISION (A) OF PROBATE CODE SECTION 16002 AND PROBATE CODE SECTION 16003

INSOFAR AS SAID SECTIONS PERTAIN TO THE PRUDENT INVESTOR ACT, AS AMENDED, OR ANY SUCCESSOR SECTIONS IS WAIVED WITH RESPECT TO THE SAN DIEGO CHARGERS COMPONENT OF THE SPANOS BUSINESS INTERESTS, AND EACH PART THEREOF; AND NOTHING IN THIS SECTION SHALL BE CONSTRUED TO NARROW SAID WAIVER.

- (2) SETTLORS ABSOLVE THE TRUSTEE OF ALL FIDUCIARY DUTIES IMPOSED BY CALIFORNIA PROBATE LAW WITH RESPECT TO DECISIONS MADE IN CONNECTION WITH THE OWNERSHIP, RETENTION, DIVERSIFICATION, MANAGEMENT, VOTING, AND STANDARD OF CARE, SKILL AND CAUTION UNDER CALIFORNIA PROBATE CODE SECTION 16040, AS AMENDED, WITH RESPECT TO THE SAN DIEGO CHARGERS COMPONENT OF THE SPANOS BUSINESS INTERESTS, AND EACH PART THEREOF. THIS WAIVER SHALL ALSO INCLUDE, WITHOUT LIMITATION, THE PROVISIONS OF SUBDIVISION (A) TO PROBATE CODE SECTION 16002, AS AMENDED, AND PROBATE CODE SECTION 16003, AS AMENDED. SETTLORS HEREBY STATE THEIR INTENTION THAT THE TRUSTEES' DUTIES WITH RESPECT TO THE SAN DIEGO CHARGERS COMPONENT OF THE SPANOS BUSINESS INTERESTS, AND EACH PART THEREOF, SHALL BE GOVERNED BY CALIFORNIA CORPORATIONS CODE REQUIREMENTS, IN THE SAME MANNER

AS THOUGH THE INTEREST IN THE SAN DIEGO CHARGERS WERE OWNED BY A **NON-TRUSTEE**.

- (3) In view of the complete waiver under California Probate Law provided in part (2) of this paragraph D and the waiver in part (1) of this paragraph D, Settlers do not believe that it is necessary to include an exemption from liability in the absence of willful misconduct as a Trustee or gross negligence as a Trustee since the San Diego Chargers components are to be held and managed as though not held by a trustee. In the event, however, that the waivers and absolution of liability provided in parts (1) and/or (2) of this paragraph D are in violation of California law, then the waivers shall be construed to the fullest extent possible in favor of the Trustee.

E. As used in this trust instrument, the term "Spanos Business Interests" includes, but is not limited to, the Chargers Football Co., LLC; Chargers Associates, LLC; Spanos Berberian Wine, LLC; Spanos Berberian Investments, LLC; A.G. Spanos Construction, Inc.; Spanos Holding Company, LLC; A.G. Spanos Development, Inc.; AGS Ventures, Inc.; Trinity Capital Development, LLC; various real property that is held as co-tenants by or through other entities or trusts in association with other Spanos Business Interests, all rental residential property, whether multi-tenant or not; all closely-held and/or tenancy in common interests hereinafter acquired of a similar nature to any or all of the foregoing; athletic and sports marketing; real estate development; construction; acquisition, improvement and/or management of real property (whether residential, agricultural,

commercial, recreational or otherwise); the ownership and/or retention of publicly traded securities, cash, liquid assets or other investments (whether diversified or not) that directly or indirectly support a Spanos Business Interest; and, such other closely-held business interests in which the children or issue of Settlor's significantly participate in an active, professional or career in character. The terms "Spanos Business Interests" shall also include all subsidiaries, associations, affiliations, merged entities, transferees, subsidiary, parent, franchises, and hereinafter established enterprises, entities, businesses, corporations, partnerships, limited liability companies, business trusts, associations, co-ownership, and all other forms of ownership with respect to each of the foregoing, whether now existing or hereafter established, before or after the death of either Settlor.

F. Reference to a San Diego Chargers "component" shall mean any Spanos Business Interest, in any form, to the extent that such interest relates, in whole or in part, to the ownership, operation, facilities, stadium, government benefits, entitlements, property, leasing, management, development, marketing, media, image, franchise, National Football League benefits, rights and/or duties, and its business interests in the most expansive sense of the word of the San Diego Chargers. Reference to the San Diego Chargers shall include but not be limited to Chargers Football Co., LLC; and Chargers Associates, LLC. and all subsidiaries, associations, affiliations, merged entities, transferees, partnerships, limited liability companies, corporations, franchises, divisions, assignees, successor and related entities that exist or may hereafter exist. Reference to the "San Diego Chargers" shall not be limited to a professional football team located or doing business in San Diego, California, but shall include any professional football team, regardless of

location and/or professional league affiliation, that is a Spanos Business Interest. It shall also include with respect to the San Diego Chargers all future and/or other merged entities, assignees, subsidiaries, affiliations, partnerships, transferees, limited liability companies, corporations, franchises, divisions, assignees and or all other successors of any kind that exist or may hereafter exist.

G. The following additional waivers shall apply with respect to the performance of Trustee duties with respect to the San Diego Chargers, and each component thereof, that may otherwise apply as a result of reference to the California Corporations Code and/or any duties thereunder, and shall apply with respect to the performance of duties by any Trustee of any trust established under this instrument:

(1) A Trustee is not obligated to commit a specific portion of his or her time to the business of the trust estate as a result of serving as a Trustee, except to the extent reasonable to discharge the duties of a Trustee;

(2) A Trustee is free to engage in other business activities in which the trust estate has no interest;

(3) A Trustee is free to engage in business activities that compete with the trust estate (although disclosure of the nature and extent of those activities shall be given to the income beneficiary of said trust and to each of the children of Settlor then living) in the event that said interests compete with any Spanos Business Interest and/or the San Diego Chargers components ; and

(4) A Trustee need not offer business opportunities to the trust estate and may take advantage of those opportunities for his or her own account, and

neither the trust estate, nor any part thereof, nor any beneficiary thereto has a right to any income derived by the Trustee from such activities. Furthermore, a Trustee is not required to notify any beneficiary, other Trustee, or any other interested party with respect to any trust hereunder of events applicable to this item (4), except to the extent required by item (3) of this paragraph with respect to a competing activity to that of any Spanos Business Interest and/or the San Diego Chargers components.

7.25 Special Investment Provisions

The Trustee is authorized to purchase interests in one or more businesses that are co-owned with a beneficiary or to lend to a beneficiary to operate or expand a business provided the investment and loans are on reasonable terms at fair value, and as to any loan adequately secured and a reasonable interest. The Trustee is authorized to acquire residential property and permit an income beneficiary to reside in that property without the payment of rent.

7.26 Power To Borrow and Guarantee

The Trustee may, in the Trustee's discretion, borrow money and encumber trust property by mortgage, deed of trust, pledge, or otherwise, for the debts of the trust, the joint debts of the trust and a co-owner of the property in which the trust has an interest, or a Settlor's debts or to guarantee a Settlor's debts. In addition, the Trustee may guarantee the debts of any entity, LLC, corporation or partnership in which the trust estate has an interest if said guarantee is considered prudent by the Trustee or otherwise required under the terms and conditions of any agreement to which the Trustee is a party.

7.27 Compliance with Business Agreements and Amendments

The Trustee is authorized and instructed to comply with business agreements, including but not limited to shareholder agreements, buy-sell agreements, bylaws, voting trusts, partnership agreements, limited partnership agreements, LLC agreements and other contracts pertaining to the ownership, management, transferability, voting rights and participation in businesses in which the trust estate has an interest. In the event that said agreements, or other requirements of law (such as licensing statutes) require that a licensee be the Trustee or that one Trustee represent the trust estate in such business or matter, the Trustee is authorized to select a Co-Trustee to represent the Trustee in such matter, when choice of representative is possible, or to have one Co-Trustee who holds the required license to represent that trust with respect to said business or matter. The Co-Trustee shall be designated among the Trustees, if any of them can be authorized to serve as a Co-Trustee in said matter. The Trustee may also approve or reject amendments to such agreements, and/or consent to new business agreements, in the sole discretion of the Trustee.

7.28 Limitation Unitrust or Annuity Trust Conversion

A. No Trustee shall have the power to allocate any receipt to income that would be treated normally as a principal receipt with respect to any trust or share with respect to which the establishment, appointment, maintenance, operation, benefit or use of a unitrust is expressly prohibited under this instrument.

B. No Trustee, in any event, may distribute an equity interest in any Spanos Business Interest to any beneficiary to satisfy any payment or application of

income, the exercise of any discretionary distribution of principal, and/or to satisfy any annuity or unitrust amount. An "equity interest" refers to the ownership of stock, membership interest, assignee interest, partnership interest, profits interest, outright ownership, fee interest, leasehold interest, lawful possessory interest, equitable ownership, tenancy in common and/or all other forms of ownership of any other right, title and/or interest in a Spanos Business Interest, in whole or part.

C. Neither a Trustee's power to convert a trust into a unitrust or annuity trust nor a power to make adjustment between principal and income or modify a trust, regardless of what may otherwise be authorized in Probate Code Sec. 16335, et. seq, as amended or any part thereof, may be exercised, or authorized, to permit the distribution of any equity interest, in whole or part, in a Spanos Business Interest.

D. No trust shall be converted to a unitrust or annuity trust in the event that said trust holds any interest in a Spanos Business Interest. The Trustee shall have no duty to sell, in whole or part, the Spanos Business Interests or approve the sale, in whole or part, of the underlying assets of such Spanos Business Interest in order to accommodate, facilitate or permit the conversion of any trust, in whole or part, to an annuity trust or unitrust.

E. Furthermore, no conversion of **any** trust to a unitrust or annuity trust may be made, in whole or part, over the objections of any child of Settlor, regardless of whether or not that child is a beneficiary and/or Trustee of said trust, if that trust has any interest in a Spanos Business Interest or co-owns any property with that child or with a trust for the benefit of that child.

8. SPENDTHRIFT PROVISIONS

No beneficiary of this trust shall have any right, power, or authority to sell, assign, pledge, mortgage, or in any other manner to encumber, alienate, or impair all or any part of his or her interest in the trust or in the principal or income of the trust. The beneficial and legal interest in, and the principal and income of, the trust and every part of it shall be free from the interference or control of any creditor of any beneficiary of the trust and shall not be subject to the claims of any such creditor nor liable to attachment, execution, bankruptcy, or any other process of law. The income and principal of the trust shall be paid over to the beneficiary in person, or, in the event of the minority or incompetency of any beneficiary, to the guardian of the person of that beneficiary, or to or for the benefit of that beneficiary, in such manner as in the Trustee's discretion seems most advisable, (i.e. "sees fit") at the time and in the manner provided by the terms of the trust, and not upon any written or oral order nor upon any assignment or transfer by the beneficiary nor by operation of law. The foregoing shall not alter the right of any beneficiary to make a disclaimer of all or any part of any interest in property to which he or she may be entitled under this instrument.

9. TERMINATION

Unless sooner terminated according to other provisions of this instrument or according to the provisions of any trust created by the exercise of any power of appointment conferred by this instrument, each trust created under this instrument and each trust created by exercise of any power of appointment conferred by this instrument, shall terminate twenty-one (21) years after the death of the last survivor of the beneficiaries of

the trusts created under this instrument who are living at the earlier of the date on which the trust becomes irrevocable or the date of death of the Surviving Settlor. All principal and undistributed income of a terminated trust shall be distributed to the then income beneficiaries of that trust in the proportions in which they are, at the time of termination, entitled to receive the income; provided, however, that if the rights to income are not then fixed by the terms of that trust, distribution under this clause shall be made, by right of representation, to the persons who are then entitled or authorized in the Trustee's discretion to receive income payments, or, if there are no such persons, on the principle of representation to the persons who are then entitled or authorized to receive principal payments in the discretion of the Trustee.

(Document continued on next page.)

10. DESIGNATION OF TRUSTEES AND OFFICE OF TRUSTEE

10.1 Designation of Trustees Other Than for Trusts for Children or Their Issue

This Section 10.1 shall govern the appointment of Trustees other than Trustees of any trusts for the primary benefit of any of Settlor's children or their issue, which shall be governed by Section 10.2. Section 10.3 designates the Independent Trustee for purposes of Paragraph E.2. of Section 6.9.

Each Settlor appoints, as to his or her separate estate during his or her lifetime, and both Settlor's appoint, as to the community estate and as to all trusts established thereunder, the following three individuals to serve as Co-Trustees:

1. Wife;
2. Settlor's son DEAN A. SPANOS ("DEAN"); and
3. Settlor's daughter DEA SPANOS BERBERIAN ("DEA").

If Wife, for any reason (including death), becomes unable or unwilling to act as a Co-Trustee, the vacancy in the office of Co-Trustee caused by Wife's inability or unwillingness to serve shall not be filled, and DEAN and DEA, or their successor Co-Trustee(s), shall serve as Co-Trustees. If DEAN for any reason (including death), becomes unable or unwilling to act as a Co-Trustee for any reason, then Settlor's appoint their son, MICHAEL A. SPANOS, to serve as a Co-Trustee along with the remaining one of DEA or DEA's successor, and along with Wife, if Wife is still able and willing to serve as a Co-Trustee. In the event that DEA for any reason (including death), becomes unable or unwilling to act as a Co-Trustee for any reason, then Settlor's appoint their daughter, ALEXANDRA SPANOS RUHL, to serve as a Co-Trustee along with the remaining one of

DEAN or MICHAEL (if serving as DEAN's successor) , and along with Wife, if Wife is still able and willing to serve as a Co-Trustee. If only one of Settlor's children is able and willing to serve as a Trustee, Settlor appoint that remaining child of Settlor to serve as sole Trustee (or to serve as Co-Trustee along with Wife, if Wife is still able and willing to serve as a Co-Trustee). In no event shall Wife serve as the sole Trustee.

4. In the event that a further vacancy arises in the office of Trustee at a time when Wife is unable or unwilling to serve as the other Co-Trustee, the Settlor appoint JEREMIAH MURPHY to serve as a Co-Trustee along with the persons set forth in subpart 6 of this Section 10.1.

5. If Wife is still able and willing to serve as a Co-Trustee and there is any subsequent vacancy in the office of the other Co-Trustee, Settlor authorize Wife alone to appoint one or more other Co-Trustees to serve concurrently with Wife. Wife may also change that designation by written instrument from time to time. In the event that Wife does not appoint another Co-Trustee to serve concurrently with her, JEREMIAH MURPHY is appointed to serve as a Co-Trustee concurrently with Wife. The Trustee or Co-Trustee appointed by Wife can continue to serve as a Trustee or Co-Trustee after the incapacity or death of Wife.

6. In the event that none of the persons named above (or designated by Wife pursuant to subpart 5) except for JEREMIAH MURPHY is willing and able to serve as a Co-Trustee; and/or in the event that JEREMIAH MURPHY is unable or unwilling to serve as a Co-Trustee, Settlor appoint (i) DIMITRI ECONOMOU, a son of DEAN; (ii) ALEXANDER G. SPANOS, a son of DEAN; (iii) ADRIANA RUHL, a daughter of ALEXANDRA; and, (iv) the

eldest child of MICHAEL who has attained at least the age of twenty-five (25) years and who is willing and able to serve. The following order of successor in Trustee shall apply, which order has been established so that each family line of a child of Settlers may be able to have a child (i.e., a grandchild of Settlers) serve as a Co-Trustee, if a different designation of Co-Trustee is not made as above provided:

(A) In the event that DIMITRI ECONOMOU for any reason fails to qualify or ceases to act as a Co-Trustee, Settlers appoint ALEXANDROS ECONOMOU to serve as a Co-Trustee. In the event that neither of the above-named sons of DEA is able and willing to serve as a Co-Trustee, Settlers appoint ARAM BERBERIAN, a son of DEA, as a Co-Trustee, provided that he has attained the age of twenty-five (25) years, and if not, then upon attaining said age.

(B) In the event that ALEXANDER G. SPANOS for any reason fails to qualify or ceases to act as a Co-Trustee, Settlers appoint JOHN SPANOS to serve as a Co-Trustee.

(C) In the event that ADRIANA RUHL shall for any reason fail to qualify or cease to act as a Co-Trustee, Settlers appoint NICOLETTA RUHL to serve as a Co-Trustee. In the event that neither of the above-named children of ALEXANDRA is willing and able to serve as a Co-Trustee, then the next eldest child then living of ALEXANDRA, and continuing thereafter in succession by age, is appointed to serve as a Co-Trustee.

(D) In the event that the eldest child of MICHAEL shall for any reason fail to qualify or cease to act as a Co-Trustee, then the next eldest child, and continuing thereafter in succession by age, is appointed to serve as a Co-Trustee.

7. In the event that none of the children of a given child of Settlers or given children of Settlers, is/are willing and able to serve, then the other(s) of them from the above order of successor are appointed to serve as Co-Trustees, provided that there are at least one of them at all times serving along as a Co-Trustee with JEREMIAH MURPHY, if he is still serving, or at least two (2) of them then serving as Co-Trustees in the event that JEREMIAH MURPHY is unable or unwilling to serve as a Co-Trustee. Neither JEREMIAH MURPHY nor any other person shall serve as a sole Trustee as a result of an appointment under parts 6 or 7 of this section 10.1. If JEREMIAH MURPHY, for any reason (including death), becomes unable or unwilling to act as a Co-Trustee, the vacancy in the office of Co-Trustee caused by his inability or unwillingness to serve shall not be filled unless there is only one other Co-Trustee then serving. In the event that a further vacancy arises in the office of Co-Trustee, upon either none of the above named or only one of the above named in subpart 6 of this subpart 7 being willing and able to serve as a Co-Trustee, then there shall then be appointed a total of four Co-Trustees (five Co-Trustees if JEREMIAH MURPHY is still serving). This appointment shall be made as provided in subpart 8 of this paragraph.

8. In the event that only one of the persons named in subparts 6 or 7 (including JEREMIAH MURPHY) is willing and able to serve as a Trustee, then that one person is to continue to serve as a Co-Trustee. The other Trustees shall then be designated by vote of the living issue in the oldest generation of issue then living of each child of Settlers. For example, if a child of Settlers has a child then living (i.e., one grandchild of Settlers) and nine (9) grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of the particular child of

Settlors. If that line of succession of that particular child had no grandchildren of Settlers then living, then the successor Trustee for that child's line would be elected by a majority of the then living great-grandchildren of Settlers under that line. The person elected may be a lineal descendant of Settlers, a bank, trust company or other corporate fiduciary as determined by the respective vote and may not be a non-family member except in the event of an "Extraordinary Vote." The party entitled to vote may also change that designation by written instrument from time to time under a similar procedure. A guardian or guardian ad litem may vote on behalf of a minor entitled to vote, but may not take part in an Extraordinary Vote. An Extraordinary Vote is one in which (i) there is an insufficient availability of lineal descendants of Settlers willing and able fill the above vacancy; (ii) the appointment of a bank is considered ill-advised by at least 60% of the then living issue, by number, of Settlers; and, (iii) the person selected to serve as a Co-Trustee is independent within the meaning of IRC Section 674(c), as amended.

10.2 Designation of Trustees of Trusts for Children or Their Issue

The following is the order of appointment of the trusts established for each of the children of Settlers, or issue of a deceased child of Settlers:

A. DEAN SPANOS Trust: DEAN is appointed as the sole Trustee. In the event that DEAN, for any reason fails to qualify or ceases to act as Trustee, the successor Trustee shall be such individual, individuals, bank, trust company or other corporate fiduciary as DEAN may designate in writing. DEAN may also change that designation by written instrument from time to time. In the event that DEAN has not effectively appointed a successor Trustee, or in the event that a further vacancy arises in the office of Trustee, then DEA and MICHAEL are appointed as the Co-Trustees. In the

event that either of them for any reason fails to qualify or ceases to act as Trustee, then ALEXANDRA is appointed as a Co-Trustee. In the event that only one of the above named is able to serve as a Trustee, then that child is appointed as the sole Trustee. In the event that no appointment by DEAN is then effective, and none of the above-named is able and willing to serve as Trustee, then the following order of successor Trustee shall apply:

1. JEREMIAH MURPHY; ALEXANDER G. SPANOS, a child of DEAN; and JOHN SPANOS, a child of DEAN, are appointed to serve as Co-Trustees. If any one of them is unwilling or unable to serve as a Trustee, the others are appointed as the Co-Trustees.

2. In the event that only one of the above-named is able and willing to serve as a Trustee, Settlers appoint the remaining one as to serve as sole Trustee.

3. In the event that a further vacancy arises in the office of Trustee, the Trustee or Co-Trustees shall be designated by vote of the living issue in the oldest generation of DEAN then living. For example, if DEAN has a child then living (i.e., one grandchild of Settlers) and nine (9) grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of DEAN. If DEAN's line of succession had no grandchildren of Settlers then living, then the successor Trustee for DEAN's line would be elected by a majority of the then living great-grandchildren of Settlers under that line. The person elected must be an issue of Settlers or a bank, trust company or other corporate fiduciary as determined by the respective vote. The party entitled to vote may also change that designation by written instrument from time to time. A guardian or guardian ad litem may vote on behalf of a minor entitled to vote, provided however, that the guardian may not serve as a Trustee. In the absence of said vote

the vacancy in the office of Trustee of the DEAN SPANOS Trust shall be filled by Eldest Succession of Sibling Line. As used in this section 10.2, the term "Eldest Succession of Sibling Line" means that one Co-Trustee shall be drawn from each line of descent from each sibling of that child's trust (i.e., DEAN as to the DEAN SPANOS Trust, DEA as to the DEA BERBERIAN Trust, MICHAEL, as to the MICHAEL SPANOS TRUST, and ALEXANDRA, as to the ALEXANDRA RUHL Trust) and the trust for the issue of that respective child. The implementation of this order of succession shall following the priority and age requirements in parts (A) through (D) of subpart 6 of section 10.1. However, upon a vote of a majority then living of the current income beneficiaries of the respective trusts under the DEAN SPANOS Trust, any Co-Trustee whose appointment arises under the Eldest Succession of Sibling Line shall be able to make either of the following changes: (i) select a different issue of Settlers to replace anyone otherwise appointed under the Eldest Succession of Sibling Line or (ii) select any bank, trust company or other corporate fiduciary to replace anyone otherwise appointed under the Eldest Succession of Sibling Line.

B. DEA BERBERIAN Trust: DEA is appointed as the sole Trustee. In the event that DEA, or any reason fails to qualify or ceases to act as Trustee, the successor Trustee shall be such individual, individuals, or any bank, trust company or other corporate fiduciary as DEA may designate in writing. DEA may also change that designation by written instrument from time to time. In the event that DEA has not effectively appointed of the successor Trustee, or in the event that a further vacancy arises in the office of Trustee, then DEAN and ALEXANDRA are appointed as the Co-Trustees. In the event that either of them for any reason fails to qualify or ceases to act as Trustee, then MICHAEL is appointed as a Co-Trustee. In the event that only one of the above named is able to serve

as a Trustee, then that child is appointed as the sole Trustee. In the event that no appointment by DEA is then effective, and none of the above-named is able and willing to serve as Trustee, then the following order of successor Trustee shall apply:

1. JEREMIAH MURPHY; DIMITRI ECONOMOU, a child of DEA; and ALEXANDROS ECONOMOU, a child of DEA, are appointed to serve as Co-Trustees. If any one of them is unwilling or unable to serve as a Trustee, the others are appointed as the Co-Trustees. In the event that any two of them for any reason fails to qualify or ceases to act as a Co-Trustee, then ARAM BERBERIAN, a son of DEA, is appointed as a Co-Trustee, provided that he has attained the age of twenty-five (25) years, and if not, then upon attaining said age.

2. In the event that only one of the above-named is able and willing to serve as a Trustee, Settlers appoint the remaining one as the sole Trustee, except that ARAM may not serve as a sole Trustee prior to the age of forty (40) years. In the event that a further vacancy arises in the office of Co-Trustee prior to ARAM attaining the age of forty (40) years, ARAM may appoint any issue of Settlers who has attained the age of forty (40) years to serve as a Co-Trustee of said trust with ARAM.

3. In the event that a further vacancy arises in the office of Trustee, the Trustee or Co-Trustees shall be designated by vote of the living issue in the oldest generation of DEA then living. For example, if DEA has a child then living (i.e., one grandchild of Settlers) and nine (9) grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of DEA. If DEA's line of succession had no grandchildren of Settlers then living, then the successor

Trustee for DEA's line would be elected by a majority of the then living great-grandchildren of Settlers under that line. The person elected must be an issue of Settlers or a bank, trust company or other corporate fiduciary, as determined by the respective vote. The party entitled to vote may also change that designation by written instrument from time to time. A guardian or guardian ad litem may vote on behalf of a minor entitled to vote, provided however, that the guardian may not serve as a Trustee. In the absence of said vote the vacancy in the office of Trustee of the DEA BERBERIAN Trust shall be filled by Eldest Succession of Sibling Line as above defined. The implementation of this order of succession shall follow the priority and age requirements in parts (A) through (D) of subpart 6 of section 10.1. However, upon a vote of a majority then living of the current income beneficiaries of the respective trusts under the DEA BERBERIAN Trust, any Co-Trustee whose appointment arises under the Eldest Succession of Sibling Line shall be able to make either of the following changes: (i) select a different issue of Settlers to replace anyone otherwise appointed under the Eldest Succession of Sibling Line or (ii) select any bank, trust company or other corporate fiduciary to replace anyone otherwise appointed under the Eldest Succession of Sibling Line.

C. ALEXANDRA SPANOS RUHL Trust: ALEXANDRA is appointed as the sole Trustee. In the event that ALEXANDRA, or any reason fails to qualify or ceases to act as Trustee, the successor Trustee shall be such individual, individuals, or any bank, trust company or other corporate fiduciary as ALEXANDRA may designate in writing. ALEXANDRA may also change that designation by written instrument from time to time. In the event that ALEXANDRA has not effectively appointed of the successor Trustee, or in the event that a further vacancy arises in the office of Trustee, then DEAN and DEA are

appointed as the Co-Trustees. In the event that either of them for any reason fails to qualify or ceases to act as Trustee, then MICHAEL is appointed as a Co-Trustee. In the event that only one of the above named is able to serve as a Trustee, then that child is appointed as the sole Trustee. In the event that no appointment by ALEXANDRA is then effective, and none of the above-named is able and willing to serve as Trustee, then the following order of successor Trustee shall apply:

1. JEREMIAH MURPHY; ADRIAN A RUHL, a child of ALEXANDRA; and NICOLETTA RUHL, a child of ALEXANDRA are appointed to serve as Co-Trustees. If any one of them is unwilling or unable to serve as a Trustee, the others are appointed as the Co-Trustees together with the oldest child of ALEXANDRA then living who has attained the age of twenty-five (25) years.

2. In the event that only one of the above-named is able and willing to serve as a Trustee, Settlers appoint the remaining one as the sole Trustee, except that no child may serve as a sole Trustee prior to the age of forty (40) years. In the event that a further vacancy arises in the office of Co-Trustee prior to a child of ALEXANDRA attaining the age of forty (40) years, the children of ALEXANDRA then living, as a group may by majority vote, may appoint any issue of Settlers who has attained the age of forty (40) years to serve as a Co-Trustee of said trust with the child of ALEXANDRA who has not attained age forty (40) years. Upon the eldest child of ALEXANDRA attaining the age of forty (40) years, that child may become the sole Trustee of ALEXANDRA RUHL Trust, which appointment shall be in effect until another child of ALEXANDRA attains the age of forty (40) years, at which time there shall be two Co-Trustees of this trust. The service of two Co-Trustees shall continue so long as there are two children of ALEXANDRA then living

and able and willing to serve as a Co-Trustee. In the event that all children of ALEXANDRA are deceased or unwilling or unable to serve as a Co-Trustee and there is one child who has attained the age of forty (40) years, that child may serve as the sole Trustee.

3. In the event that a further vacancy arises in the office of Trustee, the Trustee or Co-Trustees shall be designated by vote of the living issue in the oldest generation of ALEXANDRA then living. For example, if ALEXANDRA has a child then living (i.e., one grandchild of Settlers) and nine (9) grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of ALEXANDRA. If ALEXANDRA's line of succession had no grandchildren of Settlers then living, then the successor Trustee for ALEXANDRA's line would be elected by a majority of the then living great-grandchildren of Settlers under that line. The person elected must be an issue of Settlers or a bank, trust company or other corporate fiduciary, as determined by the respective vote. The party entitled to vote may also change that designation by written instrument from time to time. A guardian or guardian ad litem may vote on behalf of a minor entitled to vote, provided however, that the guardian may not serve as a Trustee. In the absence of said vote the vacancy in the office of Trustee of the ALEXANDRA RUHL Trust shall be filled by Eldest Succession of Sibling Line as above defined. The implementation of this order of succession shall following the priority and age requirements in parts (A) through (D) of subpart 6 of section 10.1. The elder twin child of ALEXANDRA shall have priority over the younger twin. However, upon a vote of a majority then living of the current income beneficiaries of the respective trusts under the ALEXANDRA RUHL Trust, any Co-Trustee whose appointment arises under the Eldest Succession of Sibling Line shall be able to make either of the following changes: (i) select a

different issue of Settlers to replace anyone otherwise appointed under the Eldest Succession of Sibling Line or (ii) select any bank, trust company or other corporate fiduciary to replace anyone otherwise appointed under the Eldest Succession of Sibling Line.

D. MICHAEL SPANOS Trust: MICHAEL is appointed as the sole Trustee. In the event that MICHAEL, or any reason fails to qualify or ceases to act as Trustee, the successor Trustee shall be such individual, individuals, or any bank, trust company or other corporate fiduciary as MICHAEL may designate in writing. MICHAEL may also change that designation by written instrument from time to time. In the event that MICHAEL has not effectively appointed of the successor Trustee, or in the event that a further vacancy arises in the office of Trustee, then DEAN and DEA are appointed as the Co-Trustees. In the event that either of them for any reason fails to qualify or ceases to act as Trustee, then ALEXANDRA is appointed as a Co-Trustee. In the event that only one of the above named is able to serve as a Trustee, then that person is appointed to serve as the sole Trustee. In the event that none of the above named is willing and able to serve as a Trustee, then Settlers appoint the following as the successor Trustees for any Trust for the benefit of MICHAEL, or his issue, which appointment shall apply except as provided below:

1. JEREMIAH MURPHY and the one child of MICHAEL who has attained the age of twenty-five (25) years who is willing and able to serve as a Co-Trustee, and one other child of MICHAEL, who has attained the age of twenty-five (25) years who is willing and able to serve, with the priority in service being given to the eldest child.

2. In the event that only one of the above-named is able and willing to serve as a Trustee, Settlers appoint the remaining one as the sole Trustee, except that no child may serve as a sole Trustee prior to the age of forty (40) years. In the event

that a further vacancy arises in the office of Co-Trustee prior to a child of MICHAEL attaining the age of forty (40) years, the children of MICHAEL then living, as a group may by majority vote, may appoint any issue of Settlers who has attained the age of forty (40) years to serve as a Co-Trustee of said trust with the child of MICHAEL who has not attained age forty (40) years. Upon the eldest child of MICHAEL attaining the age of forty (40) years, that child may become the sole Trustee of MICHAEL SPANOS Trust, which appointment shall be in effect until another child of MICHAEL attains the age of forty (40) years, at which time there shall be two Co-Trustees of this trust. The service of two Co-Trustees shall continue so long as there are two children of MICHAEL then living and able and willing to serve as a Co-Trustee. In the event that all children of MICHAEL are deceased or unwilling or unable to serve as a Co-Trustee and there is one child who has attained the age of forty (40) years, that child may serve as the sole Trustee.

3. In the event that none of the children of MICHAEL have attained the age of twenty-five (25) years, Settlers appoint the following to serve as Co-Trustees (with JEREMIAH MURPHY if he is then serving as a Co-Trustee, otherwise without his service): (i) DIMITRI ECONOMOU (ii) ALEXANDER G. SPANOS, and (iii) ADRIANA RUHL. In the event that DIMITRI ECONOMOU for any reason fails to qualify or ceases to act as a Co-Trustee, Settlers appoint ALEXANDROS ECONOMOU to serve as a Co-Trustee. In the event that ALEXANDER G. SPANOS for any reason fails to qualify or ceases to act as Co-Trustee, Settlers appoint JOHN SPANOS to serve as a Co-Trustee. In the event that ANDRIANA RUHL shall for any reason fail to qualify or cease to act as a Co-Trustee, Settlers appoint NICOLETTA RUHL to serve as a Co-Trustee. If JEREMIAH MURPHY, for any reason (including death), becomes unable or unwilling to act as a Co-

Trustee, the vacancy in the office of Co-Trustee caused by his inability or unwillingness to serve shall not be filled (unless there is only one other Co-Trustee then serving). The order set forth in this subpart 3 shall be superseded by the order set forth in subpart 2 in the following respects: (i) upon any child of MICHAEL attaining the age of twenty-five (25) years, that child shall serve as a Co-Trustee in place of the youngest person otherwise designated to then serve under this subpart 3; and, (ii) upon any two children of MICHAEL attaining the age of forty (40) years, subpart 3 is superseded by subpart 2.

4. In the event that a further vacancy arises in the office of Trustee, the Trustee or Co-Trustees shall be designated by vote of the living issue in the oldest generation of MICHAEL then living. For example, if MICHAEL has a child then living (i.e., one grandchild of Settlers) and nine (9) grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of MICHAEL. If MICHAEL's line of succession had no grandchildren of Settlers then living, then the successor Trustee for MICHAEL's line would be elected by a majority of the then living great-grandchildren of Settlers under that line. The person elected must be an issue of Settlers or a bank, trust company or other corporate fiduciary, as determined by the respective vote. The party entitled to vote may also change that designation by written instrument from time to time. A guardian or guardian ad litem may vote on behalf of a minor entitled to vote, provided however, that the guardian may not serve as a Trustee. In the absence of said vote the vacancy in the office of Trustee of the MICHAEL SPANOS Trust shall be filled by Eldest Succession of Sibling Line as above defined. The implementation of this order of succession shall following the priority and age requirements in parts (A) through (D) of subpart 6 of section 10.1. However, upon a vote of a majority then living of

the current income beneficiaries of the respective trusts under the MICHAEL SPANOS Trust, any Co-Trustee whose appointment arises under the Eldest Succession of Sibling Line shall be able to make either of the following changes: (i) select a different issue of Settlers to replace anyone otherwise appointed under the Eldest Succession of Sibling Line or (ii) select any bank, trust company or other corporate fiduciary to replace anyone otherwise appointed under the Eldest Succession of Sibling Line.

E. In the event that a further vacancy arises in the office of Trustee for any trust after application of the foregoing, the designation of said successor Trustee shall be made by designation of the Independent Trustee designated or elected in section 10.3

10.3 Independent Trustee

A. Settlers appoint their son MICHAEL to serve as Independent Trustee of the trusts for the primary benefit of each of DEAN, DEA, and ALEXANDRA, for the purposes set forth in Paragraph E.2. of Section 6.9. Settlers appoint ALEXANDRA as Independent Trustee of the trust for the primary benefit of MICHAEL, for the purposes set forth in Paragraph E.2. of Section 6.9. If MICHAEL cannot serve as Independent Trustee of the trusts for the primary benefit of each of DEAN, DEA, and ALEXANDRA, then the order of appointment of Independent Trustee for those trusts shall be as follows: (i) DEA (but not as to DEA's Trust), then (ii) DEAN (but not as to DEAN's Trust). If ALEXANDRA cannot serve as Independent Trustee of the trust for the primary benefit of MICHAEL, then the order of appointment of Independent Trustee for that trust shall be as follows: (i) DEA, then (ii) DEAN. Notwithstanding anything in this provision or in this instrument to the contrary, in no event may a child of Settlers serve as Independent Trustee of any trust for the primary benefit of that child. An individual serving as Independent Trustee shall not make

distributions to or for the benefit of any beneficiary under Paragraph E.2. of Section 6.9 in a manner that will discharge any legal obligation of the individual who is serving as Independent Trustee .

B. To the extent that there is a vacancy in the office of Independent Trustee that is not filled by the provisions above, the Independent Trustee shall be one individual or entity who is an "Independent Trustee" as that term is used in IRC Section 674(c). Such successor Independent Trustee shall be appointed by a vote of a majority of the then living children of Settlers, or by the vote of only that one child then living if there is only one child living. Said designation may be amended in like manner. In the event that a further vacancy arises in the office of Independent Trustee of the GST Trust for any child, the successor Independent Trustee (as that term is used in IRC Section 674(c)) shall be appointed by certified public accountant then engaged by the Trustee of that child's GST Exempt Trust. Settlers recognize that none of their children fall within the definition of Independent Trustee under the foregoing statutory reference or the regulations thereunder.

C. No compensation shall be paid to any issue of Settlers serving as an Independent Trustee. Reasonable compensation shall be payable to an Independent Trustee who is not an issue of Settlers.

D. In addition, upon the death of all of Settlor's children, a successor Independent Trustee (as that term is used in IRC Section 674(c)) may be selected by majority vote with one vote allocated to each of the four family lines (or such lesser number as there are issue of Settlers then living) with the majority vote designated by vote of the living issue in the oldest generation of Settlor's children then living. For example, if ALEXANDRA has a child then living (i.e., one grandchild of Settlers) and nine (9)

grandchildren (great-grandchildren of Settlers) then living, only that one grandchild of Settlers shall vote for that line of succession of Independent Trustee. In the event that a given line has no grandchildren of Settlers then living, then the vote for that line for the selection of the Independent Trustee shall be made by a majority of the then living great-grandchildren of Settlers under that line.

10.4 Co-Trustees

In the event a relationship of Co-Trustees ever exists, the terms "Trustee" and "Co-Trustee" shall be synonymous.

10.5 No Bond Required, Except as Expressly Designated

No bond shall be required of a non-corporate Trustee named or designated in accordance with the provisions of this Section 10, except to the extent, if any, that a designation of a Trustee or successor Trustee by a child of Settlers made pursuant to Section 10.2 expressly imposes requirement of bond for a designated Trustee.

10.6 Lack of Trustee; Change in Situs

If the Trustee and the successor Trustees designated in the preceding paragraphs shall all for any reason cease or become unable to act as the Trustee, a majority of the beneficiaries, or the sole remaining beneficiary, as the case may be, or the legal representative of such beneficiaries or beneficiary to whom the current net income of that separate trust is at the time authorized or required to be paid or applied may designate a bank, corporate fiduciary, or trust company to act as the successor Trustee. In the event that it becomes more convenient that the situs of each and any trust be moved to another location within the United States, such relocation of the trust administration may be made, provided further, that unless a bank, trust company or other corporate fiduciary is then

serving as a Trustee and said trustee is precluded by the law of such other state to serve as a Trustee, then the vacancy so created shall be filled as otherwise authorized in this Section 10, and failing that then as authorized in the first sentence of this Section 10.6

10.7 Resignation Procedure

Any Trustee may at any time resign the office as Trustee hereunder by delivering written notice of resignation to the beneficiaries of the trust to which the resignation pertains and to each of the other then-serving Co-Trustees of said Trust. The right of resignation and the procedure for resignation shall apply to any Co-Trustee.

10.8 Successor Corporation

Any corporation which shall, by merger, consolidation, purchase or otherwise, succeed to substantially all the personal trust business of a Trustee shall, upon such succession and without any appointment or other action by any person, be and become successor Trustee hereunder.

10.9 Powers of Successor Trustees and Acts of Prior Trustees

Any successor Trustee shall have, from and after appointment or succession to office hereunder and without any Assignment or other action by any person, all the title, interests, rights and powers, including discretionary rights and powers, which are by the provisions of this agreement granted to and vested in the Trustee named herein and such successor Trustee shall not be liable for any acts or omissions of any predecessor Trustee. An additional or successor Trustee shall not have a liability to require an accounting of or be liable for any action taken by a predecessor trustee and the additional or successor Trustee shall be liable only for such property as the additional or successor Trustee shall receive.

10.10 Majority Voting

In the event that there are Co-Trustees of any trust, the actions or inactions approved by a majority of the Co-Trustees then serving shall be binding on that trust estate and all Trustees of said trust.

(Document continued on next page.)

11. SIMULTANEOUS DEATH

In the event it is difficult or impractical to determine the order of death as between the Settlers, each Settlor shall be deemed to be the Surviving Settlor.

12. RESIDENCE

On the death of the first Settlor to die, the Surviving Settlor shall have the right to continue to occupy all real property in the trust estate that the Surviving Settlor and the Deceased Settlor were using for residential purposes (whether on a full or part-time basis, including resort property); provided, however, that the Surviving Settlor, in his or her discretion, may direct the Trustee to sell any such property and replace it with or rent or lease another residence, regardless of value, selected by the Surviving Settlor. The Trustee shall pay a portion of any mortgage or trust deed payments and any property taxes, insurance, assessments, maintenance and ordinary repairs on all such property, or any rent or lease payments out of income of the trust(s) in proportion to the trust's interest in the property. The portion of such payments and expenses paid by the Trustee shall be an amount that is proportionate to the Trustee's interest in such property. The remaining portion of such payments and expenses shall be paid by the Surviving Settlor personally or, pursuant to his or her instructions, may be paid from the Survivor's Trust. The Surviving Settlor shall have the right, within one year of the death of the Deceased Settlor, to purchase the residence or exchange other property for such residence, so that the surviving Settlor may own said residence free of trust. The sale or exchange price of said residence or the Deceased Settlor's interest therein shall be the federal estate tax value or, in the absence of a federal estate tax return, it shall be the fair market value as of the date of death of the Deceased Settlor. The election under this paragraph shall terminate upon the

death of the Surviving Settlor. The sale shall be on the term of no cash down and a loan for the total price at the minimum rate of interest provided for under the Internal Revenue Code, as amended, to avoid the imputation of interest. The term of the note shall be interest only. The note, if not previously paid in full shall be due in full one year after the death of the Surviving Settlor. The note shall be secured by a deed of trust against the Surviving Settlor's interest in the property. It shall not be due-on-sale and there shall be no prepayment penalty. The note shall be in standard form. The election under this paragraph is personal to the Surviving Settlor and may not be assigned or transferred.

13. ANTI-CONTEST

Settlors have purposely made no provisions herein for any other person, whether or not claiming to be an heir of either Settlor or of any beneficiary, and if any person should claim to be an heir of either Settlor or of any beneficiary and as such should assert a claim to any trust estate, or any part thereof, or should any person, whether a beneficiary under this instrument or not mentioned herein, contest this instrument or the Will of any Settlor or object to any of the provisions of this instrument and/or Will, then to such person or persons Settlers hereby give and distribute from the Exemption Trust the sum of One Dollar and No/100 Dollar (\$1.00) and no more, in lieu of the provisions which Settlers have made or which Settlers might have made herein for such person or persons.

The following acts, singularly or in combination with any person, directly or indirectly, shall constitute a contest:

(1) Contests this instrument or either of the Wills of the Settlers in whole or part, or opposes, objects to or seeks to invalidate any of the provisions of this instrument or of the Wills of either of the settlor or Settlers.

(2) Claims entitlement by way of any written or oral contract.

(3) Without reasonable cause commences an action or proceeding to challenge the characterization of property under this instrument.

(4) Without reasonable cause challenges the validity of any other declarations of trust or trust agreement, contract or agreement, beneficiary designation, or other document executed by the settlor or Settlers constituting part of the Settlers' integrated estate plan or executed by another for the benefit of either of the Settlers.

Partnership, LLC and other corporate operating agreements, by-laws and buy-sell agreements are not considered a part of the integrated estate plan for purposes of this section 13, although they are highly significant to Settlers and the trust estate.

14. ESTATE AND DEATH TRANSFER TAXES

14.1 Except as provided in this instrument, estate tax arising on the death of a Settlor shall be charged as provided by law under California Probate Code Section 20100 et seq.; provided however that any estate taxes arising on the death of the surviving Settlor with respect to the GST Exempt Marital Trust shall be charged against the Non-Exempt Marital Trust without reimbursement, chargeback or liability against the exempt property notwithstanding, anything in I.R.C. Section 2207A, as amended, or otherwise to the contrary. Any right of the Non-Exempt Marital Trust to be reimbursed by the GST Exempt Marital Trust for estate tax arising under IRC Section 2044, is waived.

14.2 In the event a situation arises whereby the charge, collection or payment of estate, inheritance, generation-skipping transfer tax, or death taxes is not otherwise determined by this instrument, or if determined by this instrument, the applicable trust

estate or estate is insufficient for the payment of the tax, such taxes (or the portion thereof) shall be paid, charged and collected as provided by law.

15. SITUS OF TRUST

The trust is established by the Settlers and accepted by the Trustee under the laws of the State of California and all questions shall be determined under the laws of such State.

16. DEFINITION OF TERMS

16.1 As used in this trust, the masculine, feminine, or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

16.2 As used in this trust, the term "issue" shall refer to lineal descendants of all degrees and shall include ONLY natural issue of a child of Settlers, unless a child of Settlers, or natural issue of Settlers, elects to expand the definition of issue with respect to that natural child or natural issue of Settlers, which expansion may include any or all of the following, but not be greater in scope than the following:

(1) A child adopted by a child of Settlers, or by the issue of a child of Settlers, provided that the person adopted is under age sixteen (16) years at the time of adoption and is not the child of the spouse of the Settlers' child or of the spouse of the issue of a child of Settlers who is adopting the child.

(2) A natural child of a person who is permitted to be an issue by virtue of the expansion of the definition above provided in this section 16.2.

(3) An adopted child of an issue who is permitted to be deemed an issue of Settlers or of a child of Settlers provided is under age sixteen (16) years at the time of adoption and is not the child of the spouse of the Settlers' child or of the spouse of the issue of a child of Settlers who is adopting the child.

An expansion of the definition authorized by this section 16.2, if exercised, may only be exercised by Will or written acknowledged instrument exercised by the child or issue holding that power. Said expansion authorization is personal to the power holder and may not be exercised by a power of attorney, conservator, or other representative of that child or issue. Any authorized designation may be revoked and/or amended from time to time by the particular child or issue.

In no event, however, shall the term "issue" include foster children, step-children, persons raised as though a child or dependent, or others outside of the definition above provided.

16.3 In the event that a child or issue in whose name a trust is named changes his or her name, the name of that beneficiary's trust may be modified to correspond to said name in the discretion of the Trustee of that trust.

16.4 Reference to the "Code" without further modification or to "IRC" shall refer to the Internal Revenue Code, as amended.

17. SETTLOR'S RETENTION OF RIGHTS IN POLICY

The owner of each policy of insurance made payable to any trust created in this instrument reserves all rights, options and privileges conferred on the owner by the terms of the policy, including, but not limited to, change of its beneficiary designation,

hypothecation of the policy, and borrowing of funds from the insurer. Sickness, disability or other benefits and all dividends paid during the insured's lifetime may be paid by the insurer to the owner. The Trustee shall not be responsible for the Settlor's acts or omissions relating to any insurance policy.

18. UNENFORCEABLE PROVISIONS DISREGARDED

If any provision of this trust is determined by any court of competent jurisdiction to be invalid, illegal, or unenforceable to any extent, that provision shall, if possible, be construed as though more narrowly drawn, if a narrower construction would avoid such invalidity, illegality, or unenforceability or, if that is not possible, such provision shall, to the extent of such invalidity, illegality, or unenforceability, be severed, and the remaining provisions of this trust agreement shall remain in effect.

19. CONFLICTS REGARDING PERSONAL EFFECTS PROVISIONS

In the event of a discrepancy between this trust instrument and the Will of a Settlor or other written instruction of a testamentary nature with respect to the disposition of personal or household effects, the provisions of the Will or testamentary instrument shall supersede this trust instrument.

20. NINETY -DAY SURVIVORSHIP REQUIREMENT

The right of any person to take any interest under this trust initially, successively or alternatively is conditioned upon his or her survivorship for a period of ninety (90) days of a person whose death under the terms of this Declaration determines such initial, successive or alternative interest. If the person with the right to take under this Declaration does not survive for said ninety (90) day period, the person whose death determines the initial,

successive or alternate interest, then such person shall be deemed to have predeceased the person whose death determines such initial, successive or alternative interest.

21. MEDIATION AND ARBITRATION

21.1 Mediation

A. Settlor's love their children and issue. Settlor's requests that their children and issue support Settlor's estate plan and respect the selection of Trustees made by the Settlor's, and authorized by Settlor's, pursuant to this trust instrument. In any event, this estate plan is that of Settlor's, and they desire and expect that their wishes will be honored. In the event that a dispute arises between any person interested in the trust and the Trustee which cannot be resolved informally, such dispute shall be submitted to mediation rather than litigation. The provisions for mediation under this section 21.1 shall be given expansive application to include all disputes related to trust administration and interpretation and are not limited to matters arising from family dynamics. Settlor's designate JAMS (Judicial Arbitration and Mediation Service) in Sacramento, California (or such other office if unanimously agreed to by the parties), to conduct such mediation. The Settlor's direct that said submission to mediation be meaningful and that the relevant parties participate in good faith in the mediation, and that said mediation shall be concluded before the subject matter of the dispute is presented for arbitration under section 21.2, or in the event that arbitration of that dispute is prohibited by California Law, then before the subject matter of the dispute is presented to the Superior Court of California, or other court, for adjudication.

B. In the event that the dispute that was the subject of the impasse through mediation is brought to arbitration (or if prohibited by California law to be

arbitrated then before the court), in whole or part, for determination and/or adjudication, the arbitrator (in the case of arbitration) or the Superior Court Judge (in the case of a matter with respect to which arbitration is prohibited as a matter of California law) may, at the request of any Trustee, request that the mediator or other source provide evidence either to determine whether or not the disputing parties meaningfully participated in mediation in good faith, or if mediation did not occur, to determine that the direct submission to the court was necessary, in fact, to protect the trust against injury that could not have been avoided had the dispute been brought first to mediation. In the event that a finding by a court is made that an interested person did not participate in mediation in good faith or that direct submission of the dispute to arbitration or the court was, in fact, not necessary to avoid injury to the trust estate which would otherwise have arisen had the dispute first been submitted to mediation, then the costs of litigation incurred by the trust estate with respect to mediation and that litigation shall be charged against the trust estate or share of that interested person, even if the dispute was raised in good faith. In addition, the arbitrator may award sanctions (or the Court may award sanctions if arbitration of the matter is prohibited as a matter of California law) and legal fees as provided in Probate Code Section 17211, as amended, in appropriate circumstances as the arbitrator (or Court) determines. In the event that the impasse is not resolved by mediation, the matter shall then be submitted to mandatory arbitration as provided in section 21.2, unless such arbitration is prohibited as a matter of California law. In the case of prohibition for submittal to arbitration as a matter of California law, the Superior Court of the State of California with jurisdiction over the trust shall retain the power to resolve said issue and

fashion such remedy and make such determinations as said Court determines appropriate to carry out and implement to this trust and the intent of the Settlers.

C. The provisions in this section 21 for mediation with direction for arbitration in the event that mediation is unsuccessful have been established in order to protect the privacy of the parties and affairs of the trust estate; and, potentially reduce the expense of trust administration. In the event that the court process must ever be utilized, Settlers request that protective orders be issued and that documents, exhibits, petitions, pleadings, and discovery be sealed to preclude disclosure to the public to the fullest extent permitted by law to avoid public disclosure.

21.2 Binding Arbitration

A. To the extent that any dispute cannot be settled by mediation pursuant to Section 21.1 of this instrument, such dispute shall be settled by submission of such dispute to binding arbitration by JAMS (Judicial Arbitration and Mediation Service) in Sacramento, California (or such other office if unanimously agreed to by the parties). Such binding arbitration shall be conducted before a retired judge or other experienced, qualified attorney who is an employee of JAMS (or an independent contractor regularly hired by JAMS) qualified to arbitrate the dispute, and mutually agreeable to the parties involved in the dispute. The binding arbitration shall be conducted in accordance with the rules of JAMS with respect to binding arbitration, which shall be subject to any limitations or restrictions imposed by California Code of Civil Procedure Section 1282 et seq., as amended. The costs of the arbitration, including but not limited to the arbitrator's fee and the costs for use of the facilities, shall be paid equally by each disputing side pending the determination in arbitration in the dispute. Said arbitration expenses and costs for use of

the facilities, in addition to all attorneys' fees and legal costs shall be awarded to the prevailing party or the party most prevailing, unless the arbitrator, in his or her sole discretion, determines that such award of arbitration fees, facilities fees, attorneys' fees and legal costs in that manner would be inequitable, in which case the arbitrator may award some lesser amount of attorney fees and legal costs for the benefit of the prevailing party or the party most prevailing.

B. For purposes of this Section 21.2, reference to a dispute shall include a dispute of an issue or any portion thereof that is not settled by mediation and any matter to which reference to mediation is prohibited as a matter of law.

C. It is the intent of the Settlers that the arbitrator seal or otherwise deal with documents, exhibits, petitions, pleadings, and discovery in a manner to preclude disclosure to the public to the fullest extent permitted by law to avoid public disclosure, and the usual procedural rules of JAMS may be altered by the arbitrator to the extent necessary to achieve this purpose.

D. In no event shall the arbitrator have the power to amend, alter, or modify the terms of this trust instrument nor grant any remedy that is either prohibited by the terms of this instrument or not available in a court of law.

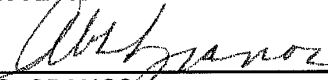
E. To the extent allowable under California law, it is the intent of each Settlor that if a beneficiary is a party to a dispute that cannot be settled by mediation pursuant to section 21.1, and that beneficiary refuses to submit such dispute to binding arbitration (pursuant to the terms of this Section 21.2) before submitting such dispute to the court, then such refusal by said beneficiary to submit the dispute to binding arbitration shall be considered to be a contest of this instrument and of the integrated estate plan of

Settlors, as set forth in section 13 of this instrument. In the event that any beneficiary, or other interested party, seeks a determination under Probate Code Section 21320, et. seq., of whether a particular motion, petition or other act by that beneficiary or interested person is a contest, the petition, application or other seeking of said determination shall be submitted to arbitration under this section 21.2 to the fullest extent permitted by law; and, in the event that said petition, application and/or seeking of said determination must be filed with the Probate Court, it shall, nevertheless to the fullest extent permitted by law, be filed under seal as provided in paragraph C of this section 21.2.

F. It is the intention of the Settlers that this Section 21.2 be construed to be enforceable under California Code of Civil Procedure Section 1281 et seq., as amended, but if any part of this Section 21.2 is construed to be unenforceable, then to the extent such enforceable and unenforceable parts are severable, this Section 21.2 shall continue to apply to the enforceable part, and the unenforceable part may be submitted for Court determination, subject to the relevant provisions of Section 21.1 and the other provisions of this instrument.

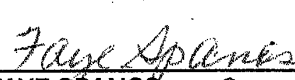
IN WITNESS WHEREOF, the Settlers and Trustees have executed this Amended and Restated Declaration of Trust as of the day and year first above written.

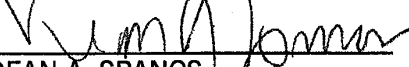
SETTLORS


A.G. SPANOS


FAYE SPANOS

TRUSTEES


FAYE SPANOS


DEAN A. SPANOS

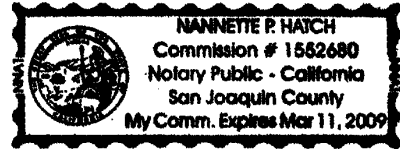

DEA SPANOS BERBERIAN

State of California)
) ss.
County of San Joaquin)

On July 9, 2007, before me, Nannette P. Hatch, Notary Public, personally appeared A.G. SPANOS and FAYE SPANOS, personally known to me ~~(or 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.

WITNESS my hand and official seal.

Nannette P. Hatch
Notary Public

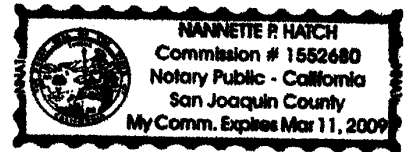


State of California)
) ss.
County of SAN JOAQUIN

On July 9, 2007, before me, Nannette P. Hatch, Notary Public, personally appeared DEAN A. SPANOS, personally known to me ~~(or 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.

WITNESS my hand and official seal.

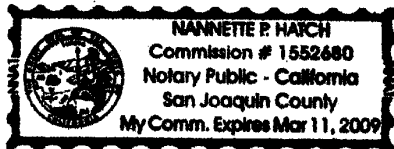
Nannette P. Hatch
Notary Public



State of California)
) ss.
County of San Joaquin)

On July 9, 2007, before me, Nannette P. Hatch, Notary Public, personally appeared DEA SPANOS BERBERIAN, personally known to me ~~(or 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.

WITNESS my hand and official seal.



Nannette P. Hatch
Notary Public

TRUST AMENDMENT

Preamble:

Faye Spanos (TRUSTOR) is a trustor of the **ALEX AND FAYE SPANOS FAMILY TRUST** (Trust) created under certain declaration of trust or agreement of trust dated **June 28, 2007**.

Faye Spanos, Dean A. Spanos and Dea Spanos Berberian are Trustee(s) duly appointed and acting under and by the terms of such Trust, and/or by subsequent lawful appointment.

In Section 4 of the Trust, TRUSTOR reserved the right to revoke the Trust as to TRUSTOR's portion of the community property and TRUSTOR's separate property. Further, it was TRUSTOR's intention to reserve the right either (i) to make amendments to the Trust to the extent that the amendments pertained to TRUSTOR's portion of the community property and TRUSTOR's separate property or (ii) that the power of Attorney of TRUSTOR's spouse authorize amendment to his share of the Trust. Should the Trust be adjudicated not to allow amendment by Faye or for A.G. Spanos by his attorney in fact to consent to such amendment, then the Trust as to TRUSTOR's portion of the community property and TRUSTOR's separate property shall be deemed revoked and thereupon amended and restated in full ab initio to the execution of the Trust with the inclusion of the terms of this amendment. The TRUSTOR and the Trustee(s) of the Trust hereby consent to the terms of this amendment.

Trustee(s)' Powers. The following shall be added to the Trust in connection with the Trustee(s)' powers, as new section 7.29:

“Agreement of Indemnity. The Trustee(s) may obligate TRUSTOR's portion of the community property and TRUSTOR's separate property held by the Trust to a surety or sureties in accordance with all the terms and provisions of such surety or sureties' agreement of indemnity, for the purpose of obtaining surety bonds or any other obligations incurred by a surety arising out of issuing or procuring the issuance of surety bonds on behalf of or in connection with (i) any entity wholly or partially owned or controlled by this Trust, any one or more of the trustors, or any one or more of the beneficiaries of this Trust, or (ii) any trustor or beneficiary of this Trust or any Trust created under this Trust.

Spendthrift Clause. The following shall be added to the Spendthrift Clause in Section 8:

“This clause shall not apply with respect to any rights or remedies of a surety arising out of any agreement of indemnity executed by the Trustee(s) pursuant to Section 7.29.”


Discretionary Distribution by Trustee(s). The following shall be added to the Discretionary Distribution clause in Section 5:


“This clause shall not apply with respect to any rights or remedies of a surety arising out of any agreement of indemnity executed by the Trustee(s) pursuant to Section 7.29.”


New Trusts Subject to Same Indemnity Obligations. The following shall be added to the end of Section 6:

“To the extent that new trusts are created after TRUSTOR’s death, or both TRUSTORs’ deaths, by this instrument, each new trust shall be bound to the same obligations under any agreement of indemnity in favor of any surety to which the **ALEX AND FAYE SPANOS FAMILY TRUST** was bound while the TRUSTOR was/were still living, and each such new trust shall be liable to the surety for any claim under any agreement by any surety (regardless of whether said claim is fixed or contingent). In any event, net income from the Marital Trusts shall be paid to or provided to the Surviving Trustor as provided in Section 6.6, paragraph A consistent with marital deduction principles.”

IN WITNESS WHEREOF, THE UNDERSIGNED AS TRUSTOR AND TRUSTEE(S)
THIS 22nd DAY OF December, 2014.



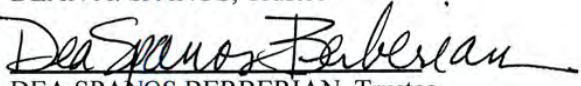
Witness


Witness


Witness



FAYE SPANOS, TRUSTOR

DEAN A. SPANOS, Trustee


DEA SPANOS BERBERIAN, Trustee

[ATTACH PROPER NOTARIZATION PAGE FOR EACH SIGNATURE.]

"This clause shall not apply with respect to any rights or remedies of a surety arising out of any agreement of indemnity executed by the Trustee(s) pursuant to Section 7.29."


Discretionary Distribution by Trustee(s). The following shall be added to the Discretionary Distribution clause in Section 5:

"This clause shall not apply with respect to any rights or remedies of a surety arising out of any agreement of indemnity executed by the Trustee(s) pursuant to Section 7.29."

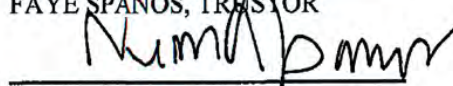
New Trusts Subject to Same Indemnity Obligations. The following shall be added to the end of Section 6:

"To the extent that new trusts are created after TRUSTOR's death, or both TRUSTORS' deaths, by this instrument, each new trust shall be bound to the same obligations under any agreement of indemnity in favor of any surety to which the **ALEX AND FAYE SPANOS FAMILY TRUST** was bound while the TRUSTOR was/were still living, and each such new trust shall be liable to the surety for any claim under any agreement by any surety (regardless of whether said claim is fixed or contingent). In any event, net income from the Marital Trusts shall be paid to or provided to the Surviving Trustor as provided in Section 6.6, paragraph A consistent with marital deduction principles."

IN WITNESS WHEREOF, THE UNDERSIGNED AS TRUSTOR AND TRUSTEE(S)
THIS 22nd DAY OF DECEMBER, 2014.

Witness


Witness

FAYE SPANOS, TRUSTOR


DEAN A. SPANOS, Trustee

Witness

DEA SPANOS BERBERIAN, Trustee

[ATTACH PROPER NOTARIZATION PAGE FOR EACH SIGNATURE.]

State of California

County of San Joaquin

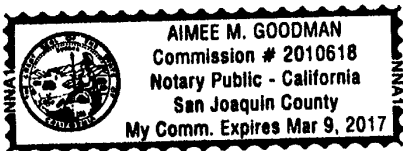
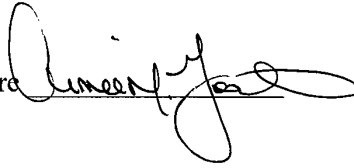
On December 22, 2014, before me, Aimee M. Goodman, Notary Public, personally appeared Fauz Spanos who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their 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.

(seal)

Signature



State of California

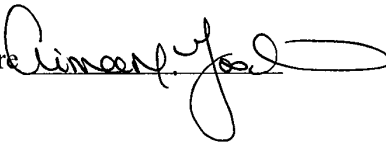
County of San Joaquin

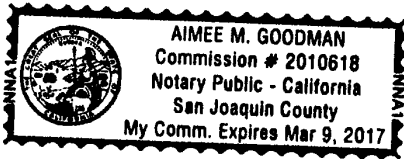
On December 22, 2014, before me, Aimee M. Goodman, Notary Public, personally appeared Dean A. Spares who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their 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.

(seal)

Signature 



State of California

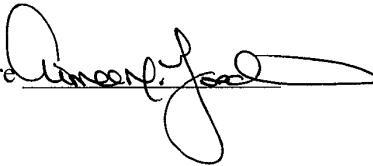
County of San Joaquin

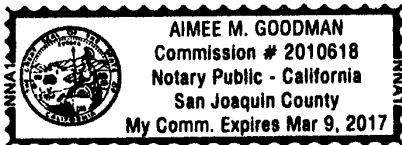
On December 22, 2014, before me, Aimee M. Goodman, Notary Public, personally appeared Dra. SPANOS BERBERIAN who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in 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.

(seal)

Signature 



JUN 05 2020

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

KEITH SCHILLER (SBN 62655)
SCHILLER LAW GROUP
A Professional Law Corporation
3201 Danville Boulevard, Suite 285
Alamo, CA 94507
TEL: 925-820-8500
FAX: 925-984-2740
E-MAIL: kschiller@slg4law.com

Attorneys for Petitioners,
DEAN A. SPANOS and DEA SPANOS BERBERIAN,
Co-Trustees

SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN JOAQUIN

In re

ALEX AND FAYE SPANOS FAMILY TRUST dated January 27, 1998, established by **ALEX G. SPANOS** and **FAYE SPANOS** as subsequently amended by them on December 8, 2003 by the First Amendment, on December 4, 2006 by the Second Amendment, on January 19, 2007 by the Third Amendment; and as further amended and restated in full on June 28, 2007 (collectively referred to as the "FAMILY TRUST")

Case No.: STK-PR-TR-2020-226

ORDER GRANTING THE PETITION FOR REFORMATION AND MODIFICATION OF TRUST PROVISION DUE TO SCRIVENER'S ERROR

(PROBATE CODE §§ 15002, 17200(B)(1), 17200(B)(6), 17200(B)(13))

HEARING: JUNE 3, 2020

DEPT: 11A

TIME: 8:30 A.M.

The Petition for Reformation and Modification of Trust Provision Due to Scrivener's Error (the "Petition") filed by Dean A. Spanos and Dea Spanos Berberian, Co-Trustees of the above-named trust, came on regularly for hearing before this court on June 3, 2020. The court finds that notice of hearing has been given for the time and in the manner prescribed by law. The court approves the virtual representation of the minor great-grandchildren and their unborn issue and the unborn issue of each grandchild as recited in the Petition. No one appeared in opposition. The court, having considered the Petition and documents filed in support thereof finds that good cause appears and grants the Petition.

//
//

FILED
SUPERIOR COURT-STOCKTON
20 JUN 29 AM 9:54
FRANCON E. RILEY, CLERK
BY *[Signature]*

1 IT IS HEREBY ORDERED as follows:

- 2 1. The court confirms that allegations of the petition are true and correct.
- 3 2. The court confirms that clear and convincing evidence has been shown that the
- 4 limitation of the payment of net income from the Nonexempt trust for the benefit of each
- 5 child to include only the investment assets (and not the Spanos Business Interests)
- 6 arose from a mistake in drafting and is contrary to the intent and understanding of the
- 7 Settlor. The first sentence of the first paragraph of Section 6.9E.3 of the amended and
- 8 restated Alex and Faye Spanos Family Trust as amended and restated on June 28,
- 9 2007, should read:

10 "The Trustee shall pay to or apply for the benefit of the child annually or at

11 more frequent intervals during the child's lifetime the greater of: (a) the

12 entire net income of the Nonexempt Trust; or (b) a unitrust amount from

13 gains that would otherwise be allocated to principal of four percent (4%) of

14 the net fair market value of the investment assets of the Nonexempt Trust,

15 as valued on the first business day of each calendar year (or the date of

16 the Surviving Settlor's death for that calendar year, and prorated for the

17 year of Surviving Settlor's death or any other short year)."

- 18 3. The Trustees are hereby authorized and instructed to execute the First
- 19 Amendment to the Amended and Restated Alex and Faye Spanos Family Trust as
- 20 stated in Exhibit 1 to the Petition, which is quoted immediately below as follows:

21 **"First Amendment to the Amended and Restated**

22 **Alex and Faye Spanos Family Trust**

23 In accordance with the Order Granting PETITION FOR REFORMATION AND

24 MODIFICATION OF TRUST PROVISION DUE TO SCRIVENER'S ERROR (herein

25 called the "Order") (insert the date of the order) in the Matter of the ALEX AND FAYE

26 SPANOS FAMILY TRUST dated January 27, 1998, established by ALEX G. SPANOS

27 and FAYE SPANOS as subsequently amended by them on December 8, 2003 by the

28 First Amendment, on December 4, 2006 by the Second Amendment, on January 19,

1 2007 by the Third Amendment; and as further amended and restated in full on June 28,
2 2007 (referred to as the "FAMILY TRUST") rendered by the Superior Court of
3 the State of California, County of San Joaquin, the first sentence of the first paragraph
4 of Section 6.9E.3 of the amended and restated Alex and Faye Spanos Family Trust
5 dated June 28, 2007 has been deleted and amended to read:

6
7 "The Trustee shall pay to or apply for the benefit of the child annually or at
8 more frequent intervals during the child's lifetime the greater of: (a) the
9 entire net income of the Nonexempt Trust; or (b) a unitrust amount from
10 gains that would otherwise be allocated to principal of four percent (4%) of
11 the net fair market value of the investment assets of the Nonexempt Trust,
12 as valued on the first business day of each calendar year (or the date of
13 the Surviving Settlor's death for that calendar year, and prorated for the
14 year of Surviving Settlor's death or any other short year)."

15 Executed this _____ day of _____, 2020, in Stockton, California.

16 _____
17 DEAN A. SPANOS, Trustee

18 _____
19 DEA SPANOS BERBERIAN, Trustee"

20 Dated: **JUN 29 2020**, 2020

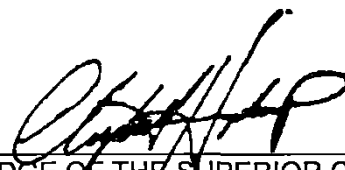
21 
22 _____
23 JUDGE OF THE SUPERIOR COURT
24 **ELIZABETH HUMPHREYS**

EXHIBIT 2

From: [Spanos, Dean](#)
To: [Dea Berberian](#)
Cc: [Steven Cohen](#); [Jeremiah Murphy](#)
Subject: Re: Pledges
Date: Friday, February 22, 2019 10:47:11 AM

I think we can do whatever we want and no one is going to say anything!

Sent from my iPhone

On Feb 22, 2019, at 10:44 AM, Dea Berberian <dberberian@agspanos.com> wrote:

I agree with making a plan and going forward. What I am really concerned with is the payment schedule recommended by Jerry. 15 years to coincide with the IRS payments is embarrassing considering they agreed to allow the gifts to be changed to bequests more than 10 years ago. If the gifts had always been bequests then I would be ok with Jerry's suggestion but none of them were. The 3 most critical gifts are Mercy, Cal Poly and Sac State. Dad's name is already on the first 2 buildings. Don't be surprised if the charities ask for some type of collateral. Almost all major naming gifts are required to be paid over 3-5 years and the name does not go up until it is paid in full. I do not have a good feeling about this.

Sent from my iPad

On Feb 22, 2019, at 10:22 AM, Spanos, Dean <S65@chargers.nfl.com> wrote:

I believe as long as we are moving forward with a plan and making some sort of payments, interest only etc, towards conclusion there will not be an issue. It would be stupid on their part to push the issue with us!!!

Sent from my iPhone

On Feb 22, 2019, at 10:13 AM, Steven Cohen <Steve@agspanos.com> wrote:

Jerry, when I spoke with Dea yesterday she was fine with waiting the few months to get our appraisals and have a better estimate of all of our liabilities. She also agreed that the four of them will discuss all of this and come to a decision. I also shared with Dea that I spoke with her estate tax attorney, Bob Temmerman, to get his take on estates dealing with charities. Bob's comments about charities were:

1. They know where their bread is buttered
2. They don't want to make waves for donor families as

- it's not good for their reputations
3. They want to work with the donors
 4. They will respond favorably to good faith efforts

Dea noted that Bob did not have the benefit of the fact that we negotiated down the original amount of some of these pledges, nor that we renegotiated a previous payment schedule to a bequest at death.

Dea's concern is that some of these charities may move to remove the naming rights.

My feeling is that meetings with all of these charities, once we have a plan, will allow us to decide what can be done without disturbing the naming rights.

Steven L. Cohen • COO/EVP • The A.G. Spanos Group of Companies

10100 Trinity Parkway, 5th Floor • Stockton, CA 95219
p 209.955.2505 • f 209.473.3703 • steve@agspanos.com

From: Jeremiah Murphy <jmurphy@agspanos.com>

Sent: Friday, February 22, 2019 8:35 AM

To: Dea Berberian <dberberian@agspanos.com>

Cc: Steven Cohen <Steve@agspanos.com>; Spanos, Dean <s65@chargers.nfl.com>

Subject: Re: Pledges

Dea

We all agree that the pledge payments are a group decision. The plan has always been that the estate administration would involve all four family members. In about two or three months we will have most of the estate appraisals and then we can prepare a report of the estate assets and liabilities. With this information, the family can decide how to proceed with paying all the estate liabilities including the charitable pledges and the federal estate tax liability. Alternatively, we could use estimates and prepare a report now for the family to review. The pledges are a part of the larger estate.

Jerry

Sent from my iPhone

On Feb 21, 2019, at 3:33 PM, Dea Berberian
<dberberian@agspanos.com> wrote:

I would like an in person meeting with all of us including Alexis and Michael to discuss this issue. I have great concerns about Jerry's recommendation. We have already renegotiated the pledges once and that was 10 years ago and now we are asking for 15 more years. I dont think this will be well received by anyone. If we had been following that plan for the past 10 years, then I have no problem continuing it for 5 more years but we didnt. There are as many negatives(maybe more) to following Jerry's advice than borrowing the money to pay the most urgent pledges now. You all knew this day was coming.

Sent from my iPad

On Feb 21, 2019, at 10:47 AM, Steven Cohen
<Steve@agspanos.com> wrote:

Dean & Dea,

[REDACTED]

[REDACTED]

Jerry and I discussed presenting to the charities that we would pay them on a similar schedule that we will be paying the IRS, i.e. interest only for 5 years and principal and interest for another 10 years.

Please let me know if you agree with this approach, and if yes, who you feel should be in the meetings with the charities.

Thank you, Steve

**Steven L. Cohen • COO/EVP • The A.G.
Spanos Group of Companies**
10100 Trinity Parkway, 5th Floor •
Stockton, CA 95219
p 209.955.2505 • f 209.473.3703 •
steve@agspanos.com

EXHIBIT 3

July 24, 2019

TO:

Dean Spanos
Michael Spanos
Alexis Ruhl
Jerry Murphy
Steve Cohen
Jeanne Bonk
Keith Schiller

This is not an easy letter to write to all of you. Rather than get caught up in all of the bad feelings of the past, I have finally come to realize why I have been so concerned about the impact the Charger's move to LA has had on the family and our businesses. In the simplest terms possible, it is because while our family certainly has great wealth, none of it is liquid and it hasn't been for more than 12 years. I do not believe we can continue down this path without great hardship, personally and emotionally. It is time we have an honest discussion about the family, our parent's estate, and all the debt obligations the family is facing right now.

We are doing the exact same thing that occurred in the early 2000's. When the north Stockton property was purchased. We are leveraging our future forever, only this time it's on steroids because of the illiquidity and death of our parents.

We just buried Mom and Dad and we cannot even put them and their legacy to rest because we cannot put closure on their estate and their obligations. We are their legacy and the life they lived and loved in Stockton, and until we have the cash to pay off all of their personal and estate debts, we will continue to be buried in debt. We cannot even take care of their home without borrowing the money and Villa Angelica was the heart and soul of Mom's life as well as the family's. There is plenty of wealth to preserve our family's history here in Stockton but silently there is a movement to dispose of it all. I have been told repeatedly that there is no money to take care of these assets. Short term we borrow the cash we need, and long term we will have to sell their assets. How will we ever feel good about this?

While the growing debt in the family is a HUGE problem, the resources are there to deal with it if we are all honest with the current state of affairs. Mom and Dad left a great familial legacy of four children, 15 grandchildren and now 13 great-grandchildren. They also built two companies that to this day are viable and can build on their legacy by serving to keep the family together and close. The issue at hand is whether or not our generation is going to live up to the greatness of our parents and make the right decision in keeping with their legacy or destroy that legacy?

I have put together a short list of just a few of the many items that we need to discuss and the sooner the better. We need to formulate a short-term and long-term financial plan to deal with the harsh realities of our parent's deaths and the current state of affairs. If there is a plan, I am asking to hear and see in written detail with no omissions, what that plan is, why it will work and how it will work for the whole family?

DEBT ISSUES

1. There is an ongoing discussion and plan to sell assets to raise cash to pay down the \$40,000,000 the construction company owes on the Charger line. This is to free up the line so the Chargers can invest in new offices and a training facility which will incur far more debt than the \$40,000,000. This is new debt

July 24, 2019

that will be piled on top of the already large amount of debt that the estate and family currently already have incurred and owe to date. The following highlights the growing DEBT ADDICTION our family lives off of and does not serve the long-term interests of the family or the legacy of our parents:

A. ESTATE TAX

The appraisals should be completed by the end of August so an accurate projection can be made at that time. However, we all know that the amount is going to be significant and the family does not have the cash to deal with it unless all liquidity options are considered. There are no sacred-cows in dealing with the debt issue in an affirmative and deliberate manner.

Years 1-5 of the estate tax are interest only

Years 6-15 we must pay interest and principal estimate

Where is the cash to pay this debt going to come from?

B. PLEDGE PAYMENTS

Mercy Hospital
Cal Poly
Sacramento State
Church Obligation
Total Due: \$23,000,000

These bequests are more than fifteen years old and are due and payable now because they were not included in the trust as beneficiaries of the estate. The thought of renegotiating these obligations again is shameful.

C. CHARGERS

The five year cash flow projection which Jerry produced did not include a GENEROUS distribution guarantee on an annual basis to the passive partners who have been deliberately shut out of the business, and they have made the greatest financial sacrifice over the past 20 years through their ownership. This is UNACCEPTABLE!

The debt payments in years 6-10 on the Goldman relocation loan per Jerry will be about \$69,000,000 per year.

We need a thorough understanding of the line of credit for the Chargers, to understand both the personal and business obligations, and why and who incurred them?

Additionally, how many dollars have been distributed from earnings or borrowed from the Charger line to support the cost of the north Stockton Property and Mom and Dad's estate over the past 12 years. This money spent is "DEAD MONEY" and can never be recovered and there is no revenue source to cover the annual carry cost, let alone pay down the debt.

D. THE CONSTRUCTION COMPANY

What is the 5 year cash flow projection for the construction company? It is my understanding that when the Chargers were forced into their move to LA and cash became a

problem, they turned over all financial responsibility for the carry costs of the north Stockton property and the estate to the construction company. I asked and have been told that the Construction Company has paid out \$52,000,000 over the past 4 to 5 years to carry this burden. These monies came out of earnings in the form of inter-company debt. A direct consequence of this is that in order for the construction company to continue to build, it has had to borrow \$40,000,000 on the Charger's line. So now the pressure is on from the Chargers to fire sale assets to pay down the line so they can borrow more money.

- a. Does paying down the line really put the construction company in a better position? And once again, all of this is to the detriment of the passive partners who have been shut out of the business part of the company and have been made irrelevant.
- b. The multifamily business has been robust the past 10 years, a time when our family business could have been benefitting much more from the industry than it has. How does it make sense to choke off a business that is capable of producing cash in the construction company? If cash is scarce as a result of the Chargers move to LA, it would seem prudent that the best way to help that situation would be to have at least one of the businesses growing and generating cash rather than just taking out large new debt and hoping for the best outcome in only one of the companies. The construction company should have been an asset to lessen the blow of moving the team to LA as opposed to what has happened and is currently being discussed.
- c. Last, I would like to see a comparison of the profitability of the Chargers and AGS Companies relative to their values. On the one hand, the Chargers have an immense value but pays out little to nothing to its partners as a return on investment. On the other hand, AGS Companies has very little in assets and value, yet is highly profitable and could be even more so if there was a rational plan in place for it to operate as such if it had the sufficient resources to do be able to do so.

ASSETS

1. This is a short list of some of the assets that have come up for discussion to sell:

A. TAHOE HOUSE

- a. Due to the growing family debt on the personal and business side, the deferred maintenance on this house continues to get deferred impairing the house's value.

B. Interest in BELL Wine Cellars

- a. Note that 12 years ago, we sold Pritchard Hill, a premier piece of property in Napa Valley, following the same line of thinking current discussions have revolved around; that was to raise cash because our family needed cash. Today that land would be at least double what it was 12 years ago.

C. LAND

- a. Vacaville – This property was purchased in 2003 and we have fully entitled and carried it for 16 years. What will the NET LOSS to the construction company be if we sell and let someone else develop it and put new multifamily projects on it which is

one of our core businesses. What is the opportunity loss following that line of strategic thinking?

D. OFFICE BUILDING

- a. A few years ago, the office building was listed because the family needed to raise cash. That listing sent public rumblings throughout Stockton regarding what AGS's business motives were and what was the financial state of our family.

E. NORTH STOCKTON PROPERTY

- a. Overpaying for this property in the early 2000's to 2006 coupled with gross mismanagement from the day this land was purchased AND a lack of liquidity is the reason this development has gone nowhere for the past 12 years. Rather than deal with these facts, the family suffered through having this property burden both companies and being "dead money" since its purchase. What has been the true cost to the family and both companies to carry and manage it in such a way?

F. VILLA ANGELICA

- a. I have been repeatedly told that we do not have the cash to take care of the properties. Deferred maintenance on the house is simply wait until it breaks and then we will fix it. Until then, there is no money to take care of it.

G. MOM'S JEWELRY

- a. This was a recent suggestion. Explain to me how selling Mom's jewelry is going to alleviate the liquidity crisis? Are we measuring debt relief in seconds? In minutes? Shouldn't our plan involve the next year, 3 years and how to ensure the family can function for the next decade and more?

ASSETS AND LIABILITIES

1. WHY ARE WE NOT CONSIDERING THESE POSSIBILITIES:

- A. Selling the G5 – Not only is this an asset in declining value because of its age relative to newer model aircraft, the expenses are higher for the very same reason. Selling the plane could net funds and save the estate and the family millions of dollars per year. What are the annual operating expenses that would be saved if this was sold?
- B. NET JETS – Is this even an asset or is it just an expense? This seems as though it will save significant funds. Have we been paying for the aircraft via debt for all these years b/c that does not make sense to me?
- C. LAS VEGAS OFFICE – We have not built in that market for 20 years b/c it has made no economic sense relative to the other markets we build in. What has been the cumulative cost to the estate and family during this time?
- D. NO LONGER ALLOWING THE WASTEFUL USE OF COMPANY ASSETS FOR PERSONAL USE –

THESE LAST FOUR ITEMS ALONE WILL SAVE MILLIONS OF DOLLARS EVERY YEAR!!!

It should be obvious now how both companies have been severely impaired by this continuing and growing debt burden.

WHERE IS ALL THE MONEY GOING TO COME FROM TO PAY FOR ALL OF THIS DEBT? FROM EARNINGS AND MORE DEBT? IS MORE DEBT THE ANSWER; DO WE REALLY BELIEVE THAT?

July 24, 2019

REMEMBER THAT IN YEARS 6-10 THE DEBT SERVICE WILL INCREASE TO \$100,000,000 BECAUSE OF THE GOLDMAN LOAN AND THE INCREASE IN ESTATE TAXES THAT WILL BE DUE ANNUALLY.

HOW WILL WE BE ABLE TO KEEP THE FAMILY TOGETHER AS THE INEQUITY BETWEEN THE FAMILIES CONTINUES TO GROW? WE WON'T!

THE MOST IMPORTANT QUESTION WE SHOULD BE ASKING OURSELVES IS WHY WOULD WE CONTINUE TO PILE ON MASSIVE AMOUNTS OF DEBT YEAR AFTER YEAR? Dad always believed that "Cash is King!" and we are contemplating doing the complete opposite with no comprehensive plan to address the estate and two businesses. The only chapter about business in his book was Chapter 7, Cash is King! **On page 98 of his book, he states,"I made a big mistake in my early days in the construction business when I fell in love with all of my buildings. That mistake took its toll in 1968, when I faced my biggest crisis ever as a businessman." Dad goes on to say about the crisis,"I almost went broke. For years I spent my life building, building, but rarely selling. Then the 1968 recession hit. I looked at my buildings and looked at my books and realized that I had nothing in the bank. Even though I was rich in real estate holdings, I had no cash reserves. Essentially, I was building up the equity in the projects and servicing the debt, but that doesn't generate cash flow. My real estate holdings couldn't feed my family or run my business, and I couldn't buy more land or build new projects. You better sell some buildings before you go broke, my accountant warned me."**

Have we forgotten the lessons Mom and Dad taught us? That quote from his book is directly relevant to all the issues the estate, our businesses, and family are facing today. The gravity of the circumstances require that a comprehensive evaluation of how to deal with the growing debt burden, and the assets that allow that burden to become manageable by solidifying both companies and our parent's legacy of keeping the family together.

There is much to discuss but what has been absent from all of our discussions is transparency and a comprehensive plan. I end this letter where I began it; If there is a plan, I am asking to hear in great written detail with no omissions, what the plan is, why it will work and how it will work for the whole family and the estate? I am formally requesting a meeting to discuss all of what is in the letter and require that all those copied on this letter must personally attend the meeting. In order to have everyone in attendance, the meeting can be anywhere in California. I expect an answer regarding timing and a meeting place in August. Last, if there are other financial issues that are impactful on our parent's estate and the family, everyone should feel free to be open and be transparent about including such topics as part of the meeting and discussion.

EXHIBIT 4

SCHILLER LAW GROUP

ATTORNEYS AT LAW
A PROFESSIONAL LAW CORPORATION

Creator *Estate Planning at the Movies*®

3201 DANVILLE BLVD., SUITE 285
ALAMO, CA 94507

E-MAIL: kschiller@SLG4Law.com
WEB SITE: www.SLG4Law.com
WEB SITE: EstatePlanningAtTheMovies.com

TELEPHONE: 925-820-8500
FACSIMILE: 925-984-2740

August 7, 2019

Attorney Client Communication

Dean Spanos
7 Shoreline
Newport Coast, CA 92057

(S65@Chargers.nfl.com)

Dea Spanos Berberian
1319 W. Lincoln Road
Stockton, CA 95207

(dberberian@agspanos.com)

By Mail and email to both

Re: **Alex and Faye Spanos Family Trust**
July 24, 2019 Letter from Dea Berberian

Dear Dea and Dean:

I am writing to you as co-trustees of the Alex and Faye Spanos Family Trust in reply to the letter of July 24, 2019 from Dea directed to your siblings, Jerry, Steve and Jeanne Bonk. I am writing to both of you since you together are my clients in your capacities as co-trustees. I have copied Steve and Jerry since they are your designated communication point people and have assisted with my understanding and mental impressions.

Dea's letter addresses matters of substantive direction and trustee responsibilities both to beneficiaries and between trustees.

In many ways, you face challenges you have never encountered before, namely, handling matters together without the presence of your parents. This may sound strange since you are both highly accomplished and your parents' abilities declined to varying extents in recent years, however, the death of your parents changes the dynamics of communication and doing business. Part of this new dynamic is the expanded obligations and responsibilities associated with being co-trustees, subject to the terms of the living trust and state law. On the plus side, your historically strong family relationship reflects a core asset that many families lack when confronted with similar challenges.

Although almost a year has passed since the death of your mother and ten months since the death of Alex, the trust administration is relatively brief to date in the scheme of things. It is evident that the estate has substantial liabilities from pre-death obligations, ongoing debts, and pledges and now, the federal estate tax and expenses

of administration. The debt has been cited to me as a concern by Steve and Jerry, indirectly by your CPA and by you.

I analyze Dea's letter in two general categories, namely: (1) communication and administrative process; and (2) planning for the payment of debt and distribution of the trust estate as best as can be done (consistent with the terms of the trust).

(1) Communication and Administrative Process

As trustees, you have a variety of duties, the primary of which is to follow the terms and conditions of the trust. Generally, you are both required to act. There are certain instances in which one or the other of you can act alone. For example, in Section 7.20 by your joint action you can allow one co-trustee to sign checks or take banking actions referenced in that section. Also, Section 7.27 of the trust authorizes one co-trustee to act if so required by business agreements.

Dea has expressed concern to me that she has had some difficulty obtaining information. I convey this concern so that Dea (and Dean if the occasion arises) receive the information to which a co-trustee is entitled. I recognize that privacy is an important value held by the family and has served well in prior operations. The trustee positions that you hold call for centralization of overall planning as you move forward. This requires a higher and more extensive level of communication than you have historically experienced. Related to communication, I would also prefer, as your counsel, to receive more information regarding your planning so I have a better sense of where matters are going rather than my responding to particular urgencies.

Dea's letter raises questions and expresses concerns that reflect fundamental questions, challenges to be addressed (opportunities, rather than situations that cannot be changed) and implications within the family dynamic.

Noting that our office does not represent beneficiaries, it may be beneficial if the co-trustees and beneficiaries consult with a family dynamic business advisor. It is my experience that such consultations can help avoid the development of toxic responses.

Investment Policy Statement

Among the duties you have as trustees is to develop an investment policy statement. I renew my prior suggestion that you develop an investment policy statement. I spoke about this at a meeting last November attended in person by Steve, Jerry, Dea, Demaris and me as part of an overall agenda. I understand that Jerry developed a draft statement after that meeting, though I have not seen it. I would like to see a copy of that draft; and, in addition I request a copy of any final edition before it is signed. .

Many trustees develop these statements in consultation with their CPA or investment advisor, though you have internal resources not available to most people. Generally, trustees are directed to invest in a prudent and diversified manner. However, the

Spanos Trust includes specially-drafted and very-much discussed special provisions that allow for the consolidation of Spanos business interests and the exercise of business judgment with broad discretion. These are exceptions to the normal rules. See, Sec. 7.27 of the Spanos Trust.

Thus, you should develop and update from time to time an investment policy statement. Such statements can be... and in fact should be... updated as events and changes evolve. They are not carved in stone.

Communication and Information Sharing

I understand from Steve and Jerry that you aim to have quarterly meetings which include Lexi and Michael. Though they are not trustees and do not hold your powers (or rights and responsibilities), such meetings are excellent ideas to keep the current beneficiaries informed. (Your siblings are not the only beneficiaries entitled to be informed. Communication and accounting duties also apply to the younger generations.) Providing this higher level of communication to your siblings can be very helpful in keeping your siblings informed, avoiding surprises and reducing the probability of challenges against you. I encourage you to keep this up and to strongly encourage invitees to attend the meetings. It is my understanding that the meeting you had in July involved presentations of the significant economic events and issues. I would appreciate receiving a copy of those materials as well as being included on the circulation list going forward so I can be better informed.

As between the two of you as co-trustees, you have mutual communication and information sharing rights (and responsibilities). Reasonable information requests are not requesting a "favor" and timely and appropriate responses are a part of your obligations as co-trustees. You each have the right to ask questions and receive answers. I suggest that you develop a schedule acceptable to the two of you for regular meetings for the exchange of significant financial information, written reports and key indicators that are relevant to forward planning and the state of affairs. This also applies with respect to real property, in which Michael is the lead business executive.

When analyzing the information rights of trustees or co-trustees, I generally apply a business model approach similar to the respective information rights of executives and owners. This approach is grounded in general business principles. Thus, the CEO receives certain reports and has responsibilities to provide information to a board or owners. Since the trustees are owners, though a particular co-trustee may be the executive officer (such as the CEO or LLC manager), ownership information rights apply.

Accordingly, it may be helpful to identify the type of reports that would be regularly shared, and the frequency of those reports.

Accounting

Pursuant to the terms of the trust (and state law), accountings are to be conducted annually. The trustees' duties to account are stated in the living trust and Probate law. These are among the most important required acts of a trustee to remain in compliance. The accountings can be developed by your internal staff, and I suggest they be reviewed by your CPA. There are special formats used for these accountings. In some complex situations, income tax reporting models are used with special notes added regarding: (1) current asset estimated values; (2) intra-family or related party transactions; (3) compensation paid to the trustees; (4) compensation paid to agents; and (5) material events not on the income tax return. Such an alternative model can be used if all beneficiaries agree. Otherwise, the Probate Code model should be used.

Please be advised that all descendants are entitled to the accountings. Contact our office when accountings will be sent out since there is a special notice you as trustees are required to include with the accountings.

I suggest that you confer with Steve or your CPA regarding the best time for closing the books. For example, if you have elected a fiscal year for the trust estate, closing the accounting period as of the end of the fiscal year may be more efficient than having accounting periods end for different purposes.

Also, since the deaths of AG and Faye are close in time, there may be a convenient date to use for the two of them.

(2) Debt Issues

Dea raises a variety of concerns respecting particular debt-related matters, cash-flow matters and ultimate distribution of assets. At this point, I am not certain whether these represent actual present conflicts between you as co-trustees or the voicing of concerns that need to be addressed through a developed plan. There are short term and long term elements to Dea's concerns. At this point, I view the matters as expression of concerns rather than expressing per se differences between the two of you. If this is not the case, please tell me.

You have the right as co-trustees to have different views. You each of the right to have separate counsel represent you individually in your respective capacity as a co-trustee (and to have your own individual counsel, of course, as a beneficiary). I will need to evaluate my role if there are actual conflicts. Since I represent both of you I cannot keep in confidence from the other what one or the other of you says to me.

Estate Tax

There are significant unknowns at this time. The amount of the federal estate tax that will be reported as payable is currently unknown. We have not received appraisals, and it is possible that appraisers will reach different valuation conclusions than are currently

estimated internally. Also, the estate tax return reflects the estate's position. The IRS likely will seek to increase the liability from whatever is reported on the estate tax return. Dea's summary of the estate tax situation in paragraph 1.A is substantially correct. The first interest payment is due 21 months (9 months plus 12 months) after the death of each of your parents. The four annual interest-only payments required are due in 2020, 2021, 2022 and 2023.

As you are aware, it will be necessary to develop a liquidity plan. Steve and I have discussed it though I have not seen a finalized plan or any drafts. I would like to see a copy of the plan.

Pledges

At this point, the charities have been requested to sign and return confirmations. I understand that the Greek Church, Sac State and Mercy have confirmed the pledges and that the Cal Poly confirmation has been signed and mailed to you. The charities are not technically beneficiaries under the trust. They are creditors, and if the confirmations are signed, you receive the benefit of no interest and have a reasonable period to liquidate as necessary to satisfy the pledges.

From a purely legal standpoint, I encourage that these debts be paid before entering into the written agreement with the IRS with respect to the lien the IRS will receive to pay the deferred tax. Once that agreement is reached, the trustees have personal liability if funds are used to pay liabilities and the deferred tax is not paid. While I am not expecting such creditor risks to arise in this estate, this consideration may provide additional incentive for you to have the debts paid to the fullest extent you can before the lien agreement is in place. I would expect that agreement to go into place a year or two after the estate tax return is filed.

Chargers and the Construction Company

The trust agreement includes special provisions in Section 7.24 regarding Spanos Business Interests, including the Chargers and certain other business interests.

The development of an overall plan to reduce debt and pay taxes and obligations is crucial for this estate. I understand from Steve and Jerry that there are certain points of immediate business concern, including that the stadium for the move is not ready, the limitations of the current smaller stadium with respect to current sales, season tickets and general revenue.

Some aspects of Dea's concerns appear more beneficiary in nature, and I cannot address them.

Likely, you have different personal connections with different assets, which may influence how you individually look at matters. I am not referencing any particular asset with that statement since it may apply to some among the Spanos Business Interests or

other assets. As trustees, the development of short term and long term liquidity plans are important for what is best in overall trust administration. I cannot advise what particular sales should be made or the best time for any particular sales to be made. We can discuss legal parameters of what the plan you develop.

Dea wants to advance the process of the review and seeks an August reply. That request should be taken seriously and addressed even if there is not a final solution in the near future.

Timing considerations with sales can be important as well as sales of partial interests in property or entities as potential solutions. In any event consideration for the best overall trust estate administration actions which can also recognize the special discretions granted are important.

Assets and Asset and Liability Sections

Various aspects of these sections are similar to the concern with the Chargers and Construction Company though most of the other assets are not defined Spanos Business Interests. Discussion of these items rests in a broader context.

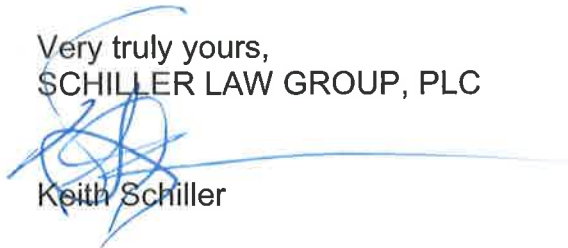
The trustees should identify any self-dealing transactions, such as the use of business or trust assets for personal benefit that is not being paid to the trust or for a business purpose. Ongoing personal use may either have to be compensated or subject to protocols that the trustees and interested parties approve. Thus, merely continuing past allowances may not be sufficient. I am not addressing any particular matter with this statement, but reply to observations in Dea's letter. With the death of your parents, the framework changes and these personal-use events should be viewed in this context to see where payment may need to be made, where approvals in writing may be needed and what actions should and should not continue. Again, this is an overall statement.

Finally, Dea's letter reflects concern about inequities between families. I assume these relate to the greater participation of some family members or their issue in particular businesses and the use of resources to support those endeavors to the potential detriment of others. I am not in this email commenting on the merits or particulars of that concern. However, it is a very important concern and should be addressed. Issues of this type have undermined many families.

I can certainly brainstorm some suggestions with you to address these concerns and discuss a variety of business alternatives and family dynamic stress release strategies. You have a strong family with a great name and heritage. Your reserves may be tested. You also have excellent internal resources to assist with the business planning. I am here to help you both within the allowances of my responsibilities to the two of you, as trustees.

Should my participation in your next meeting be desired or other input sought I will be available most of August but will be overseas from September 5 to September 25.

Very truly yours,
SCHILLER LAW GROUP, PLC



Keith Schiller

cc. Steve Cohen
Jerry Murphy

By email (steve@agspanos.com)
By email (jmurphy@agspanos.com)

EXHIBIT 5



September 12, 2019

Dean Spanos
Michael Spanos
Alexis Spanos Ruhl
Steve Cohen
Jerry Murphy
Jeanne Bonk
Keith Schiller

This is a follow up to my letter sent to each of you at the end of July whereby I requested a meeting to discuss the PLAN for the family as a result of Mom's and Dad's passing. It is unfortunate that the meeting will not occur until October 1st some two months after I sent the letter and about five weeks before Mom's estate tax return will be due on November 7th.

I have been informed that Jerry and Jeanne will not be available for this meeting and that Steve will be presenting a liability and cash flow analysis for the Chargers, the Construction company and the Estate to the four of us. Steve and I reviewed his analysis last week and it is critical that we have this information. It is also extremely important to note that Jerry and Jeanne's absence will prevent us from discussing the details of a long-term PLAN for the estate and the family. Thus, I am insisting on a second meeting after the October 1st one that includes Jerry and Jeanne.

Since my letter, it is clear that there are very large components that are crucial to the discussion at the upcoming meetings regarding the details and discussion of the PLAN for the estate and family. In order to ensure that our upcoming meetings are as productive as possible, please provide the following information to me on an immediate basis as well as all other information that may be relevant to this upcoming meeting:

- 1) Lease Agreement with StadCo
- 2) The NFL's summary or approval memo to owners
- 3) Drafts and communications related to those drafts of an amended operating agreement (or other form of entity agreement) that has been under discussion related to ownership and management of the Chargers
- 4) All communications and documents concerning any potential financing transactions related to the Trust or any of its assets, e.g., the Chargers including presentations to any lenders institutional or rating agency, operating projections, and financing summaries (including credit reports), and any loan documents relating thereto.
- 5) All documents and communications related to Blue and Gold, including its proforma
- 6) Steve Cohen's Liability and Cash Flow Analysis for all the companies and the Estate for the next 25 years. (FYI-Steve made his liability projections based on the Relocation Fee, the Goldman Loan, the Estate Taxes due over 15 years, all the longstanding liabilities of the estate and the G4 loan to the league for the stadium).

Page -2-

Full transparency is critical for the estate and the family, and I look forward to finally discussing what the PLAN is on a short-term and long-term basis for the estate and the family.

Please also note that, as Keith indicated in his response to my previous letter, in addition to Keith, Deno and I are each entitled to counsel of our own choosing to represent us as a trustee in order to ensure our independent duty to carry out our fiduciary duties. Therefore, I have retained Adam Streisand of Sheppard Mullin. Please include Adam in all future communications at astreisand@sheppardmullin.com.

I look forward to working with all of you and seeing this process to the end.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dea', written in a cursive style.

Dea Spanos Berberian

EXHIBIT 6

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <S65@Chargers.nfl.com>
Date: October 4, 2019 at 12:13:39 PM PDT
To: Dea Berberian <dberberian@agspanos.com>, 'Alexis Ruhl' <queenmasadilexy@gmail.com>, "Michael Spanos (mspanos@agspanos.com)" <mspanos@agspanos.com>
Cc: 'Steven Cohen' <Steve@agspanos.com>, "Bonk, Jeanne" <Jeanne.Bonk@Chargers.nfl.com>
Subject: Meeting on Tues Oct 8th in LA

Dea, Alexis and Michael,
As you know, I received a letter from Dea's attorney dated September 30, 2019. I believe it would be best for all of us to sit down together as a family to discuss the questions raised. I also believe it would be appropriate for any of our children to attend the meeting as they are all beneficial owners. Please feel free to invite your children. I have asked Steve Cohen and Jeanne Bonk to attend the meeting. Mark Whitaker from DLA Piper, counsel for the Chargers, will also be available to answer questions raised in the letter. Anyone is welcome to bring their attorney to the meeting.
I would propose we meet at 10am on Tuesday October 8th at the DLA offices in Century City (2000 Avenue of the Stars, Suite 400 North Tower, Los Angeles, CA 90067-4704). I hope that works for all of your

schedules. Please let me know who will attend from your family so we can make sure that we have adequate space in the meeting room.
Thank you
Deno

EXHIBIT 7

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <S65@Chargers.nfl.com>
Date: November 13, 2019 at 1:37:04 PM PST
To: Dea Berberian <dberberian@agspanos.com>
Subject: RE: Family meeting

Dea,

Thanks for your email. I agree we should be reporting to the beneficiaries on the status of the trust/estate, but I think that calling a meeting right now would be a little premature. I understand Steve Cohen has already asked Crowe (the accountants who prepared the estate tax return) to prepare a report on the activities of the trust. I think it would make the most sense for us to wait until we have that finished report in hand before we figure out our next steps about how best to communicate the information to the beneficiaries.

Deno

-----Original Message-----

From: Dea Berberian <dberberian@agspanos.com>

Sent: Tuesday, November 12, 2019 12:32 PM

To: Spanos, Dean <S65@Chargers.nfl.com>

Subject: Family meeting

Deno,

Now that the estate tax returns are squared away and the Goldman loan has closed, this seems like an important time to follow through on our obligation to keep the beneficiaries of the Trust informed of our action and the status of the administration.

I plan to invite G2 and G3 to meet in LA on either Monday November 25 or Tuesday November 26 at Sheppard-Mullin to begin a dialogue and I hope you will join me. I believe this is important for all of us. Also, please let me know whether Joe Shenker will attend so that Sheppard will make sure to put him on the security list.

DEA

Sent from my iPad

EXHIBIT 8

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <S65@Chargers.nfl.com>

Date: November 22, 2019 at 6:15:50 PM CST

To: Dea Berberian <dberberian@agspanos.com>

Dea

I received your email yesterday changing your proposed meeting from Nov 25th to Dec 16th . I have a few thoughts about planning for future family meetings that I wanted to share with you.

First, I think that in order for these meetings to be most effective, we need strong attendance and participation by the family. I think it makes more sense for future meetings to be held in Stockton, which is a more convenient

location for most of the family. I also think we should give everyone sufficient notice and propose a few different dates to choose from in order to increase attendance.

Second, I think involving lawyers at the meeting sends the wrong message to the family, and it also unnecessarily increases the estate's legal bills. I think we both envision these meetings as being a dialogue where everyone should feel comfortable asking questions about our administering the estate and discussing family business matters. It therefore would make sense to invite Steve Cohen and Jeannie Bonk who are familiar to the family and knowledgeable about the financials and the day to day management of the family business. But I think inviting strangers into the room might make some family members feel uncomfortable and reluctant to participate in the discussion.

Finally, I agree that it's important to discuss the estate administration process with everyone in person, but my understanding is that our legal obligation is to provide a financial accounting which sets forth in detail all of the transactions of each estate. The estate's accountant is working on this and we should plan our next meeting around delivery and discussion of the accounting. I also think the family might benefit from and be interested in a discussion about the economic performance and outlook of the underlying family businesses. Michael and I could present on these topics at a future meeting.

I would suggest that we both call for a meeting in Jan/Feb after dad's estate is filed, the football season is over and the financial accounting information is available. I also think each family should be allowed to bring one child to the meeting...

Deno

EXHIBIT 9

[REDACTED]

[REDACTED]

From: Alexis Ruhl <queenmasadilexy@gmail.com>
Date: November 15, 2019 at 3:08:06 PM PST
To: Dea Berberian <dberberian@agspanos.com>
Subject: Meeting

Dea,

I am unable to attend the meeting on the given date.

More notice would be appropriate for everyone involved and some choice of dates. Due to everyone's busy holiday schedule and the football season I think a January meeting might be a better time.

Also, a Saturday might work best for G3.

Besides we just had a meeting in October and I don't see the urgency to meet again.

In addition, I agree that "we as a family gather periodically" but why not in Stockton as a family and not at your attorney's offices in LA. In fact, I'm sure you're aware the legal bills recently charged to the estate have been astronomical and continuing on this path is unnecessary. I disapprove to the continuing use of attorneys.

Again, I agree that we should meet but I believe it should be in Stockton and without attorneys!!!

Sent from my iPhone

EXHIBIT 10



From: Dea Berberian <dberberian@agspanos.com>
Date: December 7, 2019 at 6:49:50 PM CST
To: Dean Spanos <s65@chargers.nfl.com>, Alexis Ruhl <queenmasadilexy@gmail.com>, Michael Spanos <mspanos@agspanos.com>
Cc: Keith Schiller Esq <KSchiller@SLG4Law.com>, Steven Cohen <Steve@agspanos.com>, Jeanne Bonk <jeanne.bonk@chargers.nfl.com>, Dimitri Economou <deconomou@agspanos.com>, Alexandros Economou <aeconomou@agspanos.com>, Aram Berberian <aberberian216@yahoo.com>, "A.G. Spanos" <AG.Spanos@Chargers.nfl.com>, John Spanos <john.spanos@chargers.nfl.com>, Adriana Cox <adriana.ruhl@gmail.com>, Nicoletta Ruhl <nruhl@agspanos.com>, Nicolas Ruhl <nmruhl@agspanos.com>, Alexandra Ruhl <zanruhl3@gmail.com>, Mikey Spanos II <mspanos21@gmail.com>, Christopher Spanos <chris_spanos25@yahoo.com>, Andreas Spanos <andreasspanos0021@yahoo.com>, Thomas Spanos <tspanos@agspanos.com>, Ana Spanos <anaspanos3@yahoo.com>
Subject: December 16th meeting

All,

It is truly regrettable that there has been so much interference with my plan to call a meeting of the trustees and beneficiaries of the trusts. As one of the two co-trustees, I am committed to carrying out one of my primary legal responsibilities to you, the beneficiaries, which is to keep you “reasonably informed” of our actions as trustees and the status of the estates we are managing. You are entitled, all of you, to be kept informed and it is crucial in the context of these very substantial estates that you be given an opportunity to know all the facts and challenges we will be facing not only in the next months, but for years to come. The

suggestion that it is disloyal to allow yourself to have the information to which you have an absolute right and which impacts each of you, saddens me. I believe it is high time that the older generation shows its maturity and loyalty to you, the younger generation, who will have to carry the burdens for longer than we, and be open with you about the state of affairs and the future, and give you the chance to ask all of your questions without judgement.

As co-trustees, we cannot possibly manage these estates without highly skilled professionals. You should all have the opportunity to know them, and more importantly, to be able to hear them explain these very complex matters in a way that we can all understand and from which we can all benefit. I have been repeatedly pressured to cancel the meeting, but I would not because it is my obligation to you to resist those pressures.

Unfortunately, the pressure on the next generation has made it difficult for many of you to be able to attend and has otherwise poisoned the atmosphere to which you had a right to expect, where you could be supported to learn all of the facts and even ask questions without fears of reprisals or appearing "disloyal". I have been left with no choice but to cancel the meeting. I commit to you that I will keep trying. In the meantime I want you to know how much I love all of you.

With much love,
Dea/ Mama/ Aunt Dea

Sent from my iPad

EXHIBIT 11

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <S65@Chargers.nfl.com>
Date: August 13, 2020 at 1:13:16 PM PDT
To: Dea Berberian <dberberian@agspanos.com>
Cc: "queenmasadilexy@gmail.com" <queenmasadilexy@gmail.com>, Michael Spanos <mspanos@agspanos.com>

Dea

Since the draft trust accounting is in the process of being finalized, I thought it would make sense for me you Alexis and Michael to try and schedule another meeting to review the trust's overall obligations and liquidity, and the draft accounting. I would also suggest that if any of the four of us would like to invite their children to join in along with Steve and Jeannie, they should do so. Under the circumstances, I think it would make sense to hold the meeting over Zoom, which might it easier to schedule. If you want to proceed then everyone should check their calendars for dates that would work.

Let me know

EXHIBIT 12

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-310-712-6600
FACSIMILE: 1-310-712-8800
WWW.SULLCROM.COM

*1888 Century Park East
Los Angeles, California 90067-1725*

NEW YORK • PALO ALTO • WASHINGTON, D.C.

BRUSSELS • FRANKFURT • LONDON • PARIS

BEIJING • HONG KONG • TOKYO

MELBOURNE • SYDNEY

August 12, 2021

Via E-mail

Adam F. Streisand, Esq.,
Sheppard Mullin,
1901 Avenue of the Stars, Suite 1600,
Los Angeles, CA 90067.

Re: Alex and Faye Spanos Family Trust, dated January 27, 1998, as
amended and restated on June 28, 2007

Dear Mr. Streisand:

I had hoped our recent conversation about this matter might have created a dynamic that would lead to a more constructive relationship between our respective clients and their counsel. Shame on me for wrongly assuming you might have thought that to be a desirable goal or that you had even a remote interest in working to achieve it. Shame on me again for believing—quite wrongly as it turns out—that I would be able to have a conversation with you without fear that, as here, you would misrepresent what was said for tactical advantage. To be clear, I have no desire to have any further oral communication with you without others present. In the future, our communications, which I hope to keep to a minimum, will be in the presence of others or in written form.

With respect to the mediation, while I am glad that Dea understands the need to participate in a mediation, I hope she also understands that in this mediation she and Dean will be aligned since any dispute involving the Trust will involve actions that Dean and she took jointly. With respect to the mediator, I'd like to give that a little more thought. During our prior mediation we made a number of concrete proposals you simply dismissed without engaging in any dialogue whatsoever and without offering even one counter-proposal. We of course have great respect for Judge Steele, and appreciate that he has familiarity with the matter, but I would like to consider further whether identifying a new mediator might facilitate more constructive engagement on your part.

With respect to our prior conversation on July 13, you will recall that the only reason that conversation happened was because I initiated it. You can hardly say with a straight face that Dean refuses to speak with or engage with Dea, his co-trustee, when I affirmatively suggested during our call that we schedule a meeting that both of them and

we would attend, and your response was that you did not believe such a meeting would be constructive because Dea and Dean do not get along. Indeed, we have repeatedly made clear to you that we will sit down and talk with clients present and involved, and you continue to say that it would not be constructive for Dea and Dean to attend.

Therefore, do not falsely suggest that Dean will not participate in efforts to enable the co-trustees to work constructively when the truth is that Dea will not engage. To be clear, Dean has been and remains prepared to attend and participate in a meeting, to engage with Dea in a constructive manner, and otherwise to address in good faith any and all legitimate issues involving administration of the Trust, free from your condescending and inaccurate insults and pejorative accusations.

You are correct that, after you put a damper on the idea of having a meeting our clients would attend, we did not discuss a lawyers meeting in September—at least not initially. If you recall, I proposed a meeting in early August, but you informed me you would be in France, and while we could have participated remotely you believed it was preferable to meet in person and you did not see waiting until September as being problematic. You undertook to put together a list of potential changes or improvements the parties might discuss to more effectively administer the Trust, but apparently that has now slipped your mind. In any event, the absence of or any delay in a meeting is on Dea, not Dean. And do not accuse Dean (or we on his behalf) of being unwilling to discuss prospective improvements in Trust administration when he is ready, willing and able to do so and all we hear from your side are empty insults and excuses for refusing to engage in a meaningful discussion. We should all be working to find a way for the two co-trustees to work cooperatively until the time when the Trust assets are distributed to each direct beneficiary and then each can do what she or he wants with his interest in the team and other assets.

As to settlement, please spare me the ethical lecture and fiction that Dea is only interested in doing what is best for the beneficiaries. Dea is acting directly contrary to her parents' clearly expressed intent and the discretion they gave the co-trustees to effectuate that intent by prioritizing the Chargers over all of their other assets, even when fiduciary principles might dictate otherwise. Dea is pursuing only her own self interest—she is the only current beneficiary of the Trust who wants to dispose of the Chargers or who thinks what she is doing is desirable, and she is acting contrary to the wishes of not only her parents but of the beneficiaries who comprise the other 75% of the Trust's beneficial interests. And notwithstanding that you again misconstrue what I in fact said, you suggest that “buying out” your client might be a bad thing. But in fact because your client is the only one who has any interest in selling any portion of the Trust's 36% interest in the Chargers, one-fourth of which will be distributed in kind to her and the trusts established to receive her 25% share of the Trust, there are numerous ways to meet her interests and also those of the other three siblings with whom she is in violent disagreement. Since the only reason the Trust continues to exist is because the estate has not yet closed,

one such way may be to terminate the Trust now, as the Trust Agreement expressly contemplates (if not requires), with provision as to how to handle the Trust's remaining liabilities. These are the type of things people who are looking to move forward, and not just pick fights, might consider discussing in good faith.

It is also time for you to stop the fiction that the Trust's financial situation is dire. The Trust's liabilities are comprised overwhelmingly of inter-family debt, plus a modest amount of true third-party debt, the outstanding charitable pledges of \$20 million, and the still unquantified estate tax liability. The value of the Chargers interest owned by the Trust, however, vastly exceeds the Trust's liabilities. And if it were in fact the case, as you repeatedly (and unconvincingly) assert, that Dea is genuinely concerned about the Trust's financial condition she, and you, might have at least entertained the numerous proposals we made to try and address such concern during the prior mediation with Judge Steele. Similarly, if, as you say, Dea is only interested in "doing what is in the best interests of the beneficiaries," she might at least consider the possibility that mature, intelligent adults representing 75% of the beneficial interests in the Trust might actually know what is in their own best interests, particularly when those interests fully comport with the express desires of the Trust's grantor. But, if Dea insists that she nevertheless knows best, and that her siblings, nieces and nephews are *all* "sadly misinformed" we would suggest convening a meeting attended by all of them to afford Dea with the opportunity to fully inform them, following which they can make an "informed" judgment about their best interests. Please let me know if Dea is agreeable to that.

As to the other matters raised in your letter, I also do not understand your comments about Steve Cohen, who is integrally involved in the family businesses, including the family construction company. While I appreciate your client does not like Steve Cohen, and you apparently do not either, he remains involved in family businesses that are not operated by the Trust but in which the Trust has an ownership interest. This is the second long-time Spanos family employee that your client has tried to eliminate, the first being Jerry Murphy, but Dean nevertheless remains willing to address legitimate concerns (if any) that exist from the Trust's perspective. So as I specifically said to you on July 13, if you want to suggest procedures for better monitoring matters on behalf of the Trust in which the Trust has an interest and Mr. Cohen may be involved, or areas in which you believe it is necessary to circumscribe what he does without the co-trustees' consent that might be regarded as administration of the Trust, tell us what you suggest and let's discuss it when we meet.

Finally, as to the charitable contributions, we again have a disagreement over the ability of the Trust to satisfy those pledges now. But of course Dean cannot proceed without Dea's consent, which she is withholding even as to the 40% payment we proposed to meet the Church's request and comply with Dea's stated preference that all four charities be treated equivalently. Perhaps this will be worked out with further discussion—on our side we can only hope so.

Adam F. Streisand, Esq.

-4-

If you have a suggestion for a path forward, please let me know. And if you desire a meeting in September, as we had previously discussed and agreed, please propose logistics, attendees and an agenda.

Sincerely,



Robert A. Sacks

cc: Joseph C. Shenker

EXHIBIT 13

Please Return To:
City of Stockton
Community Development Department
425 N. El Dorado Street
Stockton CA 95202

Doc #: 2021-102886
06/15/2021 02:06:07 PM
Page: 1 of 34 Fee: \$113.00
Steve J. Bestolarides
San Joaquin County Recorders
Paid By: SHOWN ON DOCUMENT



City Application Number: P19-0583

**AMENDMENT TO WEST LAKE AT SPANOS PARK WEST
DEVELOPMENT AGREEMENT (DA 1-04)**
(Amended October 29, 2019)

CITY: CITY OF STOCKTON, a municipal corporation of the State
of California

OWNER: STOCKTON WESTLAKE INVESTMENT, LLC
A California Limited Liability Company

SPANOS: STOCKTON WESTLAKE INVESTMENT, LLC
A California Limited Liability Company

C-04-386 P Amendment 2

OB: 2423818

Table of Contents

	Page
1. General Provisions.....	3
1.1 Incorporation of Recitals.....	3
1.2 Covenants.....	4
2. Definitions.....	4
2.1 Approvals.....	4
2.2 City Laws.....	4
2.3 Director.....	4
2.4 Enacting Ordinance.....	4
2.5 Exactions.....	4
2.6 Existing City Laws.....	4
2.7 Law or Laws.....	5
2.8 Mortgage.....	5
2.9 Mortgagee.....	5
3. Effective Date, Term.....	5
3.1 Effective Date.....	5
3.2 Term.....	5
4. General Development of West Lake and Paradise Marina.....	5
4.1 West Lake.....	5
4.2 Paradise Marina.....	6
4.3 Permitted Uses.....	7
4.4 Project Phasing.....	7
4.5 Applicable Laws and Standards.....	7
4.6 Development Review Process.....	8
4.7 Processing and Approvals.....	9
4.8 Other Governmental Permits.....	9
4.9 Additional Fees.....	9
5. Specific Criteria Applicable to Development of The Project.....	10
5.1 Application of New City Laws.....	10
5.2 Future Growth Control Ordinances/Policies, Etc.....	10
5.3 Development Densities Within West Lake.....	12
5.4 Use of West Lake.....	12
5.5 Easements: Improvements, Abandonments.....	12
5.6 Subdivision of West Lake.....	12
6. Indemnity: Insurance.....	12
6.1 Indemnity.....	13
6.2 Insurance.....	13
7. Periodic Review of Compliance.....	13
7.1 Annual Review.....	13
7.2 Owner's Submission.....	13
7.3 Finding of Compliance.....	14
7.4 Finding of Noncompliance.....	14
8. Permitted Delays; Supersedure by Subsequent Laws.....	14
8.1 Permitted Delays.....	14
8.2 Supersedure by Subsequent Laws.....	15

9.	Events of Default, Remedies, Termination; Attorneys' Fees.....	15
9.1	Events of Default.....	15
9.2	Remedies.....	15
9.3	Waiver, Remedies Cumulative.....	15
9.4	Effect of Termination.....	16
9.5	Limitations on Actions.....	16
9.6	Effect of Court Action.....	16
9.7	Estoppel Certificate.....	16
10.	Mortgage Protection: Certain Rights of Cure.....	17
10.1	Mortgagee Protection.....	17
10.2	Mortgagee Not Obligated.....	17
10.3	Notice of Default to Mortgagee, Right of Mortgagee to Cure.....	17
11.	Assignment.....	17
11.1	Release Upon Transfer.....	18
11.2	Covenants Run with the Land.....	18
12.	Amendment and Termination.....	18
12.1	Amendment or Cancellation.....	18
12.2	Recordation.....	18
13.	Notices.....	18
13.1	Procedure.....	19
14.	Miscellaneous.....	20
14.1	Negation of Partnership.....	20
14.2	Consent(s).....	20
14.3	Project Approvals Independent.....	20
14.4	Not a Public Dedication.....	20
14.5	Severability.....	21
14.6	Exhibits.....	21
14.7	Entire Agreement.....	21
14.8	Construction of Agreement.....	21
14.9	Further Assurances; Covenant to Sign Documents.....	21
14.10	Governing Law.....	21
14.11	Time.....	22
14.12	Dispute Costs and Fees.....	22

THIS DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into as of this → day of December, 2019, by and between the CITY OF STOCKTON, a municipal corporation of the State of California (“City”), STOCKTON WESTLAKE INVESTMENT, LLC, a California Limited Liability Company (“Owner”), and A.G. SPANOS as Trustee of the Alex and Faye Spanos trust under agreement dated January 27, 1998, (“Spanos”), pursuant to the authority of California Government Code Sections 65864-65869.5 and Stockton Municipal Code (“Code”).

RECITALS:

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties:

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864-65869.5 authorizing City to enter into development agreements in connection with the development of real property within its jurisdiction by qualified applicants with a requisite legal or equitable interest in the real property that is the subject of such development agreements.

B. As authorized by Government Code Section 65865(c), City has adopted the procedures and requirements for the consideration of development agreements within the City.

C. Owner is a general partnership organized under the laws of the State of California and is in good standing thereunder.

D. Owner holds fee title to approximately 689.6 acres of property (“The Project”) adjacent to and south of Eight Mile Road, west of Spanos Park West, north of Disappointment Slough and east of Bishop Cut (APN # 071-12-11 and 13). The Project is the subject of this Agreement and is more fully described in Exhibit “A,” attached hereto and incorporated herein by reference. The Project includes the Paradise Point Marina (“Paradise Marina”) (an existing marina consisting of boat docks, boat repair facilities, restaurant and miscellaneous shops) and a proposed residential development (“West Lake”). West Lake will consist of approximately 2800 detached single-family residential units, bike and pedestrian trails, community and neighborhood parks, lakes, open space, entry monuments, and land dedicated for future schools.

E. Spanos holds title to approximately 173.6 acres of property (“Crystal Bay”) adjacent to and south of Eight Mile Road, west of The Project, north of Paradise Marina and east of Bishop Cut (APN # 171-20-04, 05, and 06, Exhibit “B”).

F. Spanos and Owner have made application to City (1) to include The Project within City’s General Plan and designate same “MX” (mixed use as described in the Stockton Municipal Code); (2) to include Crystal Bay within City’s General Plan and designate same “Low and Medium Density Residential;” (3) to prezone The Project MX; (4) to prezone Crystal Bay “R-1;” (4) to approve The Project’s Master Development Plan; (4) to approve this Development Agreement; (5) to approve all applicable environmental documents; and (6) to request the San Joaquin County Local Agency Formation Commission (“LAFCo”) (a) to include The Project and Crystal Bay within City’s Sphere of Influence; (b) to include The Project and

Crystal Bay within City's Urban Service Line; and (c) to approve the annexation of The Project to the City of Stockton.

G. Pursuant to the California Environmental Quality Act (Public Resources Code § 21000-21177) ("**CEQA**"), City prepared and circulated a draft environmental impact report ("**EIR**") for annexation and development of The Project. On September 9, 2004, City certified that the EIR was adequate; that it satisfied the requirements of CEQA, the CEQA Guidelines, and applicable City regulations; and that it fully and accurately described The Project and Crystal Bay. A Notice of Determination was filed on September 15, 2004 with the San Joaquin County Clerk and on September 15, 2004, with the Office of Planning and Research of the State of California.

H. The Project is located in an area which will have a General Plan and Pre-zoning designation of MX. A Master Development Plan was submitted to City on September 14, , 2004. On September 14, 2004 the City approved The Project's Master Development Plan dated September 14, 2004 (the "**Master Development Plan**"). The Master Development Plan sets forth the distribution, location and extent of uses for West Lake and Paradise Marina and identifies regulations and criteria for development of the site through subsequent implementing projects. The Stockton Municipal Code requires that a Development Agreement be completed to implement the Master Development Plan and that such Development Agreement be processed with the Master Development Plan.

I. City has reviewed the Master Development Plan and EIR and determined: (1) that this Agreement is appropriate for the development of West Lake, the modernization of Paradise Marina and the future development of Crystal Bay; (2) that this Agreement will eliminate uncertainty in City's land use planning for and secure orderly development of The Project and the future development of Crystal Bay; (3) that City has an existing waste water conveyance system immediately adjacent to The Project and adequate capacity at City's Regional Waste Water Treatment Facility to process all wastewater generated by The Project; (4) that City has adequate potable water and potable water reserves to service the Project for twenty (20) years; (5) that Owner will construct all on-site and off-site improvements, structures, roads, sewer and water facilities required to service The Project; and (6) that this Agreement will achieve the goals and purposes of the Stockton Municipal Code. In exchange for these benefits to City and the public benefits of the development of West Lake and the modernization/upgrading of Paradise Marina, Owner desires to receive assurance that City will, in accordance with the Master Development Plan, grant those permits and approvals required for the development of West Lake, the modernization/upgrading of Paradise Marina and the future development of Crystal Bay, subject to the terms and conditions contained in this Agreement. In order to effectuate these purposes, the parties desire to enter into this Agreement.

J. The Master Development Plan was approved based on its stated intention to provide a comprehensive description of all land uses proposed for The Project, while maintaining the greatest amount of flexibility possible in the planning review process. The Master Development Plan provides for a range of land uses for each parcel within The Project, each of which is consistent and compatible with the overall land use concept for The Project and consistent with the policies, general land uses and programs of the City's general plan. The Master Development Plan and EIR established the criteria for consideration of, and all action

upon, all future specific proposals for development of land within West Lake and modernization of Paradise Marina.

K. On September 1, 2004, after conducting a duly noticed public hearing, the City Planning Commission recommended that the City Council approve this Agreement, based on the following findings and determinations that: i) this Agreement is consistent with the objectives, policies, general land uses and programs specified in the City of Stockton General Plan and the Master Development Plan for West Lake and the modernization of Paradise Marina; and ii) the Master Development Plan complies with the requirements of CEQA, and state and local CEQA guidelines.

L. On September 14, 2004, 2004, the City Council held a duly noticed public hearing on this Agreement and made the same findings and determinations, which are set forth in Enacting Ordinance No. 027-04 approving this Agreement thereafter adopted by the City Council, a copy of the City Council's Findings and Determinations are attached hereto, marked Exhibit "C" and incorporated herein by reference.

M. On October 29, 2019, the City Council held a duly noticed public hearing on an Amendment to this agreement and made findings and determinations and thereafter approved an amendment to this Agreement which is treated as a restated and amendment Development Agreement. The amendment made two changes: (1) it extended the term of the Development Agreement until January 10, 2040; and, (2) clarified that the former term "The Spanos Property" now is referencing and is identified as "Crystal Bay". In all other respects the terms and conditions of the originally approved development agreement remain unchanged.

NOW, THEREFORE, pursuant to the authority contained in Government Code Sections 65864-65869.5 and the Stockton Municipal Code, and in consideration of the mutual covenants and promises of the parties herein contained, the parties agree as follows:

1. General Provisions.

1.1 Incorporation of Recitals. The Recitals set forth above, the introductory paragraph preceding the Recitals, and all defined terms set forth in both, are hereby incorporated into this Agreement as it set forth herein in full.

1.2 Covenants. The provisions of this Agreement shall constitute covenants or servitudes which shall run with the land comprising The Project and Crystal Bay and the burdens and benefits thereof shall bind and inure to the benefit of all estates and interests in The Project and Crystal Bay, or any portion thereof, and all successors in interest, transferees or assignees to the parties hereto.

2. Definitions. Each reference in this Agreement to any of the following terms shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth for such term in this Agreement.

2.1 Approvals. Any and all permits or approvals of any kind or character required under the Master Development Plan and applicable City Laws in order to develop The Project and to facilitate the planning and permitting required for the future development of Crystal Bay,

including, but not limited to, conditional use permits, tentative and final parcel or subdivision maps, building permits, site clearance, grading plans and permits, and certificates of occupancy.

2.2 City Laws. The Stockton Municipal Code, resolutions, codes, rules, regulations, decisions and official policies of City governing the design, improvement and construction standards and specifications applicable to the development of The Project and the planning and permitting required for the future development of Crystal Bay. Specifically, but without limiting the generality of the foregoing, City Laws shall include the General Plan.

2.3 Director. The Director shall mean the Director of Community Development for City.

2.4 Enacting Ordinance. Ordinance No. 027-04, enacted by the City Council on September 14, 2004, approving this Agreement, as described herein.

2.5 Exactions. All exactions, in-lieu fees or payments, dedication or reservation requirements, obligations for on-or off-site improvements or construction requirements for public improvements or services or other conditions of approval called for in connection with the development of, or construction on, The Project under Existing City Laws, whether such exactions constitute public improvements, mitigation measures in connection with environmental review of any project, or impositions.

2.6 Existing City Laws. The Development Code (Chapter 16 of the Stockton Municipal Code), resolutions, rules, regulations, decisions, fees and official policies of City governing the subdivision, construction design and improvement standards applicable to the development of The Project and applicable to the planning and permitting required for the future development of Crystal Bay in effect as of the Effective Date (as defined in Section 3.1 below).

2.7 Law or Laws. The laws and constitution of the State of California, the laws and Constitution of the United States and any codes, statues or executive mandates in any court decision, state or federal, thereunder.

2.8 Mortgage. A mortgage, deed of trust, ground lease, sale and leaseback arrangement in which The Project, Crystal Bay or a portion thereof or an interest therein is sold by Owner or Spanos and leased back concurrently therewith (which arrangement is subject to no prior contractual encumbrances securing payment of money), or other transaction in which The Project, Crystal Bay, or a portion thereof or an interest therein, is pledged as security, contracted in good faith and for fair value.

2.9 Mortgagee. The holder of the beneficial interest under a Mortgage.

3. Effective Date, Term.

3.1 Effective Date. This Agreement shall be dated and the obligations of the parties hereunder shall be effective on the 31st day following the adoption of the Enacting Ordinance or the date LAFCo records a Certificate of Completion of Annexation of The Project with the San Joaquin Recorder, which ever occurs last (the “**Effective Date**”). Not later than ten (10) days after the Effective Date, City, Owner and Spanos shall execute and acknowledge this Agreement,

and thereafter the City Clerk shall cause this Agreement to be recorded in the Official Records of the County of San Joaquin, State of California.

3.2 Term. The Term of this Agreement shall commence on the Effective Date and shall terminate on January 10, 2040, unless earlier terminated under the terms of this Agreement.

4. General Development of West Lake and Paradise Marina.

4.1 West Lake. Owner shall have the right, and the obligation, to develop West Lake in accordance with the Master Development Plan, the terms and conditions of this Agreement, and such amendments thereto as shall from time to time be approved pursuant to this Agreement, and City shall have the right to control development of West Lake in accordance with the provisions of the Master Development Plan, this Agreement, and such amendments thereto as shall from time to time be approved pursuant to this Agreement. Except as otherwise specified in this Agreement, the Master Development Plan and applicable Existing City Laws (including those Code Sections concerning MX zoning and Master Development Plans) shall control the overall design, development and construction of West Lake, and all improvements and appurtenances in connection therewith, including, without limitation, the permitted uses within West Lake, the density and intensity of use and all mitigation measures required in order to minimize or eliminate adverse environmental impacts and other adverse impacts of West Lake. In accordance with the purpose of MX zoning as stated in Code Section 16-075, the specific land uses and specific development standards for West Lake have been determined on a site-by-site basis by the Master Development Plan. By entering into this Agreement, Owner agrees to develop West Lake pursuant to the following schedule: Six years after the Effective Date, Owner shall have developed a minimum of fifty percent (50%) of West Lake based on acreage available for development; twelve years after Effective Date, Owner shall have developed a minimum of seventy-five (75%) of West Lake based on net acreage available for development.

4.2 Paradise Marina. Owner shall have the right to modernize/upgrade the Paradise Marina in accordance with the Master Development Plan, the terms and conditions of this Agreement, and such amendments thereto as shall from time to time be approved pursuant to this Agreement, and City shall have the right to control the modernization/upgrading of West Lake in accordance with the provisions of the Master Development Plan, this Agreement, and such amendments thereto as shall from time to time be approved pursuant to this Agreement. Except as otherwise specified in this Agreement, the Master Development Plan and applicable Existing City Laws (including those Code Sections concerning MX zoning and Master Development Plans) shall control the overall design, modernization and construction of the Paradise Marina, and all improvements and appurtenances in connection therewith, including, without limitation, the permitted uses within Paradise Marina, the density and intensity of use, the maximum and minimum size of buildings, the number of parking spaces and all mitigation measures required in order to minimize or eliminate adverse environmental impacts and other adverse impacts of the modernization of the Paradise Marina.

4.3 Permitted Uses. The permitted uses of The Project, the density and intensity of use, the maximum height, bulk and size of proposed structures and location of public improvements, location of public utilities and other terms and conditions of development applicable to The Project shall be those set forth in the Master Development Plan, as may be

modified from time to time as agreed to by City and Owner. Permitted uses shall be determined by the following:

- (a) Commercial development may consist of the permitted uses provided for in Section 6.4 of the Master Development Plan.
- (b) Residential development may consist of the permitted uses provided for in Section 6.5 of the Master Development Plan.
- (c) Open space permitted uses may consist of those provided for in Section 6.7 of the Master Development Plan.
- (d) Neighborhood Park permitted uses may consist of the permitted uses provided for in Section 6.8 of the Master Development Plan.
- (e) Utility Easement permitted uses may consist of the permitted uses provided for in Section 6.9 of the Master Development Plan.
- (f) Development Standards for site development, building standards, landscaping and circulation within West Lake shall be those provided for in Section 6.10 of the Master Development Plan.

4.4 Phasing. Owner presently intends to develop West Lake and modernize Paradise Marina in phases and the parties acknowledge that Owner cannot presently predict the timing or sequence of any such phasing. Spanos presently intends to plan, design and obtain all permits necessary for the future development of Crystal Bay. Such decisions by Owner and Spanos depend upon numerous factors which are not within the control of Owner or Spanos, such as market conditions and demand, interest rates, competition and other similar factors. Because the California Supreme Court held in *Pardee Construction Co. v. City of Camarillo* (1984) 37 Cal. 3d 465, that failure of the parties therein to provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over the parties' agreement, it is the parties' intent to address that issue by acknowledging and providing that Owner shall have the right to develop West Lake and modernize/upgrade Paradise Marina in phases in such order and at such times as Owner deems appropriate within the exercise of its subjective business judgment and in accordance with Chapter 5 of the Master Development Plan and the provisions of this Agreement and that Spanos shall have the right to plan, design and obtain all permits necessary for the future development of Crystal Bay in phases in such order and as such times as Spanos deems appropriate within the exercise of his subjective business judgment in accordance with the provisions of this Agreement. All improvements required pursuant to the Master Development Plan shall be constructed by Owner congruent with the development of each phase of West Lake and Paradise Marina as such improvements relate thereto and are necessary for the development and operation of each such phase.

4.5 Applicable Laws and Standards. Notwithstanding any change in any Existing City Laws including, but not limited to, any change by means of ordinance, resolution, initiative, referendum, policy or moratorium, and except as otherwise provided in this Agreement, the laws, regulations, standards and policies applicable to West Lake, Paradise Marina and Crystal Bay are set forth in the Master Development Plan, the Existing City Laws (regardless of future changes

in these by City) and this Agreement. Spanos is entitled to plan, design and obtain all permits necessary for the future development of Crystal Bay in accordance with this agreement provided that City may apply and enforce its codes, regulations and laws applicable under this Agreement. West Lake is entitled to be built and occupied and Owner has the right to complete West Lake and Paradise Marina, in accordance with this Agreement, provided that City may apply and enforce its codes, regulations and laws applicable under this Agreement. The Master Development Plan includes Development Standards, Design Guidelines and Regulations (the “**Development Regulations**”) which provide for the location, arrangement, development and use of the parcels within West Lake and for the modernization of Paradise Marina. Should the Development Regulations conflict with similar regulations contained in the Existing City Laws, the Development Regulations shall take precedence. When any issue, condition or situation arises or occurs that is not covered or provided for in the Development Regulations, those provisions in the Existing City Laws which are most similar to the issue, condition or situation as determined by the Director, or his designee, shall apply, subject to this Agreement. Notwithstanding any other language or implication to the contrary in this Agreement, all construction shall comply with all provisions of, Chapter 14, Uniform Codes, of the Stockton Municipal Code, including, but not limited to, the Uniform Building Code, and the various related mechanical, electrical, plumbing, and fire codes as the same may be applicable at the time of application for the relevant permit.

4.6 Development Review Process.

(a) This Agreement shall implement the provisions of the Master Development Plan, which provides that in any future application for development or use of any portion of The Project, Owner shall not be required to comply with any criteria for issuance of permits for the development other than those as established in the Master Development Plan and the certified EIR. Development within any portion of The Project may not occur until the Design Review Board for The Project (the “**Design Review Board**”), City’s Community Development Director (the “**Community Development Director**”) and City’s Public Works Director (the “**Public Works Director**”) have made the determinations provided for in Section 8.2 of the Master Development Plan.

(b) Chapter 7 of the Master Development Plan provides the design guidelines applicable to West Lake and Paradise Marina.

(c) The development review process for all Approvals shall be as described in Section 8.2 of the Master Development Plan. This process consists, generally, of review and approval by the Design Review Board and site plan review and approval by the Community Development Director, and infrastructure facility plan review and approval by the Public Works Director.

(d) Once approved by the Design Review Board, consistency with the Master Development Plan of a proposed development project shall be reviewed and approved by the Director, as described in Section 8.2 of the Master Development Plan, which shall be City’s primary discretionary process for determining that the proposed development is consistent with the Master Development Plan, and, if such a finding is made, the application shall be deemed consistent with the City’s General Plan and shall be approved.

(e) Any proposed development project or use shall be consistent with this Agreement.

4.7 Processing and Approvals. Upon submission by Owner and/or Spanos of any and all necessary and required applications for Approvals and payment of any and all appropriate processing and other fees as provided in this Agreement, City shall promptly commence and diligently complete all steps necessary to approve or issue the requested Approvals including, but not limited to, (a) the holding of any and all required public hearings and notice for such public hearings, and (b) the granting of the requested Approval to the extent that it complies with applicable Law and this Agreement. Such Approvals shall include, but not be limited to:

- (a) the adoption or amendment of any tentative or final subdivision or parcel maps;
- (b) the issuance of Use Permits;
- (c) architectural and site plan reviews;
- (d) lot line adjustments;
- (e) building permits;
- (f) site clearance or demolition permits;
- (g) grading plans and permits;
- (h) landscape plans;
- (i) certificates of occupancy, or their equivalent, whether temporary or final.

4.8 Other Governmental Permits. Owner shall apply for such other permits and approvals from governmental or quasi-governmental agencies, other than City, having jurisdiction over The Project as may be required for the development of, or provision of services to, The Project, including but not limited to:

- (a) Public utility district permits or service agreements;
- (b) Army Corps of Engineers permits;
- (c) Reclamation District 2042 permits.

4.9 Additional Fees. Except as provided in Existing City Laws, City may not impose any fees, taxes or assessments, whether through the exercise of the police power or any other means, provided that:

(a) City may charge public facility fees and processing fees for land use approvals, building permits, plan checks and other similar permits and entitlements which are in force and effect on a City-wide or area-wide basis at the time an application is submitted for those permits. The Project and Crystal Bay shall also be subject to any public facility fees which provide a direct benefit to the Project or Crystal Bay.

(b) If state or federal laws are adopted which require cities to impose fees on existing projects and if, consequently, City adopts enabling legislation and imposes fees on existing projects on a City-wide or area-wide basis such fees may be imposed on The Project and Crystal Bay provided such fees are consistent with the fees imposed on other properties within the City or area similarly situated.

(c) If Owner, Owner's successors or assigns, requests the creation of a community facilities district for the purpose of financing some or all of the public capital facilities and services necessary for the development of The Project, City may adopt a special tax pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 et seq), sufficient to pay for all of the public facilities and services requested by Owner, Owner's successors or assigns.

(d) Nothing herein prohibits The Project or Crystal Bay from being subject to a (i) City-wide bond issue, (ii) City-wide special or general tax, or (iii) a special assessment for the construction or maintenance of a City-wide facility provided that such tax, assessment or measure is City-wide in nature, does not discriminate against the land within The Project or Crystal Bay and does not distinguish between developed and undeveloped parcels.

5. Specific Criteria Applicable to Development of The Project.

5.1 Application of New City Laws. Nothing herein shall prevent City from applying to The Project and/or Crystal Bay new City Laws that are not inconsistent or in conflict with the Existing City Laws or the intent, purposes or any of the terms, standards or conditions of this Agreement, and which do not materially interfere with the development of The Project or the future planning, designing and permitting of Crystal Bay as contemplated herein. Any action or proceeding of City that has any of the following effects on the property within The Project shall be considered to be in conflict with this Agreement and the Existing City Laws:

(a) limiting or reducing the density or intensity of all or any part of The Project, or otherwise requiring any reduction in the square footage or total number of buildings and other improvements, including, but not limited to, the parking spaces;

(b) limiting the Owner's ability to transfer permitted uses or intensity of uses between sites within The Project in a manner that is inconsistent with or more restrictive than limitations included in the Master Development Plan;

(c) limiting the timing of the development of The Project or the number of phases of The Project in a manner that is inconsistent with or more restrictive than limitations included in the Master Development Plan.

(d) limiting the location of building sites, grading or other improvements within The Project in a manner that is inconsistent with or more restrictive than the limitations included in the Master Development Plan;

5.2 Future Growth Control Ordinances/Policies, Etc.

(a) One of the specific purposes of this Agreement is to assure Owner and Spanos that no growth-control ordinance, measure, policy, regulation or development moratorium of City adopted by the City Council or by vote of the electorate after the Effective Date of this Agreement will apply to The Project or to Crystal Bay, whether enacted by urgency ordinances, interim ordinances, initiatives, referendums or any other change in the laws of the City by any method or name which would alter in any way City's General Plan, Zoning Ordinance, Subdivision Ordinance, Uniform Codes or any other ordinance, enactment, resolution, approval, policy, rule, regulation, decision, or other action of City. There are currently no adopted growth control ordinances, policies or measures which would restrict the ability of Owner to complete The Project and/or Spanos' ability to design, plan and develop Crystal Bay.

Therefore, the parties hereto agree that, except as otherwise expressly provided in Section 5.1 herein, or other provision of this Agreement which unambiguously and expressly authorizes City to make such pertinent changes, no ordinance, policy, rule, regulation, decision, or any other City action, or any initiative or referendum voted on by the public, which would be applicable to The Project and/or Crystal Bay would affect in any way the rate of development and construction of The Project, or limit The Project's ability to receive any other City service, or limit Spanos' ability to plan, design and obtain any and all necessary permits required for the development of Crystal Bay, shall be applicable to any portion of The Project or Crystal Bay during the term of this Agreement, whether such action is by ordinance, enactment, resolution, approval, policy, rule, regulation, decision or other action of City or by public initiative or referendum.

(b) City, through the exercise of either its police power or its taxing power, whether by direct City action or initiative or referendum, shall not establish, enact or impose any additional conditions, dedications, fees or other exactions, policies, standards, laws or regulations, which directly relate to the development of The Project or to the planning, permitting and development of Crystal Bay except as provided in Section 5.1 herein or other provision of this Agreement which unambiguously and expressly allows City to make such changes. Further, City shall not approve a Mello-Roos assessment, or other type of district to cause bonded indebtedness on any portion of The Project or Crystal Bay without Owner's and/or Spanos' respective prior written approval, which approval may be given or withheld in Owner's and Spanos' sole and absolute discretion.

(c) This Agreement shall not be construed to limit the authority of City to charge processing fees for land use approvals and building permits as they relate to plumbing, mechanical, electric or fire code permits, or other similar permits and entitlements which are in force and effect on a city-wide basis at the time those permits are applied for, except to the extent any such processing regulations would be inconsistent with this Agreement.

(d) Notwithstanding subdivision (b), the City may condition or deny a permit, approval, extension, or entitlement if it determines any of the following:

(1) A failure to do so would place the residents of West Lake or the immediate community, or both, in a condition dangerous to their health or safety, or both.

(2) The condition or denial is required in order to comply with state or federal law.

5.3 Allowable Development Densities Within West Lake. Owner shall have the right, subject to the standards specified in this Agreement and the Master Development Plan, to alter the lot size, floor area ratio, setbacks, width and configuration of right of ways and street sections, until such time as the maximum density of West Lake under this Agreement has been achieved and so long as the overall density for West Lake is consistent with the Master Development Plan.

5.4 Use of West Lake. Owner shall have the right to use any portion of West Lake as provided for in Chapter 3 of the Master Development Plan. TABLE 3-1 is intended to describe a wide range of land use options that comply with the criteria established by this Agreement.

5.5 Easements: Improvements, Abandonments. City shall cooperate with Owner in connection with the abandonment of existing utility or other easements and facilities and the relocation thereof, or the creation of any new easements within The Project necessary or appropriate for development of The Project. If any such easement is owned by City or any agency of City, City or such agency shall, at the request of Owner and at Owner's cost, take such action and execute such documents as may be necessary to abandon existing easements and relocate them, as necessary or appropriate in connection with the development of The Project.

5.6 Subdivision of West Lake. Owner shall have the right, from time to time or at any time, to initiate resubdivisions of all or a portion of West Lake, as may be necessary in order to develop a particular phase, or to sell, lease or finance a portion of West Lake in connection with the development of any phase or portion of West Lake. Owner shall initiate such subdivision through an application under the Existing City Laws. Each such application shall be processed in accordance with the Laws, the Master Development Plan and Existing City Laws. Each tentative subdivision map approved under the Master Development Plan shall have a term of not less than the remaining term of this Agreement as of the date such map is approved by the City.

6. Indemnity: Insurance.

6.1 Indemnity. Owner shall indemnify, defend and hold City, and its elective and appointive boards, commissions, officers, agents, and employees, harmless from any and all claims, causes of action, damages, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with, or caused on account of, the development of The Project, any Approval with respect thereto, this Agreement, or claims for injury or death to persons, or damage to The Project, as a result of the operations of Owner or its employees, agents, contractors or representatives with respect to the development, operation and maintenance of The Project. Owner shall also pay for all legal fees and costs incurred by City in defense of the above-mentioned claims and causes of action.

6.2 Insurance. Owner shall maintain insurance in order to assure Owner's ability to provide the indemnity described in Section 6.1. The amount and terms of such insurance shall be as follows:

(a) Commercial general liability and property damage insurance covering the risks of bodily injury and/or death, property damage, and personal injury liability, with total limits of not less than One Million Dollars (\$1,000,000.00)

(b) Worker's Compensation Insurance as required by law, together with a contingent employer's liability endorsement in favor of City, covering employees of Owner, employees of any contractor, subcontractor, agent or representative of Owner.

If available, each policy of insurance carried by Owner as required by this Insurance Section, shall provide that it may not be canceled without at least thirty (30) day prior written notice to City. Upon request of City, Owner shall furnish to City a copy of each policy of insurance, or a certificate thereof, stating that such insurance is in full force and effect and, in the case of the public liability insurance, showing City named as an additional insured. Any insurance required to be maintained by Owner may be maintained under a so-called "blanket policy" insuring other parties and other locations, so long as the amount of insurance required hereunder is not thereby diminished.

7. Periodic Review of Compliance.

7.1 Annual Review. City, through the Planning Commission, shall, at least every twelve (12) months during the term of this Agreement, review the extent of good faith substantial compliance with the terms of this Agreement and the Master Development Plan pursuant to Government Code Section 65865.1 and Code Section 16-192.

7.2 Owner's Submission. Within thirty (30) days of Owner's and/or Spanos' receipt of the written request of the Planning Commission made not more than once each year at least sixty (60) days prior to the anniversary date of this Agreement, Owner and/or Spanos shall submit to the Planning Commission a letter setting forth Owner's and/or Spanos' good faith compliance with the terms and conditions of this Agreement. Such letter shall be accompanied by such documents and other information as may be reasonably necessary and available to Owner and/or Spanos to enable the Planning Commission to undertake the review of Owner's and/or Spanos' good faith compliance with the terms of this Agreement, and shall also state that such letter is submitted to City pursuant to the requirements of Government Code Section 65865.1 and Code Section 16-192

7.3 Finding of Compliance. The Planning Commission shall review the Owner's and/or Spanos' submission to ascertain whether it contains sufficient information to determine whether Owner and/or Spanos has complied in good faith with the terms of this Agreement. Upon receipt of the submission, the Planning Commission shall conduct a review of the good faith compliance by Owner and/or Spanos with the terms of this Agreement. If the Planning Commission finds good faith compliance by Owner and/or Spanos with the terms of this Agreement, the Director shall, upon request by Owner and/or Spanos, provide to Owner and/or Spanos written confirmation of such finding.

7.4 Finding of Noncompliance. If the Planning Commission, on the basis of substantial evidence, finds that Owner and/or Spanos has not complied in good faith with the

terms of this Agreement, the Planning Commission shall specify in writing to Owner and/or Spanos the respects in which Owner and/or Spanos has failed to comply and the Planning Commission may recommend that the City Council hold a public hearing and terminate or modify the Agreement. The City Council may (a) establish a reasonable time for Owner and/or Spanos to comply with this Agreement, which time shall not be less than thirty (30) days and shall be reasonably related to the time necessary for Owner and/or Spanos to adequately bring its performance into good faith compliance with the terms of this Agreement, or (b) may take action to terminate or modify this Agreement. No action to terminate or modify this Agreement shall be taken without a public hearing before the City Council using the same process as was used for its adoption.

8. Permitted Delays; Supersedure by Subsequent Laws.

8.1 Permitted Delays. In addition to any specific provisions of this Agreement, performance by either party of its obligations hereunder shall be excused during any period of delay caused at any time by reason of acts of God or civil commotion, riots, strikes, picketing, or other labor disputes, shortage of materials or supplies, or damage to work in process by reason of fire, floods, earthquake, or other casualties, restrictions imposed or mandated by governmental or quasi-governmental entities, enactment of conflicting Laws (including, without limitation, new or supplementary environmental regulations), litigation, acts or neglect of the other party, or any other cause beyond the reasonable control of a party. Each party shall promptly notify the other party of any delay hereunder as soon as possible after the same has been ascertained.

8.2 Supersedure by Subsequent Laws. Except as provided in this Agreement with respect to City Laws, if any Law made or enacted after the date of this Agreement prevents or precludes compliance with one or more provisions of this Agreement, then the provisions of this Agreement shall, to the extent feasible, be modified or suspended as may be necessary to comply with such new Law. Immediately after enactment of any such new Law, the parties shall meet and confer in good faith to determine the feasibility of any such modification or suspension based on the effect such modification or suspension would have on the purposes and intent of this Agreement. If such modification or suspension is infeasible in Owner's and/or Spanos reasonable business judgment, then Owner and/or Spanos shall have the right to terminate this Agreement by written notice to City. Owner and/or Spanos shall also have the right to challenge the new Law preventing compliance with the terms of this Agreement, and, in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect.

9. Events of Default, Remedies, Termination; Attorneys' Fees.

9.1 Events of Default. Subject to any extensions of time by mutual consent in writing, and subject to the provisions of this Agreement regarding periodic reviews, or permitted delays, any failure by any party to perform any material term or provision of this Agreement shall constitute an Event of Default, (i) if such defaulting party does not cure such failure within sixty (60) days following notice of default from any other party, where such failure is of a nature that can be cured within such sixty (60) day period, or (ii) if such failure is not of a nature which can be cured within such sixty (60) day period, the defaulting party does not within such sixty (60) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure.

9.2 Remedies. Upon the occurrence of an Event of Default, any non-defaulting party may bring an action or proceeding in the nature of declaratory relief, specific performance, injunctive relief or mandamus, and such non-defaulting party shall have the right to terminate this Agreement pursuant to Government Code Section 65868. The remedies provided herein are exclusive and in no event shall any party be liable to any other for monetary damages for an event of default or any other breach of this Agreement.

9.3 Waiver, Remedies Cumulative. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such party's right to demand strict compliance by such other party in the future. No waiver by a party of an Event of Default shall be effective or binding upon such party unless made in writing by such party and no such waiver shall be implied from any omission by a party to take any action with respect to such Event of Default. No express written waiver of any Event of Default shall affect any other Event of Default, or cover any other period of time, other than any Event of Default and/or period of time specified in such express waiver. The exclusive remedies provided in this Agreement shall be cumulative and not alternative, and invocation of any permitted remedy shall not constitute a waiver or election with respect to any other permitted remedy.

9.4 Effect of Termination. If this Agreement is terminated on account of an Event of Default, such termination shall not affect any right or duty emanating from any Exactions already satisfied, City entitlements or Approvals with respect to West Lake, Paradise Marina and/or Crystal Bay that have been approved concurrently or subsequently to the approval of this Agreement, but the rights, duties and obligations of the parties hereunder shall otherwise cease as of the date of such termination.

9.5 Limitations on Actions. City, Owner and Spanos hereby renounce the existence of any third party beneficiary to this Agreement and agree that nothing contained herein shall be construed as giving any person or entity third party beneficiary status. If any action or proceeding is instituted by any third party challenging the validity of any provision of this Agreement, or any action or decision taken or made hereunder, the parties shall cooperate in defending such action or proceeding. Owner and/or Spanos shall bear their own costs of defense as a real party in interest in any such action, and shall reimburse City for all reasonable court costs and attorneys' fees expended by City in any such action or other proceeding and for any attorneys' fees and costs awarded to a party to be paid by City.

9.6 Effect of Court Action. If any court action or proceeding is brought by any third party to challenge any Approval, this Agreement, or any other permit or approval required from City or any other governmental entity for development or construction of The Project the future design, permitting and development of Crystal Bay or any portion thereof, and without regard to whether or not Owner and/or Spanos is a party to or the real party in interest in such action or proceeding, then Owner and/or Spanos shall have the right, but not the obligation, (i) to defend, at Owner's and/or Spanos expense, such action or proceeding on behalf of City and City shall fully cooperate with Owner in such defense; or (ii) to terminate this Agreement upon thirty (30) days notice in writing to City, given at any time during the pendency of such action or proceeding, or within ninety (90) days after the final determination therein (including any appeals), irrespective of the nature of such final determination. Any such action or proceeding shall constitute a permitted delay under the provisions of this Agreement.

9.7 Estoppel Certificate. Any party may, at any time, and from time to time, deliver written notice to any other party requesting such party to certify in writing that, to the knowledge of the certifying party, (i) this Agreement is in full force and effect and a binding obligation of the parties, (ii) this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments, and (iii) the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. The Director shall have the right to execute on behalf of City any certificate requested by Owner and/or Spanos hereunder. City acknowledges that a certificate hereunder may be relied upon by transferees and Mortgagees acting in good faith.

10. Mortgage Protection: Certain Rights of Cure.

10.1 Mortgage Protection. This Agreement shall be superior and senior to any lien placed upon The Project and/or Crystal Bay, or any portion thereof, including the lien of any Mortgage. Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value, but all of the terms and conditions contained in this Agreement shall be binding upon and effective against any person (including any Mortgagee) who acquires title to The Project and/or Crystal Bay, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure, or otherwise.

10.2 Mortgagee Not Obligated. Notwithstanding the provisions of this Agreement, no Mortgagee shall have any obligation or duty under this Agreement to construct or complete the construction of improvements, or to guarantee such construction or completion; provided, however, that a Mortgagee shall not be entitled to devote The Project and/or Crystal Bay to any uses or to construct any improvements thereon other than those uses or improvements provided for or authorized by this Agreement, the Master Development Plan or otherwise under City Laws.

10.3 Notice of Default to Mortgagee, Right of Mortgagee to Cure. If City receives notice from a Mortgagee requesting a copy of any notice of default given Owner and/or Spanos hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Owner and/or Spanos, any notice of an Event of Default or determination of noncompliance given to Owner and/or Spanos. Each Mortgagee shall have the right (but not the obligation) for a period of ninety (90) days after the receipt of such notice from City to cure or remedy, or to commence to cure or remedy, the Event of Default claimed or the areas of noncompliance set forth in City's notice. If the Event of Default or such noncompliance is of a nature which can only be remedied or cured by such Mortgagee upon obtaining possession, such Mortgagee shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall thereafter remedy or cure the Event of Default or noncompliance within ninety (90) days after obtaining possession. If any such Event of Default or noncompliance cannot, with diligence, be remedied or cured within such ninety (90) day period, then such Mortgagee shall have such additional time as may be reasonably necessary to remedy or cure such Event of Default or noncompliance if such Mortgagee commences cure during such ninety (90) day period, and thereafter diligently pursues completion of such cure to the extent possible.

11. Assignment. Owner's and/or Spanos' rights hereunder may be sold or assigned in conjunction with the transfer, sale or assignment of all or any portion of The Project or Crystal Bay at any time during the term of this Agreement upon the following terms and conditions:

11.1 Release Upon Transfer. Upon the sale, transfer or assignment of Owner's and/or Spanos' rights and interests under this Section of this Agreement, Owner and/or Spanos shall be released from its obligations pursuant to this Agreement with respect to The Project and/or Crystal Bay or portion thereof so transferred provided such obligations are expressly assumed by the Transferee prior to the transfer and evidence is provided to the Director showing Transferee can perform Owner's and/or Spanos' obligations.

11.2 Covenants Run with the Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall constitute covenants that shall run with the land comprising The Project and/or Crystal Bay and the burdens and benefits shall be binding upon and inure to the benefit of each of the parties and their respective heirs, successors (by merger, consolidation, or otherwise), assignees, devisees, administrators, representatives, purchasers and lessees.

12. Amendment and Termination.

12.1 Amendment or Cancellation. Except as provided for herein with respect to City's annual review, this Agreement may be canceled, modified or amended only by mutual consent of the parties in writing, and then only in the manner provided for in government Code Section 65868 and Code Section 16-193. Pursuant to Code Section 16-193.C., any amendment to this Agreement which does not relate to the Term, permitted uses, density or intensity of use, height or size of buildings, provisions for reservation and dedication of land, shall not require a noticed public hearing before the parties may make such amendment. Any fees paid or land dedicated pursuant to this Agreement prior to the date of cancellation shall be retained by City.

12.2 Recordation. Any amendment, termination or cancellation of this Agreement shall be recorded by the City Clerk not later than ten (10) days after the effective date of the action effecting such amendment, termination or cancellation with any costs of recordation to be paid by Owner and/or Spanos. Failure to record shall not affect the validity of any amendment, termination or cancellation.

13. Notices.

13.1 Procedure. Any notice to either party shall be in writing and given by delivering the same to such party in person or by sending the same by facsimile transmission or registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the party's mailing address. The respective mailing addresses and facsimile numbers of the parties are, until changed as hereinafter provided, the following:

CITY:

CITY OF STOCKTON
425 North El Dorado
Stockton, California 95202
Attention: City Manager
Facsimile No.: (209) 937-7149

with a copy to:

City Attorney, City of Stockton
425 North El Dorado
Stockton, California 95202
Facsimile No.: (209) 937-8898

OWNER:

Stockton Westlake Investment, LLC, a
California Limited Liability Company
10100 Trinity Parkway, 5th Floor
Stockton, California 95219
Attention: Michael A. Spanos
Facsimile No.: (209) 473-3703

with a copy to:

Marc Hardy
General Counsel
10100 Trinity Parkway, 5th Floor
Stockton, California 95219
Facsimile No.: (209) 955-2562

SPANOS:

Stockton Westlake Investment, LLC, a
California Limited Liability Company
10100 Trinity Parkway, 5th Floor
Stockton, CA 95219
Attn: Michael A. Spanos
Facsimile No: (209) 473-3703

Any party may change its mailing address and/or facsimile number at any time by giving written notice of such change to the other parties in the manner provided herein at least ten (10) days prior to the date such change is effected. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed upon the expiration of five (5) days after the date of mailing, or, if sent by facsimile transmission, on the date of receipt as shown on written transmission verification.

14. Miscellaneous.

14.1 Negation of Partnership. The parties specifically acknowledge that The Project and Crystal Bay are private developments, that no party is acting as the agent of any other party in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the parties in the business of Owner and/or Spanos, the affairs of City, or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

14.2 Consent(s). Unless otherwise herein provided, whenever consent or satisfaction (collectively referred to in this Section 14.2 as “consent”) is required of a party pursuant to this Agreement, such consent shall not be unreasonably withheld. Consent shall be deemed given if the party from whom the consent is sought neither approves or disapproves of the request within thirty (30) days, or such other applicable time period specified in this Agreement, after receipt of the written request for consent. If a party shall disapprove, the reasons therefore shall be stated in reasonable detail in writing. Consent by a party to or of any act or request by the other party shall not be deemed to waive or render unnecessary consent to or of any similar or subsequent acts or requests.

14.3 Project Approvals Independent. All Approvals which may be granted pursuant to this Agreement, and all Approvals or other land use approvals which have been or may be issued or granted by City with respect to The Project and/or Crystal Bay constitute independent actions and approvals by City. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if City terminates this Agreement for any reason, such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any Approvals or other land use approvals. In such cases, such Approvals will remain in effect pursuant to their own terms, provisions and conditions.

14.4 Not a Public Dedication. Nothing herein contained shall be deemed to be a gift or dedication of West Lake, Paradise Marina, Crystal Bay or any portion thereof, to the general public, for the general public, or for any public use or purpose whatsoever. Owner shall have the right to prevent or prohibit the use of West Lake, Paradise Marina, or any portion thereof, including common areas and buildings and improvements located thereon, by any person for any purpose inimical to the operation of a private, integrated development project as contemplated by this Agreement except for those areas designated in the Master Development Plan or implementing project approvals as public easements.

14.5 Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

14.6 Exhibits. The Exhibits listed in the Table of Contents and referred to herein are deemed incorporated into this Agreement in their entirety.

14.7 Entire Agreement. This written Agreement and the Exhibits contain all the representations and the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, any prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement and Exhibits.

14.8 Construction of Agreement. The provisions of this Agreement and the Exhibits shall be construed as a whole according to their common meaning and not strictly for or against any party in order to achieve the objectives and purpose of the parties. The captions preceding the text of each Section, Subsection and the Table of Contents are included only for convenience

of reference and shall be disregarded in the construction and interpretation of this Agreement. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, or vice versa. All references to "person" shall include, without limitation, any and all corporations, partnerships or other legal entities. This Agreement has been reviewed and revised by legal counsel for Owner, Spanos and City, and any presumption or rule that ambiguities shall be construed against the drafting party shall not apply to the interpretation or enforcement of this Agreement.

14.9 Further Assurances; Covenant to Sign Documents. Each party covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Agreement.

14.10 Governing Law. This Agreement, and the rights and obligations of the parties, shall be governed by and interpreted in accordance with the laws of the State of California.

14.11 Time. Time is of the essence of this Agreement and of each and every term and condition hereof.

14.12 Dispute Costs and Fees. In any legal action or proceeding brought to enforce or interpret any provision of this Agreement, or otherwise arising from or related to this Agreement, the prevailing party shall be entitled to an award of its attorneys', investigators', expert witness' and consultants' fees and costs incurred in relation to that action or proceeding, in addition to any other relief awarded.

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

CITY:

CITY OF STOCKTON, a municipal corporation of the State of California

Attest:

By  _____

City Clerk



By:  _____
CARRIE MONTES City Manager

Approved as to Form:
Office of the City Attorney

By:  _____
City Attorney

OWNER: STOCKTON WESTLAKE INVESTMENT, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

By _____

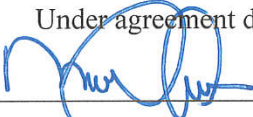
Its _____

By  _____

Its President/Manager

MICHAEL SPANOS

SPANOS: A.G. SPANOS as Trustee of the Alex and Faye Spanos trust
Under agreement dated January 27, 1998

By  _____

Its Trustee

MICHAEL SPANOS

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Joaquin)

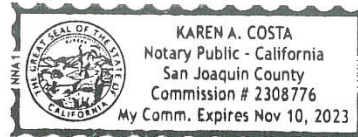
On December 11, 2019 before me, Karen A. Costa, Notary Public
(insert name and title of the officer)

personally appeared Laurie Montes,
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)



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Joaquin)

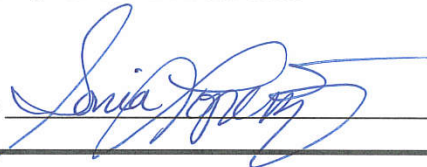
On October 22, 2019 before me, Sonia Lopez, Notary Public
(insert name and title of the officer)

personally appeared Michael A. Spanos
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.

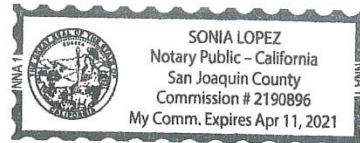
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Joaquin)

On October 22, 2019 before me, Sonia Lopez, Notary Public
(insert name and title of the officer)

personally appeared Michael A. Spanos,
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)

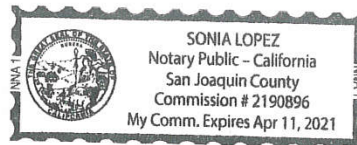


EXHIBIT "A"

Legal description of The Project

All that certain Real Property, situate in Sections 2 and 3, Township 2 North, Range 5 East, Mount Diablo Meridian, County of San Joaquin, State of California, more particularly described as follows:

Beginning at the Northwest corner of Lot 1, TRACT NO. 3103, SPANOS PARK WEST, UNIT NO. 1, filed for record June 28, 2001, in Book 36 of Maps and Plats, at Page 22, San Joaquin County Records;

The following four (4) courses are coincident with the boundary of said TRACT NO. 3103, SPANOS PARK WEST, UNIT NO. 1

Thence S 02° 54' 08" W, 1559.40 feet;

Thence S 12° 03' 52" E, 139.30 feet;

Thence S 89° 17' 52" E, 1127.60 feet;

Thence S 10° 37' 52" E, 3132.80 feet;

Thence N 59° 56' 26" W, 249.40 feet;

Thence N 70° 15' 26" W, 136.95 feet;

Thence N 85° 25' 26" W, 329.37 feet;

Thence S 88° 51' 34" W, 1514.22 feet;

Thence N 84° 28' 26" W, 168.34 feet;

Thence N 73° 01' 26" W, 597.77 feet;

Thence N 73° 42' 26" W, 604.77 feet;

Thence N 74° 29' 26" W, 518.30 feet;

Thence N 75° 09' 26" W, 737.72 feet;

Thence N 81° 34' 26" W, 246.90 feet;

Thence N 88° 01' 26" W, 211.92 feet;

Thence S 81° 56' 34" W, 199.92 feet;

Thence S 54° 11' 34" W, 120.45 feet;

Thence S 36° 48' 34" W, 122.45 feet;

Thence S 11° 24' 34" W, 109.56 feet;

Thence S 05° 20' 26" E, 126.95 feet;

Thence S 18° 00' 26" E, 107.96 feet;

Thence S 01° 52' 34" W, 131.95 feet;

Thence S 26° 20' 34" W, 154.44 feet;

Thence S 60° 22' 34" W, 181.93 feet;

Thence S 64° 31' 34" W, 293.89 feet;

Thence S 62° 51' 34" W, 252.90 feet;

Thence S 39° 33' 34" W, 141.95 feet;

Thence S 66° 59' 34" W, 96.96 feet;

Thence S 77° 11' 34" W, 198.92 feet;

Thence S 67° 59' 34" W, 122.95 feet;
 Thence S 83° 18' 34" W, 98.96 feet;
 Thence N 83° 27' 26" W, 111.96 feet;
 Thence N 69° 30' 26" W, 115.96 feet;
 Thence N 43° 56' 26" W, 318.88 feet;
 Thence N 67° 03' 26" W, 171.93 feet;
 Thence S 85° 20' 34" W, 159.94 feet;
 Thence S 60° 28' 34" W, 209.92 feet;
 Thence S 71° 07' 34" W, 85.97 feet;
 Thence N 77° 22' 26" W, 92.96 feet;
 Thence N 61° 59' 26" W, 158.94 feet;
 Thence N 84° 42' 26" W, 117.95 feet;
 Thence S 74° 44' 34" W, 104.46 feet;
 Thence S 47° 11' 34" W, 107.46 feet;
 Thence S 25° 22' 34" W, 233.91 feet;
 Thence N 69° 41' 26" W, 166.94 feet;
 Thence N 43° 45' 26" W, 202.92 feet;
 Thence N 71° 41' 26" W, 196.42 feet;
 Thence N 87° 50' 26" W, 159.94 feet;
 Thence N 70° 14' 26" W, 155.94 feet;
 Thence N 09° 08' 34" E, 36.99 feet;
 Thence S 89° 09' 26" E, 285.89 feet;
 Thence N 05° 12' 34" E, 589.77 feet;
 Thence N 05° 34' 34" E, 999.61 feet;
 Thence N 04° 04' 34" E, 721.22 feet;
 Thence N 75° 26' 34" E, 3589.32 feet;
 Thence N 25° 44' 26" W, 170.49 feet;
 Thence N 14° 31' 26" W, 145.49 feet;
 Thence N 12° 02' 34" E, 81.50 feet;
 Thence N 11° 02' 26" W, 175.99 feet;
 Thence N 16° 51' 26" W, 124.49 feet;
 Thence N 02° 09' 26" W, 765.46 feet;
 Thence N 10° 02' 34" E, 166.99 feet;
 Thence N 31° 10' 34" E, 165.68 feet;
 Thence on a non-tangent curve to the right having a radius of 6942.19 feet, through a central angle of 01° 08' 27", an arc distance of 138.23 feet, whose chord bears N 85° 53' 32" W, 138.21 feet; said curve being a concentric curve with the centerline of 8 Mile Road, 67.00' Southerly of said centerline, also being the proposed Southerly Right-of-Way, of said 8 Mile Road;
 Thence N 85° 19' 58" W, 14.18 feet, also being the proposed Southerly Right-of-Way, of said 8 Mile Road;
 Thence N 75° 07' 01" W, 152.41 feet, being the taper of the proposed Southerly Right-of-Way, of said 8 Mile Road, to intersect the existing Southerly Right-of-Way, of said 8 Mile Road;

Thence N 02° 20' 26" W, 80.60 feet, to intersect the existing Northerly Right-of-Way, of said 8 Mile Road;
Thence N 84° 28' 23" E, 152.41 feet, being the taper of the proposed Northerly Right-of-Way, of said 8 Mile Road, to the Northerly Right-of-Way, of said 8 Mile Road, said proposed Right-of-Way being 67.00' feet Northerly of the existing centerline of said 8 mile Road;


The following five (5) courses are coincident with the proposed Northern Right-of-Way of 8 Mile Road, said proposed Right-of-Way being 67.00' Northerly of the existing centerline of said 8 Mile Road:

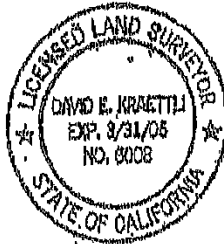
Thence S 84° 28' 23" E, 24.03 feet;
Thence on a non-tangent curve to the left having a radius of 6808.19 feet, through a central angle of 01° 03' 37", an arc distance of 125.99 feet; whose chord bears S 85° 51' 07" E, 125.97 feet;
Thence continuing on a curve to the left having a radius of 6808.19 feet, through a central angle of 03° 08' 43", an arc distance of 373.74 feet; whose chord bears S 87° 57' 17" E, 373.74 feet;
Thence S 89° 31' 39" E, 2046.28 feet;
Thence S 89° 32' 31" E, 1287.18 feet;
Thence S 02° 54' 08" E, 106.84 feet; to the Point of Beginning,

Containing 693.09 acres, more or less.

End of Description

The Basis of Bearing for this property description is the West line of said Lot 1, taken as S 02° 54' 08" W, as shown on said TRACT NO. 3103, SPANOS PARK WEST, UNIT NO. 1.


David E. Kraettli P.L.S. 6008
Expires 03/31/05

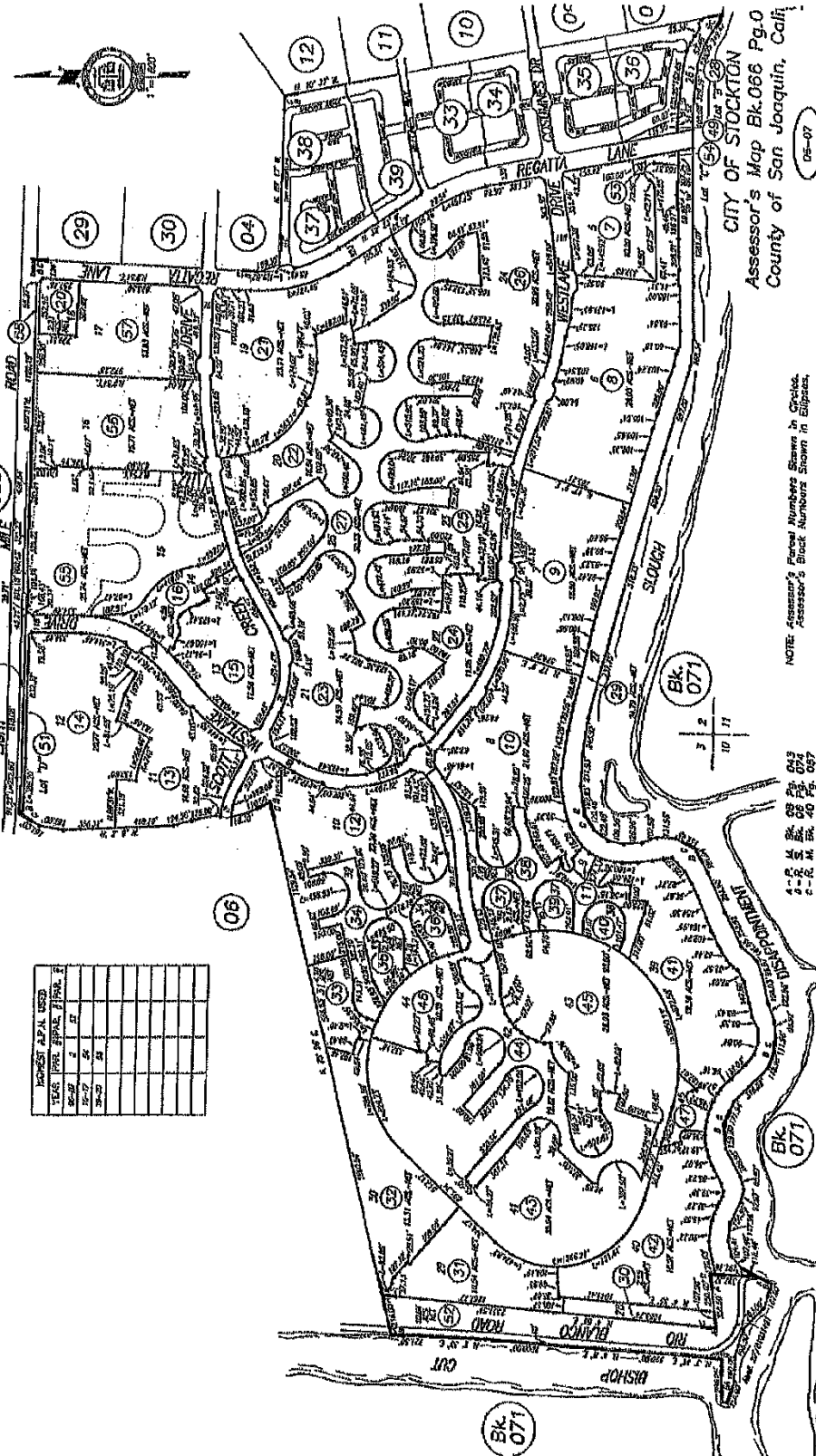


BISHOP TRACT & POR. SECS. 3 & 10, T.2N. R.5E., M.D.B.&M.
 2--WESTLAKE VILLAGES, UNIT NO. 1

066-05

THIS MAP IS FOR
 ASSESSMENT USE ONLY

INDEBT APVAL USED	
YEARS	PERCENT
1-5	10
6-10	20
11-15	30
16-20	40
21-25	50
26-30	60
31-35	70
36-40	80
41-45	90
46-50	100



NOTE: Assessor's Parcel Numbers Shown in Circles,
 Assessor's Block Numbers Shown in Ellipses.

4 - 06 05 04 03 02 01
 3 - 06 05 04 03 02 01
 2 - 06 05 04 03 02 01
 1 - 06 05 04 03 02 01

Westlake APN Numbers

066-050-07	School Site
066-050-08	Village N
066-050-09	Village M
066-050-10	Village L
066-050-12	Village K
066-050-13	Village A
066-050-14	Village B
066-050-16	Park site by Community Center
066-050-17	Lake by Community Center
066-050-18	Village C
066-050-19	Village D
066-050-20	Fire Station Site
066-050-21	Village F
066-050-22	Village E
066-050-23	Village J
066-050-24	Village I
066-050-25	Village H
066-050-26	Village G
066-050-27	Lake
066-050-28	Levee (east end by Village P)
066-050-29	Main Levee
066-050-30	Strip of land by marina (west end)
066-050-31	Village U
066-050-32	Village V
066-050-33	Village R
066-050-34	Lake (Del Web - north end)
066-055-35	Village R
066-055-36	Village R
066-055-37	Village R
066-050-38	Village R
066-050-39	Village R
066-050-40	Lake #4
066-050-41	Village S
066-050-42	Village T
066-050-43	Village X
066-050-44	Lake (Del Web)
066-050-45	Village W

066-050-46 **Community Center Site**
066-050-47 **Park (Del Web)**
066-050-48 **Strip on Eight Mile (by Village C)**
066-050-49 **Levee access by Village P**
066-050-50 **Levee access by school site**
066-050-51 **Strip on Eight Mile along Village B**

EXHIBIT "B"

Legal Description of Crystal Bay

Parcels 1, 2, and 3 as per Parcel Map filed June 25, 1991 in Volume 17 of Parcel Maps, page 171, San Joaquin County Records.

EXHIBIT "C"

City Council Findings and Determinations

- A. The provisions of the Development Agreement are consistent with the General and specific plans for this area;
- B. The proposed development complies with the requirements of the California Environmental Quality Act (CEQA) and the City of Stockton Guidelines for the Implementation of CEQA.
- C. This Agreement is appropriate for the development of West Lake and the modernization of the Paradise Point Marina;
- D. This Agreement is appropriate to ensure the proper future planning, permitting and development of Crystal Bay;
- E. This Agreement will eliminate uncertainty in City's land use planning and secure orderly development of The Project and Paradise Point Marina;
- F. City's existing waste water conveyance system is adjacent to, has adequate capacity for, and will service West Lake and Paradise Point Marina;
- G. City's Regional Waste Water Treatment Facility has adequate capacity to process and will process all wastewater generated by West Lake and Paradise Point Marina;
- H. City has adequate potable water and potable water reserves to service West Lake and Paradise Point Marina for twenty (20) years;
- I. Owner is responsible for and will construct all on-site and off-site improvements, structures, roads, sewer and water facilities required to service West Lake and Paradise Point Marina; and
- J. This Agreement will achieve the goals and purposes for which the Development Code (Chapter 16 of the Stockton Municipal Code) was enacted by City.

EXHIBIT 14

Dea Berberian

From: Steven Cohen
Sent: Monday, February 28, 2022 3:20 PM
To: Dean Spanos; Dea Berberian
Cc: Michael Spanos; Rosie Ruppel
Subject: Crystal Bay - Taylor Builders LOI - 022822.pdf
Attachments: Crystal Bay - Taylor Builders LOI - 022822.pdf

We have received an LOI from Taylor Builders on Crystal Bay. Michael and I worked on these terms with Taylor Builders and recommend that we move forward with a purchase and sale agreement. Please let us know if we have your approval to move to contract. If yes, once Rosie has it prepared, we'll circulate the draft contract. Thank you, Steve

Here's a quick background from their website ([Taylor Builders | Residential Real Estate Investment, Entitlement & Development \(taylor-builders.com\)](#)):

ABOUT TAYLOR BUILDERS

Taylor Builders was established to invest, entitle and develop primarily residential real estate in the Sacramento Region, San Joaquin Valley, Bay Area and Northern Nevada markets.

Founded in 2017, Taylor Builders is led by Clifton Taylor, President. Mr. Taylor is a Northern California based real estate professional with two decades of asset management and development experience. Mr. Taylor reconstituted his family's namesake entity, Taylor Builders, to pay homage to three generations in local real estate and homebuilding in Northern California.

Taylor Builders is funded by JEN Partners, LLC, a New York based real estate private equity fund. JEN is an expert in residential real estate with longstanding relationships in the residential land, homebuilding, and workforce housing arenas. Recognizing that real estate is a local business, JEN partners with deeply rooted regional operators in core geographies. JEN Partners currently has residential land investments with companies in Arizona, Colorado, Florida, Texas, Georgia, North Carolina and the mid-Atlantic.

Taylor Builders has the ability to evaluate and close on transactions quickly and efficiently. With direct funding from JEN Partners, we work side-by-side in evaluating and underwriting

opportunities. We pride ourselves on adding value to our investments and nurturing strong relationships with builder partners.

Taylor Builders has the ability to purchase, option, and/or joint venture real estate deals. Additionally, we are actively engaged in land banking and specialty finance transactions for public and private homebuilding operations.



February 28, 2022

Dana Levy
Chaparral Land Company
3275 Grande Vista Drive
Newbury Park, CA 91320

Via email to Dana@DirtDeals.com
CC: Jim Jimison

Property: Crystal Bay – Stockton, CA (Approximately 1,343 Tentative Map Lots)

Dana,

This letter of intent will set forth the basic terms and conditions upon which Taylor Builders, LLC., or an affiliate, ("Buyer") would agree to purchase the above referenced Property together with all rights appurtenant and development rights ("Property") from The Alex and Faye Spanos Family Trust ("Seller") subject to the drafting and execution of a mutually acceptable Agreement for Purchase and Sale of Real Property and Escrow Instructions ("Purchase Agreement") embodying the following terms:

1. **Buyer.** The Buyer is Taylor Builders, LLC., or an Assignee, whose members are affiliated with JEN Partners of New York.
2. **Purchase Price and Terms.** The Purchase Price is **\$25,000,000** subject to additional terms below.

a. Seller financing via Promissory Note secured by a First Deed of Trust:

i. **Down Payment:** \$10,000,000 of Purchase Price due at Closing.

ii. **Seller Note:** \$15,000,000 of Purchase Price due July 2023.

iii. **Interest Rate:** 8.00% per annum paid Quarterly.

iv. **Term:** Remaining note paid off July 2023.

- b. **Buyer's Processing:** Prior to the Close of Escrow, Buyer shall have the right to process all applications, plans, agreements, documents, and other instruments necessary or appropriate to obtain the approval of Buyer's specific development plans for the Property; provided, however, Buyer will have no right, without the prior written consent of Seller (which Seller may withhold, condition, or delay for any or no reason) to: (i) encumber the Property with any lien, or (ii) commit Seller to pay any fee, tax, or cost, or (iii) amend or cancel the existing entitlements or any portion or component thereof, including (without limitation) any existing condition of approval contained or referenced in connection with the Property.

508 Gibson Drive, Suite 260, Roseville, CA 95678
(916) 335-1329 www.taylor-builders.com

3. **Deposits.** Buyer shall deposit **\$100,000** into escrow upon the execution of the Purchase Agreement and within **3 business days** of opening of escrow. The **\$100,000** initial deposit shall be fully refundable during the Feasibility Period. Provided Buyer approves the purchase on or before the conclusion of the Feasibility Period the deposit shall be increased to **\$2,500,000** and the Deposits shall be applicable to the purchase price and become non-refundable in the case of a Buyer default. The balance of the purchase price will be due and payable upon the Close of Escrow.
4. **Escrow.** Within **3 business days** after the date of the Purchase Agreement is executed by Buyer and Seller, an escrow shall be opened with Molly Baier of Old Republic Title Company.
5. **Feasibility Period.** Buyer shall have a Feasibility Period that would **expire 90 days from the execution** of a Purchase and Sale Agreement but not later than June 1, 2022. Not later than **7 days** after the execution of this Letter of Intent, Seller shall deliver to Buyer copies of all tests, surveys, maps, plans, records, permits, and correspondence related to the Property and available to the Seller, together with a Preliminary Title Report, and copies of all plotted easements and underlying documents referenced therein as exceptions on the Property (together the "Feasibility Material") issued by Old Republic Title Company "Title Company".
6. **Close of Escrow.** The Close of Escrow shall occur no later than **July 1, 2022** with the Note due no later than **July 1, 2023**.
7. **Key Closing Conditions.** The Property shall be delivered free and clear of any liens and Buyer shall be released and indemnified from any outstanding obligations from prior work performed or caused to be performed on the Property.
8. **Assignment of Rights.** The Seller shall assign to Buyer all agreements including but not limited to the development agreement, fee or infrastructure credit agreements, settlement agreements and/or other agreements related to the project entitlements.
9. **Title Insurance.** The Title Insurance Policy will be subject only to those matters of title approved by Buyer under a customary title review process established in the Purchase Agreement.
10. **Right of Entry.** During Escrow, Buyer and Buyer's agents will have the right to enter the Property to conduct its Feasibility in connection with the acquisition of the Property subject to mutually agreeable insurance requirements. Buyer will keep the Property free and clear of any mechanic's liens arising out of such entry
11. **Nominee.** Buyer shall have the right to nominate another to take title to the Property by giving written notice thereof to Seller and Escrow Holder prior to the Close of Escrow.
12. **Closing Costs, Credits & Prorations.** Seller will pay for the cost of the ALTA Standard Title Policy, the cost of documentary transfer taxes and one-half the escrow fees

13. **Buyer's Default.** In the event of a default by the Buyer, Seller will be entitled to the Deposit as liquidated damages and as Seller's sole and exclusive remedy against Buyer
14. **Preparation of Purchase Agreement.** Seller shall prepare a mutually acceptable Purchase Agreement that shall serve as lawfully binding escrow instructions to Escrow Holder.
15. **Broker Fees.** Buyer and Seller represent and warrant to the other that they have not dealt with or been represented by any brokers or finders in connection with the purchase and sale of this Property, other than Dana Levy of Chaparral Land Company. Seller shall pay responsible for all brokerage fees due to Chaparral Land Company.
16. **Expression of Intent.** This letter/proposal is intended solely as a preliminary expression of general intentions and is to be used for discussion purposes only. The parties intend that neither shall have any contractual obligations to the other with respect to the matters referred herein unless and until a definitive agreement has been fully executed and delivered by the parties. The parties agree that this letter/proposal is not intended to create any agreement or obligation by either party to negotiate a definitive lease/purchase and sale agreement and imposes no duty whatsoever on either party to continue negotiations, including without limitation any obligation to negotiate in good faith or in any way other than at arm's length. Prior to delivery of a definitive executed agreement, and without any liability to the other party, either party may (1) propose different terms from those summarized herein, (2) enter into negotiations with other parties and/or (3) unilaterally terminate all negotiations with the other party hereto.

Please contact me at (916) 335-1320 or email jim@taylor-builders.com if you have any questions.

Very truly yours,

TAYLOR BUILDERS, LLC

By: *Jim Brecher*

Jim Brecher, Director of Acquisition

Cc: Clifton Taylor, President

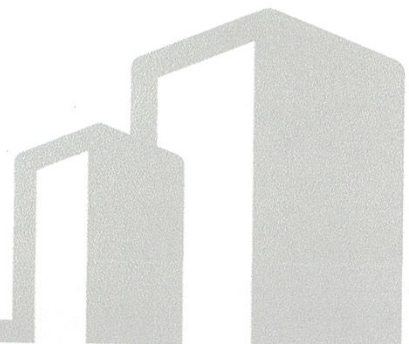


EXHIBIT 15



December 16, 2021

Dear Father Alex,

On behalf of my brother, sister, and myself, I am happy to send the enclosed two-million-dollar check toward my family's pledge for the re-building of the Saint Nicholas Shrine. This will leave an outstanding balance of three million dollars.

It is amazing to see the progress that has been made by the efforts of a great team and we are honored to be a part of a project which will inspire people for generations to come.

With warm regards,

A handwritten signature in blue ink, appearing to read "Michael Spanos". The signature is stylized and includes a large loop at the end.

Michael Spanos

THIS CHECK IS VOID WITHOUT THE SIGNATURE OF THE ISSUING BANK

THE NEXT PAGE OF THIS DOCUMENT HAS A MICR LINE WHICH MUST BE REPRODUCED ON WHITE PAPER

THE BANK'S TOP TO BOTTOM MICR LINE MUST BE REPRODUCED ON WHITE PAPER

AGS

THE ALEX & FAYE SPANOS FAMILY TRUST

10100 Trinity Parkway, 5th Floor
Stockton, CA 95219
(209)478-7954

Bank of the West
PALO ALTO, CA 94306

90-78
1211

AMOUNT
*\$2,000,000.00

DATE
December 15, 2021

CHECK NO.
6326

Pay: *****Two million dollars and no cents

PAY
TO THE
ORDER OF
THE SAINT NICHOLAS GREEK
ORTHODOX CHURCH & NATIONAL SHRINE
FUND

Dora Spanos Bebel
Nancy Jones

6326 1: [REDACTED] 0782 [REDACTED] 9614

EXHIBIT 16



May 10, 2021

Dear Father Alex,

On behalf of my brother, sisters, and myself, I am happy to send the enclosed two-million-dollar check toward my family's pledge for the re-building of the Saint Nicholas Shrine. This will leave an outstanding balance of five million dollars.

We are very glad to be part of the great team that's working hard to complete construction of the shrine in time for the commemoration of the 20th anniversary. We share in the vision of the project and what it stands for, and I am confident that future generations will be inspired and look at it with equal pride.

With warm regards,

A handwritten signature in blue ink, appearing to be "Michael Spanos". The signature is stylized with a large, circular flourish at the end.

Michael Spanos

EXHIBIT 17

Dea Berberian

From: Fr Alex Karloutsos <fralex@kimisishamptons.org>
Sent: Monday, March 14, 2022 4:46 AM
To: Steven Cohen
Cc: fralex@goarch.org; Dea Berberian; Dean Spanos; Michael Spanos
Subject: Re: European trip

Dear Steve,

I do not understand whatsoever what Dea is referring to about Michael's "checkered past." Michael served as Trump's Acting Chief of Protocol at the US Department of State. To have done so, means that the FBI, The Secret Service and the Diplomatic Service at State, did not find anything to prohibit him from serving his Country. Thank you

Father Alexander Karloutsos
Protopresbyter of the Ecumenical Patriarchate fralex@kimisishamptons.org

> On Mar 14, 2022, at 1:02 AM, Steven Cohen <Steve@agspanos.com> wrote:

>

> Dear Fr Alex, please see #4 below from Dea. I found that Michael was
> very helpful in Athens, however I'm unaware of what Dea is referring
> to below. I'll work to answer her questions on the business potential
> that has been presented. Perhaps you can address Dea's question about
> Michael's character. Thank you, Steve

>

>

> Steven L. Cohen. COO/EVP . The A.G. Spanos Group of Companies
> 10100 Trinity Parkway, 5th Floor . Stockton, CA 95219 p 209.955.2505 .
> f 209.473.3703 . steve@agspanos.com

>

> -----Original Message-----

> From: Dea Berberian <dberberian@agspanos.com>
> Sent: Sunday, March 13, 2022 8:28 PM
> To: Steven Cohen <Steve@agspanos.com>
> Cc: Michael Spanos <mspanos@agspanos.com>; Dean Spanos
> <enzo70@chargers.nfl.com>
> Subject: European trip

>

> Steve,

>

> I would like some information regarding your recent trip to Europe with Deno and Michael. I understand it was to explore a business opportunity in Greece.

>

>

> Would you please provide the following information:

>

> 1. If there is a business purpose, what is it?

>

© 2011

- > 2. Is this intended to be business opportunity related to the business of The Spanos Corporation? If not, to which entity does it relate?
- >
- > 3. What other third parties would be potentially involved in this matter?
- >
- > 4. Can you confirm whether or not that Michael Karloutsos will be involved? There are claims out there that he has a questionable and checkered past.
- >
- > 5. Who went on the trip?
- >
- > 6. How long were you in Europe and please list all of the places everyone visited. If Net jets were used in Europe, please state who used them and where they traveled.
- >
- > 7. What was the cost of the trip and who or what entity is paying for it?
- >
- > 8. Was there a personal component of the trip? How does that break down and who is paying for what part of the trip?
- >
- > DEA
- >
- > Sent from my iPad

CAUTION: This email originated from outside of A G Spanos Companies. This warning is to awaken your CAUTIOUS side, please do not click links or open attachments until you are sure this is a legitimate email.

Dea Berberian

From: Steven Cohen
Sent: Sunday, March 13, 2022 10:03 PM
To: Fr Alex Karloutsos; 'fralex@GOARCH.ORG'
Cc: Dea Berberian; Dean Spanos; Michael Spanos
Subject: FW: European trip

Dear Fr Alex, please see #4 below from Dea. I found that Michael was very helpful in Athens, however I'm unaware of what Dea is referring to below. I'll work to answer her questions on the business potential that has been presented. Perhaps you can address Dea's question about Michael's character. Thank you, Steve

Steven L. Cohen • COO/EVP • The A.G. Spanos Group of Companies
10100 Trinity Parkway, 5th Floor • Stockton, CA 95219 p 209.955.2505 • f 209.473.3703 • steve@agspanos.com

-----Original Message-----

From: Dea Berberian <dberberian@agspanos.com>
Sent: Sunday, March 13, 2022 8:28 PM
To: Steven Cohen <Steve@agspanos.com>
Cc: Michael Spanos <mspanos@agspanos.com>; Dean Spanos <enzo70@chargers.nfl.com>
Subject: European trip

Steve,

I would like some information regarding your recent trip to Europe with Deno and Michael. I understand it was to explore a business opportunity in Greece.

Would you please provide the following information:

1. If there is a business purpose, what is it?
2. Is this intended to be business opportunity related to the business of The Spanos Corporation? If not, to which entity does it relate?
3. What other third parties would be potentially involved in this matter?
4. Can you confirm whether or not that Michael Karloutsos will be involved? There are claims out there that he has a questionable and checkered past.
5. Who went on the trip?
6. How long were you in Europe and please list all of the places everyone visited. If Net jets were used in Europe, please state who used them and where they traveled.
7. What was the cost of the trip and who or what entity is paying for it?
8. Was there a personal component of the trip? How does that break down and who is paying for what part of the trip?

DEA

Sent from my iPad

Dea Berberian

From: Dea Berberian
Sent: Sunday, March 13, 2022 8:28 PM
To: Steven Cohen
Cc: Michael Spanos; Dean Spanos
Subject: European trip

Steve,

I would like some information regarding your recent trip to Europe with Deno and Michael. I understand it was to explore a business opportunity in Greece.

Would you please provide the following information:

1. If there is a business purpose, what is it?
2. Is this intended to be business opportunity related to the business of The Spanos Corporation? If not, to which entity does it relate?
3. What other third parties would be potentially involved in this matter?
4. Can you confirm whether or not that Michael Karloutsos will be involved? There are claims out there that he has a questionable and checkered past.
5. Who went on the trip?
6. How long were you in Europe and please list all of the places everyone visited. If Net jets were used in Europe, please state who used them and where they traveled.
7. What was the cost of the trip and who or what entity is paying for it?
8. Was there a personal component of the trip? How does that break down and who is paying for what part of the trip?

DEA

Sent from my iPad

EXHIBIT 18

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <Enzo70@chargers.nfl.com>
Date: August 27, 2021 at 6:53:15 PM PDT
To: Dea Berberian <dberberian@agspanos.com>
Subject: RE: Sept 17 Dallas game

Dea,

With the current family dynamics, it would not be practical or enjoyable for our four families to all share one suite for the home games. I hope that relationships will improve enough to permit us to go back to the prior arrangement much sooner than later. In the meanwhile, we have secured 16 seats plus 4 SRO/barstool tickets for your use in Patio Suite 4-E9, which is located just above the Kroenke family's suite and has comparable views.

All tickets are mobile this year (no physical tickets). By close of business on Monday before a home game (or the Friday before the 12/16 Chiefs game), please notify Yolanda Rivera, who will be your contact person for the suite/tickets, if you will be using the suite for that week's home game and the number of people who will be attending. If you plan on using the suite, the tickets will be sent electronically to your assistant, Erin Capps, or another designee to send to your guests.

Two platinum (underground) parking passes and three yellow lot parking passes will also be electronically sent to Erin with the electronic tickets.

Catering will be provided in your suite based on the number of attendees each week. Please also coordinate with Yolanda regarding any police escort you may require. Finally, please also be mindful of the current COVID-19 protocols at the stadium:



Dean

-----Original Message-----

From: Dea Berberian <dberberian@agspanos.com>
Sent: Saturday, August 21, 2021 4:12 PM
To: Spanos, Dean <Enzo70@chargers.nfl.com>
Subject: Sept 17 Dallas game

Deno,

I am requesting my equal allocation of seats in the Family's Owner Box for the game against Dallas in September. Historically, an email was circulated by your office for each Owner's request, but I did not receive an email for the pre-season game this past week.

Thank you.

Sent from my iPad

CAUTION: This email originated from outside of A G Spanos Companies. This warning is to awaken your CAUTIOUS side, please do not click links or open attachments until you are sure this is a legitimate email.

EXHIBIT 19

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: "Spanos, Dean" <Enzo70@chargers.nfl.com>

Date: September 5, 2021 at 5:25:11 PM PDT

To: Dea Berberian <dberberian@agspanos.com>

Dea

I have never made our disagreement about the Chargers personal. You, on the other hand, have made numerous public attacks on my character and integrity. I also have not made any decisions for you as to what is in your personal best interests or tried to do so.

To the contrary, it is you who is seeking to force a sale of my, Lexi and Michael's interests in the team even though you know that none of us has any interest in selling, and despite our parent's clear instructions that they wanted us to promote and maintain family ownership of the Chargers.

If in fact you are interested in selling your family's interest in the team that is something that Michael, Lexy and I would be open to, but please don't try to impose your will on us and then claim you are acting in the best interests of the trust's beneficiaries when the overwhelming majority of those same beneficiaries keep telling you they have no interest whatsoever in selling their interests. That said, I would like nothing better than to figure out a way to put this behind us, I have been and remain willing to make that effort (it is not true that I have refused to engage with you), and I would be open to having the 4 of us get together without lawyers to see if we can figure something out.

With respect to the suite, Lexy, Michael and I made a decision together about what is our families' best interests given the current situation. You have an amazing suite with a full compliment of amenities available for your exclusive use.

While I hope we will be able to have all 4 families together again, under the current circumstances none of us feel comfortable right now.

Dean

[REDACTED]

CAUTION: This email originated from outside of A G Spanos Companies. This warning is to awaken your CAUTIOUS side, please do not click links or open attachments until you are sure this is a legitimate email.

EXHIBIT 20

Erin Capps

From: Rivera, Yolanda <Yolanda.Rivera@chargers.nfl.com>
Sent: Tuesday, September 14, 2021 12:10 PM
To: Erin Capps
Subject: RE: Berberian Game Details - Sunday, September 19th

Hi Erin!

Here a few things to get us started for the Dallas game:

- I will electronically transfer the tickets and parking to you tomorrow. In advance, you can install the Chargers app and set up an account. This link will provide you with helpful information on mobile ticketing. <https://www.chargers.com/tickets/mobile-ticketing/>
- In accordance with the NFL COVID protocols, please provide me with the vaccination status for:
 - Dea
 - Ron
 - Aram
 - Dimitri
 - Taki
 - Alexandros
 - Lindsey
 - Vasili
 - Markos
 - Stelios
- Please provide me the manifest for NetJets passengers.
- Regarding catering, Alyssa Patterson of Legends, is your contact. Please contact her at apatterson@legends.net to place your order. The team will pay for the catering order.

I checked on the Chargers reimbursement policy as you requested. I was told that the long-standing policy which is applicable to everyone is that the team will reimburse for the costs for Dea; any costs for her children and friends will not be reimbursed by the team. For example, the team will pay for a NetJets if Dea is on the manifest. If she is not, the team will not pay for the NetJets.

Thank you,
Yolanda



YOLANDA RIVERA | Senior Assistant to the Executive Suite

Tel: (657) 356-2141

Hoag Performance Center | 3333 Susan St, Costa Mesa, CA 92626

www.chargers.com

Please excuse any delayed responses. We have transitioned to a remote workplace in response

From: Erin Capps <ecapps@agspanos.com>
Sent: Friday, September 10, 2021 3:57 PM
To: Rivera, Yolanda <Yolanda.Rivera@chargers.nfl.com>
Cc: Dea Berberian <dberberian@agspanos.com>
Subject: RE: Berberian Game Details - Sunday, September 19th

One more thing. Please let me know the contact family would see in the store.
Thank you Yolanda

Erin

Erin Capps

Executive Assistant to Dea Spanos Berberian
A. G. Spanos Companies
10100 Trinity Parkway, 5th floor
Stockton, CA 95219
(209) 955-2596 office
(209) 955-2586 fax
(209) 487-4199 cell
ecapps@agspanos.com

From: Erin Capps
Sent: Friday, September 10, 2021 10:06 AM
To: Rivera, Yolanda <yolanda.rivera@chargers.nfl.com>
Cc: Dea Berberian <dberberian@agspanos.com>
Subject: Berberian Game Details - Sunday, September 19th

Hi Yolanda,

Hope all is well. Dea asked me to send you an email for the Sunday, September 19th home game and let you know the following.

- Dea will be using suite Dean assigned her and all 20 seats (16 seats plus 4 SRO/barstool tickets)
- NetJet for 7 needed from/back to Stockton/game (Dea will request through Steve Cohen)
- Please coordinate a police escort for her family (details on pickup location being worked out and I'll get back to you asap)
- They will need owner's passes w/photo ID for ALL Stadium Access for Ron, Dea, Aram, Dimitri, Taki, Alexandros, Lindsey, Vasili, Markos and Stelios.
- Catering (please send us planned catering menu for family)
- Field passes and escort
- Photos on the field and in the box
- Two platinum (underground) parking passes
- Three yellow lot parking passes

Please forward electronic tickets/parking to me and I'll make sure to get to appropriate family/guests.

Lastly: What is the process for submitting family travel costs for reimbursement/payment? Ie., planes, drivers, etc. Would I send those to your attention?

Thank you Yolanda. If you have any questions, please give me a call.

Talk soon.

Erin

Erin Capps

Executive Assistant to Dea Spanos Berberian

A. G. Spanos Companies

10100 Trinity Parkway, 5th floor

Stockton, CA 95219

(209) 955-2596 office

(209) 955-2586 fax

(209) 487-4199 cell

ecapps@agspanos.com

CAUTION: This email originated from outside of A G Spanos Companies. This warning is to awaken your CAUTIOUS side, please do not click links or open attachments until you are sure this is a legitimate email.

EXHIBIT 21

Dea Berberian

From: Steven Cohen
Sent: Thursday, September 30, 2021 9:30 AM
To: Dea Berberian
Subject: RE: Sunday October 3rd

Dea, please confirm that this will be charged to you personally. Thank you, Steve

Steven L. Cohen • COO/EVP • The A.G. Spanos Group of Companies
10100 Trinity Parkway, 5th Floor • Stockton, CA 95219 p 209.955.2505 • f 209.473.3703 • steve@agspanos.com

-----Original Message-----

From: Dea Berberian <dberberian@agspanos.com>
Sent: Thursday, September 30, 2021 8:25 AM
To: Steven Cohen <Steve@agspanos.com>
Cc: Alexandros Economou <aeconomou@agspanos.com>; Erin Capps <ecapps@agspanos.com>; Becky Sixtos <bsixtos@agspanos.com>
Subject: Sunday October 3rd

Steve

Please book a net jet for Lex and his family and Aram on Sunday October 3, noon to 2:00 window from Stockton to Newport. Thanks DEA

Sent from my iPad

EXHIBIT 22

Dea Berberian

From: Dea Berberian
Sent: Thursday, September 30, 2021 7:43 PM
To: Steven Cohen
Subject: Re: Sunday October 3rd

Steve,

Please confirm that the flights to the game for Dean and all the other Spanos family members are personal expenses which be paid by them personally.

DEA

Sent from my iPad

> On Sep 30, 2021, at 9:30 AM, Steven Cohen <Steve@agspanos.com> wrote:

>

> Dea, please confirm that this will be charged to you personally.

> Thank you, Steve

>

>

> Steven L. Cohen. COO/EVP . The A.G. Spanos Group of Companies

> 10100 Trinity Parkway, 5th Floor . Stockton, CA 95219 p 209.955.2505 .

> f 209.473.3703 . steve@agspanos.com

>

> -----Original Message-----

> From: Dea Berberian <dberberian@agspanos.com>

> Sent: Thursday, September 30, 2021 8:25 AM

> To: Steven Cohen <Steve@agspanos.com>

> Cc: Alexandros Economou <aeconomou@agspanos.com>; Erin Capps

> <ecapps@agspanos.com>; Becky Sixtos <bsixtos@agspanos.com>

> Subject: Sunday October 3rd

>

> Steve

> Please book a net jet for Lex and his family and Aram on Sunday

> October 3, noon to 2:00 window from Stockton to Newport. Thanks DEA

>

> Sent from my iPad