Council Meeting of
July 26, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Approve an All Inclusive Agreement for Satisfaction of Relocation Obligations and Termination of Lease for property located at 1640 Cabrillo Avenue

RECOMMENDATION

Recommendation of the City Manager that City Council approve an All Inclusive Agreement for Satisfaction of Relocation Obligations and Termination of Lease for property located at 1640 Cabrillo Avenue by and between the City of Torrance, a California municipal corporation ("City"), the Redevelopment Agency of the City of Torrance, a public body, corporate and politic ("Agency"), and Class Termite & Pest Control, Inc., a California corporation ("Tenant").

Funding

There is no funding required.

BACKGROUND/ ANALYSIS

The subject property was purchased in October 2009 with the intent to develop a mixed-use project utilizing redevelopment low-income housing twenty percent set aside funds. At the time of acquisition, the site had a tenant, Class Pest and Termite. The purchase was consummated, and the tenant was retained on a month-to-month basis.

The original rent was $8,650.00 per month; however soon after the close of escrow, the tenant made a request to lower the rent due to the economic downturn. The rent was set to $6,000 per month for a six-month period and was then increased to $6,250 per month for an additional six-month period. The rent was set to revert back to the original $8,650 amount when the tenant requested that the rent stay at $6,250 per month. The rent amount has been extended on a month-to-month basis at $6,250 per month pending the development of the subject Agreement.

The rent is set to increase to $8,650 per month on August 1, 2011. The tenant has indicated a desire to keep the rent at $6,250 per month and that it would be willing to terminate the month-to-month tenancy in exchange for a set rent for a defined period of time. The agreement allows for the tenancy to continue until termination on December 31, 2011. It also allows for a predictable rent amount of $6,250 per month until the lease terminates and the tenant is required to vacate the premises.

The continued rent reduction is valued at $12,000. This value is utilized as a settlement of relocation costs. This settlement also relieves the tenant from the burden of the full monthly rent

until the termination of the month-to-month tenancy. It allows the tenant to plan its move to another facility while giving the City and Agency a date certain for surrender of the property.

Respectfully submitted,

LeROY J. JACKSON
CITY MANAGER

By: _____
Brian K. Sunshine
Assistant to the City Manager

CONCUR:

_____
John L. Fellows III
City Attorney

_____
LeRoy J. Jackson
City Manager

Attachment: Agreement for Satisfaction Of Relocation Obligations and Termination of Lease

ATTACHMENT

ALL INCLUSIVE AGREEMENT FOR SATISFACTION
OF RELOCATION OBLIGATIONS AND TERMINATION OF LEASE

This ALL INCLUSIVE AGREEMENT FOR SATISFACTION OF RELOCATION OBLIGATIONS AND TERMINATION OF LEASE ("Agreement") is made as of July 26, 2011, by and between the City of Torrance, a California municipal corporation ("City"), the Redevelopment Agency of the City of Torrance, a public body, corporate and politic ("Agency"), and Class Termite & Pest Control, Inc., a California corporation ("Tenant"). City, Agency, and Tenant are hereinafter periodically referred to collectively as the "Parties" and individually as a "Party."

RECITALS

A. Tenant operates a business and occupies real property and improvements located at 1630 through 1640 Cabrillo Avenue, Torrance, California, excepting therefrom one (1) space, eighteen (18) feet by twenty-one (21) feet, at the rear of the building on the north side of the subject property with a legal description as follows: Torrance tract, Lots 18, 19, 20, 21, 22 and Lot 23 Blk 4 – Torrance tract Lot 24 Blk 4, Lot 25 Blk 4, Lot 26 Blk 4 (the "Premises"). City is the "Landlord" of the Premises pursuant to that certain LEASE AGREEMENT, by and between Tenant and Gerald Wright and Mary Jane Wright, the original landlord, dated August 3, 1995 (the "Lease"), Agency Resolution RA2011-003 (adopted March 8, 2011), and City Council Resolution 2011-33 (adopted March 8, 2011), whereby Agency assigned to City the Agency's rights and obligations as successor in interest to the original landlord under the Lease, and City accepted the same. The Lease more particularly describes the Premises and sets forth the rights and obligations of Landlord and Tenant.

B. As set forth in that certain Estoppel Certificate From Tenant, dated October 19, 2009 (the "Estoppel Certificate"), Tenant was required to pay Landlord a minimum rent of $8,650.00 per month, and Tenant is a holdover tenant leasing the Premises on a month-to-month tenancy, as more particularly set forth in the Lease and Estoppel Certificate. Since Agency and City have become successors in interest as landlord under the Lease, Tenant has requested reductions in rent to accommodate economic uncertainties and the tenuous nature of the economy. In response, by letter from Agency to Tenant, dated May 28, 2010, Tenant requested and Agency agreed to charge Tenant a minimum rent of $6,000.00 per month over the 6-month billing cycle from June 1, 2010 through November 31, 2010, and, by letter from Agency to Tenant, dated December 9, 2010, Tenant requested and Agency agreed to charge Tenant a minimum rent of $6,250.00 per month over the 6-month billing cycle from December 1, 2010 through May 31, 2010.

C. By letter from Tenant to City, dated May 25, 2011, Tenant requested to City that the then current rental charge of $6,250.00 be extended for the months of June through September, and Tenant represented to City that Tenant intends to voluntarily vacate the Premises by the end of summer 2011. City, as Landlord, is willing to grant the requested extension for the reduction in minimum rent through the extended month-to-month tenancy period, in exchange for Tenant's willingness to agree to the terms and conditions of this Agreement.

D. By virtue of this Agreement, the Parties acknowledge their wish and intent to settle all compensation issues related to the Agency's and City's acquisition of the Premises, and the purchase, replacement and/or relocation of Tenant, Tenant's business, Tenant-owned improvements pertaining to the realty such as trade fixtures, furnishings, and equipment (collectively "Improvements Pertaining to the Realty"), and Tenant-owned personal property, as may be required at some future time when Tenant vacates the Premises and the Lease terminates.

E. The Parties hereby agree to settle all statutory relocation claims, all claims for reestablishment expenses, and all claims and compensation for the acquisition of the Premises and the Improvements Pertaining to the Realty connected with the Agency's and City's acquisition of the Premises, for an amount equal to $12,000.00 (the "Settlement Amount"), which equals the amount that Tenant would have to pay as monthly minimum rent of under the Lease ($8,650.00), less the reduced monthly amount of rent charged to Tenant ($6,250.00) (the "Reduced Monthly Rent"), for five months from August 1 through December 31, 2011 (($8,650.00 - $6,250.00 = $2,400.00) x 5 months = $12,000.00). The Parties acknowledge and agree that, but for City's and Agency's entering into this Agreement, Tenant as of the date of this Agreement would be obligated to pay to City the full minimum rent as specified in the Lease, and Tenant would not have, as a month-to-month holdover tenant, the certainty of being able to remain on the Premises until December 31, 2011.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency is acknowledged, the Parties agree as follows:

1. Consideration

(a) Without admitting or denying that Tenant is, as of the date of this Agreement, subject to relocation benefits pursuant to any federal, state, or local relocation law, regulation, or policy, including but not limited to the Uniform Relocation Act (42 U.S.C. § 4601 *et seq.*) and implementing regulations, California Government Code Section 7260 *et seq.*, and implementing regulations, and the Community Redevelopment Law (California Health & Safety Code § 33000 *et seq.*) (collectively referred to as "Relocation Laws"), the Parties agree to settle all issues relating to the acquisition of the Premises, and the purchase, replacement and/or relocation of Tenant, Tenant's business, Improvements Pertaining to the Realty, and Tenant-owned personal property for the Settlement Amount. Neither City nor Agency shall have an obligation to deliver a payment of the Settlement Amount to Tenant. The remittance of the Settlement Amount shall be achieved by the mutual termination of the Lease as of the Vacating Date (defined below) and by the City releasing Tenant of its obligation under the Lease to pay the minimum rent required by the Lease, as set forth in this Agreement.

(b) Tenant hereby represents, warrants, and assures the City and Agency that no hazardous materials are left on the Premises.

(c) Tenant shall remove any and all personal property (including Improvements Pertaining to the Realty) in accordance with the Lease no later than the Vacating Date. If upon the Vacating Date Tenant causes or fails to prevent any damage to the Premises by the removal of any property, Tenant shall at its own cost and expense repair and restore the Premises to the condition prior to said removal, ordinary wear and tear excepted. In the event that Tenant leaves any of Tenant's property in, on, about, or around the Premises after the Vacating Date, Tenant shall be conclusively deemed to have abandoned such property, and City shall have the right, in addition to any other rights available at law or in equity, to immediately remove, destroy, and dispose of, or reuse the same, at City's sole and discretionary determination without any further obligation to Tenant. Tenant hereby releases and waives any rights and claims that Tenant may have regarding notice, an opportunity to reclaim Tenant's property, and any right to compensation for City's use or disposal of Tenant's property under California Civil Code Section 1980 *et seq.* and any other applicable law.

(d) Tenant shall pay to City the Reduced Monthly Rent (the amount of $6,250.00) timely and in accordance with the Lease, except that all payments shall be made payable to the City of Torrance.

(e) Tenant agrees that the Settlement Amount constitutes full satisfaction of any and all City and Agency obligations to Tenant, including without limitation any obligations for compensation because of Agency's and City's acquisition of the Premises, relocation assistance, relocation benefits, loss of business goodwill, leasehold interest, or compensation for personal property, Improvements Pertaining to the Realty, or damages of any nature. Tenant acknowledges that its rights under the law with respect to the foregoing matters may be different than the rights it is receiving under this Agreement, and Tenant represents and warrants that it has been fully advised or had the opportunity to be fully advised by legal counsel of its rights under the law with respect to such matters, and that it is entering into this Agreement freely and voluntarily, and without duress or coercion.

2. Vacation of Premises; Termination of Lease

(a) Tenant shall vacate the premises on or before December 31, 2011 (the "Vacating Date").

(b) The Lease shall terminate at 11:59 p.m. on December 31, 2011, at which time Tenant shall no longer have a right to use and occupy the Premises, as a holdover tenant or otherwise. By executing this Agreement, City shall be deemed to have delivered, and Tenant shall be deemed to have received, any and all notices to vacate the Premises and termination of the Lease as may be required under the Lease or by law, including but not limited to California Civil Code section 1946 and California Code of Civil Procedure section 1162. Concurrently with the

execution of this Agreement, Tenant shall execute the Stipulation for Judgment in Unlawful Detainer in a form substantially similar to that of Attachment 1, incorporated herein by this reference ("Stipulation for Judgment"). In the event that Tenant fails to vacate the Premises by the Vacating Date, City shall have the right (in addition to any other rights and remedies available at law or in equity and available pursuant to the Lease) to commence an action in unlawful detainer and to file the Stipulation for Judgment. Tenant shall not oppose City's right to seek a judgment in unlawful detainer pursuant to the terms and conditions of this Agreement and the Stipulation for Judgment.

(c) If Tenant does not vacate the Premises by the Vacating Date, City shall have the right (in addition to any other rights and remedies available at law or in equity and available pursuant to the Lease) to demand of Tenant for each day that Tenant fails to vacate the Premises after the Vacating Date to pay City an amount equal to the Daily Holdover Rate. The "Daily Holdover Rate" shall be rent in the amount of $8,650.00 per month, plus ten percent (10%) interest or the maximum interest rate permitted by law (whichever is less) on said monthly amount, divided by the number of days in the applicable month. In the event that City exercises its right pursuant to this Section 2(c), Tenant shall pay to City no later than ten (10) days after delivery of written demand to Tenant an amount equal to the total number of days for which Tenant failed to vacate the Premises after the Vacating Date, multiplied by the Daily Holdover Rate. City's right to seek payment set forth in this Section 2(c) shall be cumulative to and shall not be deemed to exclude City from seeking any other right or remedy available to City in the Lease, including without limitation the prosecution of an unlawful detainer action and any additional amounts due and owing to City pursuant to the Lease.

(d) Tenant's full release as provided in Section 3 of this Agreement shall remain in full force and effect even if (i) Tenant does not vacate the Premises by the Vacating Date, (ii) City exercises its right to collect payment of the Daily Holdover Rate as provided in Section 2(c) above, and/or (iii) City exercises its right to prosecute an unlawful detainer action and seek judgment pursuant to the Stipulation for Judgment.

3. Release

(a) Tenant for itself, its agents, assigns and related entities, fully releases, acquits and discharges City and Agency (collectively the "Released Agencies"), and the officers, directors, employees, attorneys, accountants, other professionals, insurers and agents of the Released Agencies (collectively "Released Agents") and all departments and other entities related to the Released Agencies, from all rights, claims, demands, actions or causes of action which Tenant now has or may have against the Released Agencies arising from the acquisition of the Premises and the replacement and/or relocation of Tenant, Tenant's business, Improvements Pertaining to the Realty, and Tenant-owned personal property, including without limitation property and franchise rights and interest, relocation benefits and

assistance under any Relocation Laws, all leasehold interests and rights of tenancy or occupancy, any bonus value, business goodwill, lost income (past or future), failure to locate a suitable replacement residential or business location, lost rental income or sublease or license income, severance damages (if any), pre-condemnation damages (if any), economic or consequential damages, professional consultant fees, attorney's fees and costs, expert witness fees and costs, interest, all other costs, and any and all compensable interests, and/or damages, and/or claims, of any kind and nature, claimed or to be claimed, suffered or to be suffered, by Tenant by reason of Agency's and City's acquisition of the Premises or Tenant's displacement from the Premises (collectively "Released Claims"). Tenant represents and warrants that Tenant is the holder of all rights to payments relating to the Released Claims, including without limitation relocation assistance and benefits and loss of business goodwill, and that none of the Released Claims has been sold, assigned, transferred, or otherwise set over, in whole or in part, to any other person or entity.

(b) This release is intended as a full and complete release and discharge of any and all such claims that Tenant may or might have against any of the Released Agencies, their related entities, and the Released Agents arising from the facts and circumstances described in this Agreement. In making this release, Tenant intends to release the Released Agencies, their related entities, and the Released Agents from any liability of any nature whatsoever for any claim or injury or for damages or equitable or declaratory relief of any kind, whether the claim, or any facts on which such claim might be based, is known or unknown to the party possessing the claim.

Tenant expressly waives all rights under Section 1542 of the Civil Code of the State of California, which Tenant understands provides as follows:

> *A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.*

Tenant's Initials _____

(c) Tenant acknowledges that it may hereafter discover facts or law different from or in addition to those which it now believes to be true with respect to the release of claims. Tenant agrees that the foregoing release shall be and remain effective in all respects notwithstanding such different or additional facts or law or any Party's discovery thereof. Tenant shall not be entitled to any relief in connection therewith, including, but not limited to any damages or any right or claim to set aside or rescind this Agreement.

(d) No Party has made any statement or representation to any other Party regarding any fact relied upon in entering into this Agreement, and each Party expressly

states it does not rely upon any statement, representation or promise of any other Party or any Party's agent or related entities in executing this Agreement, except as is expressly stated in this Agreement.

4. No Third Party Beneficiary.

Except for the Parties, and their permitted successors and assigns, no other person or entity shall have the right to enforce any of the terms and conditions of this Agreement.

5. Attorney's Fees

In the event of litigation relating to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

6. Indemnity By Tenant

Tenant shall indemnify, defend (with counsel of City's and Agency's choosing), and hold City and Agency harmless from and against any claims, demands, liabilities, losses, judgments, expenses and attorney's fees resulting from the breach by Tenant of any provision of this Agreement or the falsity of any representation or warranty made by Tenant contained in this Agreement.

7. Entire Agreement

This Agreement contains the entire agreement of the Parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

8. Partial Invalidity

In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.

9. Waiver

The provisions of this Agreement may be waived, altered, amended or repealed, in whole or in part, only upon the written consent of the Party(ies) to this Agreement for whose benefit said provision(s) extend. The waiver by one Party of the performance of a provision of this Agreement shall not invalidate this Agreement, nor shall it be considered as a waiver of any subsequent breach of the same or other provisions of this Agreement.

10. Headings

The headings, subheadings and numbering of the different paragraphs of this Agreement are inserted for convenience only and shall not be considered for any purpose in construing this Agreement.

11. Governing Law

The rights and obligations of the parties hereto shall be construed and enforced in accordance with, and governed by, the laws of the State of California, without regard to conflict of law principles.

12 Successors In Interest

Subject to any restrictions against assignment contained herein, and to any legal limitations on the power of the signatories to bind non-signatories to this Agreement, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, executors, estate, heirs, legatees, agents and related entities of each of the Parties hereto.

13. Necessary Acts

Each Party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. Prohibition Against Transfers; Representations and Warranties of No Transferred Rights, Claims, or Interests in Premises

Tenant shall not transfer, assign, sublease, or sublet any of Tenant's rights or interests in this Agreement or in the Lease or the Premises. Tenant represents and warrants to the City and Agency, and City and Agency materially rely upon said representation and warranty, that Tenant has not assigned, transferred, or subleased to any third party any of the rights, claims, causes of action or items to be released or transferred which they are obligated to transfer or to release as part of this Agreement. Tenant further represents and warrants to the City and Agency, and City and Agency materially rely upon said representation and warranty, that Tenant has not assigned, transferred, or subleased or subletted to any third party any right of use or occupancy to the Premises.

15. Authority To Execute This Agreement

Each entity executing this Agreement represents that it is authorized to execute this Agreement. Each person executing this Agreement on behalf of an entity represents that he or she is authorized to execute this Agreement on behalf of said entity.

16. Construction

Each Party has cooperated in the drafting and preparation of this Agreement. In any construction to be made of this Agreement, or of any of its terms and provisions, the same shall not be construed against any Party.

17. Notices

All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered in writing personally or be sent by regular or certified first class mail, postage prepaid, deposited in the United States mail, or by known and reliable overnight courier service (such as FedEx), or by facsimile transmission, and properly addressed to the party at its address set forth below, or at any other address that such party may designate by written notice to the other party:

To City and Agency: City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503
Attn: City Manager & City Attorney
FAX: (310) 618-5891

With Copy to: Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626
Attn: M. Katherine Jenson, Esq.
FAX: (714) 546-9035

To Tenant: Class Termite & Pest Control, Inc.
1640 Cabrillo Ave.
Torrance, CA 90501
Attn: Roger Class, President
FAX: (310) 533-6105

Notices personally delivered shall be deemed delivered on the date of personal delivery provided evidence of such delivery is available to the Parties, notices delivered by overnight courier service (such as FedEx) or by facsimile shall be deemed delivered the next business day provided evidence of such delivery is available to the Parties, and notices delivered by United States mail shall be deemed delivered three (3) business days after the date of mailing and deposited into United States mail.

18. Computation of Days

Unless otherwise specified in this Agreement, use of the term "days" shall mean calendar days. For purposes of this Agreement, "business days" shall mean every day of the week except Saturdays, Sundays, and every day that City Hall of the City is not open for business to the general public.

19. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all Parties.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date set forth above.

Dated: _____

"AGENCY"

REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic

ATTEST:

_____
Sue Herbers, Agency Secretary

By: _____
Frank Scotto, Chair

APPROVED AS TO FORM
John L. Fellows III, Agency Counsel

By: _____

Dated: _____

"CITY"

ATTEST:

CITY OF TORRANCE, a California municipal corporation

_____
Sue Herbers, City Clerk

By: _____
Frank Scotto, Mayor

APPROVED AS TO FORM:
John L. Fellows III, City Attorney

By: _____

Dated: _____

"TENANT"

CLASS TERMITE & PEST CONTROL, Inc., a California corporation

By: _____

Its: _____

ATTACHMENT 1

STIPULATION FOR JUDGMENT IN UNLAWFUL DETAINER

[Attached]

ATTACHMENT 1

John L. Fellows III (State Bar No. 103968)
jfellows@TorranceCA.gov
CITY ATTORNEY
3031 Torrance Boulevard
Torrance, California 90503-5059
Telephone: 310-618-5810
Facsimile: 310-618-5813

Attorneys for Plaintiffs
CITY OF TORRANCE and REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

CITY OF TORRANCE, a California municipal corporation; REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic,

Plaintiffs,

v.

CLASS TERMITE & PEST CONTROL, INC., a California corporation; and DOES 1 through 25, inclusive,

Defendants.

Case No. _____

STIPULATION FOR JUDGMENT IN UNLAWFUL DETAINER

Plaintiffs CITY OF TORRANCE ("City") and REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE ("Agency") and defendant CLASS TERMITE & PEST CONTROL, INC, a California corporation, stipulate as follows:

RECITALS

A. City is the owner of the subject real property in the City of Torrance, County of Los Angeles, State of California, commonly known as 1630 through 1640 Cabrillo Avenue, Torrance, California, excepting therefrom one (1) space, eighteen (18) feet by twenty-one (21) feet, a the rear of the building on the north side of the subject property with a legal description as follows: Torrance tract, Lots 18, 19, 20, 21, 22 and Lot 23 Blk 4 – Torrance tract Lot 24 Blk 4, Lot 25 Blk 4, Lot 26 Blk 4 (the "Premises").

B. City is the "Landlord" of the Premises pursuant to that certain LEASE AGREEMENT, by and between Tenant and Gerald Wright and Mary Jane Wright, the original landlord, dated August 3, 1995 (the "Lease"), Agency Resolution RA2011-003 (adopted March 8, 2011) and City Council Resolution 2011-033 (adopted March 8, 2011), whereby Agency assigned to City the Agency's rights and obligations as successor in interest to the original landlord under the Lease, and City accepted the same. The Lease more particularly describes the Premises and sets forth the rights and obligations of Landlord and Tenant. True copies of the Lease, Agency Resolution RA2011-003 and City Council Resolution 2011-033 are attached as Exhibit A.

C. On or about July 26, 2011, Plaintiffs and Defendant entered into that certain All Inclusive Agreement for Satisfaction of Relocation Obligations and Termination of Lease ("All Inclusive Agreement"). A true copy of the All Inclusive Agreement is attached as Exhibit B. Pursuant to the All Inclusive Agreement, the Lease term expired December 31, 2011, but Defendant remained in the Premises.

D. Pursuant to the All Inclusive Agreement, City was deemed to have delivered Defendant with a notice to terminate tenancy in accordance with California Civil Code section 1946, requiring Defendant to quit and deliver up possession of the Premises. The notice was deemed to be served in accordance with Code of Civil Procedure section 1162 by Defendant's execution of the All Inclusive Agreement.

E. The Lease and notice period have expired, but Defendant has failed to vacate

the Premises and has not delivered up possession of the Premises to City. Accordingly, Plaintiffs commenced this action in unlawful detainer, and the parties now desire to settle and compromise their differences and avoid the expense, inconvenience, and uncertainty of further litigation pursuant to the terms and conditions in this Stipulation for Judgment in Unlawful Detainer ("Stipulation").

Wherefore, the parties agree to the following judgment:

TERMS

1. Judgment: Plaintiff, City of Torrance shall have judgment against Defendant Class Termite & Pest Control, Inc., for possession of the Premises at 1630 through 1640 Cabrillo Avenue, Torrance, California, excepting therefrom one (1) space, eighteen (18) feet by twenty-one (21) feet, a the rear of the building on the north side of the subject property with a legal description as follows: Torrance tract, Lots 18, 19, 20, 21, 22 and Lot 23 Blk 4 – Torrance tract Lot 24 Blk 4, Lot 25 Blk 4, Lot 26 Blk 4, a writ of possession to immediately issue. Plaintiff City is the prevailing party in this action and shall recover reasonable attorney's fees and costs of suit incurred herein pursuant to an appropriate memorandum of costs.

2. Time is of the Essence: Time is of the essence with respect to any act, performance, or payment under this Stipulation.

3. Integration: This Stipulation and the All Inclusive Agreement constitute the full and final agreement among the parties with respect to the subject matter hereof. The Stipulation and All Inclusive Agreement may not be modified or amended except by written instrument signed by each of the parties hereto, expressing such amendment or modification. Except for the All Inclusive Agreement, this Stipulation merges and supersedes all prior discussions, agreements, understandings, representations and covenants between the parties, and the parties warrant and represent that in executing this Stipulation they are not relying on any representation, promise or statement not contained herein or in the All Inclusive Agreement.

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4. Commissioner: A Commissioner of the Court may hear any proceedings arising out of this Stipulation.

5. Severability: In the event any provision, interpretation or application of this Stipulation is deemed to be unenforceable or invalid, the validity and enforceability of the remaining provisions shall not be adversely affected.

6. Neutral Interpretation: This Stipulation and the All Inclusive Agreement are intended to fully and finally resolve the claims which are the subject matter of this action, and shall be liberally construed to accomplish that purpose. This Stipulation shall not be construed in favor of one party nor against any other party, but rather shall be construed as though negotiated and drafted by all parties equally. Each party warrants that he/she/it has consulted with and/or has had the opportunity to be advised by legal counsel concerning the meaning and effect of this Stipulation and its various terms, and execution of this Stipulation is free and voluntary.

7. Warranty of Authority: The parties warrant and guaranty that each person whose signature appears hereon has been duly authorized and has full authority to execute this Stipulation on behalf of each of the parties.

8. Counterparts/Facsimile: This Stipulation may be executed in one or more counterparts, and signatures to this Stipulation may be exchanged by electronic mail and/or facsimile, each of which shall be deemed an original.

[Signatures on next page]

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Dated: _____

"AGENCY"

ATTEST:

REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic

_____
Sue Herbers, Agency Secretary

By: _____
Frank Scotto, Chair

APPROVED AS TO FORM
John L. Fellows III, Agency Counsel

By: _____

Dated: _____

"CITY"

ATTEST:

CITY OF TORRANCE, a California municipal corporation

_____
Sue Herbers, City Clerk

By: _____
Frank Scotto, Mayor

APPROVED AS TO FORM
John L. Fellows III, City Attorney

By: _____

Dated: _____

"TENANT"

CLASS TERMITE & PEST CONTROL, INC., a California corporation

By: _____

Its: _____

EXHIBIT "A"

LEASE
Agency Resolution RA2011-003
City Council Resolution 2011-033

EXHIBIT A

LEASE AGREEMENT

NEW AUG. REVISED.

It is hereby agreed on this 3RD day of ~~July~~ 1995, or as soon thereafter as the parties affix their signatures thereto, that said parties herein, to wit: GERALD WRIGHT and MARY JANE WRIGHT, (hereinafter referred to as **LANDLORD/LESSOR**) and CLASS TERMITE and PEST CONTROL, INC., by ROGER CLASS, its president, and ROGER CLASS, individually, (hereinafter referred to as **TENANT/LESSEE**), that the following terms and conditions shall constitute the full and entire Lease Agreement of the parties.

1. **DESCRIPTION:**

In consideration of the rents herein reserved and of the performance by **TENANT** of all the singular terms, covenants, conditions, provisions and agreements contained herein described, **LANDLORD** does hereby lease, demise and let unto **TENANT**, and **TENANT** does hereby hire and take, from **LANDLORD**, the Real Property situated in the City of Torrance, County of Los Angeles, State of California, and commonly known as 1630 through 1640 Cabrillo Avenue, Torrance, California, excepting therefrom One (1) space, Eighteen (18) feet by Twenty-One (21) feet, at the rear of the building on the North side of the subject property with a legal description as follows:

> Torrance tract, Lots 18, 19, 20, 21, 22 and Lot 23 Blk 4 - Torrance tract Lot 24 Blk 4, Lot 25 Blk 4, Lot 26 Blk 4.

2. **TERM:**

The term of said Lease shall be for a period of Three (3) years, commencing August 1, 1995, and continuing until July 31, 1998, with a Two (2) year option to extend for a Two (2) year period to renew said Lease upon Six (6) months written notice of the exercise of each option prior to culmination of the Three (3) year period of said Lease unless terminated, extended or modified by written agreement of the parties, breach of any term or condition herein, or by the terms and conditions provided hereinafter. Said written notification is absolute and mandatory and the passage of One (1) day beyond said period for written notice shall be an absolute and total waiver of **TENANT'S** right to exercise said option. TIME IS OF THE ESSENCE for said notification.

3. **CONSIDERATIONS:**

In consideration for said Lease Agreement, **TENANT**, agrees to pay, as and for a reasonable rental value thereof, the sum of Four-Thousand, Eight-Hundred Dollars ($4,800.00) per

month, payable on the First (1st) day of each month, commencing August 1, 1995, and continuing thereafter until July 31, 1996, at which time said monthly amount shall increase by Two-Hundred Fifty Dollars ($250.00) per month annually, for each additional year, until termination of the Lease period or extension/option thereof. Said increase shall be computed based on monthly rent for the last month preceding the anniversary date.

4. LATE CHARGES:

If, in the event any monthly payment is not paid, by the Tenth (10th) day of each month, a Seven and One-Half (7 ½) percent Late Charge shall immediately be due and payable. If said Late Charge is not paid and, without waiving any other legal remedy herein, LANDLORD may chose to permit TENANT to remain in the premises and to charge said TENANT interest on any unpaid balance at the current legal rate.

5. HOLD OVER:

Upon the termination of the ~~Six (6)~~ FIVE (5) year period, (if said options are exercised), or sooner, if said option is not exercised or, if by agreement of the parties, or as indicated hereinafter, the TENANT shall immediately, and unconditionally, surrender said premises. If, by written consent of the LANDLORD, TENANT is permitted to remain on said premises, said Hold Over shall be on a month-to-month basis at the monthly rental rate of Seven-Thousand, Three-Hundred Dollars ($7,300.00). At that time, both parties explicitly acknowledges that all of the applicable terms and conditions, mentioned hereinafter, shall be in full force and effect. The waiver of One (1) month Hold Over shall not be construed as LANDLORD'S consent to a Hold Over for any subsequent month.

6. HOLD HARMLESS:

TENANT shall, and will, protect and forever save said LANDLORD, and the leased premises, free and clear of, from and against any and all claims, damages, loss, costs, expenses and/or attorney's fees, originating from, or developing from, any act or other occurrence of whatsoever kind or nature, causing or resulting in injury to employees, agents, or to any other person, or property, whomsoever or whatsoever, or due directly, or indirectly, to the occupancy or use of said Lease premises or, any part thereof, by TENANT or by any person, or persons, holding under, or acting by, through, or under, said TENANT, or, by anything done, suffered, or permitted by TENANT thereon or in connection therewith; and, in addition thereto, by, or arising out of, any burglary, or attempted burglary, thereof, or, any act, or omission, of any customer, invitee, or employee.

7. **CONDEMNATION:**

If the premises, or any portion thereof, are taken under the power of eminent domain, or governmental condemnation, effecting **TENANT**, this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than Ten Percent (10%) of the land AND BUILDING AREA area of the premises is taken by condemnation, **TENANT** may, at **TENANT'S** option, terminate this Lease as of the date the condemning authority takes such possession. If **TENANT** does not terminate this Lease, the Lease shall remain in full force and effect as to the portion of the premises remaining. The rent shall be reduced in the proportion of the floor area of the building situated on the premises which was removed by condemnation.

8. **ZONING:**

If the current zoning, allowing for the present occupancy of the premises is changed, thus causing the "conditional use permit" to be revoked, **LANDLORD** and **TENANT** agree that this Lease shall be terminated. Upon **TENANT** vacating said premises and executing a termination of the Lease Agreement, **TENANT** ~~shall pay LANDLORD~~, the sum of ~~Fifteen Thousand Dollars ($15,000.00)~~, ~~unless~~ **TENANT** ~~vacates the premises~~ within Ten (10) days of the notice by **LANDLORD**.

9. **USE OF PREMISES:**

TENANT shall occupy and use the Leased premises for termite and pest control, fumigation, retail and service home improvement business and for no other purpose without prior written consent of the **LANDLORD**.

10. **ABANDONMENT:**

TENANT shall not vacate or abandon the premises at any time during the term; and if **TENANT** shall abandon, vacate or surrender said premises, or be dispossessed by process of law, or otherwise, any personal property left on the premises shall be deemed abandoned, at the option of the **LANDLORD**.

11. **ASSIGNMENT, SUBLETTING, SUBORDINATION:**

Said premises and/or this Lease and/or any part of said premises, or any part of the term of this Lease, shall not be sublet or assigned by **TENANT** in any manner whatsoever, in whole or

in part, without the prior written consent of LANDLORD first obtained, and consent to One (1) assignment, sublatting, occupation or use by any person shall not be deemed to be consent to any subsequent assignment, subletting, or use by another person, provided, however, that such consent shall not be unreasonably withheld. LANDLORD may assign or hypothecate this Lease or convey the premises without affecting the obligations of TENANT. This Lease shall be subordinate to any trust deed or mortgage now on the premises and any extension or renewal of either and to any trust deed or mortgage which LANDLORD may place on the premises hereafter and TENANT will execute and deliver such further instrument or instruments subordinating this Lease to the lien of any such trust deed or mortgage as shall be desired by any mortgage or proposed mortgagee or beneficiary under any trust deed.

12. UTILITIES:

TENANT shall pay for all water, gas, heat, light, power, telephone service, refuse, and other services supplied to said premises.

13. SIGNS:

TENANT shall not paint, install or maintain any sign, or placard on the exterior of said building and/or the exterior of the premises herein leased until first having obtained written approval from the City of Torrance in accordance with the sign ordinance. Existing signs are to remain on the premises. Upon the last day of this Lease, or sooner termination of this Lease, TENANT shall remove all TENANT'S signs from said leased premises in such a manner that said leased premises shall be left in good and satisfactory order, condition and repair. TENANT shall permit LANDLORD, and the LANDLORD agents, to enter into and upon said premises at all reasonable times, for the purpose of placing upon the property in which said premises are located, any usual or ordinary "FOR SALE" signs, without rebate of rent and without any liability to TENANT for any loss of occupation or quiet enjoyment of the premises hereby occasioned and, TENANT shall permit LANDLORD, at any time within Ninety (90) days prior to the expiration of this Lease, to place upon said premises any usual or ordinary "FOR RENT" or "FOR LEASE" signs.

14. ADVERTISING SIGNS:

Anything to the contrary in this Lease, notwithstanding, the TENANT shall not affix any signs to the roof of the premises. No new or additional signs shall be installed to the roof structure without LANDLORD'S prior written consent. Existing ground and building mounted signs are to remain, and TENANT is to have full use of said signs. In addition, no advertising medium shall be utilized by

TENANT which can be heard or experienced outside the **TENANT'S** premises, including, without limiting the generality of the foregoing, flashing lights, searchlights, loudspeakers, phonographs, radio or television.

15. **ACCESS:**

TENANT shall permit **LANDLORD**, and **LANDLORD'S** agents, to enter into and upon said premises at all reasonable times for the purpose of inspecting the same or, for the purpose of maintaining the building in which said premises are situated, or, for the purposes of making repairs, alterations, or additions to any other portion of said building, including, but not limited to, the erection and maintenance of scaffolding, canopies, fences and props that may be required, or, for the purpose of posting notices of non-responsibility for alterations, additions or repairs.

16. **REPAIRS AND UPKEEP:**

TENANT shall, at **TENANT'S** sole cost, keep and maintain said premises and appurtenances and all mechanical equipment including, but not limited to, air conditioning equipment, sprinkler systems, if any, and every part thereof, including store fronts, doors, and the interior of said premises, in good and sanitary order, condition and repair, and replace broken glass, hereby waiving all right to make repairs at the expense of **LANDLORD** as provided by §1942 of the Civil Code of the State of California, and, all rights provided for by §1941 of said Civil Code. By entry hereunder, **TENANT** accepts the premises as being in good and satisfactory order, condition and repair and agrees on the last day of said term, or with said appurtenances in good condition and repair, reasonable use and wear thereof and damage by fire, Act of God, or, by the elements excepted. **TENANT** is responsible for the repair and maintenance of the roof and is responsible for the exterior painting. **LANDLORD** shall not, in any event, be called upon to make any repairs or alterations in said premises during this term; but, all repairs and/or alterations shall be made by **TENANT** at **TENANT'S** own cost and expense.

17. **ALTERATIONS:**

TENANT shall not make, or permit to be made, any change or alteration in, or in addition to, said premises without the written consent of **LANDLORD** first being obtained and, any additions to, or alterations of, such premises, except moveable furniture and trade fixtures, shall become, at once, a part of the realty and belong to **LANDLORD**.

18. **INSURANCE:**

It is agreed, and fully understood, that the **LANDLORD** shall obtain, and keep in force, during the term of this Lease, a fire insurance policy covering loss or damage to the buildings. **TENANT** shall be responsible for any increase in the base premium due to **TENANT'S** negligent acts. **TENANT** is to obtain, and keep in force, separate liability coverage of a minimum of One-Million Dollars ($1,000,000.00).

19. **INDEMNITY - INSURANCE - WAIVER OF SUBROGATION:**

The **TENANT** covenants with the **LANDLORD**, that **LANDLORD** shall not be liable for any damage or liability of any kind or for any injury to, or death of, persons or damage to property of **TENANT** or any other person from and after delivery of possession of the premises, from any cause whatsoever, by reason of the use, occupancy and enjoyment of the premises by the **TENANT** or any person thereon or holding under said **TENANT**, and that **TENANT** will indemnify and hold harmless the **LANDLORD** from all liability, whatsoever, on account of any such real or claimed damage or injury and from all liens, claims and demands arising out of the use of the premises and its facilities, or any repairs or alterations which the **TENANT** may make upon said premises. This obligation, to indemnify, shall include reasonable attorney's fees, court costs, and investigation costs and all under reasonable costs, expenses and liabilities from the First (1st) notice that any claim or demand is to be made or may be made.

20. **PUBLIC LIABILITY AND PROPERTY DAMAGE:**

TENANT shall obtain, and keep, bodily injury liability insurance coverage with limits of not less than One-Million Dollars ($1,000,000.00); One-Hundred Thousand Dollars ($100,000.00) per person, and Three-Hundred Thousand Dollars ($300,000.00) per occurrence, insuring against any and all liability of the insured with respect to said premises or arising out of the maintenance, use or occupancy thereof, and property damage liability insurance coverage with a limit of not less than Three-Hundred Thousand Dollars ($300,000.00) per accident or occurrence. All such bodily injury liability insurance coverage and property damage liability insurance coverage shall specifically insure the performance by **TENANT** of the indemnity agreement as to liability for injury to, or death of, persons and injury or damage to property in this Article Insurance contained.

21. **PLATE GLASS:**

The **TENANT** shall be responsible for the maintenance of the plate glass in the premises

but shall have the option either to insure the risk or to self-insure.

22. TAXES, ETCETERA:

TENANT shall pay, and discharge before delinquency, all taxes, charges and/or assessments against **TENANT'S** use and occupancy of said premises, and **TENANT'S** property and equipment therein contained and/or against, or upon, the business conducted by **TENANT** therein. **LANDLORD** shall pay all real property taxes, applicable to the premises, during the term of this Lease. Real estate taxes includes, but is not limited to, added sewer assessment charges, or other sums payable primarily as a means of supplementing taxes lost as a result of the passage of Proposition Thirteen (13). **TENANT** is not responsible for tax increases due to the sale of real property.

23. BANKRUPTCY, ETCETERA:

TENANT further agrees that if at any time during the term hereof **TENANT** shall become insolvent or be adjudicated a bankrupt, or, in the event any execution or attachment shall be issued against **TENANT**, or any of the effects or interest of the **TENANT**, and if the same shall not be by **TENANT** released within a period of Ten (10) days from the filing of, or the levy thereof, in any of said events, **LANDLORD** may, forthwith and without notice, at its option, terminate this Lease and re-enter said premises and be restored therein to its former estate. Either the appointment of a receiver to take possession of all or substantially all of the assets of **TENANT**, or a general assignment by **TENANT** for the benefit of creditors, shall, if such appointment or assignment continues for a period of Thirty (30) days, be conclusive of the fact of the insolvency of **TENANT**.

24. DEFAULT OF TENANT:

Should default be made and continue for Fifteen (15) days after written notice from the **LANDLORD** specifying such default, either in the payment of any portion of the rent, or items in the nature of rent, or other charges, whether similar or dissimilar thereto, herein provided to be paid by the **TENANT**, as and when the same come due, or should default be made and continue for Thirty (30) days after written notice from the **LANDLORD** specifying such default, in the performance of any of the other covenants herein contained on the part of the **TENANT** to be kept or performed, the **LANDLORD**, or its agents or attorney, shall have, and at its option, may exercise any One (1), or more of the following rights and remedies authorized by law:

a. It may, without terminating this Lease, bring and maintain an action for any amount due and unpaid;

b. It may re-enter and take possession of the premises, remove all persons and property therefrom and, at its option, declare this Lease and the leasehold estate hereby created to be, and thereupon the same shall be and become terminated and ended;

c. It may re-enter and take possession of the premises, and remove all persons therefrom, and at its option, without declaring this Lease or the Leasehold estate created hereby terminated or ended, may re-let the premises or any portion thereof for such rent and upon such terms as it may see fit, or it may operate said premises itself.

If, by reasons of any such default, the LANDLORD shall have re-entered and shall have elected not to declare this Lease terminated but to re-let said property or to operate said property itself as provided in Subdivision (c) above, and if a sufficient sum shall not be thus realized, after paying the expenses of re-entry and of re-letting and collecting or of operating of said property plus any charges or items equivalent to or in the nature of rent payable by the TENANT, the TENANT agrees, forthwith, to satisfy and pay any such deficiency as and when the same arises and as and when demanded by the LANDLORD. To Subdivision (c) above, the TENANT agrees that any and al of its furniture , furnishings, equipment and trade fixtures, that are in or on or about the premises, may be used by the LANDLORD or its TENANT until the expiration of the natural term or any earlier termination of this Lease, without payment of or any liability for rent, compensation or other charge; but if, on the expiration of the natural term or on any earlier termination of this Lease the total net amount so collected, or received by the LANDLORD from and through any such re-letting or operation has exceeded the total amount accrued and due and unpaid from the TENANT then such excess shall be paid to the TENANT. Any re-entry or repossession of said premises, by the LANDLORD, or any notice served in connection therewith, or for money due the LANDLORD hereunder, shall not operate to release the TENANT from any obligation under this Lease, except with the written consent of the LANDLORD.

In the event of such re-entry by the LANDLORD, the LANDLORD may, at its option, require the TENANT to remove, from the premises, any of the TENANT'S property located thereon. If the TENANT fails to do so, within Ten (10) days, the LANDLORD shall not be responsible for the care or safe keeping thereof and may remove any of the same from the demised premises and place the same in storage, in a public warehouse, at the cost, expense and risk of the TENANT with authority to the warehousemen to sell the same in the event that the TENANT shall fail to pay the costs of transportation and storage all in accordance with the rules and regulations applicable to the operation of a public warehouseman's business. Any refusal, by a public warehouseman, to accept personal property upon such conditions, shall be conclusive evidence that the same is of no substantial value,

and shall be an unconditional warrant to the **LANDLORD** for disposing of the same in any manner that **LANDLORD** sees fit and without accountability for any alleged value thereof. In any and all such cases of re-entry, the **LANDLORD** may make any repairs in, to or upon the demised premises which may be necessary, desirable or convenient, and the **TENANT** hereby waives any and all claims on account of any and all damage which may be caused or occasioned by such re-entry or any of the aforesaid acts of the **LANDLORD** or by reason of any loss or destruction or damage to any property in or about the demised premises or any part thereof.

In addition to the foregoing rights and remedies that the **LANDLORD** shall have, at **LANDLORD'S** option, may exercise all other rights and remedies, whether similar or dissimilar to the foregoing and whether now or hereafter authorized by law or equity, it being understood that each and all of the rights and remedies available to the **LANDLORD** shall be cumulative and none of them exclusive.

Whenever a right of re-entry is given to the **LANDLORD** by the terms of this Lease, the **LANDLORD** may exercise the same by agent or attorney, and with or without legal process, such process and any demand for possession of said premises being expressly waived by the **TENANT**, and the **LANDLORD** may use all force necessary to make, or cause, such entry and/or to remove the **TENANT** and/or any other person and property from the demised premises; and the **LANDLORD** shall be entitled, on application to a Court of competent Jurisdiction, to have a receiver appointed to aid in the enforcement of any remedy herein provided for.

25. **CUMULATIVE REMEDIES:**

All remedies herein given to **LANDLORD**, shall be cumulative and added to any other legal or equitable remedy which **LANDLORD** might otherwise have, and its exercising One (1) remedy shall in nowise impair its right to any other remedy.

26. **ATTORNEY'S FEES:**

In the event that either party herein institutes any action or proceeding in a Court of Law, in order to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Lease, the prevailing party shall be entitled to receive, from the other party, such amounts as the Court may adjudge to be reasonable attorney's fees and Court costs for the legal services rendered to the prevailing party in such action or proceedings, regardless of whether such action or proceeding commenced by any Third (3rd) party and arising out of the provisions of this Lease Agreement or by the conduct by the **TENANT** of its business on the demised premises, or any

act of commission or omission of **TENANT** in connection therewith.

27. **NOTICES:**

All notices, to be given to the **TENANT**, may be given in writing, personally, or by depositing the same in the Unites States mail, postage prepaid; and addressed to the **TENANT** at said lease premises, whether or not **TENANT** has departed from, abandoned or vacated the premises.

28. **SUCCESSORS, ETCETERA:**

This Lease shall inure to and bind the successors and assigns of **LANDLORD**, and the heirs, executors, administrators, successors and assigns of **TENANT**.

29. **TIME IS OF THE ESSENCE:**

It is hereby agreed that time is of the essence of each and all of the covenants and agreements herein contained.

30. **RIGHT OF FIRST REFUSAL:**

LANDLORD hereby grants, to **TENANT**, the right of First (1st) refusal to purchase the premises upon the terms and conditions of a bona fide offer to purchase the premises acceptable to **LANDLORD** from a Third (3rd) party. **TENANT** shall have Seven (7) calendar days, from receipt of notice of such bona fide offer, in which to elect to purchase the premises. Time is of the essence. Said notice shall contain a true and correct copy of the bona fide offer to purchase. In the event **TENANT** does not timely elect to purchase on such terms, **LANDLORD** may sell the premises to said Third (3rd) party, upon the terms and conditions set forth in the offer. In the event **LANDLORD** does not consummate the sale of the premises, to such Third (3rd) party, upon the terms and conditions contained in the offer to **TENANT**, this right of First (1st) refusal shall be revived in its entirety. Should **TENANT** purchase the premises, this Lease shall terminate upon the date title vests in **TENANT** and **TENANT** shall remit, to **LANDLORD**, all unearned rent.

31. **UNDERGROUND TANKS:**

The parties do hereby agree and affirm that **TENANT** shall have no obligation to maintain, repair, modify, upgrade or remove any underground storage tanks which might be located on the premises, unless said maintenance or repair is proximately caused by the acts omissions, or

negligence of the **TENANT**, his agents, employees or invitees. It shall be the responsibility of the **LANDLORD** to perform any necessary maintenance, repair, modification, upgrade, removal, or other functions in connection with, or related to any underground storage tanks. **TENANT** states and represents that **TENANT** has not, in the past, used said underground storage tanks, and further agrees that **TENANT** shall not, in the future, use invade, or bother said tanks, nor shall **TENANT** permit his agents, employees or invitees to do so.

32. **DISPOSAL OF WASTE, CHEMICAL WASTE AND/OR TOXIC WASTE:**

TENANT shall be solely responsible for the proper and lawful disposal of any waste, chemical waste, or toxic waste, accumulated or related to **TENANT'S** business. Any fees and/or fines attendant to the proper disposal of said waste, chemical waste and/or toxic waste thereto, **TENANT** shall indemnify and hold **LANDLORD** harmless therefrom.

BY WITNESS HERETO, EACH PARTY DOES HEREBY AGREE AND AFFIRM THE TERMS AND CONDITIONS SET FORTH HEREIN.

TENANT: CLASS TERMITE AND PEST CONTROL, INC.

DATED: 8/3/95

CLASS TERMITE AND PEST CONTROL, INC., BY ROGER CLASS, PRESIDENT.

DATED: 8/3/95

PERSONAL GUARANTEE BY ROGER CLASS.

LANDLORD: MARY JANE WRIGHT AND GERALD WRIGHT

DATED: 8-3-95

MARY JANE WRIGHT.

DATED: 8-3-95

GERALD WRIGHT.

RESOLUTION RA2011-03

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE TO TRANSFER ALL OF THE REDEVELOPMENT AGENCY'S RIGHT, TITLE, AND INTEREST IN AND TO CERTAIN REAL PROPERTY AND OTHER ASSETS TO THE CITY OF TORRANCE

WHEREAS, after making such determinations and findings that may have been required under applicable provisions of the California Redevelopment Law (California Health & Safety Code Sections 33000 *et seq.*), the Board of Directors of the Redevelopment Agency of the City of Torrance (the "Agency") adopted Resolutions and/or took other required actions authorizing acquisition of the properties, fixed assets, easements, access rights, and other related property interests listed on the attached Exhibit A (collectively, the "Properties"); and

WHEREAS, the Agency currently owns or has some other right, title, or interest in and to the Properties; and

WHEREAS, the Properties were acquired to enable the Agency and the City of Torrance, a public body, corporate and politic (the "City"), to carry out the purposes of the Redevelopment Plan for the Downtown, Industrial and Skypark Redevelopment Project Areas (collectively the "Project Areas"); and

WHEREAS, the Agency now desires to convey all of the Agency's right, title, and interest in and to the Properties to the City and the City desires to acquire all of the Agency's right, title, and interest in and to the Properties from the Agency, subject to the understanding and the City's covenant that the Properties shall be used only for the designated purposes as established in the City's General Plan and in conformity with the Redevelopment Plans for the Project Areas;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that all of the Agency's right, title, and interest in and to all of the Properties is and shall be quitclaimed to the City, at no cost to the City, and subject to the restriction that the City shall use the Properties only for the designated purposes as established in the City's General Plan, as the same may be revised from time to time, the Redevelopment Plans for the Project Areas, and any other restrictions that may apply based upon applicable provisions of the California Redevelopment Law; and

BE IT FURTHER ORDERED that the Executive Director of the Agency is authorized and directed to sign and process all documents and take necessary actions to implement the title transfers of the Properties, at no cost to the City.

APPROVED and ADOPTED this 8th day of March, 2011.

/s/ Frank Scotto
Chairman of the Agency

ATTEST:

/s/ Sue Herbers
Secretary of the Agency

/s/ LeRoy J. Jackson
Executive Director of the Agency

APPROVED AS TO FORM:
John L. Fellows III, Agency Counsel

By /s/ John L. Fellows III

TORRANCE REDEVELOPMENT AGENCY RESOLUTION NO. RA 2011-03

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF TORRANCE)

I, Sue Herbers, Secretary of the City of Torrance Redevelopment Agency, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the Redevelopment Agency of the City of Torrance at a regular meeting of said Agency held on the 8th day of March 2011, by the following roll call vote:

AYES:	MEMBERS:	Barnett, Brewer, Furey, Numark, Rhilinger, and Sutherland.
NOES:	MEMBERS:	None.
ABSTAIN:	MEMBERS:	None.
ABSENT:	MEMBERS:	Chairman Scotto.

/s/ Sue Herbers
Sue Herbers
Secretary of the City of Torrance
Redevelopment Agency

Date: March 9, 2011

Exhibit A

Real Property Asset Inventory

Real Property Owned by the Redevelopment Agency

223rd Street and Abalone (APN 7537-029-903)
Torrance Boulevard and Bow Ave (APN 7355-032-900)
1919 Torrance Boulevard (APN 7352-022-900)
1956 Torrance Boulevard (APN 7355-027-914,915)
1312 Cabrillo Avenue (APN 7355-029-900)
1316 Cabrillo Avenue (APN 7355-029-901, 902)
1640 Cabrillo Avenue (APN 7355-030-901)
1215 El Prado Avenue (APN 7355-027-142)
1339 Post Avenue (APN 7355-026-903)
1421 Cravens Avenue (APN 7355-022-033)
Madison Street Parking lot east side (APN 7377-010-900)
Madison Street Parking lot west side (APN 7378-011-943)
1919 Torrance Boulevard (APN 7352-022-900)

MEADOW PARK PARKING LOTS

Property Owners participating in the Meadow Park parking lot program

Del Amo Construction Inc.
23940 Madison Street
Torrance CA 90505
(RE: 23840-50 Madison Street)
APN: 7377-010-001

Yantz Holdings LLS
800 Pacific Coast Highway
Redondo Beach CA 90277
(RE: 3720 Skypark Drive)
APN: 7378-011-035

Jerry and Carole Conrow
23871 Madison Street
Torrance CA 90505
(RE: 23871 Madison Street)
APN: 7378-011-049

Meadow Park Theme Center
c/o Kay Properties
23779 Madison Street
Torrance CA 90505
(RE: 23828 Hawthorne Boulevard)
APN: 7378-011-040; 7378-011-041; 7378-011-050; 7378-011-051

Exhibit A

Real Property Asset Inventory (cont'd)

Weiss Family LTD Partnership
904 Silverspur Road #422
Rolling Hills Estates CA 90274
(RE: 3640 Skypark Drive & 23625 Madison Street)
APN: 7378-011-033

David and Joyce Pierson Trust
4 E. Lariat Lane
Rolling Hills Estates CA 90274
(RE: 23880 Madison Street)
APN: 7377-010-008

Weiss Family LTD Partnership
904 Silverspur Road #422
Rolling Hills Estates CA 90274
(RE: 3670 & 3680 Skypark Drive)
APN: 7378-011-034

Torrance Airport Business Center
c/o Kay Properties
23779 Madison Street
Torrance CA 90505
(RE: 23701 Madison Street)
APN: 7378-011-053

Parking lot licenses

Dr. Cambell 1270 Sartori Avenue 7355-027-143
Yuzu - 1231 Cabrillo Avenue #101 7355-027-034
Niwatori - 1231 Cabrillo Avenue 7355-027-034
Tortilla Cantina El Prado Avenue 7355-027-142
1321 Downtown Taproom Bistro - 1321Sartori Avenue 7355-025-007

Exhibit A

Real Property Asset Inventory (cont'd)

Commercial Rebate Program

STORE_APN1	PROPERTY_A	OWNER
7354-016-043, 44, 31	2153 TORRANCE BLVD	BUTLER GERALD T AND MARY I TRS
7354-017-015	2103 TORRANCE BLVD	2103 TORRANCE LLC
7354-016-034	2171 TORRANCE BLVD	NEESE RICHARD L
7355-028-013	1250 CABRILLO AVE	CAPELLINO INVESTMENT COMPANY
7355-007-022	2172 TORRANCE BLVD	SOBEL ROBERT S TR
7355-026-035	2078 TORRANCE BLVD	SMITH ANN N TR
7355-026-019	1305 POST AVE	NGUYEN XUAN NGA TR
7355-026-021	1327 POST AVE	NAUMOVSKI JIMMY AND NIKOLINA TRS
7355-027-007	1274 SARTORI AVE	LANDAU MIRIAM F
7355-026-005	1275 SARTORI AVE	JACKSON JERRY
7355-027-022	1308 SARTORI AVE	MARCO ALBERT AND MADELEINE
7355-025-001	1305 SARTORI AVE	MILANO DOMINIC AND MARY T AND
7355-027-016	1324 SARTORI AVE	MUNOZ ERNESTO AND BERTHA ETAL
7355-026-010	1337 EL PRADO AVE	ROSSBERG RICHARD P CO TR
7355-025-002	1305 SARTORI AVE	MILANO DOMINIC AND MARY T AND
7355-029-009	1320 CABRILLO AVE	DECOMA JUKO
7355-027-014	1327 CABRILLO AVE	KREDEL FRANK AND MARLENE AND
7355-025-004	1311 SARTORI AVE	ASSET MANAGEMENT SYSTEMS
7355-026-011	1345 EL PRADO AVE	TENNE JOSEPH AND MIRIAM TRS
7355-025-007	1321 SARTORI AVE	TORRES STEVE
7355-025-008	1327 SARTORI AVE	BUTLER GERALD T AND MARY I TRS
7355-025-010	1417 MARCELINA AVE	MARZILLI EARNEST G CO TR ET AL
7355-025-009	1405 MARCELINA AVE	POST GEORGE W COTR ET AL
7355-025-012	1423 MARCELINA AVE	FOURTH AVENUE INVESTORS
7355-024-012	1405 SARTORI AVE	MAZZIA ALEXANDER L AND ELIANE M
7355-024-034	1501 CABRILLO AVE	NAUMOVSKI JIMMY AND NIKOLINA TRS
7355-022-029	1511 CRAVENS AVE	PANGIOTIS THEANNA CO TR
7355-024-026	1424 MARCELINA AVE	SOOHOO PATRICK CO TR
7355-024-024	1434 MARCELINA AVE	WILLETT SEAN E AND ANGELINA G
7355-023-001	1603 CRAVENS AVE	HOUSKE CHESLEY R CO TR
7355-023-002	1607 CRAVENS AVE	HOUSKE CHESLEY R JR CO TR
7355-024-018	1628 CRAVENS AVE	COHEN ELIAS AND ANNETTE TRS
7355-023-051	1613 CRAVENS AVE	LEE TIFFANY M
7355-023-006	1619 CRAVENS AVE	TORRANCE TEACHERS ASSN
7355-023-032	1957 CARSON ST	PERROS PRODUCTIONS LLC
7355-023-029	1931 CARSON ST	KIM HEUNG S AND YOUNG J
7355-023-030	1925 CARSON ST	KIM HEUNG S AND YOUNG J
7355-023-028	1915 CARSON ST	CORAY AUGUSTIN AND JEANNE TRS
7355-023-035	2021 CARSON ST	BROER CELESTE M AND
7355-029-039	1328 CABRILLO AVE	SCANLON RONALD L TR
7355-029-010	1324 CABRILLO AVE	SCANLON RONALD L TR

Exhibit A

Real Property Asset Inventory (cont'd)

Affordable Housing Agreements

	APN	PHYSICAL ADDRESS
1	7355-027-037	1211 CABRILLO AVE UNIT 101
2	7355-027-038	1211 CABRILLO AVE UNIT 102
3	7355-027-039	1211 CABRILLO AVE UNIT 103
4	7355-027-040	1211 CABRILLO AVE UNIT 104
5	7355-027-041	1211 CABRILLO AVE UNIT 105
6	7355-027-042	1211 CABRILLO AVE UNIT 106
7	7355-027-043	1201 CABRILLO AVE UNIT 107
8	7355-027-044	1201 CABRILLO AVE UNIT 108
9	7355-027-045	1201 CABRILLO AVE UNIT 109
10	7355-027-046	1201 CABRILLO AVE UNIT 110
11	7355-027-047	1201 CABRILLO AVE UNIT 111
12	7355-027-048	1211 CABRILLO AVE UNIT 201
13	7355-027-049	1211 CABRILLO AVE UNIT 202
14	7355-027-050	1211 CABRILLO AVE UNIT 203
15	7355-027-051	1211 CABRILLO AVE UNIT 204
16	7355-027-052	1211 CABRILLO AVE UNIT 205
17	7355-027-053	1211 CABRILLO AVE UNIT 206
18	7355-027-054	1201 CABRILLO AVE UNIT 207
19	7355-027-055	1201 CABRILLO AVE UNIT 208
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21	7355-027-057	1201 CABRILLO AVE UNIT 210
22	7355-027-058	1201 CABRILLO AVE UNIT 211
23	7355-027-059	1211 CABRILLO AVE UNIT 301
24	7355-027-060	1211 CABRILLO AVE UNIT 302
25	7355-027-061	1211 CABRILLO AVE UNIT 303
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27	7355-027-063	1211 CABRILLO AVE UNIT 305
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29	7355-027-065	1201 CABRILLO AVE UNIT 307
30	7355-027-066	1201 CABRILLO AVE UNIT 308
31	7355-027-067	1201 CABRILLO AVE UNIT 309
32	7355-027-068	1201 CABRILLO AVE UNIT 310
33	7355-027-069	1201 CABRILLO AVE UNIT 311

RESOLUTION 2011-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TORRANCE TO ACCEPT TITLES OF REAL PROPERTY AND ACCEPT FIXED ASSET, EASEMENT, AND OTHER AGREEMENTS

WHEREAS, after determining the necessary findings under Redevelopment law regarding the public benefit, lack of available financing and the elimination of blight, the Board of Directors of the Redevelopment Agency of the City of Torrance (the "Agency") adopted various resolutions, authorizing the acquisitions listed on Exhibit A:

WHEREAS, the Properties were acquired to enable the Agency and the City of Torrance (the "City") to carry out the purposes of the Redevelopment Plans for the Downtown, Industrial and Skypark Redevelopment Projects; and

WHEREAS, in conformance with the Agency's Five Year Implementation Plan, the Properties shall be used only for the designated purposes as established in the City's General Plan and in conformity with the Redevelopment Plans, and the City now desires to acquire the Properties for their approved uses;

NOW THEREFORE, BE IT RESOLVED AND ORDERED that titles to the Properties, including all parking easements, easements and grants of access, described above, being more particularly described in the attached Exhibit A, and by this reference made a part hereof, and the fixed asset, additional easements, and other agreements be accepted by the City, from the Agency, at no cost to the City; and

BE IT FURTHER ORDERED that the City accept the recordation of the grant deeds signed by the Chairman of the Agency, conveying the Properties from the Agency to the City; and

BE IT FURTHER ORDERED that the fixed assets, additional easements, and agreements to be transferred by the duly authorized officer of the Agency, the Executive Director of the Agency, from the Agency to the City.

APPROVED and ADOPTED this 8th day of March, 2011.

/s/ Frank Scotto
Mayor Frank Scotto

APPROVED AS TO FORM:
JOHN L. FELLOWS III, City Attorney

ATTEST:

by Patrick Q. Sullivan
Patrick Q. Sullivan, Assistant City Attorney

/s/ Sue Herbers
Sue Herbers, City Clerk

TORRANCE CITY COUNCIL RESOLUTION NO. 2011-33

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF TORRANCE)

I, Sue Herbers, City Clerk of the City of Torrance, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Torrance at a regular meeting of said Council held on the 8th day of March, 2011 by the following roll call vote:

AYES:	COUNCILMEMBERS	Barnett, Brewer, Furey, Numark, Rhilinger, and Sutherland.
NOES:	COUNCILMEMBERS	None.
ABSTAIN:	COUNCILMEMBERS	None.
ABSENT:	COUNCILMEMBERS	Mayor Scotto.

/s/ Sue Herbers
Sue Herbers
City Clerk of the City of Torrance

Date: March 9, 2011

Exhibit A

Real Property Asset Inventory

Real Property Owned by the Redevelopment Agency

223rd Street and Abalone (APN 7537-029-903)
Torrance Boulevard and Bow Ave (APN 7355-032-900)
1919 Torrance Boulevard (APN 7352-022-900)
1956 Torrance Boulevard (APN 7355-027-914,915)
1312 Cabrillo Avenue (APN 7355-029-900)
1316 Cabrillo Avenue (APN 7355-029-901, 902)
1640 Cabrillo Avenue (APN 7355-030-901)
1215 El Prado Avenue (APN 7355-027-142)
1339 Post Avenue (APN 7355-026-903)
1421 Cravens Avenue (APN 7355-022-033)
Madison Street Parking lot east side (APN 7377-010-900)
Madison Street Parking lot west side (APN 7378-011-943)
1919 Torrance Boulevard (APN 7352-022-900)

MEADOW PARK PARKING LOTS

Property Owners participating in the Meadow Park parking lot program

Del Amo Construction Inc.
23940 Madison Street
Torrance CA 90505
(RE: 23840-50 Madison Street)
APN: 7377-010-001

Yantz Holdings LLS
800 Pacific Coast Highway
Redondo Beach CA 90277
(RE: 3720 Skypark Drive)
APN: 7378-011-035

Jerry and Carole Conrow
23871 Madison Street
Torrance CA 90505
(RE: 23871 Madison Street)
APN: 7378-011-049

Meadow Park Theme Center
c/o Kay Properties
23779 Madison Street
Torrance CA 90505
(RE: 23828 Hawthorne Boulevard)
APN: 7378-011-040; 7378-011-041; 7378-011-050; 7378-011-051

Exhibit A

Real Property Asset Inventory (cont'd)

Weiss Family LTD Partnership
904 Silverspur Road #422
Rolling Hills Estates CA 90274
(RE: 3640 Skypark Drive & 23625 Madison Street)
APN: 7378-011-033

David and Joyce Pierson Trust
4 E. Lariat Lane
Rolling Hills Estates CA 90274
(RE: 23880 Madison Street)
APN: 7377-010-008

Weiss Family LTD Partnership
904 Silverspur Road #422
Rolling Hills Estates CA 90274
(RE: 3670 & 3680 Skypark Drive)
APN: 7378-011-034

Torrance Airport Business Center
c/o Kay Properties
23779 Madison Street
Torrance CA 90505
(RE: 23701 Madison Street)
APN: 7378-011-053

Parking lot licenses

Dr. Cambell 1270 Sartori Avenue 7355-027-143
Yuzu - 1231 Cabrillo Avenue #101 7355-027-034
Niwatori - 1231 Cabrillo Avenue 7355-027-034
Tortilla Cantina El Prado Avenue 7355-027-142
1321 Downtown Taproom Bistro - 1321Sartori Avenue 7355-025-007

Exhibit A

Real Property Asset Inventory (cont'd)

Commercial Rebate Program

STORE_APN1	PROPERTY_A	OWNER
7354-016-043, 44, 31	2153 TORRANCE BLVD	BUTLER GERALD T AND MARY I TRS
7354-017-015	2103 TORRANCE BLVD	2103 TORRANCE LLC
7354-016-034	2171 TORRANCE BLVD	NEESE RICHARD L
7355-028-013	1250 CABRILLO AVE	CAPELLINO INVESTMENT COMPANY
7355-007-022	2172 TORRANCE BLVD	SOBEL ROBERT S TR
7355-026-035	2078 TORRANCE BLVD	SMITH ANN N TR
7355-026-019	1305 POST AVE	NGUYEN XUAN NGA TR
7355-026-021	1327 POST AVE	NAUMOVSKI JIMMY AND NIKOLINA TRS
7355-027-007	1274 SARTORI AVE	LANDAU MIRIAM F
7355-026-005	1275 SARTORI AVE	JACKSON JERRY
7355-027-022	1308 SARTORI AVE	MARCO ALBERT AND MADELEINE
7355-025-001	1305 SARTORI AVE	MILANO DOMINIC AND MARY T AND
7355-027-016	1324 SARTORI AVE	MUNOZ ERNESTO AND BERTHA ETAL
7355-026-010	1337 EL PRADO AVE	ROSSBERG RICHARD P CO TR
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7355-029-009	1320 CABRILLO AVE	DECOMA JUKO
7355-027-014	1327 CABRILLO AVE	KREDEL FRANK AND MARLENE AND
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7355-026-011	1345 EL PRADO AVE	TENNE JOSEPH AND MIRIAM TRS
7355-025-007	1321 SARTORI AVE	TORRES STEVE
7355-025-008	1327 SARTORI AVE	BUTLER GERALD T AND MARY I TRS
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7355-023-035	2021 CARSON ST	BROER CELESTE M AND
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7	7355-027-043	1201 CABRILLO AVE UNIT 107
8	7355-027-044	1201 CABRILLO AVE UNIT 108
9	7355-027-045	1201 CABRILLO AVE UNIT 109
10	7355-027-046	1201 CABRILLO AVE UNIT 110
11	7355-027-047	1201 CABRILLO AVE UNIT 111
12	7355-027-048	1211 CABRILLO AVE UNIT 201
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32	7355-027-068	1201 CABRILLO AVE UNIT 310
33	7355-027-069	1201 CABRILLO AVE UNIT 311

EXHIBIT "B"

ALL INCLUSIVE AGREEMENT

EXHIBIT B

ALL INCLUSIVE AGREEMENT FOR SATISFACTION
OF RELOCATION OBLIGATIONS AND TERMINATION OF LEASE

This ALL INCLUSIVE AGREEMENT FOR SATISFACTION OF RELOCATION OBLIGATIONS AND TERMINATION OF LEASE ("Agreement") is made as of July 26, 2011, by and between the City of Torrance, a California municipal corporation ("City"), the Redevelopment Agency of the City of Torrance, a public body, corporate and politic ("Agency"), and Class Termite & Pest Control, Inc., a California corporation ("Tenant"). City, Agency, and Tenant are hereinafter periodically referred to collectively as the "Parties" and individually as a "Party."

RECITALS

A. Tenant operates a business and occupies real property and improvements located at 1630 through 1640 Cabrillo Avenue, Torrance, California, excepting therefrom one (1) space, eighteen (18) feet by twenty-one (21) feet, at the rear of the building on the north side of the subject property with a legal description as follows: Torrance tract, Lots 18, 19, 20, 21, 22 and Lot 23 Blk 4 – Torrance tract Lot 24 Blk 4, Lot 25 Blk 4, Lot 26 Blk 4 (the "Premises"). City is the "Landlord" of the Premises pursuant to that certain LEASE AGREEMENT, by and between Tenant and Gerald Wright and Mary Jane Wright, the original landlord, dated August 3, 1995 (the "Lease"), Agency Resolution RA2011-003 (adopted March 8, 2011), and City Council Resolution 2011-33 (adopted March 8, 2011), whereby Agency assigned to City the Agency's rights and obligations as successor in interest to the original landlord under the Lease, and City accepted the same. The Lease more particularly describes the Premises and sets forth the rights and obligations of Landlord and Tenant.

B. As set forth in that certain Estoppel Certificate From Tenant, dated October 19, 2009 (the "Estoppel Certificate"), Tenant was required to pay Landlord a minimum rent of $8,650.00 per month, and Tenant is a holdover tenant leasing the Premises on a month-to-month tenancy, as more particularly set forth in the Lease and Estoppel Certificate. Since Agency and City have become successors in interest as landlord under the Lease, Tenant has requested reductions in rent to accommodate economic uncertainties and the tenuous nature of the economy. In response, by letter from Agency to Tenant, dated May 28, 2010, Tenant requested and Agency agreed to charge Tenant a minimum rent of $6,000.00 per month over the 6-month billing cycle from June 1, 2010 through November 31, 2010, and, by letter from Agency to Tenant, dated December 9, 2010, Tenant requested and Agency agreed to charge Tenant a minimum rent of $6,250.00 per month over the 6-month billing cycle from December 1, 2010 through May 31, 2010.

C. By letter from Tenant to City, dated May 25, 2011, Tenant requested to City that the then current rental charge of $6,250.00 be extended for the months of June through September, and Tenant represented to City that Tenant intends to voluntarily vacate the Premises by the end of summer 2011. City, as Landlord, is willing to grant the requested extension for the reduction in minimum rent through the extended month-to-month tenancy period, in exchange for Tenant's willingness to agree to the terms and conditions of this Agreement.

D. By virtue of this Agreement, the Parties acknowledge their wish and intent to settle all compensation issues related to the Agency's and City's acquisition of the Premises, and the purchase, replacement and/or relocation of Tenant, Tenant's business, Tenant-owned improvements pertaining to the realty such as trade fixtures, furnishings, and equipment (collectively "Improvements Pertaining to the Realty"), and Tenant-owned personal property, as may be required at some future time when Tenant vacates the Premises and the Lease terminates.

E. The Parties hereby agree to settle all statutory relocation claims, all claims for reestablishment expenses, and all claims and compensation for the acquisition of the Premises and the Improvements Pertaining to the Realty connected with the Agency's and City's acquisition of the Premises, for an amount equal to $12,000.00 (the "Settlement Amount"), which equals the amount that Tenant would have to pay as monthly minimum rent of under the Lease ($8,650.00), less the reduced monthly amount of rent charged to Tenant ($6,250.00) (the "Reduced Monthly Rent"), for five months from August 1 through December 31, 2011 (($8,650.00 - $6,250.00 = $2,400.00) x 5 months = $12,000.00). The Parties acknowledge and agree that, but for City's and Agency's entering into this Agreement, Tenant as of the date of this Agreement would be obligated to pay to City the full minimum rent as specified in the Lease, and Tenant would not have, as a month-to-month holdover tenant, the certainty of being able to remain on the Premises until December 31, 2011.

AGREEMENT

NOW, THEREFORE, based upon the foregoing Recitals, which are incorporated into this Agreement by this reference, and for good and valuable consideration, the receipt and sufficiency is acknowledged, the Parties agree as follows:

1. Consideration

(a) Without admitting or denying that Tenant is, as of the date of this Agreement, subject to relocation benefits pursuant to any federal, state, or local relocation law, regulation, or policy, including but not limited to the Uniform Relocation Act (42 U.S.C. § 4601 *et seq.*) and implementing regulations, California Government Code Section 7260 *et seq.*, and implementing regulations, and the Community Redevelopment Law (California Health & Safety Code § 33000 *et seq.*) (collectively referred to as "Relocation Laws"), the Parties agree to settle all issues relating to the acquisition of the Premises, and the purchase, replacement and/or relocation of Tenant, Tenant's business, Improvements Pertaining to the Realty, and Tenant-owned personal property for the Settlement Amount. Neither City nor Agency shall have an obligation to deliver a payment of the Settlement Amount to Tenant. The remittance of the Settlement Amount shall be achieved by the mutual termination of the Lease as of the Vacating Date (defined below) and by the City releasing Tenant of its obligation under the Lease to pay the minimum rent required by the Lease, as set forth in this Agreement.

(b) Tenant hereby represents, warrants, and assures the City and Agency that no hazardous materials are left on the Premises.

(c) Tenant shall remove any and all personal property (including Improvements Pertaining to the Realty) in accordance with the Lease no later than the Vacating Date. If upon the Vacating Date Tenant causes or fails to prevent any damage to the Premises by the removal of any property, Tenant shall at its own cost and expense repair and restore the Premises to the condition prior to said removal, ordinary wear and tear excepted. In the event that Tenant leaves any of Tenant's property in, on, about, or around the Premises after the Vacating Date, Tenant shall be conclusively deemed to have abandoned such property, and City shall have the right, in addition to any other rights available at law or in equity, to immediately remove, destroy, and dispose of, or reuse the same, at City's sole and discretionary determination without any further obligation to Tenant. Tenant hereby releases and waives any rights and claims that Tenant may have regarding notice, an opportunity to reclaim Tenant's property, and any right to compensation for City's use or disposal of Tenant's property under California Civil Code Section 1980 *et seq.* and any other applicable law.

(d) Tenant shall pay to City the Reduced Monthly Rent (the amount of $6,250.00) timely and in accordance with the Lease, except that all payments shall be made payable to the City of Torrance.

(e) Tenant agrees that the Settlement Amount constitutes full satisfaction of any and all City and Agency obligations to Tenant, including without limitation any obligations for compensation because of Agency's and City's acquisition of the Premises, relocation assistance, relocation benefits, loss of business goodwill, leasehold interest, or compensation for personal property, Improvements Pertaining to the Realty, or damages of any nature. Tenant acknowledges that its rights under the law with respect to the foregoing matters may be different than the rights it is receiving under this Agreement, and Tenant represents and warrants that it has been fully advised or had the opportunity to be fully advised by legal counsel of its rights under the law with respect to such matters, and that it is entering into this Agreement freely and voluntarily, and without duress or coercion.

2. Vacation of Premises; Termination of Lease

(a) Tenant shall vacate the premises on or before December 31, 2011 (the "Vacating Date").

(b) The Lease shall terminate at 11:59 p.m. on December 31, 2011, at which time Tenant shall no longer have a right to use and occupy the Premises, as a holdover tenant or otherwise. By executing this Agreement, City shall be deemed to have delivered, and Tenant shall be deemed to have received, any and all notices to vacate the Premises and termination of the Lease as may be required under the Lease or by law, including but not limited to California Civil Code section 1946 and California Code of Civil Procedure section 1162. Concurrently with the

execution of this Agreement, Tenant shall execute the Stipulation for Judgment in Unlawful Detainer in a form substantially similar to that of Attachment 1, incorporated herein by this reference ("Stipulation for Judgment"). In the event that Tenant fails to vacate the Premises by the Vacating Date, City shall have the right (in addition to any other rights and remedies available at law or in equity and available pursuant to the Lease) to commence an action in unlawful detainer and to file the Stipulation for Judgment. Tenant shall not oppose City's right to seek a judgment in unlawful detainer pursuant to the terms and conditions of this Agreement and the Stipulation for Judgment.

(c) If Tenant does not vacate the Premises by the Vacating Date, City shall have the right (in addition to any other rights and remedies available at law or in equity and available pursuant to the Lease) to demand of Tenant for each day that Tenant fails to vacate the Premises after the Vacating Date to pay City an amount equal to the Daily Holdover Rate. The "Daily Holdover Rate" shall be rent in the amount of $8,650.00 per month, plus ten percent (10%) interest or the maximum interest rate permitted by law (whichever is less) on said monthly amount, divided by the number of days in the applicable month. In the event that City exercises its right pursuant to this Section 2(c), Tenant shall pay to City no later than ten (10) days after delivery of written demand to Tenant an amount equal to the total number of days for which Tenant failed to vacate the Premises after the Vacating Date, multiplied by the Daily Holdover Rate. City's right to seek payment set forth in this Section 2(c) shall be cumulative to and shall not be deemed to exclude City from seeking any other right or remedy available to City in the Lease, including without limitation the prosecution of an unlawful detainer action and any additional amounts due and owing to City pursuant to the Lease.

(d) Tenant's full release as provided in Section 3 of this Agreement shall remain in full force and effect even if (i) Tenant does not vacate the Premises by the Vacating Date, (ii) City exercises its right to collect payment of the Daily Holdover Rate as provided in Section 2(c) above, and/or (iii) City exercises its right to prosecute an unlawful detainer action and seek judgment pursuant to the Stipulation for Judgment.

3. Release

(a) Tenant for itself, its agents, assigns and related entities, fully releases, acquits and discharges City and Agency (collectively the "Released Agencies"), and the officers, directors, employees, attorneys, accountants, other professionals, insurers and agents of the Released Agencies (collectively "Released Agents") and all departments and other entities related to the Released Agencies, from all rights, claims, demands, actions or causes of action which Tenant now has or may have against the Released Agencies arising from the acquisition of the Premises and the replacement and/or relocation of Tenant, Tenant's business, Improvements Pertaining to the Realty, and Tenant-owned personal property, including without limitation property and franchise rights and interest, relocation benefits and

assistance under any Relocation Laws, all leasehold interests and rights of tenancy or occupancy, any bonus value, business goodwill, lost income (past or future), failure to locate a suitable replacement residential or business location, lost rental income or sublease or license income, severance damages (if any), pre-condemnation damages (if any), economic or consequential damages, professional consultant fees, attorney's fees and costs, expert witness fees and costs, interest, all other costs, and any and all compensable interests, and/or damages, and/or claims, of any kind and nature, claimed or to be claimed, suffered or to be suffered, by Tenant by reason of Agency's and City's acquisition of the Premises or Tenant's displacement from the Premises (collectively "Released Claims"). Tenant represents and warrants that Tenant is the holder of all rights to payments relating to the Released Claims, including without limitation relocation assistance and benefits and loss of business goodwill, and that none of the Released Claims has been sold, assigned, transferred, or otherwise set over, in whole or in part, to any other person or entity.

(b) This release is intended as a full and complete release and discharge of any and all such claims that Tenant may or might have against any of the Released Agencies, their related entities, and the Released Agents arising from the facts and circumstances described in this Agreement. In making this release, Tenant intends to release the Released Agencies, their related entities, and the Released Agents from any liability of any nature whatsoever for any claim or injury or for damages or equitable or declaratory relief of any kind, whether the claim, or any facts on which such claim might be based, is known or unknown to the party possessing the claim.

Tenant expressly waives all rights under Section 1542 of the Civil Code of the State of California, which Tenant understands provides as follows:

> *A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.*

Tenant's Initials _____

(c) Tenant acknowledges that it may hereafter discover facts or law different from or in addition to those which it now believes to be true with respect to the release of claims. Tenant agrees that the foregoing release shall be and remain effective in all respects notwithstanding such different or additional facts or law or any Party's discovery thereof. Tenant shall not be entitled to any relief in connection therewith, including, but not limited to any damages or any right or claim to set aside or rescind this Agreement.

(d) No Party has made any statement or representation to any other Party regarding any fact relied upon in entering into this Agreement, and each Party expressly

states it does not rely upon any statement, representation or promise of any other Party or any Party's agent or related entities in executing this Agreement, except as is expressly stated in this Agreement.

4. No Third Party Beneficiary.

Except for the Parties, and their permitted successors and assigns, no other person or entity shall have the right to enforce any of the terms and conditions of this Agreement.

5. Attorney's Fees

In the event of litigation relating to this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

6. Indemnity By Tenant

Tenant shall indemnify, defend (with counsel of City's and Agency's choosing), and hold City and Agency harmless from and against any claims, demands, liabilities, losses, judgments, expenses and attorney's fees resulting from the breach by Tenant of any provision of this Agreement or the falsity of any representation or warranty made by Tenant contained in this Agreement.

7. Entire Agreement

This Agreement contains the entire agreement of the Parties hereto, and supersedes any prior written or oral agreements between them concerning the subject matter contained herein.

8. Partial Invalidity

In the event that any term, covenant, condition or provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or against public policy, the remaining provisions shall continue in full force and effect.

9. Waiver

The provisions of this Agreement may be waived, altered, amended or repealed, in whole or in part, only upon the written consent of the Party(ies) to this Agreement for whose benefit said provision(s) extend. The waiver by one Party of the performance of a provision of this Agreement shall not invalidate this Agreement, nor shall it be considered as a waiver of any subsequent breach of the same or other provisions of this Agreement.

10. Headings

The headings, subheadings and numbering of the different paragraphs of this Agreement are inserted for convenience only and shall not be considered for any purpose in construing this Agreement.

11. Governing Law

The rights and obligations of the parties hereto shall be construed and enforced in accordance with, and governed by, the laws of the State of California, without regard to conflict of law principles.

12 Successors In Interest

Subject to any restrictions against assignment contained herein, and to any legal limitations on the power of the signatories to bind non-signatories to this Agreement, this Agreement shall inure to the benefit of, and shall be binding upon, the assigns, successors in interest, personal representatives, executors, estate, heirs, legatees, agents and related entities of each of the Parties hereto.

13. Necessary Acts

Each Party to this Agreement agrees to perform any further acts and execute and deliver any further documents that may be reasonably necessary to carry out the provisions of this Agreement.

14. Prohibition Against Transfers; Representations and Warranties of No Transferred Rights, Claims, or Interests in Premises

Tenant shall not transfer, assign, sublease, or sublet any of Tenant's rights or interests in this Agreement or in the Lease or the Premises. Tenant represents and warrants to the City and Agency, and City and Agency materially rely upon said representation and warranty, that Tenant has not assigned, transferred, or subleased to any third party any of the rights, claims, causes of action or items to be released or transferred which they are obligated to transfer or to release as part of this Agreement. Tenant further represents and warrants to the City and Agency, and City and Agency materially rely upon said representation and warranty, that Tenant has not assigned, transferred, or subleased or subletted to any third party any right of use or occupancy to the Premises.

15. Authority To Execute This Agreement

Each entity executing this Agreement represents that it is authorized to execute this Agreement. Each person executing this Agreement on behalf of an entity represents that he or she is authorized to execute this Agreement on behalf of said entity.

16. Construction

Each Party has cooperated in the drafting and preparation of this Agreement. In any construction to be made of this Agreement, or of any of its terms and provisions, the same shall not be construed against any Party.

17. Notices

All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered in writing personally or be sent by regular or certified first class mail, postage prepaid, deposited in the United States mail, or by known and reliable overnight courier service (such as FedEx), or by facsimile transmission, and properly addressed to the party at its address set forth below, or at any other address that such party may designate by written notice to the other party:

To City and Agency: City of Torrance
3031 Torrance Blvd.
Torrance, CA 90503
Attn: City Manager & City Attorney
FAX: (310) 618-5891

With Copy to: Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92626
Attn: M. Katherine Jenson, Esq.
FAX: (714) 546-9035

To Tenant: Class Termite & Pest Control, Inc.
1640 Cabrillo Ave.
Torrance, CA 90501
Attn: Roger Class, President
FAX: (310) 533-6105

Notices personally delivered shall be deemed delivered on the date of personal delivery provided evidence of such delivery is available to the Parties, notices delivered by overnight courier service (such as FedEx) or by facsimile shall be deemed delivered the next business day provided evidence of such delivery is available to the Parties, and notices delivered by United States mail shall be deemed delivered three (3) business days after the date of mailing and deposited into United States mail.

18. Computation of Days

Unless otherwise specified in this Agreement, use of the term "days" shall mean calendar days. For purposes of this Agreement, "business days" shall mean every day of the week except Saturdays, Sundays, and every day that City Hall of the City is not open for business to the general public.

19. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all Parties.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date set forth above.

Dated: _____

"AGENCY"

REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic

ATTEST:

_____
Sue Herbers, Agency Secretary

By: _____
Frank Scotto, Chair

APPROVED AS TO FORM
John L. Fellows III, Agency Counsel

By: _____

Dated: _____

"CITY"

ATTEST:

CITY OF TORRANCE, a California municipal corporation

_____
Sue Herbers, City Clerk

By: _____
Frank Scotto, Mayor

APPROVED AS TO FORM:
John L. Fellows III, City Attorney

By: _____

Dated: _____

"TENANT"

CLASS TERMITE & PEST CONTROL, Inc., a California corporation

By: _____

Its: _____