



County Administrative Office

Luther Snoke
Chief Executive Officer

February 13, 2024

*Sent via email and
via certified mail, return receipt requested*

Shangri-La Industries, LLC
c/o Shangri-La Industries
660 S Figueroa St
Los Angeles, CA 90017-3433
Attn: Andy Meyers and Cody Holmes
ameyers@shangrila.us
cholmes@shangrila.us

450 G Street, LP
c/o Shangri-La Industries
660 S Figueroa St
Los Angeles, CA 90017-3433
Attn: Andy Meyers and Cody Holmes
ameyers@shangrila.us
cholmes@shangrila.us

Step Up on Second Street, Inc.
1328 Second Street
Santa Monica, CA 90401-1122
Attn: Tod Lipka, President and Chief Executive Officer
tlipka@stepup.org

Re: NOTICE OF TERMINATION OF HOMEKEY COUNTY GRANT AGREEMENT

Dear Shangri-La Industries, LLC, 450 G Street, LP, and Step Up on Second Street, Inc.:

San Bernardino County (the "County") is writing to inform Step Up on Second Street, Inc., ("Step Up"), 450 G Street, LP and Shangri-La Industries, LLC, (collectively "SLA Entities") of the County's election to terminate that certain Homekey County Grant Agreement dated as of December 8, 2020, as amended pursuant to that certain First Amendment to Homekey County Grant Agreement dated as of February 9, 2021 (collectively, the "Grant Agreement").

On January 24, 2024, the County sent the attached further Notice of Default advising SLA Entities and Step Up of specific events of default and reserving the right to all rights, remedies and privileges under the Grant Agreement and applicable law, including, but not limited to, termination of the Agreement.

This letter serves as notice to the SLA Entities and Step Up of the County's election to immediately (a) revoke the County Grant as allowed under Section 6.2(a)(A) of the Grant Agreement and (b) terminate the Grant Agreement as allowed under Section 6.2(a)(C).

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Notice of Termination of Homekey County Grant Agreement

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As of the date of this letter, the following defaults exist, remain uncured, and are continuing, each of which individually and collectively give the County the right to terminate the Grant Agreement effective immediately:

- A default under Section 6.1(a)(1) for failure to comply with the terms of that certain Standard Agreement, Award: 20-HK-00112 (the "Standard Agreement");
- A default under Section 6.1(a)(5) for failure to cure a default under financing for the project provided by Sunday Capital MP Loan Sales LLC with such default remaining uncured following the applicable notice and cure period;
- A default under Section 6.1(a)(6), resulting from the Superior Court of the State of California for the County of San Bernardino issuing an Order for Appointment of Receiver pursuant to Code of Civil Procedure Section 564; Temporary Restraining Order, and Order to Show Cause on January 9, 2024 in Case No. CIVSB2320081; and
- A default under Section 6.1(a)(9), for failure to discharge or satisfy claims and numerous mechanics liens filed against the property within specified timeframes.
- Pursuant to Section 6.1(a)(12) failure to make the interim County-Assisted Units available for occupancy within the times and terms specified in the Standard Agreement.

The revocation of the County Grant and termination of the Grant Agreement are effective immediately. The rights, powers, and remedies afforded the County in the Grant Agreement are cumulative and the County reserves the right to seek any additional remedies at law or equity in addition to the remedies exercised under this Notice of Termination. Furthermore, all obligations of Step Up and the SLA Entities that survive termination of the Grant Agreement including, but not limited to, the duty to indemnify the County under Section 7.3 survive the termination of the Grant Agreement.



Luther Snoke
Chief Executive Officer

Attachment: January 24, 2024 Notice of Default

cc:
Brian Sun
Norton Rose Fullbright
via email only: brian.sun@nortonrosefullbright.com

Edwin Leslie
LK Asset Advisors
via email only: edwin@lkassetadvisors.com

Mark Horoupian
Greenspoon Marder LLP
via email only: mark.horoupian@gmlaw.com

Tom Bunton
San Bernardino County Counsel
via email only: tom.bunton@cc.sbcounty.gov



COUNTY COUNSEL

Tom Bunton
County Counsel

Suzanne Bryant
Deputy County Counsel

January 24, 2024

SENT VIA U.S. MAIL AND ELECTRONIC MAIL

Shangri La Industries, LLC
c/o Shangri La Industries
660 S. Figueroa St.
Los Angeles, CA 90017-3433
Attn: Andy Meyers and Cody Holmes
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Attn: Andy Meyers and Cody Holmes
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Step Up on Second Street, Inc.
1328 Second Street
Santa Monica, CA 90401-1122
Attn: Tod Lipka, President and Chief Executive Officer
tlipka@stepup.org

RE: HOMEKEY COUNTY GRANT AGREEMENT FOR THE ALL STAR LODGE

Dear Shangri La Industries, LLC, 450 G Street, LP (individually and collectively the "SLA Entities") and Step Up on Second Street, Inc. ("Step Up"):

Reference is made to the Homekey County Grant Agreement ("Agreement") between the County of San Bernardino, the SLA Entities and Step Up regarding the All Star Lodge project. As you are aware, numerous events of defaults by the SLA Entities exist under the Agreement, including but not limited to the following:

- Failure of the SLA Entities to comply with the provisions of the Homekey Standard Agreement No. 20-HK-00112;
- The SLA Entities defaulting on a loan for the property which remains uncured;

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All Star Lodge
January 24, 2024
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- The SLA Entities' failure to cure mechanics liens on the property; and
- The recent January 9, 2024 appointment of a receiver over the property by the Superior Court of the State of California, County of San Bernardino.

This letter is to provide you further notice of the defaults under the Agreement. The County reserves all of its rights, remedies and privileges under the Agreement and applicable law, including, but not limited to, termination of the Agreement.

Very Truly Yours,

TOM BUNTON
County Counsel



Suzanne Bryant
Deputy County Counsel

cc: Cornelius & Cohanghadosh, APC
23801 Calabasas Rd., Ste. 100
Calabasas, CA 91302
Attn: Alex Cornelius

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Norton Rose Fullbright
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