

## Equity Interest Transfer Agreement

This Equity Interest Transfer Agreement is made and entered into as of February 12, 2020 by and between Alex Meruelo, Trustee of the Alex Meruelo Living Trust dated August 6, 1996 and all amendments thereto ("Seller") and Luis A. Armona, Trustee of the Luis and Margaret Armona Living Trust dated March 22, 2010 ("Buyer").

### Recitals

Seller is the record and beneficial owner of all the outstanding membership interests in Meruelo Media LLC, a California limited liability company ("Company") consisting primarily of interests in the profits, losses, distributions, capital, and the right to vote and participate in the management of the Company. Seller is also the sole manager of the Company.

Company holds authorizations for certain radio broadcast stations issued by the Federal Communications Commission (the "FCC") which are identified on Schedule A to this Agreement together with the assigned FCC Facility ID Number for each (the "Stations").

Seller desires to sell and Buyer desires to purchase ten percent (10%) of Seller's membership interest in the Company (the "Equity Interest") on the terms and subject to the conditions set forth in this Agreement.

### Terms and Conditions

In consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the parties agree as follows:

#### 1. Purchase and Sale.

(1) Purchase and Sale of the Equity Interest. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing (defined in section 6 below) (i) Seller sells, conveys, assigns, transfers, and delivers the Equity Interest to Buyer and (ii) Buyer purchases, accepts, and agrees to pay one million five hundred thousand dollars (\$1,500,000) in cash or immediately available funds for the Equity Interest.

##### b. Deliveries. At the Closing:

(1) Seller will execute and deliver to Buyer a duly executed assignment of the Equity Interest conveying the Equity Interest to Buyer, in the form attached to this Agreement as Exhibit 1.b(1) to this Agreement (the "Assignment"), free and clear of all claims, liens, pledges, charges, encumbrances and security interests, (collectively, "Encumbrances") other than restrictions imposed by federal and state securities laws on

the transfer of the Equity Interest and the security interest held by Lender (defined in Section 7.a(2) below (the "Permitted Encumbrances").

(2) Buyer will pay the Purchase Price by wire transfer of immediately available funds to Seller per wire instructions as Seller will designate.

(3) Buyer and Seller, individually, and Seller on behalf of the Company, will execute and deliver a First Amended and Restated Operating Agreement of the Company (the "Amended Operating Agreement") reflecting the admission of Buyer as a Member of the Company and setting forth the terms and conditions under which the Company will be managed and operated as the parties may agree.

**2. Representations and Warranties of Seller.** Seller represents and warrants to Buyer as follows:

a. Company Organization and Standing. The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the state of California and has all requisite power and authority to own and operate its properties and to carry on its business as presently conducted.

b. Company Compliance. The Company is not in violation or default (i) of any provision of its certificate of formation or operating agreement, (ii) in any material respect of any material contract or order to which it is a party or by which it is bound, or (iii) to the knowledge of Seller, of any provision of any laws applicable to the Company.

c. Title. Except for and subject to the Permitted Encumbrances, (i) Seller holds good and marketable title to the Equity Interest, free and clear of all Encumbrances and (ii) the transfer of the Equity Interest to Buyer pursuant to this Agreement will vest in Buyer full beneficial title to the Equity Interest.

d. No Conflicts; Consents. Subject to the FCC Consent (defined in Section 4 below) and the Lender Consent (defined in Section 7.a(2) below), the execution, delivery, and performance by the Company of this Agreement, and the documents to be delivered under this Agreement, and the consummation of the transactions contemplated by this Agreement, do not and will not: (1) violate or conflict with the certificate of formation or the operating agreement of the Company, or other organizational documents of the Company; or (2) violate or conflict with any judgment, order, decree, statute, law, ordinance, rule, or regulation applicable to the Company. Except for the FCC Consent (defined in section 4 below, and the Lender Consent (defined in Section 7.a(2) below), no consent, approval, waiver, or authorization is required to be obtained by the Company from any person or entity (including any governmental authority) in connection with the

execution, delivery, and performance by the Company of this Agreement and the consummation of the transactions contemplated by this Agreement.

e. Validity and Enforceability. This Agreement is legal, valid, and binding upon and enforceable against Seller in accordance with its terms.

f. Legal Proceedings. Except for the FCC Consent, no litigation, claim, administrative proceeding, or other proceeding or governmental investigation is pending or, to Seller's knowledge, threatened which would prevent or delay the execution, delivery, or performance of this Agreement by Seller or the consummation by Seller of the transactions contemplated in this Agreement.

g. Sufficiency of Representations. No representation or warranty of Seller contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made.

Except as expressly set forth in this Agreement, Seller makes no representation or warranty whatsoever to Buyer, express or implied, concerning the Company, its business, assets, properties, financial condition, or prospects.

**3. Representations and Warranties of Buyer.** Buyer hereby represents and warrants to Seller as follows:

a. Authority. Buyer has all requisite right, power, capacity, and authority to enter into, deliver, and perform this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly and validly executed and delivered by Buyer.

b. Validity and Enforceability. This Agreement is legal, valid, and binding upon and enforceable against Buyer in accordance with its terms.

c. Investment and Suitability.

(1) Buyer is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated by the Securities and Exchange Commission, as currently in effect.

(2) Buyer is acquiring the Equity Interest solely for investment for Buyer's own account not as a nominee or agent, and not with a view to the resale or distribution of any part thereof. Buyer has no present intention of selling, granting any participation in, or otherwise distributing the same.

(3) Buyer understands that the Equity Interest has not been registered under the Securities Act of 1933, as amended, (the "Act") or qualified under the California Corporate Securities Law of 1968, as amended (the "Law") or registered or qualified under the securities laws of any state or other jurisdiction, (b) any disposition of the Equity Interest is subject to restrictions imposed by federal and state law, (c) Buyer cannot dispose of the Equity Interest absent registration and qualification, or an available exemption from registration and qualification, and (d) the California Commissioner of Business Oversight has not made a finding or determination relating to the fairness for investment of the Equity Interest and that the Commissioner has not and will not recommend or endorse the Equity Interest.

(4) Buyer has had the opportunity to consult with Buyer's own legal, accounting, tax, investment, and other advisors regarding the tax consequences and the risks and merits of acquiring the Equity Interest.

(5) Buyer has personal knowledge of the business, properties, prospects, and financial condition of the Company, has had an opportunity to ask questions and receive answers from Seller regarding those matters, and has received all information Buyer considers necessary for deciding whether to acquire the Equity Interest.

**4. Assignment Application; FCC Consent.** The parties will execute, file, and diligently prosecute the appropriate applications to the FCC (collectively, the "Assignment Application") requesting the FCC's consent to the transfer and assignment of the Equity Interest ("FCC Consent"). The Company shall pay for all filing fees paid in connection with the Assignment Application and other costs with respect to the preparation, filing, and prosecution of the Assignment Application. Buyer and Seller will cooperate in good faith to diligently prosecute the Assignment Application and otherwise use their commercially reasonable best efforts to obtain the FCC Consent as soon as possible. Buyer and Seller will (a) keep each other informed in all material respects and on a reasonably timely basis of any material communication received by each from, or given by each to, the FCC with respect to this Agreement, the Stations, the Assignment Application, or the transaction contemplated by this Agreement; (b) notify each other of all documents filed with or received from the FCC with respect to this Agreement, the Stations, the Assignment Application, or the transaction contemplated by this Agreement, and provide each other with copies of all those documents; (c) furnish each other with such information and assistance as the other may reasonably request in connection with their preparation of the Assignment Application; and (d) cooperate in all respects with each other in connection with this Agreement, the Stations, the Assignment Application, or the transaction contemplated by this Agreement and in connection with any investigation or other inquiry by or before the FCC related to the

foregoing. Each party will have the right to review in advance, and to the extent practicable each will consult with the other on, all information relating to the other party that appears in any filing made with, or written materials submitted to, the FCC with respect to this Agreement, the Stations, the Assignment Application, or the transaction contemplated by this Agreement.

**5. Conduct of Business.** Between the date of this Agreement and the Closing Date, Seller shall continue to manage the Company in its normal course and will not, and will cause the Company to not, take any action materially and adversely affecting this Agreement or the transactions contemplated in this Agreement or the Company's financial condition (present or prospective), businesses, properties, or operations.

**6. Closing and Closing Date.** Subject to satisfaction or waiver of the conditions set forth in Section 7, the consummation of the transfer of the Equity Interest (the "Closing") will occur on a date mutually determined by the parties (the "Closing Date"), which will be no later than ten (10) business days following the date on which the FCC Consent is granted. The Closing will be held at a place mutually agreed upon by the parties.

**7. Conditions to Closing.**

a. Contingency. This Agreement and the Closing are contingent on each of the following:

(1) The FCC Consent will have been obtained and will be in full force and effect, and no court, administrative or governmental order prohibiting the Closing will be in effect.

(2) Bank of America, N.A. ("Lender") will have approved and authorized the transfer of the Equity Interest upon the terms and conditions set forth in this Agreement ("Lender Consent").

b. Seller's Closing Conditions. The obligations of Seller under this Agreement are, at Seller's option, subject to satisfaction, at or prior to the Closing of each of the following conditions:

(1) The representations and warranties of Buyer made in this Agreement will be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by Seller at or prior to the Closing will have been complied with or performed in all material respects.



(2) Buyer will have made each of Buyer's deliveries and payments contemplated by Section 1.b above.

c. Buyer's Closing Conditions. The obligations of Buyer are, at Buyer's option, subject to satisfaction, at or prior to the Closing of each of the following conditions:

(1) The representations and warranties of Seller made in this Agreement will be true and correct in all material respects as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by the Company at or prior to the Closing will have been complied with or performed in all material respects.

(2) Seller will have made each of Sellers' deliveries contemplated by Section 1.b above.

**8. Post-Closing Obligations.** After the Closing, the rights and obligations of the parties with respect to the Company will be governed by the Amended Operating Agreement.

## **9. General Provisions.**

a. Schedules and Exhibits. Schedules and Exhibits attached to this Agreement are a part of this Agreement and are incorporated in this Agreement for all purposes.

b. Survival of Representations. The representations, warranties, covenants, and agreements made in this Agreement shall survive any investigation made by any party and the closing of the transactions contemplated in this Agreement.

c. Expenses. Except as otherwise expressly set forth in this Agreement, each party will be responsible for all costs and expenses incurred by it in connection with the negotiation, preparation, and performance of and compliance with the terms of this Agreement.

d. Further Assurances. The parties will at their own cost and expense execute and deliver such further documents and instruments and use reasonable efforts to take such other action as may be necessary or appropriate to make effective the transactions that this Agreement contemplates.

e. Waiver. Except for the FCC Consent and the Lender Consent, any term or condition of this Agreement may be waived at any time by the party that is entitled to its benefit, but the waiver will not be effective unless set forth in a writing signed by or on behalf of the waiving party. No waiver of any term or condition or consent to any action

will constitute a waiver of any other provision or a consent to any other action, whether or not similar, on any future occasion. No failure or delay in exercising any right or remedy under this Agreement is a waiver of that right or remedy.

f. Headings. Section and subsection titles and captions in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any of its provisions.

g. Meaning of Certain Words and Pronouns. The terms “includes” and “including” will not be construed to imply any limitation. The term “or” is not exclusive. The terms “shall” and “will” are to be construed as creating a mandatory duty. Wherever the context may require, any pronouns used in this Agreement, will include the corresponding masculine, feminine, or neuter forms. The singular form of nouns or pronouns will include the plural and vice versa. Technical words will be given the meaning usually understood by people in the profession unless a different sense is clearly intended.

h. Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid, illegal, or unenforceable (whether in whole or in part) for any reason, that provision or part will be stricken from this Agreement. The stricken provision or part will not affect the legality, enforceability, or validity of the remainder of this Agreement so long as the essential terms of the transactions contemplated by this Agreement remain enforceable. The stricken provision or part will be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision or part as is legally possible so as to effect the original intent of the parties as closely as possible.

i. Entire Agreement. This Agreement supersedes all prior oral and written discussions and agreements between the parties with respect to its subject matter, and contains and expresses the final, complete, and exclusive agreement between the parties with respect to its subject matter. There are no other understandings, representations, warranties, or agreements between the parties other than those set forth in this Agreement.

j. Amendments. This Agreement may be amended or supplemented only by a written instrument duly executed by or on behalf of each party.

k. Successors and Assigns. No party will voluntarily or by operation of law assign, transfer or encumber, in any manner, (collectively “Assignment”) any of its rights, duties, or other interests in this Agreement without the other party’s prior written consent, which consent will not be unreasonably withheld or delayed. Any attempt to make an

Assignment in violation of this provision will be a material default under this Agreement. Any assignment in violation of this Agreement will be void and of no legal effect.

l. Governing Law. This Agreement and all claims or causes of action (whether in contract, tort, or statute) that may be based upon, relate to, or arise out of this Agreement or its negotiation, execution, or performance (including the rights and obligations of the parties thereunder and any claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement) will be governed by and enforced in accordance with the Laws of the State of California, including its statutes of limitations, without giving effect to any conflict or choice of law provision that would result in the imposition of another state's Law.

m. Counterparts. This Agreement may be executed in any number of counterparts, each of which is deemed an original, but all of which together constitute one and the same instrument. The exchange of counterparts of this Agreement, signature pages, and all ancillary documents by facsimile or email to all the parties constitutes execution and delivery of this Agreement. The parties authorize each other to detach and combine signature pages and consolidate them into a single document. Any one of the completely executed counterparts will be sufficient proof of this Agreement.

n. Representation of Authority. Each person signing this Agreement on behalf of a party represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each party represents and warrants that the execution and delivery of the Agreement and the performance of that party's obligations under the Agreement have been duly authorized and that the Agreement is a valid and legal agreement binding on that party and enforceable according to its terms.

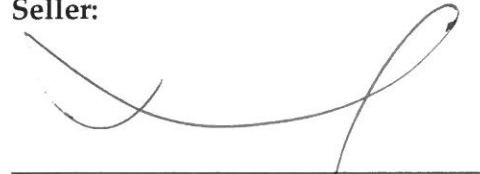
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## Execution

In witness whereof, the parties have executed this Equity Interest Transfer Agreement as of the date first written above.

**Seller:**

A handwritten signature in dark ink, appearing to be 'Alex Meruelo', written over a horizontal line.

Alex Meruelo, Trustee of the Alex Meruelo Living Trust dated August 6, 1996 and all amendments thereto

**Buyer:**

A handwritten signature in dark ink, appearing to be 'Luis A. Armona', written over a horizontal line.

Luis A. Armona, Trustee of the Luis and Margaret Armona Living Trust dated March 22, 2010

Schedule A  
STATIONS

Station Call Letters	Community of License	Facility IDs
KDAY	Redondo Beach, CA	10100
KDEY	Ontario, CA	10099
KLOS	Los Angeles, CA	35078
KLLI	Los Angeles, CA	59987
KLLI-FM1	Santa Clarita, CA	170041

Exhibit 1.b(1)  
FORM OF ASSIGNMENT OF EQUITY INTEREST

**Assignment of Equity Interest**

For value received, the receipt and sufficiency of which is hereby acknowledged, Alex Meruelo, Trustee of the Alex Meruelo Living Trust dated August 6, 1996 and all amendments thereto ("Seller"), hereby sells, assigns, transfers, and conveys unto Luis A. Armona, Trustee of the Luis and Margaret Armona Living Trust dated March 22, 2010, ten percent (10%) of ten percent (10%) of Seller's membership interest in the Company (the "Equity Interest").

This Assignment of Equity Interest is delivered pursuant to the terms of the Equity Interest Transfer Agreement, dated February \_\_\_\_, 2020 between Seller and Buyer.

Dated: \_\_\_\_\_, 2020

\_\_\_\_\_  
Luis A. Armona, Trustee of the Luis  
and Margaret Armona Living Trust dated  
March 22, 2010