



*"To enrich lives through effective and caring service"*



**Santos H. Krelmann**  
Director

**Kerry Silverstrom**  
Chief Deputy

August 16, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

## **ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

19 August 16, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF RENEWAL OF OPTION TO AMEND LEASE AGREEMENT –  
NEPTUNE MARINA APARTMENTS (Parcel 10R at 14100 Marquesas Way) AND RENEWAL OF  
LEASE OPTION AGREEMENT – PUBLIC PARKING LOT 12 (Parcel FF) - MARINA DEL REY  
(4th DISTRICT)  
(4 VOTES)**

### **SUBJECT**

Request for approval of two separate option renewals for Parcels 10R and FF, extending both options for up to a maximum of 54 months because of delays unanticipated by either the County or Legacy Partners Neptune Marina L.P. with regard to the processing of entitlements and satisfaction of other option conditions regarding its proposed lease extension and development of 400 new apartments and a new 161-slip and 7-end-tie marina on Parcel 10R, and a new coterminous lease for Public Parking Lot 12 (Parcel FF) to build 126 new apartments.

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that your Board has previously considered and certified the Final Environmental Impact Report relating to the proposed lease extension, new lease, and development on Parcels 10R and FF, and adopted the related Environmental Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring Programs for these projects.
2. Approve and authorize the Mayor to sign the Renewal of Option to Amend Lease Agreement (Parcel 10R), attached as Exhibit A, granting to the current lessee, Legacy Partners Neptune Marina L.P., successive extensions for up to a total of 54 months to obtain the remaining regulatory approvals regarding its proposed development of the proposed project and to satisfy the other conditions to the exercise of the option for Parcel 10R.

3. Approve and authorize the Mayor to sign the Renewal of Lease Option Agreement (Parcel FF), attached as Exhibit B, granting to Legacy Partners Neptune Marina L.P. successive extensions for up to a total of 54 months to obtain the remaining regulatory approvals regarding its proposed development of the proposed project and to satisfy the other conditions to the exercise of the option for Parcel FF.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On July 23, 2008, your Board granted Legacy Partners Neptune Marina L.P., a Delaware limited partnership ("Lessee"), options to redevelop Parcel 10R, currently improved with apartments and an anchorage, and develop Parcel FF, currently a County public parking lot. Lessee has diligently pursued its entitlements, but, due to delays beyond its control, will not be able to acquire the entitlements for this project prior to the expiration of its existing options. Among the major reasons for the delay was the unanticipated complexity of completing a combined Environmental Impact Report (EIR) for Parcels 10R, FF and 9, given the combined EIR ultimately addressed issues with the hotel development on Parcel 9U that were not anticipated during negotiations between the Lessee and the County. In addition, it was anticipated that the Coastal Commission would act upon the County's Marina Local Coastal Program Major Amendment affecting these developments at its June 2011 Coastal Commission Hearing, however the hearing was held over and has not yet been rescheduled.

The current option agreements between the County and Lessee for Parcels 10 and FF will both expire on August 19, 2011. In consideration for extending the date to exercise both options, Lessee has agreed to pay the County a total amount of up to \$100,000 for each parcel (potentially \$200,000 in total), as follows: (1) \$20,000 for each parcel upon signing of each renewal, in exchange for an initial extension of up to 24 months to not later than August 19, 2013; (2) \$30,000 for each parcel for an additional extension of 18 months; (3) \$20,000 for each parcel for an additional six-month extension; and (4) \$30,000 for each parcel for a second additional six-month period.

Our economic consultant has reviewed the consideration being paid for the extension of the date by which the options must be exercised and has found that the County is receiving fair value for the amount of time that it is granting to extend the date to implement the transaction as previously negotiated.

### **Implementation of Strategic Plan Goals**

The recommended action will allow Lessee to continue its efforts towards the proactive development/redevelopment of the parcels, which will result in fulfillment of approved Strategic Plan Goal No. 1, "Operational Effectiveness", Strategy No. 1, "Fiscal Sustainability", and Goal No. 4, "Community and Municipal Services", Strategy No. 1, "Cultural and Recreational Enrichment".

### **FISCAL IMPACT/FINANCING**

#### **Operating Budget Impact**

Upon your Board's approval and the Mayor's execution of each renewal, the Department of Beaches and Harbors' operating budget will receive a \$20,000 payment for each parcel, neither of which was not included in the 2011-12 Adopted Budget and, therefore, will be accounted for as one-time over-realized revenue. If additional extension payments are anticipated, they will be budgeted in future fiscal year budgets as one-time revenue.

Costs of consultants and primary Beaches and Harbors staff involved in the negotiation and development of these renewals are being reimbursed by Lessee.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The existing 60-year lease for Parcel 10R expires on February 28, 2022. Lessee holds a separate option for each parcel, but will not be allowed to exercise the option on Parcel FF until it has exercised the option on Parcel 10R or it provides adequate assurances of the completion of the redevelopment of Parcel 10R.

Parcel 10R currently consists of 136 existing apartments and an anchorage with 184 slips and seven end-ties and is located between Esprit I (Parcel 12) and an undeveloped lot (Parcel 9, for which a restored wetland park and hotel are proposed), with frontage on Via Marina and Marquesas Way. Parcel FF is a public parking lot located between the Bar Harbor Apartments (Parcel 15) and the Villa del Mar Apartments (Parcel 13), with frontage on Via Marina and Marquesas Way.

Lessee has made application to the Department of Regional Planning for discretionary land use entitlements, including an amendment to the Marina Local Coastal Program to allow apartments on Parcel FF, with replacement of the Parcel FF open space designation at Parcel 9U, and the transfer of additional apartment entitlements from another development zone, as well as authorization for the relocation of the replacement public parking off-site. The application is still under review pending the Coastal Commission's action on the County's Marina Local Coastal Program Major Amendment. Approval of the option renewals, as recommended in this letter, is without prejudice to the County's full exercise of its regulatory authority in the consideration of the land use entitlements required for the possible exercise of the options.

Entering into leases of the County's Marina del Rey real property is authorized by Government Code Sections 25907 and 25536. The lease terms are in conformance with the maximum 99-year period authorized by California law.

At its meeting of August \_\_, 2011, the Small Craft Harbor Commission will consider the recommendations to approve the Renewal of Option to Amend Lease Agreement for Parcel 10R and the Renewal of Lease Option Agreement for Parcel FF, and its recommendations will be communicated to your Board prior to your Board's consideration of the matter.

County Counsel has approved the documents as to form.

### **ENVIRONMENTAL DOCUMENTATION**

On April 26, 2011, your Board considered and certified the Final Environmental Impact Report relating to the proposed lease extension, new lease, and development on Parcels 10R and FF, and adopted the related Environmental Findings of Fact and Statement of Overriding Considerations and the Mitigation Monitoring Programs for these projects. The recommended actions do not raise any new or substantive environmental impacts.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The Honorable Board of Supervisors

8/16/2011

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There is no impact on other current services or projects.

**CONCLUSION**

Authorize the Executive Officer/Clerk of the Board to send one copy of this Board Letter, as approved, and two copies of each of the executed renewals to the Department of Beaches and Harbors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Santos H. Kreimann", followed by a horizontal line.

SANTOS H. KREIMANN

Director

SHK:GJ:ks

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
County Counsel

**RENEWAL OF OPTION TO AMEND LEASE AGREEMENT  
(Parcel 10R)**

THIS RENEWAL OF OPTION TO AMEND LEASE AGREEMENT ("**Renewal Agreement**") is made as of August 16, 2011, between COUNTY OF LOS ANGELES ("**County**"), and LEGACY PARTNERS NEPTUNE MARINA L.P., a Delaware limited partnership ("**Lessee**").

**RECITALS**

A. County and Lessee, or its predecessors-in-interest, entered into Lease No. 5074 dated May 4, 1962, as amended (the "**Existing Lease**"), pursuant to which Lessee currently leases from County certain real property in the Marina del Rey Small Craft Harbor commonly known as Parcel No. 10R, as more particularly described in the Existing Lease (the "**Premises**").

B. County and Lessee entered into that certain Option to Amend Lease Agreement dated as of August 19, 2008 (the "**Option Agreement**"), whereby County granted Lessee an option (referenced in the Option Agreement as the "**Option**") to amend and restate the Existing Lease in its entirety upon the terms and conditions more specifically set forth in the Option Agreement, including, without limitation, (i) an extension of the term of the Existing Lease through February 28, 2061, and (ii) the redevelopment of the Premises in accordance with the terms and provisions of the Option Agreement.

C. In accordance with the terms and provisions of Section 2 of the Option Agreement, the Outside Expiration Date for the exercise by Lessee of the Option was originally August 19, 2010, and was subsequently extended by Director to August 19, 2011.

D. It is expected that Lessee will not have received the Entitlements or satisfied the other Option Conditions for exercise of the Option set forth in Section 3 of the Option Agreement by August 19, 2011.

E. County and Lessee desire to further extend the Outside Expiration Date for the exercise by Lessee of the Option, and to make certain other modifications to the Option Agreement, all in accordance with the terms and provisions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms used in this Renewal Agreement but not otherwise defined herein shall have the same meanings given such terms in the Option Agreement.

2. Further Extension of Outside Expiration Date. Section 2 of the Option Agreement is hereby amended in its entirety to read in full as follows:

“2. Option Term. The term of the Option (the “**Option Term**”) shall commence on the date of this Agreement and expire on that date (the “**Option Expiration Date**”) which is the earlier of (i) forty-five (45) days following the Conditions Satisfaction Date, or (ii) the Outside Expiration Date. The “**Conditions Satisfaction Date**” means the first date upon which all of the conditions precedent to Lessee’s exercise of the Option set forth in Section 3 below (the “**Option Conditions**”) have been satisfied. The “**Outside Expiration Date**” shall initially be February 19, 2012; provided, however, that if the Option Conditions have not been satisfied as of February 19, 2012, then as long as Lessee has proceeded, and continues to use diligent efforts to satisfy the Option Conditions as soon as possible, and is not, and continues to not be, in Default of this Option Agreement or the Existing Lease, the Outside Expiration Date shall be automatically extended until the earlier of (I) forty-five (45) days following the Conditions Satisfaction Date, (II) the date of the denial by the applicable governmental authority of any of the required Entitlements, without further right of appeal, or (III) August 19, 2013. Notwithstanding the foregoing, at any time that Lessee fails to continue to use diligent efforts to satisfy the Option Conditions as soon as possible, and does not cure such failure within ten (10) days after written notice from County, or at any time that Lessee is in Default under this Option Agreement or the Existing Lease, County shall have the right to terminate the Option Agreement upon written notice to Lessee.

Notwithstanding that the Conditions Satisfaction Date has not occurred by August 19, 2013, Lessee shall have the right to extend the Option Expiration Date set forth in the immediately preceding paragraph for up to the following three additional periods upon delivery by Lessee to County, not later than one (1) month prior to the Option Expiration Date that is then in effect prior to such extension, of both written notice by Lessee to County of such extension and the payment by Lessee to County of the applicable “**Additional Option Extension Fee**” set forth below for such extension:

- (a) eighteen (18) months upon payment of an Additional Option Extension Fee of Thirty Thousand Dollars (\$30,000);
- (b) six (6) months upon payment of an Additional Option Extension Fee of Twenty Thousand Dollars (\$20,000); and
- (c) six (6) months upon payment of an Additional Option Extension Fee of Thirty Thousand Dollars (\$30,000).

Notwithstanding the foregoing, Lessee shall have no right to extend the Option Expiration Date pursuant to this paragraph at any time during which Lessee is in Default under this Option Agreement or the Existing Lease. Time is of the essence with respect to the exercise by Lessee of any right to extend the Option Expiration Date pursuant to this paragraph.

For purposes of this Option Agreement, (A) Lessee shall be in “**Default**” under this Option Agreement if Lessee is in material breach of any term or provision of this Option Agreement and Lessee fails to cure such breach (x) within ten (10) days after written notice from County in the case of a monetary breach, or (y) within thirty (30) days after written notice from County in the case of a non-monetary breach, provided that if the nature of the non-monetary breach is that it cannot reasonably be cured within a thirty (30) day period, then Lessee shall not be in Default as long as Lessee commences the cure of such breach within thirty (30) days after written notice from County and diligently and continuously prosecutes the cure of such breach to completion as soon as possible thereafter; and (B) Lessee shall be in “**Default**” under the Existing Lease if Lessee is in material breach or default of any term or provision of the Existing Lease and Lessee fails to cure such breach or default following written notice from County and the expiration of the applicable cure period set forth in the Existing Lease.”

3. Option Extension Fee and Additional Option Extension Fees.

Concurrently herewith, Lessee has paid to County the sum of Twenty Thousand Dollars (\$20,000) (the “**Option Extension Fee**”) in consideration for County’s execution and delivery of this Renewal Agreement and County’s extension of the Outside Expiration Date to the date set forth in the first paragraph of Section 2 of the Option Agreement (as amended above). The Option Extension Fee and any Additional Option Extension Fees paid by Lessee pursuant to Section 2 of the Option Agreement (as amended above) shall be non-refundable, and are in addition to both the Option Fee paid by Lessee to County pursuant to Section 5.1 of the Option Agreement and the Extension Fee that will be payable by Lessee to County pursuant to Section 5.2 of the Option Agreement if Lessee exercises the Option. The Option Extension Fee and any Additional Option Extension Fees shall not be applicable against the Option Fee or against the Extension Fee.

4. Modification to Section 3(b) of the Option Agreement. Section 3(b) of the Option Agreement is hereby amended in its entirety to read in full as follows:

“(b) all discretionary planning and zoning land use entitlements and approvals from governmental authorities (including the County and the California Coastal Commission) shall have been received for the construction of the Public Docks in accordance with the plan attached hereto (attached to the Option Agreement) as Exhibit B (the “**Ancillary**

than the amount of the Annual Minimum Rent in effect immediately prior to such Adjustment Date.”

6.2 The following is hereby added at the end of subsection 4.3.1 of the Restated Lease: “In addition, notwithstanding any contrary provision of this Lease, in connection with the readjustment of Annual Minimum Rent as of a Renegotiation Date pursuant to this subsection 4.3.1, in no event shall the Annual Minimum Rent ever be reduced to an amount less than the Annual Minimum Rent in effect immediately prior to such Renegotiation Date.”

6.3 Each of the references to “forty-fifth (45<sup>th</sup>)” in the first sentence of Section 5.2 of the Restated Lease and in the last sentence of the first paragraph of Section 5.2 of the Restated Lease is hereby changed to “fortieth (40<sup>th</sup>).”

6.4 Each reference to a particular Lease Year in Section 5.13 of the Restated Lease is hereby changed to mean the Lease Year that is three (3) years prior to each such respective Lease Year, except that all references in such Section 5.13 to the “eleventh (11<sup>th</sup>)” Lease Year shall remain the same and shall not be changed.

7. Modification to Section 9.13 of the Option Agreement. Notwithstanding any contrary provision of Section 9.13 of the Option Agreement, Lessee’s right to use Parcel FF as a staging area pursuant to Section 9.13 of the Option Agreement shall be subject to such staging area use being in compliance with applicable law in effect at the time of such proposed use.

8. County Costs. Regardless of whether Lessee exercises the Option, Lessee shall promptly reimburse County for the Actual Costs (as defined in the Restated Lease) incurred by County in connection with the review, negotiation, preparation and documentation of this Renewal Agreement and the matters addressed herein.

9. Entire Agreement. This Renewal Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all previous negotiations, communications or understandings between the parties, whether oral or written, with respect to the subject matter set forth herein.

10. No Other Modifications. County and Lessee acknowledge and agree that the Option Agreement is in full force and effect, unmodified except as set forth in this Renewal Agreement.

11. Counterparts. This Renewal Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall collectively constitute one fully-executed document.

SIGNATURES ON FOLLOWING PAGE



IN WITNESS WHEREOF, County and Lessee have entered into this Renewal Agreement as of the date first set forth above.

COUNTY OF LOS ANGELES

By:

*Mike Antonovich*  
Mayor, County of Los Angeles

LEGACY PARTNERS NEPTUNE  
MARINA L.P., a Delaware limited  
partnership

By: Legacy Partners 2598 L.P., a  
California limited partnership, its  
general partner

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



ATTEST:

SACHI A. HAMAI,  
Executive Officer of the Board of Supervisors

By: \_\_\_\_\_

*Sachelle Amtheman*  
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**19**

**AUG 16 2011**

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN,  
County Counsel

By: \_\_\_\_\_

*Andrea Sheridan Ordin*  
Deputy

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: \_\_\_\_\_

**RENEWAL OF LEASE OPTION AGREEMENT  
(Parcel FF)**

THIS RENEWAL OF LEASE OPTION AGREEMENT ("**Renewal Agreement**") is made as of August 16, 2011, between COUNTY OF LOS ANGELES ("**County**"), and LEGACY PARTNERS NEPTUNE MARINA L.P., a Delaware limited partnership ("**Lessee**").

RECITALS

A. County and Lessee entered into that certain Lease Option Agreement dated as of August 19, 2008 (the "**Option Agreement**"), whereby County granted Lessee an option (referenced in the Option Agreement as the "**Option**") to lease certain real property owned by County in Marina del Rey commonly known as Parcel FF and more particularly described in Exhibit A attached to the Option Agreement (the "**Premises**").

B. In accordance with the terms and provisions of Section 2 of the Option Agreement, the Outside Expiration Date for the exercise by Lessee of the Option was originally August 19, 2010, and was subsequently extended by Director to August 19, 2011.

C. It is expected that Lessee will not have received the Entitlements or satisfied certain other Option Conditions for exercise of the Option set forth in Section 3 of the Option Agreement by August 19, 2011.

D. County and Lessee desire to further extend the Outside Expiration Date for the exercise by Lessee of the Option, and to make certain other modifications to the Option Agreement, all in accordance with the terms and provisions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Renewal Agreement but not otherwise defined herein shall have the same meanings given such terms in the Option Agreement.

2. Further Extension of Outside Expiration Date. Section 2 of the Option Agreement is hereby amended in its entirety to read in full as follows:

"2. Option Term. The term of the Option (the "**Option Term**") shall commence on the date of this Agreement and expire on that date (the "**Option Expiration Date**") which is the earlier of (i) forty-five (45) days following the Conditions Satisfaction Date, or (ii) the Outside Expiration Date. The "**Conditions Satisfaction Date**" means the first date upon which all of the conditions precedent to Lessee's exercise of the

Option set forth in Section 3 below (the “**Option Conditions**”) have been satisfied. The “**Outside Expiration Date**” shall initially be February 19, 2012; provided, however, that if the Option Conditions set forth in paragraphs (a), (b), (c), (f) and (g) have not been satisfied as of February 19, 2012, then as long as Lessee has proceeded, and continues to use diligent efforts to satisfy the Option Conditions as soon as possible, and is not, and continues to not be, in Default of this Option Agreement, the Parcel 10R Option Agreement (as defined below) or the Existing Parcel 10R Lease (as defined below), the Outside Expiration Date shall be automatically extended until the earlier of (I) forty-five (45) days following the Conditions Satisfaction Date, (II) the date of the denial by the applicable governmental authority of any of the required Entitlements, without further right of appeal, or (III) August 19, 2013. Notwithstanding the foregoing, at any time that Lessee fails to continue to use diligent efforts to satisfy the Option Conditions as soon as possible, and does not cure such failure within ten (10) days after written notice from County, or at any time that Lessee is in Default under this Option Agreement, the Parcel 10R Option Agreement or the Existing Parcel 10R Lease, County shall have the right to terminate the Option Agreement upon written notice to Lessee. The “**Parcel 10R Option Agreement**” means the Option to Amend Lease Agreement dated August 19, 2008 between County and Lessee with regard to Parcel No. 10R, as amended. The “**Existing Parcel 10R Lease**” means the Existing Lease referenced in the Parcel 10R Option Agreement.

Notwithstanding that the Conditions Satisfaction Date has not occurred by August 19, 2013, Lessee shall have the right to extend the Option Expiration Date set forth in the immediately preceding paragraph for up to the following three additional periods upon delivery by Lessee to County, not later than one (1) month prior to the Option Expiration Date that is then in effect prior to such extension, of both written notice by Lessee to County of such extension and the payment by Lessee to County of the applicable “**Additional Option Extension Fee**” set forth below for such extension:

- (a) eighteen (18) months upon payment of an Additional Option Extension Fee of Thirty Thousand Dollars (\$30,000);
- (b) six (6) months upon payment of an Additional Option Extension Fee of Twenty Thousand Dollars (\$20,000); and
- (c) six (6) months upon payment of an Additional Option Extension Fee of Thirty Thousand Dollars (\$30,000).

Notwithstanding the foregoing, Lessee shall have no right to extend the Option Expiration Date pursuant to this paragraph at any time during which Lessee is in Default under this Option Agreement, the Parcel 10R Option Agreement or the Parcel 10R Lease. Time is of the essence with respect to the exercise by Lessee of any right to extend the Option Expiration Date pursuant to this paragraph.

For purposes of this Option Agreement, (A) Lessee shall be in “**Default**” under this Option Agreement or the Parcel 10R Option Agreement (as applicable) if Lessee is in material breach of any term or provision of this Option Agreement or the Parcel 10R Option Agreement (as applicable) and Lessee fails to cure such breach (x) within ten (10) days after written notice from County in the case of a monetary breach, or (y) within thirty (30) days after written notice from County in the case of a non-monetary breach, provided that if the nature of the non-monetary breach is that it cannot reasonably be cured within a thirty (30) day period, then Lessee shall not be in Default as long as Lessee commences the cure of such breach within thirty (30) days after written notice from County and diligently and continuously prosecutes the cure of such breach to completion as soon as possible thereafter; and (B) Lessee shall be in “**Default**” under the Existing Parcel 10R Lease if Lessee is in material breach or default of any term or provision of the Existing Parcel 10R Lease and Lessee fails to cure such breach or default following written notice from County and the expiration of the applicable cure period set forth in the Existing Parcel 10R Lease.”

3. Option Extension Fee and Additional Option Extension Fees.

Concurrently herewith, Lessee has paid to County the sum of Twenty Thousand Dollars (\$20,000) (the “**Option Extension Fee**”) in consideration for County’s execution and delivery of this Renewal Agreement and County’s extension of the Outside Expiration Date to the date set forth in the first paragraph of Section 2 of the Option Agreement (as amended above). The Option Extension Fee and any Additional Option Extension Fees paid by Lessee pursuant to Section 2 of the Option Agreement (as amended above) shall be non-refundable, and are in addition to the Option Fee paid by Lessee to County pursuant to Section 5 of the Option Agreement. The Option Extension Fee and any Additional Option Extension Fees shall not be applicable against the Option Fee.

4. Modification to Section 4 of the Option Agreement. The last sentence of Section 4 of the Option Agreement is hereby deleted and replaced with the following:

“If Lessee’s construction financing is in a position to close within the above forty-five (45) day period County agrees to cooperate with Lessee to effectuate a concurrent closing of the construction financing and County’s delivery of the Lease such that the Effective Date of the Lease is the same as the date of the close of Lessee’s construction financing; provided, however, in no event shall such agreement to cooperate be

interpreted to require County to delay the execution and delivery of the Lease beyond such forty-five (45) day period; and provided, further, that County shall not be required to execute and deliver the Lease unless within such forty-five (45) day period Lessee continues to satisfy all conditions to the exercise of the Option and Lessee's construction financing is in a position to close on or before the execution and delivery by County of the Lease. Notwithstanding the foregoing, Director shall have the authority in the exercise of Director's good faith judgment, but not the obligation, to extend the forty-five (45) day period in which Lessee is required to close Lessee's construction financing for up to an additional thirty (30) days.

The failure of Lessee's construction financing to close or Lessee's continuing satisfaction of the conditions to County's required execution and delivery of the Lease during the above forty-five (45) day period (as such period may be extended by Director pursuant to the last sentence of the immediately preceding paragraph) shall not in and of itself cause a termination of the Option, and, as long as the Option Term has not expired, Lessee shall have the continuing right to subsequently re-exercise the Option during the remainder of the Option Term if Lessee once again satisfies all conditions to such exercise, subject to Lessee causing the closing of the construction financing and the continued satisfaction of the conditions to County's execution and delivery of the Lease during the forty-five (45) day period (as such period may be extended by Director pursuant to the last sentence of the immediately preceding paragraph) following such subsequent re-exercise of the Option, in accordance with the terms and provisions of this Section 4."

5. Modifications to the Lease. The Lease is hereby modified as follows:

5.1 The following is hereby added at the end of subsection 4.2.3 of the Lease: "Notwithstanding any contrary provision of this subsection 4.2.3, the Annual Minimum Rent shall never be reduced on an Adjustment Date to an amount less than the amount of the Annual Minimum Rent in effect immediately prior to such Adjustment Date."

5.2 The following is hereby added at the end of subsection 4.3.1 of the Lease: "In addition, notwithstanding any contrary provision of this Lease, in connection with the readjustment of Annual Minimum Rent as of a Renegotiation Date pursuant to this subsection 4.3.1, in no event shall the Annual Minimum Rent ever be reduced to an amount less than the Annual Minimum Rent in effect immediately prior to such Renegotiation Date."

5.3 Each reference to a particular Lease Year in Section 5.13 of the Lease is hereby changed to mean the Lease Year that is three (3) years prior to each such

respective Lease Year, except that all references in such Section 5.13 to the "eleventh (11th)" Lease Year shall remain the same and shall not be changed.

6. County Costs. Regardless of whether Lessee exercises the Option, Lessee shall promptly reimburse County for the Actual Costs (as defined in the Lease) incurred by County in connection with the review, negotiation, preparation and documentation of this Renewal Agreement and the matters addressed herein.

7. Entire Agreement. This Renewal Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all previous negotiations, communications or understandings between the parties, whether oral or written, with respect to the subject matter set forth herein.

8. No Other Modifications. County and Lessee acknowledge and agree that the Option Agreement is in full force and effect, unmodified except as set forth in this Renewal Agreement.

9. Counterparts. This Renewal Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall collectively constitute one fully-executed document.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, County and Lessee have entered into this Renewal Agreement as of the date first set forth above.

COUNTY OF LOS ANGELES

By:

*Mike Antonovich*  
Mayor, County of Los Angeles

LEGACY PARTNERS NEPTUNE  
MARINA L.P., a Delaware limited  
partnership

By: Legacy Partners 2598 L.P., a  
California limited partnership, its  
general partner

By:

Name:

Its:

*Timothy Upshaw*  
*SR Vice President*



ATTEST:

SACHI A. HAMAI,  
Executive Officer of the Board of Supervisors

By:

*Sachelle Smithman*  
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

**19**

**AUG 16 2011**

APPROVED AS TO FORM:

ANDREA SHERIDAN ORDIN,  
County Counsel

By:

*Andrea Sheridan Ordin*  
Deputy

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By:

*264 C73*