



COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS



STAN WISNIEWSKI
DIRECTOR

KERRY GOTTLIEB
CHIEF DEPUTY

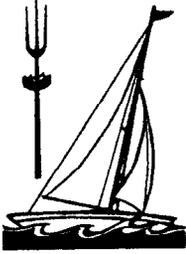
February 19, 2003

TO: Small Craft Harbor Commission
FROM: Stan Wisniewski, Director *Stan W.*
SUBJECT: **NOTICE OF SPECIAL MEETING OF THE SMALL CRAFT
HARBOR COMMISSION – MONDAY, FEBRUARY 24, 2003**

Enclosed is the agenda for the special Small Craft Harbor Commission meeting of Monday, February 24, 2003. Only one item is agendaized for the special meeting and the report related to this agenda item 2a is also enclosed.

Please call me if you have any questions or need additional information.

SW:tlh
Enclosures



COUNTY OF LOS ANGELES
SMALL CRAFT HARBOR COMMISSION
(310) 305-9527



Harley A. Searcy, Chairman
Carole B. Stevens, Vice-Chairperson
John C. Law
Russ Lesser
Joe Crail

**NOTICE OF SPECIAL MEETING
OF THE
SMALL CRAFT HARBOR COMMISSION**

**MONDAY, FEBRUARY 24, 2003
9:30 a.m.
BURTON W. CHACE PARK COMMUNITY ROOM
13650 MINDANAO WAY
MARINA DEL REY, CA. 90292**

AGENDA

1. Call to Order and Action on Absences
2. **NEW BUSINESS**
 - a. Approval of Option Agreement for Leases (RECOMMEND TO BOARD)
No. 6734 and 11140 Parcels 44U (Pier 44) and 77W
(77Del Rey) - Marina del Rey
3. **COMMUNICATION FROM THE PUBLIC**
4. **ADJOURNMENT**

PLEASE NOTE: The Los Angeles County Board of Supervisors adopted Chapter 2.160 of the Los Angeles Code 93-031 relating to lobbyists. Any person who seeks support or endorsement from the Small Craft Harbor Commission on any official action must certify that they are familiar with the requirements of this ordinance.

A copy of the ordinance can be provided prior to the meeting and certification is to be made before or at the meeting.

Si necesita asistencia para interpretar esta informacion llame al (310) 305-9546.



COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS



February 19, 2003

STAN WISNIEWSKI
DIRECTOR

KERRY GOTTLIEB
CHIEF DEPUTY

TO: Small Craft Harbor Commission

FROM: Stan Wisniewski, Director *Stan W.*

SUBJECT: **AGENDA ITEM 2a – APPROVAL OF OPTION AGREEMENT
FOR LEASES NO. 6734 AND 11140 - PARCELS 44U (PIER 44)
AND 77W (77 DEL REY) – MARINA DEL REY**

Item 2a on your agenda relates to a proposed option agreement (Option) granting the County the right to purchase (technically, to buy out the remaining lease term and terminate lessee's interests in) Parcel 77W (77 Del Rey) and a portion of Parcel 44U (Pier 44).

The Option provides that the County may purchase the land and waterside areas of Parcel 77W and the landside area of a portion of Parcel 44U (Option 1) and may also, separately, elect to purchase the waterside area of a portion of Parcel 44U (Option 2).

Attached is a copy of the Board letter that explains the details of the proposed Option. Your Commission's endorsement of my recommendation as contained in the attached letter is requested. Please let me know if you need further information.

SW:rm

Attachment



**COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS**



STAN WISNIEWSKI
DIRECTOR

KERRY GOTTLIEB
CHIEF DEPUTY

February 6, 2003

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

Dear Supervisors:

**APPROVAL OF OPTION AGREEMENT FOR LEASES NO. 6734 AND 11140
PARCELS 44U (PIER 44) AND 77W (77 DEL REY) - MARINA DEL REY
(4th DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to sign the attached OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("Agreement") to LEASE NO. 6734 PARCEL 44U and LEASE NO. 11140 PARCEL 77W, MARINA DEL REY (Exhibit A) granting the right and option to the County, upon payment of the stated option prices, to acquire full use of Parcel 77W and a portion of Parcel 44U by: a) terminating the Parcel 77W lease in its entirety and the Parcel 44U lease as to a portion of the landside area of Parcel 44U described in Exhibit A as the "First Option Property"; and b) the right and option to terminate the Parcel 44U lease as to a portion of the waterside area of Parcel 44U described in Exhibit A as the "Second Option Property".

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the lessor (landlord) of ground leases for Parcels 44U and 77W, each of which were originally entered into for terms of sixty years and which have remaining lease terms of twenty (20) and twenty-three (23) years, respectively. Pacific Marina Venture, LLC, a Delaware limited liability company (Lessee) is the current lessee of both parcels.

The proposed Agreement relating to Parcels 44U and 77W is the result of negotiations

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with the Lessee) for the County to obtain a purchase option which will terminate the lease for all of Parcel 77W and a portion of Parcel 44U in order that the County may utilize all or portions of these parcels for the intended Chace Park expansion and significant boating and visitor-serving development.

Implementation of Strategic Plan Goals

The proposed action promotes and furthers the Board-approved Strategic Plan Goal of Service Excellence, in that it provides the County the ability to offer a site for expansion of the adjacent Chace Park facilities and enhanced areas for expanded boating and visitor-serving development. These goals are furthered through proactive implementation of the Marina del Rey Asset Management Strategy, toward both revenue maximization and property redevelopment.

FISCAL IMPACT/FINANCING

The County will be responsible for payment of certain option fees to the Lessee as set forth in the Agreement, however all or a portion of such fees may be offset against lease extension fees that may be due the County from Lessee as a result of current negotiations for lease extensions relating to other leaseholds controlled by Lessee's beneficial owners/members (Parcels 56, 95, 97, 140, and the remaining portion of Parcel 44). The amount of such extension fees cannot be determined at this time and are subject to and contingent upon your Board's approval of lease extension agreements for such parcels. The price for the First Option Property (Parcel 77 and a portion of the landside of Parcel 44) is \$4,900,000. If the option for the Second Option Property (a portion of the waterside of Parcel 44 containing 159 boat slips - 51 single slips and 54 double slips - and 5 end ties) is exercised, the cost to the County for such acquisition would be an additional \$700,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Agreement grants the County an option to purchase (buy out the remaining term) and terminate the Parcel 77 Lease and a portion of the Parcel 44 Lease, giving the County complete control of both areas and thereby allowing the County to provide for planned

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expansion of Chace Park and for expanded boating and visitor-serving development.

Under the terms of the Agreement, Lessee grants the County the following (collectively, "Options"): (i) the right and option to terminate the Parcel 77 Lease in its entirety and the Parcel 44 Lease as to a portion of the landside of Parcel 44 described in Exhibit A ("First Option") upon the terms and subject to the conditions contained in the Agreement; and (ii) the right and option to terminate the Parcel 44 Lease as to a portion of the waterside of Parcel 44 described in Exhibit A ("Second Option"), upon the terms and subject to the conditions contained in the Agreement.

The term of the Options commences upon the date of Board approval and expires on the first anniversary of such date ("Expiration Time") unless the County has exercised the Option(s). County has the right, but not the obligation, to exercise the Options at any time prior to the Expiration Time. County may exercise the Options simultaneously or separately, provided that County may not exercise the Second Option unless it has previously or is concurrently exercising the First Option. Once exercised, the County may specify a date for closing and payment at any time within two years of the date of exercise of the Option(s).

The purchase price for the First Option Property is \$4,900,000, unless the closing occurs after the first anniversary of the Effective Date, when the purchase price is increased by an amount equal to the amount of interest accruing from the day after the first anniversary of the Effective Date through the closing date on a loan in the amount of \$4,900,000 bearing interest at the Prime Rate. If the County exercises the Second Option, the purchase price for the Second Option Property is \$700,000 unless the closing occurs after the first anniversary of the Effective Date, when the purchase price is increased by an amount equal to the amount of interest that would have accrued from the day after the first anniversary of the Effective Date through the closing date on a loan in the amount of \$700,000 bearing interest at the Prime Rate.

At the First Option closing, the County will receive a credit against the First Option Property price in an amount equal to the sum of any and all unpaid lease extension option fees under the Parcel 44 Lease and other leases controlled by Lessee's beneficial owners/members (Parcels 56, 95, 97 and 140). The beneficial owners of Lessee are also

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the beneficial owners of the lessees of Parcels 56, 95, 97 and 140, and all of these parcels are now subject to negotiations for lease extensions, as to which extension fees will be due and payable to the County if such extensions are eventually approved by your Board.

The Agreement also provides that the County will grant a license to the Lessee to construct, at its expense, replacement boater shower and restroom facilities on not more than 700 square feet of part of the portion of Parcel 44U purchased by the County in the event the County exercises only the First Option, thus leaving lessee in control of the waterside portion of Parcel 44U containing boat slips. Additionally, the Option is of no force and effect if your Board fails to approve this Agreement on or before August 11, 2003.

The Department has obtained an appraisal that confirms that fair market values of both the First Option Property and the Second Option Property are equal to or greater than the prices assigned to such parcels in the Agreement.

This proposed action authorizes execution of the Agreement. Prior to any proposed exercise of the Option, we will seek your Board's authorization for such exercise in compliance with Governmental Code Section 25350.

The Small Craft Harbor Commission is scheduled to consider the Agreement at its meeting of February 24, 2003 and we will advise your Board of the Commission's recommendation prior to your consideration of the Agreement. The Agreement has been approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

Entering into the Option Agreement does not presently authorize the purchase and termination of the two leaseholds, or portions thereof, nor does it presently authorize any development on the properties. Exercise of the options, if at all, and/or the construction of replacement boater shower and restroom facilities will be in connection with a development plan which is not currently known. Such development, if pursued, will be preceded by full preparation of the appropriate environmental documentation.

The Honorable Board of Supervisors
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CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on other current services or projects.

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send two copies of the executed Option Agreement and Joint Escrow Instructions to the Department of Beaches and Harbors.

Respectfully submitted,


Stan Wisniewski, Director

SW:rm
Attachments (1)

c: Chief Administrative Officer
Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller

**OPTION AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

(County Lease No. 11140; Parcel 77W – Marina del Rey)
(County Lease No. 6734; Parcel 44U – Marina del Rey)

THIS OPTION AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this “Agreement”) is made as of _____, 2003 (the “Effective Date”) between **PACIFIC MARINA VENTURE, LLC**, a Delaware limited liability company (“Lessee”), and **COUNTY OF LOS ANGELES** (“County”), with reference to the following facts:

RECITALS

A. County is the lessor and Lessee is the lessee under each of the Parcel 44 Lease and the Parcel 77 Lease, pursuant to which Lessee leases from County certain land and water located in the Marina del Rey Small Craft Harbor and more particularly described on Exhibits A-1 (“Parcel 44”) and A-2 (“Parcel 77”), respectively.

B. County, on the one hand, and Lessee and certain affiliates of Lessee, on the other, have negotiated and initialed Term Sheets for Lease Extension Agreements, pursuant to which the term of the Parcel 44 Lease and each of the Other Leases may be extended, as more particularly provided therein.

C. In partial consideration for County’s approving the Term Sheets and agreeing to enter into the Lease Extension Agreements, Lessee has agreed to grant County the following options: (i) an option to terminate the Parcel 77 Lease in its entirety and the Parcel 44 Lease as to a portion of Parcel 44; and (ii) an option to terminate the Parcel 44 Lease as to an additional portion of Parcel 44. To induce County to enter into the Lease Extension Agreements, Lessee is willing to grant County the options described herein, in each case upon the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, with reference to the foregoing Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessee and County hereby agree as follows:

1. **DEFINITIONS AND RULES OF CONSTRUCTION**

1.1 Definitions. All initially-capitalized terms that are used but not defined in this Agreement have the meanings given such terms in Part I of Exhibit B. Part II of Exhibit B contains an index that lists the Sections of this Agreement in which other capitalized terms are defined.

1.2 Rules of Construction. This Agreement shall be interpreted in accordance with the rules of construction set forth in Part III of Exhibit B.

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2. GRANT AND BASIC TERMS OF OPTIONS

2.1 Grant of Options. Lessee hereby grants County the following (collectively, the “Options”): (i) the right and option to terminate the Parcel 77 Lease in its entirety and the Parcel 44 Lease as to the portion of Parcel 44 depicted on Exhibit C-1 (collectively, the “**First Option Property**”) upon the terms and subject to the conditions contained in this Agreement (the “**First Option**”); and (ii) the right and option to terminate the Parcel 44 Lease as to the portion of Parcel 44 depicted on Exhibit C-2 (the “**Second Option Property**”) upon the terms and subject to the conditions contained in this Agreement (the “**Second Option**”).

2.2 Term. The term of the Options shall commence on the Effective Date and shall expire at 5:00 p.m., Los Angeles time, on the first anniversary of such date (the “**Expiration Time**”) unless County has delivered an Exercise Notice as provided in Section 2.3.

2.3 Method of Exercise. County shall have the right, but not the obligation, to exercise the Options by delivering an Exercise Notice to Lessee at any time prior to the Expiration Time. County may exercise the Options simultaneously or separately, provided that County may not exercise the Second Option unless it has previously or is concurrently exercising the First Option. County shall, in any Exercise Notice, specify the date on which County anticipates the applicable Closing will occur; provided, however, that County may not specify a date for the Closing that is more than two (2) years after the Expiration Time (the “**Outside Closing Date**”). County may subsequently specify a different date for the Closing, provided that such date may not be later than the Outside Closing Date.

2.4 Price for First Option Property.

2.4.1 Amount. If County exercises the First Option, the purchase price (i.e., the lease termination payment) for the First Option Property shall be Four Million Nine Hundred Thousand Dollars (\$4,900,000) (the “**First Option Property Price**”); provided, however, that if the Closing relating to the First Option Property (the “**First Option Closing**”) does not occur on or before the first anniversary of the Effective Date, then the First Option Property Price shall be increased by an amount equal to the amount of interest that would have accrued from the day after the first anniversary of the Effective Date through the Closing Date on a loan in the amount of the First Option Property Price bearing interest at the Prime Rate.

2.4.2 Closing Payment. At the First Option Closing, County shall pay Lessee, in cash, an amount equal to the First Option Property Price, as increased or decreased by any prorations or credits provided in this Agreement (the “**First Option Closing Payment**”).



2.5 Price for Second Option Property.

2.5.1 *Amount.* If County exercises the Second Option, the purchase price (i.e., the lease termination payment) for the Second Option Property shall be Seven Hundred Thousand Dollars (\$700,000) (the “**Second Option Property Price**”); provided, however, that if the Closing relating to the Second Option Property (the “**Second Option Closing**”) does not occur on or before the first anniversary of the Effective Date, then the Second Option Property Price shall be increased by an amount equal to the amount of interest that would have accrued from the day after the first anniversary of the Effective Date through the Closing Date on a loan in the amount of the Second Option Property Price bearing interest at the Prime Rate.

2.5.2 *Closing Payment.* At the Second Option Closing, County shall pay Lessee, in cash, an amount equal to the Second Option Property Price, as increased or decreased by any prorations or credits provided in this Agreement (the “**Second Option Closing Payment**”).

2.6 Subdivision of Parcel 44. County anticipates dividing Parcel 44 in a manner that will result in the portion of Parcel 44 that will continue to be leased by Lessee after the Closings being a separate legal parcel or lot (apart from the portions of Parcel 44 as to which the Parcel 44 Lease will be terminated as part of each Closing). Although the division by the County is not subject to the Subdivision Map Act, if County elects to subdivide Parcel 44, County shall be responsible for preparing and filing the instrument necessary to accomplish the subdivision (such as a map or a lot line adjustment) and paying the costs thereof; provided, however, that Lessee shall execute any and all applications, maps and other instruments, and take such other actions, as may be requested by County to facilitate the subdivision.

3. ESCROW AND CLOSING

3.1 Opening of Escrow. If County exercises an Option, County shall concurrently deliver a copy of this Agreement and the Exercise Notice to the Escrow Holder for the purpose of opening an escrow to consummate the Transaction (the “**Escrow**”). This Agreement shall constitute the joint escrow instructions of County and Lessee to the Escrow Holder. The parties shall execute such additional instructions that are not inconsistent with this Agreement as may reasonably be required by the Escrow Holder, and shall be bound by the Escrow Holder’s general instructions, provided that if any provision of this Agreement conflicts with any provision of the Escrow Holder’s general instructions, the provisions of this Agreement shall control. The Escrow Holder is designated the “real estate reporting person” for purposes of Section 6045 of the IRC, and any instructions or settlement statement prepared by the Escrow Holder shall so provide. The Escrow Holder shall be responsible for filing form 1099-S with the IRS, if required.

3.2 Closing Date. If County exercises an Option, the Closing of the Transaction shall be held at the offices of the Escrow Holder on the date specified by County in accordance with Section 2.3 (the “**Closing Date**”).



3.3 Closing Costs. At each Closing, (i) Lessee shall pay the cost to record releases or reconveyances of any and all Encumbrances, and any other instruments or restrictions affecting the Property that are to be released on the Closing Date, and (ii) Lessee and County shall each be responsible for one-half (½) of the following closing costs: (a) the premium for the Title Policy; (b) the fees and charges of the Escrow Holder; and (c) any documentary transfer tax and recording fees for recording documents to be recorded pursuant to Section 3.7.1. The Escrow Holder shall notify County and Lessee in writing of their respective shares of such costs and prepare a settlement statement for the closing of the Transaction (the "**Settlement Statement**") at least two (2) Business Days prior to the Closing Date. Each party shall be responsible for the costs of any attorneys and consultants retained by it.

3.4 Credits and Prorations. At the First Option Closing, County shall receive a credit against the First Option Property Price in an amount equal to the sum of any and all unpaid lease extension option fees under the Parcel 44 Lease and the Other Leases. At each Closing, if County elects to assume any Subleases or Contracts as of the Closing, then all rents and other charges receivable or payable under such Subleases and Contracts shall be prorated between Lessee and County as of the Closing on the basis of a 365- or 366-day year, as applicable.

3.5 Closing Deposits by Lessee. No later than one (1) Business Day prior to the Closing Date, Lessee shall deposit the following with the Escrow Holder:

3.5.1 *The Settlement Statement*. The Settlement Statement, executed by Lessee.

3.5.2 *Termination Agreement*. With respect to the First Option Closing only, a Termination Agreement as to the Parcel 77 Lease in the form attached as Exhibit D (the "**Termination Agreement**"), executed by Lessee and acknowledged by a notary.

3.5.3 *Amendment to Lease*. An amendment to the Parcel 44 Lease in the form attached as Exhibit E (the "**Lease Amendment**"), executed by Lessee and acknowledged by a notary.

3.5.4 *Deed*. A quitclaim deed covering the Property (including all improvements located thereon), in the form attached as Exhibit F (the "**Deed**"), executed by Lessee and acknowledged by a notary.

3.5.5 *Assignment*. If County elects to assume any Subleases or Contracts relating to the Property, two (2) duplicate originals of an Assignment and Assumption Agreement in the form attached as Exhibit G with respect thereto (the "**Assignment and Assumption**"), duly executed by Lessee.

3.5.6 *Certificates on Nonforeign Status*. If required by the Escrow Holder or County, a non-foreign person affidavit in the form attached as Exhibit H and a California Form 593-W (or any successor form) (collectively, the "**Nonforeign Affidavits**"), each executed by Lessee.

3.5.7 *Other Conveyance Documents*. Such other bills of sale, assignments and other instruments of transfer or conveyance as County may reasonably request or as may

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be otherwise necessary to evidence and effect the Transaction, in form and content reasonably acceptable to County and Lessee.

3.5.8 *Title Company Documents.* Such certificates, documents and instruments as may be requested by the Title Company to issue the Title Policy for the Property, including an owner's affidavit.

3.6 Closing Deposits by County. Not later than the Closing Date, County shall deposit the following with the Escrow Holder:

3.6.1 *Settlement Statement.* The Settlement Statement, executed by County.

3.6.2 *Closing Funds.* Immediately available funds in an amount equal to the Closing Payment.

3.6.3 *Closing Costs.* County's portion of the closing costs and prorations for the Closing.

3.6.4 *Termination Agreement.* With respect to the First Option Closing only, the Termination Agreement, executed by County and acknowledged by a notary.

3.6.5 *Amendment of Lease.* The Lease Amendment, executed by County and acknowledged by a notary.

3.6.6 *Assignment and Assumption Agreement.* If applicable, two (2) duplicate originals of the Assignment and Assumption, executed by County.

3.6.7 *Other Conveyance Documents.* Such other instruments of transfer or conveyance as may be necessary to evidence and effect the Transaction, in form and content reasonably acceptable to County and Lessee.

3.7 Closing Procedures and Other Actions. Upon the Closing, the Escrow Holder shall promptly undertake all of the following:

3.7.1 *Recordation of Closing Documents.* Cause the Termination Agreement (if applicable), the Lease Amendment, the Deed and any other documents which Lessee and County may mutually direct, to be recorded in the Official Records and obtain conformed copies thereof for distribution to Lessee and County.

3.7.2 *Calculation and Disbursement.* Disburse all funds deposited with the Escrow Holder by County for the Closing as follows:

(i) deduct all items chargeable to the account of Lessee for the Closing pursuant to this Agreement;

(ii) disburse the balance of the Closing Payment and any additional amounts owed to Lessee under this Agreement in connection with the Closing to Lessee by wire transfer in accordance with instructions received from Lessee; and

(iii) disburse the remaining balance of the funds, if any, to County by wire transfer to the account from which said funds were received.

3.7.3 *Deliveries to County.* Deliver to County: a conformed copy of the Termination Agreement (if applicable); a conformed copy of the Lease Amendment; a conformed copy of the Deed; an original Assignment and Assumption (if applicable); the original Nonforeign Affidavits, if any; and each of the other items described in Section 3.5 that is not to be distributed to Lessee or retained by the Escrow Holder.

3.7.4 *Deliveries to Lessee.* Deliver to Lessee: a conformed copy of the Termination Agreement (if applicable); a conformed copy of the Lease Amendment; a conformed copy of the Deed; an original Assignment and Assumption (if applicable); and each of the other items described in Section 3.6 that is not to be distributed to County or retained by the Escrow Holder.

3.7.5 *Title Policy.* Direct the Title Company to issue the Title Policy for the Property to County.

3.8 Delivery of Possession by Lessee Upon Closing. Lessee shall deliver possession of the Property to County upon the Closing. County shall not require Lessee to remove any works, structures or other improvements from the Property prior to or upon the Closing, and County hereby waives any provisions of the Parcel 44 Lease and the Parcel 77 Lease that would otherwise permit County to compel Lessee to do so.

3.9 Effect Upon Leases. Except as provided in Section 3.8, nothing in this Agreement nor the Closing of a Transaction shall in any way affect any rights or obligations of County or Lessee under the Parcel 77 Lease or the Parcel 44 Lease that survive the termination of either such lease pursuant to the terms thereof.

4. REPRESENTATIONS AND WARRANTIES BY LESSEE

Lessee hereby represents and warrants to County that each of the following statements is true and correct as of the Effective Date and also will be true and correct as of each Closing:

4.1 Organization and Good Standing. Lessee is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and is qualified to transact business in and in good standing under the laws of the State of California.

4.2 Authority and Enforceability. Lessee has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and the other agreements and documents contemplated herein to which it is or will be a party (the "**Lessee Closing Documents**"), to consummate the Transactions and to perform all the terms and conditions hereof and thereof. This Agreement constitutes, and each of the Lessee Closing Documents when executed and delivered will constitute a legal, valid and binding obligation of Lessee, enforceable in accordance with its terms, except that the enforceability of each of this Agreement and the Lessee Closing Documents is subject to applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity.

4.3 No Conflict. Neither the execution and delivery of this Agreement or the Lessee Closing Documents nor the consummation or performance of the Transactions will (i) contravene, conflict with or result in a violation of any provision of the organizational documents of Lessee or any resolution adopted by the members of Lessee, or (ii) contravene, conflict with or result in a violation of, or give any Governmental Body or other Person the right to challenge the Transactions (or either of them) or to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which Lessee or its assets may be subject.

4.4 Compliance with Law. Except as set forth on Schedule 4.4, Lessee is in compliance with all Legal Requirements, Orders and Governmental Authorizations, and Lessee has not received any notice alleging any such violation.

4.5 Leases and Property. Except as set forth in Schedule 4.5, (i) Lessee is the lessee under each of the Parcel 44 Lease and the Parcel 77 Lease, (ii) there are no Subleases or Contracts affecting the Property or Lessee that will be binding upon County after the Closing, and (iii) neither Lessee nor, to Lessee's Knowledge, the other party to any such Sublease or Contract is in default thereunder and no event or condition has occurred that, with the giving of notice or the passage of time or both, would constitute a default under any such Sublease or Contract.

4.6 Proceedings. Except as set forth on Schedule 4.6, there is no pending Proceeding that has been commenced by or served against Lessee that relates to the Property or that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Transaction. To the Knowledge of Lessee, no such Proceeding has been Threatened and no event has occurred or circumstance exists that may give rise to or serve as a basis for the commencement of any Proceeding.

4.7 Brokers. Lessee has not incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees, commissions or other similar payments in connection with the Transaction or this Agreement.

4.8 Solvency. Lessee is not bankrupt or insolvent under any applicable federal or state bankruptcy laws, and Lessee has not filed for protection or relief under any applicable bankruptcy or creditor protection statute or been Threatened by creditors with an involuntary application of any applicable bankruptcy or creditor protection statute. Lessee is not entering into this Agreement or the Transactions with the intent to defraud any creditor or to prefer the rights of one creditor over any other. Lessee and County have negotiated this Agreement at arms-length and the consideration to be paid represents fair value for the Property.

5. REPRESENTATIONS AND WARRANTIES OF COUNTY

County represents and warrants to Lessee that each of the following statements is true and correct as of the Effective Date and also will be true and correct as of each Closing:

5.1 Authority. County has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and to perform all the terms and conditions hereof. Subject to the satisfaction of certain formal requirements under the California Government Code, County will have the absolute and unrestricted right, power and authority to execute and deliver the other

agreements and documents contemplated herein to which County will be a party (collectively, the "County Closing Documents"), to consummate the Transactions and to perform all the terms and conditions thereof to be performed by County. This Agreement constitutes, and each of the County Closing Documents, when executed and delivered, will constitute a legal, valid and binding obligation of County enforceable in accordance with its terms, except that the enforceability of each of this Agreement and the County Closing Documents is subject to applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity.

5.2 Brokers. County has not incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees, commissions or other similar payments in connection with the Transaction or this Agreement.

6. COVENANTS OF LESSEE AND COUNTY

6.1 Lessee's Conduct Prior to Closing. Between the Effective Date and the Closing Date, Lessee shall:

6.1.1 comply with all of its obligations under, and not take any action prohibited by, the Parcel 44 Lease and/or the Parcel 77 Lease, as applicable; provided, however, that after County exercises an Option (if that occurs), Lessee shall have no obligation to remodel or rebuild any buildings or docks located on the Property;

6.1.2 not enter into any Sublease or Contract, or extension of either, affecting the Property that would be binding on County after the Closing without County's prior written consent, which may be granted or withheld in County's sole and absolute discretion;

6.1.3 not: (i) sell, lease, transfer or dispose of, or make any contract for the sale, lease, transfer or disposition of, any assets or properties that are included in the Property; or (ii) encumber or voluntarily subject the Property to any lien without County prior written consent;

6.1.4 not take or agree to take any action that would make any representation and warranty hereunder inaccurate in any respect at, or as of any time prior to, the Closing Date, or omit or agree to omit to take any action necessary to prevent any such representation or warranty from being inaccurate in any respect at any such time;

6.1.5 confer with County concerning significant matters regarding the Property;
and

6.1.6 otherwise respond to County's reasonable inquiries concerning the status of the operation, management and maintenance of the Property.

6.2 Removal of Encumbrances by Lessee. Lessee shall take all action necessary to cause any Encumbrances encumbering the Property to be released on or prior to the Closing. Additionally, at the Closing, Lessee shall pay any and all unpaid possessory use or similar taxes relating to the Property.

6.3 County's Agreement to Grant License. If the Closing occurs with respect to the First Option and County does not timely exercise the Second Option, then County shall grant Lessee a license to use a portion of the First Option Property, which portion is generally depicted on Exhibit C-3 and shall in no event exceed seven hundred (700) square feet, to build and operate, at Lessee's expense, bathroom and shower facilities to replace those located within the office building and the closed restaurant currently located on the First Option Property. The license shall expire upon the expiration or earlier termination of the Parcel 44 Lease and shall be evidenced by, and subject to the terms of, a license agreement acceptable to County. The license agreement will provide, among other things, that the bathroom and shower facilities may not be constructed until the County has approved the plans and specifications therefore in writing and that, once the plans and specifications have been so approved, Lessee may not make any material modifications or substitutions thereto without the prior written approval of County.

7. COUNTY'S INVESTIGATIONS

Lessee shall afford County and its Representatives, at County's expense, access to the Property from the Effective Date through the Closing Date, as County (or its Representatives) may from time to time reasonably request. In particular, County and its Representatives may enter and inspect the Property and any part thereof at all reasonable times for all reasonable purposes. County may also, at its expense, have the Property and any part thereof inspected and audited by architects, engineers, environmental or other consultants, and Lessee shall allow such architects, engineers, environmental and other consultants reasonable access to, and the opportunity to make tests of, the Property and any part thereof, including investigation of the environmental or geological condition and the preparation of any feasibility studies, reports or remedial plans. Lessee shall cooperate with such architects, engineers and consultants in all other ways reasonably requested by County or such Persons. County shall indemnify and hold Lessee harmless from and against any claim, loss, cost or expense (including reasonable attorneys' fees and costs) which Lessee may incur by reason of any damage to the Property or injury to persons caused by County or its Representatives arising out of their entry on the Property as permitted by this Article 7. Nothing in this Article 7 is intended to limit or apply to, and County's rights under this Article 7 are in addition to, any access and entry rights of County under the Parcel 77 Lease or the Parcel 44 Lease, as applicable.

8. CONDITIONS TO CLOSING

8.1 Conditions to County's Obligation. If County exercises an Option, the obligation of County to proceed with the Closing is subject to the satisfaction on or prior to the Closing Date of all of the following conditions, any one or more of which may be waived, in whole or in part, by County:

8.1.1 *Accuracy of Representations.* All of the representations and warranties of Lessee in this Agreement must have been accurate in all material respects as of the Effective Date and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

8.1.2 *Performance by Lessee.* All of the covenants and obligations that Lessee is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been duly performed and complied with in all material respects.

8.1.3 *Document Deliveries.* Lessee shall have delivered to the Escrow Holder each of the documents specified in Section 3.5.

8.1.4 *Title Policy.* The Title Company shall be committed to issue to County an owner's policy of title insurance (i) with, at the option of County, extended coverage, (ii) showing title to the Property vested in County, (iii) with a liability amount reasonably acceptable to County, (iv) subject only to the exceptions to coverage approved by County, and (v) containing such endorsements as may be required by County (the "Title Policy").

8.1.5 *No Change In Condition.* No casualty affecting, or any material adverse change in the condition of, the Property shall have occurred since the date of the Exercise Notice.

8.2 Conditions to Lessee's Obligation. If County exercises an Option, the obligation of Lessee to proceed with the Closing is subject to the satisfaction on or prior to the Closing Date of all of the following conditions, any one or more of which may be waived, in whole or in part, by Lessee:

8.2.1 *Accuracy of Representations.* All of County's representations and warranties in this Agreement must have been accurate in all material respects as of the Effective Date and must be accurate in all material respects as of the Closing Date as if made on the Closing Date.

8.2.2 *County's Performance.* All of the covenants and obligations that County is required to perform or to comply with pursuant to this Agreement at or prior to the Closing must have been performed and complied with in all material respects.

8.2.3 *Document Deliveries.* County shall have delivered to the Escrow Holder the documents and funds specified in Section 3.6.

9. TERMINATION EVENTS AND REMEDIES

9.1 Failure of Closing Conditions. If any of the closing conditions contained in Sections 8.1 or 8.2 is not satisfied on the Closing Date, then the party for whose benefit the unsatisfied condition exists may either (i) waive the unsatisfied condition and proceed to close the Transaction, or (ii) terminate this Agreement with respect to the Transaction by delivering written notice to the other party and to the Escrow Holder, in which event the Escrow Holder shall promptly return to County any funds and documents deposited with the Escrow Holder by County.

9.2 Default by Lessee. If Lessee defaults in the performance of any of its obligations under this Agreement or County discovers that Lessee has breached any of its representations and warranties made in this Agreement, County shall be entitled to terminate this Agreement and

recover from Lessee County's actual out-of-pocket costs and expenses incurred in connection with this Agreement and the Transaction and to pursue any and all other rights available to County at law or in equity. Without limiting the generality of the foregoing, if Lessee defaults in its obligation to convey its interest in the Property to County as required by this Agreement, County may bring an action for specific performance of such obligation and may treat such default as a default under the Parcels 44 and 77 leases.

9.3 Default by County. If County exercises an Option and fails to deliver the items listed in Section 3.6 to the Escrow Holder on the Closing Date as required thereby, then Lessee may elect, as its sole remedy, either to (i) terminate this Agreement and recover from County Lessee's actual out-of-pocket costs and expenses incurred in connection with the Agreement and the Transaction, or (ii) bring an action for specific performance with respect to the Transaction. Lessee hereby waives any and all rights and remedies to which it would otherwise be entitled upon a default or breach by County. Without limiting the foregoing, in no event may Lessee terminate this Agreement prior to the Closing Date.

9.4 Condemnation. If prior to the Closing all or any material portion of the Property is subject to an actual or Threatened taking by a Governmental Body (other than County), by the power of eminent domain or otherwise, County shall have the right, exercisable by giving written notice to the Lessee at any time prior to the Closing, either to (i) terminate this Agreement or (ii) accept the Property in its condition, and to receive an assignment of all of Lessee's rights to any condemnation award payable by reason of such taking. If County elects to proceed under clause (ii) above, Lessee shall not settle, compromise or adjust any claims to such award without County's prior written consent. Nothing in this Section 9.4 shall affect County's rights under the Parcel 44 Lease with respect to the subject matter of this Section 9.4.

10. MISCELLANEOUS PROVISIONS

10.1 Notices. All notices, consents, waivers and other communications under this Agreement must be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt), (ii) sent by telecopier (with electronic confirmation of receipt), or (iii) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth for such party on Exhibit I (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties); provided, however, that any notice or other communication that is received after 5:00 p.m. (local time for the addressee) shall be deemed to have been received on the next Business Day.

10.2 Further Assurances. The parties agree (i) to furnish upon request to each other such further information, (ii) to execute and deliver to each other such other documents, and (iii) to do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement. Without limiting the generality of the foregoing, if requested by County, Lessee shall execute a memorandum regarding each of the Options in recordable form and otherwise acceptable to County.

10.3 Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power

or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (i) no claim or right arising out of this Agreement or the documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (ii) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (iii) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

10.4 Integration and Modification. This Agreement constitutes a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter and supersedes all prior discussions and agreements; provided, however, that each of the Parcel 44 Lease and the Parcel 77 Lease is and remains in full force and effect, subject to this Agreement. This Agreement may not be amended except by a written agreement executed by the party to be charged.

10.5 Survival. All representations, warranties and covenants contained in this Agreement shall survive the Closing.

10.6 Schedules. The disclosures in the Schedules relate only to the representations and warranties in the Section of the Agreement to which they expressly relate and not to any other representation or warranty in this Agreement unless such disclosure expressly and specifically incorporates by reference such other representation or warranty and on its face is reasonably responsive thereto. In the event of any inconsistency between the statements in the body of this Agreement and those in the Schedules (other than an exception expressly set forth as such in the Schedules with respect to a specifically identified representation or warranty), the statements in the body of this Agreement will control.

10.7 Assignments, Successors, and No Third Party Rights. This Agreement shall apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement shall be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their successors and assigns.

10.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

10.9 Attorney's Fees. If any party brings any action or suit against any other party by reason of any breach of or default under this Agreement by such other party, the prevailing party shall be entitled to recover from the other party all costs and expenses, including its attorney's fees and costs, in addition to any other relief to which it may be entitled.

MP

10.10 Exhibits and Schedules. All of the Exhibits and Schedules attached to this Agreement are incorporated into and are a part of this Agreement.

10.11 Outside Acceptance Date. This Agreement shall be of no force and effect unless it is signed by County on or before August __, 2003. This Agreement shall be dated as of the date on which it is signed by County.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

LESSEE:

PACIFIC MARINA VENTURE, LLC

By: 
Name: MICHAEL PASHAIE
Title: Managing member

By: 
Name: DAVID TABAN
Title: Managing member

COUNTY:

COUNTY OF LOS ANGELES

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: 
Deputy

EXHIBIT A-1

Description of Parcel 44

EXHIBIT A-2

Description of Parcel 77

EXHIBIT B

Definitions and Rules of Construction

I. DEFINITIONS

As used in this Exhibit and the Agreement to which this Exhibit is attached, the following terms have the meanings indicated below:

"Business Day" means any day other than a Saturday, Sunday or a day which is a holiday for County.

"Closing" means, with respect to each of the First Option and the Second Option, the closing of the Transaction as provided in this Agreement. For purposes of this Agreement, a Closing shall be deemed to have occurred as of 12:01 a.m. on the date on which the documents listed in Section 3.7.1 are recorded in the Official Records.

"Closing Payment" means either the First Option Closing Payment or the Second Option Closing Payment, as applicable.

"Contract" means any agreement, contract, option, obligation, promise, arrangement, understanding or undertaking (whether written or oral and whether express or implied) that is legally binding.

"Encumbrance" means any mortgage, deed of trust, easement, lien (including any mechanic's lien or judgment lien), pledge, security interest, option, right of first refusal or similar restriction of any kind.

"Escrow Holder" means Chicago Title Company or another title insurance or escrow holder acceptable to County.

"Exercise Notice" means a written notice in which County states that it is electing to exercise one or both of the Options.

"Governmental Authorization" means any approval, consent, license, permit, waiver or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" means any: (i) nation, state, county, city, town, village, district or other governmental jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal); or (iv) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"IRC" means the Internal Revenue Code of 1986, as amended, or any successor law, and any regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.

"IRS" means the United States Internal Revenue Service or any successor agency.

"Knowledge" means, with respect to Lessee, the knowledge of Lessee and each officer, director, manager and managing member of Lessee, in each case after conducting a reasonably comprehensive review of the matters covered by the statement so qualified.

"Lease Extension Agreements" means, collectively, the agreements proposed to be entered into between County and the lessees under the Other Leases extending the terms of the Other Leases and the proposed agreement between County and Lessee extending the term of the Parcel 44 Lease.

"Legal Requirement" means any federal, state, local, municipal, foreign, international, multinational or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

"Official Records" means the Official Records of Los Angeles County, California.

"Order" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Body or by any arbitrator.

"Other Leases" means, collectively, the leases for the properties located in the Marina del Rey Small Craft Harbor commonly known as Parcels 55/56/W, 95, 97 and 140, each of which is between County, as lessor, and Lessee or an affiliate of Lessee, as lessee.

"Parcel 44 Lease" means that certain Lease dated April 4, 1963 between County, as lessor, and a predecessor-in-interest to Lessee, as lessee, as amended by Amendments No. 1 through No. 15, dated March 18, 1964, September 24, 1965, August 12, 1966, March 3, 1967, May 6, 1969, August 14, 1973, September 4, 1973, November 20, 1974, November 20, 1974, September 27, 1977, March 19, 1981, December 11, 1990, September 7, 1999, February 1, 2000 and September 19, 2002, respectively, and as assigned to Lessee.

"Parcel 77 Lease" means that certain Lease dated August 31, 1966 between County, as lessor, and The Seventy Seven Corporation, as the original lessee, as amended by Amendments No. 1 through No. 8, dated October 25, 1966, April 2, 1968, October 15, 1974, November 20, 1974, November 20, 1974, April 19, 1977, July 11, 1978 and June 6, 1989, respectively, and as assigned to Lessee.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

"Prime Rate" means the per annum rate of interest publicly announced by Bank of America from time to time as its "Reference Rate". If Bank of America ceases to exist, the parties will choose a comparable index rate based on the "prime" or equivalent rate of another banking institution in California.

“Proceeding” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body, private judge, mediator or arbitrator.

“Property” means the First Option Property with respect to the transaction contemplated by the First Option and the Second Option Property with respect to the transaction contemplated by the Second Option.

“Representative” means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

“Sublease” means any lease, sublease, license or other agreement entered into by Lessee or any predecessor-in-interest with respect to the Parcel 44 Lease or the Parcel 77 Lease that grants another Person the right to use or occupy all or a part of the premises under such lease.

“Threatened” means, with respect to a claim, Proceeding, dispute, action or other matter, that a demand or statement has been made or a notice has been given that would lead a prudent Person to conclude that such a claim, Proceeding, dispute, action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future.

“Title Company” means Chicago Title Insurance Company or another title insurance company acceptable to County.

“Transaction” means (i) with respect to the First Option, the termination of the Parcel 77 Lease in its entirety and the termination of the Parcel 44 Lease as to the portion of Parcel 44 described on Exhibit C-1 as contemplated by this Agreement, and (ii) with respect to the Second Option, the termination of the Parcel 44 Lease as to the portion of the Parcel 44 Lease described on Exhibit C-2 as contemplated by this Agreement.

II. OTHER DEFINED TERMS

The following terms are defined in the Section of the Agreement indicated below:

<u>Defined Term</u>	<u>Section</u>
Assignment and Assumption	3.5.5
Closing Date	3.2
County	Preamble
County Closing Documents	5.1
Deed	3.5.4
Effective Date	Preamble
Escrow	3.1
Expiration Time	2.2
First Option	2.1
First Option Closing	2.4.1
First Option Closing Payment	2.4.2

<u>Defined Term</u>	<u>Section</u>
First Option Property	2.1
First Option Property Price	2.4
Lease Amendment	3.5.3
Lessee	Preamble
Lessee Closing Documents	4.2
Nonforeign Affidavits	3.5.6
Options	2.1
Outside Closing Date	2.3
Second Option	2.1
Second Option Closing	2.5.1
Second Option Closing Payment	2.5.2
Second Option Property	2.1
Second Option Property Price	2.5
Settlement Statement	3.3
Termination Agreement	3.5.2
Title Policy	8.1.4

III. RULES OF CONSTRUCTION

1. Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

2. Governing Law. This Agreement will be governed by the laws of the State of California without regard to conflicts of laws principles.

3. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner as to be valid under applicable law, but if any provision of this Agreement is invalid or prohibited thereunder, such invalidity or prohibition shall be construed as if such invalid or prohibited provision had not been inserted herein and shall not affect the remainder of such provision or the remaining provisions of this Agreement so long as such invalidity or prohibition does not deny either party of any material consideration to be received by it under this Agreement.

4. Interpretation. The language in all parts of this Agreement shall be in all cases construed simply according to its fair meaning and not strictly for or against any of the parties hereto. Article and Section headings of this Agreement are solely for convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement. References to "Articles" and "Sections" are to articles and sections of this Agreement, unless otherwise specifically provided.

5. Business Day. If any of the dates specified in this Agreement falls on a day that is not a Business Day, then the date of such action shall be deemed to be extended to the next Business Day.

6. Certain Terms. Unless expressly indicated to the contrary, the terms “include,” “includes,” “including” and similar terms shall be construed as if followed by the phrase “without limitation”. The terms “person”, “party” and “entity” include natural persons, firms, partnerships, limited liability companies, corporations and any other public or private legal entity. The term “amend” includes modify, supplement, renew, extend, replace, restate and substitute, and the term “amendment” includes modification, supplement, renewal, extension, replacement, restatement and substitution. When used with respect to County, the terms “approved”, “acceptable”, and “satisfactory” and any other similar terms, shall be construed as if followed by the phrase “in its sole and absolute discretion”.

7. Singular and Plural; Gender. The singular of any word includes the plural, and vice-versa. The use of any gender includes all genders.

8. Laws and Agreements. A reference to any specific law, regulation, code, document or agreement includes any future amendments of the law, regulation, code, document or agreement, as the case may be.

EXHIBIT C-1

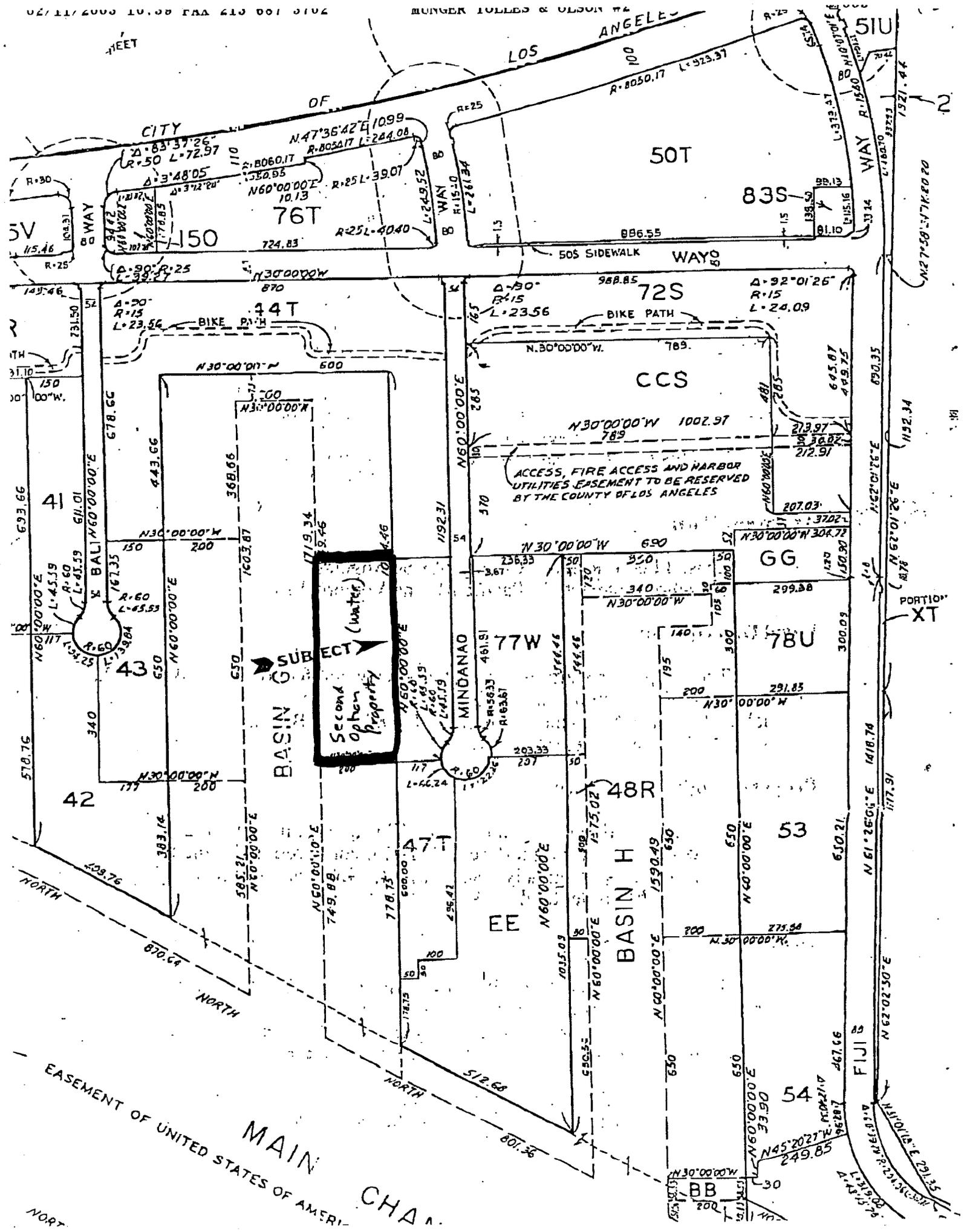
Parcel 44 Premises Subject to First Option

EXHIBIT C-2

Parcel 44 Premises Subject to Second Option

FEET

LOS ANGELES



➔ SUBJECT

Second Open Property (water)

ACCESS, FIRE ACCESS AND HARBOR UTILITIES EASEMENT TO BE RESERVED BY THE COUNTY OF LOS ANGELES

PORTION XT

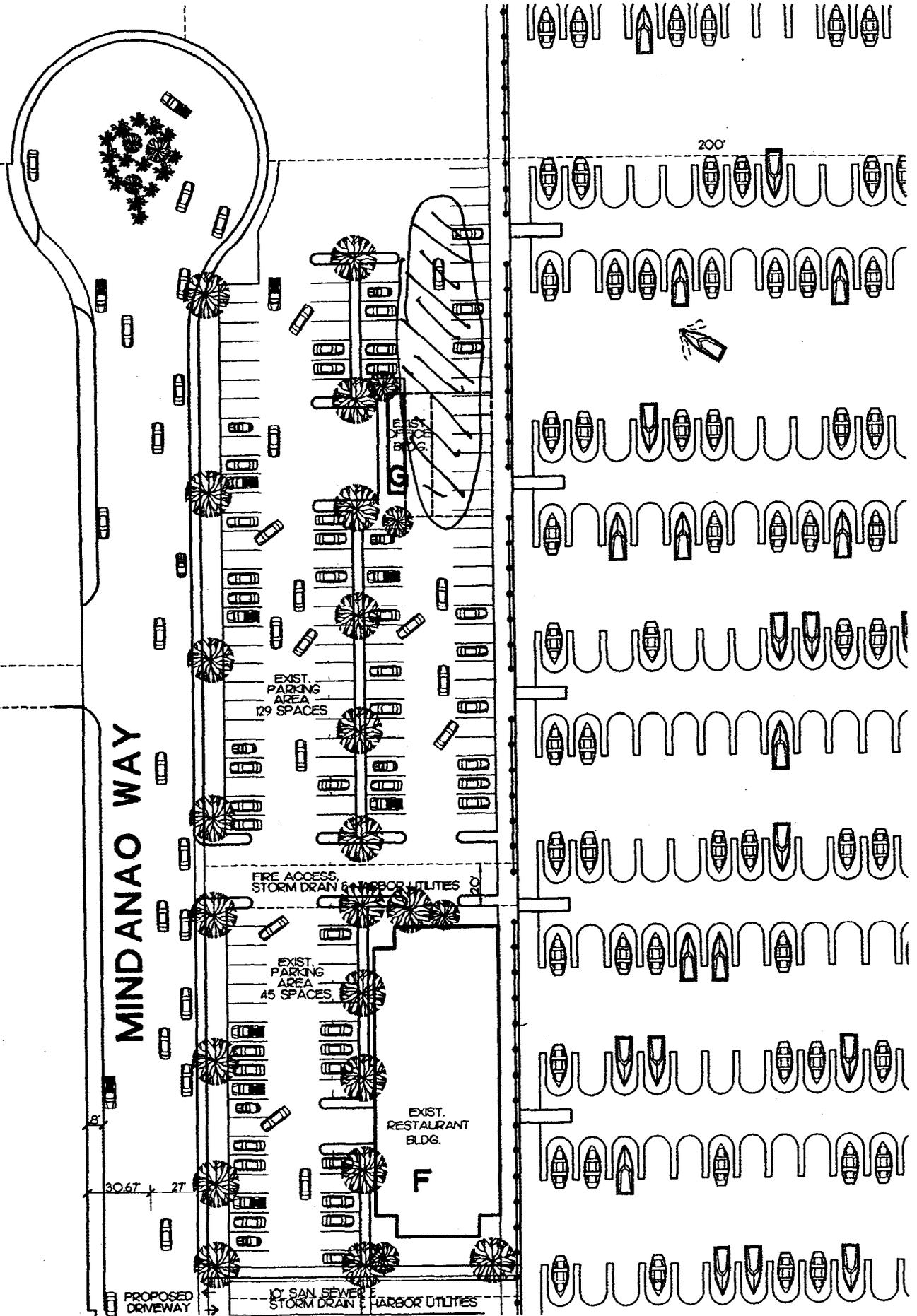
EASEMENT OF UNITED STATES OF AMERICA
MAIN CHANNEL

EXHIBIT C-3

License Area

ACCESS,
RAIN & HARBOR UTILITIES

CEL 77



MINDANAO WAY

EXIST. PARKING AREA
129 SPACES

FIRE ACCESS,
STORM DRAIN & HARBOR UTILITIES

EXIST. PARKING AREA
45 SPACES

EXIST. RESTAURANT BLDG.
F

PROPOSED DRIVEWAY

10' SAN SEWER STORM DRAIN & HARBOR UTILITIES

200'

30.67' 27'

EXHIBIT D

Form of Termination Agreement

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

Attn: _____

Space above this line for Recorder's use

TERMINATION AGREEMENT

(County Lease No. 11140; Parcel 77W – Marina del Rey)

THIS TERMINATION AGREEMENT (this "Agreement") is made as of _____, 200_ by and between **COUNTY OF LOS ANGELES** ("County") and **PACIFIC MARINA VENTURE, LLC**, a Delaware limited liability company ("Lessee"), with reference to the following facts:

RECITALS

A. County and Lessee are parties to Lease No. 11140 (the "Lease"), pursuant to which Lessee leases from County certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 77W and more particularly described on Exhibit A to this Agreement. The Lease is more particularly described on Exhibit B to this Agreement.

B. County and Lessee desire to terminate the Lease as provided in this Agreement.

NOW, THEREFORE, with reference to the foregoing Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. Termination. The Lease is hereby terminated.
2. Survival of Certain Rights. Nothing in this Agreement shall in any way affect any rights, obligations or liabilities of County or Lessee under the Lease that are to survive the termination of the Lease pursuant to the terms thereof or that arise out of any events that occurred during the term of the Lease, and each of County and Lessee hereby reserves any and all such rights. Notwithstanding the foregoing, County shall not require Lessee to remove any works, structures or other improvements from the premises covered by the Lease, and County

hereby waives any provisions of the Lease that would otherwise permit County to compel Lessee to do so.

3. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of the Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

4. Exhibits. All of the Exhibits attached to this Agreement are incorporated into and are a part of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COUNTY: COUNTY OF LOS ANGELES

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: _____
Deputy

LESSEE: PACIFIC MARINA VENTURE, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A TO EXHIBIT D

Description of Parcel 77

EXHIBIT B TO EXHIBIT D

Description of Lease

That certain Lease dated August 31, 1966 between County, as lessor, and The Seventy Seven Corporation, as the original lessee, as amended by Amendments No. 1 through No. 8, dated October 25, 1966, April 2, 1968, October 15, 1974, November 20, 1974, November 20, 1974, April 19, 1977, July 11, 1978 and June 6, 1989, respectively, and as assigned to Lessee.

EXHIBIT E

Form of Lease Amendment

**AMENDMENT NO. [16/17] TO LEASE NO. 6734
PARCEL NO. 44U – MARINA DEL REY**

THIS AMENDMENT TO LEASE is made and entered into this ____ day of _____.

BY AND BETWEEN

COUNTY OF LOS ANGELES,
hereinafter referred to as "County"

AND

PACIFIC MARINA VENTURE, LLC,
hereinafter referred to as "Lessee".

WITNESSETH

WHEREAS, on the fourth day of April, 1963, the parties hereto, or their predecessors in interest, entered into Lease No. 6734, under the terms of which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, commonly known as Parcel 44U, which leasehold premises (the "Premises") are more particularly and legally described in Exhibit "A" attached to and incorporated in said Lease, as amended (the Lease and all amendments are collectively hereafter referred to as the "Lease"); and

WHEREAS, the parties desire to terminate the Lease as to a portion, but not all, of the Premises;

NOW, THEREFORE, in consideration of the mutual agreements, covenants and conditions contained herein, the parties, and each of them, agree as follows:

1. Exhibit "A" to the Lease is hereby deleted and replaced with Exhibit "A" attached hereto and incorporated herein, and into the Lease, by this reference. Without limiting the foregoing, the Lease is hereby amended to provide that the Premises no longer include the property described on Exhibit "B" attached hereto and incorporated herein by this reference.

2. Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges their respective obligations under the Lease as amended hereby.

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, authorized this Amendment to Lease to be subscribed by the Director of the Department of Beaches and Harbors, and the Lessee has executed the same.

LESSEE:

PACIFIC MARINA VENTURE, LLC

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

COUNTY OF LOS ANGELES

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: _____
Deputy

EXHIBIT A TO EXHIBIT E

Description of Removed Property

[To be provided; the legal descriptions will describe the portions of Parcel 44 shown on Exhibits
C-1 and C-2]

EXHIBIT F

Form of Deed

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

|

(Space Above Line for Recorder's Use Only)

QUITCLAIM DEED

APN _____

THIS INSTRUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO
GOVERNMENT CODE § 6103 AND FROM DOCUMENTARY TRANSFER TAX
PURSUANT TO REVENUE AND TAXATION CODE § 11933.

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged,
PACIFIC MARINA VENTURE, LLC, a Delaware limited liability company, hereby remises,
releases and forever quitclaims to COUNTY OF LOS ANGELES all of its right, title and interest
in and to that certain real property situated in Los Angeles County, California more particularly
described on Exhibit A attached hereto and by this reference incorporated herein, together with
all improvements located thereon and all rights, privileges, easements and appurtenances thereto.

Dated: _____

PACIFIC MARINA VENTURE, LLC

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

EXHIBIT A TO EXHIBIT F

Legal Description

[To be provided]

EXHIBIT G

Form of Assignment and Assumption

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made as of _____ by and between **PACIFIC MARINA VENTURE, LLC**, a Delaware limited liability company ("Assignor"), and **COUNTY OF LOS ANGELES** ("Assignee"), with reference to the following facts:

RECITALS

A. Assignor and Assignee have entered into that certain Option Agreement and Joint Escrow Instructions dated as of _____, 2003 ("Sale Agreement").

B. The Sale Agreement provides, among other things, that if Assignee desires to assume any Subleases or Contracts upon the Closing, then, Assignor and Assignee shall enter into this Agreement to evidence the assignment of such Sublease and Contracts to Assignee and Assignee's assumption of certain obligations thereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Defined Terms. All initially-capitalized terms used but not defined in this Agreement have the meanings given such terms in the Sale Agreement.

2. Assignment of Outsale Contracts and Subcontracts. Assignor hereby assigns, sets over and transfers to Assignee all of its right, title and interest in, to and under the following contracts (collectively, the "Assumed Contracts"): (i) the Subcontracts listed on Exhibit A; and (ii) the Contracts listed on Exhibit B.

3. Acceptance and Assumption by Assignee. Assignee hereby accepts the foregoing assignment and assumes the performance of all of the obligations to be performed by Assignor under the Assumed Contracts from and after the Closing.

4. Indemnity by Assignee. Assignee shall indemnify, defend and hold Assignor harmless from any and all losses, liabilities, damages, expenses, costs or claims arising from any breach or default in the performance of any of Assignee's obligations under the Subleases or the Contracts accruing on or after the Closing.

5. Indemnity by Assignor. Assignor shall indemnify, defend, and hold Assignee harmless from any and all losses, liabilities, damages, expenses, costs or claims arising from any breach or default in the performance of any of Assignor's obligations under the Subleases or the Contracts accruing before the Closing.

6. Attorneys' Fees. If either party brings any action or suit against the other party by reason of any breach of any covenant, condition, agreement or provision of this Agreement on the part of the other party, the prevailing party shall be entitled to recover from the other party all

costs and expenses of the action or suit, including its attorneys' fees and costs, in addition to any other relief to which it may be entitled.

7. Governing Law. This Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles.

8. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the parties hereto.

9. Amendments. This Agreement may not be amended except by a written instrument signed by the party to be charged.

10. Remedies Cumulative; Waiver. The rights and remedies of the parties are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (i) no waiver that may be given by a party will be applicable except in the specific instance for which it is given, and (ii) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

11. Exhibits. All Exhibits attached to this Agreement are incorporated into, and form a part of, this Agreement.

12. Further Acts. Each party, upon the request of the other, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this Agreement.

[SIGNATURES BEGIN ON NEXT PAGE]

ASSIGNOR:

PACIFIC MARINA VENTURE, LLC.,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

ASSIGNEE:

COUNTY OF LOS ANGELES

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: _____
Deputy

EXHIBIT H

Form of Federal Non-Foreign Affidavit

CERTIFICATE OF NON-FOREIGN STATUS

PACIFIC MARINA VENTURE, LLC, a Delaware limited liability company (“**Seller**”), is the transferor of that certain real property located in and more particularly described on Exhibit A attached hereto (the “**Property**”).

Section 1445 of the Internal Revenue Code of 1986 (the “**Code**”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax will not be required in connection with the disposition of the Property pursuant to that certain Option Agreement and Joint Escrow Instructions dated as of _____, 2003, by and between Seller and County of Los Angeles the undersigned certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and the regulations promulgated thereunder;
2. Seller’s U.S. employer identification number is _____;
3. Seller’s address is _____; and
4. It is understood that this certificate may be disclosed to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined the foregoing certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Date: _____, 200__ Signature: _____

EXHIBIT I

Addresses for Notices

Lessee:

Attn: _____
Facsimile: _____

with a copy to:

Soukup & Schiff, LLP
1880 Century Park East, Suite 1108
Los Angeles, CA 90067
Attn: John F. Soukup, Esq.
Facsimile: (310) 276-2026

County:

Department of Beaches and Harbors
Los Angeles County
13837 Fiji Way
Marina del Rey, CA 90292
Attn: Director
Facsimile: (310) 821-6345

with copies to:

Office of County Counsel
Los Angeles County
500 West Temple Street
Los Angeles, CA 90012
Attn: County Counsel
Facsimile: (213) 617-7182

and

Munger, Tolles & Olson LLP
355 S. Grand Ave., 35th Floor
Los Angeles, CA 90071
Attn: Richard S. Volpert, Esq.
Facsimile: (213) 683-5101