Los Angeles County
Caring for Your Coast
Beaches & Harbors

To enrich lives through effective and caring service

Stan Wisniewski
Director

Kerry Gottlieb
Chief Deputy

March 29, 2005

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

Dear Supervisors:

APPROVAL OF SECOND AMENDMENT TO CONCESSION AGREEMENT
SEA VIEW RESTAURANTS, INC.
(3rd DISTRICT)
(4 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and authorize the Chair to sign the attached Amendment and Security Agreement to existing Concession Agreement between the County and Sea View Restaurants, Inc., modifying the current letter of credit security requirements in favor of alternate security to the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County and Sea View Restaurants, Inc. (Gladstone's) entered into a 20-year Concession Agreement (Agreement) on November 1, 1997. The Agreement, among other provisions, required Gladstone's to provide a $2.7 million renovation of the Gladstone's 4 Fish Restaurant, located at Pacific Coast Highway and Sunset Boulevard, and for payment of annual minimum and percentage rents to the County. Gladstone's has completed the required renovation, continues to operate the restaurant facility and has, since inception of the Agreement, paid its minimum rent of $145,833 per month ($1.75 million annually), not having yet reached the threshold for payment of additional percentage rent.

The Agreement further requires Gladstone's to provide the County with a security deposit, in the form of an irrevocable letter of credit (LC) in an amount equal to three months' minimum rent ($437,500), to secure payment of all rent and other obligations due the County under the Agreement. Further provisions of the Agreement require that unless

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Gladstone's maintains a net worth of not less than $3 million, the LC must be increased to the amount of two million dollars ($2,000,000).

During the most recent audit period, Gladstone's was unable to provide the County with verification of its net worth meeting the $3 million threshold, thus triggering the larger ($2 million) LC requirement. Gladstone's has indicated that, due to expenses incurred in a recent restructuring of its operations to provide increased financial stability, combined with the normal seasonal nature of its business (Gladstone's restaurant receipts have traditionally been much higher during summer months and have also been derived, in substantial part, from out-of-town visitors), it is unable to sustain the burden of providing the increased LC amount (for which it must post the full cash equivalent) and has requested that it be allowed to provide alternate security to the County.

The proposed amendment to the Agreement (Amendment), attached as Exhibit 1, provides for a pledge of additional collateral, evidenced by the security agreement (Security Agreement), attached as Exhibit 2, as well as a guaranty (Guaranty), attached as Exhibit 3, of Gladstone's parent corporation (California Beach Restaurants, Inc.) to secure Gladstone's performance under the Agreement, in exchange for a waiver of the increased security deposit requirement. Gladstone's will continue to maintain the LC in favor of the County in an amount equal to three months' minimum rent - $437,500.

The terms of the Amendment provide that Gladstone's and its parent, as guarantor and as owner of certain of the name and trademark rights, will grant the County: (1) a security interest in all trademark rights in and to the name "Gladstone's", including all rights to the use of the "Gladstone's" name at the current restaurant site and throughout the United States (the Name Rights); (2) a security interest in all restaurant furniture, fixtures and equipment (FF & E); (3) a security interest in all current and future royalties derived from the licensing of Gladstone's name and trademark rights; and 4) the guaranty of Gladstone's parent corporation of the timely payment and performance of all Gladstone's obligations under the Agreement. Accordingly, in the event of default, the County would acquire the FF& E and name and trademark rights through foreclosure, and be in position to re-lease the restaurant premises on a "turn-key" basis with minimum delay, as well as the rights to any royalty and/or licensing payments derived from the use of the Gladstone's name and trademark rights.

Implementation of Strategic Plan Goals

This recommendation is consistent with the County's Strategic Plan Goal of Service Excellence, in that it accommodates the lessee's economic needs and enables operational and management improvements to the leasehold, while ensuring that the County's interests are protected.

FISCAL IMPACT/FINANCING

The Amendment will have no impact on the rents that the County receives from Gladstone's as it provides solely for an alternative form of security.

The concessionaire is reimbursing costs of consultants and primary County staff involved in the negotiation of this Amendment and associated documentation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under the existing Agreement, Gladstone's must maintain an LC in favor of the County in an amount equal to three months' minimum rent to secure Gladstone's obligation to the County. This LC is current, as are all rental payments due the County.

The Amendment effects a waiver of Gladstone's obligation to maintain the required LC in the increased amount of $2 million as a consequence of its failure to maintain a net worth in excess of $3 million in exchange for additional collateral evidenced by a Security Agreement and by a Guaranty of its parent corporation of Gladstone's performance under the Agreement.

At its meeting held on February 23, 2005, the Beach Commission voted unanimously to endorse the Director's recommendation that your Board approve and authorize the Amendment and Security Agreement to existing Concession Agreement between the County and Sea View Restaurants, Inc.

A more detailed outline of the terms and conditions for the granting of this Amendment is as follows:

Item	Terms
(1) Assignment of Gladstone's Trademark	Gladstone's to grant the County a security interest in the "Gladstone's" trademark, including all rights to the use of the "Gladstone's" name in connection with both the current restaurant site and elsewhere throughout the United States.
(2) Assignment of Security Interest	Gladstone's to grant to County a security interest in all restaurant furniture, fixtures and equipment (FF & E) at its current site.
(3) Assignment of Royalties	Gladstone's to convey an assignment to the County of all current and future royalties derived from the licensing of the "Gladstone's" name and/or trademark. Such assignment shall be triggered in the event of default.
(4) Guaranty of Gladstone's Parent	Gladstone's parent corporation guarantees timely payment and performance of all Gladstone's obligations and pledges its interest in name rights, trademarks and royalties as security for Gladstone's performance under the Agreement.
(5) County Costs	Payment by Gladstone's of County costs to negotiate and develop the Amendment to the Concession Agreement and associated Security Agreement, Guaranty and subsidiary documents.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment of the financial provisions of the existing Agreement is not a "project" for the purposes of the California Environmental Quality Act, because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send three copies of the executed Amendment to the Department of Beaches and Harbors.

Respectfully submitted,

Stan Wisniewski

Stan Wisniewski, Director

SW:rm
Attachments (3)

c: Chief Administrative Officer
Executive Officer
County Counsel

SECOND AMENDMENT TO CONCESSION AGREEMENT
FOR WILL ROGERS STATE BEACH PARK RESTAURANT
(Gladstone's Restaurant)

THIS SECOND AMENDMENT TO CONCESSION AGREEMENT FOR WILL ROGERS STATE BEACH PARK RESTAURANT (this "Amendment") is made and entered into as of February __, 2005 by and between the COUNTY OF LOS ANGELES ("County") and SEA VIEW RESTAURANTS, INC., a California corporation ("Concessionaire"), with reference to the following Recitals:

RECITALS

A. County and Concessionaire are parties to that certain Concession Agreement for Will Rogers State Beach Park Restaurant dated as of November 1, 1997, as amended by that certain First Amendment to Concession Agreement for Will Rogers State Beach Park Restaurant dated as of February 9, 1999 (as so amended, the "Concession Agreement"), pursuant to which Concessionaire operates a restaurant known as "Gladstone's" on certain real property located in the County of Los Angeles, State of California and more particularly described therein.

B. The Concession Agreement provides that Concessionaire must provide County, depending on Concessionaire's net worth, with an irrevocable letter of credit in the amount of either Two Million Dollars ($2,000,000) or the amount that represents three times the Monthly Minimum Rent then in effect. Concessionaire has requested that County modify the letter of credit requirement to provide that the amount thereof must at all times equal the amount that represents three times the Monthly Minimum Rent then in effect, without regard to Concessionaire's net worth. County is willing to do so provided that, among other things, (i) Concessionaire grants County a security interest in the furniture, furnishings, fixtures, equipment and other tangible personal property at the restaurant, and (ii) California Beach Restaurants, Inc., a California corporation and Concessionaire's parent, guaranties the timely payment and performance of Concessionaire's obligations under the Concession Agreement and grants County a security interest in (a) all royalties derived from any licenses of "Gladstone's" name or trademarks and (b) the "Gladstone's" name, trademarks and related rights, all as more particularly provided in, and subject to the conditions contained in, this Amendment.

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

1. DEFINITIONS

All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Concession Agreement.

2. EXISTING CONCESSION AGREEMENT

To induce County to enter into this Amendment, Concessionaire hereby represents, warrants, certifies and stipulates that each of the following statements is true and correct:

2.1 Enforceability. The Concession Agreement is valid, binding and enforceable against Concessionaire.

2.2 No Defenses. Concessionaire does not have any defenses, counterclaims or offsets to the payment of any amounts owed under the Concession Agreement.

3. AMENDMENTS TO CONCESSION AGREEMENT

Effective as of the Effective Date (as defined in Section 4 hereof), the Concession Agreement shall be amended as follows:

3.1 New Definition: FF&E. The following is hereby added to the Concession Agreement as a new subsection 1.1.42.A:

> "1.1.42.A 'FF&E' means all furniture, furnishings, fixtures, machinery, equipment and other items of tangible personal property used or intended for use in the operation of the restaurant located on the Premises, including, without limitation, all of the items described on Exhibit C."

3.2 New Definition: Guarantor. The following is hereby added to the Concession Agreement as a new subsection 1.1.46A:

> "1.1.46A 'GUARANTOR' means California Beach Restaurants, Inc., a California corporation."

3.3 New Definition: Guaranty. The following is hereby added to the Concession Agreement as a new subsection 1.1.46.B:

> "1.1.46.B 'GUARANTY' means the Guaranty dated as of February ___, 2005 executed by Guarantor in favor of County."

3.4 New Definition: Security Agreement. The following is hereby added to the Concession Agreement as a new subsection 1.1.78.A:

> "1.1.78.A 'SECURITY AGREEMENT' means the security agreement or agreements (including any trademark security agreement) executed by Guarantor in favor of County as security for Guarantor's obligations under the Guaranty."

3.5 Improvements and FF&E. Subsection 2.4.1 of the Concession Agreement is hereby amended and restated in its entirety as follows:

> "2.4.1 County's Election to Receive Improvements. At the election of County, all structures, buildings, improvements and all alterations, additions, and betterments thereto, and all other improvements made to or upon the Premises shall remain upon and be surrendered with the Premises as part thereof and title thereto

shall vest in County at the expiration of the Term or earlier termination of this Agreement, without compensation therefor to Concessionaire. Nothing contained herein shall be construed to deny or abrogate the right of Concessionaire, prior to the expiration of the Term or termination of this Agreement, to receive any and all proceeds which are attributable to the Condemnation of business installations, improvements, structures and buildings belonging to Concessionaire immediately prior to the taking of possession by the Condemnor as said rights are set forth in Article 7 of this Agreement or, except as otherwise provided in the next sentence, to remove any furniture, any fixtures or equipment not intended to be permanently affixed, any signage, any personal property or any ornamental fixtures upon the expiration of the Term or earlier termination of this Agreement or at any time during the Term, subject to Concessionaire's obligations under this Agreement to use the Premises for the Permitted Uses. Notwithstanding the foregoing, Concessionaire shall not remove any FF&E from the Premises after the occurrence and during the continuance of a default by Concessionaire hereunder or otherwise in violation of any covenants contained in this Agreement."

3.6 Existing Letter of Credit Requirement. The first paragraph of Section 8 of the Concession Agreement (but not Sections 8.1 or 8.2) is hereby deleted.

3.7 Letter of Credit Requirement. Section 8.1 of the Concession Agreement is hereby amended and restated as follows:

"8.1. Letter of Credit Requirement. At all times during the Term, Concessionaire shall provide County with an irrevocable letter of credit, in form and content satisfactory to County, in the amount that equals three (3) times the Monthly Minimum Rent then in effect (i.e., if the Monthly Minimum Rent is increased during the Term, then the amount of the letter of credit also shall be increased so that it equals the amount that represents three times the new Monthly Minimum Rent). The letter of credit may be drawn on by County, in whole or in part, to cover delinquent rent not paid by Concessionaire within any applicable notice and cure period and for amounts due hereunder as a result of any other Events of Default of Concessionaire under this Agreement, and shall be applied at the discretion of County. Failure to maintain the required letter of credit shall constitute an Event of Default hereunder."

3.8 Additional Events of Default. The following are hereby added to the Concession Agreement as new subsections 14.1.7 and 14.1.8:

"14.1.7 Breach of Representations and Warranties. County's good faith determination that any of the representations and warranties made by Concessionaire in Section 18 of this Agreement is incorrect or inaccurate in any material respect.

"14.1.8 Breach or Default Under Guarantor Documents. County's good faith determination that Guarantor is in default in any material respect under the Guaranty or the Security Agreement or that any of the representations and warranties made by Guarantor in the Guaranty or Security Agreement is incorrect or inaccurate in any material respect."

3.9 Additional Collateral. The following is hereby added to the Concession Agreement as a new Section 18:

"18. OTHER COLLATERAL.

"18.1 Representations and Warranties. Concessionaire hereby represents and warrants to County that each of the following statements is true and correct and will remain true and correct so long as the Agreement remains in effect:

"(1) Exhibit D sets forth (i) Concessionaire's legal name as listed in its current organizational documents, (ii) the location of Concessionaire's chief executive office, (iii) Concessionaire's mailing address, and (iv) all names under which Concessionaire has conducted its business;

"(2) the FF&E is owned by Concessionaire and Concessionaire has the right to assign and grant security interests in its interest in the FF&E;

"(3) except as set forth on Exhibit E, no other person or entity has received an assignment of, or been granted a security interest in, the FF&E; and

"(4) the granting of the security interest provided in this Section 18 will not create a default or constitute an event that, with the giving of notice or the passage of time or both, would constitute a default under any other agreement to which Concessionaire is a party.

"18.2 Covenants. Concessionaire hereby covenants and agrees that so long as this Agreement remains in effect:

"(1) Concessionaire shall notify County in writing at least ten (10) days prior to changing any of the matters listed on Exhibit D;

(2) except for the existing lien described on Exhibit E, Concessionaire shall not grant or permit any liens, assignments for security purposes or security interests in, of or against the FF&E;

"(3) Concessionaire shall maintain the FF&E, in good working order and condition, reasonable wear and tear excepted; and

"(4) Concessionaire shall not sell or remove any FF&E from the Premises without County's prior written consent (which shall not be unreasonably withheld), except for the property identified in the financing statement described on Exhibit E and except that any FF&E that is damaged or becomes obsolete may be replaced with comparable items of similar quality and condition without County's prior consent."

"18.3 Security Interest in FF&E. Concessionaire hereby grants County, as security for the payment and performance of Gladstone's obligations under this Agreement, a continuing security interest in all of Concessionaire's right, title and interest in and to the FF&E.

"18.4 Authorization to File Financing Statements. Concessionaire hereby authorizes County to execute and file one or more financing statements with respect to the FF&E in such governmental offices as County deems appropriate.

"18.5 County's Rights and Remedies Upon an Event of Default. Upon the occurrence of an Event of Default, County shall have, in addition to its other rights and remedies under this Agreement or under any other applicable law or in equity, all of the rights and remedies of a secured party under the California Uniform Commercial Code in respect of the FF&E, all of which rights and remedies shall, to the fullest extent permitted by law, be cumulative.

"18.6 County's Power of Attorney. Effective upon an Event of Default by Concessionaire under this Agreement, Concessionaire hereby irrevocably appoints County with full power of substitution as its attorney-in-fact for the purpose of carrying out the provisions of this Section 18 and taking any action and executing any instrument that County may deem necessary or advisable to accomplish the purposes of this Section 18. The power of attorney granted and all authority conferred by this Agreement are granted and conferred solely to protect County's

interest in the FF&E, and shall not impose any duty upon the County to exercise such powers. Such powers of attorney are coupled with an interest, shall be irrevocable prior to the full payment and performance of all of Concessionaire's obligations under this Agreement and shall not be terminated prior thereto or affected by any act of Concessionaire or by operation of law."

3.10 Incorporation of Exhibits. Exhibits C through E are incorporated herein by this reference and are hereby incorporated into and made a part of the Concession Agreement as Exhibits C through E thereto.

4. AMENDMENT CONDITIONS

Section 3 of this Amendment, and the amendments to the Concession Agreement contained therein, shall become effective as of the first date (the "Effective Date") on which all of the conditions listed in Sections 4.1 through 4.6 below (the "Amendment Conditions") have been satisfied or waived by County in writing, but in no event later than April 30, 2005 (the "Outside Date"). If the Amendment Conditions are satisfied or waived on or before the Outside Date, then promptly after the satisfaction or waiver of the last Amendment Condition, County and Concessionaire shall execute a supplemental agreement confirming the Effective Date. If the Amendment Conditions are not satisfied on or before the Outside Date, then the amendments to the Concession Agreement contained in Section 3 of this Amendment shall be of no force or effect.

4.1 Additional Security Instruments. Concessionaire shall have executed and delivered to County such additional security instruments (including, without limitation, Uniform Commercial Code financing statements) as County determines are necessary or desirable to create, evidence and perfect the liens and security interests granted to County in this Amendment, and such additional security instruments shall have been duly filed or recorded in the appropriate governmental offices, including, without limitation, the California Secretary of State and the Los Angeles County Recorder's Office.

4.2 UCC Lien Searches. County shall have received lien search reports, certified by the California Secretary of State, that provide that, except for the financing statement described on Exhibit E or any financing statements naming County as secured party, there are no financing statements naming Concessionaire or Guarantor as debtor and covering the FF&E and the collateral described in the Security Agreement (as defined in Section 4.6 below) on file with the California Secretary of State.

4.3 Trademark Search. County shall have received a lien search report, certified by the United States Patent and Trademark Office, that provides that, except for any trademark security agreement naming County as secured party, there are no trademark security agreements or similar instruments covering the name rights described in the Security Agreement on file with the United States Patent and Trademark Office.

4.4 Payments Under Concession Agreement. Concessionaire shall have paid to County all amounts due and payable under the Concession Agreement.

4.5 Payment of County's Transaction Costs. Concessionaire shall have paid or reimbursed County for all costs and expenses for which Concessionaire is responsible under Section 5 hereof.

4.6 Guarantor Documents. Guarantor shall have executed and delivered to County the following instruments, each of which must be in form and substance satisfactory to County: (i) a guaranty, pursuant to which Guarantor guaranties the timely payment and performance of all of Concessionaire's obligations under the Concession Agreement (the "Guaranty"); (ii) a security agreement, pursuant to which Guarantor grants County a security interest in all of Guarantor's right, title and interest in and to the name 'Gladstone's, all related trademarks and other name rights and all royalties, fees and other payments relating thereto as collateral for its obligations under the Guaranty (the "Security Agreement"); and (iii) such other additional security instruments (including, without limitation, Uniform Commercial Code financing statements and trademark security agreements) as County determines are necessary or desirable to create, evidence and perfect the liens and security interests granted to County in the Security Agreement, and such additional security instruments shall have been duly filed in the appropriate governmental offices, including, without limitation, the California Secretary of State and the United States Patent and Trademark Office.

5. COSTS AND EXPENSES

Regardless of whether the amendments to the Concession Agreement contained in Section 3 hereof become effective, upon County's demand therefor from time to time, Concessionaire shall immediately pay or reimburse County for all costs and expenses incurred by County in connection with the transaction described in this Amendment, including, without limitation, the attorneys' fees and costs of County's counsel in connection with the negotiation and preparation of this Amendment and the related term sheet, the costs of the lien searches described in Section 4 hereof and the filing and recording fees for the security instruments described in Section 4 hereof.

6. MISCELLANEOUS

6.1 Concession Agreement. The Concession Agreement has not been modified, amended or supplemented except as set forth in this Amendment and, as amended by this Amendment, the Concession Agreement is and remains in full force and effect.

6.2 Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

6.3 Time of the Essence. Time is of the essence with respect to this Amendment.

6.4 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California without giving effect to the conflict of law principles of said state.

6.5 No Waiver. Except as expressly provided herein, County shall not be deemed by reason of its execution of this Amendment to have waived any terms or provisions of the

Concession Agreement, including, without limitation, any default or Event of Default or any rights and remedies that County may have under the Concession Agreement, at law or in equity.

6.6 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment and the provisions of the Concession Agreement, the provisions of this Amendment shall govern and prevail.

6.7 Integration and Merger. This Amendment and the Exhibits attached hereto contain the entire agreement of County and Concessionaire regarding the modification of the Concession Agreement and supersede all prior agreements, term sheets and understandings between County and Concessionaire, whether written or oral, with respect to the modification of the Concession Agreement.

6.8 Survival. All representations and warranties contained in this Amendment shall be deemed to be material and shall survive the effectiveness of the modifications to the Concession Agreement contemplated by this Amendment.

6.9 Further Assurances. At County's request, Concessionaire shall promptly execute any other document or instrument and/or seek any consent or agreement from any third party that County determines is necessary to evidence or carryout the intent of the parties, as set forth in this Amendment.

6.10 Captions; Use of Certain Terms. The Section titles and captions in this Amendment are for convenience only and shall not be deemed to be part of this Amendment. All pronouns and any variation or pronouns shall be deemed to refer to the masculine, feminine or neuter, as the identity of the parties may require. Whenever the terms referred to herein are singular, the same shall be deemed to mean the plural, as the context indicates, and vice versa.

6.11 License Agreement. Concessionaire is the licensee under that certain Non-Exclusive Royalty Free License Agreement dated October 30, 1997 between Guarantor and Concessionaire (the "License Agreement"). Without in any way limiting paragraph 8 of the License Agreement, if County forecloses under the Security Agreement, then the License Agreement shall automatically terminate and all rights of Concessionaire granted thereunder shall revert to County, as successor to Guarantor with respect thereto.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first above written.

County: COUNTY OF LOS ANGELES

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM
BY COUNTY COUNSEL

OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

Concessionaire: SEA VIEW RESTAURANTS, INC.

By: _____

Name: [illegible]

Its: PRESIDENT

EXHIBIT C

Description of FF&E

Any and all furniture, furnishings, fixtures, machinery, equipment and other tangible personal property now or hereafter located at the Premises that is used or useful in connection with the operation of a bar or restaurant, and all replacements and substitutions therefor, including, without limitation, the following: tables; chairs; barstools; table linens; towels; curtains, draperies, paintings, pictures, mirrors and other hangings; lamps and other lighting equipment; televisions, radios, satellite and stereo equipment; dishes and glassware; flatware and other dining utensils; stoves, ovens, refrigerators, freezers, ice machines, blenders, mixers, toasters, sinks, basins, trays, racks and other appliances and kitchen and bar equipment; pots, pans, kettles, skillets, bowls, cutlery and other cooking, kitchen and bar utensils.

EXHIBIT D

Matters Regarding Concessionaire

(i) Concessionaire's Legal Name: Sea View Restaurants, Inc., a California corporation

(ii) Chief Executive Office: 17383 Sunset Boulevard, Suite 140, Pacific Palisades, California 90272

(iii) Mailing Address: 17383 Sunset Boulevard, Suite 140, Pacific Palisades, California 90272

(iv) Names Under Which Concessionaire has Conducted its Business: California Beach Restaurants, Inc.; Gladstones 4 Fish; RJ's The Rib Joint; Natural Organics, Inc.; and I.H.V. Corp.

EXHIBIT E

Existing Lien

UCC-1 financing statement naming US Bancorp Business Equipment Finance Group as secured party filed with the California Secretary of State on November 15, 2004 as File No. 04-7005927812.

GUARANTY
(Gladstone's Concession Agreement)

THIS GUARANTY (this "Guaranty") is made as of February __, 2005 by CALIFORNIA BEACH RESTAURANTS, INC., a California corporation ("Guarantor"), in favor of the COUNTY OF LOS ANGELES ("County"), with reference to the following facts:

RECITALS

A. Guarantor is the sole owner of Sea View Restaurants, Inc., a California corporation ("Concessionaire").

B. Concessionaire and County are parties to that certain Concession Agreement for Will Rogers State Beach Park Restaurant dated as of November 1, 1997, as amended by that certain First Amendment to Concession Agreement for Will Rogers State Beach Park Restaurant dated as of February 9, 1999 (as so amended, the "Original Concession Agreement").

C. Concessionaire and County have agreed, subject to the satisfaction of certain conditions precedent for the benefit of County, to amend the Original Concession Agreement as provided in that certain Second Amendment to Concession Agreement for Will Rogers State Beach Park Restaurant dated as of even date herewith (the "Amendment"). Such conditions precedent include, among others, that Guarantor execute and deliver the following instruments to County: (i) a guaranty, pursuant which Guarantor guaranties the timely payment and performance of all of Concessionaire's obligations under the Concession Agreement, as amended by the Amendment (as so amended, the "Concession Agreement"); and (ii) a security agreement, pursuant to which Guarantor grants County a security interest in all of Guarantor's right, title and interest in and to the Name Rights and the Royalties (each as defined in the Security Agreement, as defined below) as collateral for its obligations under such guaranty.

D. Guarantor desires that Concessionaire enter into the Amendment and that the same become effective, and Guarantor will realize a material and substantial benefit therefrom. Accordingly, to induce County to amend the Original Concession Agreement as provided in the Amendment, Guarantor has agreed to execute this Guaranty and that certain Security Agreement of even date herewith in favor of County (the "Security 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, Guarantor hereby agrees as follows:

1. Obligations. To induce County to enter into the Amendment, guarantor hereby guaranties, unconditionally and irrevocably, to County and to its successors and assigns the full and prompt payment and performance when due of all of Concessionaire's obligations under the Concession Agreement (collectively, the "Guarantied Obligations"). This Guaranty is a continuing guaranty.

2. Guaranty Absolute. Guarantor agrees that its obligations under this Guaranty are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety. In

furtherance of the foregoing and without limiting the generality thereof, Guarantor agrees as follows:

(a) The liability of Guarantor under this Guaranty is a guaranty of payment and not of collectibility, and is not conditional or contingent upon the genuineness, validity, regularity or enforceability of the Concession Agreement or the pursuit by County of any remedies which it now has or may hereafter have under the Concession Agreement;

(b) County may enforce this Guaranty upon the occurrence of an "Event of Default" by Concessionaire under and as defined in the Concession Agreement;

(c) The obligations of Guarantor under this Guaranty are independent of the obligations of Concessionaire under the Concession Agreement and a separate action or actions may be brought and prosecuted against Guarantor whether or not any action is brought against Concessionaire or any other guarantors and whether or not Concessionaire is joined in any such action or actions;

(d) The payment or performance of a portion, but not all, of the Guarantied Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for that portion of the Guarantied Obligations which is not paid or performed. Without in any way limiting the generality of the foregoing, if County is awarded a judgment in any suit brought to enforce a portion of the Guarantied Obligations, such judgment shall not be deemed to release Guarantor from its covenant to perform that portion of the Guarantied Obligations which is not the subject of such suit; and

(e) Guarantor shall continue to be liable under this Guaranty and the provisions hereof shall remain in full force and effect notwithstanding:

(1) any modification, amendment, supplement, extension, agreement or stipulation between Concessionaire and County or their respective successors and assigns with respect to the Concession Agreement or the obligations encompassed thereby;

(2) County's waiver of or failure to enforce any of the terms, covenants or conditions contained in the Concession Agreement;

(3) any release of Concessionaire or any other guarantor from any liability with respect to the Guarantied Obligations or any portion thereof;

(4) any release, compromise or subordination of any real or personal property then held by County as security for the performance of the Guarantied Obligations or any portion thereof, or any substitution with respect thereto;

(5) County's acceptance and/or enforcement of, or failure to enforce, any other guaranties;

(6) County's exercise of any other rights available under the Concession Agreement;

(7) County's consent to the change, reorganization or termination of the structure or existence of Concessionaire and to any corresponding restructuring of the Guarantied Obligations by County;

(8) any failure to perfect or continue perfection of a security interest in any collateral that secures the Guarantied Obligations;

(9) any defenses, setoffs or counterclaims that Concessionaire may allege or assert against County with respect to the Guarantied Obligations, including, without limitation, failure of consideration, breach of warranty, statute of frauds, statute of limitations and accord and satisfaction; and

(10) any other act or thing or omission, or delay to do any other act or thing that might in any manner or to any extent vary the risk of Guarantor as an obligor with respect to the Guarantied Obligations.

3. Waivers. Guarantor hereby waives, for the benefit of County:

(a) any right to require County, as a condition of payment or performance by Guarantor, to (i) proceed against Concessionaire, any other guarantor of the Guarantied Obligations or any other person, (ii) proceed against or exhaust any security held from Concessionaire, any other guarantor of the Guarantied Obligations or any other person, or (iii) pursue any other remedy whatsoever in the power of County;

(b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Concessionaire, including, without limitation, any defense based on or arising out of the lack of validity or enforceability of the Guarantied Obligations or by reason of the cessation of liability of the Concessionaire under the Concession Agreement for any reason;

(c) any defense based upon any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(d) any defense based upon County's errors or omissions in the administration of the Guarantied Obligations;

(e) any principles of law, statutory or otherwise, that are or might be in conflict with the terms of this Guaranty and any legal or equitable discharge of any Guarantor's obligations hereunder;

(f) the benefit of any statute of limitations affecting any Guarantor's liability hereunder or the enforcement hereof;

(g) any rights to setoffs, recoupments or counterclaims against County;

(h) promptness, diligence and any requirement that County protect, secure, perfect or insure any security interest or lien or any property subject thereto;

(i) notices, demands, presentments, protests, notices of protest, notices of dishonor, notices of default under the Concession Agreement, notices of acceptance of this Guaranty and notices of any of the matters referred to in Section 2(e) and any right to consent thereof;

(j) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms of this Guaranty;

(k) any rights or defenses that Guarantor may have under Sections 2899 and 3433 of the California Civil Code; and

(l) all of the rights and defenses described in subdivision (a) of Section 2856 of the California Civil Code. As used below in this subparagraph (l), "principal" refers to Concessionaire, "creditor" refers to County and "guarantor" refers to "Guarantor". Without limiting the generality of the waiver in the first sentence of this subparagraph (l), Guarantor desires and intends to, and hereby does, waives each and all of the rights and defenses described below in this subparagraph (l).

(1) The guarantor waives the guarantor's rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to the guarantor by reason of Sections 2787 to 2855, inclusive, of the California Civil Code; and

(2) The guarantor waives all rights and defenses arising out of an election of remedies by the creditor, even if that election of remedies, has destroyed the guarantor's rights of subrogation and reimbursement against the principal.

4. Subrogation Rights. Guarantor further agrees that to the extent the waiver of its rights of subrogation as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation said Guarantor may have against Concessionaire or against such collateral or security shall be junior and subordinate to any rights County may have against Concessionaire and to all right, title and interest County may have in such collateral or security. County may use, sell or dispose of any item of collateral or security as it sees fit without regard to any subrogation rights that said Guarantor may have, and upon any disposition or sale, any rights of subrogation said Guarantor may have shall terminate.

5. Subordination. Any indebtedness of Concessionaire now or hereafter held by Guarantor is hereby subordinated by Guarantor in right of payment to the Guarantied Obligations. Guarantor agrees to make no claim for such indebtedness at any time when Concessionaire is in default of its obligations under the Concession Agreement. Guarantor further agrees not to assign all or any part of such indebtedness unless County is given prior notice and such assignment is expressly made subject to the terms of this Guaranty.

6. Bankruptcy; Reinstatement of Guaranty.

(a) Guarantor shall not, without the prior written consent of County, commence or join with any other person in commencing any bankruptcy, reorganization or insolvency proceedings of or against Concessionaire. The obligations of Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Concessionaire or by any defense which Concessionaire may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) In any bankruptcy, reorganization, insolvency or other proceeding involving Concessionaire in which the filing of claims is required by law, Guarantor shall file all claims which Guarantor may have against Concessionaire relating to any indebtedness of Concessionaire to Guarantor and shall assign to County all rights of Guarantor thereunder. If Guarantor does not file any such claim, County, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in County's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of County's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. County or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to County the amount payable on such claim and, to the full extent necessary for that purpose. Guarantor hereby assigns to County all of Guarantor's rights to any such payments or distributions; provided, however, Guarantor's obligations hereunder shall be satisfied except to the extent that County receives cash by reason of any such payment or distribution. If County receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

(c) If all or any portion of the Guarantied Obligations are paid by Concessionaire, the obligations of Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from County as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guarantied Obligations for all purposes under this Guaranty.

7. Termination. This Guaranty shall terminate upon the indefeasible payment and performance of all Guarantied Obligations by Guarantor or Concessionaire.

8. Representations and Warranties. Guarantor hereby represents and warrants to County as follows:

(a) Guarantor owns Concessionaire, and County's agreement to enter into the Amendment with Concessionaire is of substantial and material benefit to Guarantor;

Guarantor now has and will continue to have full and complete access to any and all information concerning Concessionaire's financial status and its ability to perform the Guarantied Obligations; and Guarantor has reviewed and approved the Concession Agreement and is fully informed of the remedies County may pursue, with or without notice to Concessionaire, in the event of a default by Concessionaire thereunder.

(b) No consent of any other person, including, without limitation, any creditors of Guarantor, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by Guarantor in connection with this Guaranty or the execution, delivery, performance, validity or enforceability of this Guaranty and all obligations required hereunder or, if any such consents are required, the same have been obtained prior to the execution of this Guaranty. This Guaranty has been duly executed and delivered by Guarantor, and constitutes the legally valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms.

(c) The execution, delivery and performance of this Guaranty will not violate any provision of any existing law or regulation binding on Guarantor, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on Guarantor, or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which Guarantor is a party or by which Guarantor or any of any Guarantor's assets may be bound, and will not result in, or require, the creation or imposition of any lien on any of Guarantor's property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

9. Notices. All notices, requests and demands to be made hereunder to the parties hereto shall be in writing (at the addresses set forth below) and shall be hand delivered or sent by any of the following means: (a) personal service, (b) facsimile, (c) registered or certified mail, postage prepaid, return receipt requested, or (d) a nationally recognized courier service (such as Federal Express or DHL). Such addresses may be changed by notice to the other parties given in the same manner as provided above.

If to Guarantor:

California Beach Restaurants, Inc.
17383 Sunset Boulevard, Suite 140
Pacific Palisades, CA 90272
Attn: Richard Powell
Facsimile: (310) 459-9356

with a copy to:

Bingham McCutchen LLP
355 South Grand Avenue, Suite 4400
Los Angeles, CA 90071
Attn: Richard J. Welch
Facsimile: (213) 680-6499

If to County:

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

with a copy to:

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

Notices given in the foregoing manner shall be deemed properly served or given upon receipt or refusal to accept delivery as indicated in the electronic receipt, the return receipt or the receipt of such courier service, as applicable; provided, however, that any notice that is received by facsimile or courier delivery after 5 p.m. (local time for the addressee) shall be deemed to have been received on the next business day.

10. No Third-Party Beneficiaries. This Guaranty is solely for the benefit of County and is not intended to nor shall it be deemed to be for the benefit of any third party, including Concessionaire.

11. Entire Agreement. This Guaranty and the documents referenced herein set forth all of the agreements, conditions and understandings between the parties with respect to matters addressed herein, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, expressed or implied, between the parties other than as set forth or referred to herein with respect to the matters addressed herein.

12. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Guaranty, and no consent to any departure by Guarantor therefrom, shall in any event be effective without the written concurrence of County. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

13. Successors and Assigns. This Guaranty shall be binding upon Guarantor and its successors and assigns and shall inure to the benefit of and shall be enforceable by County and its respective successors and assigns.

14. Section Headings. The Section headings are inserted herein only for convenience and are in no way to be construed as part of this Guaranty, or as indicative of the meaning of the provisions of this Guaranty or the intention of the parties, or as a limitation in the scope of the particular Sections to which they refer.

15. Attorneys' Fees. In case suit shall be brought to enforce this Guaranty or because of the breach by any party of any covenant or condition herein contained, the prevailing party shall be entitled to reasonable attorneys' fees in addition to court costs and any and all other costs recoverable in said action. Such attorneys' fees shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. In any case where this Guaranty provides that a party is entitled to recover its attorneys' fees from another party, the party so entitled shall be entitled to recover an amount equal to the fair market value of services provided by attorneys employed by it as well as any reasonable attorneys' fees actually paid by it to third parties. Any reference in this Guaranty to attorneys' fees shall be deemed to include attorneys' disbursements as well.

16. Construction. Each party and its counsel have reviewed and participated in the preparation of this Guaranty and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Guaranty or any amendments or exhibits hereto. The singular of any word includes the plural, and vice-versa.

17. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO THE CONFLICT-OF-LAW PRINCIPLES OF SAID STATE.

18. No Waiver. No failure or delay on the part of County to exercise any power, right or privilege under this Guaranty shall impair any such power, right or privilege, or be construed to be a waiver of any default or an acquiescence therein, nor shall any single or partial exercise of such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

19. Severability. If any term, provision or covenant in this Guaranty is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all of the remaining terms, provisions and covenants shall continue in full force and effect and shall in no way be impaired or invalidated thereby.

20. Further Assurances. At any time and from time to time, Guarantor shall execute and deliver such further documents and so such further acts as County may reasonably request in order to effectuate fully the purposes of this Guaranty.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

GUARANTOR:

CALIFORNIA BEACH RESTAURANTS, INC.,
a California corporation

By: _____
Name: RICHARD L. PEWBER
Its: PRESIDENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made as of February __, 2005, by and between CALIFORNIA BEACH RESTAURANTS, INC., a California corporation ("Parent"), and COUNTY OF LOS ANGELES ("County"), with reference to the following facts:

RECITALS

A. Parent is the sole owner of Sea View Restaurants, Inc., a California corporation ("Concessionaire").

B. Concessionaire and County are parties to that certain Concession Agreement for Will Rogers State Beach Park Restaurant dated as of November 1, 1997, as amended by that certain First Amendment to Concession Agreement for Will Rogers State Beach Park Restaurant dated as of February 9, 1999 (as so amended, the "Original Concession Agreement").

C. Concessionaire and County have agreed, subject to the satisfaction of certain conditions precedent for the benefit of County, to amend the Original Concession Agreement as provided in that certain Second Amendment to Concession Agreement for Will Rogers State Beach Park Restaurant dated as of even date herewith (the "Amendment"). Such conditions precedent include, among others, that Parent execute and deliver the following instruments to County: (i) a guaranty, pursuant which Parent guaranties the timely payment and performance of all of Concessionaire's obligations under the Original Concession Agreement, as amended by the Amendment (as so amended, the "Concession Agreement"); and (ii) a security agreement, pursuant to which Parent grants County a security interest in all of Parent's right, title and interest in and to the Name Rights and the Royalties (each as defined below) as collateral for its obligations under the Guaranty.

D. Parent desires that Concessionaire enter into the Amendment and that the same become effective, and Parent will realize a material and substantial benefit therefrom. Accordingly, to induce County to amend the Original Concession Agreement as provided in the Amendment, Parent has agreed to execute that certain Guaranty of even date herewith and this Agreement as security for its obligations under the Guaranty.

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

1. DEFINITIONS

1.1 Certain Terms. For purposes of this Agreement, the following words and terms shall have the meanings indicated in this Section 1.1.

> "Collateral" means, collectively, all of Parent's right, title and interest in and to the Name Rights (including, without limitation, the Trademarks) and the Royalties and all substitutions therefor and proceeds thereof.

"Name Rights" means, collectively, (i) the name 'Gladstone's' and all names including or incorporating the word 'Gladstone's', (ii) the Trademarks, (iii) all existing and future registrations and recordings of the foregoing, including, without limitation, all applications, registrations and recordings in the United States Patent and Trademark Office (including, without limitation, those described on Exhibit A) or in any similar office or agency of the United States or any state, (iv) all goodwill associated with the foregoing, (v) all rights of Parent under all existing and future license and other agreements relating to the use of the name 'Gladstone's' or the Trademarks, and (vi) all claims and rights to sue for past, present or future infringement or unconsented use of the name 'Gladstone's' or the Trademarks.

"Obligations" means the Parent's obligations to County under the Guaranty.

"Royalties" means all royalties, license fees and other payments of any kind now or hereafter payable or otherwise received under any license or other agreement (including, without limitation, the Master Agreement between Parent and Pendragon Partners, LLC dated as of January, 2003 (the "Master Agreement")) now or hereafter entered into by Parent with respect to the Name Rights.

"Trademarks" means all trademarks, trade styles and service marks consisting of or incorporating the name 'Gladstone's', and all designs and general intangibles of like nature, now existing and hereafter adopted or acquired, and all goodwill associated with the foregoing.

1.2 Other Definitions. Initially capitalized terms used but not defined in this Agreement have the meanings given such terms in the Concession Agreement.

2. TERMS

2.1 Grant of Security Interest. Parent hereby grants County a continuing security interest in the Collateral to secure the payment and performance of the Obligations.

2.2 Perfection of Security Interest. To perfect, maintain and enable the enforcement of the security interest granted in this Agreement, Parent (i) hereby authorizes County to file this Agreement, one or more financing statements and any related continuation statements and amendments with respect to the Collateral from time to time; (ii) shall, if requested by County, execute and file one or more financing or continuation statements and amendments thereto from time to time; and (iii) execute and deliver such other and further documents, take such other and further actions, and provide such further information as may be requested by County from time to time to perfect or continue the perfection of the security interest granted pursuant to this Agreement.

3. REPRESENTATIONS AND WARRANTIES

To induce the County to enter into the Amendment and accept the Guaranty, Parent hereby represents and warrants to County that each of the following statements is true and correct as of the date of this Agreement and will remain true and correct so long as the Guaranty is in effect:

3.1 Organization and Good Standing. Parent is a corporation, duly organized, validly existing and in good standing under the laws of the State of California.

3.2 Authority. The execution and delivery by Parent of this Agreement and the other documents described herein, and the payment and performance by Parent of its obligations hereunder and thereunder, have been duly authorized by, and are within the corporate power of, Parent.

3.3 Guarantor Information. Exhibit B sets forth (i) Parent's legal name as listed in its current organizational documents, (ii) the location of Parent's chief executive office, (iii) Parent's mailing address, and (iv) all names under which Parent has conducted its business.

3.4 Title. Parent owns and has full right to the Name Rights and the Royalties, and has the right to grant security interests in each of them.

3.5 No Other Liens or Interests. No other person or entity has received an assignment of, or been granted a security interest in, the Name Rights or the Royalties. Except as set forth on Exhibit C, no person or entity has been granted a license or other right to use the Name Rights.

3.6 Trademarks. The Trademarks are subsisting and are not invalid or unenforceable, in whole or in part. Exhibit A contains the name, place of registration, registration number and date of registration of each Trademark that has been registered. No claim has been made that the use of the Trademarks violates, infringes or otherwise conflicts or interferes with any trademark, service mark or other intellectual property or proprietary right of any other person or entity.

3.7 No Conflict. The granting of the security interests provided in this Agreement will not create a default or constitute an event that, with the giving of notice or the passage of time or both, would constitute a default under any material agreement to which Parent is a party.

4. COVENANTS

4.1 Matters Affecting Parent. Parent shall notify County in writing at least ten (10) days prior to changing any of the matters listed on Exhibit B.

4.2 Collateral. Parent shall not grant, create or permit any lien against or security interest in the Collateral, except for the security interests granted to the County in this Agreement, and Parent shall defend the Collateral against, and give the County prompt written notice of, all liens, attachments or claims asserted against or with respect to the Collateral.

4.3 Trademarks. Parent shall diligently prosecute any pending trademark application for the Trademarks, make federal application on registrable but unregistered Trademarks, file and prosecute opposition and cancellation proceedings, and do any and all things necessary or desirable to enforce, preserve and maintain all rights in the Trademarks, including, without limitation, instituting legal proceedings to enjoin any infringement or unauthorized use of the Trademarks that, if not enjoined, could result in Parent losing any of its material rights with respect to the Trademarks. Parent shall not abandon, transfer or license, except as permitted by

the Master Agreement, any Trademark without the prior written consent of County, which consent shall not be unreasonably withheld.

5. POWER OF ATTORNEY

Subject to the provisions of Section 6.2 hereof, upon the occurrence of an Event of Default, Parent hereby irrevocably appoints the County with full power of substitution as its attorney-in-fact for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the County may deem necessary or advisable to accomplish the purposes of this Agreement. The power of attorney granted and all authority by this Agreement conferred by this Agreement are granted and conferred solely to protect the County's interest in the Collateral and shall not impose any duty upon the County to exercise such powers. Such powers of attorney are coupled with an interest, shall be irrevocable prior to the full payment and performance of the Obligations and shall not be terminated prior thereto or affected by any act of Parent or by operation of law.

6. DEFAULT AND REMEDIES

6.1 Events of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Agreement:

(1) the occurrence of the "Event of Default" under the Concession Agreement and Parent's failure to cure such Event of Default within an additional fifteen days after receipt of written notice thereof (such cure period shall be in addition to any cure period provided for in the Concession Agreement);

(2) Parent fails to timely observe, perform or comply with any covenant contained in this Agreement and does not cure said failure within ten (10) days after its receipt of written notice thereof from the County;

(3) the County's determination that any representation or warranty made or given by Parent in this Agreement was false or misleading in any material respect as of the date on which such representation or warranty was made or remade; or

(4) the County ceases to have an enforceable first-priority security interest in the Collateral.

6.2 The County's Rights and Remedies Upon Default. Upon the occurrence of an Event of Default, the County shall have all of the rights and remedies of a secured party under the California Uniform Commercial Code or under any other applicable law or in equity in respect of the Collateral, all of which rights and remedies shall, to the full extent permitted by law, be cumulative; provided however that the County shall not foreclose or otherwise proceed against the Collateral unless the County shall have concurrently terminated the Concession Agreement pursuant to Section 14.3.1 of the Concession Agreement.

6.3 Application of Proceeds. The proceeds of any sale pursuant to Section 6.2 shall be applied to the Obligations in such manner, order and priority as the County may elect.

7. RELEASE

Upon the payment and satisfaction in full of the Obligations, (i) the Collateral (or so much thereof as remains, if any) shall be promptly released from the security interest created hereby, (ii) the County shall promptly execute such reassignments and other documentation as Parent may reasonably request to document such release, and (iii) this Agreement, and Parent's obligations hereunder, shall terminate.

8. MISCELLANEOUS

8.1 Notices. Any notice, demand, request, consent, approval or communication which either party hereto desires or is required or permitted to give or cause to be given to the other shall be in writing and shall be delivered or addressed to such other party at the address set forth below or to such other party as provided in the Guaranty.

8.2 Entire Agreement. This Agreement and the documents referenced herein set forth all of the agreements, conditions and understandings between the parties with respect to matters addressed herein, and there are no promises, agreements, conditions, understandings, warranties or representations, oral or written, expressed or implied, between the parties other than as set forth or referred to herein with respect to the matters addressed herein.

8.3 No Oral Modification. No statement, action or agreement hereafter made shall be effective to amend, waive, modify, discharge, terminate or effect an abandonment of this Agreement in whole or in part unless such agreement is in writing and signed by the party against whom such amendment, waiver, modification, discharge, termination or abandonment in sought to be enforced.

8.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns.

8.5 Section Headings. The Section headings are inserted herein only for convenience and are in no way to be construed as part of this Agreement, or as indicative of the meaning of the provisions of this Agreement or the intention of the parties, or as a limitation in the scope of the particular Sections to which they refer.

8.6 Attorneys' Fees. In case suit shall be brought to enforce this Agreement or because of the breach by any party of any covenant or condition herein contained, the prevailing party shall be entitled to reasonable attorneys' fees in addition to court costs and any and all other costs recoverable in said action. Such attorneys' fees shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. In any case where this Agreement provides that a party is entitled to recover its attorneys' fees from another party, the party so entitled shall be entitled to recover an amount equal to the fair market value of services provided by attorneys employed by it as well as any reasonable attorneys' fees actually paid by it to third parties. Any reference in this Agreement to attorneys' fees shall be deemed to include attorneys' disbursements as well.

8.7 Construction. Each party and its counsel have reviewed and participated in the preparation of this Agreement and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits hereto. The singular of any word includes the plural, and vice-versa.

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

8.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute by one and the same instrument.

8.10 No Waiver. No failure by any party to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Agreement, which shall continue in full force and effect, or the respective rights of the parties with respect to any other then existing or subsequent breach.

8.11 Severability. If any term, provision or covenant in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all of the remaining terms, provisions and covenants shall continue in full force and effect and shall in no way be impaired or invalidated thereby.

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8.11 Severability. If any term, provision or covenant in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all of the remaining terms, provisions and covenants shall continue in full force and effect and shall in no way be impaired or invalidated thereby.

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

Parent:

CALIFORNIA BEACH RESTAURANTS, INC.,
a California corporation

By: _____
Name: _____
Its: _____

County:

COUNTY OF LOS ANGELES

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM
BY COUNTY COUNSEL

OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

* Note: Executed signature page attached

8.7 Construction. Each party and its counsel have reviewed and participated in the preparation of this Agreement and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits hereto. The singular of any word includes the plural, and vice-versa.

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

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8.11 Severability. If any term, provision or covenant in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all of the remaining terms, provisions and covenants shall continue in full force and effect and shall in no way be impaired or invalidated thereby.

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

Parent:

CALIFORNIA BEACH RESTAURANTS, INC.,
a California corporation

By: _____
Name: _____
Its: _____

County:

COUNTY OF LOS ANGELES

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM
BY COUNTY COUNSEL

OFFICE OF THE COUNTY COUNSEL

EXHIBIT A

Trademark Registrations

Mark	Class(es)	Country/ State	Reg. No.	Reg. Date	Registered Owner
G GLADSTONE'S MALIBU & Design	42	USA	2506092	Nov. 13, 2001	California Beach Restaurants, Inc.
G GLADSTONE'S MALIBU & Design	21, 24, 25	USA	2418549	Jan. 9, 2001	California Beach Restaurants, Inc.
GLADSTONE'S (Stylized)	42	USA	1337282	May 21, 1985	California Beach Restaurants, Inc.
G GLADSTONE'S 4 Fish & Design	42	USA	1426956	Jan. 27, 1987	California Beach Restaurants, Inc.
G (Stylized)	42	USA	1477188	Feb. 16, 1988	California Beach Restaurants, Inc.
GLADSTONE'S (Stylized)	42	California	21915	Jan. 10, 1985	California Beach Restaurants, Inc.
GLADSTONE'S 4 FISH & Design	42	California	24923	Nov. 7, 1985	California Beach Restaurants, Inc.

EXHIBIT B

Matters Regarding Parent

(i) Parent's Legal Name: California Beach Restaurants, Inc., a California corporation

(ii) Chief Executive Office: 17383 Sunset Boulevard, Suite 140, Pacific Palisades, California 90272

(iii) Mailing Address: 17383 Sunset Boulevard, Suite 140, Pacific Palisades, California 90272

(iv) Names Under Which Parent has Conducted its Business: California Beach Restaurants, Inc.

EXHIBIT C

Trademark Licenses

1. License Agreement between Sea View Restaurants, Inc. and MCA Development Venture Two, dated April 21, 1992, under which Sea View Restaurants, Inc. granted certain license rights to MCA Development Venture Two in the following registered marks: (i) GLADSTONE'S, Reg. Nos. 1,337,282, 1,514,059 and 21,915 (California State registration); (ii) GLADSTONE'S 4 FISH, Reg. Nos. 1,426,956 and 24,923 (California State registration); and (iii) G (Stylized), Reg. No. 1,477,188. (This License Agreement was subsequently assigned by Sea View Restaurants, Inc. to California Beach Restaurants, Inc.)

2. Non-Exclusive Royalty Free License Agreement between California Beach Restaurants, Inc. and Sea View Restaurants, Inc., dated October 30, 1997, under which California Beach Restaurants, Inc. (following an assignment from Sea View Restaurants, Inc. to California Beach Restaurants, Inc.) licensed back to Sea View Restaurants, Inc. certain license rights in the following registered marks: (i) G (stylized), Reg. No. 1,477,188; (ii) GLADSTONE'S 4 FISH, Reg. No. 1,426,956; (iii) GLADSTONE'S, Reg. No. 1,337,282; (iv) GLADSTONE'S, Reg. No. 21,915 (California State registration); and (v) GLADSTONE'S 4 FISH, Reg. No. 24,923 (California State registration).

3. License Agreement between California Beach Restaurants, Inc. and Gladstone's 4 Fish, LLC dated January, 2003.