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Caring for Your Coast

• • •  
**Gary Jones**  
Director

**Kerry Silverstrom**  
Chief Deputy

**John Kelly**  
Deputy Director

**Amy M. Caves**  
Deputy Director

November 12, 2019

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 AMENDMENT NO. 6  
TO LEASE AGREEMENT NO. 12560 PARCEL 56S – MARINA DEL REY  
(FOURTH DISTRICT) (4 VOTES)**

**SUBJECT**

This Board letter requests approval of Lease Amendment No. 6 to Marina del Rey Lease No. 12560 for Parcel 56S (Fisherman's Village) that readjusts the rates for minimum annual rent, certain categories of percentage rentals, and updates the insurance requirements.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed Lease Amendment No. 6 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines and Section 15301 of the State CEQA Guidelines (Existing Facilities).
2. Approve and authorize the Chair of the Board to sign the attached Amendment No. 6 to the Lease pertaining to the readjustment of the rates for minimum annual rent, certain categories of percentage rentals, and the insurance requirements updates for the ten-year period ending August 28, 2027.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Marina del Rey leases generally provide for the periodic review of leasehold rents to ensure that the percentage rents payable to the County are maintained at current Fair Market Rental Value levels and the amount of general liability insurance is adequate to protect the County's interests.

Amendment No. 6 provides for the adjustment of the rates for increased minimum rental amount, certain categories of percentage rentals, and updates the insurance requirements retroactively to September 1, 2017. The Lease set forth the above-referenced adjustments starting as of September 1, 1997, and every tenth anniversary thereafter.

Per the terms of the lease, Amendment No. 6 adjusts the rates for minimum annual rental and certain categories of percentage rentals to the Fair Market Rental Value, as of September 1, 2017, and updates the insurance provisions as follows:

- The annual minimum rent is increased from \$336,342 to \$510,814.92 payable in \$42,567.91 monthly installments.
- Percentage rental rates for the following categories are adjusted as follows:
  - o Bicycle rentals are a new income category at 10%.
  - o Commercial boating activities category is increased from 4.5% to 6%;
  - o Dry Storage income category is increased from 10% to 20%;
  - o Category of gross receipts or other fees charged for the occupancy of structures and other facilities other than Apartments or Offices is increased from 7.5% to 10.5%;
  - o Category of gross receipts or other fees charged for the occupancy of Offices is increased from 11% to 12%;
  - o Category of gross receipts from the operation of all stores, shops or boutiques selling items at retail is increased from 1.5% to 4%;
  - o No change for the other percentage rent categories.
- Amendment No. 6 incorporates changes to the insurance provisions.

Finally, Amendment No. 6 provides for a reconciliation of the rent, retroactive to the September 1, 2017 Rental Adjustment Date and requires payment of any additional rent owed to the County as a result of the rent readjustment.

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

The recommended action will keep County's percentage rents at Parcel 56S comparable to other Marina del Rey leaseholds in fulfillment of the Strategic Plan Goal No. III.3.2 (Manage and Maximize County Assets).

### **FISCAL IMPACT/FINANCING**

Proposed Amendment No. 6 would result in an increase in the total annual leasehold rent of approximately \$52,000 as a result of the adjusted percentage rent. The total annual leasehold rent is a combination of the annual minimum rent plus any additional percentage rent due to the County over and above the annual minimum rent. The Lessee has been paying the County percentage rent on top of the minimum rent for the past several years. Therefore, the change in total annual leasehold rent is a result of the change in percentage rent. The estimated annual leasehold rent increase will be recognized in Fiscal Year 2019-20 as over-realized revenues and will be included in the Department's Fiscal Year 2020-21 operating budget. The County will receive a Retroactive Payment of approximately \$133,000 30 days following your Board's approval, based on the new rates effective September 1, 2017 and will be recognize as one-time over-realized revenue in Fiscal Year 2019-20.

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

Parcel 56S, commonly known as Fisherman's Village, is improved with five building structures containing 49 commercial/retail units and 2 restaurants. The property also has 35 boat slips. The Lease term is expiring on August 28, 2027, coterminous with the ending of the 10-year rent adjustments per Amendment No. 6.

This proposed Amendment No. 6 has been approved as to form by County Counsel. At its meeting on October 30, 2019, the Small Craft Harbor Commission unanimously endorsed the Director's recommendation that your Board approve and execute the proposed Amendment.

**ENVIRONMENTAL DOCUMENTATION**

The proposed lease Amendment No. 6 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines and Section 15301 of the State CEQA Guidelines (Existing Facilities).

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

There will be no impact on current services or projects from your Board's approval of Amendment No. 6.

**CONCLUSION**

Please instruct the Executive Officer of the Board to send an adopted-stamped copy of this letter to the Department of Beaches and Harbors, retaining a copy for your records. Should you have any questions, please contact Natasha Robinson at (424) 526-7742 or NRobinson@bh.lacounty.gov.

Respectfully submitted,



GARY JONES

Director

GJ:AC:SP:SVG:nr

Enclosures

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

**AMENDMENT NO. 6 TO LEASE AGREEMENT NO. 12560  
PARCEL NO. 56S – MARINA DEL REY**

THIS LEASE AMENDMENT NO. 6 ("Amendment" or "Amendment No. 6") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2019 (the "Effective Date").

**BY AND BETWEEN**

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

**AND**

**GOLD COAST VILLAGE, LLC  
a Delaware limited company,  
as successor-in-interest to  
MARINA INTERNATIONAL PROPERTIES, LTD,  
a California limited partnership,  
hereinafter referred to as "Lessee".**

**RECITALS:**

WHEREAS, on August 29, 1967, County and Lessee entered into the Lease Agreement No. 12560 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, now commonly known as Parcel 56S, which premises are more particularly and legally described in Exhibit "A" (the "Premises") attached to and incorporated in said lease, as amended (the lease and all amendments are collectively hereafter referred to as the "Lease"); and

WHEREAS, Section 15.(a) of the Lease requires renegotiation of the rates for square foot rental, all categories of percentage rentals, and liability insurance requirements as of September 1, 1997, and as of September 1 every tenth (10<sup>th</sup>) year thereafter (each such date is hereafter referred to as a "Rental Adjustment Date"). The rates of square foot rental and percentage rentals shall be readjusted to Fair Market Rental Value in accordance with the standards established in Section 15.(i) of the Lease; and

WHEREAS, Section 15.(ii) of said Lease provides that the liability insurance limits shall be readjusted on each Rental Adjustment Date; and

WHEREAS, all capitalized terms used but not otherwise defined herein shall have the same meanings given such terms in the Lease; and



WHEREAS, disputes have arisen between County and Lessee, and County initiated the Arbitration Process by written notice dated as of August 14, 2018; and

WHEREAS, the parties hereto have terminated the Arbitration Process and have reached an agreement with respect to the required adjustments which are in effect for a ten (10) year period as of September 1, 2017, and wish to amend the Lease as set forth herein; and

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and the mutual agreements, covenants and conditions contained herein, the parties agree as follows:

1. **Square Foot Rental.** Effective as of September 1, 2017, Section 12 of the Lease is deleted in its entirety and replaced with the following:

As of September 1, 2017, the annual square foot rental is \$510,814.92 payable in monthly installments of \$42,567.91 each, and continuing throughout the remainder of the Lease term.

Notwithstanding any contrary provision hereto, in no event shall the annual square foot rental be reduced to less than the annual square foot rental in effect immediately prior to the then-applicable Adjustment Date as a result of renegotiation or arbitration.

2. **Percentage Rent.** Effective as of September 1, 2017, the following subsections are substituted for the corresponding subsections in Section 13 of the Lease:

(b) (i) TWENTY percent (20%) of gross receipts from the rental or other fees charged for the use of dry storage facilities, landside gear lockers, landside storage space, motors, tackle, recreational equipment, tools, equipment, launch and retrieving of small boats (collectively, "Dry Storage").

Bicycle rentals are a new income category to be reported under the new subsection 13 (b) (iii):

(b) (iii) TEN percent (10%) of gross receipts received by Lessee or any sublessee from the rental or other fees charged for the use of bicycles.

(c) (ii) TEN AND ONE-HALF percent (10.5%) of gross receipts or other fees charged for the occupancy of structures and other facilities other than Apartments or Offices, such as (1) house trailers, (2) meeting rooms, (3) rental of land and/or water or facilities for activities not otherwise provided for in this Section, such as, but not limited to television and/or motion pictures, and (4) parking fees or charges except where such parking fees or charges are collected in conjunction with an activity, the gross receipts from which are required to be reported in a percentage category greater than TEN AND ONE-HALF percent (10.5%).

(c) (iii) TWELVE percent (12%) of gross receipts or other fees charged for the occupancy of offices utilized for banking, financial or investment activities, internal clerical or administrative activities or business enterprises, real estate and insurance brokerage, legal, medical, engineering, travel agencies, or similar professional services (collectively, "Offices"), but not to include, however, stores, shops or other commercial establishments, the gross receipts pertaining to which are subject to percentage rentals and specifically required to be reported under other subsections of this Section;

(g) (i) SIX percent (6%) of gross receipts received by Lessee or any sublessee of any commissions or fees collected from commercial boating activities including, but not limited to, charter boat, bareboat charters and tour boats (collectively, "Charter and Tour Boats"). Notwithstanding anything to the contrary set forth in the Lease, Lessee shall be obligated to pay to County no less than \$80,000.00 per year pursuant to this paragraph 13 (g) (i).

(t) FOUR percent (4%) of gross receipts from the operation of all stores, shops or boutiques selling items at retail ("Retail Stores").

**Retroactive Rent and Interest.** In conformance with Sections 15(e) and 15(e)(ii) of the Lease, Lessee shall pay to County the difference between the actual rents paid by Lessee and the rents that should have been paid in accordance with the new rental rates as so determined by Amendment No. 6 (the "Retroactive Payment"). The County shall be entitled to interest on each portion of the Retroactive Payment from each date on which the applicable square foot rental and percentage rentals were payable under the Lease to the date paid.

The interest rate shall be the average County Pool Rate for the six month period after the Rental Adjustment Date, and the average prime rate published in the Wall Street Journal plus three percent (3%) for the period between that date which is six months after the Rental Adjustment Date and the actual payment date.

3. **Security Deposit.** Commencing on the Effective Date of this Amendment, the **first sentence** of Lease Section 7 is deleted and replaced with the following:

"Lessee shall deliver to and maintain with County a security deposit (the "Security Deposit") in an amount equal to the sum of three (3) times the monthly minimum Rent in effect during the Term of the Lease.

4. **Insurance.** Commencing on the Effective Date of this Amendment, Sections 25 through 28 of the Lease are deleted in their entirety and the following substituted thereof:

#### **Section 25 INDEMNIFICATION**

The Lessee shall indemnify, defend and hold harmless the County of Los Angeles ("County"), from and against any and all liability, loss, injury or damage including (but not limited to) demands, claims, actions, fees, costs and expenses (including attorney

and expert witness fees), arising from or connected with the Lessee's repair, maintenance and other acts and omissions arising from and/or relating to the Lessee's use of the Premises.

## **Section 26 PROPERTY INSURANCE**

### **I. GENERAL INSURANCE PROVISIONS - LESSEE REQUIREMENTS**

Without limiting the Lessee's indemnification of County and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Lessee shall obtain and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Lessee pursuant to this Lease. The County in no way warrants that the Required Insurance is sufficient to protect the Lessee for liabilities which may arise from or relate to this Lease.

#### **A. Evidence of Coverage and Notice to County**

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Lessee's General Liability policy, shall be delivered to County at the address shown below and provided prior to the start day of this Lease.
- Renewal Certificates shall be provided to County not less than 10 days prior to Lessee's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Lessee insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Lessee identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty five thousand (\$25,000.00) dollars, and list any County required endorsement forms.
- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Lessee, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- Certificates and copies of any required endorsements, and notices of cancellation shall be delivered to:

County of Los Angeles  
Department of Beaches and Harbors  
13837 Fiji Way, Marina del Rey, CA 90292  
Attention: Asset Management

- Lessee also shall promptly notify County of any third party claim or suit filed against Lessee which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Lessee and/or County.

**B. Additional Insured Status and Scope of Coverage**

The County, which is the County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents), shall be provided additional insured status under Lessee's General Liability policy with respect to liability arising from or connected with the Lessee's acts, errors, and omissions arising from and/or relating to the Lessee's operations on and/or its use of the Premises. County's Additional Insured status shall apply with respect to liability and defense of suits arising out of the Lessee's acts or omissions, whether such liability is attributable to the Lessee or to the County. The full policy limits and scope of protection also shall apply to the County as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

**C. Cancellation of or Changes in Insurance**

Lessee shall provide the County with, or Lessee's insurance policies shall contain a provision that the County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to the County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the County, upon which the County may suspend or terminate this Lease.

**D. Failure to Maintain Insurance**

Lessee's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease, upon which County immediately may suspend or terminate this Lease. County, at its sole discretion, may obtain damages from Lessee resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Lessee, pursue Lessee reimbursement.

**E. Insurer Financial Ratings.** Insurance is to be provided by an insurance



company authorized to do business in California and acceptable to the County, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the County.

**F. Lessee's Insurance Shall Be Primary**

Lessee's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to County. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Lessee coverage.

**G. Waiver of Subrogation**

To the fullest extent permitted by law, the Lessee hereby waives its and its insurer(s) rights of recovery against County under all required insurance policies for any loss arising from or related to this Lease. The Lessee shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

**H. Deductibles and Self-Insured Retentions (SIRs)**

Lessee's policies shall not obligate the County to pay any portion of any Lessee deductible or SIR. The County retains the right to require Lessee to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Lessee's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

**I. Claims Made Coverage**

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the start date of this Lease. Lessee understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Lease expiration, termination or cancellation.

**J. Application of Excess Liability Coverage**

Lessee may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

**K. Separation of Insureds**

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

**L. County Review and Approval of Insurance Requirements**

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

## II. INSURANCE COVERAGE TYPES AND LIMITS

- A. **Commercial General Liability Insurance** providing scope of coverage equivalent to ISO policy form CG 00 01, naming County and its Agents as an additional insured, with limits of not less than:

**Commercial General Liability Insurance:**

General Aggregate:	\$ 10M
Products/Completed Operations Aggregate:	\$ 10M
Personal and Advertising Injury:	\$ 5M
Each Occurrence:	\$ 5M

**Liquor Liability:**

General Aggregate:	\$ 10M
Each Occurrence:	\$ 5M

**Marina Operator Liability:**

General Aggregate:	\$ 10M
Each Occurrence:	\$ 5M

- B. **Automobile Liability** insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Lessee's use of autos related to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable. Any Lessee whose business includes auto garage, auto servicing or similar operations also shall endorse its policy to provide **Garagekeeper's Liability coverage** (written on ISO form CA 99 37 or its equivalent) with a limit of not less than the amount determined by the County, prior to a commencement of any above-mentioned business operation for the Leased premises.
- C. **Workers Compensation and Employers' Liability** insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Lessee's employees will be engaged in maritime operations, coverage also shall be arranged to provide workers compensation benefits as required by the U.S. Longshore and Harbor Workers Compensation Act, Jones Act or any other federal law for which Lessee is responsible.
- D. **Commercial Property Insurance.** Such coverage shall:
- Provide coverage for Lessee's property, and any improvements and betterments. Coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), including earthquake (if

Lessee deems it reasonable), Ordinance or Law Coverage, flood, and Business Interruption equal to two (2) years annual rent;

- Be written for the full replacement cost of the property, with a deductible no greater than \$250,000 or 5% of the property value whichever is less. Insurance proceeds shall be payable to the Lessee and County as their interests may appear and be utilized for repair and restoration of the Premises. Failure to use such insurance proceeds to timely repair, restore, and rebuild the Premises shall constitute a material breach of the Lease.
- E. Liquor Liability insurance** (written on ISO policy form CG 00 33 or 34 or their equivalent) shall be provided and maintained by the Lessee's subtenants if and when the manufacturing, distribution or service of alcoholic beverages occurs on the Premises, with limits of not less than \$5 million per occurrence and \$10 million aggregate. If written on a "claims made" form, the coverage shall also provide an extended two (2) year reporting period commencing upon the expiration or earlier termination of this Lease, or replacement coverage shall be maintained until such time.
- F. Marina Operator's Liability insurance** shall be provided and maintained by the Lessee if operating a marina, berthing, docking, and/or launching of boats and/or pleasure crafts, and/or use of floating docks, piers and/or ramps, with limits of not less than \$5 million per occurrence and \$10 million aggregate. If written on a "claims made" form, the coverage shall also provide an extended two (2) year reporting period commencing upon the expiration or earlier termination of this Lease, or replacement coverage shall be maintained until such time.
- G. Construction Insurance.** If major construction work is performed by Lessee during the term of this Lease (i.e. demolition of structures, construction of new structures, renovation or retrofit involving structures frame, foundation or supports, or more than 50% of building, etc.) then Lessee or Lessee's contractor shall provide the following insurance. County will determine the coverage limits required on a project by project basis, prior to a commencement of any construction.
- **Builder's Risk Course of Construction Insurance.** Such coverage shall insure against damage from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30). This insurance shall be endorsed to include earthquake, flood, ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant cleanup and removal, testing, preservation of property, excavation costs, landscaping, shrubs and plants, and full collapse coverage during construction, without restricting collapse coverage to specified perils. Such insurance shall be extended to include boiler & machinery coverage for air conditioning, heating and other equipment during testing. This insurance shall be written on a completed-value basis and



cover the entire value of the construction project, including County furnished materials and equipment, against loss or damage until completion and acceptance by the Lessee and the County if required.

- **General Liability Insurance.** Such coverage shall be written on ISO policy form CG 00 01 or its equivalent, naming County as an additional insured, with limits of not less than the amount determined by the County, prior to a commencement of any construction, on a project by project basis:

General Aggregate:

Products/Completed Operations Aggregate:

Personal and Advertising Injury:

Each Occurrence:

The Products/Completed Operations coverage shall continue to be maintained in the amount indicated above for at least two (2) years from the date the Project is completed and accepted by the Lessee and the County if required.

- **Automobile Liability.** Such coverage shall be written on ISO policy form CA 00 01 or its equivalent with limits of not less than the amount determined by the County, prior to a commencement of any construction, on a project by project basis for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Such insurance shall cover liability arising out of Lessee's or Lessee's contractor use of autos pursuant to this Lease, including owned, leased, hired, and/or non-owned autos, as each may be applicable.
- **Professional Liability.** Such insurance shall cover liability arising from any error, omission, negligent, or wrongful act of the Lessee's contractor and/or licensed professional (i.e. architects, engineers, surveyors, etc.) with limits of not less than the amount determined by the County, prior to a commencement of any construction, on a project by project basis per claim and double of the above-mentioned amount per claim limit aggregate. The coverage shall also provide an extended two-year reporting period commencing upon expiration, termination or cancellation of the construction project.
- **Workers Compensation and Employers' Liability Insurance** or qualified self-insurance satisfying statutory requirements. Such coverage shall provide Employers' Liability coverage with limits of not less than \$1 million per accident. Such policy shall be endorsed to waive subrogation against the County for injury to the Lessee's or Lessee's contractor employees. If the Lessee's or Lessee's contractor employees will be engaged in maritime employment, the coverage shall provide the benefits required by the *U.S. Longshore and Harbor Workers Compensation Act*,

*Jones Act* or any other federal law to which the Lessee is subject. If Lessee or Lessee's contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision.

- **Asbestos Liability or Contractors Pollution Liability Insurance** is needed if construction requires remediation of asbestos or pollutants. Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal, or emission of asbestos or pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring, and treatment of asbestos in compliance with governmental mandate or requests. If the asbestos or pollutant will be removed from the construction site, asbestos or pollution liability is also required under the Lessee's or Lessee's contractor Automobile Liability Insurance. Lessee or Lessee's contractor shall maintain limits of not less than the amount determined by the County, prior to a commencement of any construction, on a project by project basis.

**Performance Security Requirements.** Prior to the beginning of construction Lessee shall require its contractor to file surety bonds with the Lessee and the County if required in the amounts and for the purposes noted below. All bonds shall be duly executed by a solvent surety company that is authorized by the State of California, is listed in the United States Department of the Treasury's Listing of Approved Sureties Treasury (Circular 570) and is satisfactory to the County, and it shall pay all premiums and costs thereof and incidental thereto (see [www.fms.treas.gov/c570/](http://www.fms.treas.gov/c570/)).

Each bond shall be signed by the Lessee's Contractor (as Principal) and the Surety.

The Lessee's contractor shall give two surety bonds with good and sufficient sureties: the first in the sum of not less than 100% of the Project price to assure the payment of claims of material men supplying materials to Lessee's contractor, subcontractors, mechanics, and laborers employed by the Lessee's contractor on the Project, and the second in the sum of not less than 100% of the Project price to assure the faithful performance of the Project Contract.

1. The "Materials and Labor Bond" (or "Payment Bond") shall be so conditioned as to inure to the benefit of persons furnishing materials



for, or performing labor upon the Work. This bond shall be maintained by the Lessee's contractor in full force and effect until the Work is completed and accepted by the Lessee and the County if required, and until all claims for materials, labor, and subcontracts are paid.

2. The "Bond for Faithful Performance" shall be so conditioned as to assure the faithful performance by the Lessee's contractor of all Work under said Project contract within the time limits prescribed, including any maintenance and warranty provisions, in a manner that is satisfactory and acceptable to the Lessee and the County if required; that all materials and workmanship supplied by Lessee's contractor will be free from original or developed defects, and that should original or developed defects, or failures appear within a period of one year from the date of Acceptance of the Work by the Lessee and the County if required, the Contractor shall, at Contractor's own expense, make good such defects and failures, and make all replacements and adjustments required, within a reasonable time after being notified by the Lessee to do so, and to the approval of the County if required. This bond shall be maintained by the Lessee's contractor in full force and effect during the performance of the Project and for a period of one year after acceptance of the Work by the Lessee and the County if required.

Should any surety or sureties upon said bonds or any of them become insufficient, or be deemed unsatisfactory by the Lessee or the County, said Contractor shall replace said bond or bonds with good and sufficient sureties within ten (10) days after receiving notice from the Lessee or the County that the surety or sureties are insufficient or unsatisfactory.

No further payment shall be deemed due, or will be made under this Contract until the new sureties shall qualify and be accepted by the Lessee and the County.

**Section 27 and Section 28 are INTENTIONALLY OMITTED**

5. **Counterparts.** This Amendment may be signed in counterparts. Each counterpart represents an original of this Amendment and all such counterparts shall collectively constitute one fully-executed document.
6. **Miscellaneous.** Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and re-acknowledges its respective obligations under the Lease as amended hereby. In the event of a conflict between the terms of this Amendment and the terms of the Lease, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 6 as of the date first above written.

THE COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Chair, Board of Supervisors

LESSEE

GOLD COAST VILLAGE, LLC,  
A Delaware limited liability company

By: Golden Pacific, LLC,  
A Delaware limited liability company

Its: Managing Member

  
Michael Pashaie, Manager

By: Jade Pacific, LLC,  
A Delaware limited liability company

Its: Managing Member

  
David Taban, Manager

**ATTEST:**

CELIA ZAVALA,  
Executive Officer  
of the Board of Supervisors

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

**APPROVED AS TO FORM:**

MARY C. WICKHAM,  
County Counsel

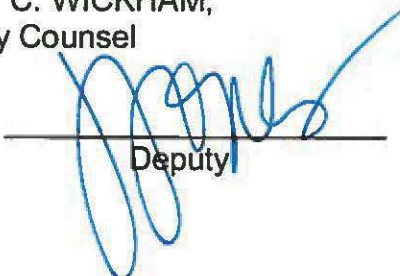
By:   
Deputy

EXHIBIT A

LEGAL DESCRIPTION

Marina Del Rey  
Lease Parcel No. 56S

Parcels 872 to 881 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said county, and that portion of Parcel 905, in said county, as shown on said map, within the following described boundaries:

Beginning at the southwesterly corner of said Parcel 880; thence westerly along the westerly prolongation of the southerly line of said last mentioned parcel to a line parallel with and 15 feet westerly, measured at right angles, from the westerly line of said last mentioned parcel; thence northerly along said parallel line to the westerly prolongation of the northerly line of said Parcel 872; thence easterly along said last mentioned westerly prolongation to the northwesterly corner of said last mentioned parcel; thence southerly in a direct line to the point of beginning.

Together with a right of way for ingress and egress to be used in common with others over the westerly 12 feet of Parcels 865 to 871 inclusive, as shown on said map.

Also together with a right of way for ingress and egress to be used in common with others over the northerly 20 feet of the southerly 110 feet of the easterly 133 feet of said Parcel 871.

Also together with rights of way for ingress and egress to be used in common with others over the northerly 10 feet of the easterly 133 feet of said Parcel 868, and the southerly 10 feet of the easterly 133 feet of said Parcel 867.



Reserving and excepting unto the County of Los Angeles rights of way for fire access, storm drain, sanitary sewer and harbor utility purposes in and across those portions thereof designated on said map as easements to be reserved by said county for such purposes.

DESCRIPTION APPROVED  
February 6, 1969  
JOHN A. LAMBIE  
County Engineer

By *Edna Kubutski* Deputy