SMALL CRAFT HARBOR COMMISSION
September 12, 2018
10:00 A.M.

BURTON W. CHACE PARK COMMUNITY ROOM
13650 MINDANAO WAY
MARINA DEL REY, CA 90292

Audio
1. ♪ CALL TO ORDER AND PLEDGE OF ALLEGIANCE

2. ♪ APPROVAL OF MINUTES

Small Craft Harbor Commission Meeting of August 08, 2018.

3. ♪ COMMUNICATION FROM THE PUBLIC

This is the opportunity for members of the public to address the Commission on items that are not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

4. ♪ COMMUNICATION WITH THE COMMISSIONERS

This is the opportunity for members of the Commission to provide notification to the public regarding any communication received by the Commissioners from the public, lessees, or other interested parties regarding business of Marina del Rey.

5. ♪ REGULAR REPORTS

a. Marina Sheriff (DISCUSS REPORTS)
   - Crime Statistics
   - Enforcement of Seaworthy & Liveaboard
   - Sections of the Harbor Ordinance with Liveaboard Permit Percentages

b. Marina del Rey and Beach Special Events (DISCUSS REPORT)

c. Marina Boating Section Report (VERBAL REPORT)

d. Marina del Rey Convention and Visitors Bureau (PRESENTATION)

6. OLD BUSINESS

a. None
7. **NEW BUSINESS**

   a. (ENDORSEMENT) Parcel 113 (Mariners Village) Option for Amended and Restated Lease
      Attachment: Option Agreement and Amended & Restated Lease

   b. (ENDORSEMENT) Parcel 47 (Santa Monica Windjammer Yacht Club) - Approval of Lease Extension Agreement

   c. (ENDORSEMENT) Proposed Amendment to Title 2 of the Los Angeles County Code To Delegate Authority to The Director of Beaches and Harbor to Lease, Sublease, License, or Permit Harbors and Beaches.

8. **STAFF REPORTS**

   Ongoing Activities (DISCUSS REPORTS)
   - Board Actions on Items Relating to Marina del Rey
   - Regional Planning Commission’s Calendar
   - California Coastal Commission Calendar
   - Redevelopment Project Status Report
   - Design Control Board Minutes
   - Marina del Rey Slip Report
   - California Coastal Commission Slip Report
   - Fisherman’s Village Progress Report
   - Illegal Boat Charter Enforcement

9. **ADJOURNMENT**

**PLEASE NOTE**

1. The Los Angeles County Board of Supervisors adopted Chapter 2.160 of the Los Angeles Code (Ord. 93-0031 ~ 2 part), 1993, relating to lobbyists. Any person who seeks support or endorsement from the Small Craft Harbor Commission on any official action must certify that he/she is familiar with the requirements of this ordinance. A copy of the ordinance can be provided prior to the meeting and certification is to be made before or at the meeting.

2. The agenda will be posted on the internet and displayed at the following locations at least 72 Hours preceding the meeting date:
   - Department of Beaches and Harbors Website Address: http://marinadelrey.lacounty.gov
   - Department of Beaches and Harbors Administration Building
     13837 Fiji Way
     Marina del Rey, CA 90292
   - Burton Chace Park Community Room
     13650 Mindanao Way
     Marina del Rey, CA 90292
   - MdR Visitors & Information Center
     4701 Admiralty Way
     Marina del Rey, CA 90292
   - Lloyd Taber-Marina del Rey Library
     4533 Admiral Way
     Marina del Rey, CA 90292

3. The entire agenda package and any meeting related writings or documents provided to a Majority of the Commissioners (Board members) after distribution of the agenda package, unless exempt from disclosure Pursuant to California Law, are available at the Department of Beaches and Harbors and at http://marinadelrey.lacounty.gov

   Si necesita asistencia para interpretar esta informacion llame al (424) 526-7777.

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   Si necesita asistencia para interpretar esta información, llame a este numero: 310-822-4639.
SMALL CRAFT HARBOR COMMISSION MINUTES
August 8, 2018

Commissioners: Allyn Rifkin, Chair; David Lumian, Vice Chair; Dennis Alfieri (excused absence); Richard Montgomery; Nathan Salazar

Department of Beaches and Harbors (DBH): Gary Jones, Director; Brock Ladewig, Deputy Director; Steve Penn, Chief of Asset Management Division; Amir Tadros, Sr. Real Property Agent; Ivy Bordenave-Priestley, Sr. Real Property Agent; Natasha Robinson, Sr. Real Property Agent

County: Amy Caves, Principal Deputy County Counsel

Item 1- Call to Order and Pledge of Allegiance
Chair Rifkin called the meeting to order at 10:05 a.m. and read the Commission’s policy on public comment. The Pledge of Allegiance was led by Steve Penn.

Item 2- Approval of Minutes

Motion to approve June 13, 2018, Meeting Minutes by Vice Chair Lumian, seconded by Commissioner Montgomery, unanimously approved.

Ayes: 4 – Chair Rifkin, Vice Chair Lumian, Mr. Montgomery, and Mr. Salazar

Item 3 – Communication from the Public
Chair Rifkin limited the time to 2 minutes per person due to the high volume of speakers.

Captain Alex Balian expressed concern about the lack of maintenance on the buoys which is causing navigational issues. He also stated that the owners and operators of the standup paddle boarders should be required to brief renters on navigational safety.

Bob Atkins distributed a copy of the email that he sent to the Commissioners and spoke about Dock 55 being leased without public review. He suggested that the Commission void the agreement between Pacific Ocean Management and the County.

Craig Melone spoke on behalf of Marina Yacht Club and stated that while they are happy at their temporary location at Marina City Club, he is requesting a permanent home for the club.

Chérié Summers expressed concern about Wayfarer’s dock renovations, and the lack of available slips which is driving up market rates. She also expressed concern about Wayfarer’s intentions to pass on the electric and water bills to the boaters. She further stated that Wayfarer’s actions are not in compliance with their Coastal Permit and request that they be investigated.

Vice Chair Lumian inquired if she received a notice to vacate, and if it was a 30 or 60 days’ notice.
Cherié Summers replied that on August 1st, 2018, everyone on Basin D, including her, received a 30 days’ notice to vacate.

Vice Chair Lumian stated that at the last meeting, DBH staff provided information on how the public can file a complaint over increased slip fees and asked if she had done so.

Cherié Summers responded that she did file a complaint and that the issue should be on the agenda.

Vice Chair Lumian clarified that this item is already on the agenda.

Jason McMerty spoke about Wayfarer’s recent eviction notice, lack of vacancies for 40-foot vessels around the marina, and the lack of qualified dockmasters. He stated that last weekend he hired an independent dockmaster who noted 122 violations within Wayfarer’s marina. He also mentioned that he will be doing a documentary called “Kicked Out” and that “media requests” will be going out to everyone.

Yvonne Clark expressed concern about the lack of communication and support from Wayfarer and DBH.

Ben Mount, Legacy Partners representative, stated that over the last few months, Legacy Partners has listened to the boaters’ concerns and addressed them in a timely manner. He further stated that at the June 2018 meeting, he submitted a revised phasing plan with a clear explanation of the anticipated project timeline. He further explained that Wayfarer is moving forward with the plan which was presented at the June meeting.

Aaron Clark, Legacy Partners representative, stated that Tim O’Brien is out of the country but had asked him to attend the meeting on his behalf as he wants to resolve all concerns regarding this transition.

Commissioner Montgomery asked who the point of contact is when Tim O’Brien is not available.

Aaron Clark responded that Ben Mount is the contact person.

Ben Mount provided his contact information: Office number: (949) 930-7706.
E-mail: bmount@legacypartners.com.

Aaron Clark stated that reports of Legacy being out of compliance with the Coastal Permit are incorrect, and that they are, in fact, compliant with all their permits.

Vice Chair Lumian wanted to clarify that the 30 boaters which are impacted by the eviction were going to transition into AMLI as they open their docks.

Ben Mount responded that AMLI is waiting on approvals for their dockside utilities before they can open for business.
Vice Chair Lumian inquired if Wayfarer’s transition can be delayed until AMLI opens.

Ben Mount responded that there is not much flexibility at this point.

Vice Chair Lumian requested that Wayfarer considers delaying.

Aaron Clark replied that he will check with AMLI to see when they are going to open, and stated that the implication of delaying would cause a ripple effect.

Vice Chair Lumian asked about the allegation of amortizing utility costs for common use areas.

Ben Mount responded that there is a split fee for the sewer, electricity, and laundry room.

Vice Chair Lumian inquired about the utilities costs.

Ben Mount stated that utility bills will be split evenly by the number of slips, so the vacant slips would be paid for by Legacy Partners.

Commissioner Montgomery inquired about the concessions offered for seniors.

Ben Mount replied that when seniors and veterans return to their renovated slips, they would get one month of free rent.

Chair Rifkin inquired about DBH’s contact person for this project.

Gary Jones responded that the property agent for Parcel 28, Wayfarer, is Linda Phan, and that she has been working with the tenants who has contacted the Department.

Edward Bell spoke about his floating home, which has been in the marina since 1994, and inquired if he can have it stay in the marina when he sells it.

Vice Chair Lumian responded that currently he is prohibited from doing so, and that he had previously asked staff to give a presentation regarding this topic.

Steve Penn replied that there will be a presentation on this topic today.

**Item 4 – Communication with the Commissioners**

Vice Chair Lumian disclosed his communication with Steve Kern, who hopes to have dragon boat racing in the marina.

Chair Rifkin stated his attendance at the Los Angeles County Commissioners Network Forum and was briefed about the annual reports requirements which was developed by the Executive Board office.
Chair Rifkin asked that this item be presented at a future meeting in order to obtain public input and approval before the December deadline.

Gary Jones responded that recently the Executive Board Office who has oversite of all the County Commissions developed guidelines to assist the commissions to produce an annual reports. Essentially the report is a compile of all the meetings, items that was discussed, and actions taken. Mr. Jones proposed that staff provide a draft report to be presented to the Commission for review.

Chair Rifkin mentioned how this document could provide direction for the next chair.

Vice Chair Lumian asked to have the Beach Commission’s annual report emailed to the Commissioners.

**Item 5a – Marina Sheriff**
No reports were presented.

**Item 5b – MdR and Beach Special Events**
Carol Baker reported on a number of summer events, including the summer concerts series which has drawn 2,000 to 3,000 people per concert. Lalah Hathaway brought in 9,000 attendees.

**Item 5c – Marina Boating Section Report**
Michael Blenk reported that Anchorage 47 has 5 vacant slips. Parcel 77 power boat storage is full, and Mast-Up storage has 41 spaces available for sail boats up to 31 feet.

Chair Rifkin asked if he had a response to comments about not having available boat slips.

Michael Blenk replied that a lot of the boaters are having difficulty locating slips that are 30 feet and above.

Gary Jones responded that before any anchorage replacement project begins, there is a minimum number of available slips threshold that needs to be met in both the 30 foot and under, and the 31 – 35 foot category.

Michael Blenk clarified that his report was only for Anchorage 47.

Vice Chair Lumian asked who compiles the report.

Gary Jones replied that DBH is responsible for compiling the report.

Vice Chair Lumian stated that even if the numbers are allowed by the Coastal Commission, there is still a shortage of slips in the marina and further requested that the Department does whatever it can to assist boaters. He further inquired about the pump out stations at the public dock.
Gary Jones clarified that the pump out station which the constituent referred to was for the Wayfarer’s dock project, not the public docks.

Vice Chair Lumian stated he hopes to see more pump out stations installed around the marina.

**Item 6a – March Night Meeting Public Comments Summary**
Steve Penn presented the report.

Chair Rifkin stated that he found the report very useful as it summarizes the goals set in the strategic plan. He suggested that the report be attached to the Commission’s annual report.

Gary Jones concurred and congratulated the Commissioners on undertaking the process.

Vice Chair Lumian expressed his appreciation for the night meetings and stated that there is a need to formulate a plan which addresses some of the common issues, specifically lack of boat slips and room to expand waterside businesses. He suggested that the discussion of the future use of the Palawan building be conducted at a night meeting. He also expressed concern about the SUP issue and suggested that the Department implements something similar to what Long Beach is doing.

**Item 6b – Water Quality and Access Improvements Presentation**
Penelope Rodriguez and Carol Baker provided the PowerPoint presentation.

Commissioner Montgomery stated that he liked the presentation and suggested that staff provide a contact information page at the end of the presentation.

Vice Chair Lumian inquired about the Sea Scout base, and requested a future tour.

Penelope Rodriguez replied that DBH is currently working on obtaining the final Certificate of Occupancy (COO) for the Boathouse. She further stated that once they obtain the necessary certificate, the building will be made available for event reservations.

Vice Chair Lumian request to have a presentation on the intended use of the building before it opens. He express that the building should be used for helping children and not for rentals.

Gary Jones stated that upon completion of the building, he will invite the commission for a tour or perhaps host the Commission meeting in the building, and at which time the presentation can be made.

Vice Chair Lumian asked if the Commission would have a chance to comment on the intended use before it goes into effect.

Gary Jones replied that the use of the building would be similar to how the community rooms are ran at Burton Chace Park. It will be a public meeting place that will be available for rent, County programs, and will be home to the WATER Program.
Item 7a – Policy #27 (Controlled Price)
Steve Penn reported that this item is in response to questions regarding slip rate increases, and what kind of mechanism is in place in order to determine whether the new slip rates are unreasonable and within the market range.

Natasha Robinson provided the PowerPoint presentation.

Bob Atkins spoke about artificially raising fair market value of slip rates.

Captain Darrell Steffey expressed concern about the 55% liveaboard fee, and the high costs of apartments and hotels rooms around the marina.

Captain Alex Balian expressed concern with the automatic 3% increases per year.

Vice Chair Lumian asked where the process to initiate a complaint and investigation can be initiated.

Natasha Robinson replied that DBH takes complaints directly from constituents.

Vice Chair Lumain suggests that there be a centralized place where the public can go to file a complaint. He further inquired about the outcome of recent investigations.

Natasha Robinson responded that a recent complaint DBH received was about an issue at Mariners Village.

Gary Jones informed the Commission that the Board of Supervisors established a work group that is looking throughout the County at tenant protection, specifically for renters. He reported that the Board put forth a motion which would establish a rent control mechanism to limit annual rent increases. He further stated that if a rent control ordinance is passed, it will apply to all apartments in Marina del Rey.

Item 7b – County Ordinance of Unseaworthiness
Steve Penn stated that staff will provide a brief summary of the current County Code and history of the County Ordinance.

Ivy Bordenave-Priestley provided the PowerPoint presentation.

Captain Darrell Steffey spoke about the lack-of-purpose of said ordinance and requested that the clause be reviewed.

Bob Atkins expressed concern with how the floating homes are being regulated.

Vice Chair Lumian suggested that the ordinance be reviewed to see if it is still fitting for the marina.
Chair Rifkin agreed with Vice Chair Lumian’s request.

**Item 8 – Staff Reports**
Motion to mend the agenda to have items under Item 8 Staff Report moved to the next month’s meeting by Chair Rifkin, seconded by Commissioner Montgomery; unanimously approved.

**Ayes: 4 – Chair Rifkin, Vice Chair Lumian, Mr. Montgomery, and Mr. Salazar**

**Adjournment**
Chair Rifkin adjourned the meeting at 12:13 p.m.
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<th>West Marina 2760</th>
<th>East Marina 2761</th>
<th>Lost R.D. 2762</th>
<th>Marina Water 2763</th>
<th>Upper Ladera 2764</th>
<th>County Area 2765</th>
<th>Lower Ladera 2766</th>
<th>Windsor Hills 2767</th>
<th>View Park 2768</th>
<th>Parks 2791</th>
<th>TOTALS</th>
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Note- The above numbers may change due to late reports and adjustments to previously reported crimes.

Source- LARCIS, Date Prepared August 02, 2018
CRIME INFORMATION REPORT - OPTION 5A
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<td>Robbery: Weapon</td>
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<td>Robbery: Strong-Arm</td>
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**Note** - The above numbers may change due to late reports and adjustments to previously reported crimes.

**Source** - LARCIS, Date Prepared August 02, 2018
CRIME INFORMATION REPORT - OPTION 5A
# Part 3 Crimes - July 2018

## Marina Del Rey Station

### Marina Area

<table>
<thead>
<tr>
<th>Part I Crimes</th>
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<th>EAST END (RD'S 2764-2768)</th>
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<td>Homicide</td>
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**Note:** The above numbers may change due to late reports and adjustments to previously reported crimes.

**Source:** LARCIS, Date Prepared – August 02, 2018

CRIME INFORMATION REPORT - OPTION 5A
## Liveaboard Permits Issued

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<td>Notices to Comply Issued:</td>
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## Totals:

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<td>No Permits:</td>
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Total reported vessels in Marina del Rey Harbor: 3768

Percentage of vessels that are registered liveaboards: 8.17%

Number of currently impounded vessels: 8
September 12, 2018

TO: Small Craft Harbor Commission
FROM: Gary Jones, Director

SUBJECT: ITEM 5b – MARINA DEL REY SPECIAL EVENTS

THE FREE RIDE
Daily service
12:00 p.m. – 9:00 p.m.

Catch free on-demand transportation aboard a five-passenger electric shuttle. The service provides transportation to attractions within Marina del Rey, including Fisherman’s Village, Burton Chace Park, Waterside Shopping Center, and many restaurants. Select shuttles also travel to the Venice Pier and to Abbot Kinney Blvd. in Venice.

Wave down a Free Ride car and hop in, or text your pick-up location and passenger count to (323) 435-5000. Please allow 10 – 15 minutes for pick-up. Kids must be big enough to use a regular seatbelt; child-safety seats are not provided. Dogs are welcome.

For more information: Call the Marina del Rey Visitors Center at (424) 526-7900

BURTON CHACE PARK YOGA
Burton Chace Park ✶ Community Room* ✶ 13650 Mindanao Way ✶ Marina del Rey
Sundays & Mondays
10:30 a.m. – 12:30 p.m.

Get your Namaste on by taking part in the Department of Beaches and Harbors’ (Department) FREE one-hour Yoga class, which will allow you to reduce your stress, enjoy the outdoors, and relax your body! Students must bring his/her own mat.

*If weather permits, class will be taught outdoors.

For more information: Call (424) 526-7910 or visit beaches.lacounty.gov
BURTON CHACE PARK WALKING CLUB
Burton Chace Park ♦ Lobby ♦ 13650 Mindanao Way ♦ Marina del Rey
Tuesdays & Thursdays
10:30 a.m. – 11:30 a.m.

The Department is sponsoring a FREE one-hour walking club. Get your exercise while taking in the beautiful view of the Marina del Rey harbor. Please RSVP by calling (424) 526-7910.

For more information: Call (424) 526-7910 or visit beaches.lacounty.gov

“BEACH EATS” GOURMET FOOD TRUCKS
4101 Admiralty Way ♦ Marina del Rey
Thursdays through September 27, 2018
5:00 p.m. – 9:00 p.m.

The Department is hosting a gourmet food truck event every Thursday from 5 p.m. to 9 p.m. in Marina del Rey. The event offers a variety of delectable savory foods and desserts. Plus, event goers can listen to live music and picnic on the beach. The weekly assortment of trucks will vary with menu options such as gourmet burgers, hot dogs, tacos, lobster rolls, ice cream, cupcakes, and more. Paid parking is available in beach parking lot #10 for 25 cents for every 10 minutes.

For more information: Call the Marina del Rey Visitors Center at (424) 526-7900 or visit beaches.lacounty.gov

BEACH SHUTTLE
Fridays and Saturdays from 10:00 a.m. – 10:00 p.m.
Sundays and Holidays from 10:00 a.m. – 8:00 p.m.

Catch a free ride on the Beach Shuttle to and from Playa Vista, Marina del Rey and the Venice Beach Pier, and enjoy the surf, sand and surroundings of Marina del Rey in a hassle-free and relaxing way. The Beach Shuttle operates year round on weekends and holidays.

For more information: Call the Marina del Rey Visitors Center (424) 526-7900 or visit beaches.lacounty.gov

MARINA DEL REY FARMERS’ MARKET
Parking Lot #11 ♦ 14101 Panay Way ♦ Marina del Rey
Saturdays
9:00 a.m. – 2:00 p.m.
The Department, in collaboration with Southland Farmers’ Markets Association, is offering the Marina del Rey Farmers’ Market on Saturdays. The Marina del Rey Farmers’ Market offers fresh, locally-grown organic and conventionally grown fruits and veggies. Also available are prepared and packaged foods, hand-crafted products and much more! Paid parking is available for 25 cents for every 10 minutes.

For more information: Call the Marina del Rey Visitors Center at (424) 526-7900 or visit beaches.lacounty.gov

**FISHERMAN’S VILLAGE WEEKEND CONCERT SERIES**

13755 Fiji Way ♦ Marina del Rey
Sponsored by Pacific Ocean Management, LLC
Saturdays & Sundays
2:00 p.m. – 5:00 p.m.

Saturday, September 15th
Soul Brothers (Rhythm & Blues)

Sunday, September 16th
Jimi Nelson & The Drifting Cowboys (Country/Rock)

Saturday, September 22nd
JB & The BC Riders (Country/Rock-a-Billy)

Sunday, September 23rd
2Azz1 (Jazz/Funk)

Saturday, September 29th
Upstream (Reggae/Ska)

Sunday, September 30th
Chazzy Green “The Funky Sax Man” (Jazz/Funk)

For more information: Call Pacific Ocean Management at (310) 306-0400

**“MARINA SPOOKTACULAR”**

Burton Chace Park ♦ 13650 Mindanao Way ♦ Marina del Rey
October 27 – 28, 2018
11:00 a.m. – 9:00 p.m.

Join us at Burton Chace Park for a family-friendly Halloween celebration at Burton Chace Park! Enjoy haunted pirate ships, games, art & crafts, trick-or-treating, pirates, and much more! All ages welcome and admission is free. Food and beverages will be available for purchase. Don’t miss the JAM Sessions experience at Marina Spooktacular! Enjoy the
splendor of Mexican Folk Dance with Ballet Folklorico Ollin on Saturday, October 27th and Aztec Dance by Danza Mexica Cuauhtemoc on Sunday, October 28th. Both dances will celebrate Dia de los Muertos.

For more information: Call (424) 526-7900 or visit beaches.lacounty.gov/halloween

GJ:CB:da
September 12, 2018

TO:          Small Craft Harbor Commission

FROM:        Gary Jones, Director

SUBJECT:     ITEM 7a - APPROVAL OF OPTION AGREEMENT TO LEASE TO FACILITATE REDEVELOPMENT– PARCEL 113 (MARINERS VILLAGE) – MARINA DEL REY

Item 7a on your agenda pertains to a request for the Board of Supervisors to approve an option agreement to extend the existing ground lease with lessee, Marina Admiralty Company, L.P., (Mariners Village), to facilitate the renovation of existing apartment complex on the property in Marina del Rey. The proposed extension is predominantly motivated by Lessee’s agreement to convert 196 of the 981 existing market-rate units to very low-income affordable units (20% of the existing apartment units within Parcel 113), without the use of County or other public agency funds or rent credits. In conjunction with the request to grant the option, the Department is requesting that the Board approve and authorize the Chair to sign the Amended and Restated Lease Agreement for Parcel 113 upon Mariners Village’s fulfillment of the conditions of the options.

Your Commission’s endorsement of the recommendations in the attached draft Board Letter is requested. Staff will inform your Commission should there be any material change made to this draft prior to submitting it to the Board for approval.

The recommended actions will further implement the County policies that facilitate the proactive redevelopment of the parcels, which supports the County’s strategy to achieve fiscal sustainability (Strategic Plan Goal No. 1, Strategy No.1) and develop or preserve affordable housing units in L.A. County (Strategic Plan Goal No.1, Strategy No.1.5)

GJ:SP:dlg

Attachments
October __, 2018

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

Dear Supervisors:

APPROVAL OF OPTION FOR AMENDED AND RESTATED LEASE TO FACILITATE REDEVELOPMENT – PARCEL 113 – MARINERS VILLAGE/MARINA DEL REY (FOURTH DISTRICT) (4 VOTES)

SUBJECT

Request for approval of an Option Agreement for an Amended and Restated Lease to extend the term of the existing Parcel 113 lease, to allow for the renovation of the existing apartment buildings on the property. Exercise of the Option is contingent upon Lessee’s fulfillment of the conditions set forth therein.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed project is categorically exempt pursuant to Sections 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), and 15304 (Minor Alterations to Land) of the California Environmental Quality Act (CEQA) Guidelines and the Environmental Document Reporting Procedures and Guidelines for the County.

2. Approve and authorize the Chair of the Board to sign the Option to Amend Lease Agreement in substantially the form attached as Attachment A ("Option Agreement" or "Option") for the Amended and Restated Lease Agreement, granting to the Lessee, upon fulfillment of all stated conditions, the right to extend
the term of its existing ground lease on Parcel 113 from March 31, 2023 to January 31, 2066 (approximately 42 years 10 months, which corresponds to a term of 99 years, the maximum term allowed under California law)

3. Approve and authorize the Chair of the Board to execute, upon confirmation by the Director of the Department of Beaches and Harbors ("Director") that the Lessee has fulfilled the option conditions and has executed the same, three copies of each of the following: (a) Amended and Restated Lease in substantially similar form to Exhibit A attached to the Option Agreement; and (b) a Memorandum of Lease as referenced in the Amended and Restated Lease Agreement, in form approved by County Counsel and County’s outside counsel, to be recorded against Parcel 113.

4. Authorize the Director to execute and deliver such other ancillary documentation including without limitation, a ground lease estoppel certificate for Parcel 113 as is necessary and acceptable to Director in connection with the Option Agreement and the renovation of the parcel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

This proposed extension of the ground lease for Mariners Village apartment complex is primarily fueled by what is a unique and new structure for the County’s Marina del Rey lease extensions for renovations-namely, Lessee’s agreement to convert 196 of the 981 existing market-rate units to very low affordable units (20% of the apartment units within Parcel 113), without the use of County or other public agency funding or rent credit. As recent average unit costs of construction approach $400,000 per unit, the granting of the proposed extension represents a savings of almost $80 million in public funds that could be used to fund an equivalent number of affordable units elsewhere.

Marina Admiralty Company, LP, a California limited partnership ("Lessee"), has requested that the County grant an option to extend the current lease with the County for the property located at 4600 Via Marina, Marina del Rey, CA (“Lease”) for an additional 42 years, 10 months with a new expiration date of January 31, 2066. Among the major points of the proposed renovation are the following: 1) Creation of 196 very low income affordable housing units from the existing 981 units (20% of the existing units); 2) No County or other public agency funds or, rent credit (other than the 42-year, 10-month extension) to be used for the construction of the project; 3) The total cost that Lessee is required to spend for the renovation is $100 million in Hard Costs, as defined in the Lease; 4) No displacement of tenants (except for short-term on-site displacement to perform interior renovations at the end of the 6-year build-out period); 5) A 6-year build-out for all renovation, with the interiors of the apartments being completed as tenants leave; 6) Maintenance of the integrity of the original exterior architectural design; 7) Retention of existing trees during renovation (to the extent that such trees are not damaged or diseased); 8) Reconstruction by County of lookout points on the Promenade at Lessee’s expenses (as the lookout points are located on County property), and a subsequent transfer of the look outs to the Lessee for future repair and maintenance; and 9) Opening
to the public of a Promenade along the water-line of the parcel that will vary in width from 16-24 feet.

Another important new element to be included in the proposed extended Lease is the reserve study clause, which will require the maintenance of a reserve fund that will replace the capital improvement fund clause used in prior leases. The reserve study clause will require a neutral third party professional reserve study company to determine what reserves must be retained by Lessee so that there are adequate funds available to repair, replace or install capital improvements on the property, such as the roof, electrical, water, mechanical systems, structural elements, and other systems. The reserve fund will help maintain the value of the structures for both the Lessee and the County.

In addition, Lessee will work with the Department of Beaches and Harbors (“DBH”) and the Community Development Commission (“CDC”) to develop an affordable housing program to lease the affordable housing units. A synopsis of other Option and Lease terms are as follows:

   I. Option
      a. Extension of Term:
         i. Expiration Date of Original Lease: March 31, 2023
         ii. Extension: April 1, 2023-January 31, 2066 (approximately 42 years 10 months)
      b. Option Period plus extensions/fees, to extend exercise of Option:
         i. Option Period: 18 months plus 5 additional 6-month extensions.
         ii. 1st 6-month Extension: No charge
         iii. 2nd 6-month Extension: $100,000
         iv. 3rd 6-month Extension: $120,000
         v. 4th 6-month Extension: $140,000
         vi. 5th 6-month Extension: $140,000
         vii. Notwithstanding any of the above, the Option MUST be exercised no later than March 31, 2023, which is the expiration date of the existing lease.
      c. Conditions to satisfy prior to grant of Option
         i. Payment of $100,000 Option Fee
         ii. Compliance with CEQA
      d. Conditions to satisfy for Lessee to exercise Option
         i. All regulatory approvals to be obtained
         ii. Director's approval of final plans and specs
         iii. Permit-ready plans
         iv. Satisfactory evidence of financing for the entire project
         v. Agreement re scope of work for lookouts. See Section II below.
         vi. Agreement as to location of affordable housing units within the project
vii. Execution of CC&Rs re affordable housing covenant

II. Scope of Work

a. The scope will include common area, Promenade, building exterior and interior improvements, and renovation of the interior of the units. All units, both market and affordable, will be renovated in the same manner.

b. Lessee’s Hard Costs for the entire Scope of Work will be $100 Million, indexed from January 1, 2022.

c. Lessee will pay prevailing wage and comply with the County’s Local and Targeted Worker Hire requirement.

d. County will procure permits and reconstruct the lookouts, which are located on County property. Lessee has agreed to pay all County costs (hard and soft) for the reconstruction of the lookouts but will debit the hard costs against the $100 Million construction budget. After reconstruction, County will adjust the property boundary line to add the lookouts to Parcel 113 (for maintenance and liability purposes).

e. Lessee will open up and expand the Promenade (although it will not be expanded to the prescribed 28 feet as there will not be enough room).

f. All non-diseased/damaged trees will remain.

g. No County or other public agency funds or rent credit to be used in the construction of the project.

III. Renovation Work Schedule

a. Work must commence within 90 days from Effective Date of Lease.

b. Work must be completed within 72 months of Effective Date.

c. Two 6-month extensions for Required Completion of Construction Date may be purchased for payments of $25,000 and $35,000 respectively.

d. Any claimed force majeure delay period shall not exceed one year.

IV. Required Hard Costs: $100 Million

a. $100 Million is not indexed to inflation unless work has not commenced prior to January 1, 2022.

V. Reserve Study to replace County’s standard capital improvement fund to allow reserve funds to be used for the replacement of major components of the buildings and other structures.

VI. Affordable Housing: See Exhibit I below

VII. Rent

a. Minimum Rent: $2,186,598 for 6 years after Effective Date.

b. Adjustment of Minimum Annual Rent: After the first 6 years and thereafter every 3 years, standard computation of minimum rent with no possible decrease of minimum rent thereafter.

c. Percentage Rent: Apartments

   i. 10.5% until July 1, 2035
   ii. 11.5% for the next 10 years
   iii. 12.5% for the next 10 years
iv. 14.5% for remainder of term.

VIII. Participation: Standard fee of the greater of 5% gross vs. 20% net, except if sold during Option Period then the Participation Fee will be $7.5 Million. Participation for refinance is standard.

IX. Remainder of Terms Standard MDR Term Sheet Requirements

X. Exhibit I-Affordable Housing

a. 196 units will be available to Very Low Income Tenants, as defined by statute.

b. No County or other public agency funds or rent credit to be used in the construction of the project.

c. No tenant displacement except for temporary displacement within Mariners Village to renovate tenant’s unit.

d. Affordable housing covenant will run for the extended lease term (March 31, 2066).

e. Not less than 3 months prior to exercise of Option, Lessee shall submit to County a Mariners Village Affordable Housing Program that will contain methods of: i) tenant selection; ii) affordable unit lease-up; and iii) marketing, all of which will comply with County requirements.

f. 60 days prior to the required completion (of construction) date, Lessee shall provide a detailed breakdown of types and location of the affordable units.

g. If all 196 affordable units are not completed and available before the required completion of construction date, Lessee shall pay $200 per unit per day with a minimum of $1,000 per day until all the affordable units become available.

DBH has obtained an appraisal that confirms the returns to the County from the Option and Amended and Restated Lease for Parcel 113 are equivalent to, or greater than, fair market value, suitably adjusted for reclassification of 196 units as “affordable.”

Implementation of Strategic Plan Goals

The recommended actions will continue implementation of the County policies that facilitated proactive redevelopment of the parcel, which assists the County to achieve fiscal sustainability (Strategic Plan Goal No. 1, Strategy No.1) and to develop or preserve affordable housing units in L.A. County (Strategic Plan Goal No.1, Strategy No.1.5)

FISCAL IMPACT/FINANCING

The draft Amended and Restated Lease for the renovation of Parcel 113 reflects the County’s current market rate percentage rents for all relevant categories. The grant of the Option will produce an option fee as a fiscal benefit to the County. See below for details.

Option Fee
Lessee shall pay a non-refundable fee of $100,000 for the Option, payable prior to grant of the Option.

Operating Budget Impact

Upon your Board’s approval of the Option, the Department’s Marina operating budget will receive a one-time $100,000 Option fee as stated above. This revenue will be accounted for as Fiscal Year 2018-19 one-time over-realized revenues.

Costs of consultants and DBH’s Director, Deputy Director and County Counsel involved in the negotiation and development of the Option and Amended and Restated Lease are being reimbursed by the Lessee.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The existing lease for Parcel 113 expires on March 31, 2023. The current improvements on Parcel 113 consist of 981 apartments in 28 buildings with a commercial area of approximately 27,000 square feet, with no anchorage. Parcel 113 contains approximately 23.1 acres of land. The parcel has frontage on Via Marina and is located south of Marina Harbor Apartments and Anchorage (Parcels 111 and 112) and overlooks the Main Channel.

Approval of the Option is without prejudice to the County’s full exercise of its regulatory authority in the consideration of the land use entitlements required for the possible exercise of the Option.

Entering into leases of the County's Marina del Rey real property is authorized by Government Code sections 25907 and 25536. The proposed extended Lease term is in conformance with the maximum 99-year period authorized by California law.

At its meeting of September 12, 2018, the Small Craft Harbor Commission _________ the recommendations to approve the Option and the Amended and Restated Lease for Parcel 113 in the form attached. County Counsel has approved the documents as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed project is categorically exempt from CEQA pursuant to sections 15301 (Existing Facilities), 15302 (Replacement or Reconstruction), and 15304 (Minor Alterations to Land) of the state CEQA Guidelines and the Environmental Document Reporting Procedures and Guidelines for the County, because the Project involves the establishment of affordable housing units within an existing multi-family residential complex, the rolling renovation of such units and associated infrastructure with no expansion in size or number of residential units, and the opening and improvement of an existing waterfront walk. The proposed project is not subject to the exceptions to CEQA's
categorical exemptions as no unusual circumstances exist on-site that would be affected by the implementation of the proposed project, there are no areas of critical concern or environmental resources that are precisely mapped or designated that would be affected by implementation of the proposed project, and the proposed project would not result in any significant cumulative effects.

**CONTRACTING PROCESS**

Lessee acquired the leasehold interest through an assignment on April 14, 1972. Lessee subsequently entered into negotiations with DBH to extend the lease term for Parcel 113. Upon Lessee’s demonstration that it has satisfied the conditions for exercise of the Option, including the receipt of approvals required to be obtained from governmental authorities for construction of the development project associated with that Option, DBH will present to your Board’s Executive Officer the final confirmation that the conditions for exercise contained in the Option Agreement have been satisfied and will request the Chair’s execution of the Amended and Restated Lease Agreement for Parcel 113 in a form substantially similar to Exhibit A attached to the Option.

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

There will be no impact on other current services or projects.

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors send two original copies of the executed Option Agreement and an adopted Board Letter to the Department. Should you have any questions please contact Don Geisinger at (424) 526-7730 or dgeisinger@bh.lacounty.gov.

Respectfully submitted,

GARY JONES
Director

GJ:BL:SP:dlg

Enclosures

c: Chief Executive Officer
   County Counsel
   Executive Officer, Board of Supervisors
September 12, 2018

TO: Small Craft Harbor Commission  
FROM: Gary Jones, Director  
SUBJECT: ITEM 7b – APPROVAL OF AMENDMENT AND RESTATED LEASE SANTA MONICA YACHT CLUB, LOCATED ON PARCEL 47, MARINA DEL REY

Item 7b pertains to Lease No. 76494, Santa Monica Yacht Club, located on Parcel 47 in Marina del Rey. The proposed Amended and Restated Lease (Lease) would extend the lease term six years, ending March 31, 2022, and would provide two options to further extend the lease term for five years each.

Additionally, the Lease adjusts the rent effective as of April 1, 2014, and updates other provisions to current CEO Risk Management standards.

Finally, the Lease will no longer require a replacement facility for the Santa Monica Yacht Club upon expiration or termination of the Lease.

Your Commission’s endorsement of the recommendations in the attached draft Board Letter is requested. Staff will inform your Commission should there be any material change made to this draft prior to submitting it to the Board of Supervisors for approval.

The recommended action will allow the Santa Monica Yacht Club to continue its operations, affording youth access to junior sailing programs in Marina del Rey, in fulfillment of County Strategic Plan Goal #2, “Foster Vibrant and Resilient Communities”, and Strategy 11.2.2, “Expand Access to Recreational and Cultural Opportunities”.

GJ:SP:jt

Attachments
Dear Supervisors:

APPROVAL OF AMENDED AND RESTATED LEASE NO. 76494
SANTA MONICA YACHT CLUB
LOCATED ON PARCEL 47 AT 13589 MINDANAO WAY – MARINA DEL REY
(FOURTH DISTRICT) (4 VOTES)

SUBJECT

Request approval of an amended and restated space lease agreement for Santa Monica Yacht Club, a California corporation doing business as “Santa Monica Windjammers Yacht Club”, operating out of Parcel 47 in Marina del Rey, to extend the lease term including two possible extension periods, renegotiate rent, and revise other provisions of the existing lease.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed Amended and Restated Lease is categorically exempt under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15301 and Class 1(r) of the County’s Environmental Document Reporting Procedures and Guidelines (Existing Facilities); and

2. Approve and authorize the Chair of the Board to sign the attached Amended and Restated Lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The proposed Amended and Restated Lease (Lease) would extend the Lease term six years, ending March 31, 2022, and would provide two options to further extend the Lease term for five years each.

Additionally, the Department of Beaches and Harbors (Department) and the Santa Monica Windjammers Yacht Club (Lessee) have agreed to adjust the rent effective as of April 1, 2014, the date the renegotiation of the Lease commenced, and to update and
revise other provisions of the Lease to current CEO Risk Management standards. Due to the rent adjustment, the County received Thirty-Two Thousand Three Hundred Fifty-Five Dollars ($32,355) for retroactive rent. This money will go towards the Anchorage 47 Marina Trust Fund established in July 1, 2008 for the annual operation, repair, maintenance and replacement of the Anchorage 47 docks and premises.

Finally, the Department and Lessee have agreed to amend the Lease so that the Department will no longer be required to pursue a replacement facility for the Yacht Club upon expiration or termination of the Lease.

**Implementation of Strategic Plan Goals**

In furtherance of County Goal #2, “Foster Vibrant and Resilient Communities”, Strategy 11.2.2, “Expand Access to Recreational and Cultural Opportunities”, the proposed extension of the Lease term will allow the Yacht Club to continue its operations, affording youth access to junior sailing programs in Marina del Rey.

**FISCAL IMPACT/FINANCING**

Due to the rent adjustment, the County received Thirty-Two Thousand Three Hundred Fifty-Five Dollars ($32,355) for retroactive rent. The retroactive rent received will be deposited to an interest bearing trust account established for annual operation, repair, maintenance and replacement of the Anchorage 47 docks and premises.

Upon your Board’s approval of proposed Amended and Restated Lease, Department of Beaches and Harbors does not anticipate any impact on the operating budget.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On March 11, 2008, your Board approved the current space lease agreement with the former Parcel 47 yacht club sublessee, the Santa Monica Windjammers Yacht Club. That space lease became effective March 24, 2008, on the termination of the then-existing Parcel 47 ground lease. The current leased premises consists of a club house and a portion of the adjacent parking lot. The 2008 space lease allowed the Lessee to continue to occupy its current facility for a five-year lease term, with three extension periods of one year each.

On August 30, 2011, your Board approved Amendment No. 1 to the 2008 space lease agreement that adjusted the lease term from five years to eight years, ending March 24, 2016, and which authorized the Director to extend the lease term up to three periods of one year each if a replacement facility was not completed prior to termination of the space lease agreement.
On January 21, 2014, the Lessee initiated lease negotiations with the Department. Negotiations continued for four years, during the last two of which the Lessee remained on the premises as a month-to-month tenant, as provided for in the space lease. The negotiations ultimately resulted in the currently proposed Amended and Restated Lease.

The proposed Amended and Restated Lease removes County’s obligation to provide alternative accommodation upon the termination of the Lease, adjusts minimum and percentage rental rates, extends the Lease term to March 31, 2022, with two (2) options of five (5) years each to further extend the Lease term, updates insurance and indemnity language to the County’s CEO Risk Management current standards, removes any and all preferential slip rental rights to Anchorage 47, and clarifies the respective responsibilities of County and the Lessee regarding maintenance and repairs of the Premises.

Leases of County-owned property in Marina del Rey are authorized by Government Codes 25536 and 25907.

The Lease has been approved as to form by County Counsel. At its meeting of ______________ 2018, the Small Craft Harbor Commission _____________ the Director’s recommendation that your Board approve and execute the Lease.

ENVIRONMENTAL DOCUMENTATION

Approval of the recommended actions is categorically exempt under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 and Class 1(r) of the County’s Environmental Document Reporting Procedures and Guidelines (Existing Facilities). Approval does not authorize construction or reconstruction of any improvements on the property.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the proposed Amended and Restated Lease will not significantly impact County services or projects.

CONCLUSION

Please have the Chair sign all three copies of the Amended and Restated Lease and have the Executive Officer of the Board return two executed copies, as well as a copy of the adopted Board letter, to the Department of Beaches and Harbors. Should you have any questions, please contact Jules Trefler at (424) 526-7733 or JTrefler@bh.lacounty.gov.
The Honorable Board of Supervisors

Respectfully submitted,

GARY JONES
Director

GJ:BL:SP:JT: kg

Attachments (1)

c: Chief Executive Officer
   County Counsel
   Auditor Controller
   Executive Officer, Board of Supervisors
AMENDED AND RESTATED LEASE AGREEMENT

BY AND BETWEEN

COUNTY OF LOS ANGELES

AND

SANTA MONICA YACHT CLUB

(LEASE NO. 76494)

DATED AS OF ________, __, 2018
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AMENDED AND RESTATED LEASE AGREEMENT

THIS AMENDED AND RESTATED LEASE AGREEMENT ("Lease") is made and entered into by and between the COUNTY OF LOS ANGELES in its proprietary capacity as landlord ("County"), and SANTA MONICA YACHT CLUB, a California not-for-profit corporation, doing business as "Santa Monica Windjammers Yacht Club" ("Lessee"), as lessee, to be effective as of __________, ___, 2018 ("Effective Date").

RECITALS

A. County and Lessee entered into that certain Lease Agreement (Lease No. 76494) dated as of March 11, 2008, and that certain Amendment No. 1 to Lease No. 76494, dated as of August 30, 2011 (collectively, the "Existing Lease"), relating to certain land and improvements located in the Marina del Rey Small Craft Harbor.

B. Effective as of the Effective Date, County and Lessee wish to amend and restate the Existing Lease in its entirety and, in connection therewith, County will lease to Lessee, and Lessee will lease from County, the "Premises" (as defined herein), on and subject to the terms and conditions set forth in this Lease.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, and conditions set forth herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, County and Lessee agree as follows:

1. DEFINITIONS.

1.1 "ACCESS AREAS" shall have the meaning set forth in Section 2.4.

1.2 "ADA" shall have the meaning set forth in Section 2.1.

1.3 "ALLOWED USE" shall have the meaning set forth in Section 4.

1.4 "ALTERATIONS" shall have the meaning set forth in Section 6.2.

1.5 "ANCHORAGE" shall mean the boat slips depicted on Exhibit A attached to this Lease.

1.6 "APPLICABLE LAWS" shall have the meaning set forth in Section 2.1.

1.7 "APPLICABLE RATE" shall mean an annually compounded rate of interest equal to the lower of: (a) the Prime Rate plus three percent (3%) per annum; or (b) the maximum rate of interest that may be charged pursuant to Applicable Laws.

1.8 "AUDITOR-CONTROLLER" shall mean the Auditor-Controller of the County of Los Angeles, California.

1.9 "BOARD" shall mean the Board of Supervisors of the County of Los Angeles, California.
1.10 "BOATER RESTROOMS" shall mean the restrooms and laundry room owned by County and located adjacent to the Premises, and which are used as restrooms and laundry facilities for the Anchorage.

1.11 "BUILDING" shall have the meaning set forth in the definition of Premises in this Section 1.1.

1.12 "BUSINESS DAY" shall have the meaning set forth in Section 18.3.

1.13 "CERTIFICATES" shall have the meaning set forth in Section 10.1.

1.14 "CITY" shall mean the City of Los Angeles, California.

1.15 "COUNTY" shall have the meaning set forth in the preamble to this Lease.

1.16 "COUNTY PARTY" shall have the meaning set forth in Section 9.

1.17 "DEPARTMENT" shall mean the Department of Beaches and Harbors of the County of Los Angeles, California.

1.18 "DIRECTOR" shall mean the Director of the Department or any successor County officer responsible for the administration of this Lease.

1.19 "DRY STORAGE FACILITIES" shall mean the area consisting of parking spaces within the fifty-six (56)-foot-long area along the eastern boundary of the Parking Lot, and the area consisting of parking spaces within the two hundred eighty two (282) foot-long area along the southern boundary of the Parking Lot, and used for the dry storage of boats, as depicted in Exhibit A attached to this Lease.

1.20 "EFFECTIVE DATE" shall mean the date set forth in the preamble to this Lease.

1.21 "EVENT FACILITIES" shall have the meaning set forth in Section 4.7.

1.22 "EVENTS OF DEFAULT" shall have the meaning set forth in Section 14.1.

1.23 "GROSS RECEIPTS" shall have the meaning set forth in Section 5.4.5.

1.24 "HOIST" shall have the meaning set forth in the definition of Premises in this Section 1.1.

1.25 "IMPROVEMENTS" shall mean all buildings, structures, fixtures, fences, walls, paving, parking areas, driveways, walkways, plazas, landscaping, permanently-affixed utility systems, and other improvements now or hereafter located on the Premises.

1.26 "LATE FEE" shall have the meaning set forth in Section 5.5.1.

1.27 "LEASE" shall have the meaning set forth in the preamble to this Lease.

1.28 "LEASE YEAR" shall have the meaning set forth in Section 3.1.
1.29 “LESSEE” shall have the meaning set forth in the preamble to this Lease.

1.30 “LESSEE PARTY” shall mean any agent, officer, employee, licensee, concessionaire, permittee, sublessee, contractor, vendor, member, invitee, or guest of Lessee.

1.31 “MINIMUM STANDARDS” shall mean the requirements of the Department Director’s Policy Statement No. 25 and the Specifications and Minimum Standards of Architectural Treatment and Construction for Marina del Rey approved in 1989, as may be modified by County or the Department from time to time in a manner consistent with commercially reasonable standards applicable to other comparable commercial projects in Marina del Rey.

1.32 “MINIMUM MONTHLY RENT” shall have the meaning set forth in Section 4.1.

1.33 “PARKING LOT” shall have the meaning set forth in Section 2.5.

1.34 “PERCENTAGE RENT” shall have the meaning set forth in Section 5.4.2.

1.35 “PREMISES” shall mean the land and water depicted on Exhibit A attached to this Lease, except any portions thereof expressly excluded from the Premises pursuant to this paragraph. The Premises shall include the land, water, and Improvements within the outline of the Premises shown on Exhibit A (the “Premises Outline”), which include: (a) the existing clubhouse building (the “Building”) and all fixtures and utility systems and equipment located therein; (b) the sidewalks and landscaped areas included within the Premises Outline; (c) the exterior patio area located at the back of the Building and the patio/deck located on top of the Boater Restrooms (but excluding the Boater Restrooms); (d) the Dry Storage Facilities; (e) the fenced-in mule storage area; (f) the boat hoist shown on Exhibit A (the “Hoist”) and, to the extent within the Premises Outline, the area on which the Hoist is located; and (g) the boat slip commonly known as G1624. The Premises exclude the adjacent parking facilities, and the Boater Restrooms. In addition to the Premises, Lessee has certain access rights over and across certain adjacent facilities, in accordance with the provisions of Sections 1.2.3 and 1.2.4 of this Lease.

1.36 “PREMISES OUTLINE” shall have the meaning set forth in the definition of Premises in this Section 1.

1.37 “PRIME RATE” shall mean the prime or reference rate of interest announced from time to time by Bank of America, N.A., or its successor, or if Bank of America, N.A., or its successor ceases to exist, then the prime or reference rate of interest announced from time to time by the largest California chartered bank in terms of deposits.

1.38 “PROMENADE” shall mean the pedestrian promenade that runs adjacent to the Anchorage, including without limitation all landscaping and improvements thereon.

1.39 “SECTION” shall mean a section of this Lease.

1.40 “SECURITY DEPOSIT” shall have the meaning set forth in Section 8.

1.41 “STATE” shall mean the State of California.
1.42 "SUBSEQUENT EXTENSION PERIOD" shall have the meaning set forth in Section 3.2.

1.43 "TERM" shall have the meaning set forth in Section 3.

1.44 "TERM EXPIRATION DATE" shall have the meaning set forth in Section 3.

2. LEASE. County hereby leases the Premises to Lessee, and Lessee hereby leases the Premises from County for the Term and upon the terms and conditions and subject to the rights and obligations set forth in this Lease. Effective as of the Effective Date, this Lease fully amends, restates, replaces, and supersedes the Existing Lease.

2.1 Premises Accepted As-Is. Lessee acknowledges that it is currently in possession of and has previously occupied the Premises pursuant to pre-existing leases and is fully aware and apprised of the condition of the Premises. Lessee accepts the Premises in their present condition, notwithstanding the fact that there may be certain defects in the Premises, whether or not known to either party on the Effective Date, and Lessee hereby represents that it has performed all investigations necessary in connection with its acceptance of the Premises "AS-IS WITH ALL FAULTS." Lessee hereby accepts the Premises "AS-IS WITH ALL FAULTS," unless otherwise expressly set forth in this Lease, Lessee is not relying on any representation or warranty of any kind whatsoever, express or implied, from County or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the Premises and the Improvements included therewith, including without limitation: (a) the quality, nature, adequacy, and physical condition and aspects of the Premises, including without limitation the structural elements, foundation, roof, protections against ocean damage, erosion, appurtenances, access, landscaping, parking facilities, and the electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities, and appliances, the square footage of the land, and the all Improvements; (b) the quality, nature, adequacy, and physical condition of soils, geology, and any groundwater; (c) the existence, quality, nature, adequacy, and physical condition of utilities serving the Premises and all Improvements; (d) the use, habitability, merchantability, or fitness, or the suitability, value, or adequacy of the Premises and/or Improvements for any particular purpose; (e) the zoning or other legal status of the Premises or any public or private restrictions on use of the Premises; (f) the compliance of the Premises and/or Improvements with any applicable codes, laws, rules, regulations, statutes, resolutions, ordinances, covenants, conditions, or restrictions of the City, County, State, the United States of America, the California Coastal Commission, and/or any other governmental or quasi-governmental entity ("Applicable Laws"), or of any other person or entity (including without limitation relevant provisions of the Americans with Disabilities Act, as amended from time to time ("ADA"); (g) the presence of any underground storage tank or hazardous materials on, under, or about the Premises or the adjoining or neighboring property; (h) the quality of any labor or materials used in any Improvements; (i) subject to Section 2.3 below, the condition of title to the Premises; and (j) the economics of the operation of the Premises and/or the Improvements.

2.2 No Relocation of Premises. County shall have no obligation to relocate Lessee to any other premises at any time, for any reason whatsoever.
2.3 **Title.** County represents that County holds fee title to the Premises and that County has authority to enter into this Lease. Lessee hereby acknowledges the title of County in and to the Premises, and covenants and agrees never to contest or challenge the extent of said title, except as is necessary to ensure that Lessee may occupy the Premises pursuant to the terms and conditions of this Lease.

2.4 **Additional Access Rights.** In addition to possession of the Premises, Lessee shall have non-exclusive rights of access to the following improvements and/or areas located adjacent to the Premises (collectively, the “Access Areas”): (a) the electrical panel, electrical circuit breakers and telephone panel located in the Boater Restrooms; (b) the Boater Restrooms for use by sublessees of the Dry Storage Facilities; (c) those portions of the Parking Lot that are not included in the Premises, subject to and in accordance with terms and provisions of Section 2.5, below; and (d) any sidewalks, walkways, and driveways located adjacent to the Premises for pedestrian access to the extent such access is both consistent with the current use of the Premises and necessary for ingress and egress to, from, among, and between the Premises and the Access Areas. Lessee’s rights of access to and use of the Access Areas shall be subject to and in accordance with the following provisions: (1) Lessee’s access to and use of the Access Areas shall be subject to compliance with the reasonable rules and regulations for such access and use and promulgated from time to time by County, including without limitation the hours of such access and use; (2) Lessee shall not exercise its rights hereunder in any manner that interferes with, obstructs, or impairs access to or use and enjoyment of the Access Areas by County or any other person or entity to which County grants rights of access or use; (3) Lessee shall maintain liability insurance with respect to the exercise of its rights hereunder in accordance with the terms of this Lease as if the Access Areas were a part of the Premises; (4) Lessee shall have no right to make any Improvement or Alteration to the Access Areas or to place any furniture, fixtures, or equipment in the Access Areas; (5) Lessee shall be solely responsible for all costs and expenses incurred by County in connection with any damage to the Access Areas or any Improvements or equipment located therein or adjacent to the Access Areas, to the extent caused by or incurred in connection with any access to or use of the Access Areas by Lessee or any Lessee Party; and (6) Lessee shall indemnify, defend, and hold County, its elected officials, officers, employees, and agents harmless from and against all liabilities, losses, damages, claims, costs, and/or expenses (including reasonable attorneys’ fees) incurred by County as a result of or in connection with access to or use of the Access Areas by Lessee or any Lessee Party.

2.5 **Parking Lot.** Exhibit A attached to this Lease includes a depiction of the surface parking lot located adjacent to the Building (the “Parking Lot”). In addition to the Dry Storage Facilities, County hereby grants Lessee a right of access to and exclusive use of the seven (7) parking spaces specifically marked for Lessee’s use on Exhibit A.

2.5.1 County may change the current striping plan for the Parking Lot in the future. If the Department determines that the number of parking spaces in the Parking Lot is inadequate for the Anchorage or the Premises, or if another governmental agency requires the number of parking spaces to be increased, then County may restripe the Parking Lot (including the Exclusive Parking Spaces and the Dry Boat Storage) in a manner acceptable to the Department and/or any such governmental agency, as applicable. Lessee shall thereafter be responsible for the maintenance and repair of the Exclusive Parking Spaces and the Dry Storage Facilities.
Notwithstanding anything to the contrary herein, the area of the Dry Storage Facilities shall not be increased or reduced as a result of any restriping.

2.5.2 County shall operate and maintain the Parking Lot. Access to the Parking Lot shall be generally controlled via a key-card number pad access system, as necessary in County’s judgment to limit use of the Parking Lot to Lessee’s yacht club members, Anchorage permittees, and as otherwise permitted by County.

2.5.3 Lessee may temporarily raise the gate arms to accept deliveries to the Building and for Lessee events, provided, that Lessee shall obtain County’s advance written approval if Lessee reasonably anticipates leaving the gate arms open for a period of more than a total of three (3) hours for any such delivery or Lessee event.

2.5.4 Use of the parking spaces that are not included in the Dry Storage Facilities shall be on a non-reserved, first-come, first-served basis, except that: (a) Lessee may designate (in a manner acceptable to County) for Lessee’s exclusive use the seven (7) parking spaces described in this Section 2.5 above; and (b) County reserves the right to designate specific spaces for Anchorage permittees as County deems necessary or appropriate.

2.5.5 Subject to County’s prior written approval, which may not be unreasonably withheld, Lessee may use a portion of the Parking Lot as reasonably designated by County for Lessee’s event purposes for up to six (6) events per year. Lessee shall use its best efforts to provide County with sixty (60)-days’ prior written notice of the date of each such event. In no case may Lessee provide County less than forty-five (45)-days’ prior written notice of the date of any such event.

2.5.6 County may use the Parking Lot for any other parking purpose during non-peak times on weekdays, including evenings (e.g., by raising the gate arms at County’s option), provided such use does not interfere with Lessee’s rights under this Lease.

3. **TERM.** The term of this Lease ("Term") shall commence on the Effective Date, and shall expire at 11:59 p.m. on March 31, 2022 (the "Term Expiration Date"), unless terminated earlier in accordance with the provisions of this Lease.

3.1 **Lease Year.** For purposes of this Lease, "Lease Year" shall mean each year during the Term of this Lease, commencing on the Effective Date.

3.2 **Options to Extend.** Subject to the terms of this Section 3.2, Lessee shall have two (2) options to extend the Term for five (5) years each (each, a "Subsequent Extension Period"). Provided Lessee is not then in breach or default of this Lease, each such option may be exercised no earlier than twelve (12) months prior to the then-existing expiration date of this Lease, and no later than six (6) months prior to the then-existing expiration date of this Lease, unless, as promptly as possible but not more than sixty (60) days after an option is exercised, County provides Lessee with a reasonable determination ("Reasonable Determination") setting forth the manner in which Lessee’s continued occupancy and use of the Premises will unreasonably interfere with another use of the Premises or with one or more uses of any part of the County-owned property within Marina del Rey, which use or uses shall have been approved prior to the exercise of the option by
the Los Angeles County Board of Supervisors or other governmental body of competent jurisdiction.

3.2.1 If County does not respond to Lessee’s exercise of any option within sixty (60) days after such option is exercised, Lessee’s option shall be considered granted and the Subsequent Extension Period confirmed. However, notwithstanding the foregoing statement, if County makes a Reasonable Determination but determines that a shorter Subsequent Extension Period will ameliorate the Reasonable Determination to be made, then County may offer and Lessee may accept such shorter Subsequent Extension Period (including a month-to-month tenancy which will not be considered a holding over under Section 16.4 of this Lease), upon which the option shall be automatically amended to allow the shorter Subsequent Extension Period, and the remaining option, if any, shall be null and void.

4. **USE OF PREMISES.** Lessee shall use the Premises only for the operation of a yacht club and meeting facility as existing on the Premises on the Effective Date, and for no other purpose whatsoever (the “Allowed Use”).

4.1 **No Nuisance.** Lessee shall not conduct or permit to be conducted any private or public nuisance on or about the Premises, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, weeds, or undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon any portion of the Premises, except in appropriate receptacles intended for such purposes, nor shall any portion of the Premises be allowed to be operated or maintained in a manner that renders the Premises a fire hazard or unsanitary, unsightly, offensive, or a risk to public health and safety, nor shall Lessee cause any similar activity to be allowed on any adjacent property.

4.2 **Restrictions and Prohibited Uses.** Without expanding upon or enlarging the Allowed Use, the following uses of the Premises are expressly prohibited:

4.2.1 The Premises shall not be used or developed in any manner that violates Applicable Laws.

4.2.2 No part of the Premises shall be used by any person for any adult entertainment purposes, as such term refers to graphic, explicit, and/or obscene depictions of sexual activity.

4.2.3 No condition shall exist upon the Premises which induces, breeds, or harbors infectious plant diseases, rodents, or noxious insects.

4.2.4 No condition shall exist on the Premises that creates a danger to the health or safety of any person on or about the Premises.

4.2.5 Without the written reasonable approval of the Director, no antennae or other device for the transmission or reception of television signals or any other form of electromagnetic radiation (collectively, “antennae”) shall be erected, used, or maintained on any portion of the Premises, whether attached to an Improvement or otherwise; provided that the foregoing requirement to obtain the Director’s approval as to any antennae shall be inapplicable to the extent that such requirement violates Applicable Laws. County hereby approves all known
antennae on the Premises but only as used and existing on the Effective Date, provided same does not violate any other provision of this Lease.

4.2.6 No adverse environmental condition in violation of Applicable Laws shall be allowed to exist on any portion of the Premises, nor shall any toxic or hazardous wastes be permitted to be generated, treated, stored, disposed of, or otherwise deposited in or on, or allowed to emanate from the Premises or any portion thereof, provided, however, that toxic or hazardous substances may be stored or used, provided such storage and use is: (a) ancillary to the ordinary course of the Allowed Use; and (b) conducted in compliance with all Applicable Laws.

4.2.7 Lessee shall not discriminate in violation of Applicable Laws in the selection and retention of its members.

4.3 **Signs and Awnings.** Lessee shall obtain the written reasonable approval of the Director (or other competent authority, such as the Marina del Rey Design Control Board) prior to installing any and all art, displays, identifications, monuments, awnings, advertising signs, or banners on or visible from the exterior of the Premises.

4.4 **Compliance with Regulations.** Lessee shall comply with all Applicable Laws and shall pay for and maintain any and all licenses and permits related to or affecting the use, operation, maintenance, repair, or improvement of the Premises.

4.4.1 Lessee shall be responsible for making all repairs to the Premises required to comply with Applicable Laws to the extent pertaining to those portions of the Premises required to be maintained and repaired by Lessee pursuant to this Lease.

4.4.2 County shall be responsible for making all repairs to the Premises required to comply with Applicable Laws to the extent pertaining to those portions of the Premises required to be maintained and repaired by County pursuant to this Lease; provided, however, that to the extent the requirement to make a repair to comply with Applicable Laws is triggered by: (a) any Alterations made to the Premises by Lessee; or (b) any change in the use of the Premises by Lessee, then Lessee shall be responsible for the costs and expenses incurred by County for such repair; and provided further that County’s obligations shall be subject to the limitations otherwise set forth in this Lease.

4.5 **Rules and Regulations.** Lessee shall comply with such other reasonable rules and regulations governing the use and occupancy of the Premises as may be promulgated by County from time to time and delivered in writing to Lessee.

4.6 **County’s Reservations.** County hereby reserves an easement and right of access to and use of the exterior portions of the Premises as necessary or appropriate in the reasonable judgment of County for ingress and egress to, from, among, and between the land and the improvements located adjacent to the Premises, including without limitation the Parking Lot, Boater Restrooms, Promenade, and Anchorage.

4.6.1 This Lease and all rights hereunder shall be subject to all prior encumbrances, reservations, licenses, easements, and rights of way: (a) existing on the Effective
Date; (b) otherwise referenced in this Lease in, to, on, over, or affecting the Premises; or (c) consented to by Lessee.

4.6.2 This Lease and all rights hereunder shall be subject to all prior matters of record and the right of the City or County to install, construct, maintain, service, and operate sanitary sewers, public roads and sidewalks, fire access roads, storm drains, drainage facilities, electric power lines, telephone lines, and access and utility easements across, upon, or under the Premises, together with the right of the City or County to convey such easements and transfer such rights to others.

4.7 County's Free Use of Event Facilities. County shall have the right to use the Event Facilities for meetings and events for up to six (6) dates per year, during normal business hours and subject to availability. County shall use its best efforts to provide Lessee with sixty (60)-days' prior written notice of the date of such meeting or event. In no event shall County provide Lessee less than forth-five (45)-days' prior written notice of the date of any such meeting or event. Such use of the Event Facilities by County shall be without charge, except that County shall pay Lessee’s standard charges for setup, cleaning, and other services related to County's use of the applicable Event Facilities. “Event Facilities” shall mean the following portions of the Building: the first-floor entry and stairs, the second-floor dining room (excluding the kitchen), the balconies, the exterior patio areas located at the back of the Building, the patio deck located on top of the Boater Restrooms, the second-floor restrooms, and the exterior stairways.

5. PAYMENTS TO COUNTY.

5.1 Net Lease. All references to “rent” under this Lease shall mean the Annual Minimum Rent, the Percentage Rent, and all other amounts payable by Lessee to County under this Lease. The parties acknowledge that the rent to be paid by Lessee under this Lease is intended to be absolutely net to County. The rent and other sums to be paid to County hereunder are not subject to any credit, demand, set-off, or other withholding.

5.2 Utilities. Lessee shall pay, or cause to be paid, to utility and service providers, all installations and service charges for separately metered and sub-metered utilities for water, electricity, or other power, gas, sewage disposal, telephone service, cable service, garbage and trash collection, and other utilities and services to the Premises. Lessee shall pay to County, concurrently with its Monthly Minimum Rent, a monthly fee (“Monthly Utility Fee”) in the amount of FIVE HUNDRED DOLLARS ($500) to cover the reasonable cost to County of such utilities and services allocated to the Premises but not separately metered or sub-metered. The Monthly Utility Fee shall be adjusted annually on each anniversary of the Effective Date to reflect percentage increases, if any, in the applicable utility and service rates charged to County.

5.3 Taxes and Assessments. Lessee shall pay prior to delinquency all taxes, assessments, fees, or charges which at any time may be levied by the State, County, City, or other levying body upon any interest in this Lease or any possessory right which Lessee may have in or to the Premises allocable to the Term of this Lease, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on, or about the Premises. Lessee may contest the amount of any assessment imposed against the Premises or its possessory interest therein; provided, however, Lessee shall pay all costs and
expenses of any such contest (including interest and penalties which may accrue in respect of such taxes).

5.3.1 The parties acknowledge that the Premises are and shall continue to be subject to possessory interest taxes, and that such taxes shall be paid by Lessee. This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code. The possessory interest taxes and any other taxes applicable to the Premises or Lessee’s interest in this Lease shall be prorated for any partial tax years included in the Term.

5.4 Rental Payments. Lessee shall pay County Annual Minimum Rent and Percentage Rent, as such amounts are adjusted pursuant to this Lease. “Annual Rent” shall mean the aggregate of the Annual Minimum Rent and Percentage Rent.

5.4.1 Annual Minimum Rent. Lessee shall pay to County annual minimum rent subject to adjustment as defined herein, below (“Annual Minimum Rent”). The parties agree that the Annual Minimum Rent defined herein, below, shall be effective as of April 1, 2014. Lessee shall pay Annual Minimum Rent on a monthly basis in advance on the first day of each month during the Term in equal installments of one-twelfth (1/12) of the Annual Minimum Rent (“Monthly Minimum Rent”); the payment for any partial month shall be prorated on a 365-day-year basis.

(a) The Annual Minimum Rent shall be TWENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS ($25,500); the Minimum Monthly Rent shall be TWO THOUSAND ONE HUNDRED TWENTY-FIVE DOLLARS ($2,125).

(b) The Annual Minimum Rent shall be subject to adjustment effective as of the third (3rd) anniversary of the Effective Date and as of each successive third (3rd) anniversary of the Effective Date thereafter (each an “Adjustment Date”), to an amount equal to seventy-five percent (75%) of the average total rent payable to County for the immediately preceding three (3)-year period. Notwithstanding the foregoing, in no event shall the Annual Minimum Rent be less than the Annual Minimum Rent in effect immediately preceding an Adjustment Date.

5.4.2 Percentage Rent. Lessee shall pay Percentage Rent as defined and as required herein, below. “Percentage Rent” shall mean the sum of the percentage rents set forth in this section, below. The Parties agree that the Percentage Rent defined herein below, shall be effective as of April 1, 2014.

(a) Gross Receipts (as defined herein, below) generated from each transaction, sale, or activity on, from, or within the Premises, or by or through the Allowed Use, or otherwise by reason of Lessee’s use and occupancy of the Premises, shall be reported under the applicable percentage categories set forth below.

(b) The percentage categories listed below may not all be applicable to the Allowed Use, and are in no way intended to expand or modify the Allowed Use.

(c) The Director, by Policy Statement with the approval of the Los Angeles County Auditor-Controller and the Los Angeles County Counsel, either as established on
the Effective Date or as may in the future be made applicable to this Lease with Lessee’s approval of future Policy Statements, has interpreted and may further interpret the percentage categories set forth in this section.

5.4.3 Percentage Rent Categories. Within fifteen (15) days after the close of each month of the Term, Lessee shall file a report of Gross Receipts and pay to County a sum equal to the total of the applicable following percentages of Gross Receipts for the prior month, less the amount of the installment of Monthly Minimum Rent paid for such prior month.

(a) TWENTY-FIVE PERCENT (25%) of Gross Receipts from the rental or other fees charged for the use of dry-storage facilities, landside storage space, boats, motors, tackle, recreational equipment, tools, equipment, launch and retrieval of small boats, and the sale of live bait; however, Gross Receipts from recreational equipment rentals to club members shall be reported below as “the sale of miscellaneous goods and services consistent with the Allowed Use, but not specifically provided for elsewhere in this section.”

(b) TWELVE PERCENT (12%) of Gross Receipts from the rental, occupancy, or use of hotel and/or motel accommodations and meeting rooms.

(c) THREE AND ONE-HALF PERCENT (3.5%) of Gross Receipts from the operation of a restaurant, restaurant/cocktail lounge combination, coffee shop, beach, theater food facility, or food catering services.

(d) TEN PERCENT (10%) of Gross Receipts from club dues, initiation fees, and assessments, except that separate assessments for capital improvements may be exempted, provided that to qualify for such an exemption Lessee must comply with Director’s Policy Statement: “Criteria for Eligibility for Exemption of Special Assessments from Gross Receipts” dated May 6, 1974.

(e) FIVE PERCENT (5%) of Gross Receipts from cover charges or other fees charged for admission to facilities featuring entertainment, excluding movie theaters, whose Gross Receipts shall be reported below as “the sale of miscellaneous goods and services consistent with the Allowed Use, but not specifically provided for elsewhere in this section.”

(f) FIVE PERCENT (5%) of Gross Receipts from the operation of all stores, shops, or boutiques selling items at retail.

(g) TWO AND ONE-HALF PERCENT (2.5%) of the Gross Receipts from sailing instruction, racquetball lessons, racquet restringing and pro shop sales.

(h) FIVE PERCENT (5%) of Gross Receipts from the sale of miscellaneous goods and services consistent with the Allowed Use, but not specifically provided for elsewhere in this section.

(i) If with the prior approval of County or the Director Lessee hereafter engages in a use of the Premises that is not an Allowed Use on the Effective Date, and as to which there is no specific percentage set forth above applicable to such use, then concurrent with such prior approval, the applicable percentage rent for the new use shall, if such new use is new or not
reasonably similar to another use in Marina del Rey, be determined by negotiation between the Director and Lessee; however, if such new use is not new or is reasonably similar to another use in Marina del Rey, then the applicable percentage rent shall be the greater of: (a) the then prevailing percentage rent for such new use, as reasonably determined by the Director, based on reasonably comparable leaseholds; and (b) the most recent agreement between County and a Marina del Rey lessee for the same or reasonably similar use.

(j) If the Director reasonably determines that a percentage of Gross Receipts is not suitable or applicable for a particular Allowed-Use activity not described above, the Director and Lessee shall mutually establish a reasonable monthly rent to County, in lieu of a percentage of Gross Receipts, as payment for the privilege of engaging in such activity, but shall be deemed Percentage Rent.

5.4.4 Payment of Percentage Rent/Accounting Records and Procedures. Within fifteen (15) days after the close of each month of the Term, Lessee shall deliver to County a report of Gross Receipts by category for the prior month, and the amount of Percentage Rent payable. Lessee shall pay to County concurrently with such report the amount by which the Percentage Rent for such prior month exceeds the Monthly Minimum Rent paid by Lessee for such prior month. Lessee shall comply with, and shall cause each of its Sublessees to comply with, the recordkeeping and accounting procedures, as well as County’s inspection and audit rights under this Lease.

5.4.5 Gross Receipts. “Gross Receipts” means the gross amount of all money, receipts, dues, commissions, charges, fees, payments, reimbursements, compensation, accounts or notes receivable, or other things of value, received by or payable to Lessee (and/or any assignee, sublessee, licensee, permittee, or concessionaire, although this section shall not be interpreted to permit any use, occupancy, or operation of the Premises by any person or entity other than Lessee) from or in connection with the use, occupation, or operation of any activity or business on the Premises or in any Access Areas, (e.g., the Santa Monica Windjammers Yacht Club Junior Sailing Program) and calculated in accordance with the accounting method required by this Lease.

(a) There shall be no deduction from Gross Receipts for any overhead or cost or expense of operation, such as, without limitation, salaries, wages, cost of goods sold, interest, debt amortization, rent, utilities, credit card fees, insurance premiums, and taxes.

(b) Gross Receipts shall not include any retail sales tax imposed upon the consumer, collected by Lessee and remitted by Lessee to the applicable governmental agency.

(c) Gross Receipts must include the usual charges for any services, goods, rentals, or facilities. Bona fide bad debts actually accrued by Lessee for delinquent payables owed to Lessee may be deducted from Gross Receipts to the extent that such amounts have been previously reported as Gross Receipts; however, there shall be no deduction for bad debts based on past experience or transfer to a bad debt reserve. Subsequent collection of bad debts previously excluded from Gross Receipts shall be included in Gross Receipts in the Lease Year in which they are collected.

(d) Gross Receipts shall not include any of the following items:
(1) Refunds to members or customers on merchandise sold to such members or customers and returned to Lessee;

(2) Sales of fixtures, equipment, or property that are not Lessee's stock-in-trade;

(3) Receipts from insurance claims other than proceeds related to the replacement of Gross Receipts; and

(4) Interest earned by Lessee on funds generated on or from the Premises or the use thereof, deposited or maintained by Lessee in banks or similar financial institutions.

(e) Interest, service fees, or late charges collected in conjunction with a transaction, sale or activity shall be included in Gross Receipts in the same percentage category as the underlying transaction, sale, or activity is required to be reported.

(f) Although Lessee has no right to sublease the Premises or any portion thereof, or to permit any licensee, concessionaire, or other person or entity to occupy, use, or conduct any business or activity on the Premises or Access Areas, if any person or entity other than Lessee occupies, uses, or conducts any business or activity on or from the Premises or Access Areas, the Gross Receipts of such sublessee, licensee, concessionaire, or other person or entity from such business or activity shall be included in Gross Receipts.

(g) Gross Receipts shall not include receipts from charity events held on the Premises, provided that: (a) such events are conducted only on an incidental basis and are consistent in scope and frequency with Lessee's past practices; (b) the recipient of the receipts from the event is a bona fide charitable organization (based on federal income tax status) that is not affiliated with Lessee or any Sublessee; and (c) all receipts from the event (after offset of bona fide out-of-pocket expenses, without compensation to Lessee) are donated to a qualified recipient under clause (b) above. Lessee shall provide County with such information and materials as requested by County to permit County to verify the application of this subsection.

(h) The Director, by Policy Statement with the approval of the Los Angeles County Auditor-Controller and the Los Angeles County Counsel, either as established on the Effective Date or as may in the future be made applicable to this Lease with Lessee's approval of future Policy Statements, has interpreted and may further interpret the definition of Gross Receipts.

5.5 Payment and Late Fees. All payments shall be made payable to the County of Los Angeles Department of Beaches and Harbors, and delivered to:

Los Angeles County Department of Beaches and Harbors
Fiscal Services Unit, Financial Services Building
13575 Mindanao Way
Marina del Rey, California 90292

or such other address as may be provided to Lessee by County from time to time.
5.5.1 County shall have no obligation to issue monthly rental statements, invoices, or other demands for payment. The rental payments required under this Lease shall be payable notwithstanding the fact that Lessee has received no such statement, invoice, or demand. Lessee acknowledges that if any payment under this Lease is not received by County by the date due, County will experience additional management, administrative, and other costs that are impracticable or extremely difficult to determine. Therefore, a fee ("Late Fee") of six percent (6%) of the unpaid amount shall be payable with respect to any amount that remains unpaid five (5) days after such amount was due and payable; provided, however, that Lessee shall not be required to pay a Late Fee in the case of the first instance of a late payment in any Lease Year, provided such delinquency is cured within one (1) business day after written notice from County. In addition to any Late Fee, any unpaid amounts shall bear interest at the Applicable Rate, computed from the date such amount was due and payable, compounded monthly until paid. Lessee acknowledges that such Late Fee and interest shall be applicable to all monetary deficiencies under this Lease, whether identified by audit or otherwise, and that interest on any unpaid amounts shall accrue from and after the date when such amounts were due and payable as provided herein (as opposed to the date when such deficiencies are identified by County).

6. IMPROVEMENTS: ALTERATIONS; SURRENDER.

6.1 Ownership of Improvements. All Improvements on the Premises and all Alterations (as defined below) thereto shall be owned by County, and Lessee shall have only a leasehold interest therein; provided, however, that during the Term Lessee shall own the Hoist and shall be fully and solely responsible for its operation, maintenance, repair, and/or replacement (as necessary). Neither party shall be required to replace the Hoist. If the Hoist cannot be repaired, and Lessee decides not to replace it, or if the Hoist is not fully operational at the expiration of this Lease, then Lessee shall, at its sole cost and expense remove it and restore any and all holes and other damage to the area related to the Hoist's installation and removal. Ownership of the Hoist, if fully operational, shall automatically transfer to County at the expiration or earlier termination of this Lease.

6.2 No Alterations without County Approval. Lessee shall not make any improvement, modification, installation, or other alteration (collectively, "Alterations") of, on, or to the Premises, or any utility or other system serving the Premises, without the prior written consent of County, which consent may be withheld or conditioned by County in its sole and absolute discretion. Notwithstanding the foregoing, with prior written notice to County and County's prior written consent, which shall not be unreasonably withheld, Lessee may cosmetically upgrade the interior of the Building (such as, without limitation, painting and carpeting), provided such upgrades do not reduce the value of the Building or affect the utility systems serving the Building.

6.3 Protection of County. Nothing in this Lease shall be construed as constituting the consent of County, express or implied, to the performance of any labor or the furnishing of any materials to the Premises by any contractor, subcontractor, laborer, or materialman, in such manner as would give rise to the filing of a mechanic's lien or other claim against County or County's interest in the Premises.
6.4 **Posting Notices.** County shall have the right at all reasonable times and places to post and, as appropriate, keep posted, on the Premises any notices that County may deem necessary for the protection of County's interest in the Premises from mechanics' liens or other claims.

6.5 **Liens; Indemnity.** Lessee shall keep the Premises free and clear of all mechanics' liens and other liens arising out of or in connection with work done for Lessee and/or any parties claiming through Lessee. Lessee shall protect, defend, indemnify, and hold County harmless from and against any claims, liability, losses, damages, costs, and expenses (including without limitation, attorneys' fees) incurred in connection with any claims of liens of laborers or materialmen or others for work performed or materials supplied or furnished to the Premises by Lessee or persons claiming under it. If any lien is recorded, Lessee shall, within five (5) business days after demand, satisfy or otherwise cause such lien to be removed of record, whether by bonding or otherwise.

6.6 **Surrender of Possession at Termination of Lease.** At the expiration or earlier termination of this Lease, Lessee shall: (a) surrender possession of the Premises to County in the condition that the Premises are required to be maintained and repaired under this Lease; and (b) remove from the Premises all un-affixed furniture, equipment, and other personal property owned by Lessee, and repair any damage to the Premises incurred in connection with such removal. If Lessee fails to remove its personal property from the Premises as required under this section, then Lessee shall lose all right, title, and interest in and to such personal property, and County may elect to keep the same upon the Premises or to sell, remove, or destroy the same, in event of which sale, removal, or destruction Lessee shall reimburse County for its costs incurred in connection with such sale, removal, or destruction.

7. **CONDEMNATION.** If more than ten percent (10%) of the floor area of the Building, or such portion of any other areas of the Premises or Parking Lot that prevents the occupancy or operation of the remaining portion of the Premises is taken by eminent domain or condemnation, then either County or Lessee may terminate this Lease upon written notice of such election to the other party within thirty (30) days after receipt of notice of such taking. If this Lease is not terminated, then the Annual Minimum Rent shall be equitably reduced on a reasonable basis to reflect the relative value to Lessee of that portion of the Premises that is taken. The entire condemnation award shall belong to County, except that Lessee shall be entitled to the portion of any award, if any, allocated by the condemning authority to the taking of or damage to Lessee's personal property or relocation expenses.

8. **SECURITY DEPOSIT.** Lessee shall deliver to and maintain with County a security deposit ("Security Deposit") in an initial amount equal to SIX THOUSAND THREE HUNDRED SEVENTY-FIVE DOLLARS ($6,375), representing an amount equal to twenty-five percent (25%) of the Annual Minimum Rent. The amount of the Security Deposit shall be maintained in an amount equal to at least twenty-five percent (25%) of the Annual Minimum Rent, as the same may be adjusted from time to time. The Security Deposit shall secure Lessee’s obligations under this Lease, and may be drawn on by County, in whole or in part, to satisfy those obligations. The Security Deposit shall be applied at the discretion of County. Lessee may maintain the Security Deposit in cash or with a certificate of deposit, letter of credit, or other investment instrument approved by the Director and issued with County as the sole owner or
beneficiary. Any interest or other earnings which are actually earned on any portion of the Security Deposit shall be applied to and augment the Security Deposit.

8.1 **Replacement.** Within ten (10) days after receipt of written notice that County has drawn down the Security Deposit, Lessee shall replenish the Security Deposit to its required amount. Lessee’s failure to maintain and replenish the Security Deposit as required under this Lease shall be an Event of Default.

8.2 **Renewal.** Any and each letter of credit obtained by Lessee and delivered to County shall provide for notice to County by the issuer thereof no less than sixty (60) days prior to the expiration of the term of such letter of credit if the issuer thereof is not irrevocably committed to renew the term of such letter of credit. If Lessee does not provide County with satisfactory evidence of a letter of credit’s renewal or replacement thirty (30) days prior to the expiration of such letter of credit, or has not provided County with adequate replacement security, County may draw down upon the letter of credit the resulting funds shall be applied to the Security Deposit.

9. **INDEMNITY.** Except to the extent caused by the gross negligence or willful misconduct of any indemnitee, Lessee shall at all times protect, relieve, defend, indemnify, and save harmless County and its respective Special Districts, elected officials, officers, employees, agents, consultants, counsel, and volunteers (each, a **“County Party”** from any and all claims, costs, losses, expenses, and liability, including without limitation legal costs and expenses and reasonable attorneys’ fees, incurred in defending against the same by an attorney selected by Lessee and reasonably satisfactory to County, for the death of or injury to persons or damage to property, including without limitation property owned or controlled by or in the possession of County or any County Party, to the extent that such results from or is caused by: (a) the operation, maintenance, use, or occupation of the Premises by Lessee or any Lessee Party; (b) the acts, omissions, or negligence of Lessee or any Lessee Party; or (c) the failure of Lessee or any Lessee Party to observe and abide by any of the terms or conditions of this Lease or any Applicable Law. Lessee’s obligation to so protect, relieve, defend, indemnify, and save harmless County and each County Party shall be a continuing obligation that shall survive the expiration or earlier termination of this Lease.

10. **INSURANCE.** Without limiting Lessee’s indemnification obligations under this Lease, and until all of its obligations pursuant to this Lease have been met, Lessee shall, at its sole cost and expense, obtain and maintain insurance coverage satisfying, at a minimum, the requirements specified in this Lease. These minimum insurance coverage terms, types, and limits (the **“Required Insurance”**) shall be in addition to and separate from any other contractual obligation imposed upon Lessee pursuant to this Lease. County in no way warrants that the Required Insurance is sufficient to protect Lessee for liabilities which may arise from or relate to this Lease.

10.1 **Evidence of Coverage and Notice to County.**

10.1.1 Lessee shall, concurrently with its execution of this Lease, deliver to County certificates of insurance coverage satisfactory to County ("Certificates"), and a copy of "Additional Insured" endorsements confirming that County and each County Party has been
given insured status under Lessee’s General Liability policy, at County’s address for notices under this Lease, “ATTENTION ASSET MANAGEMENT DIVISION.”

10.1.2 Lessee shall deliver renewal Certificates to County not less than ten (10) days prior to policy expiration dates. County reserves the right to obtain a complete, certified copy of each required insurance policies at any time.

10.1.3 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. The insured party named on the Certificate shall match the name of Lessee. Certificates shall provide the full name of each insurer providing coverage, its National Association of Insurance Commissioners (NAIC) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty-five thousand ($25,000) dollars, and list any County-required endorsement forms.

10.1.4 County’s failure to obtain or receive a Certificate, or County’s failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by Lessee or its insurance broker and/or insurer shall not be construed as a waiver of any of the insurance requirements under this Lease.

10.1.5 Lessee shall deliver all Certificates and copies of any required endorsements, notices of cancellation, or other insurance-related notices or documents to:

County of Los Angeles
Department of Beaches and Harbors
Asset Management Division
13837 Fiji Way
Marina del Rey, California 90292

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

10.2 Additional Insured Status and Scope of Coverage. County and each County Party shall be provided additional-insured status under Lessee’s General Liability policy with respect to liability resulting from or connected with Lessee’s acts, errors, and omissions related to this Lease or Lessee’s use and occupancy of the Premises. Such additional-insured status shall apply to liability and the defense of suits resulting from Lessee’s acts or omissions, whether such liability is attributable to Lessee or to County or County Parties. The full policy limits and scope of protection shall apply to County and each County Party as an additional insured, even if they exceed County’s minimum Required Insurance specifications. Use of an automatic additional-insured endorsement form shall be acceptable, provided it satisfies the Required Insurance provisions.

10.3 Cancellation of or Changes in Insurance. Lessee shall notify County, or Lessee’s insurance policies shall contain a provision that County shall be notified of a written notice of cancellation or any change in the Required Insurance, including insurer, limits of coverage, term of coverage, or policy period. The written notice shall be provided to County at least ten (10) days
prior to a cancellation for non-payment of premium and at least thirty (30) days prior to any other
cancellation or policy change. Failure to provide such notice shall be an Event of Default.

10.4 **Failure to Maintain Insurance.** Lessee’s failure to maintain or to provide
acceptable evidence that it maintains the Required Insurance shall be an Event of Default. If
Lessee fails to obtain and maintain the Required Insurance, County may purchase the Required
Insurance after notice to Lessee and Lessee shall reimburse County for costs and expenses incurred
to obtain the Required Insurance.

10.5 **Insurer Financial Ratings.** Insurance shall be provided by an insurance company
authorized to do business in California and acceptable to County, with an A.M. Best rating of not
less than A:VII, unless otherwise approved by County.

10.6 **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.

10.7 **Waiver of Subrogation.** To the fullest extent permitted by law, Lessee hereby
waives its and each of its insurer’s rights of recovery against County under all Required Insurance
policies for any loss arising from or related to this Lease. Lessee shall require its insurers to execute
any waiver of subrogation endorsements which may be necessary to affect such waiver.

10.8 **Deductibles and Self-Insured Retentions (SIRs).** Lessee’s policies shall not
obligate County to pay any portion of any Lessee deductible or self-insured retentions (SIRs).
County may require Lessee to reduce or eliminate policy deductibles and SIRs as respects County,
or to provide a bond guaranteeing Lessee’s payment of all deductibles and SIRs, including without
limitation 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.

10.9 **Claims Made Coverage.** If any part of the Required Insurance is written on claims-
made basis, any policy retroactive date shall precede the start date of this Lease. Lessee shall
maintain such coverage for a period of not less than three (3) years following the expiration or
earlier termination of this Lease.

10.10 **Application of Excess Liability Coverage.** Lessee may use a combination of
primary and excess insurance policies that provide coverage as broad as (“follow form” over) the
underlying primary policies, to satisfy the Required Insurance provisions.

10.11 **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.

10.12 **County Review and Approval of Insurance Requirements.** County may review
and adjust the Required Insurance provisions at any time and from time to time based upon
County’s determination of changes in risk exposures.
10.13 **Insurance Coverage Types and Limits.** Lessee shall obtain and maintain Required Insurance at a minimum as designated below.

10.13.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and the County Parties as additional insureds, with limits of not less than:

- **General Aggregate:** $4 million
- **Products/Completed Operations Aggregate:** $4 million
- **Personal and Advertising Injury:** $3 million
- **Each Occurrence:** $3 million

10.13.2 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 pursuant 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 Garage-keeper’s Liability coverage (written on ISO form CA 99 37 or its equivalent) with a limit of not less than the amount as determined by CEO Risk Management requirements from time to time for the Premises.

10.13.3 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 applicable to Lessee’s operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen’s compensation law or any federal occupational disease law.

10.13.4 Commercial Property insurance for County’s property and any improvements and betterments; this coverage shall be at least as broad as that provided by the Causes-of-Loss Special Form (ISO form CP 10 30), excluding earthquake and including flood and ordinance or law coverage, and shall 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 Lessee and County as their interests may appear.

10.13.5 Liquor Liability insurance (written on ISO policy form CG 00 33 or 34 or their equivalent) shall be obtained and maintained by Lessee if and when the manufacturing, distribution, or service of alcoholic beverages occurs on the Premises, with limits of not less than $3 million per occurrence and $3 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.

10.13.6 Lessee shall obtain and maintain Marina Operator’s Liability insurance if operating a marina, berthing, docking, and/or launching boats, and/or pleasure crafts, and/or using floating docks, piers, and/or ramps, with limits of not less than $3 million per occurrence and $3 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.

10.13.7 If major construction work is performed by Lessee during the term of this Lease (e.g., demolition of structures, construction of new structures, renovation or retrofit involving structure’s 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:

(a) **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 without limitation County-furnished materials and equipment, against loss or damage until completion and acceptance by Lessee and County if required.

(b) **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 determined on a project-by-project basis. Products/Completed Operations coverage shall continue to be maintained in the amount obtained for at least two (2) years after the date the project is completed and accepted by Lessee and County if required.

(c) **Automobile Liability.** Such coverage shall be written on ISO policy form CA 00 01 or its equivalent with limits determined 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 resulting from Lessee’s or Lessee’s contractor’s use of vehicles.

(d) **Professional Liability.** Such insurance shall cover liability resulting from the errors, omissions, negligence, or wrongful acts of Lessee’s contractor and/or licensed professional (e.g., architects, engineers, surveyors, etc.) with limits determined on a project-by-project basis per claim and double the 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.

(e) **Workers Compensation and Employers’ Liability Insurance.** 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 County for injury to Lessee’s or Lessee’s contractor’s employees. If Lessee’s or Lessee’s contractor’s 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 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),

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coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming 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.

(f) Asbestos Liability or Contractors Pollution Liability Insurance is required 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 Lessee’s or Lessee’s contractor’s Automobile Liability Insurance. Lessee or Lessee’s contractor shall maintain limits determined on a project-by-project basis for this project.

11. MAINTENANCE AND REPAIR; DAMAGE AND DESTRUCTION.

11.1 Maintenance and Repair Obligations. Except for County’s obligations, Lessee shall be solely and fully responsible for the maintenance and repair of the Premises, including without limitation landscaped areas including light fixtures, the Dry Storage Facilities, the fenced in mule storage area, the Hoist, the Building’s interior (including exterior windows and doors) and all its fixtures and utility systems and equipment located therein, the patios and exterior surfaces, and for any damage or degradation to the leak-free condition of the roof membrane of the Boater Restrooms resulting in connection with Lessee’s use of the patio above the Boater Restrooms. County shall be solely and fully responsible for the maintenance and repair of the Building’s structural elements, major plumbing, electrical elements, elevator system, HVAC system, the roof and the exterior of the Building, excluding exterior windows and doors, and the irrigation system for the landscaped areas in the Premises.

11.1.1 A common water heater that serves the Premises and the Boater Restrooms is located in an exterior closet of the Building. County shall maintain, repair, and replace as necessary the common water heater. Lessee shall provide County access to the common water heater and keys to the closet.

11.1.2 Lessee shall perform its maintenance and repair obligations at its sole cost and expense, such that the portions of the Premises and associated areas required to be maintained and repaired by Lessee are kept in a good, safe, clean, and working-order condition in compliance with all Applicable Laws, and in conformance with the Minimum Standards regarding the use and occupancy of commercial properties in Marina del Rey, as the same may be revised from time to time by County in a manner consistent with commercially reasonable maintenance standards applicable to other comparable commercial properties in Marina del Rey. County, in its proprietary capacity, may enter upon and inspect the Premises at any reasonable time to inspect for cleanliness, safety, and compliance with this section.

11.1.3 County shall not be responsible for exterior Building painting unless Lessee agrees to reimburse County for the cost of such painting. Lessee shall varnish the exposed wood rail caps at least once every two (2) years.
11.1.4 County shall have no liability to Lessee, including without limitation consequential damages, or any right to abate, withhold, or offset rent for any malfunction or interruption in operation of items required to be maintained or repaired by County under this Lease, or for any interference with Lessee’s operations resulting therefrom or in connection with the performance thereof. Unless expressly provided to the contrary in this Lease, Lessee may not perform any work on County’s behalf or offset any costs, expenses, or other amounts against rent.

11.2 Emergent Deficiencies. Regardless of any cure period otherwise provided by this Lease for breach or default, if Lessee breaches a maintenance or repair obligation under this Lease that results or threatens to result in a condition that is a threat to health or safety, or otherwise constitutes an emergency situation, County may require Lessee to immediately take all appropriate steps to avoid, correct, or mitigate damage or injury to persons or property. If Lessee fails to promptly correct any such deficiency, County may correct the deficiency and Lessee shall promptly reimburse County for all costs and expenses incurred to make such correction.

11.3 Repairs Not Performed by Lessee. In addition to the remedies provided for an Event of Default under this Lease, if Lessee commits an Event of Default for a maintenance and repair obligation and fails to cure the default within the applicable cure period provided by this Lease, County may perform the maintenance or make the repair and Lessee shall promptly reimburse County for all costs and expenses incurred therefor.

11.4 Spending Limit on County’s Obligation. Notwithstanding anything to the contrary in this Lease, County shall not be obligated to incur any cost or expense for maintenance and repair to the extent the aggregate of such costs and expenses during the initial Term exceeds the greater of (a) Ninety Thousand Dollars ($90,000.00), and (b) an amount equal to the Monthly Minimum Rent multiplied by the total number of whole months already expired in the initial Term (the “Cap”). At the start of each Subsequent Extension Period and shorter Subsequent Extension Period, such formula shall be reinstated, so that for such Subsequent Extension Period or shorter Subsequent Extension Period, the Cap shall equal the greater of (i) Ninety Thousand Dollars ($90,000.00), and (b) an amount equal to the Monthly Minimum Rent multiplied by the total number of whole months already expired in such Subsequent Extension Period or shorter Subsequent Extension Period, as the case may be; provided, however, that in any shorter Subsequent Extension Period the first element of the Cap formula (i.e., Ninety Thousand Dollars ($90,000.00)) shall be reduced pro-rata to reflect the shorter period; and provided, further, that in no event shall any unused portion of the Cap carry over from one term or period to any other term or period. At its election, Lessee may pay, at its sole cost and expense, the amount of such costs and expenses that exceed County’s spending limit, in each instance. If Lessee chooses not to pay such excess cost, it may immediately terminate this Lease and thereupon vacate and quit the Premises. If the cost of maintenance and repair would exceed the County’s spending limit, and Lessee opts to not fund the excess cost, and County’s decision to not perform the maintenance or repair would result in the Building being uninhabitable under applicable County code standards, County may immediately terminate this Lease and Lessee shall thereupon vacate and quit the Premises.

11.5 Damage or Destruction. If all or any portion of the Improvements are damaged or destroyed, Lessee shall promptly notify County. If the Improvements are completely destroyed or damaged beyond practicable use, as determined by County, County shall not be obligated to
replace the Improvements, and this Lease shall terminate as of the date of such destruction or damage.

11.5.1 If Improvements are partially damaged or destroyed, but such damage or destruction does not substantially negatively impact Lessee’s business (in Lessee’s reasonable judgment), and such damage is not repaired by either party, this Lease shall be terminated as to that portion of the Premises rendered unusable and the Annual Minimum Rent shall be reduced proportionately on a square-footage basis.

11.5.2 Notwithstanding anything to the contrary herein, either party may terminate this Lease in the event of material damage to the Improvements during the last year of the Term that renders the Premises partially unusable.

11.5.3 If any damage or destruction renders the Premises unsafe in any way, as reasonably determined by County either in its proprietary capacity or its governmental capacity, or both, and such damage is not repaired as provided by this Lease, County may terminate this Lease.

11.5.4 The parties’ rights in the case of damage or destruction shall be governed by the terms and provisions of this Lease, and the parties hereby waive the provisions of California Civil Code Section 1932 and any other provisions of law which provide for contrary or additional rights or obligations.

12. ASSIGNMENT AND SUBLÉASE. Lessee may not assign the Lease by operation of law or otherwise, sublease any portion of the Premises, or otherwise permit any other person or entity to occupy or use the Premises without the prior written consent of County, which consent may be conditioned or withheld by County in its sole and absolute discretion. No assignment of the Lease shall release Lessee from its obligations under this Lease.

13. NO ENCUMBRANCES. Lessee shall not directly or indirectly pledge, assign, transfer, mortgage, hypothecate, or otherwise grant a security interest in all or any of its interest in this Lease or its leasehold interest in the Premises or any Improvement.

14. DEFAULT.

14.1 Events of Default. Each of the following shall be an “Event of Default” under this Lease:

14.1.1 Monetary Defaults. Lessee’s failure to perform a monetary obligation under this Lease shall be an Event of Default. Lessee may cure such default by paying the delinquent amount together with the applicable Late Fee and interest within ten (10) days after the respective due date.

14.1.2 Failure to Maintain Security Deposit. Lessee’s failure to establish and/or replenish the Security Deposit as required by this Lease shall be an Event of Default. Lessee may cure the default by establishing or replenishing the Security Deposit within five (5) days after notice of the default from County.
14.1.3 **Other Obligations.** Lessee’s failure to perform a material non-monetary Lease obligation shall be an Event of Default. Lessee may cure the default either by performing the obligation within thirty (30) days after notice of the breach from County, or if the breach cannot be corrected within said thirty-day period, by initiating performance of the obligation and diligently pursuing it to completion as soon as reasonably practicable, but in no event longer than ninety (90) days after notice of default.

14.2 **Remedies.** Upon the occurrence of an Event of Default, County shall have the following remedies, in addition to any other remedies at law or in equity:

14.2.1 **Terminate Lease.** County may terminate this Lease by giving Lessee written notice of termination, upon which all of Lessee’s rights in and to the Premises shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Premises, and County may re-enter and take possession of the Premises, and unless otherwise specifically provided in this Lease, eject all parties in possession or eject some and not others, or eject none. Termination under this section shall not relieve Lessee of its obligations to pay all amounts then due to County, or from any claim for damages against Lessee.

14.2.3 **Keep Lease in Effect.** County may continue this Lease in effect and bring suit at any time and from time to time to enforce Lessee’s Lease obligations. No act by or on behalf of County under this provision shall constitute a termination of this Lease unless County gives Lessee written notice of termination. It is the intention of the parties to incorporate the provisions of California Civil Code Section 1951.4 into this Lease by this reference.

14.2.4 **Termination Following Continuance.** Even though County elects not to terminate this Lease after a Lessee default, County may thereafter elect to terminate this Lease for the same or any other default.

14.3 **Damages.** If County elects to terminate this Lease after a Lessee default, County may recover from Lessee, in addition to its other remedies, any and all damages allowed by California Civil Code Section 1951.2, and such other amounts as may be permitted from time to time under applicable California law. In determining damages under said Section 1951.2, “rent” shall include without limitation the “worth at the time of the award” (as defined in California Civil Code Section 1951.2(b)) of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

14.4 **County’s Right to Cure Lessee’s Default.** County may, at Lessee’s sole cost and expense, cure a Lessee default at any time after the applicable cure period.

14.5 **Default by County.** County’s failure to perform a Lease obligation shall be an Event of Default. County may cure the default either by performing the obligation within thirty (30) days after notice of the breach from Lessee, or if the breach cannot be corrected within said thirty-day period, by initiating performance of the obligation and diligently pursuing it to completion as soon as reasonably practicable.

14.5.1 Lessee shall have no rights related to and resulting from a County default until Lessee delivers thirty (30) days’ prior notice to any person or entity having a recorded security
interest in County’s fee title to the Premises. Such person or entity shall then have the right to cure such default, and County shall not be deemed in default if such person or entity either cures such default within said thirty-day period or if such cure cannot be completed within thirty (30) days, initiates a cure and diligently pursues it to completion as soon as reasonably practicable.

14.5.2 Notwithstanding anything to the contrary in this Lease, County’s liability to Lessee for damages arising out of or in connection with County’s breach of any provision or provisions of this Lease shall not exceed the value of County’s equity interest in the Premises.

15. ACCOUNTING.

15.1 Maintenance of Records and Accounting Method. To determine the amount of Percentage Rent payable under this Lease, Lessee shall at all times during the Term, and for thirty-six (36) months after the expiration or earlier termination of this Lease, keep or cause to be kept locally and to the reasonable satisfaction of the Director, true, accurate, and complete records and double-entry books of account for all Lease Years during the Term. Such records shall show all transactions related to the conduct of operations, and shall be supported by data of original entry. Gross Receipts shall be calculated in accordance with the accrual method of accounting, except that Lessee may report Gross Receipts monthly on a cash basis, provided the calculation of Gross Receipts is reconciled to the accrual method on an annual basis.

15.2 Cash Registers. To the extent sales of food, beverages, goods, or services are conducted on the Premises, all such sales shall be recorded by means of cash registers or computers which automatically issue a customer’s receipt or certify the amount recorded in a sales slip, or with respect to those items that are not reasonably susceptible to recordation by cash register, such other reasonable means acceptable to County. Said cash registers shall in all cases have locked-in sales totals and transaction counters which are constantly accumulating and which cannot, in either case, be reset, and in addition thereto, a tape (or other equivalent security mechanism) located within the register on which transaction numbers and sales details are imprinted. Beginning and ending cash register readings shall be made a matter of daily record. Lessee shall implement point-of-sale systems that can accurately verify all sales for audit purposes and customer review purposes, which system shall be submitted to the Director in advance of installation for approval, which approval or disapproval shall not be unreasonably withheld or delayed.

15.3 Availability of Records for Inspector’s Audit. Books of account and records for all Lease Years shall be kept or made available at the Premises. Upon at least one (1) business day advance notice, County and its duly authorized representatives or agents may enter upon the Premises at any and all reasonable times for the purpose of determining whether Lessee is complying with the accounting terms and conditions of this Lease. County and its authorized representatives or agents may also, at any reasonable time upon reasonable prior notice, examine and audit Lessee’s books and records without restriction for the purpose of determining the accuracy thereof and of the statements of Gross Receipts. This provision shall survive the expiration or earlier termination of this Lease for thirty six (36) months.

15.4 Cost of Audit. If for any reason Lessee fails to make available the original records and books of account at the Premises, Lessee shall pay all costs and expenses incurred by County in conducting audits at the location where said records and books of account are maintained. If an
audit discloses a discrepancy in County’s favor of greater than two percent (2%) of the Percentage Rent due County for the period audited, then Lessee shall pay County’s audit costs, together with the amount of the identified deficiency and the applicable Late Fee with interest as provided by this Lease.

15.5 **Annual Financial Statements.** Within six (6) months after the end of each Lease Year, Lessee shall deliver to County the following certified as accurate by Lessee’s Board of Directors or by a Certified Public Accountant who is a member of the American Institute of Certified Public Accountants and is otherwise satisfactory to County: (a) a set of compiled financial statements setting forth Lessee’s financial condition and the result of Lessee’s operations for such Lease Year; and (b) a statement (on an unqualified basis) of Lessee’s Gross Receipts (including a breakdown by category). Such statements shall be prepared in a manner that allows County to determine the financial results of operations in connection with Lessee’s activities on, from, or relating to the Premises. Concurrently, Lessee shall deliver to County copies of its tax returns and other not-for-profit corporation reports filed with governmental agencies.

15.6 **Accounting Obligations of Other Parties.** If a sublessee, licensee, or concessionaire conducts business operations on the Premises, Lessee shall cause such person or entity to comply with all of the terms and conditions of this Lease with respect to the maintenance, form, availability, and methodology of accounting records.

15.7 **Inadequacy of Records.** If Lessee fails to keep or cause to be kept the records required by this Lease in a manner that allows a Certified Public Accountant to be able to issue an unqualified opinion as to Gross Receipts, such failure shall be an Event of Default. In addition to the other remedies available to County at law or in equity as a result of such default, County may prepare a calculation of the Percentage Rent payable by Lessee during the period in which the accounting records were inadequately maintained. Such calculation may be based on the past Gross Receipts levels on or from the Premises, the past or present level of Gross Receipts experienced by Lessees of comparable leaseholds in Marina del Rey with comparable business operations, or any other method as reasonably determined by the Director, and shall utilize such methodology as the Director deems reasonable. Within five (5) days after receipt of County’s determination of Percentage Rent due, if any, Lessee shall pay such Percentage Rent, together with a Late Fee and applicable interest as required by this Lease from the date upon which each unpaid installment of Percentage Rent was due until paid, together with reimbursement of County’s costs and expenses in connection with the attempted audit of the inadequate records and the reconstruction and estimation of Gross Receipts and the calculation of Percentage Rent due.

16. **MISCELLANEOUS.**

16.1 **Quiet Enjoyment.** Lessee, upon performing its obligations hereunder, shall have the quiet and undisturbed possession of the Premises throughout the Term, subject to the terms and conditions of this Lease.

16.2 **Time is of the Essence.** Time is of the essence of the performance of each and every obligation under this Lease.
16.3 **No Right of Offset.** Notwithstanding anything to the contrary in this Lease or by applicable law, Lessee hereby waives any and all rights, if any, to make repairs at the expense of County and to deduct or offset the cost thereof from the rent due County under this Lease.

16.4 **Holding Over.** If Lessee holds over after the expiration or earlier termination of this Lease for any reason with or without County’s express or implied consent, such holding over shall be deemed to be a tenancy from month-to-month only, and shall not constitute a renewal or extension of the Term.

16.4.1 During any such holdover period, the Monthly Minimum Rent and Percentage Rent rates in effect at the end of the time of holding over may be increased at the Director’s sole discretion up to one hundred twenty five percent (125%) of such then effective amounts.

16.4.2 Such holdover shall otherwise be subject to the same terms and conditions of this Lease.

16.4.3 Such holding over shall include any time employed by Lessee to remove personal property and otherwise vacate the Premises.

16.4.4 Nothing contained herein shall be construed as consent by County to any holding over by Lessee, and County expressly reserves the right to require Lessee to surrender possession of the Premises to County as provided in this Lease upon the expiration or earlier termination of this Lease. The provisions hereof shall not be deemed to limit or constitute a waiver of any other rights or remedies of County provided at law or in equity.

16.4.5 If Lessee fails to surrender the Premises upon the expiration or earlier termination of this Lease, in addition to any other obligations to County accruing therefrom, Lessee shall protect, defend, indemnify, and hold County and the County Parties harmless from all losses, costs (including reasonable legal costs and attorneys’ fees), damages, claims, and liabilities resulting from such failure, including without limitation any claims made by any succeeding Lessee resulting from such failure to surrender, and any lost profits to County resulting therefrom.

16.5 **Waivers.** Except as stated in writing by the waiving party, any waiver by either party of any breach of any one or more of the covenants, conditions, terms, and agreements of this Lease shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term, or agreement of this Lease, nor shall failure on the part of either party to require exact full and complete compliance with any of the covenants, conditions, terms, or agreements of this Lease be construed as in any manner changing the terms hereof or estopping that party from enforcing the full provisions hereof, nor shall the terms of this Lease be changed or altered in any manner whatsoever other than by written agreement of County and Lessee. No delay, failure, or omission of County to re-enter the Premises or of either party to exercise any right, power, privilege, or option, resulting from any default, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power, privilege, or option, or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right. No notice to Lessee shall be required to restore or revive “time of the essence” after the waiver by County of any default. Unless specifically provided in this Lease, no option, right,
power, remedy, or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances.

16.6 Remedies Cumulative. The rights, powers, options, and remedies given County by this agreement shall be cumulative unless otherwise specifically provided for in this Lease.

16.7 Authorized Right of Entry. In any and all cases in which provision is made herein for termination of this Lease, or for County’s exercise of right of entry or re-entry upon the Premises in the case of an Event of Default, or in case of abandonment or vacation of the Premises by Lessee, Lessee hereby irrevocably authorizes County to enter upon the Premises and remove any and all persons and property whatsoever situated upon the Premises and place all or any portion of said property, except such property as may be forfeited to County, in storage for the account of and at the sole cost and expense of Lessee. Except to the extent resulting from or caused by County’s gross negligence or willful misconduct, Lessee shall protect, defend, indemnify, and save harmless County from any cost, expense, loss, or damage resulting from or caused by any such entry or re-entry upon the Premises, including without limitation the removal of persons and property and storage of such property by County and its agents.

16.8 Service of Written Notice or Process. Written notice addressed to Lessee at the addresses set forth below, or to such other address that Lessee may in writing file with the Director, shall be deemed sufficient if said notice is delivered personally or by United States Postal Service or by nationally recognized courier service, provided in all cases there is a return receipt requested (or other similar evidence of delivery) and postage or other delivery charges prepaid.

16.8.1 Each notice shall be deemed delivered upon actual receipt.

16.8.2 Addresses for notices shall be as follows, unless otherwise noticed in writing:

COUNTY: Director
Department of Beaches and Harbors
Los Angeles County
13837 Fiji Way
Marina del Rey, California 90292
Phone: 424-526-7737

Copy to: Office of Los Angeles County Counsel
Los Angeles County
500 West Temple Street
Los Angeles, California 90012
Phone: 213-974-1801

LESSEE: Santa Monica Yacht Club
13589 Mindanao Way
Marina del Rey, California 90292
Attn: Commodore and Attn: Treasurer

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16.9 **Interest.** In any situation where County has advanced sums on behalf of Lessee pursuant to this Lease, such sums shall be due and payable within five (5) days after Lessee's receipt of written demand, together with interest at the Applicable Rate from the date such sums were first advanced until the time payment is received.

16.10 **Captions.** The captions contained in this Lease are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Lease.

16.11 **Attorneys' Fees.** If any action, proceeding, or arbitration resulting from or in connection with this Lease is brought, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation reasonable attorneys' fees for Los Angeles County Counsel's services, and also including all fees, costs, and expenses incurred in executing, perfecting, enforcing, and collecting any judgment.

16.12 **Amendments.** This Lease may only be amended by a writing executed by duly authorized officials of Lessee and County. Notwithstanding the foregoing, the Director shall have the power to execute such amendments to this Lease as are necessary to implement any arbitration judgment issued pursuant to this Lease.

16.13 **Time for Director Approvals.** Whenever in this Lease the consent or approval by the Director or County is required, such approval or consent shall be made by the Director, and shall be deemed not given unless delivered to Lessee in writing. Any failure to provide such consent or approval shall not be construed as consent or approval, but shall be deemed a denial of consent or disapproval in each instance.

16.14 **Time for County Action.** Notwithstanding anything to the contrary contained in this Lease, whenever the Director determines that performance of a County Lease obligation not specifically delegated to Director herein requires action by one or more Los Angeles County board or commission or the Los Angeles County Board of Supervisors, the time period for County's performance of such obligation shall be extended as is reasonably necessary to have such action taken.

16.15 **Estoppel Certificates.** Each party shall execute, within ten (10) business days after the receipt of a written request therefor from the other party, a certificate stating: (a) that this Lease is in full force and effect and is unmodified (or stating otherwise, as the case may be); (b) that to the best knowledge of such party, the other party is not then in default of this Lease (or stating the grounds for default if such be the case); and (c) if requested, the amount of the Security Deposit, Annual Minimum Rent, Percentage Rent, and other material economic terms and conditions of this Lease. Each party acknowledges that prospective purchasers, lenders, or other validly-interested parties may rely on such statements.

16.16 **Indemnity Obligations.** Whenever in this Lease there is an obligation to protect, defend, indemnify, and/or hold harmless, such obligation shall include an obligation to defend and pay legal costs, reasonable attorneys' fees, reasonable expert fees, and court costs.
16.17 Controlled Prices. Lessee shall at all times maintain a complete list or schedule of the prices charged for all goods or services, or combinations thereof, supplied to the public on or from the Premises. Said prices shall be fair and reasonable, based upon the following considerations: first, that the Premises is intended to serve a public purpose and provide needed facilities to the public at fair and reasonable cost; and second, that Lessee is entitled to a fair and reasonable return upon its investment pursuant to this Lease. If the Director notifies Lessee that any of said prices are not fair and reasonable, Lessee may confer with the Director to justify said prices. If, after reasonable conference and consultation, the Director determines that any of said prices are unfair or unreasonable, the same shall be modified by Lessee, as directed. Lessee may appeal the determination of the Director to the Board, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by Director shall be the maximum charged by Lessee.

17. ARBITRATION. Except as otherwise provided herein, disputed matters which may be arbitrated pursuant to this Lease shall be settled by binding arbitration in accordance with the then existing provisions of the California Arbitration Act, which as of the date hereof is contained in Title 9 of Part III of the California Code of Civil Procedure, commencing with Section 1280.

17.1 Initiating Party. Either party (the "Initiating Party") may initiate the arbitration process by sending written notice ("Request for Arbitration") to the other party (the "Responding Party") requesting initiation of the arbitration process and setting forth a brief description of the dispute or disputes to be resolved and the contention(s) of the Initiating Party. Within ten (10) days after service of the Request for Arbitration, the Responding Party shall file a "Response" setting forth the Responding Party's description of the dispute and the contention(s) of the Responding Party. If the Responding Party has any "Additional Disputes" it shall follow the format described for the Initiating Party. The Initiating Party shall respond within ten (10) days after service of the Additional Disputes setting forth Initiating Party's description of the Additional Disputes and contentions regarding the Additional Disputes. Notwithstanding anything to the contrary which may now or hereafter be contained in the California Arbitration Act, the following provisions shall apply to any and all arbitration proceedings conducted pursuant to this Lease:

17.1.1 Selection of Arbitrator. The parties shall attempt to agree upon an arbitrator who shall decide the matter. If for any reason the parties are unable to agree upon the arbitrator within ten (10) days after the date the Initiating Party serves a request for arbitration on the Responding Party, then at any time on or after such date either party may petition for the appointment of the arbitrator as provided in California Code of Civil Procedure Section 1281.6.

17.1.2 Arbitrator. The arbitrator shall be a retired judge of the California Superior Court, Court of Appeal, or Supreme Court, or any United States District Court or Court of Appeals located within California, and who has agreed to resolve civil disputes.

17.1.3 Scope of Arbitration. County and Lessee affirm that the mutual objective of such arbitration is to resolve the dispute as expeditiously as possible. The arbitration process shall not apply or be used to determine issues other than: (a) those presented to the arbitrator by the Initiating Party, provided those disputes are arbitrable disputes pursuant to this Lease; (b) Additional Disputes presented to the arbitrator by the Responding Party, provided that any such Additional Disputes constitute arbitrable disputes pursuant to this Lease; and (c) such related
preliminary or procedural issues as are necessary to resolve (a) and/or (b) above. The arbitrator shall render an award. Either party may, at its sole cost and expense, request a statement of decision explaining the arbitrator's reasoning which shall be in such detail as the arbitrator may determine. Unless otherwise expressly agreed by the parties in writing, the award shall be made by the arbitrator no later than the sooner of six (6) months after the date on which the arbitrator is selected by mutual agreement or court order, whichever is applicable, or five (5) months after the date of a denial of a petition to disqualify a potential arbitrator for cause. County and Lessee hereby instruct the arbitrator to take any and all actions deemed reasonably necessary, appropriate, or prudent to ensure the issuance of an award within such period. Notwithstanding the foregoing, failure to complete the arbitration process within such period shall not render such arbitration or any determination made therein void or voidable; however, at any time after the expiration of the foregoing five (5) or six (6) month periods, as applicable, either party may deliver written notice to the arbitrator and the other party either terminating the arbitration or declaring such party's intent to terminate the arbitration if the award is not issued within a specified number of days after delivery of such notice. If the arbitrator's award is not issued prior to the expiration of said specified period, the arbitration shall be terminated and the parties shall recommence arbitration proceedings pursuant to this Article 16.

17.1.4 **Immunity.** The arbitrator shall have the immunity of a judicial officer from civil liability when acting in the capacity of arbitrator pursuant to this Lease.

17.1.5 **Section 1282.2.** The provisions of California Code of Civil Procedure §1282.2 shall apply to the arbitration proceedings except to the extent they are inconsistent with the following:

(a) Unless the parties otherwise agree, the arbitrator shall appoint a time and place for the hearing and shall cause notice thereof to be served as provided in said §1282.2 not less than ninety (90) days before the hearing, regardless of the aggregate amount in controversy.

(b) No later than sixty (60) days prior to the date set for the hearing (unless, upon a showing of good cause by either party, the arbitrator establishes a different period), in lieu of the exchange and inspection authorized by California Code of Civil Procedure §1282.2(a)(2)(A), (B), and (C), the parties shall simultaneously exchange the following documents by personal delivery to each other and to the arbitrator:

1. a written Statement of Position, as further defined below, setting forth in detail that party's final position regarding the matter in dispute and specific numerical proposal for resolution of monetary disputes;

2. a list of witnesses each party intends to call at the hearing, designating which witnesses will be called as expert witnesses and a summary of each witness's testimony;

3. a list of the documents each intends to introduce at the hearing, together with complete and correct copies of all such documents; and
(4) if the issue involves a valuation matter, a list of all Written Appraisal Evidence (as defined below) each intends to introduce at the hearing, together with complete and correct copies of all such Written Appraisal Evidence.

(c) No later than twenty (20) days prior to the date set for the hearing, each party may file a reply to the other party’s Statement of Position (“Reply”). The Reply shall contain the following information:

(1) a written statement, to be limited to that party’s rebuttal to the matters set forth in the other party’s Statement of Position;

(2) a list of witnesses each party intends to call at the hearing to rebut the evidence to be presented by the other party, designating which witnesses will be called as expert witnesses;

(3) a list of the documents each intends to introduce at the hearing to rebut the evidence to be presented by the other party, together with complete and correct copies of all of such documents (unless, upon a showing of good cause by either party, the arbitrator establishes a different deadline for delivering true and correct copies of such documents);

(4) if the issue involves a valuation matter, a list of all Written Appraisal Evidence, or written critiques of the other party’s Written Appraisal Evidence if any, each intends to introduce at the hearing to rebut the evidence presented by the other party, together with complete and correct copies of all of such Written Appraisal Evidence (unless, upon a showing of good cause by either party, the arbitrator establishes a different deadline for delivering true and correct copies of such Written Appraisal Evidence); and

(5) Witnesses or documents to be used solely for impeachment of a witness need not be identified or produced.

(d) The arbitrator is not bound by the rules of evidence, but may not consider any evidence not presented at the hearing. The arbitrator may exclude evidence for any reason a court may exclude evidence, or as provided in this Lease.

17.2 Evidence. The provisions of California Code of Civil Procedure §1282.2(a)(2)(E) shall not apply to the arbitration proceeding. The arbitrator shall have no discretion to allow a party to introduce witnesses or documents (other than impeachment testimony) unless such information was previously delivered to the other party in accordance with these arbitration provisions, or such evidence consists of a transcript of a deposition of an expert witness conducted pursuant to these arbitration provisions. Notwithstanding the foregoing, the arbitrator may allow a party to introduce evidence which, in the exercise of reasonable diligence, could not have been delivered to the other party in accordance with these arbitration provisions, provided such evidence is otherwise permissible hereunder.

17.3 Discovery. The provisions of California Code of Civil Procedure §1283.05 shall not apply to the arbitration proceedings except to the extent incorporated by other sections of the California Arbitration Act which apply to the arbitration proceedings. There shall be no pre-arbitration discovery except as provided in these arbitration provisions; provided, however, each
party shall have the right, no later than seven (7) days prior to the date first set for the hearing, to conduct a deposition, not to exceed three (3) hours in duration unless the arbitrator otherwise determines that good cause exists to justify a longer period, of any person identified by the other party as an expert witness pursuant to these arbitration provisions.

17.4 **Awards of Arbitrators.**

17.4.1 **Monetary Issues.** With respect to monetary disputes, the arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position. The arbitrator shall instead select whichever of the two Statements of Position is the closest to the monetary or numerical amount that the arbitrator determines to be the appropriate determination of the rent, expense, claim, cost, delay, coverage, or other matter in dispute, and shall render an award consistent with such Statement of Position. Upon the arbitrator’s selection of a Statement of Position, pursuant to these arbitration provisions, the Statement of Position so chosen and the award rendered by the arbitrator thereon shall be final and binding upon the parties, absent Gross Error on the part of the arbitrator.

17.4.2 **Non-monetary Issues.** With respect to non-monetary issues and disputes, the arbitrator shall determine the most appropriate resolution of the issue or dispute, taking into account the Statements of Position submitted by the parties, and shall render an award accordingly. Such award shall be final and binding upon the parties, absent Gross Error on the part of the arbitrator.

17.5 **Powers of Arbitrator.** In rendering the award, the arbitrator shall have the power to consult or examine experts or authorities not disclosed by a party pursuant to these arbitration provisions, provided that each party is afforded the right to cross-examine such expert or rebut such authority.

17.6 **Costs of Arbitration.** Lessee and County shall share equally the expenses and fees of the arbitrator, together with other expenses of arbitration incurred or approved by the arbitrator. Failure of either party to pay its share of expenses and fees shall be an Event of Default.

17.7 **Amendment to Implement Judgment.** Within seven (7) days after the issuance of any award by the arbitrator becomes final, County shall draft a proposed amendment to the Lease setting forth the relevant terms of such award. Within seven (7) days after delivery of a copy of the amendment to Lessee, Lessee shall sign the amendment (with any revisions to the proposed amendment necessary to accurately reflect the arbitration award) and return the executed copy to County, which shall thereafter be executed by County as soon as reasonably practicable.

17.8 **Impact of Gross Error Allegations.** Where either party has charged the arbitrator with Gross Error:

17.8.1 The award shall not be implemented if the party alleging Gross Error obtains a judgment of a court of competent jurisdiction stating that the arbitrator was guilty of Gross Error and vacating the arbitration award ("Disqualification Judgment"). If a Disqualification Judgment is made, the arbitration process shall begin over immediately in accordance with these arbitration provisions, which arbitration shall be conducted (with a different arbitrator) as expeditiously as reasonably possible.
17.8.2 The party alleging Gross Error shall have the burden of proof.

17.8.3 For the purposes of these arbitration provisions, the term "Gross Error" shall mean that the arbitration award is subject to vacation pursuant to California Code of Civil Procedure §1286.2 or any successor provision.

17.9 **NOTICE**: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE OWING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.

Initials of Lessee

Initials of County

18. **INTERPRETATION.**

18.1 **Meanings of Words Not Specifically Defined.** Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are as defined herein, are to be construed according to such technical, peculiar, and appropriate meaning or definition.

18.2 **Tense; Gender; Number; Person.** Words used in this Lease in the present tense include the future as well as the present; words used in the masculine gender include the feminine and neutral, and the neuter includes the masculine and feminine; the singular number includes the plural and the plural the singular; the word "person" includes a corporation, partnership, limited liability company, or similar entity, as well as a natural person.

18.3 **Business Days.** For the purposes of this Lease, "business day" shall mean a business day as set forth in Section 9 of the California Civil Code, and shall include "Optional Bank Holidays" as defined in Section 7.1 of the California Civil Code.

18.4 **Parties Represented by Consultants, Counsel.** Both County and Lessee have entered this Lease following advice from independent financial consultants and legal counsel of
their own choosing. This document is the result of combined efforts of both parties and their consultants and attorneys. Thus, any rule of law or construction which provides that ambiguity in a term or provision shall be construed against the drafter shall not apply to this Lease.

18.5 **Governing Law.** This Lease shall be governed by and interpreted in accordance with the laws of the State of California.

18.6 **Compliance with Code.** County and Lessee agree and acknowledge that this Lease satisfies the requirements of Section 25536 and 25907 of the California Government Code as a result of various provisions contained herein.

18.7 **No Recordation.** Neither this Lease nor any memorandum thereof shall be recorded.

18.8 **County’s Consent, Approval.** Whenever required under this Lease, County’s consent or approval shall mean the written consent or approval of the Director of County’s Department of Beaches and Harbors, or his or her designee (or in the absence of such, such other person or governmental body with requisite authority).

[Signatures on following page.]
IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the Effective Date.

THE COUNTY OF LOS ANGELES

By: 
Chair, Board of Supervisors

SANTA MONICA YACHT CLUB, a California not-for-profit corporation

By: 
Its: 

ATTEST:

CELIA ZAVALA,
Acting Executive Officer - Clerk of the Board of Supervisors

By: 
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM,
County Counsel

By: 
Deputy

APPROVED AS TO FORM:
GLASER WEIL FINK HOWARD AVCHEN & SHAPIRO LLP

By: 

EXHIBIT A
PREMISES OUTLINE
September 12, 2018

TO: Small Craft Harbor Commission

FROM: Gary Jones, Director

SUBJECT: ITEM 7c – PROPOSED AMENDMENT OF TITLE 2 OF THE LOS ANGELES COUNTY CODE TO DELEGATE AUTHORITY TO THE DIRECTOR OF BEACHES AND HARBORS TO LEASE, SUBLEASE, LICENSE, AND PERMIT THE USE OF PORTIONS OF THE HARBORS AND BEACHES

Item 7c on your agenda is a presentation by the Department staff regarding the proposal to amend Title 2 of the Los Angeles County Code to continue the Director’s delegated authority to lease, sublease, license, or permit harbors and beaches that are owned, controlled, or managed by the Department of Beaches and Harbors, and to delegate authority to the Director to lease or license property for use by the County.

Your Commission’s endorsement of the recommendations in the attached draft Board letter is requested. Staff will inform the Commission should there be any material change made prior to the letter’s submission to the Board of Supervisors for approval.

GJ:SP:SVG:Ip

Attachments (2)
DATE, 2018

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

Dear Supervisors:

PROPOSED AMENDMENT OF TITLE 2 OF THE LOS ANGELES COUNTY CODE TO
DELEGATE AUTHORITY TO THE DIRECTOR OF BEACHES AND HARBORS TO
LEASE, SUBLEASE, LICENSE, AND PERMIT THE USE OF PORTIONS OF THE
HARBORS AND BEACHES AND TO ENTER INTO LEASE AND LICENSES OF
REAL PROPERTY FOR COUNTY USE PURSUANT TO CHAPTER 2.116.020
(SUPERVISORIAL DISTRICT FOUR)
(THREE VOTES)

SUBJECT

This action is to approve an Ordinance amending Title 2 (Administration), Section 2.116.020 of the Los Angeles County Code to continue the Director of Beaches and Harbors' delegated authority to lease, sublease, license, or permit harbors and beaches that are owned, controlled, or managed by the Department of Beaches and Harbors, and to delegate authority to the Director to lease or license property for use by the County in accordance with and subject to Government Code Section 25350.51, which currently allows such leasing and licensing at a maximum monthly rental of seven thousand five hundred dollars ($7,500) per month for a maximum term of five years, and to amend real property leases or licenses for improvements or alterations.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed actions are exempt from the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378(b);

2. Approve the proposed amendments to Title 2 (Administration) of the Los Angeles County Code as reflected in the draft Ordinance; and

HOA.102264732.1
3. Instruct County Counsel to prepare the final Ordinance and submit it to the Board for its consideration.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board previously delegated authority to the Director of Beaches and Harbors to lease, sublease, license, or permit use of real property pursuant to Title 2, Section 2.116.020.

The purpose of the recommended actions is to continue this delegated authority of the Director for another five years and to establish the Director’s authority to enter into leases and licenses for the use of real property by the County for a term not to exceed five (5) years and at a rental rate of no more than $7,500 per month.

Pursuant to Government Code Section 25350.51, your Board may delegate authority to the Director to lease or license property for the County’s use. Such authority has not as yet been so delegated.

Implementation of Strategic Plan Goals

The County Strategic Plan Goal directs the provision Strategy III.3 Operational, Effectiveness, Fiscal Responsibility and Accountability. This action reduces the number of instances in which the Board and Chief Executive Office will have to act regarding minor transactions involving the leasing, subleasing, licensing, or permitting of real property by the County for County use.

FISCAL IMPACT/FINANCING

Approval and implementation of the proposed Ordinance amendment will not result in any loss of revenue to the County or significant new costs to the Department of Beaches and Harbors or other County departments. Furthermore, adoption of the proposed amendment will not result in the need for additional department staffing. The proposed Ordinance amendment will not result in additional net County costs, and therefore, a request for funding is not being made at this time.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The delegations of authority being proposed are authorized by Government Code Sections 25537 and 25350.51. County Counsel has reviewed and approved the proposed Ordinance. At its meeting of September 12, 2018, the Small Craft Harbor Commission ______________the Director’s recommendation that your Board approve and execute the Ordinance.
ENVIRONMENTAL DOCUMENTATION

Adoption of the proposed Ordinance amendment is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA Guidelines. This proposed action is an administrative activity of government, which will not result in direct or indirect physical changes to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the proposed Ordinance amendment will not significantly impact County services or projects.

CONCLUSION

Please return one adopted copy of this letter, as well as a signed original of the Ordinance to the Department of Beaches and Harbors, Asset Management Division.

Respectfully submitted,

GARY JONES, Director

GJ:BL:SP:SVG:SN:lp

Attachments (1)

c: Chief Executive Officer
   County Counsel
   Auditor-Controller
   Executive Officer, Board of Supervisors
ORDINANCE NO.________

An Ordinance amending Title 2 (Administration) of the Los Angeles County Code.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 6. Section 2.116.020. is hereby amended to read as follows:

2.116.020 - Director—Powers and duties.

The Director of the Department of Beaches and Harbors shall, subject to the authority of the Board of Supervisors, protect, develop, manage, regulate, and have complete and exclusive charge and control, except as provided in subsection C of this section, below, or as is otherwise delegated to the Fire Chief of the District, ocean lifeguards, or the Sheriff pursuant to Chapters 2.20, 17.12, or 19.12 of this code, of all harbors and beaches that are owned, controlled, or managed by the County, including the harbor known as the Marina del Rey. His duties shall include, but not be confined to:

A. The establishment and enforcement of rules and regulations pertaining to the use of the harbors and beaches.

B. The imposition and collection of charges, rates, and rentals for the use of the facilities of the harbors and beaches.

C. 1. The leasing, subleasing, licensing, or permitting the use, individually or collectively, of portions of the harbors and beaches and the imposition and collection of rentals, charges, and rates therefor, and enforcement of license or permit agreements by suit against any person in breach of contract with the department for the use of a facility that is owned, controlled, or managed by the County within those areas and for which the Director is responsible. The licensing or permitting authority under this subsection shall be pursuant to and consistent with the delegation and related provisions of California Government Code section 25537, except that the maximum monthly rental amount for any license or permit issued pursuant to this subsection shall be $15,000. This licensing or permitting authority shall be used for, among other things, licensing or permitting beach events and activities on beaches and the public areas of Marina del Rey, as such events and activities are described in Sections 17.12.345 and 19.12.1292 of this code, and permitting of construction-related activities, and permitting of parking-related activities in any area over which the Director has jurisdiction. The terms and conditions of any such license or permit issued pursuant to this subsection shall be enforceable by the Director, the Director’s representatives, the Fire Chief of the District, and ocean lifeguards, as applicable;

2. No suit shall be filed by the Director without the concurrence of the County Counsel; and

3. The Chief Executive Officer shall participate with, and assist the Director in, negotiating the terms and conditions of leases of County-owned properties in the Marina del Rey.

D. The development, improvement, expansion, maintenance, operation, and supervision of the use of the harbors and beaches, and facilities thereon.
D. Director shall have the authority set forth in Government Code Section 25350.51 to lease or license real property for use by the County and amend such leases or licenses.

E. The issuance of right-of-entry permits to third parties for construction-related activities, and parking permits for parking-related activities in any area under which the Director has jurisdiction.

F. The development, improvement, expansion, maintenance, operation, and supervision of the use of the harbors and beaches, and facilities thereon.

G. The development of a program of community relations with citizens residing in the harbor and incorporated and unincorporated beach areas.

H. The delegated authority on behalf of the Board of Supervisors to enter into contracts pursuant to California Government Code section 25559(a) for the furnishing of music and musical entertainment to the public at the harbors, either by employment of individual musicians or by entering into contracts, with or without bids, with orchestras, bands, symphony associations, or other organizations. Expenditures authorized for such events may also include event-related catering, transportation, lodging, and security services, and rental of performance, sound and lighting equipment, dressing rooms, and tents, which shall be procured through the Internal Services Department. To the extent available, proceeds from public-private partnerships established by the Board of Supervisors to sponsor musical entertainment events shall be used to fund expenditures authorized by this section; any County funds necessary to augment the funding for such expenditures shall only be committed by the Director with the prior approval of the Chief Executive Officer from funds appropriated for such purposes by the Board of Supervisors.

I. Any other authority and duties possessed by the Department of Beaches and Department of Small Craft Harbors and the Directors thereof prior to July 1, 1982, the time that such departments were merged into the Department of Beaches and Harbors, and not enumerated above, except for any authority or duty delegated solely to the Fire Chief of the District, the ocean lifeguards, or the Sheriff, in Chapters 17.12 and 19.12 of this code.

J. Such other authority and duties as the Board of Supervisors shall delegate to the Director.

September 12, 2018

TO: Small Craft Harbor Commission
FROM: Gary Jones, Director

SUBJECT: ITEM 8 - ONGOING ACTIVITIES REPORT

BOARD ACTIONS ON ITEMS RELATING TO MARINA DEL REY
No items relating to Marina del Rey were on the July 2018 and August 2018 BOS agenda.

REGIONAL PLANNING COMMISSION'S CALENDAR
No items relating to Marina del Rey were on the July 2018 and August 2018 Regional Planning Commission agenda.

CALIFORNIA COASTAL COMMISSION CALENDAR
No items relating to Marina del Rey were on the July 2018 August 2018 California Coastal Commission agenda.

REDEVELOPMENT PROJECT STATUS REPORT
The updated "Marina del Rey Redevelopment Projects Report" is attached.

DESIGN CONTROL BOARD MINUTES
The June and August meetings were cancelled due to lack of quorum. The July meeting minutes are pending approval.

MARINA DEL REY SLIP REPORT
In July 2018, the overall vacancy rate across all anchorages in Marina del Rey stood at 5.3%. Adjusted to remove out-of-service slips and 50% of available double slips, the vacancy rate within Marina del Rey stood at 4.5%. The vacancy data by anchorage and slip length are attached.

CALIFORNIA COASTAL COMMISSION SLIP REPORT
Pursuant to certain conditions of the Coastal Development Permit (5-11-131) issued by the California Coastal Commission, the County is required to maintain certain minimum thresholds of slip sizes as a percentage of the entire Marina. A report of the percentage of each size category as a percentage of all available slips in the Marina is attached.

FISHERMAN'S VILLAGE PROGRESS REPORT
No further updates for this item.
ILLEGAL BOAT CHARTER ENFORCEMENT
Beaches and Harbors' Code Enforcement Unit continues to monitor and deter illegal charter boat activities at the public launch ramp and Chace Park docks. In the meeting of Treasurer and Tax Collector, US Coast Guard, and Beaches and Harbors on July 24, 2018, Coast Guard also emphasized its enforcement program at Marina del Rey, and encouraged reporting illegal boat charters to its office at (310) 521-3770 or SECLALB@uscg.mil.

GJ:SP:yw
Attachments (6)
<table>
<thead>
<tr>
<th>Parcel No.</th>
<th>Project Name</th>
<th>Representative</th>
<th>Redevelopment Proposed</th>
<th>Massing and Parking</th>
<th>Status</th>
</tr>
</thead>
</table>
| 9          | -- Proposed Hotel on northern portion of Parcel 9U, wetland park on southern portion. | Sam Hardage | * Proposed dual building hotel, 6-story, 72'-high Marriott Residence Inn, and, 5-story, 61'-high Courtyard Marriott.  
* New promenade improvements, restaurants and amenities.  
* Wetland public park project (1.46 acres). | **Massing** -- Revised project will be resubmitted at a later date.  
**Parking** -- plan will be resubmitted at a later date. | **Proprietary** -- Option was approved by BOS on 10/6/15. Lease was executed on July 31, 2017  
**Regulatory** -- January 6, 2016, the BOS' approval of the hotel project was appealed to the CCC. On May 13, 2016, the CCC granted a time extension, until December 12, 2016, for the wetland park CDP. On July 11, 2016, work began on the wetland park. On April 26, 2017, the DCB approved the final design of the hotel project. Construction of the hotel began on August 11, 2017, and anticipated completion date is May 30, 2019. |
| 10/14 (FF) | -- Neptune Marina/ Legacy Partners | Tim O'Brien | * Demolish existing facilities and build 526 apartments.  
* 161-slip marina + 7 end-ties.  
* 28 foot-wide waterfront promenade. | **Massing** -- Four 55’ tall clustered 4-story residential buildings over Parking with view corridor.  
**Parking** -- 1,012 project required parking spaces to be provided (103 public Parking spaces to be replaced off site)  
* Replacement of public parking both on and off site. | **Proprietary** -- December 1, 2015, the BOS agreed to extend the term of the option for up to one year. Lessee submitted Lease Assignments and Assignments of Options to extend existing lease for Parcel 10 and the lease for Parcel 14. The SCHC endorsed the assignments on September 21, 2016 and the BOS approved on October 4, 2016. Parcel 10 and 14 Lease as executed on 12/9/16. Construction commenced on December 14, 2016, and anticipated completion date is October 30, 2019.  
**Regulatory** -- On January 21, 2015, the final project design was approved by the Design Control Board. On December 12, 2016, work began on the project. |
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<tr>
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<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>43 -- Marina del Rey Hotel Anchorage</td>
<td>Jeff Pence</td>
<td>* Demolition of a 349-slip marina and construction of a 277-slip marina.</td>
<td>Massing -- Parking --163 spaces for boaters</td>
<td>Proprietary -- BOS approved bifurcation of Parcels 42 and 43 into separate leaseholds Lessee exercised its option to expand the lease term. Lease was executed on 12/22/15, and project is under construction.</td>
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<td>Regulatory -- Dock replacement will be phased during a 5-year period beginning in 2015. Reconstruction of the docks commenced in November 2016.</td>
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<td>Regulatory Matter: Parking Permit for reduced Parking.</td>
</tr>
<tr>
<td>44 - Pier 44/Pacific Marina Venture</td>
<td>Michael Pashaie/ David Taban</td>
<td>* Build 5 new visitor serving commercial and dry storage buildings</td>
<td>Massing -- Four new visitor-serving commercial buildings, maximum 36' tall and one dry stack storage building, 65' tall. 771.5 lineal feet view corridor proposed. Parking -- 381 at grade Parking spaces will be provided with shared Parking agreement (402 Parking spaces are required).</td>
<td>Proprietary -- The lessee initialed a revised Term Sheet on July 9, 2015. On January 13, 2016, SCHC endorsed DBH's recommendation to grant lessee an option to extend the lease term for 39 years. The Grant of Option was approved by the BOS in October 2016. Amended and restated lease was executed on August 24, 2017. Construction began on September 11, 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>* 82,652 s.f. visitor serving commercial space</td>
<td></td>
<td>Regulatory -- February 9, 2016, the BOS approved the project, which was appealed to the CCC. CCC denied the appeal on June 9, 2016.</td>
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<td></td>
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<td>* 141 slips + 5 end ties and 57 dry storage spaces</td>
<td></td>
<td>Regulatory Matter: Shared Parking Agreement. No Variance proposed</td>
</tr>
<tr>
<td>Parcel No. Project Name</td>
<td>Representative</td>
<td>Redevelopment Proposed</td>
<td>Massing and Parking</td>
<td>Status</td>
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</tbody>
</table>
| 53 -- The Boatyard      | Greg Schem     | * New 921 s.f. ADA Restroom  
* New 3,916 s.f. carport with 14 garage spaces and boater storage.  
* Leasehold refurbishment, including new landscaping, hardscape, and waterside walkway. | Massing -- One 38' tall commercial warehouse building and 15' tall office buildings. New carport storage and office buildings will be 15' tall.  
Parking -- Parking proposed is 147 spaces. The code requires 134 spaces for this use. | Proprietary -- On 11/6/2012 the Lessee initialed a term sheet for an extension of the leasehold. On January 13, 2016, SCHC endorsed DBH's recommendation to extend the lease for 39 years. The grant of option was approved by the BOS at its March 15, 2016 meeting. Option was exercised and lease executed on 4/29/16. Project is under construction and anticipated completion is expected in August 2018.  
Regulatory -- The DCB approved the final design of the project on December 16, 2015.  
Regulatory Matter: Variance for reduced setbacks and Architectural Guidelines requiring that structures be at least 15 ft. from bulkhead. |
| 55/56/W -- Fisherman's Village/Gold Coast | Michael Pashaie/ David Taban | * 132-room hotel  
* 65,700 square foot restaurant/retail space  
* 30-slip new marina  
* 28 foot-wide waterfront promenade | Massing -- Nine mixed use hotel/visitor-serving commercial/retail structures (8 1- and 2-story and 1 60'-tall hotel over ground floor retail/restaurant), parking structure with view corridor.  
Parking -- On-site Parking includes all project required Parking, Parking for Parcel 61 lessee (Whiskey Reds). | Proprietary The lessee provided the SCHC with project updates at the March and May 2015 meetings.  
Regulatory -- A plan was last submitted to the Department of Regional Planning in July of 2008. No recent activity has occurred.  
Regulatory Matter: Shared Parking Agreement. Variance for reduced setbacks (side and waterfront). |
<table>
<thead>
<tr>
<th>Parcel No. Project Name</th>
<th>Representative</th>
<th>Redevelopment Proposed</th>
<th>Massing and Parking</th>
<th>Status</th>
</tr>
</thead>
</table>
| 113 -- Mariner’s Village | Michael Sondermann     | * Complete leasehold refurbishment of 981 apartments  
* Retail space increase from 2,070 s.f. to 9,000 s.f.  
* New 92-slip anchorage will be constructed  
* New 28 foot-wide pedestrian promenade and public amenities                                                                                                             |                     | Proprietary – Item opened on 9/23/2013  
Regulatory -- An EIR scoping meeting was held on 09/16/14 in Chace Park.                                                                                                                                               |
| 15 -- AMLI Residential  | Jason Armison          | * Demolish existing facilities and build 585 apartments  
* New 8,000 s.f. commercial space  
* New 241 boat slip marina  
* New 1,271-Parking space garage                                                                                                                                                                                      | Massing -- Six buildings up to 5 stories and 70’ high  
Parking -- All Parking to be provided on site within new 1,271-space Parking garage                                                                                                                                  | Proprietary -- The lease was executed on 1/30/14.  
Construction commenced on July 1, 2014, and anticipated completion date is October 2018.  
Regulatory -- June 30, 2014, demolition of the site commenced. October 2016 –Construction of project is underway.                                                                                                               |
| 28 -- Wayfarer          | Tim O’Brien            | * Complete leasehold refurbishment of 379 apartments  
* New bicycle depot for public use  
* Improvements to existing promenade and dock gates and public amenities  
* Replacement of existing docks within 6 months of completed of landside renovation                                                                                                                                  | Massing -- Seven buildings up to 3 stories high  
Parking -- Existing subterranean Parking structure contains 947 Parking spaces.                                                                                                                                              | Proprietary -- The MND for the project was adopted by the BOS at the March 24, 2015 meeting. Board also approved a future assignment to Legacy. Option was exercised and lease executed on 9/25/15.  
Project is under construction and anticipated completion date for the landside portion of the project is August 2018. In July 2017, the CCC granted permission to begin the dock reconstruction project.  
Regulatory -- On July 15, 2015, the DCB approved the final design of the project. Construction commenced in December 2015.                                                                                                         |
Marina del Rey Slip Vacancy Report

| Marina | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC | VAC | AVAIL | %VAC |
|--------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|-----|-------|------|
| P1     | 8   | 0.0%  | 5    | 0.0%| 60    | 63%  | 44  | 0.0%  | 1    | 0.0%| 42    | 2.4% | 1  | 0.0% | 12  | 8.3% | 7    | 0.0% | 21   | 0.0% | 7    | 0.0% | 214  | 3.3% |
| P8     | 1   | 0.0%  | 4    | 0.0%| 16    | 6.7% | 6   | 0.0%  | 0    | 0.0%| 12    | 7.3% | 3  | 0.0% | 36  | 18.4%| 7    | 0.0% | 1    | 0.0% | 207  | 9.7% |
| P10    | 3   | 0.0%  | 4    | 0.0%| 48    | 63%  | 12  | 0.0%  | 0    | 0.0%| 6     | 7.3% | 1  | 0.0% | 36  | 18.4%| 7    | 0.0% | 1    | 0.0% | 207  | 9.7% |
| P12    | 5   | 0.0%  | 5    | 0.0%| 50    | 6.7% | 5   | 0.0%  | 2    | 0.0%| 50    | 6.7% | 5  | 0.0% | 44  | 11.4%| 2    | 0.0% | 31   | 6.5% | 216  | 9.7% |
| P13    | 1   | 0.0%  | 3    | 0.0%| 10    | 1.4% | 3   | 0.0%  | 0    | 0.0%| 36    | 3.3% | 8  | 0.0% | 0   | 0.0% | 5    | 0.0% | 186  | 2.7% |
| P15    | 6   | 0.0%  | 1    | 0.0%| 68    | 1.5% | 41  | 0.0%  | 39   | 0.0%| 20    | 0.0% | 18 | 0.0% | 34  | 0.0% | 7    | 0.0% | 424  | 1.7% |
| P20    | 3   | 0.0%  | 2    | 0.0%| 47    | 7.1% | 59  | 0.0%  | 21   | 0.0%| 10    | 0.0% | 18 | 0.0% | 36  | 0.0% | 3    | 0.0% | 139  | 2.2% |
| P21    | 25  | 20.7% | 1    | 0.0%| 121   | 20.7%| 1   | 0.0%  | 10   | 0.0%| 113   | 0.0% | 74 | 0.0% | 50  | 0.0% | 9    | 0.0% | 246  | 0.0% |
| P28    | 8   | 0.0%  | 2    | 0.0%| 20    | 0.0% | 4   | 0.0%  | 41   | 0.0%| 51    | 0.0% | 33 | 0.0% | 26  | 0.0% | 1    | 0.0% | 245  | 0.0% |
| P41    | 3   | 0.0%  | 2    | 0.0%| 90    | 3.3% | 24  | 0.0%  | 34   | 0.0%| 40    | 0.0% | 91 | 0.0% | 1    | 0.0% | 3    | 0.0% | 245  | 0.0% |
| P43    | 1   | 20.4% | 3    | 3.4%| 77    | 3.9% | 6   | 0.0%  | 31   | 0.0%| 15    | 7.1% | 27 | 0.0% | 1    | 0.0% | 14   | 6.7% | 266  | 5.3% |
| P48    | 12  | 52.2% | 10   | 0.0%| 26    | 0.0% | 4   | 0.0%  | 26   | 0.0%| 10    | 0.0% | 10 | 0.0% | 100 | 35.7%| 10   | 0.0% | 36   | 10.6% |
| P54    | 2   | 0.0%  | 2    | 0.0%| 25    | 0.0% | 6   | 0.0%  | 25   | 0.0%| 2    | 0.0% | 25 | 0.0% | 8   | 0.0% | 4    | 0.0% | 111  | 34.0% |
| P111   | 1   | 0.0%  | 1    | 0.0%| 31    | 5.0% | 27  | 0.0%  | 2    | 0.0%| 15    | 0.0% | 15 | 0.0% | 8   | 0.0% | 4    | 0.0% | 111  | 34.0% |
| P112   | 9   | 0.0%  | 1    | 0.0% | 100   | 9.0% | 11  | 0.0%  | 12   | 0.0%| 24    | 4.2% | 24 | 4.2% | 3   | 0.0% | 24   | 4.2% | 117  | 34.0% |
| P129   | 1   | 4.2%  | 3    | 6.1%| 49    | 3.2% | 3   | 0.0%  | 3    | 0.0%| 93    | 15.0%| 38 | 6.0% | 27  | 0.0% | 17   | 0.0% | 276  | 4.0% |
| P132   | 2   | 0.0%  | 2    | 0.0%| 26    | 2.9% | 6   | 0.0%  | 50   | 0.0%| 71    | 10.3%| 10 | 0.0% | 47   | 4.4% | 2    | 0.0% | 113  | 5.4% |
| Total  | 62  | 803   | 29   | 779  | 36   | 733  | 38  | 705   | 34  | 565  | 36   | 705  | 57  | 733  | 17  | 284  | 10  | 272  | 12  | 250  | 200  | 3756  | 849  | 4803 |

Summation

- Vacancy in 17-25': 7.7%
- Vacancy in 26-30': 3.7%
- Vacancy in 31-35': 4.9%
- Vacancy in 36-40': 5.7%
- Vacancy in 41-45': 6.0%
- Vacancy in 46-50': 3.7%
- Vacancy in 51' and over: 4.1%

Overall Vacancy: 5.3%

Vacancy w/o DOUBLES, OUT OF SERVICE slips: 4.5%

Note:
- Parcel 10 dock reconstruction commencement August 2016. Estimated completion date: September 2018
- Parcel 15 dock reconstruction commencement September 2014. Estimated completion date: September 2018
- Parcel 28 dock reconstruction commencement September 2017. Estimated completion date: May 2019
- Parcel 43 dock reconstruction commencement September 2016. Estimated completion date of final stage: January 2020
- Parcel 44 dock reconstruction commencement December 2017. Estimated completion date: April 2019
<table>
<thead>
<tr>
<th></th>
<th>Under Construction</th>
<th>Net Available</th>
<th>TOTAL MdR</th>
<th>% of TOTAL</th>
<th>CDP MIN THRESHOLD</th>
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<td><strong>25' &amp; Less</strong></td>
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<tr>
<td>Number of Slips</td>
<td>290</td>
<td>803</td>
<td>3756</td>
<td>21%</td>
<td>16%</td>
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<tr>
<td><strong>26'-30'</strong></td>
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</tr>
<tr>
<td>Number of Slips</td>
<td>279</td>
<td>779</td>
<td>3756</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>30'-35'</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Number of Slips</td>
<td>331</td>
<td>1344</td>
<td>3756</td>
<td>36%</td>
<td>18%</td>
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