Los Angeles County
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June 3, 2004

TO: Small Craft Harbor Commission

FROM: Kerry Gottlieb-Silverstrom for
Stan Wisniewski, Director

SUBJECT: **AGENDA ITEM 5c - JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF THE DEPARTMENT OF BEACHES AND HARBORS TO APPROVE AND AUTHORIZE EXECUTION OF AMENDMENT TO SECOND AMENDED AND RESTATED LEASE NO. 55624 – PARCEL 125R (MARINA CITY CLUB) – MARINA DEL REY**

Item 5c on your agenda relates to a proposed amendment, jointly recommended by the Department and the Chief Administrative Officer, that will effect changes to the rent structure for the condominium portion of the Marina City Club (Parcel 125R) lease.

The proposed amendment is structured to allow use of accumulated rent payments to facilitate the early completion of certain defined capital improvements to the condominium structure, and provides a revenue-neutral mechanism for the repayment to the County of all such funds, with interest.

The attached Board letter contains details regarding the proposed amendment. Your Commission's endorsement of our joint recommendation to the Board of Supervisors, as contained in the attached letter, is requested.

Please let me know if you would like additional information at this time.

SW:rm

Attachment

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Stan Wisniewski Director • **Kerry Gottlieb** Chief Deputy

June 29, 2004

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

Dear Supervisors:

JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER AND DIRECTOR OF THE DEPARTMENT OF BEACHES AND HARBORS TO APPROVE AND AUTHORIZE EXECUTION OF AMENDMENT TO SECOND AMENDED AND RESTATED LEASE NO. 55624 – PARCEL 125R (MARINA CITY CLUB) – MARINA DEL REY
(4th DISTRICT)
(4 VOTES)

IT IS JOINTLY RECOMMENDED THAT YOUR BOARD:

1. Find that the proposed Amendment to the Second Amended and Restated Lease No. 55624 for Parcel 125R (Exhibit 1) is categorically exempt under the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines.

2. Approve and authorize the Chairman of the Board to sign three copies of Amendment No. 4 to the Second Amended and Restated Lease No. 55624 for Parcel 125R (Amendment).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

County and Marina City Club, L.P. were original parties to that certain Second Amended and Restated Lease (Lease) dated October 27, 1987 that allowed establishment of a condominium plan and assignment of subleased condominium interests (Condominium Subleases) in the 600 high-rise units (Condominium Units) constructed on the leasehold. The Lease was subsequently assigned to Essex Portfolio L.P., a California limited partnership (Lessee), on December 11, 2003. The leasehold contains 600 Condominium Units and also 101 low-rise apartment units, a promenade and certain common area facilities.

The Condominium Subleases provide, among other terms, for the continued payment of ground rent to the County and for continuing contributions to the maintenance of the condominium portions of the leasehold. The proposed Amendment provides a one-time opportunity for holders of Condominium Subleases (Condominium Sublessees) to modify the terms of their Condominium Subleases to provide: a) a temporary freeze on annual increases in rent due the County; b) a fixed (rather than the current variable) increase in payments due the County in future years; c) a mechanism for utilization of certain accumulated rents paid to the County to address the funding of infrastructure and capital improvements relating to leasehold facilities; and d) a mechanism for repayment to the County of advanced and deferred rent amounts, with interest. The proposed Amendment is a continuation of a policy adopted by your Board in January 1999, wherein the Department was instructed to establish a deferred revenue account to deposit certain incremental rent increases from the leasehold pending agreement that would address both rent and leasehold facilities concerns.

Current Lease Provisions:

Pursuant to the terms of the Lease, the Condominium Units were assigned to Marina City Condominiums, a California limited partnership, and subsequently individually assigned, on a condominium-by-condominium basis, to individual Condominium Sublessees, together with the undivided leasehold interest in the common areas and appurtenant rights applicable to each Condominium Unit. The Lease requires the Lessee to pay, among other payments, percentage rents for each Condominium Sublease, the amount of which rents are determined, in part, by "shadow rent". "Shadow rent" is an amount meant to approximate the rent the County would have received had the condominiums remained rental apartments. This device was designed as a quid-pro-quo for the County's consent to allow condominium sales of a sublease interest in the Condominium Units.

While the parties to the Lease are the County and Lessee, and the parcel contains both apartments and Condominium Units, the Lessee (in the case of the Condominium Units) acts essentially as a pass-through for the payment of the County's monthly "shadow rent" by the individual Condominium Sublessees. The individual Condominium Sublessees

have a possessory interest in the Condominium Units purchased and may sell their interest to others, however at the end of the lease term (2067), full title and use rights to all of the Condominium Units, as well as all rights to common areas and all appurtenant rights, will revert to the County. The amount of shadow rent was set at the date of the condominium conversion and by the terms of the Lease is adjusted annually in accordance with an index, reflecting changes in Westside Los Angeles residential prices and the Consumer Price Index (CPI). The County also receives one percent (1%) of gross sale proceeds (Administrative Transfer Fee) as each Condominium Unit is "sold" (assigned) throughout the term of the Lease.

Further, while the County looks to the Lessee for maintenance of the three condominium towers and associated common areas as a legal matter pursuant to the terms of the Lease, the primary financial burden of funding both the maintenance and any needed structural repairs falls to the individual Condominium Sublessees. In response to the Condominium Sublessees' requests for certain adjustments in shadow rent and in order to aid in correcting building structural and infrastructure deficiencies, your Board directed that all amounts representing annual increases in shadow rent starting January 1, 1999 be held in a separate account pending consideration and negotiation between the County, the Lessee and the Condominium Sublessees of a plan to accomplish the expressed needs of the Condominium Sublessees and preserve the County's lease revenue benefits. In addition, during the interim period of negotiation and pursuant to action of your Board on December 16, 2003, the shadow rent increase scheduled to take effect on January 1, 2004 was also suspended pending finalization of the proposed Amendment, subject to reinstatement and/or repayment, with interest at the County's "pool rate", if the Amendment does not become effective, as is more fully described below.

Amendment Provisions:

The Amendment will establish two categories of Condominium Sublessees as follows: a) Condominium Sublessees who timely elect to modify their Condominium Subleases (Category A Condominium Sublessees); and b) Condominium Sublessees who do not elect to modify their Condominium Subleases or do not make a timely election to do so

(Category B Condominium Sublessees).

The proposed Amendment, if approved by your Board, becomes effective only upon fulfillment of certain preconditions – principally the affirmative election by not less than 480 of the 600 Condominium Sublessees, coupled with the consent of their individual lenders, to the proposed Condominium Sublease modifications. A complete list of the preconditions to the effectiveness of the Amendment is provided in Exhibit B to the attached Amendment.

The Amendment, once effective, will provide for both a temporary "freeze" on increases in shadow rent for Category A Condominium Sublessees only, and utilization of the amounts of shadow rent increases accumulated pursuant to your Board's direction since January 1, 1999 (which will further accumulate during the proposed temporary freeze period extending through 2006) to fund the cost of certain defined capital improvements to leasehold infrastructure and other capital improvement items (as specified in Exhibit W to the attached Amendment). Amounts advanced for such authorized capital improvements to the leasehold will be provided on a reimbursable basis only in amounts in proportion to the percentage that Category A Condominium Sublessees bear to the total Condominium Sublessee pool (i.e., if Category A Condominium Sublessees equal 90% of the total sublessee pool, 90% of such costs will be advanced, and the Category B Condominium Sublessees will be separately assessed by the Lessee for their pro-rata share of such costs). Such advanced amounts are to be repaid, with interest, by the Category A Condominium Sublessees over time from an increase in Administrative Transfer Fees payable to the County upon any sale of a Condominium Unit from the current level of one percent (1%) of gross sale proceeds to two and one-half percent (2.5%), and from either assessments or further increases (if necessary) in shadow rent percentage in later years should the increased Administrative Transfer Fee amounts prove insufficient to both fully amortize the amounts, with interest, advanced to the Lessee and to recover the rent loss due to the temporary freeze on increased shadow rent.

All interest that may become due under the terms of the Amendment is payable at the rate equal to the investment yield earned on the County's Treasury Pool during such period, as

contained in County's Report of Investments covering such period (County "pool rate").

Amendment Preconditions – Effect of Failure to Meet Preconditions:

The Amendment requires that a number of preconditions be satisfied by the Lessee and Condominium Sublessees, including execution of amendments to each of at least 480 of the Condominium Subleases and consent of any Condominium Unit lender to such amendment. If the Amendment does not become effective on or before June 30, 2004, any amounts that would otherwise be payable to County in the form of increased Administrative Transfer Fees due to Condominium Unit transfers that take place between June 30, 2004 and September 30, 2004 must be paid by the Lessee to the County upon the effective date of the Amendment.

If all of the preconditions to effectiveness of the Amendment are not achieved on or prior to September 30, 2004, the Amendment will not take effect and the shadow rent increase scheduled for January 1, 2004 and previously suspended by action of your Board will be retroactively implemented and sums due pursuant to such increase, with interest, become immediately due and payable. If all preconditions are fulfilled and the Amendment becomes effective, Category B Condominium Sublessees will be retroactively assessed with the suspended increased shadow rent amounts and such amounts, with interest, will become immediately due and payable by the Lessee, who will enforce the payment against all Category B Condominium Sublessees through its sublease and enforcement deed rights.

A detailed description of the implementation provisions of the Amendment is provided later herein (see "Facts and Provisions/Legal Requirements").

Implementation of Strategic Plan Goals

In furtherance of County Goal #4, "Fiscal Responsibility," the recommended action will allow the Department to implement that portion of its Strategic Plan that enhances strategic partnerships with existing and prospective lessees toward preservation of County assets by

facilitating repairs and replacement of infrastructure and capital improvements on leasehold property that will eventually revert to County ownership. This recommendation is also consistent with the County's Strategic Plan Goal of "Service Excellence", in that while maintaining appropriate protection of County interests, it allows for and facilitates the preservation of improvements on the leasehold through arrangements with the Lessee.

FISCAL IMPACT/FINANCING

Fiscal impact is limited to the delay in collection of certain portions of County rent for the leasehold, all of which is to be repaid, with interest, in the event the proposed Amendment is not effectuated or repaid over the course of the Lease term, with interest, if the proposed Amendment is approved, the operation of the Amendment being designed to be revenue neutral to the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Amendment Terms:

The proposed Amendment, if approved by your Board, becomes effective only upon fulfillment of certain preconditions – principally the affirmative election by not less than 480 of the 600 Condominium Sublessees, coupled with the consent of their individual lenders, to the proposed Condominium Sublease modifications. A complete list of the preconditions to the effectiveness of the Amendment is provided in Exhibit B to the attached Amendment. The Amendment, once effective, will contain the following elements:

- County will extend a "freeze" on increases in shadow rent for three years, beginning January 1, 2004 for all Category A Condominium Units (as discussed further below). Starting January 1, 2007, annual fixed increases in shadow rent of 3.75% will be implemented for all Category A Condominium Units in lieu of the variable rent adjustment index now provided in the Lease.

- County will continue to accumulate the excess amounts of shadow rent over the

1999 shadow rent rate during the three-year "freeze" period.

- County will establish a "Condominium Project Maintenance Account", consisting of the funds and interest thereon collected in excess of the 1999 base amount through January 1, 2007, that will be utilized to reimburse sums for defined capital improvements ("Covered Repairs" as detailed in Exhibit W of the attached Amendment), upon presentation of evidence that such amounts have been fully paid and lien waivers have been obtained for all such contracted work.

- Repayment of all accumulated funds allowed to be utilized for specified capital improvements, plus interest at the County's pool rate, will come from increased County participation on sale proceeds. County's participation in such sale proceeds from all Category A Condominium Units is raised from its current 1% level to 2.5% for all sales occurring after June 30, 2004.

- If such sums advanced for permitted capital improvements have not been fully repaid, with interest, from the increased participation on sale proceeds by 2022, then cash repayment is required, such repayment being secured by a first deed of trust on all Condominium Units.

- If, by 2019, it appears that additional County revenue from increased proceeds participation from Category A Condominium Unit sales will not fully reimburse County for the present value of the loss due to the three-year freeze of increased shadow rent, a "lookback" provision provides a formula for an upward adjustment of shadow rent increase from the fixed 3.75% annual level for the remainder of the Lease term, so that the County will be made whole for any such shortfall.

- Lessee will provide a permanent and exclusive easement to the County to permit the widening of the current waterfront promenade from its existing irregular width (ranging from approximately 3.5 feet to 7.5 feet in width) to a uniform width of 12.5 feet.

Further Provisions Relating to Temporary Forebearance:

The County previously, by action of your Board on December 16, 2003, agreed to refrain, for a limited period (Forbearance Period), from implementing the increase in the shadow rent as to each of the Condominium Subleases that was otherwise scheduled to be effective as of January 1, 2004 under the Lease (the "2004 Increase") so as to allow for the negotiation and ultimate implementation of the terms of this proposed Amendment. This suspension will continue to a date not later than September 30, 2004 upon the following terms and conditions:

A) If the Forbearance Period (the period during which the scheduled 2004 shadow rent increase is suspended, not to extend beyond September 30, 2004) ends because the Amendment becomes effective, then the 2004 Increase shall apply only to the Category B Units and be retroactive to January 1, 2004 and, not later than thirty (30) days after the end of the Forbearance Period, Lessee shall pay County the sum of (a) the amount by which the shadow rent for each Category B Unit (as increased by the 2004 Increase) was underpaid during the Forbearance Period, plus (b) interest at the County's pool rate.

B) If the Forbearance Period ends due to the failure of the Amendment to become effective through the failure of one or more of the preconditions of effectiveness listed in the Amendment or otherwise, then the 2004 Increase shall apply to each of the Condominium Sublessees (both the Category A Units and the Category B Units) and be retroactive to January 1, 2004 and, not later than thirty (30) days after the end of the Forbearance Period, Lessee shall pay County the sum of (a) the amount by which the Master Lease shadow rent for each Condominium Sublease (as increased by the 2004 Increase) was underpaid during the Forbearance Period, plus (b) interest at the County's pool rate.

The Small Craft Harbor Commission at its meeting of June 9, 2004 ____ the joint recommendation to approve the Amendment. County Counsel has approved the Amendment as to form.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment is categorically exempt under the California Environmental Quality Act pursuant to Classes 1(r) and 4(j) of the County's Environmental Document Reporting Procedures and Guidelines. This proposed action and the Amendment, in and of themselves, do not authorize any construction or other activity.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current County services as a result of the Amendment.

CONCLUSION

Please authorize the Chairman to execute three copies of the Amendment and direct the Executive Officer to return two executed copies of the Amendment to the Department of Beaches and Harbors.

Respectfully submitted,

David Janssen, Chief Administrative Officer

Stan Wisniewski, Director
Department of Beaches and Harbors

Attachment (1)

c: Executive Officer
County Counsel

DJ/SW:rm

EXHIBIT 1

AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED LEASE (IMPROVED PARCEL) NO. 55624, PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR

THIS AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED LEASE (IMPROVED PARCEL) NO. 55624, PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR (this "Amendment") is made and entered into this ___ day of _____, 2004,

BY AND BETWEEN — COUNTY OF LOS ANGELES, hereinafter referred to as "County",

AND — ESSEX MARINA CITY CLUB, L.P., a California limited partnership, as successor in interest to Marina City Club, L.P., a California limited partnership (f/k/a J.H. Snyder Company), hereinafter referred to as "Lessee".

W I T N E S S E T H:

WHEREAS, County and Marina City Club, L.P., a California limited partnership ("Original Lessee"), entered into that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987 and identified as Lease No. 55624 (the "Original Lease"), as amended by (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988, (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina del Rey dated August 1, 1992, and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Lease, as so amended, is hereinafter referred to as the "Lease");

WHEREAS, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, Lessee acquired all of Original Lessee's right, title and interest in and to, and assumed Original Lessee's obligations under, the Lease effective as of January 21, 2004;

WHEREAS, the Premises under the Lease are improved with, among other things, three high-rise towers that include 600 residential condominium units commonly known as the Marina City Club Condominiums, with subleasehold interests in said condominium units having been sold to Prepaid Sublessees, each of whom owns its subleasehold interest in the condominium unit subject to the terms of the Lease (each of the Prepaid Sublessees is a "Condominium Sublessee" for purposes of and as defined in the Master Condominium Sublease; however, such persons have not prepaid all amounts payable with respect to their subleasehold interests as each Prepaid Sublessee is obligated to pay, among other things, monthly "Ground Rent", as defined in the Master Condominium Sublease);

WHEREAS, the Lease requires Lessee to pay to County, among other payments, Percentage Rents for Prepaid Subleases (which are determined, in part, by the Shadow Rent) on a monthly basis and an Administrative Transfer Fee upon each Change of Ownership of a Prepaid Sublessee's interest, all as more particularly provided therein;

WHEREAS, each Prepaid Sublease requires the applicable Prepaid Sublessee to make corresponding payments to Lessee. Specifically, each Prepaid Sublessee is required to pay Lessee (i) monthly "Ground Rent", which is determined, in part, by the "Shadow Rent", and (ii) a "Change in Ownership Fee" upon certain transfers of the Prepaid Sublessee's interest, as defined and as more particularly provided in the Prepaid Sublease for such Prepaid Sublessee's condominium unit (i.e., the Master Condominium Sublease and the Assignment and Assumption of Condominium Sublease for the Marina City Club Tower Apartments between Snyder/Marina, the initial lessee under the Master Condominium Sublease, and the initial condominium sublessee for such unit);

WHEREAS, concurrently herewith, Lessee is affording each of the Prepaid Sublessees the one-time option to modify certain provisions of its Prepaid Sublease, including those regarding the calculation of the monthly "Ground Rent" and the "Change in Ownership Fee" to be paid by such Prepaid Sublessee to Lessee, all as more particularly provided in the form of Condominium Sublease Amendment (as defined in Exhibit B hereto);

WHEREAS, unless each of the Prepaid Sublessees timely elects to modify its Prepaid Sublease as provided in the form of Condominium Sublease Amendment (the "Modified Terms"), as of the date on which such modifications become effective (if that occurs), certain of the Prepaid Subleases will be modified to reflect the Modified Terms and others will remain unmodified; accordingly, for purposes of describing the Prepaid Subleases in the Lease, if sufficient Prepaid Sublessees and their lenders elect to be bound by the Modified Terms (and the other Amendment Conditions (as defined below) are timely satisfied) so that the Modified Terms become effective, County and Lessee desire to establish two categories of Prepaid Subleases, as follows:

(i) those Prepaid Subleases as to which the applicable Prepaid Sublessee makes a timely, affirmative election to be bound by the Modified Terms ("Category A Units"); and

(ii) all other Prepaid Subleases ("Category B Units");

WHEREAS, Lessee and County desire to amend the Lease to, among other things,

(i) freeze the Shadow Rent attributable to Category A Units at its 2003 level through December 31, 2006,

(ii) provide that, commencing January 1, 2007 and continuing each January 1, thereafter until at least January 1, 2018, the Shadow Rent attributable to Category A Units shall be increased by an amount equal to 3.75% of the prior year's Shadow Rent,

(iii) for the Category A Units only, delay implementing the increase in the applicable percentage component of the formula that determines the Percentage Rents for

Prepaid Subleases from 2016 until 2019,

(iv) provide that, effective as of January 1, 2019 and continuing each January 1 thereafter during the term of the Lease, the Shadow Rent attributable to Category A Units may (but shall not necessarily) be increased by a fixed percentage greater than 3.75%, and

(v) increase the Administrative Transfer Fee to be collected by Lessee for the benefit of County (in addition to any similar fee otherwise payable to Lessee for its own account) upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category A Unit to an amount equal to 2.5% of the sales price or other consideration given for such Change in Ownership,

all as more particularly provided in, and subject to the conditions precedent contained in, this Amendment. This Amendment is not intended, and shall not be deemed, to modify any of the provisions in the Lease relating to the Percentage Rents for those Prepaid Subleases that are Category B Units or the Administrative Transfer Fee to be collected by Lessee upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category B Unit.

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

1. Definitions. All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Lease.

2. Amendment Conditions. This Amendment shall be effective on the date on which a memorandum hereof in the form attached as Exhibit A hereto (the "Memorandum") is recorded in the Official Records of Los Angeles County, California (the "Official Records"). Neither County nor Lessee shall be obligated to execute and deliver the Memorandum unless each of the conditions precedent set forth in Exhibit B hereto (the "Amendment Conditions") has been satisfied or waived by each of County and Lessee on or before June 30, 2004 or such later date as may be agreed to by Lessee, but in no event later than September 30, 2004 (as applicable, the "Outside Date"). If the Amendment Conditions are satisfied or waived on or before the Outside Date, then promptly after the satisfaction or waiver of the last Amendment Condition, County and Lessee shall execute and deliver the Memorandum and cause the same to be recorded in the Official Records.

3. Representations and Warranties. To induce County to enter into this Amendment, Lessee hereby represents and warrants to County as follows:

3.1 Lessee has not assigned its interests as lessee under the Lease or as sublessor under any Condominium Sublease; and

3.2 Lessee has not encumbered its interests in the Lease or in any Condominium Sublease with any deed of trust, mortgage or similar security instrument, nor has Lessee expressly assumed any loan secured by a deed of trust, mortgage or similar security

instrument encumbering the lessee's interest in the Lease or the Sublessor's interest in any Condominium Sublease.

4. Amendments. Effective on the date on which the Memorandum is recorded in the Official Records (the "Effective Date"), the Lease shall be amended as follows:

4.1 Categories of Prepaid Subleases. Subsection 5.02.A of the Lease shall be amended and restated as follows:

> "5.02.A Prepaid Subleases. The first category consists of those residential apartments which are subleased for the entire remainder of the term of the Lease, where Gross Prepaid Subrent is paid to Lessee at the beginning of the term of the Sublease. This category is herein called the 'Prepaid Subleases' and the apartments subject to Prepaid Subleases are hereinafter called 'Prepaid Subleased Apartments'. Prepaid Subleases may result either from the use of the Approved Prepaid Sublease Form, as hereinafter defined, pursuant to subsection 10.01.B, or from the sale of a subleasehold estate condominium unit pursuant to subsection 10.01.C. Additionally, for certain purposes of this Lease, including subsection 5.08.B and Section 5.12, the Prepaid Subleases and the Prepaid Subleased Apartments are divided into two sub-categories, as follows: those listed on Exhibit U-1 attached hereto and made a part hereof (the 'Category A Units') and those listed on Exhibit U-2 attached hereto and made a part hereof (the 'Category B Units')."

4.2 Shadow Rent for Prepaid Subleases. Subsection 5.08.B of the Lease shall be amended and restated as follows:

> "5.08.B Prepaid Subleases. Percentage Rents for Prepaid Subleases shall be calculated by reference to a Shadow Rent roll, as provided in this subsection 5.08.B. 'Shadow Rent' means an amount designed to approximate the subrent that would otherwise have been paid by Prepaid Sublessees to Lessee had the Prepaid Subleased Apartment continued to have been rented on a short-term basis. For each Prepaid Subleased Apartment, the Percentage Rent payable by Lessee shall equal the product of (i) the applicable percentage under subsection 5.08.B(1) below, and (ii) the applicable Shadow Rent under subsection 5.08.B(2) below.
>
> "(1) Lessee shall pay the following percentages of the Shadow Rent for each Prepaid Subleased Apartment:
>
> "(a) From the commencement of the term through November 6, 1987, seven and one-half percent (7.5%) per year;

"(b) Commencing upon November 7, 1987, and extending through December 31, 1995, ten and one-half percent (10.5%) per year;

"(c) Commencing upon January 1, 1996, and extending through December 31, 2015 for each Category B Unit and December 31, 2018 for each Category A Unit, twelve and one-half percent (12.5%) per year; and

"(d) Commencing on January 1, 2016 for each Category B Unit and on January 1, 2019 for each Category A Unit, and in each case extending through the end of the term, the percentage rate which is the apartment percentages component of the Fair Rental Value of the land and water comprising the Premises, determined in accordance with Section 5.10. In no event, however, shall the percentage actually determined be less than twelve and one-half percent (12.5%) per year, nor greater than fifteen percent (15%) per year.

"(2) The Shadow Rent for each Prepaid Subleased Apartment as of any particular date is as follows:

"(a) As of January 1, 1987, the Shadow Rent for each Apartment Approved for Prepaid Subleases is set forth on Exhibit R attached hereto and made a part hereof (the 'Initial Shadow Rent');

"(b) Commencing on January 1, 1988 and continuing on each January 1 thereafter, except as provided in subsections 5.08.B(2)(c), 5.08.B(2)(d) and 5.08.B(3) below with respect to Category A Units only, the Shadow Rent for each Apartment Approved for Prepaid Subleases shall be adjusted based upon the average percentage change in two (2) indices, as more particularly provided in Exhibit V attached hereto and made a part hereof;

"(c) From January 1, 2004 through December 31, 2006, the Shadow Rent for each Category A Unit shall be the same amount as the Shadow Rent for 2003 (i.e., the Shadow Rent shall not be adjusted during such period); and

"(d) Commencing on January 1, 2007 and, subject to subsection 5.08.B(3) below, continuing on each January 1 thereafter throughout the remainder of term, the Shadow Rent for each Category A Unit shall be increased by three and seventy-five-hundredths percent (3.75%).

"(3) Not later than February 1, 2019, County shall perform the 'Rent Adjustment Analysis' described in Section II of Exhibit V hereto. If the Rent Adjustment Analysis reveals a 'Rent Deficiency' (as defined in Exhibit V) and/or if the 'Shadow Rent Annual Percentage Increase' (as defined in Exhibit V) is to be increased pursuant to Section III of Exhibit V, then, effective as of January 1, 2019 and continuing on each January 1 thereafter throughout the remainder of the term, the Shadow Rent attributable to each Category A Unit shall be increased by the fixed percentage (which will be greater than 3.75%) determined pursuant to the procedures specified in and the terms of Exhibit V. If the Rent Adjustment Analysis does not reveal a Rent Deficiency and if no increase in the Shadow Rent Annual Percentage Increase is required under Section III of Exhibit V, then the Shadow Rent shall continue to be increased on each January 1 throughout the remainder of the term at the rate provided in subsection 5.08.B(2)(d) (i.e., 3.75%).

"(4) With respect to the payments required under subsection 5.08.A for the Category A Units for the months of January, February and March of 2019, Lessee shall make such payments on the dates required as though (i) the Shadow Rent was increased by three and seventy-five-hundredths percent (3.75%) on January 1, 2019, and (ii) the applicable percentage under subsection 5.08.B(1) was the same as during 2018. If (x) the Rent Adjustment Analysis and/or the terms of Section III of Exhibit V result in the Shadow Rent being increased by a greater percentage effective as of January 1, 2019, and/or (y) the applicable percentage under subsection 5.08(b)(1) is increased effective as of January 1, 2019 pursuant to Section 5.10, then, in April 2019, Lessee shall pay County, in addition to the monthly payment for that month, the amount necessary to cure the underpayment for the three prior months resulting from the additional increase in Shadow Rent effective as of January 1, 2019 and/or the increase in the applicable percentage under Section 5.08(b)(1) effective as of January 1, 2019.

"(5) Lessee's obligation to pay a percentage of Shadow Rent for an apartment shall not begin until a Prepaid Sublease is executed for such apartment. After such execution, Lessee's obligation to pay rent attributable to Prepaid Subleases shall equal the applicable percentage provided in subsection 5.08.B(1) above times the Shadow Rent determined for such apartment. Lessee shall not be obligated to pay a percentage of Shadow Rent for the portion of the Lease Year, if any, occurring prior to the time a Prepaid Sublease was executed with respect to such apartment."

4.3 Rent Renegotiation. Section 5.10 of the Lease shall be amended and restated as follows:

"5.10. Renegotiation of Minimum Annual Rent and Percentage Rents. The Minimum Annual Rent and Percentage Rents shall be adjusted, except as provided below, to the Fair Rental Value of the land and water comprising the Premises as of the Renegotiation Date, in accordance with this Section 5.10. Notwithstanding anything to the contrary in the remainder of this Section 5.10, however: (i) the only adjustment under this Section 5.10 to the Minimum Annual Rent or the Percentage Rents with respect to any Prepaid Subleases shall be to the 'applicable percentage' component of the percentage rent formula, as provided in and subject to subsection 5.10.C; (ii) with respect to the Category A Units only, such adjustment, if any, shall be implemented with any increase resulting from the Rent Adjustment Analysis and be effective as of January 1, 2019; and (iii) with respect to the Category A Units only, subsections 5.10.F and 5.10.G shall not apply thereto."

4.4 Increase in Administrative Transfer Fee for Prepaid Subleases. The introductory paragraph of Section 5.12 of the Lease (i.e., excluding subsections 5.12.A through 5.12.E) shall be amended and restated as follows:

"5.12 Administrative Transfer Fee – Prepaid Subleases. Each time there is a Change in Ownership, as defined in subsection 5.12.A below, of a Prepaid Sublessee's interest, Lessee shall collect directly from the Prepaid Sublessee and forward to County an administrative fee equal to the following applicable percentage of the fair market value of the Prepaid Sublease being transferred ('Administrative Transfer Fee'): (i) for Category A Units, two and one-half percent (2.5%); and (ii) for Category B Units, one percent (1%). The fair market value shall be deemed to be the sales price or other consideration given for the Prepaid Sublease interest being transferred."

4.5 County Disbursements for Condominium Project Repairs. Article 14 of the Lease shall be amended by adding the following as a new Section 14.05 thereto:

"14.05 Condominium Project Repairs Account.

"14.05.A. Funding and Disbursements. County shall deposit funds into an account (the 'Condominium Project Repairs Account') by the dates and in the amounts provided in Exhibit W attached hereto and incorporated herein by this reference. County shall disburse funds from the Condominium Project Repairs Account from time to time for the purpose of

reimbursing Lessee for a portion of the costs of certain repairs and refurbishments to the improvements located on the Premises, including, without limitation, repairs to those improvements leased to Snyder/Marina under the Master Condominium Sublease (the 'Condominium Project'), in each case to the extent allocable to the Category A Units, as more particularly provided and in accordance with the procedures set forth in Exhibit W; provided, however, that funds shall not be disbursed from the Condominium Project Repairs Account for costs applicable to those areas of the Premises actually leased or available for lease by Lessee to third parties under an agreement other than the Master Condominium Sublease, including but not limited to the 101 apartments described in Section 1.04, the 338 boat slips described in Section 1.04, and any retail or commercial space on the Premises. Neither Lessee nor the Owners Association shall have any interest in the Condominium Project Repairs Account, and all funds on deposit therein from time to time shall be and remain the sole property of County until such time as such funds are disbursed from the Condominium Project Repairs Account as provided in Exhibit W. Lessee shall make each of the Covered Repairs (as defined in Exhibit W) that is listed in Part 1 of Schedule 1 to Exhibit W (the 'Priority Repairs') by the applicable dates specified therein; provided, however, that (i) subject to the limitations on extension set forth below, said applicable dates for completing the Priority Repairs shall be extended, and Lessee shall not be in default, on account of delays due to a Force Majeure Condition, and (ii) Lessee shall not be obligated to make the Priority Repairs to the extent that the cost thereof exceeds the quotient of (a) the cumulative amount deposited by County into the Condominium Project Repairs Account plus the interest deemed to have accrued thereon as provided in Exhibit W, divided by (b) the Applicable Percentage (as defined in Exhibit W), in decimal form. If Lessee gives County written notice of the Force Majeure Condition within thirty (30) days after the occurrence thereof, then the applicable dates for completing any affected Priority Repairs shall be extended by the number of days between the commencement of such Force Majeure Condition and the cessation thereof. If such written notice is not given by Lessee within such thirty (30) day period, the applicable dates for completing any affected Priority Repairs shall be extended for the number of days between the date of delivery of the written notice to County of such Force Majeure Condition and the cessation of such Force Majeure Condition. Nothing in this Section 14.05 is intended to modify or limit Lessee's obligations under any other Sections of this Lease with respect to the maintenance and repair of the Premises and the equipment, structures and other improvements thereon, including,

without limitation, Section 14.01, and, except for Lessee's obligation to make the Priority Repairs upon and subject to the terms set forth herein, nothing herein is intended to create, define or expand Lessee's obligations under the Lease with respect to such matters, including, without limitation, to make any repairs in addition to Priority Repairs.

"14.05.B. Lessee's Obligation to Repay Disbursements. On February 28, 2023 (or earlier at Lessee's election), Lessee shall pay County an amount equal to the Disbursed Repair Funds Balance (as defined in Exhibit W), unless the same has previously been reduced to zero pursuant to Exhibit W or separately paid directly to County by the Owners Association."

4.6 Definitions. Section 17.01 of the Lease shall be amended as follows:

4.6.1 In subsection 17.01.D (which contains the definition of "Adjustment Index"), the words "subsection 5.08.B(2)(b)" shall be deleted and replaced with "Exhibit V".

4.6.2 In subsection 17.01.R (which contains the definition of "Beginning Index"), the words "subsection 5.08.B(2)(b)" shall be deleted and replaced with "Exhibit V".

4.6.3 The following shall be added thereto as new subsections 17.01.U-1 and 17.01.U-2, respectively, immediately after subsection 17.01.U (which contains the definition of "Casualty Termination Notice"):

"17.01.U-1. 'CATEGORY A UNIT' shall have the meaning set forth in subsection 5.02.A.

"17.01.U-2. 'CATEGORY B UNIT' shall have the meaning set forth in subsection 5.02.A."

4.6.4 The following shall be added thereto as new subsections 17.01.DD-1 and 17.01.DD-2, respectively, immediately after subsection 17.01.DD (which contains the definition of "Condemnor"):

"17.01.DD-1. 'CONDOMINIUM PROJECT' shall have the meaning set forth in subsection 14.05.A.

"17.01.DD-2. 'CONDOMINIUM PROJECT REPAIRS ACCOUNT' shall have the meaning set forth in subsection 14.05.A."

4.6.5 In subsection 17.01.II (which contains the definition of "CPI Rental Index"), the words "subsection 5.08.B(2)(a)" shall be deleted and replaced with "Exhibit V".

4.6.6 The following shall be added thereto as new subsection 17.01.KKK-1, immediately after subsection 17.01.KKK (which contains the definition of "Five Authorized Mortgagees"):

> "17.01.KKK-1 'FORCE MAJEURE CONDITION' shall mean any event, act, matter or thing beyond the reasonable control of the party to be excused, including, without limitation, war, terrorist acts, insurrection, riots, floods, earthquakes, fires, casualties, acts of God, litigation and administrative proceedings, governmental restrictions, shortages of labor or material, strikes, lockouts, epidemics, quarantine restrictions, freight embargos, lack of transportation, unusually severe weather, acts of a third party, enactment of conflicting state or federal laws or regulations, judicial decisions or similar bases for excused performance which are not within the reasonable control of the party to be excused. Financial inability of a party whose performance is required (other than due to litigation) shall not be a Force Majeure Condition unless (and then only to the extent) such financial inability has resulted from the failure of a Prepaid Sublessee of a Category B Unit to pay any monthly maintenance and/or supplemental maintenance fees payable under its Prepaid Sublease; provided, however, in such event any extension resulting from such Force Majeure Condition shall not exceed one year."

4.6.7 In subsection 17.01.WWW (which contains the definition of "Initial Shadow Rent"), the words "subsection 5.08.B(1)" shall be deleted and replaced with "subsection 5.08.B(2)(a)".

4.6.8 The following shall be added thereto as a new subsection 17.01.SSSS-1, immediately after subsection 17.01.SSSS (which contains the definition of "Primary Uses"):

> "17.01.SSSS-1 'PRIORITY REPAIRS' shall have the meaning set forth subsection 14.05.A"

4.6.9 In subsection 17.01.DDDDD (which contains the definition of "Research Council Index"), the words "subsection 5.08.B(2)(a)" shall be deleted and replaced with "Exhibit V".

4.7 Exhibits. Exhibits U-1, U-2, V and W to this Amendment shall be added to the Lease as Exhibits U-1, U-2, V and W thereto.

5. Miscellaneous.

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

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

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

5.4 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment and the provisions of the Lease, the provisions of this Amendment shall govern and prevail.

5.5 Exhibits. Exhibits U-1 and U-2 to this Amendment shall be completed prior to the Effective Date (if that occurs); Exhibit U-1 shall list those Prepaid Subleases as to which the applicable Prepaid Sublessee makes a timely, affirmative election to be bound by the Modified Terms and Exhibit U-2 shall list all other Prepaid Subleases. All Exhibits attached hereto are incorporated herein as though set forth herein in full.

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

[SIGNATURES ON NEXT PAGE]

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

COUNTY: COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

LESSEE:

ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Gerald E. Kelly,
Vice President

JOINDER

The undersigned (the "Owners Association") acknowledges and agrees as follows to and for the benefit of County and Lessee:

1. The Condominium Project Repairs Account and the County's obligation to make disbursements therefrom are subject to the terms and conditions contained in Exhibit W to the Amendment.

2. The Owners Association has no interest in the Condominium Project Repairs Account.

3. The Owners Association hereby approves and authorizes the performance of the Covered Repairs, and shall exercise good faith efforts and cooperate with Lessee to cause the Covered Repairs to be made. Without limitation of the foregoing, the Owners Association, at its own cost and expense, shall cooperate with Lessee and use commercially reasonable efforts, as consistent with the Declaration of Covenants, Conditions and Restrictions for the Marina City Club Owners Association and applicable law, to cause the Condominium Sublessees of the Category B Units to fund their share, based upon their "Operating Expense Percentage" (as such term is defined in the Master Condominium Sublease), of the Covered Repairs made to the Condominium Project.

4. The Owners Association is not a party to or a third-party beneficiary of the Lease or the Amendment, and is executing this Joinder solely for the purposes of evidencing the undersigned's acknowledgement of and agreement to the matters set forth above and with the understanding that Lessee and County are relying upon the covenants of the Owners Association set forth herein in entering into this Amendment.

MARINA CITY CLUB CONDOMINIUM OWNERS ASSOCIATION,
a California nonprofit mutual benefit corporation

Dated: _____

By: _____
Name: _____
Its: _____

Dated: _____

By: _____
Name: _____
Its: _____

EXHIBIT A

Form of Memorandum

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

_____

_____

_____

_____

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MEMORANDUM OF AMENDMENT NO. 4
TO THE SECOND AMENDED AND RESTATED LEASE
(IMPROVED PARCEL) NO. 55624,
PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR

THIS MEMORANDUM OF AMENDMENT NO. 4 TO THE SECOND AMENDED AND RESTATED LEASE (IMPROVED PARCEL) NO. 55624, PARCEL NO. 125R – MARINA DEL REY SMALL CRAFT HARBOR (this "Memorandum") is made and entered into as of _____, 2004 by and between COUNTY OF LOS ANGELES ("County") and ESSEX MARINA CITY CLUB, L.P., a California limited partnership, as successor in interest to Marina City Club, L.P., a California limited partnership (f/k/a J.H. Snyder Company) ("Lessee"), with reference to the following facts:

RECITALS

A. County and Marina City Club, L.P., a California limited partnership ("Original Lessee"), entered into that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987 and identified as Lease No. 55624 (the "Original Lease"), as amended by (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988, (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina del Rey dated August 1, 1992, and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Lease, as so amended, is hereinafter referred to as the "Lease"). A memorandum of the Original Lease was recorded in the Official Records of Los Angeles County, California (the "Official Records") on January 26, 1988 as Instrument No. 88-11960.

B. Lessee acquired all of Original Lessee's right, title and interest in and to, and assumed Original Lessee's obligations under, the Lease effective as of January 21, 2004, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, a memorandum of which was recorded in the Official Records on January 22, 2004 as Instrument No. 04-0144363.

C. County and Lessee have amended the Lease as provided in that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R – Marina del Rey Small Craft Harbor dated as of _____, 2004 and effective of even date herewith (the "Lease Amendment"), and desire to provide notice to third parties of the Lease Amendment.

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

1. The purpose of this Memorandum is to give notice to third parties of the existence of the Lease Amendment. The exact terms and conditions of the Lease Amendment are contained therein and are incorporated herein by this reference. However, the terms of the Lease Amendment include, among others, amending the Lease to add four new exhibits thereto, which exhibits are labeled as "Exhibit U-1", "Exhibit U-2", "Exhibit V" and "Exhibit W", respectively, and are attached to this Memorandum.

2. If any of the terms or provisions of this Memorandum conflict or are inconsistent with the terms and provisions of the Lease Amendment, the terms and provisions of the Lease Amendment shall prevail.

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

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

[SIGNATURES ON NEXT PAGE]

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

COUNTY: COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL:

OFFICE OF THE COUNTY COUNSEL

By: _____
Deputy

LESSEE: ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

EXHIBIT B

Amendment Conditions

1. The execution of this Amendment and each of the other documents contemplated hereby shall have been approved by County's Board of Supervisors.

2. The Owners Association shall have executed the Joinder attached to this Amendment.

3. The execution of this Amendment shall have been approved by each Approved Encumbrance Holder, if any.

4. The number of Category A Units must be at least four hundred eighty (480).

5. An Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents in the form attached to this Amendment as Exhibit C (each a "Condominium Sublease Amendment") shall have been duly executed and delivered with respect to each of the Category A Units (i.e., by the Prepaid Sublessee of each such unit and by each beneficiary under a deed of trust, mortgagee under a mortgage or other like lienholder holding an encumbrance on each such unit, including, without limitation, any Authorized Mortgagees (as defined in the Master Condominium Sublease) holding a lien on such unit).

6. Lessee shall have received an endorsement to its existing title policies or other form of title assurance from Chicago Title Insurance Company, at no cost to County or Lessee and in form and substance acceptable to Lessee, insuring Lessee, among other things, of the continued priority of each Subleasehold Deed of Trust (as defined in the Master Condominium Sublease) (i) on the Category A Units following execution of this Amendment and the Condominium Sublease Amendments for those units, and (ii) on the Category B Units following execution of this Amendment. Such title insurance must also insure that the amendments described in the previous sentence do not impair Lessee's rights as lessee under the Lease or as sublessor under the Master Condominium Sublease with respect to the Category B Units.

7. Counsel to the Owners Association shall have delivered to County a legal opinion, in form and substance satisfactory to County, that provides that the Prepaid Subleases for the Category B Units permit Lessee to collect monthly maintenance fees and/or supplemental maintenance fees with respect to those (and only those) Prepaid Subleases that are Category B Units and that the payment obligation of each such Category B Unit Prepaid Sublessee is secured by the Subleasehold Deed of Trust against its unit. County shall waive the condition in this paragraph 7 if the number of Category A Units is at least five hundred seventy (570).

8. Lessee shall have consented in writing either to a permanent and exclusive easement reserved by County, pursuant to a Declaration of Easement in form and substance satisfactory to County and Lessee, or a modification of the legal description of the Lease which, in either case, permits County to widen the waterfront promenade.

9. If this Amendment becomes effective after June 30, 2004, then, for each Change in Ownership of a Prepaid Sublessee's interest as to a Category A Unit that occurs after such

date, Lessee shall have paid County the sum of (i) 1.5% of the sales price or other consideration given for such Change in Ownership (in addition to the 1% Administrative Transfer Fee collected by Lessee for County's benefit at the time of such Change in Ownership), plus (ii) interest on the amount described in clause (i) from and after the date of such Change in Ownership until the date of payment at the rate equal to the investment yield earned on the County's Treasury Pool during such period, as contained in County's Report of Investments covering such period. As stated above, the additional 1.5% Change in Ownership payment shall not be applicable to any Change in Ownership of a Prepaid Sublessee's interest as to a Category B Unit or any Change in Ownership of any Prepaid Sublease that occurs prior to July 1, 2004.

10. All conditions to the effectiveness of the Condominium Sublease Amendment contained therein (other than effectiveness of the modifications to the Lease contained in this Amendment) shall have been satisfied with respect to at least four hundred eighty (480) of the Category A Units.

11. On the date on which each of the other Amendment Conditions has been satisfied or waived, Lessee's representations and warranties in Paragraph 3 of the Amendment shall be and remain true and correct.

12. County, Lessee and the Owner's Association shall have agreed on an updated list of the Covered Repairs, including project description, preliminary scope of work and preliminary specifications for each of the Covered Repairs. When completed, the updated list of Covered Repairs shall be substituted into Exhibit W to this Amendment as a new Schedule 1 thereto in place of Schedule 1 currently attached thereto.

13. On or before May 14, 2004, Lessee and the Owners Association shall have notified County in writing that they have entered into an agreement concerning the implementation of the terms of this Amendment.

EXHIBIT C

Form of Condominium Sublease Amendment

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

_____
_____
_____
_____

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AMENDMENT TO CONDOMINIUM SUBLEASE
AND CONDOMINIUM SUBLEASEHOLD DEED OF
TRUST AND ASSIGNMENT OF RENTS AND
CONSENT AND AGREEMENT OF JUNIOR LENDER
FOR UNIT NO. _____
OF THE MARINA CITY CLUB CONDOMINIUMS

THIS AMENDMENT TO CONDOMINIUM SUBLEASE AND CONDOMINIUM SUBLEASEHOLD DEED OF TRUST AND ASSIGNMENT OF RENTS AND CONSENT AND AGREEMENT OF JUNIOR LENDER (this "Amendment") is made and entered into as of the ___ day of ____, 2004, by and between ESSEX MARINA CITY CLUB, L.P, a California limited partnership, as successor in interest to Marina City Club, L.P., a California limited partnership (f/k/a J.H. Snyder Company) ("Sublessor"), and _____ ("Condominium Sublessee"), with reference to the following facts:

RECITALS

A. This Amendment affects unit no. _____ (the "Unit") in the residential condominium project located in Marina del Rey, California commonly known as the Marina City Club Condominiums, as shown in that certain Condominium Plan recorded in the Official Records of Los Angeles County, California (the "Official Records") on January 11, 1988 as Instrument No. 88-33404 (the "Condominium Plan"). Except as otherwise provided herein, including Recital I below, all initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Subject Condominium Sublease (as defined in Recital E below).

B. Sublessor, as successor in interest to Marina City Club, L.P., a California limited partnership ("Original Sublessor"), is the lessee of certain real property located in the Marina del Rey Small Craft Harbor of the County of Los Angeles, California (the "Improved Parcel") under that certain Second Amended and Restated Lease [Improved Parcel] dated October 27, 1987 between the County of Los Angeles ("County"), as lessor, and Original Sublessor, as lessee, and

identified as Lease No. 55624 (the "Original Master Lease"), as amended by the following agreements, each between County and Original Sublessor: (i) that certain First Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R Marina del Rey dated November 4, 1988; (ii) that certain Second Amendment to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R - Marina Del Rey dated August 1, 1992; and (iii) that certain Amendment No. 3 to the Second Amended and Restated Lease (Improved Parcel) No. 55624 Parcel 125R – Marina del Rey Small Craft Harbor dated December 3, 2002 (the Original Master Lease, as so amended, is hereinafter referred to as the " Existing Master Lease"). Lessee acquired all of Original Lessee's right, title and interest in and to, and assumed Original Lessee's obligations under, the Existing Master Lease effective as of January 21, 2004, pursuant to that certain Assignment of Lease dated as of December 11, 2003 and that certain Acceptance of Assignment of Lease dated as of December 18, 2003, a memorandum of which was recorded in the Official Records on January 22, 2004 as Instrument No. 04-0144363.

C. Pursuant to that certain Master Condominium Sublease dated as of January 5, 1988 between Original Sublessor, as sublessor, and Marina City Condominiums, a California limited partnership ("Master Sublessee"), as sublessee (the "Original Master Condominium Sublease"), a memorandum of which was recorded in the Official Records on February 9, 1988 as Instrument No. 88-176672 (the "Memorandum"), Sublessor subleased to Master Sublessee, and Master Sublessee subleased from Sublessor, certain portions of the Improved Parcel consisting of certain common areas, appurtenant rights and interior space within three high-rise towers then commonly known as the Marina City Club Tower Apartments and as depicted in the Condominium Plan. Master Sublessee thereafter established a subleasehold condominium regime with respect to the premises subleased by it under the Original Master Condominium Sublease by, among other things, and in addition to recording the Condominium Plan, (i) causing the formation of the Marina City Club Condominium Owners Association (the "Association") and the adoption of bylaws for the Association, and (ii) executing, and subjecting the Premises to, that certain First Amended and Restated Declaration of Covenants, Conditions and Restrictions Establishing a Plan of Subleasehold Condominium Ownership for the Marina City Club Condominiums dated as of January 5, 1988 and recorded in the Official Records on January 11, 1988 as Instrument No. 88-037715.

D. Original Sublessor and Master Sublessee thereafter amended the Original Master Condominium Sublease as provided in that certain Amendment to Memorandum of Master Condominium Sublease and First Amendment to Master Condominium Sublease dated as of April 25, 1988 and recorded in the Official Records on May 26, 1988 as Instrument No. 88-843738 (the Original Master Condominium Sublease, as so amended, is hereinafter referred to as the "Master Condominium Sublease").

E. As permitted under the Master Condominium Sublease, after the establishment of the subleasehold condominium regime, Master Sublessee assigned all of its subleasehold interest under the Master Condominium Sublessee on a condominium-by-condominium basis to individual condominium sublessees and, accordingly, Master Sublessee no longer has any interest in the Master Condominium Sublease. Each initial individual condominium sublessee was assigned, as to a particular condominium unit, the subleasehold estate in such unit together with the undivided subleasehold interest in the Common Area and the Appurtenant Rights applicable to such unit, as more particularly described in the Assignment and Assumption of

Condominium Sublease for the Marina City Club Tower Apartments between Master Sublessee and such initial condominium sublessee and recorded in the Official Records (each an "Original Assignment"); as to each condominium unit, the Master Condominium Sublease and the applicable Original Assignment together constitute the "Condominium Sublease". Concurrently with the execution of the Original Assignment for the Unit and as security for the payment of certain obligations under the Condominium Sublease for the Unit (the "Subject Condominium Sublease"), the initial condominium sublessee executed that certain Condominium Subleasehold Deed of Trust and Assignment of Rents in favor of Original Sublessor, as beneficiary, and recorded in the Official Records on _____, 19__ as Instrument No. _____ (the "Subject Subleasehold Deed of Trust").

F. Condominium Sublessee is the current holder of the sublessee's interest in the Subject Condominium Sublease, and Sublessor is the current holder of the sublessor's interest in the Subject Condominium Sublease and the beneficial interest in the Subject Subleasehold Deed of Trust.

G. Under the terms of the Subject Condominium Sublease, Condominium Sublessee's interest in the "Subject Condominium" described therein (which consists of the subleasehold estate in the Unit and an undivided subleasehold interest in the Common Area and the related Appurtenant Rights, all as more particularly described therein) is subject to, and Condominium Sublessee is obligated to perform all applicable obligations or duties imposed by, among other things, the Existing Master Lease and the Master Condominium Sublease.

H. The Subject Condominium Sublease requires Condominium Sublessee to pay, among other things, (i) monthly Ground Rent to Sublessor, which Ground Rent is based on the Shadow Rent and the Applicable Percentage and is subject to annual adjustment as provided in the Master Condominium Sublease, and (ii) a Change in Ownership Fee upon a Change in Ownership.

I. The initially-capitalized terms that appear in quotation marks in this Recital I but are not defined herein have the meanings given such terms in the Master Lease (as defined below). Concurrently herewith, County and Sublessor are amending the Existing Master Lease to, among other things,

(i) freeze the "Shadow Rent" thereunder attributable to the Unit (which affects the amount of the rent to be paid by Sublessor to County) at its 2003 level through December 31, 2006,

(ii) provide that, commencing January 1, 2007 and continuing each year thereafter until at least January 1, 2018, such "Shadow Rent" attributable to the Unit shall be increased by an amount equal to 3.75% of the prior year's "Shadow Rent",

(iii) delay implementing the increase in the applicable percentage component of the formula that determines the "Percentage Rent" attributable to the Unit from 2016 until 2019,

(iv) provide that, effective as of January 1, 2019 and continuing each year thereafter during the remainder of the term, the "Shadow Rent" attributable to the

Unit may (but shall not necessarily) be increased by a fixed percentage greater than 3.75%,

(v) increase the "Administrative Transfer Fee" payable to County upon a "Change in Ownership" of the "Prepaid Sublessee's interest" with respect to the Unit to an amount equal to 2.5% of the gross sales price or other consideration for the applicable transaction (in addition to any similar fee otherwise payable to Sublessor for its own account), and

(vi) provide that, on February 28, 2023, Sublessor shall be required to pay County an amount equal to the outstanding "Disbursed Repair Funds Balance" thereunder (the "2023 Special Payment"), if any,

all as more particularly provided in that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R-Marina del Rey Small Craft Harbor (the "Master Lease Amendment"; the Existing Master Lease, as amended by the Master Lease Amendment, is hereinafter referred to as the "Master Lease"), a memorandum of which has been or will be recorded in the Official Records concurrently with the recordation of this Amendment.

J. Sublessor and Condominium Sublessee desire to amend (i) the Subject Condominium Sublease to reflect the terms of the Master Lease Amendment, and (ii) the Subleasehold Deed of Trust to reflect the amendments to the Subject Condominium Sublease contained in this Amendment, all as more particularly provided in this Amendment.

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

1. Representations and Warranties by Condominium Sublessee. Condominium Sublessee hereby represents and warrants to Sublessor as follows:

(i) Condominium Sublessee is the current owner of the Subject Condominium Sublease and each of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust is in full force and effect; [and]

(ii) the Subject Condominium Sublease is not currently encumbered by or subject to any deed of trust, mortgage or similar security instrument (each a "Mortgage") granted, assumed or taken subject to by Condominium Sublessee, except for (a) the Subject Subleasehold Deed of Trust and (b) the Mortgage or Mortgages in favor of the lender or lenders identified on any Consent of Lender attached hereto; [and]

(iii) *[Note: this clause (iii) will be included if this Amendment will not be effective until after June 30, 2004]* there has been no Change in Ownership of the Condominium Sublease since June 30, 2004, except for the Change(s) of Ownership, if any, described in Exhibit L hereto. For each Change in Ownership of the Condominium Sublease occurring after June 30, 2004, Condominium Sublessee has paid Sublessor a Change in Ownership Fee equal to

three percent (3%) of the total purchase price or other consideration given for such Change in Ownership.

2. Effect of Other Agreements. Condominium Sublessee hereby agrees that the Subject Condominium Sublease and Condominium Sublessee's interest in the Unit and its other rights thereunder are subject to, and Condominium Sublessee shall perform all applicable duties or obligations imposed by, the Master Lease (as amended as recited in Recital I of this Amendment) and each of the other agreements or instruments described in Section 1.3 of the Original Assignment recorded with respect to the Unit.

3. Conditions to Effectiveness of Amendments to Subject Condominium Sublease. The amendments to the Subject Condominium Sublease and to the Subject Subleasehold Deed of Trust set forth in this Amendment shall not be effective unless and until each of the following shall have occurred: (i) the modifications to the Existing Master Lease contained in the Master Lease Amendment shall have become effective not later than the "Outside Date" specified therein, with said effectiveness to be evidenced by the recordation of a memorandum of the Master Lease Amendment in the Official Records; (ii) each Consent of Lender attached hereto shall have been executed by the applicable lender and Sublessor shall have received a satisfactory endorsement to its lender's policy of title insurance that assures Sublessor, among other things, that the Subject Subleasehold Deed of Trust continues to constitute a first-priority lien against the Subject Condominium Sublease, without any additional exceptions thereto; (iii) the conditions in Section 7 of this Amendment shall have been satisfied; and (iv) this Amendment shall have been recorded in the Official Records. When such amendments become effective (if that occurs), the Unit shall be a "Category A Unit" for purposes of the Master Lease.

4. Amendments to Master Condominium Sublease. The Master Condominium Sublease, as it relates to the Unit, is hereby amended as follows:

4.1 Applicable Percentages for Ground Rent. Section 4.4.2 of the Master Condominium Sublease is hereby amended and restated as follows:

> "4.4.2 Applicable Percentages. The Applicable Percentage of Shadow Rent to be paid by each Condominium Sublessee shall be equal to the following: (a) from the commencement of the term of its Condominium Sublease through December 31, 1995, ten and one-half percent (10.5%); (b) commencing upon January 1, 1996, and extending through December 31, 2018, twelve and one-half percent (12.5%); and (c) commencing on January 1, 2019, and extending through the end of the term of the Condominium Sublease, the percentage rate determined in accordance with Section 5.08.B(1)(d) of the Master Lease; provided, however, that such percentage shall not be less than twelve and one-half percent (12.5%) nor more than fifteen percent (15%)."

4.2 Determination of Shadow Rent Through 2003. The introductory paragraph of Section 4.4.3 of the Master Condominium Sublease (i.e., excluding subsections (a) through (h) thereof) is hereby amended and restated as follows:

"4.4.3. Determination of Shadow Rent Through 2003. The Shadow Rent applicable to each Condominium for its Base Year shall be the amount therefor set forth on the applicable Assignment and Assumption of Condominium Sublease. Prior to 2004, the Shadow Rent for each Condominium shall be adjusted as of January 1 of each year during the term of the Condominium Sublease for that Condominium based upon the average percentage change in two (2) indices as follows:"

4.3 Shadow Rent for 2004 through 2006. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.4 thereto:

"4.4.4 Shadow Rent for 2004 Through 2006. From January 1, 2004 through December 31, 2006, the Shadow Rent for each Condominium shall be the same amount as the Shadow Rent for such Condominium for 2003, as shown on Exhibit K attached hereto (i.e., the Shadow Rent shall not be adjusted during such period)."

4.4 Shadow Rent From and After 2007. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.5 thereto:

"4.4.5 Shadow Rent for 2007 Through At Least 2018. Commencing on January 1, 2007 and, subject to Section 4.4.6, continuing on each January 1 thereafter during the term of the Condominium Sublease for each Condominium, the Shadow Rent for each Condominium shall be increased three and seventy-five-hundredths percent (3.75%)."

4.5 Possible Adjustment to Shadow Rent in 2019. The following is hereby added to the Master Condominium Sublease as a new Section 4.4.6 thereto:

"4.4.6 Possible Adjustment to Shadow Rent in 2019. The Master Lease provides that, in 2019, (i) the County (as lessor thereunder) will perform a 'Rent Adjustment Analysis', (ii) if the Rent Adjustment Analysis reveals a 'Rent Deficiency', then, effective as of January 1, 2019 and continuing on each January 1 thereafter during the remainder of the term of the Master Lease, the 'Shadow Rent' under the Master Lease (the 'Master Lease Shadow Rent') shall be increased by the fixed rate (which will be greater than 3.75%) determined as part of the Rent Adjustment Analysis, and (iii) the Master Lease Shadow Rent also shall be increased (in addition to any increase resulting from the Rent Adjustment

Analysis) effective as of January 1, 2019 and continuing on each January 1 thereafter during the remainder of the term of the Master Lease by the amount, if any, necessary to enable the County to recover certain 'lost rent' under the Master Lease for the years 2016, 2017 and 2018 as a result of the County's agreement to delay a potential rent increase from 2016 until 2019. The procedures for determining the new fixed percentage for the annual increase in the Master Lease Shadow Rent (the 'Adjusted Fixed Percentage') to be effective as of January 1, 2019, based on the Rent Adjustment Analysis and the County's rent loss, if any, for the years 2016, 2017 and 2018, are set forth in Exhibit V of the Master Lease; the terms of said Exhibit V are attached to a memorandum of an amendment to the Master Lease recorded in the Official Records of Los Angeles County, California.

"If the percentage for determining the annual increase in the Master Lease Shadow Rent is increased (i.e., from 3.75% to the Adjusted Fixed Percentage) as of January 1, 2019 as provided above, then, effective as of January 1, 2019 and continuing on each January 1 thereafter during the term of the Condominium Sublease for each Condominium, the Shadow Rent for each Condominium shall be increased by the Adjusted Fixed Percentage.

"With respect to the Ground Rent payments required under Section 4.4.1 for the months of January, February and March of 2019, each Condominium Sublessee shall make such payments on the dates required as though (i) the Shadow Rent was increased by three and seventy-five-hundredths percent (3.75%) on January 1, 2019, and (ii) the Applicable Percentage was the same as during 2018. If (x) the Shadow Rent is increased by the Adjusted Fixed Percentage effective as of January 1, 2019 as provided in Exhibit V of the Master Lease, and/or (y) the Applicable Percentage is increased effective as of January 1, 2019 as provided in Section 5.08.B(1)(d) of the Master Lease, then, in April 2019, each Condominium Sublessee shall pay Sublessor or the Management Company, as applicable, in addition to the Ground Rent and any other payments for that month, the amount necessary to cure the underpayment of Ground Rent for the prior three months."

4.6 Increase in Change in Ownership Fee. Section 4.5 of the Master Condominium Sublease is hereby amended and restated as follows:

"4.5 Change in Ownership Fee. As additional consideration for this Sublease, if there is a Change in Ownership of any Condominium Sublease following the creation thereof which is not otherwise exempted by Section 14.2 below, the Condominium Sublessee whose interest is the subject of the

Change of Ownership, or such Condominium Sublessee's transferee, shall pay an amount (the 'Change in Ownership Fee') to Sublessor equal to three percent (3%) of the total sales price or other consideration given for the Condominium Sublease interest being transferred, without reduction for any cost or charge incurred by such Condominium Sublessee or its transferees (and Sublessor shall pay five-sixths (5/6) of such fee to the County, pursuant to Section 5.12 of the Master Lease), on or before the closing or effective date of such Change in Ownership. The payment of this fee shall be the joint and several obligation of both the transferor and transferee of the Condominium Sublessee's Condominium Sublease, and all agreements with such transferees shall provide for such joint and several liability."

4.7 Potential Additional Payment Obligation in 2023. Section 4.6 of the Master Condominium Sublease (captioned "Exemption from Payments; All Payments Directly to Master Sublessor") is hereby renumbered as Section 4.7, and the following is hereby added as a new Section 4.6:

"4.6 Potential Additional Payment Obligation in 2023.

"The Master Lease provides that (i) the County will disburse certain funds to reimburse Sublessor for a portion of the costs of certain repairs and refurbishments to certain portions of the Property, (ii) all amounts so disbursed will bear interest, and (iii) on February 28, 2023, Sublessor must pay the County an amount equal to the sum of all amounts so disbursed and all accrued interest thereon (the 'Disbursed Repair Funds Balance') to the extent that the Disbursed Repair Funds Balance has not previously been reduced to zero, all as more particularly provided in Exhibit W to the Master Lease; the terms of said Exhibit W are attached to a memorandum of an amendment to the Master Lease recorded in the Official Records of Los Angeles County, California.

"If the Disbursed Repair Funds Balance has not been reduced to zero as provided in the Master Lease as of December 31, 2022, then, on such date, unless the Association has separately paid County an amount equal to the Disbursed Repair Funds Balance, each Condominium Sublessee shall pay Sublessor an amount equal to the product of (i) the Disbursed Repair Funds Balance, and (ii) the Operating Expense Percentage applicable to its Condominium. Each Condominium Sublessee's obligation to make any such payment (the "2023 Special Payment") is one of the Accrued Monetary Obligations (see Section 16.3 hereof) of such Condominium Sublessee, and the failure by any Condominium Sublessee to make any such 2023 Special Payment

as required shall constitute an Event of Default under Section 16.1.2 hereof."

4.8 Events of Default. Section 16.1.2 of the Master Condominium Sublease is hereby amended and restated as follows:

"16.1.2 A Condominium Sublessee fails to pay any installment of the Monthly Maintenance Fee, Supplemental Maintenance Fee, Change in Ownership Fee, taxes and assessments, Ground Rent, the 2023 Special Payment, or any other sum payable by such Condominium Sublessee to Sublessor hereunder when due;"

4.9 Security for Monetary Obligations. The first sentence of Section 16.3 of the Master Condominium Sublease is hereby amended and restated as follows:

"16.3 Monetary Obligations to be Secured by Deed of Trust or Security Agreement.

All obligations of a Condominium Sublessee under this Sublease or any amendment hereto which may be fully satisfied, performed or discharged solely by the payment of money, including without limitation the payment of Monthly Maintenance Fees, Supplemental Maintenance Fees, Ground Rent, Change in Ownership Fees, the 2023 Special Payment (if applicable), the Indemnity Obligations (as defined in the Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents dated as of or about _____, 2004 (the 'First Amendment')), the Shared Obligations (as defined in the First Amendment), property taxes, possessory interest taxes or their equivalent, assessments, monetary indemnification obligations, and reimbursements to Sublessor for the payment of utility charges, repair costs or other amounts advanced by Sublessor on behalf of a Sublessee as provided in this Sublease, as such obligations shall accrue and be payable from time to time, and a Sublessee's obligations under Section 3.3 of the Subleasehold Deed of Trust (hereinafter referred to collectively as 'Accrued Monetary Obligations'), shall be secured by a Deed of Trust in the form attached hereto as Exhibit J (the 'Subleasehold Deed of Trust') encumbering such Sublessee's Condominium."

4.10 Exhibits. Exhibit K [and Exhibit L, if applicable] to this Amendment is hereby added to the Master Condominium Sublease as Exhibit K [and Exhibit L, if applicable] thereto.

5. Amendment to Original Assignment. Section 12 of the Original Assignment for the Unit is hereby amended and restated as follows:

"12. Further Transfer. Condominium Sublessee shall not transfer or assign its interest hereunder except as provided in, and subject to the terms, covenants, conditions and restrictions set forth in, Article 14 of the Master Condominium Sublease. Condominium Sublessee acknowledges that, upon a transfer or assignment of its interest in the Subject Condominium constituting a 'Change of Ownership' as defined in Section 14.2 of the Master Condominium Sublease, the Condominium Sublessee and its transferee shall be jointly and severally liable for payment to Sublessor of a Change in Ownership Fee equal to three percent (3%) of the total sales price or other consideration given for the Condominium Sublease interest being transferred in accordance with and as more particularly set forth in Section 4.5 of the Master Condominium Sublease."

6. Amendment to Subleasehold Deed of Trust. Condominium Sublessee hereby confirms and agrees, and to the extent necessary the Subject Subleasehold Deed of Trust is hereby amended to provide, that the Subleasehold Deed of Trust does and shall secure the payment by Condominium Sublessee of all Accrued Monetary Obligations (as defined in Section 16.3 of the Subject Condominium Sublease, as amended by this Amendment) arising from time to time under the Subject Condominium Sublease, including, without limitation, Condominium Sublessee's obligation to pay the 2023 Special Payment, the increased Change in Ownership Fee described in this Amendment, any Indemnity Obligations (as defined below) and any Shared Obligations (as defined below).

7. Additional Conditions to Effectiveness. Notwithstanding anything in this Amendment to the contrary and notwithstanding the execution hereof, it shall be a condition to the effectiveness of this Amendment that (i) the Prepaid Sublease (as such term is defined in the Master Lease) of the Condominium Sublessee who is a party to this Amendment shall have been originally created as, or subsequently converted to, a Condominium Sublease (i.e., that the Condominium Sublessee's interest does not constitute a Prepaid Sublease created pursuant to the Approved Prepaid Sublease Form which has not yet been converted to a Condominium Sublease in accordance with the form of documentation approved by the County and Original Sublessor), and (ii) the Condominium Sublessee shall have paid to Sublessor all Change in Ownership Fees required by the terms of the Condominium Sublease[*if this Amendment is executed after June 30, 2004:*, including, without limitation, all Change in Ownership Fees necessary to render the representation and warranties of Condominium Sublessee set forth in Section 1(iii) above true and accurate]. If either of the foregoing conditions has not been met, this Amendment shall be of no force or effect, any attempted election by the Condominium Sublessee to be treated as a Category A Unit shall be void and without effect, and Condominium Sublessee's Condominium Sublease shall remain a Category B Unit subject to all terms applicable to those units.

8. Waiver of Subordination Rights. Until the Disbursed Repair Funds Balance has been reduced to zero, Condominium Sublessee hereby waives, relinquishes and surrenders any right it may now or hereafter have to require subordination of the Subleasehold Deed of Trust encumbering its Unit to any other Mortgage or other financing encumbering the Subject Condominium Sublease on any terms or for any purpose, including, without limitation, its right,

if any, to request or require such subordination pursuant to the terms of that certain Agreement Regarding Settlement of Pending Litigation between the Association and Original Sublessor *et al*, dated as of June 30, 1994 (the "1994 Settlement Agreement").

9. Indemnity. Condominium Sublessee acknowledges that the Master Lease Amendment and this Amendment were requested by the Condominium Sublessees of the Category A Units in order to achieve the benefits to them resulting from the modifications contained therein and herein. Condominium Sublessee, together with the other Condominium Sublessees of the Category A Units, hereby agrees to indemnify, defend and hold Sublessor harmless, to the extent set forth in the subsequent sentence, from and against any and all costs and expenses (including costs of suit, reasonable attorneys' fees and judgments) relating to any claims, demands, causes of action, liabilities or losses arising from or in connection with any challenge based upon (a) any expenditure from the Towers Reserve Account (as defined below) prior to the date of the Master Lease Amendment or (b) any funds hereafter paid by Sublessor to the Association from the Disbursed Repair Funds (as defined in the Master Lease) (collectively, the "Indemnity Obligations"). All Indemnity Obligations shall be charged to the Condominium Sublessees of the Category A Units in accordance with their respective Operating Expense Percentages and shall constitute Accrued Monetary Obligations under Section 16.3 of the Condominium Sublease, the payment of which is secured by the Subleasehold Deed of Trust encumbering Condominium Sublessee's Unit. Except as otherwise provided above with respect to the Indemnity Obligations, if the Master Lease Amendment, this Amendment and/or any other related documents are challenged in any manner by any party, and if Sublessor elects or is required to participate in any such legal proceeding, then all (costs of suit, attorneys' fees and expert or consultant costs incurred by Sublessor, on the one hand, and the Association and the Condominium Sublessees of the Category A Units acting collectively, on the other hand, relating to the defense or prosecution of such challenge shall be borne equally by the Condominium Sublessees of the Category A Units, on the one hand, and Sublessor, on the other hand (collectively, the "Shared Obligations"); provided, however, that (i) in the event the foregoing provision is applicable, shared attorneys' fees shall consist of not more than one (1) firm representing Sublessor and not more than one (1) firm representing the Association and the Condominium Sublessees of the Category A Units acting collectively, and (ii) the foregoing shall not be enforceable against the County if it succeeds to Sublessor's interest as sublessor under the Condominium Subleases. If the preceding sentence is applicable, the Association, the Condominium Sublessees of the Category A Units and Sublessor shall reasonably cooperate to minimize the costs and expenses of such legal proceedings. The portion of all Shared Obligations allocable to the Category A Units shall be charged to the Condominium Sublessees of the Category A Units in accordance with their respective Operating Expense Percentages and shall constitute Accrued Monetary Obligations under Section 16.3 of the Condominium Sublease, the payment of which is secured by the Subleasehold Deed of Trust encumbering Condominium Sublessee's Unit. The Indemnity Obligations and the Shared Obligations are not intended, and shall not be deemed, to apply to the Condominium Sublessees of the Category B Units. As used herein, the "Towers Reserve Account" shall have the same meaning given such term in the 1994 Settlement Agreement.

10. Acknowledgements Regarding Covered Repairs. Condominium Sublessee acknowledges and agrees that, unless and until Sublessor has received all funds, including, without limitation, all reimbursements for the benefit of "Category A Units" and the funds from

the "Category B Units" (as such terms are defined in the Master Lease) which are necessary to fund further "Covered Repairs" (as defined in the Master Lease), Sublessor will have no obligation to Condominium Sublessee to proceed with such Covered Repairs. Condominium Sublessee also acknowledges and agrees that the timing of the funding and/or completion of the Covered Repairs and/or the ultimate expenditure of less than all of the Condominium Project Repairs Account (as such term is defined in the Master Lease) on the Covered Repairs shall not constitute a condition to the effectiveness of the balance of this Amendment or any provision hereof, and the timing, amount or scope of any expenditures from the Condominium Project Repairs Account (or the absence thereof) shall not affect the enforceability or effectiveness of the balance of this Amendment, which shall be applicable in accordance with its terms.

Condominium Sublessee further acknowledges and agrees that, the existence, funding or use of the Condominium Project Repairs Account is not in replacement, limitation or waiver of Condominium Sublessee's obligation to fund its share of Operating Expenses under the Master Condominium Sublease, and, except as funds disbursed from the Condominium Project Repairs Account are credited to the Monthly Maintenance Fees or Supplemental Maintenance Fees otherwise payable by Condominium Sublessee, Condominium Sublessee shall remain responsible for payment of its share (based on its Operating Expense Percentage) of such Monthly Maintenance Fees and Supplemental Maintenance Fees in accordance with the terms of the Subject Condominium Sublease, whether relating to matters shown on the list of Covered Repairs or other repair, renovation or replacement work at the Property.

11. Miscellaneous.

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

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

11.3 Controlling Provisions. In the event of any inconsistencies between the provisions of this Amendment, on the one hand, and the provisions of the Subject Condominium Sublease or the Subject Subleasehold Deed of Trust, on the other, the provisions of this Amendment shall govern and prevail.

11.4 Integration and Merger. This Amendment and the Exhibit attached hereto contain the entire agreement of Sublessor and Condominium Sublessee regarding the modification of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust and supersedes all prior agreements, term sheets and understandings between Sublessor and Condominium Sublessee, whether written or oral, with respect to the modification of the Subject Condominium Sublease and the Subject Subleasehold Deed of Trust.

11.5 Continued Effectiveness. Neither the Subject Condominium Sublease nor the Subject Subleasehold Deed of Trust has been modified, amended or supplemented except as set forth in this Amendment and, as amended by this Amendment, each of the Subject

Condominium Sublease and the Subject Subleasehold Deed of Trust is and remains in full force and effect.

11.6 No Third Party Beneficiary Status. Notwithstanding anything which is or appears to be to the contrary, Condominium Sublessee acknowledges that it is not a third party beneficiary of the Master Lease Amendment and shall not have any rights with respect thereto.

IN WITNESS WHEREOF, Sublessor and Condominium Sublessee have executed this Amendment as of the date first above written.

SUBLESSOR:

ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

CONDOMINIUM SUBLESSEE: _____
Name

_____
Name

[NOTARY BLOCKS TO BE ADDED TO EXECUTION COPY]

CONSENT AND AGREEMENT OF JUNIOR LENDER

The undersigned, which is the current holder of the beneficiary's interest under the deed of trust that encumbers the Subject Condominium Sublease and was recorded in the Official Records on _____ as Instrument No. _____ (the "Mortgage"), hereby declares as follows:

1. The undersigned consents to the Amendment to Condominium Sublease and Condominium Subleasehold Deed of Trust and Assignment of Rents (the "Amendment") to which this Consent and Agreement of Lender is attached. Without limiting the foregoing, the undersigned agrees that the Mortgage is subject to the terms of the Amendment.

2. The undersigned agrees that the Condominium Subleasehold Deed of Trust and Assignment of Rents that encumbers the Subject Condominium Sublease and was recorded in the Official Records on _____ as Instrument No. _____ (the "Original Sublessor Deed of Trust"), as amended by the Amendment (as amended, the "Sublessor Deed of Trust"), shall unconditionally be and remain at all times a lien or charge on the Subject Condominium Sublease prior and superior to the lien or charge of the Mortgage, and that such Sublessor Deed of Trust secures all Accrued Monetary Obligations thereunder, including, without limitation, the increased Change in Ownership Fee and the 2023 Special Payment (each as set forth in the Amendment). Without limiting the foregoing, the undersigned hereby subordinates the lien or charge of the Mortgage to the lien or charge of the Sublessor Deed of Trust.

3. The undersigned acknowledges that Sublessor would not enter into the Amendment and that County would not enter into the Master Lease Amendment without the undersigned's execution of this Consent and Agreement of Lender.

Date: _____, 2004

[NAME OF MORTGAGEE]

By:_____
Name: _____
Its: _____

By:_____
Name: _____
Its: _____

[NOTARY BLOCKS TO BE ADDED TO EXECUTION COPY]

Exhibit K to Exhibit C

Schedule of 2003 Shadow Rent

[To be attached]

SHADOW RENT CALCULATION WORKSHEET - PARCEL 125R (IMPROVED PARCEL)

A --- DATE	B --- BEGINNING UNCAPPED SHADOW RENT	C --- BEGINNING ACTUAL SHADOW RENT	D --- CPI-U RENTAL INDEX PRIOR NOVEMBER LAST YEAR	E --- CPI-U RENTAL INDEX THIS NOVEMBER THIS YEAR	F --- CPI-U RENTAL INDEX PERCENTAGE CHANGE	G --- REAL ESTATE RESEARCH COUNCIL INDEX OCTOBER LAST YEAR	H --- REAL ESTATE RESEARCH COUNCIL INDEX OCTOBER THIS YEAR	I --- REAL ESTATE RESEARCH COUNCIL INDEX PERCENTAGE CHANGE	J --- AVERAGE INCREASE OR DECREASE OF TWO INDEXES	K --- NEW UNCAPPED SHADOW RENT AS OF NEXT JANUARY 1	L --- MAXIMUM ALLOWABLE SHADOW RENT AS OF NEXT JANUARY 1	M --- ACTUAL SHADOW RENT AS OF NEXT JANUARY 1
JANUARY 1, 1987	$1,150,651.65	$1,150,651.65	127.60	133.00	4.23197%	48.90	60.20	23.10838%	13.670180%	$1,307,947.80	$1,242,703.78	$1,242,703.78
JANUARY 1, 1988	$1,307,947.80	$1,242,703.78	133.00	140.20	5.41353%	60.20	77.40	28.57143%	16.992481%	$1,530,200.58	$1,342,120.08	$1,342,120.08
JANUARY 1, 1989	$1,530,200.58	$1,342,120.08	140.20	145.80	3.99429%	77.40	95.90	23.90181%	13.948051%	$1,743,633.74	$1,449,489.69	$1,449,489.69
JANUARY 1, 1990	$1,743,633.74	$1,449,489.69	145.80	152.60	4.66392%	95.90	97.10	1.25130%	2.957613%	$1,795,203.69	$1,565,448.87	$1,565,448.87
JANUARY 1, 1991	$1,795,203.69	$1,565,448.87	152.60	155.40	1.83486%	97.10	88.70	-8.65088%	-3.408007%	$1,734,023.03	$1,690,684.78	$1,690,684.78
JANUARY 1, 1992	$1,734,023.03	$1,690,684.78	155.40	156.70	0.83655%	88.70	84.40	-4.84780%	-2.005625%	$1,699,245.02	$1,825,939.56	$1,690,684.78
JANUARY 1, 1993	$1,699,245.02	$1,579,761.28	156.70	156.20	-0.31908%	84.40	72.80	-13.74408%	-7.031578%	$1,579,761.28	$1,835,184.63	$1,579,761.28
JANUARY 1, 1994	$1,579,761.28	$1,506,634.16	156.20	155.90	-0.19206%	72.80	66.20	-9.06593%	-4.628998%	$1,506,634.16	$1,706,142.18	$1,506,634.16
JANUARY 1, 1995	$1,506,634.16	$1,484,701.61	155.90	155.60	-0.19243%	66.20	64.40	-2.71903%	-1.455732%	$1,484,701.61	$1,627,164.90	$1,484,701.61
JANUARY 1, 1996	$1,484,701.61	$1,510,461.46	155.60	158.10	1.60668%	64.40	65.60	1.86335%	1.735019%	$1,510,461.46	$1,603,477.73	$1,510,461.46
JANUARY 1, 1997	$1,510,461.46	$1,619,391.94	158.10	160.90	1.77103%	65.60	73.90	12.65244%	7.211735%	$1,619,391.94	$1,631,298.38	$1,619,391.94
JANUARY 1, 1998	$1,619,391.94	$1,748,943.29	160.90	166.10	3.23182%	73.90	85.10	15.15562%	9.193718%	$1,768,274.27	$1,748,943.29	$1,748,943.29
JANUARY 1, 1999	$1,768,274.27	$1,885,962.73	166.10	172.40	3.79290%	85.10	93.20	9.51821%	6.655555%	$1,885,962.73	$1,888,858.76	$1,885,962.73
JANUARY 1, 2000	$1,885,962.73	$1,993,216.38	172.40	179.80	4.29234%	93.20	99.80	7.08155%	5.686944%	$1,993,216.38	$2,036,839.75	$1,993,216.38
JANUARY 1, 2001	$1,993,216.38	$2,147,168.23	179.80	191.00	6.22914%	99.80	109.00	9.21844%	7.723790%	$2,147,168.23	$2,152,673.69	$2,147,168.23
JANUARY 1, 2002	$2,147,168.23	$2,313,695.21	191.00	200.30	4.86911%	109.00	120.60	10.64220%	7.755656%	$2,313,695.21	$2,318,941.69	$2,313,695.21
JANUARY 1, 2003	$2,313,695.21											

COLUMN EXPLANATIONS

A - EFFECTIVE DATE OF SHADOW RENT ADJUSTMENT IS JANUARY 1 OF EACH YEAR.

B - UNCAPPED SHADOW RENT AS OF THE BEGINNING OF THE YEAR. FOR EXAMPLE, JANUARY 1, 1988 = $1,307,947.80. THE UNCAPPED SHADOW RENT REPRESENTS THE COMPOUNDED INCREASES OF THE TWO INDEXES BEFORE APPLICATION OF THE 8% CAP ON ANNUAL INCREASES. THE NUMBER IN COLUMN B EQUALS THE NUMBER IN COLUMN K FOR THE PRIOR YEAR.

C - BEGINNING ACTUAL SHADOW RENT IS THE SHADOW RENT AMOUNT FOR THE YEAR. FOR EXAMPLE, JANUARY 1, 1988 = $1,242,703.78. THE ACTUAL SHADOW RENT REPRESENTS THE LESSER OF COLUMN K OR COLUMN L FOR THE PRIOR YEAR. IT ALSO EQUALS COLUMN M FOR THE PRIOR YEAR.

D - CPI-U RENTAL INDEX FOR THE NOVEMBER PRIOR TO THE DATE IN COLUMN A. FOR EXAMPLE, 127.60 REPRESENTS CPI-U RENTAL INDEX IN NOVEMBER 1986. CPI-U BEING USED IS 1982-84 = 100. THE NUMBER IN COLUMN D EQUALS THE NUMBER IN COLUMN E FOR THE PRIOR YEAR.

E - CPI-U RENTAL INDEX FOR THE NOVEMBER FOLLOWING THE DATE IN COLUMN A. FOR EXAMPLE, 133.00 ON JANUARY 1, 1987 LINE REPRESENTS CPI-U RENTAL INDEX IN NOVEMBER 1987.

F - PERCENTAGE CHANGE OF CPI-U RENTAL INDEX FOR THE 12 MONTHS BETWEEN COLUMN D AND COLUMN E.

G - REAL ESTATE RESEARCH COUNCIL WESTSIDE-SANTA MONICA AVERAGE HOUSING VALUE INDEX (RERC INDEX) FOR THE OCTOBER PRIOR TO DATE IN COLUMN A. FOR EXAMPLE, 48.90 ON JANUARY 1, 1987 LINE REPRESENTS RERC INDEX IN OCTOBER, 1986. RERC INDEX BEING USED IS APRIL, 1990 = 100.

H - RERC INDEX FOR THE OCTOBER FOLLOWING THE DATE IN COLUMN A. FOR EXAMPLE, 60.20 ON JANUARY 1, 1988 LINE REPRESENTS RERC INDEX IN OCTOBER, 1987.

I - PERCENTAGE CHANGE OF RERC INDEX FOR THE 12 MONTHS BETWEEN COLUMN G AND COLUMN H.

J - AVERAGE PERCENTAGE CHANGE OF COLUMNS F AND I.

K - FULL SHADOW RENT EFFECTIVE THE FOLLOWING YEAR WITHOUT APPLICATION OF THE 8% CAP. COMPUTED BY MULTIPLYING COLUMN J BY COLUMN B AND ADDING COLUMN B. FOR EXAMPLE, THE JANUARY 1, 1987 COLUMN B ($1,150,651.65) MULTIPLIED BY JANUARY 1,1987 COLUMN J (13.670180%) ADDED TO COLUMN B EQUALS JANUARY 1, 1987 COLUMN K ($1,307,947.80) AS WELL AS JANUARY 1, 1988 COLUMN B.

L - MAXIMUM ALLOWABLE SHADOW RENT AS OF JANUARY 1 OF THE FOLLOWING YEAR BASED ON 8% CAP. CALCULATED BY MULTIPLYING BEGINNING ACTUAL SHADOW RENT BY 108% (8% INCREASE). FOR EXAMPLE, THE JANUARY 1, 1987 COLUMN C ($1,150,651.65) MULTIPLIED BY 108% EQUALS $1,242,703.78.

M - SHADOW RENT WHICH WILL BE IN EFFECT ON THE NEXT JANUARY 1. IS THE LESSER OF COLUMNS K OR L AND EQUALS THE NUMBER IN COLUMN C FOR THE FOLLOWING YEAR.

Exhibit L to Exhibit C

Changes in Ownership After June 30, 2004

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT U-1

Category A Units

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT U-2

Category B Units

[To Be Attached Immediately Prior to the Effective Date]

EXHIBIT V

Provisions Regarding Shadow Rent

I. Indices to Determine Increases in Shadow Rent: 1988 - 2003

As provided in subsection 5.08.B(2)(b) of the Lease, the Shadow Rent for each Apartment Approved for Prepaid Subleases shall be adjusted during the period set forth therein (for Category A Units, each January 1 beginning in 1988 and ending in 2003; for Category B Units, each January 1 beginning in 1988 and continuing for the remainder of the term) based upon the average percentage change in two indices, as follows:

(a) The first index is the Residential Rental Component of the Consumer Price Index for All Urban Consumers (base year 1967) for the Los Angeles-Long Beach Area, published by the United States Department of Labor, Bureau of Labor Statistics (the "CPI Rental Index"). The second index is the Index of average housing value of the Real Estate Research Council of Southern California for the Westside-Santa Monica reporting area (the "Research Council Index").

(b) In order to determine the percentage change in an Index, the figure shown on the Index published for a date on or most recently before January 1, 1987 ("Beginning Index") shall be subtracted from the figure shown on the Index published for a date on or most recently before the date rent is to be adjusted ("Adjustment Index"), assuming the indices are published not more than twelve (12) months apart. The difference shall be divided by the figure shown on the Beginning Index, and that result shall be the percentage change in the particular Index for the preceding year. In order that the percentage change may be measured annually, the Adjustment Index in one (1) year shall become the Beginning Index for the following year.

(c) The percentage change for each Index, as calculated above, shall be added together, and the sum divided by two (2). The result shall constitute the average percentage change in the two (2) indices.

(d) Subject to the limitations in clause (e) below, the average percentage change calculated in the preceding subsection shall be multiplied by the Shadow Rent in effect immediately preceding the Adjustment Date, and the resultant figure shall be added to or subtracted from such Shadow Rent, with the total being the Shadow Rent for the following year. In no event, however, shall the Shadow Rent for an particular Prepaid Subleased apartment in any year either be less than the Initial Shadow Rent for that apartment nor shall it exceed an amount equal to the Initial Shadow Rent for that apartment, increased at eight percent (8%) per year, on a compounded basis. The maximum Shadow Rent payable with respect to a Prepaid Subleased Apartment expressed in terms of a percentage of the Initial Shadow Rent (shown on Exhibit R to the Lease) is set forth in Exhibit F to the Lease and incorporated herein. The maximum rent payable, with respect to such an Apartment, would be the Initial Shadow Rent, first multiplied by the percentage shown on Exhibit F, and then multiplied by the appropriate percentage under subsection 5.08.B(1) of the Lease.

(e) The Shadow Rent for any particular apartment in any one (1) year, however, shall not increase by more than the lesser of the following: an amount equal to eight percent (8%) of the Shadow Rent in effect immediately preceding the Adjustment Date; or, an amount equal to the maximum percentage increase permitted by any applicable rent control ordinance or law.

(f) In the event that the limitation in clause (e) above becomes effective, such that County did not receive the full increase otherwise allowable under clause (d) above, County shall be entitled to carry forward the dollar amount of increase it was otherwise entitled to, appropriately compounded, to years where such limitation does not otherwise come into effect. This entitlement shall exist until such time as the Shadow Rent for the particular apartment reaches the annual dollar amount it would have attained in the absence of clause (e) above. Increases attributable to the carry forward itself, however, shall also by subject to the limits of clause (e) above. This carry forward provision shall operate as shown in the following example:

EXAMPLE: Assume Initial Shadow Rent of $1,000 per month, and average percentage index changes in Years 1, 2 and 3 of 7%, 10% and 4%, respectively.

-- The increase in Year 1 would be $70 [$1,000 + ($1,000 x 7%)], thereby increasing the rent for Year 2 to $1,070.

-- The increase in Year 2 would be $85.60, thereby increasing the rent for Year 3 to $1,155.60 [$1,070 + (8%* x $1,070)].

-- The increase in Year 3 would be $68.40, thereby increasing the rent for Year 4 to $1,224 [$1,177 (the rent which would have been in effect but for the maximum increase limits) + (4% x $1,177)].

NOTE: $1,177 + $47 = $1,224
$1,224 - $1,155.60 = $68.40
$68.40 is less than 8% of $1,155.60 ($92.40)

(g) If either Index is changed so that its base year differs from that used as of January 1, 1987, the Index shall be converted in accordance with the conversion factor published by the publisher of the Index. If the Research Council Index is discontinued, then adjustments occurring after the discontinuance of the Research Council Index shall be based solely upon the percentage change in the CPI Rental Index. If the CPI Rental Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI Rental Index had not been discontinued or revised. In the event County and Lessee fail to agree on the use of a replacement index within sixty (60) days of such discontinuance or revision, the selection of the same shall be determined by arbitration in accordance with Section 16.16 of the Lease.

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* In the absence of the maximum increase limitations, the rent would have increased to $1,177. But clauses (d) and (e) above limit the increase to 8% of the preceding year's Shadow Rent.

II. Rent Adjustment Analysis in 2019

This Section II contains the terms and components of the "Rent Adjustment Analysis" described in subsection 5.08.B(3) of the Lease.

A. Background and Underlying Assumptions

This Exhibit V is being added to the Lease pursuant to that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) 55624, Parcel No. 125R – Marina del Rey Small Craft Harbor (the "Amendment"). The terms of the Amendment include amending the Lease to, among other things:

(i) freeze the Shadow Rent attributable to Category A Units at the amount for 2003 through December 31, 2006;

(ii) provide that commencing on January 1, 2007, the Shadow Rent attributable to Category A Units shall be increased annually at a fixed rate (3.75%) rather than by the change in the two indices described in Section I above (prior to this Amendment, the Lease provided that the Shadow Rent would be adjusted annually throughout the term based on the change in such indices);

(iii) provide that a portion of the Percentage Rents for Prepaid Subleases received by County from 1999 through 2006 will be disbursed to Lessee to reimburse it for a portion of the costs of certain repairs to portions of the Premises, including the portion improved with the Condominium Project;

(iv) postpone the adjustment to the "applicable percentage" component of the formula for determining the Percentage Rents for Prepaid Subleases with respect to Category A Units from January 1, 2016 to January 1, 2019; and

(v) increase the Administrative Transfer Fee payable to County upon a Change in Ownership of a Prepaid Sublessee's interest with respect to a Category A Unit (from 1% of the gross sales price or other consideration to 2.5% of such amount).

County will suffer two types of rent losses with respect to the Percentage Rents for those Prepaid Subleases that are Category A Units on account of the amendments described in clauses (i) and (ii) of the previous paragraph, as illustrated in the spreadsheet attached hereto as Schedule 1A (the "Financial Model"):

(a) a reduction in such Percentage Rents during the years 2004, 2005 and 2006 on account of the Shadow Rent freeze described in clause (i); and

(b) a reduction in such Percentage Rents over the remainder of the term as a result of the "lower base amount" or "starting point" for the annual Shadow Rent increase described in clause (ii) (i.e., as a result of the Shadow Rent freeze described in clause (i), the base amount for the annual

Shadow Rent increase that is to commence in 2007 will be the Shadow Rent amount for 2003 and each year County will lose the benefit of the assumed Shadow Rent increases, as shown in Column 1 of the Financial Model, for the years 2004, 2005 and 2006.

The present value of the rent losses described in clauses (a) and (b) above through December 31, 2052 (in 2003 dollars, using a discount rate of 8%), as shown in Column 5 of the Financial Model, is referred to herein as the "Percentage Rent Shortfall". The Financial Model (Schedules 1A and 1B) projects that the Percentage Rent Shortfall will equal the amount shown in the box immediately below Column 5 thereof.

The terms described in clauses (i) through (iii) of the previous paragraph are being agreed to on the basis, and with the understanding, that the sum of (x) the present value (in 2003 dollars, using a discount rate of 8%) of the amount received by County for the period commencing on the earlier of June 30, 2004 or the effective date of the Amendment and ending on December 31, 2052 on account of the increase in the Administrative Transfer Fee for Category A Units (i.e., 60% of the Administrative Transfer Fees received for such period with respect to Category A Units; the portion of the total Administrative Transfer Fees attributable to such increase is hereinafter referred to as the "Increased Administrative Transfer Fees") after repayment of the Disbursed Repair Funds Balance (see Exhibit W) (the "Net Administrative Transfer Fee Increase"), and (y) the agreed upon value of the easement described in paragraph 8 of Exhibit B to the Amendment, which County and Lessee hereby stipulate and agree is $350,000 (the "Easement Value"), will not be less than the Percentage Rent Shortfall for the same period by more than $500,000. The parties have projected, as provided and based on the assumptions reflected in the Financial Model (and set forth in Schedule 1B), that the sum of the Net Administrative Transfer Fee Increase (i.e., the total of the values shown in Column 15 of the Financial Model) and the Easement Value ($350,000) will exceed the Percentage Rent Shortfall (i.e., the total of the values shown in Column 5 of the Financial Model).

B. Purpose and Intent

The purpose and intent of the Rent Adjustment Analysis is to determine whether in 2019, based on certain actual occurrences from 2004 through 2018 (i.e., the number, frequency of and sales prices or other consideration paid for Changes in Ownership), it is still anticipated that the Net Administrative Transfer Fee Increase plus the Easement Value will not be less than the Percentage Rent Shortfall by more than $500,000. If the Rent Adjustment Analysis reveals that the Percentage Rent Shortfall exceeds the sum of the Net Administrative Transfer Fee Increase and the Easement Value by more than $500,000, then the fixed annual rate of increase in Shadow Rent (the "Shadow Rent Annual Percentage Increase") shall be increased to the amount that, based on the formulas set forth in the Financial Model but substituting certain observed values (i.e., those in Columns 9, 10 and 11 of the Financial Model) from 2004 through 2018 for the corresponding assumptions originally made therein, will result in the Net Administrative Transfer Fee Increase plus the Easement Value being less than the Percentage Rent Shortfall by no more than $500,000.

C. Calculations

The Rent Adjustment Analysis shall consist of the following calculations and steps.

1. *Step 1: Determination of Whether There is a Rent Deficiency*

Not later than February 1, 2019, using the approach set forth in the Financial Model, County shall determine whether a Rent Deficiency exists by the following method:

(a) substitute the actual volume and prices of Category A Unit sales, for the period from July 1, 2004 through December 31, 2018 for the projected values now included in Columns 9 and 10 of the Financial Model;

(b) project the Increased Administrative Transfer Fees (Column 13) for the Category A Units for the period from January 1, 2019 through December 31, 2052, using the sales trend established for the period from July 1, 2004 through December 31, 2018, as determined through the application of appropriate statistical techniques; and

(c) using the new projection of Increased Administrative Transfer Fees (Column 13) for the Category A Units but leaving all other variables alone, recalculate the Net Administrative Transfer Fee Increase.

If the sum of the Net Administrative Transfer Fee Increase and the Easement Value is more than $500,000 lower than the Percentage Rent Shortfall, then a "Rent Deficiency" shall exist and the Shadow Rent Annual Percentage Increase shall be increased as provided in Step 2 below (as discussed in Section III.C.3 below, examples of a hypothetical Rent Deficiency and the resulting Shadow Rent Annual Percentage Increase are attached as Schedules 2A and 3A hereto); if there is no Rent Deficiency, then the Shadow Rent Annual Percentage Increase shall remain unchanged for the remainder of the term, except for any increase to be implemented pursuant to Section III of this Exhibit V.

2. *Step 2: Recalibration of the Ground Rent Index*

If there is a Rent Deficiency, then the Financial Model shall be revised with a higher rate for the Shadow Rent Annual Percentage Increase from 2019 through 2052 until the total of (i) the Net Administrative Transfer Fee Increase, (ii) the Percentage Rent Shortfall (i.e., the ending value in Column 16 of the Financial Model) plus (iii) the Easement Value yields a shortfall of $500,000, plus or minus $10,000. The percentage rate so derived shall then become the Shadow Rent Annual Percentage Increase effective as of January 1, 2019 and remain so for the remainder of the lease term, except for any additional increase to be implemented pursuant to Section III of this Exhibit V.

3. *Example of Calculations in 2019*

As provided above, the Financial Model (Schedule 1A) reflects certain assumptions (as set forth in Schedule 1B) made by the parties with respect to the volume and

prices of sales of the Category A Units (and the resulting Administrative Transfer Fees and Increased Administrative Transfer Fees) for the period from July 1, 2004 through December 31, 2018. Schedule 2A hereto contains an alternate version of the Financial Model that utilizes different amounts for certain columns (i.e., different than the corresponding amounts in Schedule 1A) based on certain hypothetical sales of the Category A Units during such period (as set forth in the assumptions contained in Schedule 2B), resulting in a projected Rent Deficiency of $2,040,970 (the sum of (i) the ending value in Column 16 of Schedule 2A and (ii) the Easement Value ($350,000)). If the hypothetical sales reflected in Schedules 2A and 2B actually occur, then, in April 2019, the Shadow Rent Annual Percentage Increase will be increased from 3.75% to 4.21% so that, as reflected in Schedule 3A, there will be no projected Rent Deficiency in 2052 (because the sum of (i) the ending value in Column 16 of Schedule 3A and (ii) the Easement Value ($350,000) will not result in a shortfall greater than $500,000).

III. Additional Potential Rent Adjustment in 2019

Regardless of whether the Shadow Rent Annual Percentage Increase is to be increased as a result of the Rent Adjustment Analysis, if it is determined, pursuant to and at the time provided in Section 5.10 of the Lease, that the applicable percentage component of the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units should be increased, then the following changes shall be made to the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units effective as of January 1, 2019 (with the first payment of increased Percentage Rent attributable to such changes due in April 2019, as provided in subsection 5.08(b)(4) of the Lease):[1] (i) the applicable percentage shall be increased to the percentage previously determined pursuant to Section 5.10; and (ii) the Shadow Rent Annual Percentage Increase shall be increased (in addition to any increase to be made as a result of the Rent Adjustment Analysis) by the amount that will enable County to recover, over the remainder of the term, the amount of the increase in Percentage Rents for Category A Units that County otherwise would have received from 2016 through March 2019, resulting from the increase in the applicable percentage component of the Percentage Rent formula, together with interest thereon at a rate equal to the County Pool Rate (as defined in Exhibit W) (collectively, the "Deferred Percentage Rent Amount").

Schedules 4A and 4B illustrate the impact of the additional rent owed as a result of the delay in the increase (from 2016 until April 2019) in the applicable percentage component of the formula for determining the Percentage Rent for those Prepaid Subleases that are Category A Units. In the example shown on Schedule 4B, the Deferred Percentage Rent Amount is $2,844,354; this amount must be considered together with any Rent Deficiency for purposes of determining the Shadow Rent Annual Percentage Increase to be implemented in April 2019 so

[1] The (original) Lease provides that the adjustment to the Percentage Rent for Prepaid Subleases under Section 5.10 is to occur as of January 1, 2016. The determination of whether an adjustment should be made pursuant to that Section will be made at the time provided therein for all Prepaid Subleases, and any applicable adjustment shall continue to be effective as of January 1, 2016 with respect to those Prepaid Subleases that are Category B Units; however, any applicable adjustment with respect to those Prepaid Subleases that are Category A Units shall be delayed until 2019 so that the various rental adjustments for the Category A Units may be combined as part of a single rental increase (in terms of any changes to the formula for determining the Percentage Rent).

that the total of (i) the Net Administrative Transfer Fee Increase, the Percentage Rent Shortfall plus the Easement Value, minus (ii) the Deferred Percentage Rent Amount is projected to yield a shortfall of $500,000, plus or minus $10,000. In the example shown on Schedule 4B, the new Shadow Rent Annual Percentage Increase would be 4.96%.

IV. Schedules

Schedules 1A, 1B, 2A, 2B, 3A, 3B, 4A and 4B to this Exhibit V are hereby incorporated into and form a part of this Exhibit V as if set forth herein in full.

Schedule 1A to Exhibit V

Spreadsheet Depicting Formula for Rent Adjustment Analysis

See the attached

[The attached Spreadsheet assumes that there are 480 Category A Units; as provided in Exhibit B, if there are fewer than 480 Category A Units, then the Amendment to which this Exhibit V is attached will not be effective. Prior to the Effective Date (if that occurs), the attached Spreadsheet will be replaced with a revised Spreadsheet that reflects the actual number of Category A Units.]

Schedule 1A

Marina City Club: Base Case

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate]	Percentage Rent With Shadow Rent Frozen in Years 2003 - 2006, then with 3.75% Fixed Annual Increase	Percentage Rent Loss [Col (3) - Col (1)]	Present Value of Percentage Rent Loss [PV of Col (4) at 8% Discount Rate]	Base Percentage Rent for Calculation of Condo Project Repairs Acct [1998 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (3) - Col (6)]	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Category A Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Increased Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV at 8% of Col (14)]	Cumul. PV of Percentage Rent Loss + Incr. Admin Transfer Fees [PV of Col (5) + Col (15)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	1,943,270		1,943,270			1,943,270										
1999	2,098,732		2,098,732			1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155			1,943,270	319,885	475,347						475,347		
2001	2,391,860		2,391,860			1,943,270	448,589	923,936						923,936		
2002	2,576,602		2,576,602			1,943,270	633,332	1,557,267	0	0	0			1,557,267		
2003	2,776,434	2,776,434	2,776,434	0	0	1,943,270	833,164	2,390,431	0	0	0	0	0	2,390,431	0	0
2004	2,880,551	2,667,176	2,776,434	(104,116)	(96,404)	1,943,270	833,164	3,223,595	34	357,500	12,012,000	300,300	180,180	3,223,595	0	(96,404)
2005	2,988,571	2,562,218	2,776,434	(212,137)	(181,873)	1,943,270	833,164	4,056,759	67	378,950	25,465,440	636,636	381,982	3,988,860	0	(278,277)
2006	3,100,643	2,461,390	2,776,434	(324,208)	(257,367)	1,943,270	833,164	4,889,923	67	401,687	26,993,366	674,834	404,900	4,599,597	0	(535,644)
2007	3,216,917	2,364,530	2,880,551	(336,366)	(247,239)				67	425,788	28,612,988	715,324	429,195	4,378,680	0	(782,883)
2008	3,337,551	2,271,481	2,988,571	(348,980)	(237,510)				67	451,336	30,329,746	758,244	454,946	4,124,633	0	(1,020,393)
2009	3,462,709	2,182,094	3,100,643	(362,067)	(228,163)				67	478,416	32,149,531	803,738	482,243	3,834,672	0	(1,248,557)
2010	3,592,561	2,096,225	3,216,917	(375,644)	(219,185)				67	507,121	34,078,503	851,963	511,178	3,505,816	0	(1,467,741)
2011	3,727,282	2,013,734	3,337,551	(389,731)	(210,559)				67	537,548	36,123,213	903,080	541,848	3,134,871	0	(1,678,301)
2012	3,867,055	1,934,490	3,462,709	(404,346)	(202,274)				67	569,801	38,290,606	957,265	574,359	2,718,417	0	(1,880,574)
2013	4,012,070	1,858,364	3,592,561	(419,509)	(194,314)				67	603,989	40,588,043	1,014,701	608,821	2,252,795	0	(2,074,888)
2014	4,162,522	1,785,234	3,727,282	(435,240)	(186,667)				67	640,228	43,023,325	1,075,583	645,350	1,734,086	0	(2,261,555)
2015	4,318,617	1,714,982	3,867,055	(451,562)	(179,321)				67	678,642	45,604,725	1,140,118	684,071	1,158,100	0	(2,440,877)
2016	4,480,565	1,647,484	4,012,070	(468,495)	(172,265)				67	719,360	48,341,008	1,208,525	725,115	520,353	0	(2,613,141)
2017	4,648,586	1,582,662	4,162,522	(486,064)	(165,486)				67	762,522	51,241,469	1,281,037	768,622		261,686	(2,516,941)
2018	4,822,908	1,520,382	4,318,617	(504,291)	(158,974)				67	808,273	54,315,957	1,357,899	814,739		256,840	(2,419,075)
2019	5,003,787	1,460,552	4,480,565	(523,202)	(152,718)				67	856,770	57,574,914	1,439,373	863,624		252,084	(2,319,709)
2020	5,191,408	1,403,076	4,648,586	(542,822)	(146,706)				67	908,176	61,029,409	1,525,735	915,441		247,415	(2,219,002)
2021	5,386,086	1,347,863	4,822,908	(563,178)	(140,935)				67	962,666	64,691,173	1,617,279	970,368		242,834	(2,117,103)
2022	5,588,064	1,294,822	5,003,787	(584,297)	(135,389)				67	1,020,426	68,572,644	1,714,316	1,028,590		238,337	(2,014,155)
2023	5,797,617	1,243,868	5,191,408	(606,208)	(130,061)				67	1,081,652	72,687,002	1,817,175	1,090,305		233,923	(1,910,293)
2024	6,015,027	1,194,920	5,386,086	(628,941)	(124,943)				67	1,146,551	77,048,223	1,926,206	1,155,723		229,591	(1,805,645)
2025	6,240,591	1,147,897	5,588,064	(652,527)	(120,026)				67	1,215,344	81,671,116	2,041,778	1,225,067		225,339	(1,700,332)
2026	6,474,613	1,102,726	5,797,617	(676,996)	(115,303)				67	1,288,265	86,571,383	2,164,285	1,298,571		221,166	(1,594,468)
2027	6,717,411	1,059,331	6,015,027	(702,384)	(110,765)				67	1,365,561	91,765,666	2,294,142	1,376,485		217,071	(1,488,163)
2028	6,969,314	1,017,645	6,240,591	(728,723)	(106,407)				67	1,447,494	97,271,606	2,431,790	1,459,074		213,051	(1,381,518)
2029	7,230,663	977,596	6,474,613	(756,050)	(102,219)				67	1,534,344	103,107,902	2,577,698	1,546,619		209,106	(1,274,632)
2030	7,501,813	939,128	6,717,411	(784,402)	(98,197)				67	1,626,404	109,294,376	2,732,359	1,639,416		205,233	(1,167,586)
2031	7,783,131	902,172	6,969,314	(813,817)	(94,333)				67	1,723,989	115,852,039	2,896,301	1,737,781		201,433	(1,060,496)
2032	8,074,998	866,670	7,230,663	(844,335)	(90,620)				67	1,827,428	122,803,161	3,070,079	1,842,047		197,702	(953,414)
2033	8,377,811	832,565	7,501,813	(875,998)	(87,054)				67	1,937,074	130,171,351	3,254,284	1,952,570		194,041	(846,427)
2034	8,691,979	799,802	7,783,131	(908,848)	(83,629)				67	2,053,298	137,981,632	3,449,541	2,069,724		190,448	(739,607)
2035	9,017,928	768,328	8,074,999	(942,930)	(80,338)				67	2,176,496	146,260,530	3,656,513	2,193,908		186,921	(633,024)
2036	9,356,100	738,093	8,377,811	(978,289)	(77,176)				67	2,307,086	155,036,162	3,875,904	2,325,542		183,460	(526,741)
2037	9,706,954	709,047	8,691,979	(1,014,975)	(74,139)				67	2,445,511	164,338,331	4,108,458	2,465,075		180,062	(420,818)
2038	10,070,965	681,145	9,017,928	(1,053,037)	(71,222)				67	2,543,331	170,911,865	4,272,797	2,563,678		173,393	(318,646)
2039	10,448,626	654,341	9,356,100	(1,092,526)	(68,419)				67	2,645,065	177,748,339	4,443,708	2,666,225		166,971	(220,094)
2040	10,840,450	628,591	9,706,954	(1,133,495)	(65,727)				67	2,750,867	184,858,273	4,621,457	2,772,874		160,787	(125,033)
2041	11,246,967	603,855	10,070,965	(1,176,002)	(63,140)				66	2,860,902	187,675,161	4,691,879	2,815,127		151,146	(37,028)
2042	11,668,728	580,092	10,448,828	(1,220,102)	(60,655)				64	2,975,338	190,421,626	4,760,541	2,856,324		141,998	44,314
2043	12,106,305	557,265	10,840,450	(1,265,855)	(58,269)				62	3,094,351	193,087,529	4,827,188	2,896,313		133,320	119,366
2044	12,560,291	535,335	11,246,967	(1,313,325)	(55,976)				61	3,218,125	195,662,030	4,891,551	2,934,930		125,090	188,481
2045	13,031,302	514,269	11,668,728	(1,362,575)	(53,773)				59	3,346,851	198,133,550	4,953,339	2,972,003		117,287	251,995
2046	13,519,976	494,031	12,106,305	(1,413,671)	(51,657)				58	3,480,725	200,489,733	5,012,243	3,007,346		109,891	310,229
2047	14,026,975	474,590	12,560,291	(1,466,684)	(49,624)				56	3,619,954	202,717,396	5,067,935	3,040,761		102,881	363,487
2048	14,552,987	455,914	13,031,302	(1,521,685)	(47,671)				54	3,764,752	204,802,490	5,120,062	3,072,037		96,240	412,056
2049	15,098,724	437,973	13,519,976	(1,578,748)	(45,795)				53	3,915,342	206,730,043	5,168,251	3,100,951		88,950	456,211
2050	15,664,926	420,738	14,026,975	(1,637,951)	(43,993)				51	4,071,955	208,484,116	5,212,103	3,127,262		83,994	496,212
2051	16,252,361	404,181	14,552,987	(1,699,374)	(42,262)				50	4,234,834	210,047,746	5,251,194	3,150,716		78,355	532,306
2052	16,861,824	388,276	15,098,724	(1,783,100)	(40,599)				48	4,404,227	211,402,893	5,285,072	3,171,043		73,019	564,726

Key Deal Parameters:	
Percentage Rent Annual % Incr.	*3.75%*
Percentage Rent Freeze	*2003 - 2006*
2004 Unit Price Increase	*10.00%*
Current Admin Transfer Fee	*1.00%*
Increased Admin Transfer Fee	*2.50%*
Assumed Condo Project Repairs Acct Interest % (County Pool)	*4.00%*
Unit Price Appreciation, 2004 - 2037	*5.00%*
Unit Price Appreciation, 2038 - Lease Expiration	*4.00%*
County PV Discount Rate Assumed	*8.00%*
Promenade Value	*$350,000*
Lookback Year	*2019*

OPT-IN PERCENTAGE ASSUMED:	**80.00%**
OPT-IN TRIGGER (1 = BASE CASE)	**2**

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL	**(5,827,340)**

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE	**914,726**

Schedule 1B to Exhibit V

Assumptions for Schedule 1A

See the attached

Schedule 1B

Marina City Club: Base Case Assumptions

PARTICIPATION FEE ASSUMPTIONS

1/1/2004	Assumed Date of Start of Deal
6/1/2004	Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
8.00%	Base County Target Earnings Rate
0.00%	Differential for County Target Earnings Rate
8.00%	County Target Earnings Rate - Ground Rent
8.00%	County Target Earnings Rate - Participation
4.00%	Interest Rate on Loan
67.2	Assumed Number of Units Sold Per Year
$325,000	Assumed Average Selling Price - 2003 Dollars
10.00%	Assumed One-Time Increase in 2004
6.00%	Increase in Selling Prices - 2005 through 2037
4.00%	Increase in Selling Prices - 2038 through 2052
21,840,000	Assumed Unit Sale Proceeds in 2002
1.00%	Current Participation Fee Paid to County
2.50%	Participation Fee to be Paid to County Starting in 2003, through 2019
2.50%	Participation Fee to be Paid to County Starting in 2020 on
$350,000	Assumed Promenade Value
0.00%	Increase in Participation Fee in 2026
1	Sale decay trigger - 1 indicates decay of 2 per year after 2040
1	Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

7.72%	2002 Increase in MCC Ground Rent (Actual)
7.76%	2003 assumed ground rent increase
3.75%	2004 assumed ground rent increase
3.75%	2005 assumed ground rent increase
2019	Rent Deficiency Analysis Year
3.75%	Shadow Rent Annual Percentage Increase from 2003 to March 2019
3.75%	Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

Schedule 2A to Exhibit V

Spreadsheet Depicting Hypothetical Results

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 2B.

Schedule 2A

Marina City Club Rent Adjustment Example: Before Rent Adjustment

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate]	Percentage Rent With Shadow Rent Frozen in Years 2003 - 2006, then with 3.75% Fixed Annual Increase	Percentage Rent Loss [Col (3) - Col (1)]	Present Value of Percentage Rent Loss [PV of Col (4) at 8% Discount Rate]	Base Percentage Rent for Calculation of Condo Project Repairs Acct [1998 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (3) - Col (6)]	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Category A Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Increased Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV at 8% of Col (14)]	Cumul. PV of Percentage Rent Loss + Incr. Admin Transfer Fees [PV of Col (5) + Col (15)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	1,943,270		1,943,270			1,943,270										
1999	2,098,732		2,098,732			1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155			1,943,270	319,885	475,347						475,347		
2001	2,391,860		2,391,860			1,943,270	448,589	923,936						923,936		
2002	2,576,602		2,576,602			1,943,270	633,332	1,557,267	0	0	0			1,557,267		
2003	2,776,434	2,776,434	2,776,434	0	0	1,943,270	833,164	2,390,431	0	0	0			2,390,431	0	0
2004	2,880,551	2,667,176	2,776,434	(104,116)	(96,404)	1,943,270	833,164	3,223,595	34	351,000	11,793,600	294,840	176,904	3,223,595	0	(96,404)
2005	2,988,571	2,562,218	2,776,434	(212,137)	(181,873)	1,943,270	833,164	4,056,759	67	365,040	24,530,688	613,267	367,980	3,992,136	0	(278,277)
2006	3,100,643	2,461,390	2,776,434	(324,208)	(257,367)	1,943,270	833,164	4,889,923	67	379,642	25,511,916	637,798	382,679	4,617,025	0	(535,644)
2007	3,216,917	2,364,530	2,880,551	(336,366)	(247,239)				67	394,827	26,532,392	663,310	397,986	4,419,027	0	(782,883)
2008	3,337,551	2,271,481	2,988,571	(348,980)	(237,510)				67	410,620	27,593,688	689,842	413,905	4,197,802	0	(1,020,393)
2009	3,462,709	2,182,094	3,100,643	(362,067)	(228,163)				67	427,045	28,697,435	717,436	430,462	3,951,809	0	(1,248,557)
2010	3,592,561	2,096,225	3,216,917	(375,644)	(219,185)				67	444,127	29,845,333	746,133	447,680	3,679,420	0	(1,467,741)
2011	3,727,282	2,013,734	3,337,551	(389,731)	(210,559)				67	461,892	31,039,148	775,979	465,587	3,378,917	0	(1,678,301)
2012	3,867,055	1,934,490	3,462,709	(404,346)	(202,274)				67	480,368	32,280,712	807,018	484,211	3,048,486	0	(1,880,574)
2013	4,012,070	1,858,364	3,592,561	(419,509)	(194,314)				67	499,582	33,571,940	839,299	503,579	2,686,215	0	(2,074,888)
2014	4,162,522	1,785,234	3,727,282	(435,240)	(186,667)				67	519,566	34,914,818	872,870	523,722	2,290,085	0	(2,261,555)
2015	4,318,617	1,714,982	3,867,055	(451,562)	(179,321)				67	540,348	36,311,411	907,785	544,671	1,857,966	0	(2,440,877)
2016	4,480,565	1,647,494	4,012,070	(468,495)	(172,265)				67	561,962	37,763,867	944,097	566,458	1,387,613	0	(2,613,141)
2017	4,648,586	1,582,662	4,162,522	(486,064)	(165,486)				67	584,441	39,274,422	981,861	589,116	876,860	0	(2,778,627)
2018	4,822,908	1,520,382	4,318,617	(504,291)	(158,974)				67	607,818	40,845,399	1,021,135	612,681	322,610	0	(2,937,601)
2019	5,003,767	1,460,552	4,480,565	(523,202)	(152,718)				67	632,131	42,479,215	1,061,980	637,188		185,989	(2,904,329)
2020	5,191,406	1,403,076	4,648,586	(542,822)	(146,708)				67	657,416	44,178,383	1,104,460	662,676		179,101	(2,871,937)
2021	5,386,086	1,347,863	4,822,908	(563,178)	(140,935)				67	683,713	45,945,519	1,148,638	689,183		172,467	(2,840,404)
2022	5,588,064	1,294,822	5,003,767	(584,297)	(135,389)				67	711,062	47,783,339	1,194,583	716,750		166,080	(2,809,713)
2023	5,797,617	1,243,868	5,191,408	(606,208)	(130,061)				67	739,504	49,694,673	1,242,367	745,420		159,929	(2,779,846)
2024	6,015,027	1,194,920	5,386,086	(628,941)	(124,943)				67	769,084	51,682,460	1,292,061	775,237		154,005	(2,750,783)
2025	6,240,591	1,147,897	5,588,064	(652,527)	(120,026)				67	799,848	53,749,758	1,343,744	806,246		148,301	(2,722,508)
2026	6,474,613	1,102,726	5,797,617	(676,996)	(115,303)				67	831,841	55,899,749	1,397,494	838,496		142,809	(2,695,002)
2027	6,717,411	1,059,331	6,015,027	(702,384)	(110,765)				67	865,115	58,135,738	1,453,393	872,036		137,520	(2,668,248)
2028	6,969,314	1,017,645	6,240,591	(728,723)	(106,407)				67	899,720	60,461,168	1,511,529	906,918		132,426	(2,642,228)
2029	7,230,663	977,598	6,474,613	(756,050)	(102,219)				67	935,709	62,879,615	1,571,990	943,194		127,522	(2,616,926)
2030	7,501,813	939,128	6,717,411	(784,402)	(98,197)				67	973,137	65,394,799	1,634,870	980,922		122,799	(2,592,324)
2031	7,783,131	902,172	6,969,314	(813,817)	(94,333)				67	1,012,062	68,010,591	1,700,265	1,020,159		118,250	(2,568,406)
2032	8,074,999	866,670	7,230,663	(844,335)	(90,620)				67	1,052,545	70,731,015	1,768,275	1,060,965		113,871	(2,545,156)
2033	8,377,811	832,565	7,501,813	(875,998)	(87,054)				67	1,094,647	73,560,256	1,839,006	1,103,404		109,653	(2,522,567)
2034	8,691,979	799,802	7,783,131	(908,848)	(83,629)				67	1,138,433	76,502,666	1,912,567	1,147,540		105,592	(2,500,594)
2035	9,017,828	768,328	8,074,999	(942,930)	(80,338)				67	1,183,970	79,562,772	1,989,069	1,193,442		101,681	(2,479,250)
2036	9,356,100	738,093	8,377,811	(978,289)	(77,176)				67	1,231,329	82,745,283	2,068,632	1,241,179		97,915	(2,458,511)
2037	9,706,954	709,047	8,691,979	(1,014,975)	(74,139)				67	1,280,582	86,055,095	2,151,377	1,290,826		94,289	(2,438,361)
2038	10,070,965	681,145	9,017,928	(1,053,037)	(71,222)				67	1,314,731	88,349,897	2,208,747	1,325,248		89,633	(2,419,950)
2039	10,448,626	654,341	9,358,100	(1,092,526)	(68,419)				67	1,349,790	90,705,894	2,267,647	1,360,588		85,206	(2,403,163)
2040	10,840,450	628,591	9,706,954	(1,133,495)	(65,727)				67	1,385,784	93,124,718	2,328,118	1,396,871		80,999	(2,387,891)
2041	11,246,987	603,855	10,070,965	(1,176,002)	(63,140)				66	1,422,739	93,331,662	2,333,292	1,399,975		75,165	(2,375,866)
2042	11,668,728	580,092	10,448,626	(1,220,102)	(60,655)				64	1,460,678	93,483,421	2,337,086	1,402,251		69,711	(2,366,811)
2043	12,106,305	557,265	10,840,450	(1,265,855)	(58,269)				62	1,499,630	93,576,904	2,339,423	1,403,654		64,611	(2,360,468)
2044	12,560,291	535,335	11,246,987	(1,313,325)	(55,976)				61	1,539,620	93,608,896	2,340,222	1,404,133		59,846	(2,356,597)
2045	13,031,302	514,269	11,668,728	(1,362,575)	(53,773)				59	1,580,677	93,576,051	2,339,401	1,403,641		55,393	(2,354,977)
2046	13,519,976	494,031	12,106,305	(1,413,671)	(51,657)				58	1,622,828	93,474,888	2,336,872	1,402,123		51,235	(2,355,399)
2047	14,026,975	474,590	12,560,291	(1,466,684)	(49,624)				56	1,666,103	93,301,786	2,332,545	1,399,527		47,352	(2,357,671)
2048	14,552,987	455,914	13,031,302	(1,521,685)	(47,671)				54	1,710,533	93,052,981	2,326,325	1,395,795		43,727	(2,361,615)
2049	15,098,724	437,973	13,519,976	(1,578,748)	(45,795)				53	1,756,147	92,724,559	2,318,114	1,390,868		40,345	(2,367,064)
2050	15,664,826	420,738	14,026,975	(1,637,951)	(43,993)				51	1,802,978	92,312,450	2,307,811	1,384,687		37,191	(2,373,867)
2051	16,252,361	404,181	14,552,987	(1,699,374)	(42,262)				50	1,851,057	91,812,424	2,295,311	1,377,186		34,249	(2,381,879)
2052	16,861,824	388,276	15,098,724	(1,763,100)	(40,599)				48	1,900,418	91,220,066	2,280,502	1,368,301		31,508	(2,390,970)

Key Deal Parameters:	
Percentage Rent Annual % Incr.	*3.75%*
Percentage Rent Freeze	*2003 - 2006*
2004 Unit Price Increase	*8.00%*
Current Admin Transfer Fee	*1.00%*
Increased Admin Transfer Fee	*2.50%*
Assumed Condo Project Repairs Acct Interest % (County Pool)	*4.00%*
Unit Price Appreciation, 2004 - 2037	*4.00%*
Unit Price Appreciation, 2038 - Lease Expiration	*2.67%*
County PV Discount Rate Assumed	*8.00%*
Promenade Value	*$350,000*
Rent Adjustment Analysis Year	*2019*

OPT-IN PERCENTAGE ASSUMED:	*80.00%*
OPT-IN TRIGGER (1 = BASE CASE)	*2*

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL	($827,340)
PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE	(2,040,970)

Schedule 2B to Exhibit V

Assumptions for Schedule 2A

See the attached

Schedule 2B

Marina City Club Rent Adjustment Example: Assumptions for Before Rent Adjustment

PARTICIPATION FEE ASSUMPTIONS

1/1/2004	Assumed Date of Start of Deal
6/1/2004	Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
8.00%	Base County Target Earnings Rate
0.00%	Differential for County Target Earnings Rate
8.00%	County Target Earnings Rate - Ground Rent
8.00%	County Target Earnings Rate - Participation
4.00%	Interest Rate on Loan
67.2	Assumed Number of Units Sold Per Year
$325,000	Assumed Average Selling Price - 2003 Dollars
8.00%	Assumed One-Time Increase in 2004
4.00%	Increase in Selling Prices - 2005 through 2037
2.67%	Increase in Selling Prices - 2038 through 2052
21,840,000	Assumed Unit Sale Proceeds in 2002
1.00%	Current Participation Fee Paid to County
2.50%	Participation Fee to be Paid to County Starting in 2003, through 2019
2.50%	Participation Fee to be Paid to County Starting in 2020 on
$350,000	Assumed Promenade Value
0.00%	Increase in Participation Fee in 2026
1	Sale decay trigger - 1 indicates decay of 2 per year after 2040
1	Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

7.72%	2002 Increase in MCC Ground Rent (Actual)
7.76%	2003 assumed ground rent increase
3.75%	2004 assumed ground rent increase
3.75%	2005 assumed ground rent increase
2019	Rent Deficiency Analysis Year
3.75%	Shadow Rent Annual Percentage Increase from 2003 to March 2019
3.75%	Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

Schedule 3A to Exhibit V

Spreadsheet Depicting Recalibration of Ground Rent Index

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 3B.

Schedule 3A

Marina City Club Rent Adjustment Example: After Rent Adjustment

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate]	Percentage Rent With Shadow Rent Frozen in Years 2003 - 2006, then with 3.75% Fixed Annual Increase	Percentage Rent Loss [Col (3) - Col (1)]	Present Value of Percentage Rent Loss [PV of Col (4) at 8% Discount Rate]	Base Percentage Rent for Calculation of Condo Project Repairs Acct [1998 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (3) - Col (6)]	Gross Condo Project Repairs Acct Balance Before Increased Transfer Fees Credit and Interest	Assumed Number of Category A Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Increased Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Increased Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV at 8% of Col (14)]	Cumul. PV of Percentage Rent Loss + Incr. Admin Transfer Fees [PV of Col (5) + Col (15)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	1,943,270		1,943,270			1,943,270										
1999	2,098,732		2,098,732			1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155			1,943,270	319,885	475,347						475,347		
2001	2,391,860		2,391,860			1,943,270	448,589	923,936						923,936		
2002	2,576,602		2,576,602			1,943,270	633,332	1,557,267						1,557,267		
2003	2,776,434	2,776,434	2,776,434	0	0	1,943,270	833,164	2,390,431	0	0	0			2,390,431	0	0
2004	2,880,551	2,667,176	2,776,434	(104,116)	(96,404)	1,943,270	833,164	3,223,595	0	0	0	0	0	3,223,595	0	(96,404)
2005	2,988,571	2,562,218	2,776,434	(212,137)	(181,673)	1,943,270	833,164	4,056,759	34	351,000	11,793,600	294,840	176,904	3,992,136	0	(278,277)
2006	3,100,643	2,461,390	2,776,434	(324,208)	(257,367)	1,943,270	833,164	4,889,923	67	365,040	24,530,688	613,267	367,960	4,617,025	0	(535,644)
2007	3,216,917	2,364,530	2,880,551	(336,366)	(247,239)				67	379,642	25,511,916	637,798	382,679	4,419,027	0	(782,883)
2008	3,337,551	2,271,481	2,988,571	(348,980)	(237,510)				67	394,827	26,532,392	663,310	397,988	4,197,802	0	(1,020,393)
2009	3,462,709	2,182,094	3,100,643	(362,067)	(228,163)				67	410,620	27,593,688	689,842	413,905	3,951,809	0	(1,248,557)
2010	3,592,561	2,096,225	3,216,917	(375,644)	(219,185)				67	427,045	28,697,435	717,436	430,462	3,679,420	0	(1,467,741)
2011	3,727,282	2,013,734	3,337,551	(389,731)	(210,559)				67	444,127	29,845,333	746,133	447,680	3,378,917	0	(1,678,301)
2012	3,867,055	1,934,490	3,462,709	(404,346)	(202,274)				67	461,892	31,039,146	775,979	465,587	3,048,486	0	(1,880,574)
2013	4,012,070	1,858,364	3,592,561	(419,509)	(194,314)				67	480,368	32,280,712	807,018	484,211	2,686,215	0	(2,074,888)
2014	4,162,522	1,785,234	3,727,282	(435,240)	(186,667)				67	499,582	33,571,940	839,299	503,579	2,290,085	0	(2,261,555)
2015	4,318,617	1,714,962	3,867,055	(451,562)	(179,321)				67	519,566	34,914,818	872,870	523,722	1,857,966	0	(2,440,877)
2016	4,480,565	1,647,494	4,012,070	(468,495)	(172,265)				67	540,348	36,311,411	907,785	544,671	1,387,613	0	(2,613,141)
2017	4,648,586	1,582,662	4,162,522	(486,064)	(165,486)				67	561,962	37,763,867	944,097	566,458	878,660	0	(2,778,627)
2018	4,822,908	1,520,382	4,318,617	(504,291)	(158,974)				67	584,441	39,274,422	981,861	589,116	322,610	0	(2,937,601)
2019	5,003,767	1,460,552	4,495,419	(508,348)	(148,382)				67	607,818	40,845,399	1,021,135	612,681		185,989	(2,899,994)
2020	5,191,408	1,403,076	4,684,813	(506,796)	(136,971)				67	632,131	42,479,215	1,061,980	637,188		179,101	(2,857,864)
2021	5,386,086	1,347,863	4,881,769	(504,317)	(126,205)				67	657,416	44,178,383	1,104,460	662,676		172,467	(2,811,602)
2022	5,588,064	1,294,822	5,087,223	(500,841)	(116,051)				67	683,713	45,945,519	1,148,638	689,183		166,080	(2,761,573)
2023	5,797,617	1,243,868	5,301,324	(496,293)	(106,479)				67	711,062	47,783,339	1,194,583	716,750		159,929	(2,708,123)
2024	6,015,027	1,194,920	5,524,435	(490,592)	(97,459)				67	739,504	49,694,673	1,242,367	745,420		154,005	(2,651,577)
2025	6,240,591	1,147,897	5,756,936	(483,655)	(88,964)				67	769,084	51,682,460	1,292,061	775,237		148,301	(2,592,239)
2026	6,474,613	1,102,726	5,999,223	(475,391)	(80,966)				67	799,848	53,749,758	1,343,744	806,246		142,809	(2,530,397)
2027	6,717,411	1,059,331	6,251,706	(465,705)	(73,441)				67	831,841	55,899,749	1,397,494	838,496		137,520	(2,466,319)
2028	6,969,314	1,017,645	6,514,815	(454,499)	(66,365)				67	865,115	58,135,738	1,453,393	872,036		132,426	(2,400,257)
2029	7,230,663	977,598	6,788,997	(441,686)	(59,714)				67	899,720	60,461,168	1,511,529	906,918		127,522	(2,332,450)
2030	7,501,813	939,128	7,074,719	(427,095)	(53,467)				67	935,709	62,879,615	1,571,990	943,194		122,799	(2,263,118)
2031	7,783,131	902,172	7,372,465	(410,666)	(47,602)				67	973,137	65,394,799	1,634,870	980,922		118,250	(2,192,470)
2032	8,074,999	866,670	7,682,742	(392,256)	(42,100)				67	1,012,062	68,010,591	1,700,265	1,020,159		113,871	(2,120,699)
2033	8,377,811	832,565	8,006,078	(371,733)	(36,942)				67	1,052,545	70,731,015	1,768,275	1,060,965		109,653	(2,047,987)
2034	8,691,979	799,802	8,343,021	(348,957)	(32,110)				67	1,094,647	73,560,256	1,839,006	1,103,404		105,592	(1,974,505)
2035	9,017,928	768,328	8,694,146	(323,783)	(27,586)				67	1,138,433	76,502,666	1,912,567	1,147,540		101,681	(1,900,410)
2036	9,356,100	738,093	9,060,047	(296,053)	(23,355)				67	1,183,970	79,562,772	1,989,069	1,193,442		97,915	(1,825,850)
2037	9,706,954	709,047	9,441,348	(265,606)	(19,401)				67	1,231,329	82,745,283	2,068,632	1,241,179		94,289	(1,750,962)
2038	10,070,965	681,145	9,838,696	(232,269)	(15,709)				67	1,280,582	86,055,095	2,151,377	1,290,826		89,633	(1,677,039)
2039	10,448,626	654,341	10,252,767	(195,859)	(12,266)				67	1,314,731	88,349,897	2,208,747	1,325,248		85,206	(1,604,098)
2040	10,840,450	628,591	10,684,265	(156,185)	(9,056)				67	1,349,790	90,705,894	2,267,647	1,360,588		80,999	(1,532,156)
2041	11,246,967	603,855	11,133,923	(113,044)	(6,069)				67	1,385,784	93,124,718	2,328,118	1,396,871		75,165	(1,463,060)
2042	11,668,728	580,092	11,602,504	(68,223)	(3,292)				66	1,422,739	93,331,662	2,333,292	1,399,975		69,711	(1,396,642)
2043	12,106,305	557,265	12,090,807	(15,498)	(713)				64	1,460,678	93,483,421	2,337,086	1,402,251		64,611	(1,332,744)
2044	12,560,291	535,335	12,599,660	39,369	1,678				62	1,499,630	93,576,904	2,339,423	1,403,654		59,846	(1,271,220)
2045	13,031,302	514,269	13,129,929	98,627	3,892				61	1,539,620	93,608,896	2,340,222	1,404,133		55,393	(1,211,934)
2046	13,519,976	494,031	13,682,515	162,539	5,939				59	1,580,677	93,576,051	2,339,401	1,403,641		51,235	(1,154,760)
2047	14,026,975	474,590	14,258,357	231,382	7,829				58	1,622,828	93,474,888	2,336,872	1,402,123		47,352	(1,099,580)
2048	14,552,987	455,914	14,858,434	305,447	9,569				56	1,666,103	93,301,786	2,332,545	1,399,527		43,727	(1,046,284)
2049	15,098,724	437,973	15,483,765	385,041	11,169				54	1,710,533	93,052,981	2,326,325	1,395,795		40,345	(994,759)
2050	15,664,926	420,738	16,135,414	470,488	12,637				53	1,756,147	92,724,559	2,318,114	1,390,868		37,191	(944,942)
2051	16,252,361	404,181	16,814,489	562,128	13,980				51	1,802,978	92,312,450	2,307,811	1,384,687		34,249	(898,713)
2052	16,861,824	388,276	17,522,143	660,319	15,205				50	1,851,057	91,812,424	2,295,311	1,377,186		31,508	(850,000)
									48	1,900,418	91,220,086	2,280,502	1,368,301			

Key Deal Parameters:

Percentage Rent Annual % Incr.	3.75%
Percentage Rent Freeze	2003 - 2006
2004 Unit Price Increase	8.00%
Current Admin Transfer Fee	1.00%
Increased Admin Transfer Fee	2.50%
Assumed Condo Project Repairs Acct Interest % (County Pool)	4.00%
Unit Price Appreciation, 2004 - 2037	4.00%
Unit Price Appreciation, 2038 - Lease Expiration	2.67%
County PV Discount Rate Assumed	8.00%
P romenade Value	$350,000
Rent Adjustment Analysis Year	2019

OPT-IN PERCENTAGE ASSUMED:	80.00%
OPT-IN TRIGGER - 1 = BASE CASE	2

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL	(4,286,370)

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE	(500,000)

Schedule 3B to Exhibit V

Assumptions for Schedule 3A

See the attached

Schedule 3B

Marina City Club Rent Adjustment Example: Assumptions for After Rent Adjustment

PARTICIPATION FEE ASSUMPTIONS

1/1/2004	Assumed Date of Start of Deal
6/1/2004	Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
8.00%	Base County Target Earnings Rate
0.00%	Differential for County Target Earnings Rate
8.00%	County Target Earnings Rate - Ground Rent
8.00%	County Target Earnings Rate - Participation
4.00%	Interest Rate on Loan
67.2	Assumed Number of Units Sold Per Year
$325,000	Assumed Average Selling Price - 2003 Dollars
8.00%	Assumed One-Time Increase in 2004
4.00%	Increase in Selling Prices - 2005 through 2037
2.67%	Increase in Selling Prices - 2038 through 2052
21,840,000	Assumed Unit Sale Proceeds in 2002
1.00%	Current Participation Fee Paid to County
2.50%	Participation Fee to be Paid to County Starting in 2003, through 2019
2.50%	Participation Fee to be Paid to County Starting in 2020 on
$350,000	Assumed Promenade Value
0.00%	Increase in Participation Fee in 2026
1	Sale decay trigger - 1 indicates decay of 2 per year after 2040
1	Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

7.72%	2002 Increase in MCC Ground Rent (Actual)
7.76%	2003 assumed ground rent increase
3.75%	2004 assumed ground rent increase
3.75%	2005 assumed ground rent increase
2019	Rent Deficiency Analysis Year
3.75%	Shadow Rent Annual Percentage Increase from 2003 to March 2019
4.21%	Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

To determine Ground Rental Increase from Rent Adjustment Analysis, set the cell in BOLD to a new rate such that the Overall Shortfall Including Promenade Value at the bottom of column (16) of the calculation equals no more than ($500,000).

Schedule 4A to Exhibit V

Spreadsheet Depicting Additional Potential Recalibration of Ground Rent Index

See the attached

The calculations and values reflected in the attached spreadsheet are based on the assumptions set forth in Schedule 4B.

Schedule 4A

Marina City Club: Additional Potential Rent Example

Year	Percentage Rent With Shadow Rent Increasing at 3.75% Starting in 2003	Present Value of Column (1) at 8.00% Discount Rate]	Percentage Rent With Shadow Rent Frozen in Years 2003 - 2006, then with 4.96% Fixed Annual Increase	Percentage Rent Loss [Col (3) - Col (1)]	Present Value of Percentage Rent Loss [PV of Col (4) at 8% Discount Rate]	Base Percentage Rent for Calculation of Condo Project Repairs Acct [1998 Value of Col (1)]	Annual Contribution to Gross Condo Project Repairs Acct [Col (3) - Col (6)]	Gross Condo Project Repairs Acct Balance Before Incressed Transfer Fees Credit and Interest	Assumed Number of Category A Units Sold at Marina City Club Towers	Assumed Average Selling Price Per Category A Unit	Total Dollar Volume of Category A Units Sales [Col (9) x Col (10)]	Total Administrative Transfer Fees [Col (11) x 2.5%]	Incressed Administrative Transfer Fees [Col (12) - Col (11) x 1.0%]	Net Condo Project Repairs Acct Balance with Interest at 4.00% after 2003 [Prior Yr - Col (13) + Col (7) + Interest]	PV of Incressed Admin Transfer Fees After Net Condo Project Repairs Acct Balance is Paid Off [PV at 8% of Col (14)]	Cumul. PV of Percentage Rent Loss + Incr. Admin Transfer Fees [PV of Col (5) + Col (15)]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	1,943,270		1,943,270			1,943,270										
1999	2,098,732		2,098,732			1,943,270	155,462	155,462						155,462		
2000	2,263,155		2,263,155			1,943,270	319,885	475,347						475,347		
2001	2,391,860		2,391,860			1,943,270	448,589	923,936						923,936		
2002	2,576,602		2,576,602			1,943,270	633,332	1,557,267	0	0	0			1,557,267		
2003	2,776,434	2,776,434	2,776,434	0	0	1,943,270	833,164	2,390,431	0	0	0	0	0	2,390,431	0	0
2004	2,880,551	2,667,176	2,776,434	(104,116)	(96,404)	1,943,270	833,164	3,223,595	34	351,000	11,793,600	294,840	176,904	3,223,595	0	(96,404)
2005	2,988,571	2,562,218	2,776,434	(212,137)	(181,873)	1,943,270	833,164	4,056,759	67	365,040	24,530,688	613,267	367,960	3,992,136	0	(278,277)
2006	3,100,643	2,461,390	2,776,434	(324,208)	(257,367)	1,943,270	833,164	4,889,923	67	379,642	25,511,916	637,798	382,679	4,817,025	0	(535,644)
2007	3,216,917	2,364,530	2,860,551	(356,366)	(247,239)				67	394,827	26,532,392	663,310	397,986	4,419,027	0	(782,883)
2008	3,337,551	2,271,481	2,988,571	(348,980)	(237,510)				67	410,620	27,593,688	689,842	413,905	4,197,802	0	(1,020,393)
2009	3,462,709	2,182,094	3,100,643	(362,067)	(228,163)				67	427,045	28,697,435	717,436	430,462	3,951,809	0	(1,248,557)
2010	3,592,561	2,096,225	3,216,917	(375,644)	(219,185)				67	444,127	29,845,333	746,133	447,680	3,679,420	0	(1,467,741)
2011	3,727,282	2,013,734	3,337,551	(389,731)	(210,559)				67	461,892	31,039,146	775,979	465,587	3,378,917	0	(1,678,301)
2012	3,867,055	1,934,490	3,462,709	(404,346)	(202,274)				67	480,368	32,280,712	807,018	484,211	3,048,486	0	(1,880,574)
2013	4,012,070	1,858,364	3,592,561	(419,509)	(194,314)				67	499,582	33,571,940	839,299	503,579	2,686,215	0	(2,074,888)
2014	4,162,522	1,785,234	3,727,282	(435,240)	(186,667)				67	519,566	34,914,818	872,870	523,722	2,290,065	0	(2,261,555)
2015	4,318,617	1,714,982	3,867,055	(451,562)	(179,321)				67	540,348	36,311,411	907,785	544,671	1,857,966	0	(2,440,877)
2016	4,480,565	1,647,494	4,012,070	(468,495)	(172,265)				67	561,962	37,763,867	944,097	566,458	1,387,613	0	(2,613,141)
2017	4,648,586	1,582,662	4,162,522	(486,064)	(165,486)				67	584,441	39,274,422	981,861	589,116	876,660	0	(2,778,627)
2018	4,822,908	1,520,382	4,318,617	(504,291)	(158,974)				67	607,818	40,845,399	1,021,135	612,681	322,610	0	(2,937,601)
2019	5,003,767	1,460,552	4,519,893	(483,874)	(141,238)				67	632,131	42,479,215	1,061,980	637,188		185,989	(2,892,850)
2020	5,191,408	1,403,076	4,744,269	(447,139)	(120,848)				67	657,416	44,178,383	1,104,460	662,676		179,101	(2,834,597)
2021	5,386,086	1,347,863	4,979,785	(406,301)	(101,677)				67	683,713	45,945,519	1,148,638	689,183		172,467	(2,763,806)
2022	5,588,064	1,294,822	5,228,992	(361,073)	(83,685)				67	711,062	47,783,339	1,194,583	716,750		166,080	(2,681,391)
2023	5,797,617	1,243,868	5,486,470	(311,146)	(66,756)				67	739,504	49,694,673	1,242,367	745,420		159,929	(2,588,219)
2024	6,015,027	1,194,920	5,758,830	(256,197)	(50,895)				67	769,084	51,682,480	1,292,061	775,237		154,005	(2,485,109)
2025	6,240,591	1,147,897	6,044,711	(195,880)	(36,030)				67	799,848	53,749,758	1,343,744	806,246		148,301	(2,372,838)
2026	6,474,613	1,102,726	6,344,783	(129,831)	(22,112)				67	831,841	55,899,749	1,397,494	838,496		142,809	(2,252,141)
2027	6,717,411	1,059,331	6,659,751	(57,660)	(9,093)				67	865,115	58,135,738	1,453,393	872,036		137,520	(2,123,714)
2028	6,969,314	1,017,645	6,990,355	21,041	3,072				67	899,720	60,461,168	1,511,529	906,918		132,426	(1,988,216)
2029	7,230,663	977,598	7,337,370	106,707	14,427				67	935,709	62,879,615	1,571,990	943,194		127,522	(1,846,267)
2030	7,501,813	939,128	7,701,613	199,799	25,012				67	973,137	65,394,799	1,634,870	980,922		122,799	(1,698,457)
2031	7,783,131	902,172	8,083,937	300,806	34,867				67	1,012,062	68,010,591	1,700,265	1,020,159		118,250	(1,545,339)
2032	8,074,999	866,670	8,485,240	410,242	44,030				67	1,052,545	70,731,015	1,768,275	1,060,965		113,871	(1,387,438)
2033	8,377,811	832,565	8,906,465	528,654	52,536				67	1,094,647	73,560,256	1,839,006	1,103,404		109,653	(1,225,248)
2034	8,691,979	799,802	9,348,600	656,622	60,420				67	1,138,433	76,502,666	1,912,567	1,147,540		105,592	(1,059,236)
2035	9,017,928	768,328	9,812,684	794,756	67,713				67	1,183,970	79,562,772	1,989,069	1,193,442		101,681	(889,842)
2036	9,356,100	738,093	10,299,806	943,706	74,448				67	1,231,329	82,745,283	2,068,632	1,241,179		97,915	(717,479)
2037	9,706,954	709,047	10,811,110	1,104,156	80,653				67	1,280,582	86,055,095	2,151,377	1,290,826		94,289	(542,536)
2038	10,070,985	681,145	11,347,796	1,276,831	86,358				67	1,314,731	88,348,897	2,208,747	1,325,248		89,633	(386,546)
2039	10,448,626	654,341	11,911,124	1,462,498	91,588				67	1,349,790	90,705,894	2,267,647	1,360,588		85,206	(189,751)
2040	10,840,450	628,591	12,502,417	1,661,968	96,370				67	1,385,784	93,124,718	2,328,118	1,396,871		80,999	(12,382)
2041	11,246,987	603,855	13,123,063	1,876,097	100,729				66	1,422,739	93,331,662	2,333,292	1,399,975		75,165	163,512
2042	11,668,728	580,092	13,774,519	2,105,792	104,668				64	1,460,678	93,483,421	2,337,086	1,402,251		69,711	337,908
2043	12,106,305	557,265	14,458,315	2,352,010	108,265				62	1,499,630	93,576,904	2,339,423	1,403,654		64,611	510,785
2044	12,560,291	535,335	15,176,056	2,615,765	111,487				61	1,539,620	93,608,896	2,340,222	1,404,133		59,846	682,118
2045	13,031,302	514,269	15,929,427	2,898,125	114,372				59	1,580,677	93,576,051	2,339,401	1,403,641		55,393	851,883
2046	13,519,976	494,031	16,720,197	3,200,221	116,939				58	1,622,828	93,474,888	2,336,872	1,402,123		51,235	1,020,057
2047	14,026,975	474,590	17,550,222	3,523,247	119,206				56	1,666,103	93,301,786	2,332,545	1,399,527		47,352	1,186,615
2048	14,552,987	455,914	18,421,452	3,868,465	121,191				54	1,710,533	93,052,981	2,326,325	1,395,795		43,727	1,351,533
2049	15,098,724	437,973	19,335,931	4,237,207	122,910				53	1,756,147	92,724,559	2,318,114	1,390,868		40,345	1,514,788
2050	15,664,926	420,738	20,295,807	4,630,881	124,379				51	1,802,978	92,312,450	2,307,811	1,384,687		37,191	1,676,358
2051	16,252,361	404,181	21,303,333	5,050,972	125,613				50	1,851,057	91,812,424	2,295,311	1,377,186		34,249	1,836,220
2052	16,861,824	388,276	22,360,874	5,499,050	126,628				48	1,900,418	91,220,086	2,280,502	1,368,301		31,508	1,994,354

Key Deal Parameters:	
Percentage Rent Annual % Incr.	*3.75%*
Percentage Rent Freeze	*2003 - 2006*
2004 Unit Price Increase	*8.00%*
Current Admin Transfer Fee	*1.00%*
Increased Admin Transfer Fee	*2.50%*
Assumed Condo Project Repairs Acct Interest % (County Pool)	*4.00%*
Unit Price Appreciation, 2004 - 2037	*4.00%*
Unit Price Appreciation, 2038 - Lease Expiration	*2.67%*
County PV Discount Rate Assumed	*8.00%*
Promenade Value	*$350,000*
Rent Adjustment Analysis Year	*2019*

OPT-IN PERCENTAGE ASSUMED:	**80.00%**
OPT-IN TRIGGER - 1 = BASE CASE	**2**

PRESENT VALUE OF PERCENTAGE RENT SHORTFALL	**(1,442,016)**

PRESENT VALUE OF TOTAL SHORTFALL OVERALL NET OF EASEMENT VALUE	**2,344,354**

Schedule 4B to Exhibit V

Assumptions for Schedule 4A

See the attached

Schedule 4B

Marina City Club: Additional Potential Rent Example Assumptions

PARTICIPATION FEE ASSUMPTIONS

1/1/2004	Assumed Date of Start of Deal
6/1/2004	Date at Which Interest Begins to Accrue (Assuming April 1 Deal)
8.00%	Base County Target Earnings Rate
0.00%	Differential for County Target Earnings Rate
8.00%	County Target Earnings Rate - Ground Rent
8.00%	County Target Earnings Rate - Participation
4.00%	Interest Rate on Loan
67.2	Assumed Number of Units Sold Per Year
$325,000	Assumed Average Selling Price - 2003 Dollars
8.00%	Assumed One-Time Increase in 2004
4.00%	Increase in Selling Prices - 2005 through 2037
2.67%	Increase in Selling Prices - 2038 through 2052
21,840,000	Assumed Unit Sale Proceeds in 2002
1.00%	Current Participation Fee Paid to County
2.50%	Participation Fee to be Paid to County Starting in 2003, through 2019
2.50%	Participation Fee to be Paid to County Starting in 2020 on
$350,000	Assumed Promenade Value
0.00%	Increase in Participation Fee in 2026
1	Sale decay trigger - 1 indicates decay of 2 per year after 2040
1	Sales for 1st half of 2004 - 1 indicates NO sales for first half of 2004

PERCENTAGE INDEX ASSUMPTIONS

7.72%	2002 Increase in MCC Ground Rent (Actual)
7.76%	2003 assumed ground rent increase
3.75%	2004 assumed ground rent increase
3.75%	2005 assumed ground rent increase
2019	Rent Deficiency Analysis Year
3.75%	Shadow Rent Annual Percentage Increase from 2003 to March 2019
4.96%	Adjusted Shadow Rent Annual Percentage Increase starting in April 2019

ILLUSTRATIVE CALCULATION OF ADDITIONAL POTENTIAL RENT DUE

	Illustrative Percentage Rent Due at 12.5% Rate	Percentage Rent Due Assuming a 15% Rate starting 2016	Past Due Percentage Rent Owed to County	Assumed County Pool Rate	Cumulative Past Due Percentage Rent with Interest
2016	4,000,000	4,800,000	800,000	n/a	800,000
2017	4,150,000	4,980,000	830,000	4.5%	1,666,000
2018	4,305,625	5,166,750	861,125	4.0%	2,593,765
2019 (1 qtr only)	4,467,086	5,360,503	893,417	4.2%	**2,844,354**
	Target Overall Shortfall Net of Easement Value, Including Cumulative Past Due Percentage Rent				**$2,344,354**

To determine Ground Rental Increase from Rent Adjustment Analysis, set the cell in BOLD to a new rate such that the Overall Shortfall Net of Easement Value at the bottom of column (16) of the calculation equals no more than ($500,000) PLUS the Cumulative Past Due Percentage Rent with Interest, as illustrated above.

EXHIBIT W

Provisions Regarding Condominium Project Maintenance Account

I. Definitions

As used in this Exhibit W:

"Accrued Administrative Transfer Fee Payment" means the amount, if any, paid to County by Lessee pursuant to clause (i) of paragraph 9 of Exhibit B to the amendment to the Lease captioned "Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel), No. 55624, Parcel No. 125R – Marina Del Rey Small Craft Harbor".

"Applicable Percentage" means the aggregate "Operating Expense Percentage" for the Category A Units, as provided and as defined in the Master Condominium Sublease.

"Base Year Amount" means the product of (i) Two Million Four Hundred Twenty-Nine Thousand Eighty-Eight Dollars ($2,429,088), and (ii) the Applicable Percentage.

"Condominium Project Repairs Account" has the meaning given such term in subsection 14.05.A of the Lease.

"Contributed Repair Funds" means, as of any date, all amounts deposited by County into the Condominium Project Repairs Account.

"County Pool Rate" means, for any applicable period, a floating rate equal to the investment yield earned on the County's Treasury Pool during such period, as contained in County's Report of Investments covering such period.

"Covered Repairs" means those repairs, refurbishments and improvements described on Schedule 1 attached hereto.

"Disbursed Repair Funds" means all amounts disbursed from the Condominium Project Repairs Account from time to time in accordance with Section III.E below.

"Disbursed Repair Funds Balance" means, as of any date, the amount equal to (i) the total Disbursed Repair Funds, plus (ii) the interest accrued thereon as provided in Section III.C below, minus (iii) the sum of the Accrued Administrative Transfer Fee Payment, if any, and all Increased Administrative Transfer Fees credited thereto pursuant to Section III.D below.

"Disbursement Request" means a written request by Lessee for a disbursement from the Condominium Project Repairs Account, in the form described in Section III.E below.

"Increased Administrative Transfer Fee" means an amount equal to sixty percent (60%) of each Administrative Transfer Fee paid to County by Lessee with respect to a Category A Unit pursuant to Section 5.12 of the Lease. No portion of any Administrative Transfer Fee relating to a Category B Unit shall be considered part of the "Increased Administrative Transfer

Fees" for purposes of this Exhibit W or any other provision of the Lease.

"Initial Deposit Date" means the date on which the Memorandum (as defined in Section 2 of the amendment to the Lease captioned "Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel) No. 55624, Parcel No. 125R-Marina del Rey Small Craft Harbor") is recorded in the Official Records of Los Angeles County, California.

"Lien Waiver" means a Conditional Waiver and Release Upon Final Payment or an Unconditional Waiver and Release Upon Final Payment, in each case as described in and meeting the requirements of California Civil Code Section 3262, as it may be amended or replaced by successor statutes from time to time.

"Notice of Completion" means a notice of completion as described in and meeting the requirements of California Civil Code Section 3093, as it may be amended or replaced by successor statutes from time to time.

"Payment Credit Period" means the period commencing on the Initial Deposit Date and ending on the earlier of (i) December 31, 2022, or (ii) the date on which the Disbursed Repair Funds Balance has been reduced to zero pursuant to Section III.D below.

II. County Contributions to Condominium Project Repairs Account

County shall make the following deposits into the Condominium Project Repairs Account:

(a) Not later than fifteen (15) days after the Initial Deposit Date, the product of (i) the amount of Two Million Nine Hundred Eighty-Eight Thousand Thirty-Nine Dollars ($2,988,039), and (ii) the Applicable Percentage.

(b) Not later than January 10 of each of the years commencing with 2005 and ending with 2007, the amount by which the Percentage Rent for the Category A Units received by County for the immediately preceding year (i.e., 2004, 2005 and 2006, respectively) exceeds the Base Year Amount.

III. Disbursements from Condominium Project Repairs Account

A. Amounts Available for Disbursement

All funds in the Condominium Project Repairs Account shall be deemed to bear interest at the County Pool Rate, compounded annually, until disbursed pursuant to Section III.E below (i.e., the funds available for disbursement shall equal the Contributed Repair Funds plus the deemed interest thereon).

B. Authorized Disbursements

The funds in the Condominium Project Repairs Account are to be disbursed to reimburse Lessee for the Applicable Percentage of the costs of the completed Covered Repairs, and for no other purpose. Such funds are not intended to be, and shall not be, disbursed to

reimburse the cost of the Covered Repairs allocable to the Category B Units. Lessee may request a disbursement from the Condominium Project Repairs Account in an amount equal to the Applicable Percentage of the cost of a particular Covered Repair when the same has been completed, as more particularly provided in and subject to the other disbursements conditions contained in Section III.E below. The costs of a Covered Repair that qualify for reimbursement shall include all hard and soft costs of designing, contracting for, supervising, and installing such Covered Repair, including, without limitation, all consultant, engineering, project design, architecture, bid supervision, construction management, permitting, plan check, life safety review, ADA compliance, and other similar costs relating to such Covered Repair.

C. Interest on Disbursed Repair Funds

Interest shall accrue on the Disbursed Repair Funds Balance then outstanding at the rate equal to the County Pool Rate, compounded annually, from the date disbursed until such time as the Disbursed Repair Funds Balance has been reduced to zero pursuant to Section III.D or otherwise paid in full pursuant to subsection 14.05.B of the Lease. Said interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

D. Reduction and Payment of Disbursed Repair Funds Balance

The Accrued Administrative Transfer Fee Payment and each Increased Administrative Transfer Fee received by County during the Payment Credit Period shall be deemed to have been applied by County to the Disbursed Repair Funds Balance on the date received. As provided in subsection 14.05.B of the Lease, on February 28, 2023, Lessee shall pay County an amount equal to the remaining Disbursed Repair Funds Balance if the same has not been reduced to zero pursuant to the previous sentence or otherwise.

E. Disbursement Procedures

County shall disburse the funds in the Condominium Project Repairs Account to Lessee as it may request from time to time pursuant to a Disbursement Request in the form attached as Schedule 2 hereto, subject to and in accordance with the following conditions and procedures:

1. Lessee may not request a disbursement for a particular Covered Repair until it has been completed and all costs thereof have been paid in full.

2. A Disbursement Request may cover more than one Covered Repair.

3. Lessee may not deliver a Disbursement Request prior to the date that is thirty (30) days after the previous Disbursement Request, except as provided in paragraph 5 below.

4. Each Disbursement Request shall be accompanied by the following items for each Covered Repair that is the subject of such Disbursement Request:

(a) a copy of the recorded Notice of Completion relating to the applicable Covered Repair or, if no Notice of Completion is being recorded and a

prudent owner would not require the recordation of a Notice of Completion for the Covered Repair given its scope, cost and nature, a certificate from the general contractor stating that the applicable Covered Repair has been completed;

(b) copies of invoices from each contractor or vendor that supplied labor or materials for the applicable Covered Repair (said invoices must describe the project or job site location and the work or materials supplied in such a manner that it can reasonably be determined that the amounts paid to the contractor or vendor were for the applicable Covered Repair) that equal, in the aggregate, not less than the portion of the total cost of the Covered Repair set forth in the Disbursement Request for which reimbursement is requested;

(c) except as provided in subparagraph (d) below, a copy of a Lien Waiver from each contractor or vendor that supplied labor or materials for the applicable Covered Repair and, for each such Lien Waiver that is conditional, a copy of the check described in such Lien Waiver;

(d) for any person who provided labor, materials or services for the Covered Repair but from whom a Lien Waiver was not obtained, reasonably satisfactory evidence that such person has been paid in full or that Lessee has posted a bond therefor, in compliance with California Civil Code Section 3143 (if applicable) and Section 4.06.C of the Lease;

(e) reasonably satisfactory evidence that all permits required for the applicable Covered Repair were obtained and that the Covered Repair complies with all applicable laws, codes and regulations as completed (such compliance may be demonstrated by, among other things, proper notations on the permit card by the appropriate governmental official following his or her final inspection of the completed work); and

(f) such additional items as County may reasonably request to verify that the applicable Covered Repair has been completed and all costs thereof have been paid in full and that Lessee is in compliance with Section 4.06.C of the Lease.

5. Not later than fifteen (15) days after its receipt of a Disbursement Request and the related items described in paragraph 4 above, County shall either (i) disburse to Lessee an amount equal to the Applicable Percentage of the cost of the applicable Covered Repair, as demonstrated by the Disbursement Request and the related items, or (ii) notify Lessee in writing that County is disapproving the Disbursement Request on the grounds that it covers costs that are not attributable to a particular Covered Repair or that the Disbursement Request (or any of the related required items) is incomplete. If County disapproves a Disbursement Request because County determines that it is incomplete, then County's notice shall specify the incomplete or missing items; Lessee may then submit a revised Disbursement Request when it believes that the same is complete, and the County shall review the same and act in accordance with the first sentence of this paragraph 5 with respect thereto.

IV. Schedules

Schedules 1 and 2 to this Exhibit W are hereby incorporated into and form a part of this Exhibit W as if set forth herein in full.

Schedule 1 to Exhibit W

Covered Repairs

See the attached

Schedule 1 to Exhibit W
COVERED REPAIRS

Item Number	*Description of Task*	*Completion Date*
	PART I - Priority Repairs	
1	Replace 5 Trash Chutes	30 Months from effective date of Amendment # 4
2	Roof West Tower (N & S)	30 Months from effective date of Amendment # 4
3	Retile Showers, replace leaking valves	36 Months from effective date of Amendment # 4
4	Install parking garage lighting in 24hr Lot	12 Months from effective date of Amendment # 4
5	Replace Roof Exhaust Fans	30 Months from effective date of Amendment # 4
6	Replace bilge pumps - basement	24 Months from effective date of Amendment #4
7	Replace Plaza level & Main backflow valves	24 Months from effective date of Amendment #4
8	Replace 4 boilers Center & East Twrs	20 Months from effective date of Amendment #4
9	Overhaul Center Tower Chiller	30 Months from effective date of Amendment #4
10	Replace Fire Pump Controllers	24 Months from effective date of Amendment #4
11	Rebuild 9 hydraulic Elevators	36 Months from effective date of Amendment #4
12	Exterior Stucco Repairs ETN, WTN & CTN	30 Months from effective date of Amendment #4
13	Repair Staircase Stucco Walls	30 Months from effective date of Amendment #4
14	Repave & rebuild Marina City Drive	36 Months from effective date of Amendment #4
15	Replace Chilled Water lines	36 Months from effective date of Amendment #4
16	Install Otis elevator sensors	24 Months from effective date of Amendment #4
17	Replace Exterior Glass & Frames	63 Months from effective date of Amendment #4
18	Paint / replace window aluminum mullions	36 Months from effective date of Amendment #4
19	Retile 3 pools & jacuzzi	36 Months from effective date of Amendment #4
20	Remove Planters & Install Pots @ 3 PK Str.	30 Months from effective date of Amendment #4
21	Structural concrete repair 3 Plaza's & Tower Pk	18 Months from effective date of Amendment #4
22	Center Tower roof - North	36 Months from effective date of Amendment #4
23	Center Tower roof - South	36 Months from effective date of Amendment #4
24	Replace West Tower cooling tower	36 Months from effective date of Amendment #4
25	Replace garage lighting	12 Months from effective date of Amendment #4
26	Rebuild Center Tower Circulating Pump	12 Months from effective date of Amendment #4
27	Parking - Structural Repairs - Center	30 Months from effective date of Amendment #4
28	Parking - Structural Repairs - East	36 Months from effective date of Amendment #4
29	Parking - Structural Repairs - West	42 Months from effective date of Amendment #4
30	Replace Trash Chute - West Tower North	12 Months from effective date of Amendment #4
31	Replace 2 boilers - West Tower	12 Months from effective date of Amendment #4

PART II - Other Repairs

1 Replace Heat Pumps - West Tower
2 Replace and waterproof center tower kitchen floor
3 Repair structural elements of shared area decks
4 Paint East Tower exterior
5 Paint Center Tower exterior
6 Paint West Tower exterior
7 Install individual heat pumps in Center Tower
8 Install individual heat pumps in East Tower
9 Replaced 10 heat pumps - West Tower
10 Replace galv. plumbing in CT units & related Shared Area
11 Replace galv. plumbing in ET units & related Shared Area
12 Replace galv. plumbing in WT units & related Shared Area
13 Replace HVAC system, floors 1-3 Center Tower
14 Recaulk & repair of CT & related SA Windows & Mullions
15 Recaulk & repair of ET & related SA Windows & Mullions
16 Recaulk & repair of WT & related SA Windows & Mullions
17 Rebuild Fancoil units in shared area

Schedule 2 to Exhibit W

Form of Disbursement Request

DISBURSEMENT REQUEST
(Marina City Club Condominiums)

This Disbursement Request is made by Essex Marina City Club, L.P., a California limited partnership ("Lessee") for the purpose of requesting a disbursement from the "Condominium Project Repairs Account" described in Exhibit W to that certain Amendment No. 4 to the Second Amended and Restated Lease (Improved Parcel), No. 55624, Parcel No. 125R – Marina Del Rey Small Craft Harbor dated as of _____, 2004 between County of Los Angeles and Lessee. All initially-capitalized terms used but not defined in this Disbursement Request have the meanings given such terms in said Exhibit W.

1. Covered Repair(s). The Covered Repair(s) that is/are the subject of this Disbursement Request consists of *[describe work, utilizing the same description as set forth in Schedule 1]*.

2. Cost of Covered Repair(s); Requested Disbursement Amount. Lessee and/or the Owners Association has paid a total of $_____ for the Covered Repair(s) that is/are the subject of this Disbursement Request. The Applicable Percentage (i.e., the portion of the cost of the Covered Repair attributable to the Category A Units to be reimbursed by County to the extent of the funds available in the Condominium Project Repairs Account) is ____%. Accordingly, Lessee hereby requests a disbursement from the Condominium Project Repairs Account in the amount of $_____.[1]

3. Certifications. To induce County to make the disbursement from the Condominium Project Repairs Account requested in this Disbursement Request, Lessee hereby certifies, to the best of its knowledge, as follows:

3.1 the Covered Repair(s) that is/are the subject of this Disbursement Request have been completed and accepted by Lessee (subject to any latent or other defects of which Lessee is unaware);

3.2 the costs of the Covered Repair(s) that is/are the subject of this Disbursement Request have been paid in full, and the amount set forth in the first sentence of paragraph 2 of this Disbursement Request is net and exclusive of any rebates, refunds, credits and other discounts provided to Lessee or the Owners Association with respect to such Covered Repair(s);

3.3 except as otherwise stated in Attachment 4, a Lien Waiver was obtained from each person or entity that supplied labor or materials for, or otherwise rendered services relating to, the Covered Repair(s) that is/are the subject of this Disbursement Request;

---

[1] The amount to be disbursed is the product of the cost of the Covered Repair and the Applicable Percentage.

3.4 the aggregate amount of the Disbursed Repair Funds (excluding amounts to be disbursed pursuant to this Disbursement Request) equals $_____;

3.5 true and correct copies of the following items for each Covered Repair that is the subject of this Disbursement Request are attached hereto:

(1) as Attachment 1, a copy of the [recorded Notice of Completion or certificate from the general contractor stating that the Covered Repair has been completed];

(2) as Attachment 2, copies of all invoices for the portion of the Covered Repair for which reimbursement is requested;

(3) as Attachment 3, copies of all Lien Waivers relating to the Covered Repair;

(4) as Attachment 4, (i) a list of all persons and entities who provided labor, materials or services for the Covered Repair from whom or which a Lien Waiver was not obtained, and (ii) documents evidencing that such persons and entities have been paid in full or that Lessee has posted a bond therefor, in compliance with California Civil Code Section 3143 (if applicable) and Section 4.06.C of the Lease;

(5) as Attachment 5, documents evidencing that all permits required for the applicable Covered Repair were obtained and that the Covered Repair complies with all applicable laws, codes and regulations as completed;

(6) as Attachment 6, a certificate signed by two officers of the Owners Association that states that the Owners Association has accepted the applicable Covered Repair (subject to any latent or other defects of which the Owners Association is unaware); [and

(7) as Attachment 7, *describe other documents required by County.*]

3.6 each of the undersigned individuals is an officer of Lessee and holds the title listed beneath his or her printed name.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Each of the individuals executing this Disbursement Request on behalf of Lessee represents, warrants and certifies to County that, to the best of his or her information and belief, each of the statements made in this Disbursement Request is true and accurate in all respects.

LESSEE: ESSEX MARINA CITY CLUB, L.P.,
a California limited partnership

By: Essex MCC, LLC,
a Delaware limited liability company,
its general partner

By: Essex Portfolio, L.P.,
a California limited partnership,
its sole member

By: Essex Property Trust, Inc.,
a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

Los Angeles County
Beaches & Harbors
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To enrich lives through effective and caring service

County of Los Angeles
California

Stan Wisniewski
Director

Kerry Gottlieb
Chief Deputy

June 3, 2004

TO: Small Craft Harbor Commission

FROM: Kerry Gottlieb-Silverstrom for Stan Wisniewski, Director

SUBJECT: **AGENDA ITEM 6a - ONGOING ACTIVITIES REPORT**

BOARD OF SUPERVISORS ACTIONS ON ITEMS RELATING TO MARINA DEL REY

At its May 18, 2004 meeting, the Board of Supervisors approved the following:

(1) Five-year license agreements with various concessionaires/vendors, with a first-year revenue total of $390,951, for bike and skate rentals on Venice Beach, food and beverage service at seven concession stands and five mobile food vending locations at various County-owned or operated beaches and one snack bar in Burton Chace Park, hang gliding activities and lessons at Dockweiler Beach, and beach merchandise rental and sales at Zuma Beach.

(2) Two-year contract with Pacific Adventure Cruises, Inc., at an annual cost not to exceed $311,821, for Marina del Rey water shuttle service during the summer season, effective May 28, 2004 through September 5, 2005.

(3) Consent to Assignment of Lease for Parcel 64R, Villa Venetia Apartments, from Tuxedo Real Estate Limited Partnership to Lyon Villa Venetia.

(4) Three-year contract with Concept Marine Associates for premises maintenance inspection services to identify maintenance deficiencies and necessary structural repairs on lessee improvements at the Marina de Rey harbor and surrounding unincorporated area adjacent to the communities in Venice and Playa del Rey, at an annual cost not to exceed $240,000.

Items 1-3 were previously considered and recommended by your Commission.

13837 Fiji Way • Marina del Rey • CA 90292 • 310.305.9503 • fax 310.821.6345 • internet: http://beaches.co.la.ca.us

At its May 25, 2004 meeting, the Board of Supervisors, in closed session, provided instructions to its real estate negotiators with regards to a proposed new lease and lease extension for Parcels 55/W/56S (Fisherman's Village).

DESIGN CONTROL BOARD MINUTES

The draft minutes for the Design Control Board meeting of May 20, 2004 are attached.

PUBLIC COMMENT FOLLOW-UP

-- Response to Mr. John Davis' list of Questions Pertaining to Legal and Regulatory Issues

At the Commission's May meeting, one member of the public, Mr. John Davis, provided two written lists – one containing 12 and the other containing 20 items – pertaining to a variety of Marina related legal and regulatory issues. Many of the items listed appear to have been advanced by this same party on numerous occasions in the past and have been fully discussed and answered at previous meetings of the Commission and by various County personnel, including the Department, the office of County Counsel and the Sheriff's Department. While the lists contain numerous compound and rhetorical statements as well as some questions, thus making response somewhat difficult, we have nonetheless prepared a letter to Mr. Davis responding, insofar as possible, to the items listed and further providing him with contact information that may direct him to further information relating to his submission. This letter is attached.

-- Response to Ms. Carla Andrus' Questions Concerning Marina Slips

Also at the Commission's May 12 meeting, Ms. Carla Andrus propounded a number of verbal questions relating to current and future replacement of slips in the Marina. The Chairman requested that Ms. Andrus submit her questions in writing so that they could be considered. The Department only recently (June 1, 2004) received a written communication from Ms. Andrus addressed to your Commission and relating to those questions. The Department is in the process of preparing a response to Ms. Andrus' inquiries and will copy your Commission on its response.

-- Ms. Patricia Raye's Submission of Boat CF6542 HH Fees

At the May 12, 2004 Small Craft Harbor Commission meeting, Patricia Raye addressed the Commission and asserted that she was unfairly denied the right to dock at the transient docks. Ms. Raye presented a copy of the unpaid balance due statement given to her by Chace Park staff, whose refusal to allow moorage was primarily based upon the unpaid bill pursuant to Policy Statement #30,

Section 4.1. Ms. Raye contends that several of the dates in question were "red flag" (Small Craft Advisory) days for which no payment is due. Listed below is a chart comparing the dates in question with the Small Craft Advisory dates as posted by the Sheriff's Harbor Patrol, showing that the moorage was properly denied based upon unpaid fees:

DAYS FEES ARE CHARGED AND NO SMALL CRAFT ADVISORY IN EFFECT		**DAYS FEES ARE NOT CHARGED AND SMALL CRAFT ADVISORY IN EFFECT**
01/12/04 to 01/13/04		01/02/04 to 01/03/04
01/21/04 to 01/22/04		01/22/04 to 01/23/04
01/23/04 to 01/24/04		01/25/04 to 01/26/04
02/02/04 to 02/03/04		01/31/04 to 02/01/04
02/05/04 to 02/06/04		03/26/04 to 03/27/04
02/06/04 to 02/07/04		03/27/04 to 03/28/04
02/11/04 to 02/12/04		
02/12/04 to 02/13/04		
02/15/04 to 02/16/04		TOTAL AMOUNT WAIVED $75
02/16/04 to 02/17/04		
02/17/04 to 02/18/04		
02/18/04 to 02/19/04		
02/29/04 to 03/01/04		
03/04/04 to 03/05/04		
03/11/04 to 03/12/04		
03/15/04 to 03/16/04		
03/16/04 to 03/17/04		
04/09/04 to 04/10/04		
04/10/04 to 04/11/04		
TOTAL AMOUNT OWED $250		

-- **Relationship Between the Harbor Patrol and Chace Park Staff**

Commissoner Stevens inquired into the status of the working relationship between the Harbor Patrol and Chace Park staff. Currently, the two agencies are working cooperatively to address park management and park safety issues, including matters arising at the transient docks. Park staff requests assistance from the Harbor Patrol, as needed, for enforcement of park policies, rules and regulations. The Harbor Patrol does not take direction, but does solicit imput, from park staff.

-- **Chace Park Transient Dock Policy #30, Section 3.12**

At the May 12, 2004 meeting, a question arose as to denying moorage at the transient docks to boaters who had been evicted from another anchorage in the Marina. Commissioner Searcy asked if such a policy exists, if it is enforceable, and, more generally, what is the intended use of the transient docks.

The intended use of the transient docks is set forth in Policy Statement No. 30 as follows: "In general, these docks are available for use by vessels transiting the coast and which may be seeking refuge from inclement weather, or laying for minor repairs, replenishing supplies, or visiting. A portion of these docks – posted as 'Park Dock, 4-hour maximum' – may also be used by locally based vessels under a casual visitor status."

Section 3.12 does contain a provision authorizing staff to deny moorage to "vessels evicted from a Marina del Rey anchorage." Notwithstanding that provision, the Department will allow such vessels to moor in the transient docks on the same basis as other vessels until such time as the vessel or its owner or occupier violates Park rules or regulations or otherwise engages in proscribed behaviors. The Department will amend Section 3.12 to more specifically reflect this de facto interpretation.

SW:tm
Attachments

Los Angeles County
Beaches & Harbors
Caring for Your Coast

To enrich lives through effective and caring service

June 3, 2004

Mr. John Davis
P.O. Box 10152
Marina del Rey, CA 90295

Dear Mr. Davis:

RE: STATEMENTS SUBMITTED AT THE MAY 12, 2004 SCHC MEETING

This is in response to the two lists of statements/questions you submitted to the secretary of the Small Craft Harbor Commission (SCHC) at its meeting of May 12, 2004 (copies attached). One list contains 12 numbered items, the other contains 20 (numbered 0 to 19).

Unfortunately, as many of the items in your communications appear to be couched as a combination of compound rhetorical questions, statements, opinion and/or often proceed from assumptions that we do not believe are accurate or complete, it is difficult to coherently respond. In addition, many of the items listed in your correspondence have been advanced by you on numerous occasions in the past and have been fully discussed and answered by various County personnel, including this Department, the office of County Counsel and the Sheriff's Department. I must, therefore, initially respectfully inform you that we will not provide, as we have at times in the past, line-by-line responses to many of your questions.

As to your list of 12 items, please consider the following

> Your items numbered 1 and 2 raise the issue of the County's ownership of Marina del Rey. As you are aware, the office of County Counsel has issued its analysis and opinion concerning the County's right, title and interest in Marina del Rey. You may feel free to direct further inquiry to that office.
>
> Your item 3 lacks specifics and we are unable to respond relating to your statement relating to a purported "...federal easement at the east end of the main channel", nor are we able to determine what slips you may be referencing.

13837 Fiji Way • Marina del Rey • CA 90292 • 310.305.9503 • fax 310.821.6345 • internet: http://beaches.co.la.ca.us
Stan Wisniewski Director • **Kerry Gottlieb** Chief Deputy

The first part of your item numbered 4 is a statement with which we disagree, rather than an actionable request for information. In second part of this item, you ask that the "Boating and Waterways" report be printed and retained for the public record. As you have submitted same as part of your public comment, it is already part of the record of the SCHC. Please also be advised that this report, originally issued in 2002, is available along with other updated material that may be helpful to you on the Department of Boating and Waterways website at http://www.dbw.ca.gov/.

You should refer your comments/questions 5 and 6, relating to the Sheriff's Department directly to the Sheriff's Department.

Your questions 7 and 12 assumes that; a) all activity at the SCHC meetings are "hearings" and; b) that relevant material submitted to the SCHC as it relates to an item being considered for recommendation is not transmitted to the Board of Supervisors. Both assumptions are incorrect. Separately, if you have material of a general nature or any other material you wish to transmit to the Board or any other public body or agency for consideration, you are always free to do so directly. We have on numerous occasions provided to you individually, and to the public at large through materials made available at each SCHC meeting, detailed contact information for the Board of Supervisors, Marina del Rey Design Control Board, Department of Regional Planning, California Coastal Commission and other public bodies that consider Marina related matters. If you would like further copies of this information or other contact information, please advise us and we will be pleased to provide the materials or information.

Your item numbered 8 assumes that selection processes that recommend Request for Proposals information to the director of the Department are subject to the requirements of the Brown Act. The office of County Counsel has advised that RFP selection committee meetings are not subject to Brown Act requirements. Any further questions regarding this matter may be addressed directly to the office of County Counsel.

Your item numbered 9 appears to infer that all boats tied at the slips nearest the seawall are doing so illegally and that the lessees do not pay County a percentage rent on the slip rents that they collect from boats at such slips. Both assumptions are incorrect. As long as there is adequate clearance between the boat and the wall, the tie up is not in violation of Marina standards. To our knowledge, payments due the County for all such boat slips are being appropriately reported and paid. Nonetheless, our property agents regularly visit all leaseholds and also conduct reviews of lessees' gross receipts reports on a monthly basis. All gross

receipts reports are also subject to periodic audit by the County's third-party auditor. If you are aware of instances of purported non-payment for slips or for any other sums due the County we would be pleased to be made aware of specific instances so that we can follow-up with our investigation and any appropriate action found necessary.

As to your items numbered 10 and 11, respectively: County leases for Marina facilities are prepared in conformance with applicable laws and regulations. Questions concerning individual laws or regulations as they relate to Marina leases should be directed to the office of County Counsel. Separately, I am unclear as to why you find fault with what you purport to have been a reference by the SCHC Chairman at an unspecified time, presumably during the course of an SCHC meeting, to a legal opinion by the office of County Counsel as a "legal brief [sic]."

Of the 20 questions you submitted separately, all are related to the underground line on Via Marina that recently had a minor unpressurized leakage. Your statements and queries relate to a number of subjects including regulation, mapping, revenue and abandonment procedures. We are pleased to provide you the following information:

- You may contact Mr. Rex Ball, Senior Real Property Agent, of the Chief Administrative Office, regarding the gas company's oil and gas pipeline franchises in Marina del Rey and the revenues therefrom. Mr. Ball may be reached at (213) 974-4247.

- If you would like information concerning either geotechnical issues in the Marina or information relating to the closure of oil or gas facilities, please contact the following:

County of Los Angeles Department of Public Works (DPW)– Building & Safety.
24320 S. Narbonne
Lomita, CA 90717
310-534-3760
8:00 a.m. to 4:30 p.m., Monday thru Friday.

State of California Department of Oil and Gas Geothermal Resources (DOGGR)
DOG-District 1
5816 Corporate Avenue, Suite 200
Cypress, CA 906-4731
Tel. (714) 816-6847
http://www.consrv.ca.gov/DOG/

- We have consulted with the Gas Company and they advised that they would be pleased to share with you any public information you wish to know about their pipelines. Ms. Sharon O'Rourke, the company's spokeswoman, can be reached by e-mail as follows: sorourke@semprautilities.com.

If you would like any further information or wish to further clarify any of the items in your correspondence, please contact me at your convenience.

Very truly yours,

DEPARTMENT OF BEACHES AND HARBORS
STAN WISNIEWSKI, DIRECTOR

Roger Moliere, Deputy Director
Asset Management & Planning Bureau

c: Each Small Craft Harbor Commissioner
County Counsel

Attachments (2)

SW:rm

To Los Angeles County Small Craft Harbor Commission 5/12/04
From: John Davis
RE AGENDA ITEM 6A, UNDERGROUND PIPLINE

0. How did the Director determine that all gas & oil wells have been unhooked
The same question is asked regarding the oil line

1. When did the County of Los Angeles learn of the existence of the gas pipeline that has been used to transmit gas and oil?
2. Did the County provide surface easements across several leases in Marina del Rey by amendment to those leases.
3. Does the County and or Lessees receive revenues from this line?
4. If so, how much and how are the amount(s) determined.
5. When did the County learn of the Oil line referred to in today's report from the County? Does the County and or Lessees receive revenues from this oil line.
6. Why does the County present a map from Navigation Technologies instead of using County and or CA Department of Conservation Division of Oil and Gas (DOGER) and Geothermal Resources that more accurately show the lines and wells that are hooked up too them.
7. Did the County of Los Angeles require that NavTech sign a non-disclosure agreement that prevents oil and or gas wells hooked up to these lines from being disclosed.
8. What oil and or gas wells have been hooked up to or are hooked up to either of these lines and where are the production records.
9. Does the County of Los Angeles own and or lease these wells and if so what revenues have been generated from them for the County and or Lessees.
10. Why didn't the County disclose the existence of these wells during the Environmental Impact Report for Marina Two Project?
11. Why does the County Claim the gas line will be abandoned when it is already abandoned according to DOGR?
12. Why aren't the Line(s) being decommissioned according to DOGR standards?
13. Have the Line(s) contaminated the soil and groundwater?
14. Has the public living on or near these lines and wells been notified of the danger they pose?
15. Why does the County state it will ensure the method of abandonment will be the most appropiate when the County of Los Angles has no control whatsoever of the process that is controlled by DOGER.
16. Has the County or the owner of the two lines inspected them for seismic, age induced, or corrosion damage that could cause leakage that could endanger the public?
17. Is the County aware that Sempra Energy stated to the Argonaut that it used at least one of the lines to "flow gas" indicating the line was active.
18. Is the County aware that Sempra Energy is storing natural gas under the County owned Harbor?
19. Is the County receiving revenues from Sempra to store gas deep below the surface of the public harbor?

Submitted To Toni @ 5/12 SCHC mtg

Department of Beaches and Harbors
MAY 12 '04

	Info	Act
Director		
Chief Deputy Director		
Deputy Director		
Executive Assistant		
Admin. Services		
Asset Management		
Facilities Property Mtce		
Community Services		
Planning		

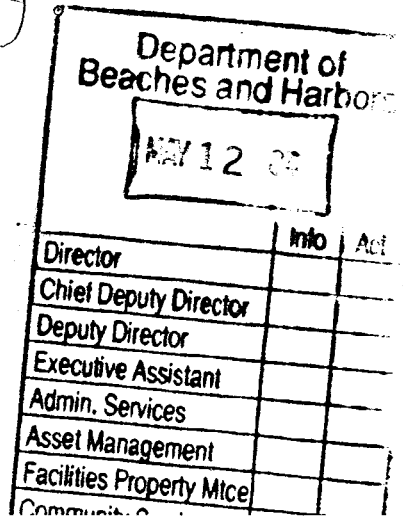
To:Small Craft Harbor Commission 5/12/04

From: John Davis
Re: Questions for the Commission

1. Is there an uncodfied statue of the State of Califorina of 1959 that indicates the County of Los Angeles will own and operate Marina del Rey.
2. Is there an uncodified statute of the State of Califorina of 1952 whereby the County of Los Angeles is loaned ten million dollars from State of California Tideland funds to aquire land needed to construct Marina del Rey.
3. Why have several boat slips been constructed in the fedreal easement at the east end of the main channel without coastal development permits. Does the County receive revnues from these slips?
4. Why is the Executive Director misleading this Commission about the demand for sizes of boat slips in Marina del Rey, which is one of the exceptions to overall trends according to the Boating and Waterways report that is being transmitted to this commission on compact disc today. I ask that this report be printed for the Commission and be retained for the public record.
5. Why isnt the Sherriffs Department enforcing County Airport and Harbors codes.
6. Why isnt the Sherriffs Department enforcing ~~the~~ certain City of Los Angeles Harbor Code per the Countys agreement with the City?
7. Why isnt the testomeny and materials from these hearings being transmited to the Board of Supervisors in relation to Coastal Development Permit recommendations from this Commission.
8. When does the RFP selection committee meet, where are notices of the meetings posted and are the meetings open to the public as required by the Brown Act?
9. Why does the County knowingly allow Leassees to charge boaters to tie there vessles next to the sea wall illegally and why doesn't the county receive any of the revenues from such tie ups.
10. Why is the County, in contridiction to the State Constutution, the Marina del Rey Bond Measure, the State Harbor Law, and U.S. House of Representatives Document 389 charging market rates instead of the required fair and reasonable requirement.
11. Why did the Chairman of this Commission refer to a report submitted by Council Rick Weiss regarding ownership of Marina del Rey as a legal breif?

12. Are materials + letters submitted to this commission transmitted to the Board of Supervisors, and if not why?

Submitted to Jon @ 5/12 SCHC mtg



DRAFT

MINUTES
OF
MARINA DEL REY
DESIGN CONTROL BOARD

May 20, 2004

Department of Beaches and Harbors
Burton Chace County Park
Community Building – 13650 Mindanao Way
Marina del Rey, CA 90292

Members Present:	Susan Cloke, First District, Chair David Abelar, Second District Katherine Spitz, Third District Jackie Ingon, Fourth District
Members Absent:	Tony Wong, Fifth District
Department Staff Present:	Roger Moliere, Deputy Director Joseph Chesler, Chief, Planning Division Julie Carpenter, Planner LaTrina Hancock-Perry, Secretary
County Staff Present:	Tom Faughnan, Office of the County Counsel Kevin Johnson, Department of Regional Planning
Guests Present:	Steve Landon, Ritz-Carlton Marina del Rey Miriam Tate, Miriam Tate Company Al Udwin, Archstone Marianne Liggett, TGP, Inc. David Williams, Caruso Affiliated Doris Sorensen, Pacific Ocean Management Pat Younis, Bridge Group David Morgan, EDAW Tim Riley, Marina del Rey Lessees Association Donald Klein, Coalition to Save the Marina Ron Hoffman, Sea Plane's Inc.

1. **Call to Order & Absences**
Ms. Cloke called the meeting to order at 2:14 p.m. Mr. Abelar led the pledge of allegiance. **Mr. Abelar (Spitz) moved to approve the absence of Commissioner Tony Wong. Motion passed unanimously.**

2. **Approval of Minutes – Meting of March 25, 2004 and April 15, 2004**
Held until the end of the meeting

3. **OLD BUSINESS**

A. **Parcel 102 – Archstone Communities - (DCB #03-016-B)**
Consideration of a revised color palette.

The Department recommended APPROVAL using the prior color palette or a similar one, with the following conditions:

1. That the Board approve some variant of the previous Coastal/Mediterranean color palette presented at the February 2004 meeting to add elegance and a muted blend of color reminiscent of the Marina neighborhood context; and
2. That the applicant be permitted to continue to use existing temporary signage as indicated in Permit No. TP-04-005-E, through September 1, 2004.

Al Udwin, Archstone Communities, spoke to the Board regarding their proposed project and the new color scheme. Mr. Udwin introduced Miriam Tate, color consultant for the project. Ms. Tate mentioned that the colors she chose for this project were crisp, unique and artistic and nautical. Ms. Tate described her vision as trying to try to create a design that is memorable and a hallmark to the architecture, but balanced color wise.

Mr. Udwin requested three items: 1) extension of their temporary sign permit for a period that would allow the applicant to gain approval on the color scheme so that it could be incorporated into the new sign and also to give time for the development of a significant entry monument, which will be presented in a subsequent meeting. 2) dialogue regarding the color scheme giving the applicant a chance to interact if necessary, and 3) direction from the Board at the conclusion of this meeting advising what the applicant needs to do next.

Ms. Cloke asked the applicant how much more time would be needed regarding their temporary sign. Mr. Udwin advised the time extension would depend on the approval of the colors by the Board an then and additional 60-days to construct the permanent sign.

Public Comment
None

Board Comments
Ms. Spitz asked if the applicant still has their original color palette. The applicant does have the original color palette. Mr. Chesler advised the Board that the Department believes the former color palette is more elegant and provides more continuity in terms of the Marina by today's standards.

Ms. Cloke asked staff if the applicant was offered the chance to consult with one of the four Design Consultants for the Department. Mr. Moliere advised the Board that it had not been done in the past but has recently been discussed and the Department would be happy to offer the applicant a chance to meet with the consultants.

Ms. Cloke said her main concern was the color on these very tall buildings for this project. She also suggested to the applicant to consult with one of the Department's Urban Design Consultants for assistance. Ms. Spitz concurred with Ms. Cloke and advised that she had some concerns with the boldness of the color palette, and the light and dark aspect on the taller buildings. Ms. Cloke asked the applicant if the building was going to be re-plastered. Mr. Udwin advised that the building would not be re-plastered but that there is a consultant for this project that will advise the applicant regarding the exterior shell of the building. The Board advised that since the building will be repainted and not re-plastered this too should be taken into account regarding the colors for the building. Ms. Ignon expressed her appreciation of how the building has been divided for the color scheme and advised the applicant to keep the colors soft and to try to manipulate the shades of color. Ms. Tate showed the Board alternate colors for the project and explained where the colors would be on the buildings.

Mr. Udwin appreciated the Boards suggestion of meeting with the Urban Design Consultants for the Marina, but also expressed frustration noting that this should have been suggested during the start of this process last year. Ms. Cloke advised Mr. Udwin that meeting with the Urban Design Consultant is only an offer and not mandatory. Mr. Udwin asked if a color palette was achieved through the direction of the urban design consultant, would it be approved? Ms. Cloke explained that the Board is trying to find a way to solve the problem with the proposed colors of the building by suggesting a meeting with the consultant.

Mr. Udwin stated that he would like to engage in conversation with the Board regarding making adjustments to the submitted color schemes by allowing the applicant to show variations of the colors that were partially approved by the Board. Mr. Udwin also advised of time constraints for the renovations of the buildings and how non-approval of the color scheme will hold up the project. Ms. Spitz asked if approval is obtained at the next meeting, would other deadlines and

schedules be met? Ms. Spitz also mentioned that when certain colors are applied to tall buildings the colors show differently. Ms. Spitz suggested selecting one of the three palettes that were presented at prior meetings, which can be refined to the applicants design with or without help from the Urban Design Consultant.

Mr. Abelar thinks that the design is too contrasting, and commented that the building does not have a dominating color. Mr. Abelar suggested because the building is so tall the colors should be soothing and colorful.

Ms. Ignon advised the applicant to pursue the third color palette, presented at today's meeting.

Ms. Cloke advised the applicant instead of thinking about colors, think about the texture of the building, the balconies should have colored glass, blue or green and the Board would need to see how the third color palette would look and relate to each other by showing the Board renderings with the proposed colors.

Ms. Cloke (Ignon) moved to continue the applicant's request for 30-days and if the applicant desires a timely meeting, include their color consultant, Ms. Tate, and the Department's Urban Design Consultants for the Marina. Motion passed unanimously.

Ms. Cloke (Abelar) moved to grant the applicant a 30-day extension of the existing temporary signage. The applicant will return at the next meeting, in June 2004, at which time the Board will have a more accurate assessment of how much more time will be needed regarding the approval of colors. Motion passed unanimously.

B. **Parcel 50 – Marina Waterside Shopping Center – (DCB #04-007-B)**
Consideration of applicant's response to comments from the April meeting, including proposed building material changes, lighting design modification, landscaping adjustments, and tenant signage.

David Williams, architect for Caruso, explained in detail, the renderings and corresponding color materials boards as well as changes made on the prior submittal. Mr. Williams asked that the sign guidelines be approved and used as a guideline for project signage.

Marianne Liggett, TGP, Inc., landscape architect, discussed the landscape changes that were directed by the Board. Ms. Ligette advised the Board that for the Lincoln Boulevard frontage, the applicant does not consider the use of beach grasses as a compatible aesthetic. Drought tolerant plantings such as New Zealand Flax, Evening Primrose, Pink Breath of Heaven, Fortnight Lily, Blue Hibiscus, *Lantana*, Ivy Geranium, Birds of Paradise, *Ceanothus*, *Penstemon* and

Flowering Salvia will be used. The applicant requests replacing the turf grass with a more drought tolerant variety as well as a new, more efficient water irrigation system. Few Lincoln Boulevard frontages provide a green edge and the applicant believes that the renovated project should be attractive to the public. Ms. Liggett advised that additional patio dining at the Ralphs Market would be provided. Bike racks will be added to the front of the project.

Ms. Liggett advised the Board that the applicant will "improve water quality through installing all required water clarifiers and filters for parking lot run-off." Ms. Liggett also advised the Board that the applicant does not want the parking lot run-off (with its accumulated gas, oil and debris) to go into planters, and do not want the pollutants to adversely impact the new plants.

Public Comment
None

Board Comments
Ms. Ignon advised the applicant that the proposed building changes are nice; the plant pallet contained good substitutions, but she was concerned about the palm being considered an "entry statement".

Ms. Spitz liked the changes that were presented regarding the architecture and advised the applicant to look at the proportions of the arches that are being proposed. She was also concerned with the columns that are being used and are appropriate for this project. For the landscape, Ms. Spitz was concerned that the canopy tree on Admiralty Way may be too small for the proposed location.

Mr. Abelar enjoyed all of the design changes.

Ms. Cloke advised, for the record, that she and Beaches and Harbors staff met with Caruso regarding this project. Ms. Cloke was concerned about the landscape specifics and she addressed the canopy trees for this project. Ms. Cloke questioned if there is room in the façade design to look at the imagery questions of the Marina and use urban design with more energy, which includes the study of arches, awning and openings. Ms. Cloke is in support of the project.

Mr. Moliere asked the applicant if the level of approval received from the Board is adequate to move forward with the project. Mr. Williams advised that the level of approval that has been received is not sufficient for all of the technical reasons regarding financing, construction documents, and getting budgets approved for the project. Mr. Williams advised he would be comfortable with isolating what the specific conditions are and move for an approval of everything at today's meeting, except for the list of issues that need to come back to the Board.

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Ms. Cloke advised the applicant that for a higher level of approval complete landscape plans need to be submitted along with a signage package that should include dimensions, locations, colors and lettering fonts.

Mr. Moliere advised that the Board should specifically advise the areas that need to be completed. Mr. Williams was frustrated regarding the conceptual approval that had been given by the Board and advised that he is not clear on what was approved. Ms. Cloke suggested to the applicant to return at the next meeting with dimensioned drawings for a complete approval. Mr. Chesler advised the applicant that the permit approval from the Department does enable the applicant to move forward to Regional Planning with the architectural presentation that is of concern. The permit also lists the conditions that must be completed by the applicant prior to full approval from the Board. Mr. Williams explained in some detail what needs to be approved before this project can move forward. Mr. Williams advised the Board that he is looking for a statement in the permit that reads, "as long as the applicant is in substantial conformance with the conceptual design as it has been presented at today's meeting, with the exception of the additional drawing in details as required by the Board, the applicant can move forward with this project".

Ms. Cloke (Spitz) moved to approve the proposed project regarding site planning, building massing and architectural parties in accordance with the materials drawings and renderings submitted to date, with the condition that the applicant return to the Board to discuss the following:

1. **Changes recommended for public improvements by the Department of Public Works for vehicular access, circulation, parking and project entries shall be reviewed;**
2. **The DCB recommends that the County explore the possibility of an opportunity to include Parcel 83 in the proposed project for the purpose of expanding usable public open space in the project;**
3. **Review lighting with attention to potential impacts concerning night sky lighting and electrical consumption; and**
4. **Review signage, final landscape plans and final architectural plans.**

Motion passed unanimously.

C. **Parcel 56 – Marina del Rey Sportfishing at Fisherman's Village – (DCB #04-002)**

Request for a 60-day extension of the temporary banner.

Ms. Cloke asked if the applicant has met with staff or shown staff any drawings for Fisherman's Village. Ms. Carpenter advised the Board that the applicant has contacted staff and was advised that some of his renderings for the signage may

be too large for the proposed location. Ms. Cloke also advised that the Board and staff received a letter from the lessee, Michael Pashaie, regarding remodeling this parcel, as well as others, and is preparing a comprehensive sign program. Once approved, all new signs will conform to the criteria.

Public Comments
Ms. Pat Younis, Bridge Group, reiterated the applicant's interest to have a sign for his business. She also advised the Board that the areas that are available to post the sign, which are pilings, are inappropriate for the signage and the applicant is working on other possible locations.

Board Comments
Mr. Abelar asked if there are drawing or sketches available for the design concept. Ms. Sorensen advised there is nothing available for the Board to view to date. Ms. Spitz asked if the applicant has started his sign project and will it be completed in 60-days. Ms. Sorensen advised the Board that the applicant is definitely working on his signage and the applicant advised her today that it will be completed in 60-days.

Ms. Cloke asked what staff's recommendations are regarding the signage. Ms. Carpenter advised the Board that the Department recommended APPROVAL of the 60-day temporary permit extension, with the condition that the applicant must make a complete DCB submittal by noon on June 17, 2004, in order to be placed on the June 17, 2004 DCB Agenda.

Ms. Ignon (Spitz) moved to approved the 60-day extension of the temporary banner with the condition that the applicant return to the Board with a full formal submittal at the June 3, 2004 DCB Meeting. Motion passed unanimously.

Ms. Ignon had to leave the meeting at 4:45pm

Ms. Cloke asked for a five-minute break – Reconvened at 5:00pm

D. Urban Design Guidelines – Public Workshop #3
Public input on proposed design guidelines for Marina projects

Mr. Chesler gave a brief description of the prior workshops that have taken place and introduced the staff of the Draft Urban Design Guidelines, EDAW. Mr. Chesler also advised that the draft guidelines can be reviewed online or at the public sites located in the Marina. Mr. Chesler advised the Board that Mr. Dave Morgan would not be presenting any items at this meeting, and is only at this meeting to answer any questions or respond to any comments from the Board, public or staff, that require a response.

Public Comments

Tim Riley, Marina del Rey Lessees Association, reminded the Board that Mr. Wisniewski gave all interested, a period of three (3) months to submit comments or questions regarding the Draft Urban Design Guidelines. Mr. Riley also advised staff that he did not see this time specification in the draft April 15, 2004 Minutes from the DCB Meeting.

Donald Klein, President of the Coalition to Save the Marina, submitted a letter from Ms. Carla Andrus regarding the third public workshop with EDAW. Mr. Riley was also advised, by staff, of where he could find copies of the Draft Urban Design Guidelines for public review. Mr. Klein advised the Board of his dissatisfaction regarding this public workshops being held at 2:00pm. He felt the meetings should be included in the Small Craft Harbor Meetings. Staff advised Mr. Klein that he, along with Ms. Andrus, are both on the Department's DCB mailing list, in which the agendas for the DCB Meetings including the design guidelines workshops are announced. Ms. Cloke asked Mr. Morgan to introduce EDAW and himself to Mr. Klein and explain how EDAW was accepted to participate in the Urban Design Project for the Marina.

Mr. Chesler reminded all that the Urban Design Consultant RFP (Request for Proposal) was clearly vented through the Small Craft Harbor Commission in the Marina; the recommendation to the Director was clearly evaluated at two public forums, in all of which were properly agendized for public scrutiny.

Mr. Klein asked about the public response and accomplishments during these first two meetings. Mr. Chesler advised that comments received have not been fully vented, but the Department will do so before the approval of the Urban Design Guidelines. Mr. Chesler also reminded Mr. Klein that today's workshop is a continued opportunity to provide comments. Ms. Cloke informed Mr. Klein that if he had any comments or ideas regarding the Urban Design Guidelines to present in today's meeting the Board would be happy to hear from him. Ms. Carpenter also advised Mr. Riley that at the March 2004 DCB Meeting, EDAW made a full presentation, which included color boards and going over the main points of the Draft Urban Design Guidelines. Mr. Chesler advised Mr. Klein that there would be one or maybe two more workshops regarding the Urban Design Guidelines. Mr. Klein was advised so submit any comments or concerns he has to staff regarding the Urban Design Guidelines.

4. NEW BUSINESS

A. Parcel 125 – Jer-Ne at the Ritz Carlton – (DCB #04-009)

Consideration of one (1) sign.

Mr. Steve Landon, manager at the Ritz-Carlton, reiterated points from the report that was given by Ms. Carpenter regarding the proposed signage. Mr. Landon

advised the Board that the sign mirrors the concept of the restaurant and unless you are a guest of the Ritz-Carlton, the restaurant is unknown and hidden. Art Rivas, Tanker Design and Imaging, advised the Board that because the materials needed to make the sign are expensive, they can only be purchased once the sign is approved. Mr. Rivas was only able to bring renderings of the proposed signage. Ms. Cloke suggested a new location for the sign and advised the applicant that if the sign could not be relocated, the dimensions would have to be reduced, which would help to give the sign more visibility. Mr. Rivas expressed his concerns of reducing the sign. Mr. Landon mentioned that placing the sign in the middle of the hotel driveway would probably not be permitted and would increase the budget for the sign.

The matter was held open to give the applicants time to decide whether or not they would agree to reduce the sign dimensions.

Public Comments
None

Mr. Landon advised the Board that he would prefer to keep the sign at the location proposed and keep the height even with the façade (wall) at the location. Mr. Landon advised he would have to check the height of the wall before proceeding.

Ms. Spitz (Abelar) moved to approve the proposed sign with the change that the top of the sign must be below the coping of the wall. Motion passed unanimously.

B. Parcel 56 – Sea Planes, Inc. at Fisherman's Village – (DCB #04-010)
Consideration of four (4) signs. The Department recommends APPROVAL of Sign #1 of DCB #04-010, CONTINUATION of Sign #4, pending the master lessee providing and obtaining approval of a comprehensive signage program at Fisherman's Village, and DENIAL of Signs #2 and #3.

Ron Hoffman, Sea Plane's Inc., explained his request for signs #2 and #3, which are needed for directional purposes.

Public Comments
None

Board Comments
Mr. Abelar asked the applicant to again explain the locations of the signs. Ms. Sorensen added further explanation of the applicant's request for signage.

Ms. Cloke suggested an awning sign, stanchion sign, and a sign over the dock gate. Ms Spitz also directed that the applicant use the same letters and fonts for

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each sign. Ms. Carpenter advised the applicant that dimensions for the proposed signs would have to be provided to staff before the signs could be posted.

Ms. Cloke (Spitz) moved to approve, in concept, three signs; 1) awning sign as submitted, 2) scaled version of the awning sign over the gate, and 3) one stanchion sign. Dimensions, actual text, font, style and color must be submitted to Ms. Carpenter and signed off by the Board Chair or Vice-Chair before posting the signs. Motion passed unanimously.

E. **Approval of DCB Review #04-008 – Parcel 61 – Shanghai Red's**
Approval of the record of the DCB's April 2004 action for a conditioned conceptual approval, subject to identification of the items that have been approved in the past. Item held until the next meeting in which a quorum of commissioners that were present at the April meeting is needed to vote.

For the record, Mr. Chesler clarified that the discussion with the Caruso representatives in the since defacto approved DCB Review #04-007 with the modifications that were submitted by the Board. The Board agreed.

3. **Approval of Minutes of March 25, 2004 and April 15, 2004**
Ms. Cloke submitted to staff minor corrections for the Minutes of March 25, 2004 and April 15, 2004. Items were held until the June 2004 meeting for approval.

5. **Staff Reports**
A. Temporary Permits Issued by the Department
Mr. Chesler reported that two temporary permits were issued in May 2004, one for temporary tents at the Ritz-Carlton Hotel and the other two (2) for a temporary directional sign, due to the parking lot paving, at The Cheesecake Factory.

6. **Comments From the Public**
None

Mr. Chesler reminded all that the Water Shuttle begins on May 28, 2004. All are invited to enjoy the experience.

Meeting adjourned at 5:37 p.m.

Respectfully Submitted,

La Trina Hancock-Perry
Design Control Board Secretary