

AMENDMENT NO. 13



COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS



STAN WISNIEWSKI
DIRECTOR
KERRY GOTTLIEB
CHIEF DEPUTY

August 12, 1999

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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

30

SEP 07 1999

Joanne Sturges
JOANNE STURGES
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF ARBITRATED AND NEGOTIATED RENTAL RATES
AMENDMENT NO. 13 TO LEASE NO. 6734 - PARCEL 44U
(FOURTH DISTRICT)
(3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

- Approve and authorize the Chair to sign the attached Lease Amendment No. 13 to Lease No. 6734 - Parcel 44U, Marina del Rey which reflects an arbitrated and negotiated settlement to establish the annual minimum rent at \$229,432, to effect percentage rental rates expected to generate approximately \$297,000 in fiscal year 1999-00 and to increase the general liability insurance from a combined single limit of \$5 million per occurrence to \$5 million per occurrence with \$10 million in the aggregate for the ten-year period ending March 31, 2003.

PURPOSE OF RECOMMENDED ACTION

All Marina del Rey leases provide for the periodic review of leasehold rents and liability insurance coverage to ensure that the rental rates payable to the County are maintained at current fair market levels and that the amount of general liability insurance is adequate to protect the County's interests. County rents are computed as the greater of either a fixed minimum rent or the total of varying percentages of the lessee's gross receipts from the leasehold's uses. These

The Honorable Board of Supervisors
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Based on an appraisal commissioned by the Department, we negotiated all but three of the following percentage rents for Parcel 44U for the ten-year period ending March 31, 2003. Agreement could not be reached on three categories - Anchorage, Dry Storage and Liveaboard - which were, therefore, submitted in accordance with applicable lease provisions to an arbitration panel consisting of three real estate appraisers.

USE CATEGORY	EXISTING %	NEGOTIATED/ARBITRATED %
Anchorage (Determined by arbitration)	20	25
Dry Storage (Determined by arbitration)	10	20
Land/Water Facilities	7.5	7.5
Office Rentals	11	11
Liveaboard (Determined by arbitration)	10	25
Boat Sales	1	1
Boat Brokerage	10	10
Telephone/Vending Commissions	25	25
Restaurant	3.5	3.5
Boat Haul Out/Repair	4	4
Parking Fees	20	20
Miscellaneous Sales	4	5
Yacht Club Dues	7	10

The annual minimum rent will be increased from \$200,000 to \$229,432 based on 75% of the average annual rent paid to the County for the three-year period prior to the arbitration decision. Consistent with the appraisal, the recommended minimum rent will be readjusted on April 1, 2002 to reflect 75% of the average annual rent paid to the County over the prior three years.

The lessee has also agreed to a commercial general liability policy with limits of \$5 million per occurrence and \$10 million in the aggregate as recommended by the Chief Administrative Office's Risk Manager.

The Honorable Board of Supervisors
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JUSTIFICATION

The negotiated percentage and minimum rentals in the attached Lease Amendment are based on our appraisal. Recommendations as set forth in the appraisal were accepted by the lessee except for the three categories which were determined by arbitration. For the Anchorage and Liveaboard categories, the arbitration board agreed with our appraiser's recommendation of a percentage rent of 25%; the lessee's appraiser had recommended 17%. For Dry Storage, our appraiser recommended 25%, the lessee's appraiser recommended 10% and the arbitration board concluded 20%. The new liability insurance minimum was readjusted per the County Risk Manager's recommendation.

FISCAL IMPACT

Based on Fiscal Year 1998-99 receipts, annual rents to the County are projected to increase from approximately \$247,700 under the existing percentage rent schedule to \$297,100 under the new percentage rent schedule, an increase of \$49,400 annually. Had the lessee's position prevailed in the arbitration, annual County rent from this leasehold would have been approximately \$228,900, or \$68,300 per year less than achieved. Additionally, the lessee will pay retroactive rent to the effective date of the new rents.

FINANCING

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Parcel 44U is a U-shaped parcel that connects Bali Way, Admiralty Way and Mindanao Way and contains 445,581 square feet of land and 312,624 square feet of water. Improvements include 422 boat slips, three small two-story office buildings and a restaurant. The 60-year lease between the County and the predecessor in interest to Pacific Marina Venture, LLC was executed on April 1, 1963.

The Lease Amendment No. 13 has been approved as to form by County Counsel and the Small Craft Harbor Commission has endorsed the Director's recommendation to your Board.

CONTRACTING PROCESS

Not applicable.

The Honorable Board of Supervisors
August 12, 1999
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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not applicable.

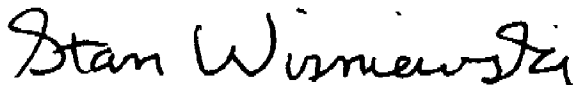
NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORTS

The proposed Lease Amendment No. 13 is categorically exempt under the provisions of the California Environmental Quality Act pursuant to class 1 (r) of the County's Environmental Document Reporting Procedures and Guidelines.

CONCLUSION

Authorize the Executive Officer/Clerk of the Board to send two copies of the Parcel 44U executed Lease Amendment to the Department of Beaches and Harbors and one copy to the lessee, Pacific Marina Venture LLC, c/o Golden West Properties, 9200 Sunset Boulevard, Suite 805, Los Angeles, CA 90069, Attn: Mr. Michael Pashie.

Respectfully submitted,



Stan Wisniewski
Director

SW:dh

Attachment

c: Chief Administrative Officer
Executive Officer, Board of Supervisors

AMENDMENT NO. 13 TO LEASE NO. 6734

PARCEL NO. 44U - MARINA DEL REY SMALL CRAFT HARBOR.

READJUSTMENT OF RENT

THIS AMENDMENT TO LEASE is made and entered into this 7th day of September 1999 (the "Effective Date").

BY AND BETWEEN

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

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

WITNESSETH:

WHEREAS, County and Lessee's predecessor in interest entered into Lease No. 6734 under the terms of which County leased to Lessee's predecessor in interest that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 44U, which leasehold premises (the "Premises") are more particularly described as Exhibit "A" attached to and incorporated in said lease, as amended (the lease and all amendments are collectively hereinafter referred to as the "Lease"); and

WHEREAS, Section 15 of said Lease provides that as of April 1, 1973, and as of April 1 of every tenth (10th) year thereafter (the "Rental Adjustment Date"), the square foot rental, and all categories of percentage rentals ("Adjusted Rentals") shall be readjusted by Lessee and County in accordance with the standards established in said Section 15; and

WHEREAS, Section 15 further provides that such readjustments shall be accomplished by agreement of the parties and in the event such agreement cannot be reached, the readjustments shall be settled by binding arbitration in the manner set forth at length in said Section 15; and

WHEREAS, Section 26 of said Lease provides that the amounts of casualty insurance required by said Section shall be subject to renegotiation at the same time and in the same manner as the amounts of rent shall be readjusted; and

WHEREAS, the parties hereto have reached agreement with respect to certain of the

WHEREAS, the parties could not reach agreement with respect to three categories, (a) Anchorage, (b) Dry Storage and Liveaboard which were subsequently settled by binding arbitration in the manner set forth at length in said Section 15; and

WHEREAS, due to multiple previous amendments to Section 13, the parties wish to restate said Section 13 in its entirety with the incorporation of the Adjusted Rentals specified herein;

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

1. **Square Foot Rental.** Commencing as of the 1993 Rental Adjustment Date, the first Paragraph of Section 12 (SQUARE FOOT RENTAL) of said Lease is deemed amended to read as follows:

"Commencing as of June 1, 1999, the annual square foot rental for the whole of the Premises shall be \$229,432. On April 1, 2002, the annual square foot rental shall be readjusted to equal seventy-five percent (75%) of the annual average of all rents payable by the Lessee under the Lease for the immediately preceding three-year period."

2. **Percentage Rental.** Commencing as of the 1993 Rental Adjustment Date, Section 13 (PERCENTAGE RENTALS) of the Lease is deleted and amended as follows:

Gross receipts from each transaction, sale or activity of Lessee and/or sublessee, shall be reported under one or more of the following percentage categories, as applicable. It is understood that Section 3 of this lease provides for all the purposes or uses of the demised premises and that the percentage categories listed hereafter are not all applicable to this lease and are in no way intended to expand the purposes and uses provided for by Section 3. The Director, by policy statement and with the approval of the Lessee, Auditor-Controller and County Counsel, may further interpret the percentage categories as set forth in this Section 13, with such determination and interpretation to be a guideline in determining the appropriate categories.

Within fifteen (15) days after the close of each and every calendar month of the term hereof, Lessee shall file a report of gross receipts and pay to County a sum equal to the total of the following percentages for said previous month, less the amount of monthly installment of minimum rent paid for said previous month as provided for in Section 12:

(a) TWENTY FIVE PERCENT (25%) of gross receipts from the rental or other fees charged for the use of boat slips, anchorages, moorings, dockside gear lockers, dockside storage space, and such other facilities and services ancillary thereto as are provided in common to all tenants;

(b) TWENTY PERCENT (20%) of gross receipts from the rental or other fees charged for

(c) (i) SEVEN AND ONE-HALF PERCENT (7-1/2%) of gross receipts or other fees charged for the occupancy of structures and other facilities including but not limited to (1) apartments, (2) hotel and/or motel accommodations, (3) house trailers, (4) meeting rooms, (5) rental of land and/or water or facilities for activities not otherwise provided for in this Section such as but not limited to television and/or motion pictures, (6) parking fees or charges except where such parking fees or charges are collected in conjunction with an activity, the gross receipts from which are required to be reported in a percentage category greater than SEVEN AND ONE-HALF PERCENT (7-1/2%), and

(c) (ii) ELEVEN PERCENT (11%) of gross receipts or other fees charged for the occupancy of offices utilized for banking, financial or investment activities, internal clerical or administrative activities of business enterprises, real estate and insurance brokerage, legal, medical, engineering, travel agencies, or similar professional services, but not to include, however, stores, shops or other commercial establishments, the gross receipts pertaining to which are subject to percentage rentals and specifically required to be reported under other Subsections of this Section;

(c) (iii) TWENTY FIVE PERCENT (25%) of gross receipts or other fees for Liveaboard charges over and above slip rental fees imposed by anchorages for the privilege of a boat owner living on his boat;

(d) ONE PERCENT (1%) of gross receipts from the sale of new or used boats, boat trailers, house trailers and trailer cabanas including credits for used items taken in trade as part payment for new items, as reflected in the bill of sale. However, the trade-in allowance for such used item taken in trade may be deducted from the sale price of said used item, provided said used item is sold within one hundred twenty (120) days of the date of the bill of sale which established said trade-in allowance;

(e) TEN PERCENT (10%) of commissions or other fees earned from boat brokerage, car rental agencies, marine insurance commissions where the sale of insurance is conducted in conjunction with boat sales and/or boat brokerage, telephone service charges, laundry and dry cleaning commissions and other similar activities where earnings are normally on a commission basis when said activity is approved in advance by Director;

(f) FIVE PERCENT (5%) of gross receipts received by Lessee or Sublessee or TWENTY PERCENT (20%) of any commissions or fees collected by Lessee from service enterprises.

(g) SIX PERCENT (6%) of gross receipts received by Lessee or Sublessee or TWENTY PERCENT (20%) of any commissions or fees collected from commercial boating activities including, but not limited to, charter boat, bareboat charters and sport-fishing boats.

(h) FIVE PERCENT (5%) of gross receipts received by Lessee or Sublessee or TWENTY

of alcoholic beverages except as provided for in Subsection (j);

(j) **THREE AND ONE-HALF PERCENT (3-1/2%)** of gross receipts from the operation of restaurants, restaurant/cocktail lounge combination, coffee shops, beach and theater food facilities, except that gross receipts from facilities established and operated as a take-out food operation shall be reported under Subsection (s);

(k) **ONE AND ONE-HALF CENTS (\$0.015)** per gallon of gasoline, diesel fuel or mixed fuel sold or **FIVE PERCENT (5%)** of gross receipts of such sales, whichever is the greater;

(l) **FIVE PERCENT (5%)** of gross receipts from sales by a fuel sales facility of petroleum or fuel products other than those covered by Subsection (k) above;

(m) **TEN PERCENT (10%)** of gross receipts from club dues, initiation fees and assessments, except that separate assessments for capital improvements are exempted, provided that to qualify for such an exemption Lessee must comply with the "Criteria for Eligibility for Exemption of Special Assessments from Gross Receipts" issued by the Director;

(n) **FIVE PERCENT (5%)** of gross receipts or other fees charged from the operation of sightseeing boats, tour boats or water taxis;

(o) **TWO PERCENT (2%)** of gross receipts from the operation of a cable television facility under a franchise granted by the County of Los Angeles;

(p) **FOUR PERCENT (4%)** of gross receipts or other fees charged by authorized boat repair yards, including repair, painting, tugboat, salvage and boat pump-out services and similar activities, except that where parts and materials are separately invoiced, they may be reported under Subsection (s) of this Section;

(q) **FIVE PERCENT (5%)** of gross receipts of cover charges or other fees charged for admission to facilities featuring entertainment, excluding movie theaters whose gross receipts shall be reportable under Subsection (s);

(r) **TWENTY PERCENT (20%)** of gross receipts from parking fees except as provided for in Subsection (c);

(s) **FIVE PERCENT (5%)** of gross receipts from the sale of miscellaneous goods and services not specifically provided for elsewhere in this Section.

Where a Lessee and/or Sublessee operates and/or maintains a yacht club on the leasehold premises and accepts the terms and conditions of Section 50 of the lease, Subsections (a) and

provided, however, that where Lessee operates an anchorage, mooring, or boat slips and ancillary facilities in conjunction with a yacht club, all gross receipts from said operation shall cover all costs for above facilities included but not limited to investment, operating and administration costs and overhead.

(t) TEN PERCENT (10%) of gross receipts from yacht club dues, initiation fees and assessments, except that special assessments are exempt provided that to qualify for such an exemption Lessee must comply with the "Criteria for Eligibility for Exemption of Special Assessments from Gross Receipts" issued by the Director.

If rent payments actually made by a Lessee exceed the total percentage rentals when computed on an annual basis for any calendar year, Lessee shall be allowed credit for the amount by which the rental payments exceed the sum of the percentage rentals when computed on an annual basis for the calendar year, provided, however, that the total rental paid shall be no less than the annual rental provided for in Section 12.

Where a sublessee, licensee, or permittee is conducting a business or engaged in any use or occupation or any combination thereof on Lessee's leasehold except for those uses or occupations delineated under Subsection (c)(ii) of this Section, Lessee shall report whichever of the following results in the greater percentage rental: (1) The gross receipts of each sublessee under one or more of the appropriate subsections of this Section; or (2) Lessee's receipts from each sublessee under Subsection (c)(ii) of this Section.

Interest, service, or late charges collected in conjunction with a transaction, sale, or activity of Lessee or sublessee shall be reported in the same percentage category as the transaction, sale or activity is reported.

Furthermore, where the Director and the Lessee and/or sublessee find that a percentage of gross receipts is not suitable or applicable for a particular activity not otherwise provided for herein, the Director may establish a minimum monthly rental or fee for that activity. Said rental or fee shall be set by the mutual consent of Director and Lessee and shall be reasonable in accordance with the revenue generated by the Lessee and/or sublessee.

3. Retroactive Rent and Interest. The amount owed by Lessee to County representing the difference between (i) the percentage rents payable by Lessee under the rental rates in effect prior to the effectiveness of this Lease Amendment from the 1993 Rental Adjustment Date to the Effective Date and (ii) the sum which is calculated to be due for percentage rent from the 1993 Rental Adjustment Date to the Effective Date based upon the rental adjustments set forth in this Lease Amendment shall be paid by the Lessee to the County within ten (10) days after the Effective Date.

4. Indemnity Clause and Casualty Insurance. Commencing as of the Effective Date, the second paragraph of Section 26 (INDEMNITY CLAUSE AND CASUALTY INSURANCE) of

independent contractors, advertising, product/completed operations, broad form property damage and personal injury with a combined single limit of not less than \$5,000,000 per occurrence and \$10,000,000 aggregate. The County and the Board of Supervisors, their officers, agents and employees shall be named as additional insureds under such liability insurance policy or policies."

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

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment to Lease to be subscribed by the Chairman of said Board and attested by the Clerk thereof, and the Lessee has executed the same.

LESSEE:

PACIFIC MARINA VENTURE, LLC

By: David Taban
David TABAN

By: Thomas Pashade
Thomas PASHADE
"Tom"

COUNTY OF LOS ANGELES

By: Don Krabe
Chairman, Board of Supervisors



Attest: Joanne Sturges,
Executive Officer-Clerk of
the Board of Supervisors

By: Joanne Sturges
Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

30

SEP 07 1999

APPROVED AS TO FORM:

Joanne Sturges

EXHIBIT A

Legal Description

MARINA DEL REY
LEASE PARCEL NO. 44U

Parcels 721 to 761 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Registrar-Recorder of said County.

Excepting therefrom that portion thereof which lies southwesterly of a line parallel with and 100 feet southwesterly, measured at right angles, from the northeasterly line of said Parcel 761.

Also excepting therefrom that portion thereof within the following described boundaries:

Commencing at the intersection of a line parallel with and 40 feet northeasterly, measured at right angles, from the straight line in the northeasterly boundary of said Parcel 740 with a line parallel with and 27 feet southeasterly, measured at right angles, from the straight line in the southeasterly boundary of said last mentioned parcel; thence southwesterly along said last mentioned parallel line 299.94 feet; thence northwesterly at right angles from said last mentioned parallel line 27.00 feet to a point in the southeasterly line of said Parcel 742, said point being the true point of beginning; thence northeasterly along the southeasterly lines of said Parcels 742 and 741 to the southerly corner of said Parcel 740; thence northeasterly, northerly and northwesterly along the southeasterly, easterly and northeasterly boundaries of said last mentioned parcel to the beginning of a curve concave to the west, having a radius of 18 feet, tangent to said northeasterly boundary and tangent to a line parallel with and 5 feet northwesterly, measured at right angles, from said last mentioned straight line; thence southerly along said curve 28.27 feet to said last mentioned parallel line; thence South 60°00'00" West along said last mentioned parallel line 122.00 feet; thence South 57°36'51" West in a direct line 120.10 feet to said true point of beginning.

Also excepting therefrom that portion thereof within the following described boundaries:

Beginning at the northeasterly terminus of a curve concave to the north, having a radius of 65 feet and tangent to that certain course of North 60°00'00" East 17.35 feet in the southeasterly boundary of said Parcel 760, said curve also being reverse at its westerly terminus to a curve concentric with and 2 feet northerly, measured radially, from that certain 60 foot radius curve in the southerly, south-

along said 65 foot radius curve 49.44 feet to said concentric curve; thence westerly and southwesterly along said concentric curve 47.16 feet to a line parallel with and 100 feet southwesterly, measured at right angles, from the southwesterly line of said Parcel 758; thence southeasterly along said parallel line to the southeasterly boundary of said Parcel 760; thence northeasterly along said southeasterly boundary to the point of beginning.

DESCRIPTION APPROVED

October 23, 1979

STEPHEN J. KOONCE

County Engineer

By

Agnes Adams

Deputy



Cushman & Wakefield of California, Inc.

555 South Flower Street, Suite 4200
Los Angeles, CA 90071-2418
(213) 955 5100 Tel
(213) 627 4044 Fax

July 6, 1999

David J. Westcott
Managing Member
BELL ADVISORS, LLC
5700 Stoneridge Mall Road, Suite 300
Pleasanton, California, 94588

Dennis Heitman
Asset Management
COUNTY OF LOS ANGELES
DEPARTMENT OF BEACHES AND HARBORS
13837 Fiji Way
Marina del Rey, California 90292

Re: Parcel 44 - Marina Del Rey

Gentlemen:

Department of Beaches and Harbors		
JUL 12 '99		
	Info	Act
Director		
Chief Deputy Director		
Deputy Director		
Executive Assistant		
Admin. Services		
Asset Management		
Facilities Property Mice		
Community Services		
Planning		

Enclosed please find the final Arbitration Decision executed by George H. Jones, MAI and myself. To date, I have not received executed copies sent to Norman Eichel, MAI.

Also included in this letter is an accounting of my time for the arbitration assignment and the final billing.

If you have any questions regarding this matter, please feel free to contact me at any time. I look forward to working with you on this assignment.

Respectfully submitted,

Cushman & Wakefield of California, Inc.

James H. Pike, MAI
Director, Valuation Advisory Services

Progress Report – Pier 44 – Marina del Rey

Date	Description	Time
2/ 8/99	Correspondence/phone calls with Norm Eichel/George Jones/Tara Naryanan/Dave Wescott/Dennis Heitman	1.0 hr.
2/15/99	First meeting with George Jones and Norm Eichel to discuss procedures. Met with Pat Younis, prior manager of Pier 44	1.5 hrs.
2/25/99	Correspondence and lease review	7.0 hrs.
3/31/99	Reviewed files/data analysis	7.5 hrs.
4/1/99	Reviewed files/data analysis	3.0 hrs.
4/21/99	Reviewed files	1.5 hrs.
5/11/99	Field inspected comparable marina properties	8.0 hrs.
5/12/99	Field inspected comparable marina properties	9.0 hrs.
5/15/99	Reviewed Norm Eichel appraisal	4.0 hrs.
5/16/99	Reviewed Norm Eichel appraisal	5.0 hrs.
5/17/99	Reviewed George Jones appraisal	7.0 hrs.
5/18/99	Reviewed George Jones appraisal	2.0 hrs.
5/21/99	Arbitration meeting w/ Jones and Eichel – Analysis and review of the files/reports	8.0 hrs.
5/24/99	Arbitration meeting w/ Jones and Eichel – analysis and reviewed files/reports	9.0 hrs.
5/25/99	Analysis and reviewed documents	8.0 hrs.
5/26/99	Analysis, report writing and review	8.0 hrs.
5/27/99	Analysis, report writing and review – discussion with panel	8.0 hrs.
5/28/99	Prepared arbitration decision	1.0 hrs.
	Total hours	100 hrs.

Total Hours	100 hours
Billing Rate	<u>\$200.00/hr.</u>
Total	\$20,000

ARBITRATION DECISION

Pier 44, Parcel 44, Marina del Rey

Pursuant to the terms of the ground lease dated April 4, 1963, this matter came on for consideration May 20, 24, and 25, 1999, before a board of real estate appraisers consisting of James Pike, MAI, Norman Eichel, MAI, and George Hamilton Jones, MAI.

Section 15 (General Rent Renegotiations and Arbitration) of the ground lease dated April 4, 1963, requires that square foot (minimum rent) and percentage rentals be subject to readjustment on April 1, 1993, for a 10 year period thereafter.

The lessee and lessor agreed upon all items subject to readjustment except percentage rent applicable to gross receipts from the following active uses:

- 1) boat slips, 2) liveaboard charges, and 3) dry boat storage

In accordance with the terms of the ground lease, the fair market percentage rentals for these categories are to be determined by a board of three real estate appraisers. Pursuant thereto the above mentioned appraisers were appointed. On May 20, 24, and 25, 1999, the board of appraisers met and reviewed written evidence and had oral discussions. Final discussions regarding this matter took place by telephone on May 28, 1999.


Upon consideration of the documentary and oral evidence the following amounts of adjusted rentals for the 10 year period commencing April 1, 1993 through March 31, 2003, were

Percentage Rent (Section 13 of the lease)

Dry Boat Storage:

20% of gross rental receipts

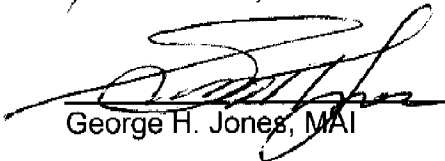
Agreed



James H. Pike, MAI

5/28/99

Date



George H. Jones, MAI

5/28/99

Date

Norman Eichel, MAI

Date

Percentage Rent (Section 13 of the lease)


Boat slips:

25% of gross rental receipts

Liveaboard charges:

25% of gross receipts from liveaboard charges


Agreed



JAMES H. PIKE, MAI

5/28/99

Date



George H. Jones, MAI

5/28/99

Date

Date

Date

Dissent

Date

Date

Date

Date

BELL ADVISORS LLC

Suite 390
5700 Stoneridge Mall Road
Pleasanton, CA 94588

Department of
Beaches and Harbors

JUL 28 '99

	Info	Act
Director		<i>CPM</i>
Chief Deputy Director		
Deputy Director		
Executive Assistant		
Admin. Services		
Asset Management		✓
Facilities Property Mgmt		
Community Services		
Planning		

July 26, 1999

Mr. James H. Pike
Cushman & Wakefield
555 South Flower Street
Suite 4200
Los Angeles, CA 90071

VIA AIRBORNE EXPRESS

Dear Mr. Pike,

Enclosed, please find a fully executed original of the Arbitration Decision regarding Parcel 44 in Marina del Rey. I have copied Messrs. Eichel, Gorelick, Heitman, and Jones.

I want to take this opportunity to thank you for your work in the arbitration process. While the debate on the issues involved could (and in different arbitrations may) go on forever, I am relieved that our arbitration is completed and I, for one, will not debate the decisions you reached. They are at least as good as the positions we advocated and perhaps even better. Thank you again.

Best regards,



David J. Westcott

DJW:st

ARBITRATION DECISION

Pier 44, Parcel 44, Marina del Rey

Pursuant to the terms of the ground lease dated April 4, 1963, this matter came on for consideration May 20, 24, and 25, 1999, before a board of real estate appraisers consisting of James Pike, MAI, Norman Eichel, MAI, and George Hamilton Jones, MAI.

Section 15 (General Rent Renegotiations and Arbitration) of the ground lease dated April 4, 1963, requires that square foot (minimum rent) and percentage rentals be subject to readjustment on April 1, 1993, for a 10 year period thereafter.

The lessee and lessor agreed upon all items subject to readjustment except percentage rent applicable to gross receipts from the following active uses:

- 1) boat slips, 2) liveaboard charges, and 3) dry boat storage

In accordance with the terms of the ground lease, the fair market percentage rentals for these categories are to be determined by a board of three real estate appraisers. Pursuant thereto the above mentioned appraisers were appointed. On May 20, 24, and 25, 1999, the board of appraisers met and reviewed written evidence and had oral discussions. Final discussions regarding this matter took place by telephone on May 28, 1999.


Upon consideration of the documentary and oral evidence the following amounts of adjusted rentals for the 10 year period commencing April 1, 1993 through March 31, 2003 were

Percentage Rent (Section 13 of the lease)

Dry Boat Storage:

20% of gross rental receipts

Agreed



James H. Pike, MAI

5/28/99

Date



George H. Jones, MAI

5/28/99

Date



Norman Eichel, MAI

7/14/99

Date

Percentage Rent (Section 13 of the lease)

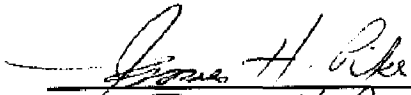
Boat slips:

25% of gross rental receipts

Liveaboard charges:

25% of gross receipts from liveaboard charges

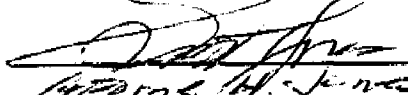
Agreed



James H. Pike, MAI

5/28/99

Date



George H. Jones, MAI

5/28/99

Date

Date

Dissent



7/14/99

Date

Date

ATTN: ROBERT NICKENS

FAX : 310-821-6345

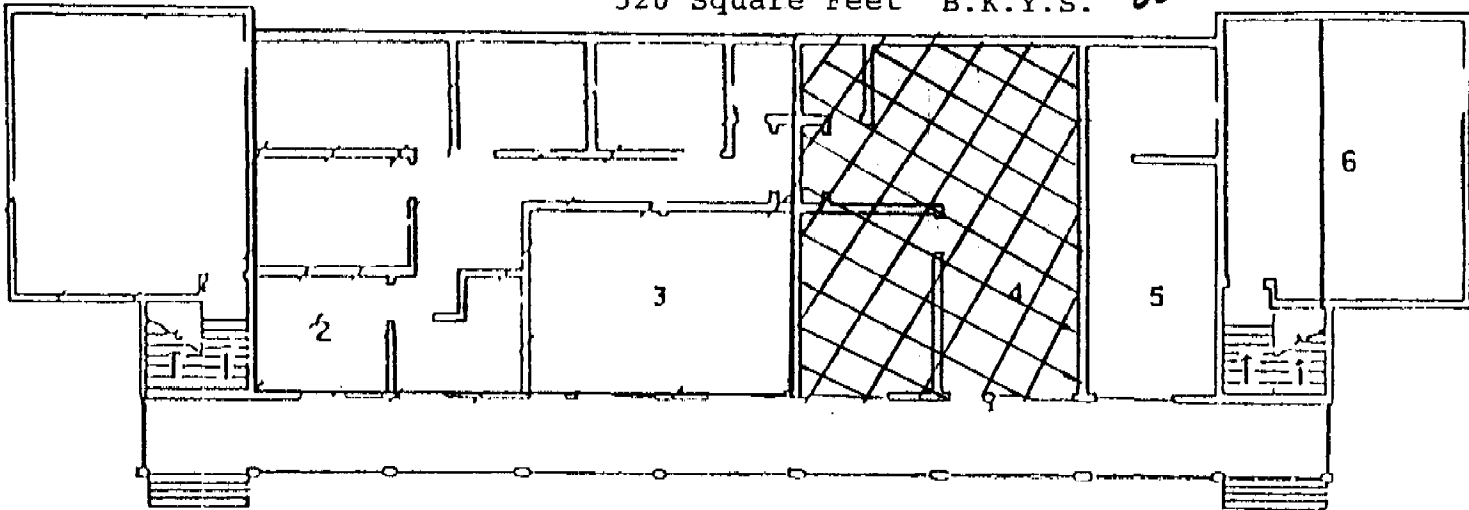
EXHIBIT "A" TO LEASE

RE: LEASE BY AND BETWEEN Robert Koeppele & Helve Koeppele
dba Bob Koeppele Yacht Sales (Tenant)
and MGC Commercial (Landlord) DATED: November 1, 1996

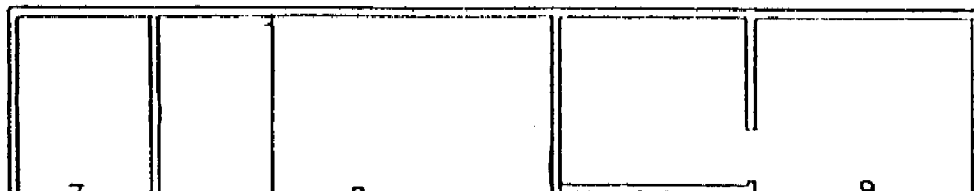
LEASE PREMISES

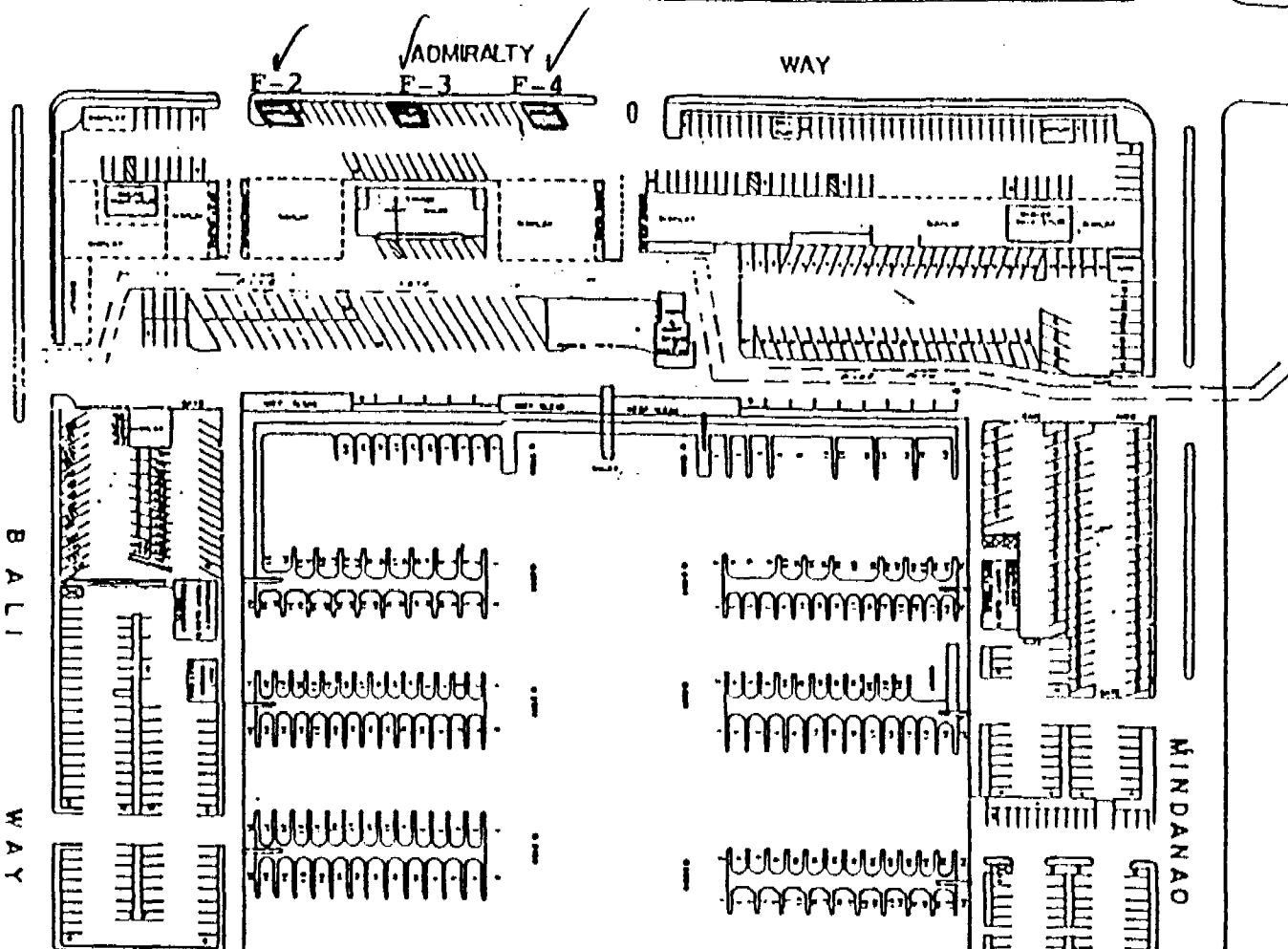
FIRST FLOOR

520 Square Feet B.K.Y.S. *\$ 860.00 per mo*



SECOND FLOOR





OUTDOOR
DISPLAY AREA
 As noted above

F-2	18 Ft. x 45 Ft.	810 Sq Ft
F-3	18 Ft. x 19 Ft.	342 Sq Ft
F-4	18 Ft. x 32 Ft.	576 Sq Ft
		<u>1728 TOTAL</u>

RENT 267.00 PER MO.