

1 AMENDMENT NO. 8 TO LEASE NO. 4709

2 PARCEL NO. 64 - MARINA DEL REY

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4 THIS AMENDMENT TO LEASE made this 22nd day of  
5 October, 1968,

6 BY AND BETWEEN

7 COUNTY OF LOS ANGELES, hereinafter  
8 referred to as "County,"

9 AND

10 JACKBILT, INC., a corporation,  
hereinafter referred to as "Lessee,"

11 WITNESSETH:

12 WHEREAS, on July 21, 1961, the Lessee and County entered into  
13 a lease of certain premises known as Parcel 64, Marina del Rey,  
14 which premises consisted of a total of 281,155 square feet and are  
15 more particularly described in Exhibit "A" attached thereto and  
16 incorporated therein; and

17 WHEREAS, the aforesaid lease was amended on January 26, 1962  
18 (Amendment No. 1), March 12, 1962 (Amendment No. 2), October 1,  
19 1963 (Amendment No. 3), March 20, 1964 (Amendment No. 4),  
20 November 1, 1965 (Amendment No. 5), August 12, 1966 (Amendment  
21 No. 6), and November 28, 1967 (Amendment No. 7); and

22 WHEREAS, by Amendment No. 7 to the aforesaid lease, Lessee  
23 agreed to construct additional improvements on the demised  
24 premises, and

25 WHEREAS, in order to finance said improvements, Lessee is  
26 in the process of securing the necessary financing; and

27 WHEREAS, because of the many previous amendments to the  
28 aforesaid lease it is the desire of County and Lessee for clarifi-  
29 cation purposes to rewrite the lease incorporating all of the  
30 applicable portions of Amendments 1 through 7, and it is the  
31 desire of County and Lessee to make certain modifications in the  
32 existing lease as amended in order to make the lease more pro-

1 tective to County and Lessee and to any party financing additional  
2 construction; and

3 WHEREAS, said modifications to Section 1, 21, 22 and 25 of  
4 the existing lease as amended are shown enclosed by brackets in  
5 this Amendment No. 8; and

6 WHEREAS, the legal description attached as Exhibit A to  
7 the original lease and to certain amendments thereto erroneously  
8 contained a reference to Parcel 899, and it is the desire of  
9 County and Lessee to delete said reference; and

10 WHEREAS, Lessee hereby reaffirms its waiver, withdrawal,  
11 release, and relinquishment (as most recently set forth in  
12 Paragraph 5 of Amendment No. 7) of any and all claims, suits,  
13 causes of action, or charges against County or its officers,  
14 agents, or employees which Lessee now has or may have or assert  
15 in the future and which result from any defects in the physical  
16 condition of the demised premises and the soil thereon and there-  
17 under, regardless whether or not said conditions were known at  
18 the time of the execution of this amendment; or which result  
19 from any alleged negligence, misfeasance, omission to act,  
20 breach of contract, breach of warranty, or any other alleged  
21 civil wrong committed, performed, or accomplished by County,  
22 its officers, agents, or employees at any time up to and in-  
23 cluding the date of the execution of this amendment;

24 NOW THEREFORE, the parties agree that as of the date of  
25 this amendment the terms and provisions of the lease are as  
26 follows:  
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L E A S E

THIS LEASE executed on the 21st day of July, 1961 (with its term having previously commenced upon the 10th day of May, 1961), by the County of Los Angeles, hereinafter called "County," and JACKBILT, INC., a corporation, 3300 West Olive Avenue, Burbank, California, hereinafter called "Lessee,"

WITNESSETH:

That in consideration of the terms, conditions, and covenants herein contained, to be kept and performed by the parties hereto and the strict, prompt and punctual performance of each of the terms, conditions, and covenants by Lessee on his part agreed to be kept and performed, County by these presents does lease and demise unto Lessee, and Lessee by these presents does lease, hire, and take from County the following described parcel or parcels of land or water, consisting of a total of 281,155 square feet and situated in the Marina del Rey Small Craft Harbor of the County of Los Angeles, State of California, more particularly described as follows, to wit: Parcel Number sixty-four (64) and more particularly described in Exhibit "A" attached hereto and incorporated herein.

TO HAVE AND TO HOLD said leased premises for the term of this lease and upon terms and conditions as follows:

1. DEFINITION OF TERMS.

The following words have in this lease the significance attached to them in this paragraph, unless otherwise apparent from the context:

"BOARD" means the Board of Supervisors of the County of Los Angeles.

"COUNTY" means the County of Los Angeles.

"DEPARTMENT" means the Department of Small Craft Harbors

1 of the County of Los Angeles.

2 "DIRECTOR" means the Director of the Department of Small  
3 Craft Harbors of the County of Los Angeles.

4 The words "SHALL" and "WILL" are mandatory and the word  
5 "MAY" is permissive.

6 The word "SECTION" means a section of this lease.

7 The word "PROPERTY" includes both real and personal  
8 property.

9 [The word "sublessee" includes licensee, permittee, and  
10 concessionaire of or from Lessee with respect to any interest  
11 in the property demised under this lease.]

12 Words and phrases contained herein shall be construed  
13 according to the context and the approved usage of the English  
14 language; but technical words and phrases, and such others as  
15 have acquired a peculiar and appropriate meaning by law, or  
16 are defined in the preceding paragraph of this section, are  
17 to be construed according to such technical, peculiar, and  
18 appropriate meaning or definition.

19 Words used in this lease in the present tense include  
20 the future as well as the present; words used in the masculine  
21 gender include the feminine and the neuter and the neuter  
22 includes the masculine and feminine; the singular number in-  
23 cludes the plural and the plural the singular; the word "person"  
24 includes a corporation as well as a natural person.

25 2. TERM.

26 The term of this lease shall be sixty (60) years, commencing  
27 upon the tenth (10th) day of May A.D. 1961.

28 3. PURPOSE OR USE OF PROPERTY.

29 The leased premises shall be used only and exclusively  
30 for trailers with ramadas or cabanas or apartments and related  
31 uses and for purposes incidental thereto; and for no other  
32 purposes whatsoever without the written approval of County;

1 the uses and purposes above listed are set forth to define  
2 the maximum contemplated scope of permissible uses and pur-  
3 poses, and their enumeration is not intended to be authoriza-  
4 tion for any specific use or purpose.

5 It is also expressly understood that the uses of the  
6 said premises which are permitted hereinabove do not include  
7 the following:

8 (a) Fuel sales;

9 (b) Boat or engine repairs other than minor  
10 servicing or owner maintenance;

11 (c) Live bait sales;

12 (d) Sports Fishing or Charter Boat Activity.

13 There shall be no actual construction upon said premises  
14 except that required by Sections 5 and 6 hereof, and except  
15 that additional construction allowed upon approval of Director  
16 pursuant to Section 9 hereof.

17 The Lessee shall conform to and abide by all rules and  
18 regulations relating to the operations herein authorized and  
19 shall be subject at all times to the rules and regulations  
20 adopted by the Los Angeles County Department of Forester and  
21 Fire Warden or the Department, ordinances of the County of  
22 Los Angeles, and all Statutes and administrative rules and  
23 regulations of the Federal Government and the State of  
24 California applicable thereto, and where permits are required  
25 for such operations, the same must first be had and obtained  
26 from the Los Angeles County Forester and Fire Warden or other  
27 regulatory body having jurisdiction thereof before such  
28 operations are undertaken.

29 4. ACTIVE PUBLIC USE.

30 The ultimate object of this lease is the complete and  
31 continuous use of the premises herein demised by and for  
32 the benefit of the public, without discrimination as to

1 race or religion, the immediate object being the develop-  
2 ment and realization of the greatest possible revenue there-  
3 from. It is agreed that said immediate and ultimate objects  
4 are consistent and compatible. Accordingly, Lessee covenants  
5 and agrees that he will operate said premises fully and con-  
6 tinuously to the end that the public may enjoy maximum benefits  
7 and County may obtain maximum revenue therefrom.

8 In the event of any dispute or controversy<sup>6</sup> relating  
9 hereto, this lease shall be construed with due regard to the  
10 aforesaid objects.

11 5. PLANS AND SPECIFICATIONS FOR REQUIRED CONSTRUCTION.

12 Prior to commencing construction, Lessee shall file with  
13 Department six (6) sets of schematic plans and outline specifi-  
14 cations; after approval of said schematic plans and prior to  
15 commencing construction, Lessee shall file with Department  
16 six (6) sets of preliminary plans and outline specifications;  
17 after approval of said preliminary plans and outline specifi-  
18 cations and prior to commencing construction, Lessee shall  
19 file with Department six (6) sets of final plans and specifi-  
20 cations for the construction of trailers with ramadas or  
21 cabanas or apartments, the cost of which land improvements  
22 shall be estimated to be not less than an additional sum of  
23 ONE MILLION DOLLARS (\$1,000,000).

24 Such final plans and specifications shall conform to  
25 the minimum standards of construction and architectural treat-  
26 ment for Marina del Rey Small Craft Harbor as adopted by Board  
27 on January 3, 1961, and shall be subject to approval by Director  
28 and the County Engineer. No construction shall begin until  
29 said Director and Engineer have approved said final plans and  
30 specifications.

31 No modification of the approved plans and specifications  
32 or of said improvements, including landscaping, shall be made

1 by Lessee without the prior approval of said Director and  
2 Engineer.

3 Any and all of the plans and specifications and schematics  
4 required to be submitted by the provisions of this paragraph  
5 shall conform to the standards generally accepted in the  
6 architectural and engineering profession for such documents.  
7 Failure to conform to such standards shall constitute a default  
8 under this Lease.

9 6. REQUIRED CONSTRUCTION SCHEDULE.

10 Lessee expressly covenants and agrees that after the  
11 approval of the final plans and specifications as provided for  
12 in Section 5, Lessee shall in good faith commence construction  
13 of the improvements described therein, including required under-  
14 ground laterals for power, light, telephone, television, sewer,  
15 water (including fire lines), gas lines and landscaping; such  
16 construction shall be performed in accordance with said approved  
17 plans and specifications and shall be diligently prosecuted to  
18 completion.

19 7. RENTAL PAYMENT SECURITY (Formerly Section 8).

20 County hereby acknowledges receipt from Lessee of the  
21 sum of Fifteen Thousand Four Hundred Sixty-Three and 53/100  
22 Dollars (\$15,463.53) equal to six (6) full monthly installments  
23 of square foot rental for the demised premises. This sum shall  
24 be used and applied as follows:

25 One-half of said sum shall be applied toward the payment  
26 of rent first accruing under this lease, and one-half of said  
27 sum shall be retained by County as a guarantee to cover  
28 delinquent rent, and shall be so applied. In the event all  
29 or any part of said sum so deposited is applied against any  
30 rent due and unpaid, the Lessee shall reimburse said deposit,  
31 so that at all times during the life of this lease said deposit  
32 shall be maintained. Failure to maintain the full amount of

1 said deposit shall subject this lease to forfeiture. Upon  
2 forfeiture or termination of this lease any portion of said  
3 deposit due the Lessee shall be returned.

4 At any time subsequent to the first five (5) years of  
5 the term of this lease Lessee may substitute for said cash  
6 deposit to cover delinquent rent a corporate surety bond,  
7 issued by a surety company licensed to transact business  
8 in the State of California, said bond and company to be in  
9 all respects satisfactory to County, in an amount equal to  
10 said deposit.

11 8. ADDITIONAL CONSTRUCTION (Formerly Section 9).

12 Lessee may, at its own expense, make or construct, or  
13 cause to be made or constructed improvements other than  
14 those required by Sections 5 and 6, additions, alterations,  
15 repairs, or changes in the leased premises provided such  
16 proposed improvements, additions, alterations, repairs or  
17 changes are within the scope of permissible uses set forth  
18 in Section 3, and further provided that each specific pro-  
19 posed improvement, addition alteration, repair, or change  
20 must first have the written approval of Director. Director  
21 may refuse permission for the construction of any proposed  
22 additional improvement, addition, alteration, repair, or  
23 change, and his decision will be final.

24 If Director approves said proposed construction, Lessee  
25 shall submit plans and specifications to Director and the  
26 County Engineer and may commence construction upon receipt  
27 of written approval thereof from Director and the County  
28 Engineer and upon compliance with such terms and conditions  
29 relating to the construction as Director may impose.

30 9. LANDSCAPING (Formerly Section 10).

31 Lessee shall, at its own cost and expense and to  
32 the satisfaction of County, install and maintain landscaping



1 upon the demised premises. A general layout of proposed  
2 landscaping shall be submitted as part of the plans and  
3 specifications for all proposed improvements of the site.  
4 This will include the landscaping of all areas between any  
5 street and set-back lines and such other areas as are  
6 necessary to create a pleasing development of the project  
7 as a whole. All landscaping plans and layout must have  
8 the approval of Director.

9 10. PERFORMANCE AND SURETY BONDS (Formerly Section 11).

10 Lessee shall, at its own cost and expense, furnish  
11 County three (3) separate corporate surety bonds, in all  
12 respects satisfactory to the County, as follows:

13 (a) Within ten (10) days prior to commencement  
14 of any construction hereunder, Lessee shall furnish  
15 a corporate surety performance bond, issued by a  
16 surety company licensed to transact business in the  
17 State of California, in an amount equal to fifty per  
18 cent (50%) of the contract price of any construction  
19 required of Lessee pursuant to Sections 5 and 6,  
20 said bond and said company to be in all respects,  
21 including amount thereof, satisfactory to County,  
22 naming Lessee as principal and said company as surety,  
23 and County as obligee, to assure full and satisfactory  
24 performance by Lessee of Lessee's obligation contained  
25 in Sections 5 and 6 to build, construct, and install  
26 improvements and landscaping upon the demised premises.

27 (b) Within ten (10) days prior to commencement  
28 of any construction hereunder, Lessee shall furnish  
29 a corporate surety bond, issued by a surety company  
30 licensed to transact business in the State of California,  
31 with Lessee as principal, and said company as surety,  
32 and County as obligee, in a sum equal to fifty per

1 cent (50%) of the aforesaid contract price of any  
2 construction, guaranteeing payment for all materials,  
3 provisions, provender, supplies, and equipment, used  
4 in, upon, for, or about the performance of said con-  
5 struction work or for labor done thereon of any kind  
6 whatsoever and protecting County from any and all  
7 liability, loss or damages arising from failure to  
8 make such payment.

9 In the event that Lessee employs a licensed con-  
10 tractor for the construction hereinbefore required  
11 and obtains from said contractor or contractors  
12 similar bond or bonds in like amount, in all respects  
13 satisfactory to County, County, upon application by  
14 Lessee and upon naming of County as an additional  
15 obligee under such bond or bonds, will accept said  
16 contractor's bonds in lieu of the bonds otherwise  
17 required by this paragraph and paragraph (a) of this  
18 Section.

19 (c) Lessee shall furnish a corporate surety bond  
20 in the amount of Ten Thousand Dollars (\$10,000.00),  
21 guaranteeing the removal of all debris or submerged  
22 craft emanating from the premises herein demised,  
23 whether on said premises or elsewhere, which may  
24 obstruct traffic or interfere in any way with the  
25 proper use of the navigable waters of Marina del Rey  
26 Small Craft Harbor, guaranteeing the removal, prior  
27 to the expiration or other termination of this lease,  
28 of all mooring, anchorage, and slip facilities, pilings  
29 and floats in the water area, and all improvements on  
30 the back-land owned, operated, or maintained by Lessee,  
31 and guaranteeing the leaving of the ground in a level  
32 and usable condition and the removal of all facilities

1 not designated by Director to be left in place;  
2 Director shall give Lessee thirty (30) days written  
3 notice for the performance of any of the guarantees  
4 hereinbefore provided for.

5 (d) The Lessee shall have the option to deposit  
6 with the County of Los Angeles cash or United States  
7 Government securities in all respects satisfactory to  
8 the County of Los Angeles in lieu of any corporate  
9 surety bonds required herein. Said cash or securities  
10 shall be deemed deposited with the County for all the  
11 purposes enumerated herein and shall be so deposited  
12 for the benefit of the County under the same terms and  
13 conditions as set forth herein with respect to corporate  
14 surety bonds.

15 11. GROSS RECEIPTS (Formerly Section 12).

16 The term 'gross receipts' as used in this lease is  
17 defined to be all money, cash, receipts, assets, property  
18 or other things of value, including but not limited to,  
19 gross charges, sales, rentals, fees and commissions made  
20 or earned, and all gross sums received or earned by Lessee  
21 and all his assignees, sublessees, licensees, permittees  
22 or concessionaires, whether collected or accrued, from any  
23 business, use or occupation, or any combination thereof,  
24 originating, transacted or performed, in whole or in part,  
25 on the premises, including but not limited to, rental, the  
26 rendition or supplying of services, and the sale of goods,  
27 wares or merchandise; less sales and excise taxes applica-  
28 ble thereto, required to be collected by Lessee, his assignees,  
29 sublessees, licensees and permittees in connection with  
30 the rendering or supplying of services or goods, wares or  
31 merchandise. Gross receipts shall not include fees, charges  
32 or rentals paid to a Lessee by a sublessee where the gross

1 receipts of such sublessee are reported and subject to the  
2 percentage rental schedule set forth in Section 13.

3 There shall be no deduction from gross receipts for any  
4 overhead or cost or expense of operation, such as, but without  
5 limitation to, salaries, wages, cost of goods, interest, debt  
6 amortization, discount, collection, credit card and bad debt  
7 charges, insurance, and taxes, except as specifically provided  
8 for herein.

9 Gross receipts shall include the amount of any  
10 manufacturer's or importer's excise tax included in the  
11 prices of any property or material sold, even though the  
12 manufacturer or importer is also the retailer thereof,  
13 and it is immaterial whether the amount of such excise  
14 tax is stated as a separate charge. Gross receipts, how-  
15 ever, shall not include Federal, State, Municipal or other  
16 taxes collected from the consumer (regardless of whether  
17 the amount thereof is stated to the consumer as a separate  
18 charge) and paid periodically by Lessee to a governmental  
19 agency, accompanied by a tax return or statement, but  
20 the amount of such taxes shall be shown on the books and  
21 records elsewhere herein required to be maintained.

22 12. SQUARE FOOT AND HOLDING RENTALS (Formerly Section 13).

23 Lessee shall pay to County an annual square foot rental  
24 in twelve (12) equal monthly installments. Regardless of  
25 whether said construction is complete, under planning, or  
26 in progress, such installments shall be due and payable in  
27 advance of the first day of each calendar month commencing  
28 January 1, 1969, providing, however, that prior to January 1,  
29 1969, proportionate rent as described in the next subparagraph  
30 of this Section shall be paid commencing with the calendar  
31 month next succeeding the date of completion of any improve-  
32 ments constructed or commencing with the calendar month next

1 succeeding the commencement of use by the public of any  
2 improvements constructed on this parcel.

3 It is understood and agreed that Lessee may desire to  
4 complete the aforesaid improvements in stages and to progres-  
5 sively commence public use of the various portions of said  
6 improvements and portions of the parcel herein demised as  
7 the same may be completed. In the event of such a program  
8 of progressive completion and opening to public use, satis-  
9 factory to County, the annual square foot rental for the  
10 portions completed and opened to use shall commence accord-  
11 ingly and shall be equitably adjusted in the proportion that  
12 the improvements and areas completed and opened to the public  
13 use bear to the whole improvement and area. The decision  
14 of Director as to said equitable adjustment shall be final.

15 The aforesaid annual square foot rental for the whole  
16 of the premises herein demised shall be \$0.11 per square  
17 foot of land area or a total of THIRTY THOUSAND NINE HUNDRED  
18 TWENTY-SEVEN AND 05/100 DOLLARS (\$30,927.05).

19 Prior to the start of square foot rental payments as in  
20 this Section above provided for, Lessee shall pay to County  
21 each month in advance a "holding rental" consisting of one-third  
22 of the contemplated total monthly installment of square foot  
23 rental. In the event of the start of proportionate square  
24 foot rentals under a program of progressive completion, as in  
25 this Section above provided for, the "holding rental" shall  
26 be abated for that portion of the completed improvements and  
27 adjoining area thus made subject to square foot rental.

28 If Director finds that Lessee has completed his  
29 improvement and construction but cannot utilize it due  
30 to failure of the County to complete roadways, water  
31 access, or utility lines, Director shall order the abate-  
32 ment of all rental payments until water access, roadways

1 and utility lines are provided, which in the opinion of  
2 the Director are available for the operation of the  
3 Lessee's functions.

4 13. PERCENTAGE RENTALS (Formerly Section 14).

5 The square foot rental agreed upon in Section 12 is a  
6 minimum rental, payable in lawful money of the United States.  
7 The money received as square foot rental for any calendar  
8 month shall be applied to the payment of the percentage  
9 rental for said calendar month as provided for in this  
10 Section 13.

11 Within fifteen (15) days after the close of each and  
12 every calendar month of the term hereof, Lessee shall pay  
13 to County a sum in like money, less the amount of the  
14 monthly installment of annual square foot rental previously  
15 paid for said calendar month under Section 12, equal to the  
16 total of the following for said previous calendar month:

17 (a) TWENTY Per Cent (20%) of gross receipts  
18 from the rental or other fees charged for the  
19 use of boat slips, anchorages, moorings, dockside  
20 gear lockers or storage space, and such other facilities  
21 and services ancillary thereto as are provided in  
22 common to all tenants;

23 (b) TEN Per Cent (10%) of gross receipts from  
24 the dry storage, launching, or retrieving of small  
25 boats, and from rental of landside gear lockers or  
26 storage space;

27 (c) SEVEN AND ONE-HALF Per Cent (7-1/2%) of  
28 gross receipts from fees, charges or rentals for  
29 occupancy of structures including apartment units,  
30 hotel or motel accommodations, house trailers, and  
31 offices or similar space utilized for banking,  
32 financial, or investment activities; internal

1 clerical or administrative activities of business  
2 enterprises; real estate and insurance brokerage;  
3 or the rendering of legal, medical, engineering, or  
4 similar professional services; but excepting stores,  
5 shops or other commercial establishments the gross  
6 receipts pertaining to which are subject to percentage  
7 rentals and specifically required or authorized to be  
8 reported under any other subparagraphs of this Section.

9 (d) ONE Per Cent (1%) of gross receipts from  
10 the sale of new or used boats, boat trailers, house  
11 trailers and trailer cabanas; said gross receipts  
12 shall include all credits given for used items taken  
13 in trade as part payment for new items, as reflected  
14 in the bills of sale, but the trade-in allowance  
15 for a used item taken in trade may be deducted from  
16 the subsequent sale price of said used item if said  
17 used item is sold within 120 days of the date of the  
18 bill of sale which established said trade-in allowance.

19 (e) FIVE Per Cent (5%) of gross receipts from  
20 boat brokerage and from marine insurance commissions  
21 where the sale of insurance is conducted in conjunction  
22 with boat sales and/or boat brokerage.

23 (f) TWENTY Per Cent (20%) of any commissions  
24 or fees collected from itinerant vendors or from  
25 service enterprises based outside the demised premises;

26 (g) TWENTY Per Cent (20%) of gross receipts from  
27 rentals or other fees charged for use of trailer-cabana  
28 sites and such other facilities and services ancillary  
29 thereto as are provided in common to all tenants;

30 (h) TWENTY-FIVE Per Cent (25%) of any commis-  
31 sions or other compensation paid to Lessee for the  
32 right to install coin-operated vending or service

1 machines or devices, including pay telephones, or  
2 FIVE Per Cent (5%) of the gross receipts of any  
3 such coin-operated machines or devices owned, rented,  
4 or leased by Lessee or his sublessee;

5 (i) TEN Per Cent (10%) of gross receipts from  
6 the operation of a bar, tavern, cocktail lounge or  
7 other such facility engaged primarily in the on-premises  
8 sale of alcoholic beverages, except that gross receipts  
9 from such facilities as are established and operated  
10 in conjunction with a restaurant or similar food service  
11 facility on the same premises may be reported under  
12 subsection (j);

13 (j) THREE Per Cent (3%) of gross receipts from  
14 the operation of food service facilities, including bar  
15 or cocktail lounge in conjunction with restaurant or  
16 similar facility when food service is the primary  
17 purpose;

18 (k) ONE AND ONE-HALF Cents (\$0.015) per each  
19 gallon of gasoline, diesel fuel or mixed fuel sold  
20 or SIX Per Cent (6%) of gross receipts of such sales,  
21 whichever is the greater;

22 (l) FIVE Per Cent (5%) of gross receipts from  
23 sales by a fuel sales facility of petroleum or fuel  
24 products other than those covered by subsection (k)  
25 above;

26 (m) FIFTEEN Per Cent (15%) of gross receipts  
27 from club dues, initiation fees, and assessments, except  
28 that separate assessments for capital improvements are  
29 exempted;

30 (n) TWENTY Per Cent (20%) of gross receipts  
31 from parking fees;

32 (o) TEN Per Cent (10%) of gross receipts from



1 the rental of boats, outboard motors, fishing tackle,  
2 and other recreation equipment and from the sale  
3 of live bait;

4 (p) THREE Per Cent (3%) of gross receipts from  
5 boat haulout, repair, painting, and similar activities;

6 (q) FIVE Per Cent (5%) of gross receipts from  
7 fees, charges or rentals from the leasing or charter  
8 of boats for a term of six (6) months or more;

9 (r) SIX Per Cent (6%) of gross receipts from  
10 the operation of sportfishing boats;

11 (s) ONE Per Cent (1%) of gross receipts from  
12 the sale of miscellaneous goods and services;

13 (t) FIVE Per Cent (5%) of gross receipts from  
14 any and all other activities approved by Director  
15 which are not provided for in the preceding subparagraphs.

16 If the total of the percentage rentals agreed to be  
17 paid by Lessee, when computed on an annual basis for any  
18 calendar year, is less than the sum of all rental payments  
19 actually made by Lessee for said calendar year, Lessee shall  
20 be allowed credit for any amount by which the payments actually  
21 made exceed the greater of (1) the sum of the square foot  
22 rentals for the calendar year, or (2) the sum of percentage  
23 rentals agreed to be paid, computed on an annual basis for  
24 the calendar year.

25 If any of the items, services, goods or facilities  
26 mentioned in subparagraphs (a) through (t) of this para-  
27 graph be provided by Lessee or its sublessees, assignees,  
28 licensees, concessionaires or permittees, without the usual  
29 charges therefor according to the price list of schedule  
30 provided for in Section 16, or if said usual charge be not  
31 collected in full, the proper amount thereof shall never-  
32 theless be included in the gross receipts reported by

1 Lessee and its sublessees, assignees, licensees, conces-  
2 sionaires and permittees, and the applicable percentage  
3 thereof paid to County.

4 14. RENT RENEGOTIATION TO MEET LEGAL REQUIREMENTS  
5 (Formerly Section 14-1/2).

6 Section 504 of the Bond Resolution described in Section  
7 46 of this Lease requires that each Lease provide that the  
8 square foot rentals and percentage rentals be subject to  
9 increase if and when the Board of Supervisors shall find and  
10 determine that such increase is required to permit the County  
11 to meet its obligations under the terms of said Bond Resolu-  
12 tion.

13 In the event that the Board of Supervisors determines  
14 that it is required to increase rentals to meet its obliga-  
15 tions under the Bond Resolution, it may increase the square  
16 foot rentals and percentage rentals provided for in this  
17 Lease to the extent required to meet said obligations, except  
18 that the Lessee shall bear no more than his proportionate  
19 share of the total increase required to meet said obliga-  
20 tions as reasonably determined by the Director, and, in any  
21 event, the amount of any such increase shall not exceed ten  
22 per cent (10%) of the previously existing square foot rentals  
23 and percentage rentals. Rental increases under this Section  
24 shall not be made during the first five (5) years of the  
25 term hereof nor more often than every ten (10) years there-  
26 after.

27 15. GENERAL RENT RENEGOTIATION AND ARBITRATION.

28 Except as provided in Section 14, the square foot  
29 and percentage rentals hereinbefore provided for shall  
30 apply and be in effect for the first TWENTY-ONE years  
31 of the term hereof. At the end of said period, and at the  
32 end of every TEN year period thereafter, the said rentals

1 shall be readjusted as provided hereinafter.

2 Such rentals shall be readjusted by Lessee and County,  
3 in accordance with the standards of and for fair market  
4 value hereinafter set forth, at sometime not more than  
5 nine (9) months and not less than six (6) months before the  
6 beginning of each such period; in the event Lessee and County  
7 cannot agree upon the readjustment of rentals, the same  
8 shall be determined by a board of three (3) real estate  
9 appraisers, one of whom shall be appointed by County, one  
10 by Lessee, and the third by the two (2) appraisers so  
11 appointed.

12 If the rentals have not been readjusted by mutual  
13 agreement within the three-month period above prescribed,  
14 County shall give to Lessee a written notice demanding sub-  
15 mission to said board of real estate appraisers and nomi-  
16 nating the person to act as real estate appraiser on behalf  
17 of County. Within fifteen (15) days from the service of  
18 such notice Lessee shall appoint its real estate appraiser  
19 and notify County of such appointment. If either party  
20 shall not have notified the other in writing of the appoint-  
21 ment of its real estate appraiser, the Presiding Judge of  
22 the Superior Court of the State of California, in and for  
23 the County of Los Angeles, shall, upon request of either  
24 party, appoint the real estate appraiser for the party so  
25 in default. If the two (2) real estate appraisers so  
26 chosen shall be unable to agree upon the third real estate  
27 appraiser within ten (10) days after the appointment of  
28 the second real estate appraiser, the third real estate  
29 appraiser shall be appointed by the Presiding Judge of said  
30 Superior Court upon request of either party. Any vacancy  
31 in the board of real estate appraisers shall be filled by  
32 the party who or which made the original appointment to

1 the vacant place. If not so filled within ten (10) days  
2 from commencement of said vacancy, the vacant position shall  
3 be filled by the said Presiding Judge upon request of either  
4 party.

5 The board of real estate appraisers shall, immediately  
6 upon the appointment of its members, enter upon the discharge  
7 of its duties and determine the amount of readjusted rentals  
8 and notify the parties thereof in writing within sixty (60)  
9 days after its appointment. A majority of the real estate  
10 appraisers who agree thereto may readjust such rentals, such  
11 readjustment to be based upon a determination of the fair  
12 market value of this lease, taking into consideration the  
13 uses permitted thereunder and all of its terms, conditions,  
14 and restrictions, franchise value, earning powers, and all  
15 of the factors and data relating to such value required or  
16 proper to be considered in determining the fair market value  
17 of leaseholds under the laws of eminent domain in the State  
18 of California; also provided that at all times during the  
19 term of this lease the total of such rentals shall be in  
20 such amount that the property hereby demised shall produce  
21 at least its proportionate share of the revenue required by  
22 Government Code, Section 26360 and the revenue required  
23 to meet the obligations of County under that certain Revenue  
24 Bond Resolution of the County Board of Supervisors referred  
25 to in Section 46; and, notwithstanding the renegotiation  
26 and arbitration provisions of this Section 15, the minimum  
27 rental under this lease shall never be lower than the product  
28 of EIGHT CENTS (\$0.08) multiplied by the square feet of the  
29 leased land and water area. In the event said real estate  
30 appraisers fail to determine and give notice of the amounts  
31 of readjusted rentals within sixty (60) days, a new board  
32 of real estate appraisers shall be appointed in the manner

1       hereinbefore prescribed.

2             If for any reason said readjusted rentals shall not  
3       be finally determined until after the beginning of any  
4       period for which the same must be readjusted, Lessee shall  
5       continue to pay rentals at the former rate as a credit  
6       against the amount of the readjusted rentals when finally  
7       determined, provided, however, that the amounts fixed as  
8       the readjusted rentals shall accrue from the beginning of  
9       said period and proper adjustment shall be made for payments  
10      made by Lessee at the former rates during said interim.  
11      The costs and expenses of each of the two (2) real estate  
12      appraisers appointed by the parties shall be borne by the  
13      party so appointing. Costs and expenses of the third real  
14      estate appraiser shall be equally divided between the parties.

15             16. CONTROLLED PRICES.

16             Lessee shall at all times maintain a complete list  
17      or schedule of the prices charged for all goods or services,  
18      or combinations thereof, supplied to the public on or from  
19      the premises hereby demised, whether the same are supplied  
20      by Lessee or by its sublessees, assignees, concessionaires,  
21      permittees, or licensees.

22             Said prices shall be fair and reasonable, based upon  
23      the following two (2) considerations:

24             First, that the property herein demised is intended  
25      to serve a public use and to provide needed facilities to  
26      the public at fair and reasonable cost; second, that Lessee  
27      is entitled to a fair and reasonable return upon his invest-  
28      ment pursuant to this lease.

29             In the event that Director notifies Lessee that  
30      any of said prices are not fair and reasonable, Lessee  
31      shall have the right to confer with Director and to justify  
32      said prices. If, after reasonable conference and consulta-

1 tion, Director shall determine that any of said prices are  
2 not fair and reasonable, the same shall be modified by Lessee  
3 or its sublessees, assignees, concessionaires, permittees, or  
4 licensees, as directed. The Lessee may appeal the determina-  
5 tion of the Director to the Board of Supervisors, whose  
6 decision shall be final and conclusive. Pending such appeal,  
7 the prices fixed by the Director shall be the maximum charged  
8 by the Lessee.

9 17. MONTH TO MONTH TENANCY.

10 If Lessee holds over after the expiration of this lease  
11 for any cause, such holding over shall be deemed to be a  
12 tenancy from month to month only, at the same rental per  
13 month and upon the same terms, conditions, restrictions, and  
14 provisions as herein contained.

15 Such holding over shall include any time employed by  
16 Lessee to remove machines, appliances, and other equipment  
17 during the thirty day period hereinafter provided for such  
18 removal.

19 18. DISPOSITION OF INSTALLATIONS OR IMPROVEMENTS.

20 Title to all structures, buildings, or improvements  
21 constructed by Lessee upon the demised premises, and all  
22 alterations, additions, or betterments thereto, shall  
23 remain in Lessee until termination of this lease; and upon  
24 such termination, whether by expiration of the term hereof,  
25 cancellation for good cause, forfeiture, or otherwise, title  
26 to said structures, buildings, improvements and all altera-  
27 tions, additions, or betterments thereto, and all improve-  
28 ments made to or upon said premises, shall at the option  
29 of County, vest in County without compensation therefor to  
30 Lessee, and said structures, buildings, and improvements  
31 shall remain upon and be surrendered with the premises as part  
32 thereof. Nothing contained herein shall be construed to deny

1 or abrogate the right of Lessee to receive any and all pro-  
2 ceeds which are attributable to the taking in eminent domain  
3 of business installations, improvements, structures and  
4 buildings belonging to Lessee immediately prior to the taking  
5 of possession by the condemning authority as said rights are  
6 set forth in Section 43 of said lease.

7       However, in the event of termination or expiration of  
8 this lease, the County may require the Lessee to remove, at  
9 the sole cost and expense of Lessee, and not later than the  
10 termination or expiration date, all works, structures, and  
11 improvements of any kind whatsoever placed or maintained on  
12 said premises, whether below, on, or above the ground by  
13 Lessee or others, including, but not limited to, wharves,  
14 piers, docks, slips, bulkheads, seawalls, piling, channels,  
15 concrete foundations, structures, and buildings; and Lessee  
16 shall, upon the expiration of the term of this lease or upon  
17 any sooner termination of this lease, immediately restore,  
18 and quit, and peacefully surrender possession of, said  
19 premises to County in at least as good and usable a condition,  
20 acceptable to the Director, as the same were in at the time of  
21 first occupation thereof by Lessee or others, ordinary wear  
22 and tear excepted, and shall, in any event, leave the surface  
23 of the ground in a level, graded condition, with no excava-  
24 tions, holes, hollows, hills, or humps. Should Lessee fail  
25 to so remove said structures, building, and improvements and  
26 restore said premises, County may sell, remove, or demolish  
27 the same, in event of which sale, removal, or demolition  
28 Lessee shall reimburse County for any cost or expense thereof  
29 in excess of any consideration received by County as a result  
30 of such sale, removal, or demolition.

31       Prior to such termination Lessee shall remove at  
32 its cost and expense such machinery, appliances, or fix-

1 tures as are not firmly affixed to said structures, build-  
2 ings, and improvements; should Lessee fail to so remove  
3 said appliances or fixtures prior to such termination,  
4 Lessee shall lose all right, title and interest in and  
5 thereto, and County may elect to keep the same upon the  
6 premises or to sell, remove, or demolish the same, in  
7 event of which sale, removal or demolition Lessee shall  
8 reimburse County for any cost or expense thereof in excess  
9 of any consideration received by County as a result of  
10 said sale, removal or demolition.

11 Title to all utility lines, switchboards, trans-  
12 former vaults, and all other service facilities constructed  
13 or installed by Lessee upon the demised premises shall  
14 vest in County upon construction or installation.

15 19. PLACE OF PAYMENT AND FILING.

16 All rentals shall be paid to and all statements and  
17 reports herein required shall be filed with Department.  
18 Checks, drafts, and money orders shall be made payable to  
19 the County of Los Angeles.

20 20. SERVICE OF WRITTEN NOTICE OR PROCESS.

21 If Lessee is not a resident of the State of California,  
22 or is an association or partnership without a member or  
23 partner resident of said State, or is a foreign corpora-  
24 tion, Lessee shall file with Department a designation of  
25 a natural person residing in the County of Los Angeles,  
26 State of California, giving his name, residence, and  
27 business address, as the agent of Lessee for the service  
28 of written notice or for service of process in any court  
29 action between Lessee and County, arising out of or based  
30 upon this lease, and the delivery to such agent of written  
31 notice or a copy of any process in any such action shall  
32 constitute valid service upon Lessee.



1 If for any reason service of such written notice or  
2 of such process upon such agent is not possible, then Lessee  
3 may be personally served with such written notice or  
4 process outside of the State of California and such service  
5 shall constitute valid service upon Lessee; and it is  
6 further expressly agreed that Lessee is amenable to such  
7 process and submits to the jurisdiction of the court so  
8 acquired, and waives any and all objection and protest  
9 thereto.

10 Written notice shall be deemed sufficient if said  
11 notice is deposited in the United States mail, postage  
12 prepaid, addressed to Lessee at the premises above des-  
13 cribed or to such other address that Lessee may in writing  
14 file with Director; provided, however, that nothing herein  
15 contained shall preclude or render inoperative service  
16 of such notice upon the Lessee in the manner prescribed  
17 by law.

18 21. DEFAULT.

19 This lease is made upon the condition that if the  
20 rents or other sums which Lessee herein agrees to pay, or  
21 any part thereof, shall be unpaid on the date on which the  
22 same shall become due, or if other default be made in any  
23 of the terms, agreements, conditions, or covenants herein  
24 contained on the part of Lessee, or should Lessee abandon  
25 or cease to use the premises for a period of thirty (30)  
26 days at any one time, except when prevented by fire, earth-  
27 quake, strikes or other calamity beyond its control, then  
28 and in such event, at the option of County as evidenced  
29 by resolution of Board, this lease shall be forfeited,  
30 and County may exercise all rights of entry and re-entry

31 \* \* \* \* \*

1 upon the demised premises and may operate for its own and  
2 sole benefit said premises and all improvements thereon.

3 Lessee shall not be considered in default as to any  
4 provision of this lease when such default is the result of,  
5 or pursuant to, any process, order or decree of any court  
6 or regulatory body of competent jurisdiction.

7 In the event Lessee is in default hereunder in the  
8 payment of rent or other sums provided to be paid by  
9 Lessee, no default with respect thereto shall be declared  
10 by the County until after the expiration of ten (10) days  
11 written notice to Lessee to cure such default.

12 In the event Lessee shall default in keeping, observing  
13 or performing any of the other covenants, conditions,  
14 provisions or agreements herein required to be kept,  
15 observed or performed by Lessee, County shall give  
16 written notice of such default to Lessee and Lessee shall  
17 have thirty (30) days after service of said notice in  
18 which to cure, remedy and correct said default, or in  
19 which to commence and diligently pursue the performance  
20 of the thing or work required to be done to cure, correct  
21 and remedy said default. Should Lessee fail to so cure,  
22 remedy and correct said default, or commence and diligently  
23 pursue such corrective or remedial action within and during  
24 said thirty (30) day period, County shall have the right  
25 to forfeit this lease as provided in the first paragraph  
26 of this section.

27 ~~Notwithstanding any of the foregoing, County shall not~~  
28 exercise any remedy available to it for breach thereof by  
29 Lessee and will not terminate this lease nor declare the  
30 same to be forfeited because of any default or breach  
31 hereunder [or under any other provision of this lease] on  
32 the part of Lessee unless and until County shall have given

1 a written notice of such default or defaults to any  
2 Beneficiary or Trustee under a deed of trust or to any  
3 mortgagee under any mortgage affecting the demised premises  
4 or any part thereof. Said notice shall be sent simultaneously  
5 with the notice to the Lessee referred to in the preceding  
6 paragraph. It shall be sent by registered mail, postage  
7 prepaid, addressed as the trustee, beneficiary or mortgagee  
8 or each of them shall from time to time instruct County or,  
9 in the absence of such instructions, addressed as shown on  
10 the deed of trust or mortgage. After receipt of said notice,  
11 said trustee, beneficiary or mortgagee (hereinafter referred  
12 to collectively as "encumbrance holder"), or each of them,  
13 shall have the right and power to cure the defaults specified  
14 and if all of said defaults are cured, this lease shall  
15 remain in full force and effect. Said defaults may be cured  
16 in the following manner:

17 (a) If said default be in the payment of ren-  
18 tal, taxes, insurance premiums, utility charges, or  
19 any other sum of money, said encumbrance holder may  
20 pay the same to County or other proper payee within  
21 thirty-five (35) days after mailing of the aforesaid  
22 notice of default to said encumbrance holder. If,  
23 after any payment to County by the encumbrance holder  
24 as aforesaid, the Lessee pays the same or any part  
25 thereof to County, County shall promptly refund said  
26 payment to encumbrance holder.

27 ~~(b) If said breach be other than as specified~~  
28 in subparagraph (a) above and cannot be cured by the  
29 payment of money as aforesaid, the default shall be  
30 cured if

31 (i) within thirty-five (35) days after  
32 the mailing of the said notice to encumbrance

1 holder by County said encumbrance holder commences  
2 foreclosure by judicial action or trust deed sale  
3 of its encumbrance (said 35-day period shall be  
4 extended by the time in which encumbrance holder  
5 is prevented from commencing foreclosure by any  
6 order, judgment or decree of any court or regula-  
7 tory body of competent jurisdiction, but such  
8 extension shall not extend beyond a period of  
9 100 days from the effective date of said order,  
10 judgment or decree); and

11 (ii) said foreclosure action is pro-  
12 secuted with reasonable diligence; and

13 (iii) within thirty-five (35) days after such  
14 foreclosure sale the purchaser thereat (whether  
15 or not such purchaser is the encumbrance holder)  
16 cures, remedies and corrects said default, or  
17 commences and diligently pursues the performance  
18 of the thing or work required to be done to cure,  
19 correct and remedy said default.

20 [Notwithstanding any of the foregoing and in the event  
21 County declares the lease forfeited and secures possession  
22 under the provisions of this Section or under any other pro-  
23 vision of this lease, the encumbrance holder within sixty  
24 (60) days of such forfeiture and securing of possession may  
25 request and receive a lease covering the demised premises  
26 (or that portion thereof subject to his encumbrance if such  
27 encumbrance encumbers less than the entire demised premises)  
28 running in favor of said encumbrance holder and his successors  
29 and assigns. Said lease is to be subject only to such  
30 applicable exceptions to Lessor's fee title to which said  
31 holder's encumbrance was initially subject or to such other  
32 applicable exceptions to title to which Lessee and encumbrance

holder consent in writing.] Said lease shall have the same provisions and conditions as this lease, except to the extent that any provisions of this lease are, through the passage of time or for other reasons, obviously inapplicable. Said lease shall have a term that shall commence upon the date of the County's securing possession of the premises demised herein and said lease shall terminate on the termination date of this lease. The County shall deliver possession of the property immediately upon the execution of said new lease. The encumbrance holder shall, however, pay County the amount of ground or holding rentals due under this lease on and after the date County has secured possession less any net rentals or other income which County may have received on account of said property during the time County may have been in possession of the premises. In addition, the encumbrance holder shall pay any and all rentals unpaid by Lessee under the original lease at the time of forfeiture thereof. However, said encumbrance holder shall be liable only for that proportionate amount of rent attributable to that portion of the demised premises covered by his encumbrance. In addition, said encumbrance holder shall also pay any and all taxes, current or delinquent, that have been levied or assessed against that portion of the demised premises covered by its encumbrance.

[22. SUBLEASES, ASSIGNMENTS, TRUST DEED BENEFICIARIES,  
MORTGAGEES AND SUCCESSORS.

A. Subleases

At least thirty (30) days' written notice of intention to sublet portions of the demised premises to others shall be given to Director. During said thirty-day (30) period, Director shall approve or disapprove said proposed sublease. In the event of disapproval, said proposed sublease shall

1 not be made. The gross receipts of any subleasee under any  
2 such sublease shall be included within the definition of  
3 "Gross Receipts" as set forth in Section 11. Any and all  
4 sublessees shall be subject to and bound by each and all of  
5 the terms and conditions of this lease and in particular  
6 those pertaining to control of prices pursuant to Section  
7 16. The term "sublease" as used in this paragraph shall  
8 include any license, permit, or concession by Lessee, and  
9 the term "sublessee" shall include any licensee, permittee  
10 or concessionaire of Lessee. Lessee may, without prior  
11 approval of Director, sublease portions of the demised  
12 premises (including, but not limited to, single residential  
13 units, boat slips, and dry storage racks) for a period not  
14 to exceed one year, for individual, nonbusiness, non-  
15 commercial uses. Lessee may at any time request approval  
16 by the Director of a plan to sublease specific residential  
17 units for stated periods in excess of one year. No con-  
18 dominium or cooperative dwelling plan of any kind shall  
19 be employed without the approval of Director.

20 B. Trust Deed Beneficiaries and Mortgagees

21 Lessee may, with the consent of the County, give, assign,  
22 transfer, mortgage, hypothecate, grant control of, or en-  
23 cumber Lessee's interest under this lease and the leasehold  
24 estate so created, to a bona fide lender on the security of  
25 the lease hold estate and Lessee may execute any and all  
26 instruments in connection therewith necessary and proper to  
27 complete such loan and perfect the security therefor to be

28 given to such lender. Any such encumbrance holder shall have  
29 the right at any time during the term of the loan and while  
30 this lease is in full force and effect:

- 31 1. To do any act or thing required of Lessee  
32 in order to prevent a forfeiture of Lessee's rights

1 hereunder and all such acts or things so done shall  
2 prevent a forfeiture of Lessee's rights hereunder as  
3 if done by Lessee.

4 2. To realize on the security of the leasehold  
5 estate and to acquire and succeed to the interest of  
6 Lessee hereunder by foreclosure or by a deed or assign-  
7 ment in lieu of foreclosure and thereafter at such en-  
8 cumbrance holder's option to convey, assign, or sublease  
9 the interests or title to said leasehold estate to any  
10 other person provided, however, that said person shall  
11 agree to perform and be bound by any and all terms,  
12 conditions and covenants contained in this lease. One  
13 (1) copy of any and all security devices or instruments  
14 shall be filed with Director not later than seven (7)  
15 days after the effective date thereof, and Lessee shall  
16 give Director written notice of any changes or amend-  
17 ments thereto.

18 The written consent of County shall not be required  
19 in the case of:

20 (a) A transfer of this lease at foreclosure  
21 sale of trust deed or at a judicial foreclosure or  
22 an assignment to the encumbrance holder in lieu of  
23 foreclosure;

24 (b) A subsequent transfer by an encumbrance  
25 holder who is a purchaser at such foreclosure sale  
26 or an assignee in lieu of foreclosure if the transferee  
27 is an established bank, savings and loan association

28 or insurance company;

29 provided that in either such event the encumbrance holder  
30 forthwith gives notice to County in writing of any such  
31 transfer setting forth the name and address of the transferee,  
32 the effective date of such transfer and the express agree-

1 ment of the transferee assuming and agreeing to perform all  
2 of the obligations under this lease, together with a copy  
3 of the document by which such transfer was made. An en-  
4 cumbrance holder who is a purchaser at such foreclosure  
5 sale or an assignee in lieu of foreclosure may make a  
6 subsequent transfer of this lease, and upon such transfer  
7 will be released by the County from any and all of its  
8 obligations to the County, if such encumbrance holder  
9 obtains the prior written consent of the County to such  
10 transfer and release; the County shall not unreasonably  
11 withhold such consent.

12 Any transferee under the provisions of the above  
13 paragraph shall be liable to perform the obligations of  
14 the Lessee under this lease only so long as such transferee  
15 holds title to the leasehold. Such transferee shall be  
16 liable to pay County any unpaid rentals and other charges  
17 that may be due County for any period of time prior to  
18 to the time when such transferee takes possession of the  
19 property provided, however, that such obligations shall  
20 not be effective unless County shall have transmitted to  
21 encumbrance holder notice of the original Lessee's default  
22 within sixty (60) days after such default occurs.

23 Any transfer of the leasehold except for transfers  
24 provided for in the provisions of the two (2) above para-  
25 graphs shall not be made without the prior written  
26 consent of the County and shall be subject to the  
27 conditions relating thereto as set forth in Paragraph

28 C of this Section.

29 Any encumbrance holder shall not be obligated to cure  
30 any default or breach if said encumbrance holder is unable  
31 to secure possession of the property and if it is necessary  
32 for him to have possession in order for him to cure



1 the default or breach. In the event that a period of  
2 time is necessary in order for the encumbrance  
3 holder to completely cure a default or breach, then  
4 he shall not be in default so long as he exercises  
5 diligence in the curing of such default or breach.  
6 The encumbrance holder shall have all the rights with  
7 respect to the demised premises as set forth in the  
8 deed of trust or mortgage or other lending document  
9 approved by the County as herein set forth, including  
10 the right to commence an action against the Lessee for  
11 the appointment of a receiver and to obtain possession  
12 of the demised premises under and in accordance with  
13 the terms of said deed of trust, mortgage or other  
14 lending instrument.

15 C. Assignments

16 Except as in this Section 22 specifically hereinbefore  
17 provided, Lessee shall not, without the written consent of  
18 County, either directly or indirectly give, assign, hypothecate,  
19 encumber, transfer, or grant control of this lease or any  
20 interest, right or privilege therein, or sublet the whole  
21 or any portion of the demised premises or license the use  
22 of the same in whole or in part. Neither this lease nor  
23 any interest therein shall be assignable or transferable  
24 in proceedings in attachment, garnishment or execution against  
25 Lessee, or in voluntary or involuntary proceedings in bank-  
26 ruptcy or insolvency or receivership taken by or against  
27 Lessee or by any process of law including proceedings under  
28 Chapters X and XI of the Bankruptcy Act. Lessee agrees not  
29 to encumber the leasehold estate through any deed of trust  
30 without the prior written consent of the holder of any prior  
31 deed of trust affecting the leasehold estate or any part  
32 thereof and the prior written consent of Lessor, and any

1 attempted encumbrance shall be absolutely void.

2 D. Successors

3 Each and all of the provisions, agreements, terms, covenants  
4 and conditions herein contained to be performed, fulfilled,  
5 observed and kept shall be binding upon the heirs, executors,  
6 administrators, successors and assigns of the respective  
7 parties hereto, and all rights, privileges and benefits arising  
8 under this lease and in favor of either party shall be available  
9 in favor of the heirs, executors, administrators, successors  
10 and assigns thereof respectively provided, that no assignment  
11 or subletting by or through Lessee in violation of the pro-  
12 visions of this lease shall vest any rights in any such  
13 assignee or sublessee.]

14 23. LIENS.

15 At least ten (10) days prior to commencement of con-  
16 struction, Lessee shall furnish County with written notice of  
17 intention to commence construction so that County may post upon  
18 premises hereby demised a notice of non-responsibility.

19 24. WAIVER OF CONDITIONS OR COVENANTS.

20 Any waiver by County of any breach of any one or more  
21 of the covenants, conditions, terms, and agreements of this  
22 lease shall not be construed to be a waiver of any subsequent  
23 or other breach of the same or of any other covenant, condition,  
24 term or agreement of this lease, nor shall failure on the part  
25 County to require or exact full and complete compliance with  
26 any of the covenants, conditions, terms, or agreements of this  
27 lease be construed as in any manner changing the terms hereof

28 or estopping County from enforcing the full provisions hereof,  
29 nor shall the terms of this lease be changed or altered in  
30 any manner whatsoever other than by written agreement of  
31 County and Lessee. No delay, failure, or omission of County  
32 to re-enter the demised premises or to exercise any right,

1 power, privilege, or option, arising from any default, nor  
2 any subsequent acceptance of rent then or thereafter accrued  
3 shall impair any such right, power, privilege or option or  
4 be construed as a waiver of or acquiescence in such default  
5 or as a relinquishment of any right. No notice to Lessee  
6 shall be required to restore or revive time as of the  
7 essence after the waiver by County of any default. No option,  
8 right, power, remedy, or privilege of County shall be con-  
9 strued as being exhausted by the exercise thereof in one or  
10 more instances.

11 The rights, powers, options, and remedies given County  
12 by this agreement shall be cumulative.

13 25. PROPERTY INSURANCE.

14 Throughout the term of this lease and during Lessee's  
15 occupancy of the demised premises, Lessee, at its own cost  
16 and expense, shall insure against loss of or damage to all  
17 buildings, structures, equipment and improvements thereon,  
18 resulting from fire, lightning, vandalism, malicious mis-  
19 chief, and those risks ordinarily defined in "extended  
20 coverage."

21 Such insurance shall be in an amount equal to 90% of  
22 the full replacement value of said buildings, structures  
23 equipment, and improvements, and shall be placed and main-  
24 tained with such insurance company or companies and in such  
25 form as shall be satisfactory to County.

26 [All such insurance policies, along with their endorse-  
27 ments, shall name the County as an insured, as its interests  
28 may appear. In the event of loss of or damage to buildings,  
29 structures, equipment and improvements thereon, resulting  
30 from fire, lightning, vandalism, malicious mischief and  
31 those risks ordinarily defined in extended coverage, Lessee  
32 shall be obligated to rebuild or replace the destroyed or

1 damaged buildings, structures, equipment and improvements  
2 to the full satisfaction of the County. Said obligation  
3 to rebuild or replace is not dependent upon the existence  
4 of insurance. The County or Encumbrance Holder, as the case  
5 may be, shall reimburse Lessee for said rebuilding or  
6 replacement out of and to the full extent of the proceeds of  
7 said insurance that may be held by County or Encumbrance  
8 Holder to the extent that payments are required for such  
9 rebuilding or replacement. Any surplus proceeds remaining  
10 after said rebuilding or replacement shall be distributed to  
11 the named insured as their interests may appear. Whenever  
12 any Encumbrance Holder is the Lessee (having succeeded to the  
13 Lessee's interests by operation of law or pursuant to the  
14 terms of this lease) and the demised premises or any improve-  
15 ments thereon are damaged or destroyed as the result of  
16 any hazard which is not covered by insurance pursuant to  
17 this lease (or for which the proceeds from insurance are  
18 less than 80% of the cost of restoration) and if such En-  
19 cumbrance holder elects not to restore such damage, such  
20 Encumbrance Holder shall have the option, exercisable only  
21 within ninety (90) days after such damage or destruction,  
22 to surrender its rights as Lessee upon payment to County of  
23 TEN THOUSAND DOLLARS (\$10,000.00) to be applied to the cost  
24 of clearing the demised premises of destroyed improvements  
25 or repairing any damage, and upon such surrender such Encumbrance  
26 Holder shall not have any other liability or obligation to  
27 the County of any kind by virtue of its failure to restore

28 and/or repair the demised premises and improvements thereon.]

29 Duplicate policy or policies evidencing such insurance  
30 coverage, in such form as shall be acceptable to County, shall  
31 be filed with Director prior to the commencement of construc-  
32 tion of such improvements, and such policy or policies shall

1 provide that such insurance coverage will not be cancelled or  
2 reduced without at least thirty (30) days prior written notice  
3 to Director. At least thirty (30) days prior to the expira-  
4 tion of any such policy, a certificate showing that such in-  
5 surance coverage has been renewed shall be filed with Director.

6 26. INDEMNITY CLAUSE AND CASUALTY INSURANCE.

7 Lessee shall at all times relieve, indemnify, protect  
8 and save harmless County and its Boards, officers, agents and  
9 employees from any and all claims and liability, including  
10 expenses incurred in defending against the same, for the  
11 death of or injury to persons or damage to property, in-  
12 cluding property owned or controlled by or in the possession  
13 of County, or any of its officers, agents, or employees, that  
14 may in whole or in part arise from or be caused by (a) the  
15 operation, maintenance, use, or occupation of the herein  
16 demised premises by Lessee, (b) the acts, omissions, or  
17 or negligence of Lessee, its agents, officers, employees,  
18 or permittees, or (c) the failure of Lessee to observe or  
19 abide by any of the terms and conditions of this lease or  
20 any applicable law, ordinance, rule, or regulation; the  
21 obligation of Lessee to so relieve, indemnify, protect and  
22 save harmless County, and each of its Boards, officers, and  
23 employees, shall continue during any periods of occupancy  
24 of or holding over by Lessee, its agents, officers, employees,  
25 or permittees, beyond the expiration or other termination  
26 of this lease.

27 Lessee shall maintain in full force and effect during  
28 the term of this lease, comprehensive general liability  
29 insurance with bodily injury and property damage liability  
30 limits of not less than One Hundred Thousand Dollars  
31 (\$100,000.00) per person and Two Hundred Thousand Dollars  
32 (\$200,000.00) per occurrence of death or bodily injury

1 and Ten Thousand Dollars (\$10,000.00) per occurrence of  
2 property damage; and Lessee agrees that County, its Board  
3 of Supervisors and members thereof, and County's and Board's  
4 officers, agents, and employees, shall be named as additional  
5 insureds under such liability insurance policy or policies.

6 A duplicate policy evidencing such insurance coverage  
7 shall be filed with Director within ten (10) days of the  
8 execution of this lease by County and prior to any entry  
9 upon the premises herein demised, and said policy shall pro-  
10 vide that such insurance coverage shall not be cancelled or  
11 reduced without at least thirty (30) days prior written  
12 notice to Director. At least thirty (30) days prior to  
13 the expiration of any such policy, a policy showing that  
14 such insurance coverage has been renewed or extended shall  
15 be filed with Director.

16 The amounts of casualty insurance by this Section  
17 required shall be subject to renegotiation at the same  
18 time and in the same manner as the amounts of rent here-  
19 under.

20 27. WORKMEN'S COMPENSATION INSURANCE.

21 Lessee shall maintain in force during the term of  
22 this lease, in an amount and with coverage satisfactory  
23 to Director, Workmen's Compensation Insurance. A certi-  
24 ficate evidencing such insurance coverage shall be filed  
25 with Director prior to entry upon the premises herein  
26 demised.

27 28. FAILURE TO PROCURE INSURANCE.

28 In case of failure on the part of Lessee to procure  
29 or renew the herein required insurance, County may, at  
30 its discretion, procure or renew such insurance and pay  
31 any and all premiums in connection therewith and all monies  
32 so paid by County shall be repaid, by Lessee, to County

1 upon demand.

2 29. TAXES AND ASSESSMENTS.

3 Lessee agrees to pay before delinquency all lawful  
4 taxes, assessments, fees, or charges which at any time  
5 may be levied by the State, County, City, or any tax or  
6 assessment levying body upon any interest in this lease  
7 or any possessory right which Lessee may have in or to  
8 the premises covered hereby or to the improvements thereon  
9 by reason of its use or occupancy thereof or otherwise,  
10 as well as all taxes, assessments, fees, and charges on  
11 goods, merchandise, fixtures, appliances, equipment, and  
12 property owned by it in, on, or about said premises.

13 30. ACCOUNTING AND RECORDS.

14 In order to determine the amount of and provide  
15 for the payment of the rental due hereunder, Lessee shall  
16 at all times during the term of this lease, and for twelve  
17 months thereafter, keep, or cause to be kept, locally, to  
18 the satisfaction of Director, true, accurate, and complete  
19 records and double-entry books of account, such records to  
20 show all transactions relative to the conduct of operations,  
21 and to be supported by documents of original entry such as,  
22 but without limit to, sales slips, cash register tapes, and  
23 purchase invoices.

24 All sales shall be recorded by means of cash registers  
25 which publicly display the amount of each sale and auto-  
26 matically issue a customer's receipt or certify the amount  
27 recorded on a sales slip. Said cash registers shall in all

28 cases have locked-in sales totals and transaction counters  
29 which are constantly accumulating and which cannot, in  
30 either case, be reset, and in addition thereto, a tape  
31 located within the register on which transaction numbers  
32 and sales details are imprinted. Beginning and ending

1 cash register readings shall be made a matter of daily  
2 record.

3 No later than the 15th day of each calendar month,  
4 Lessee shall render to County a detailed statement showing  
5 gross receipts during the preceding calendar month,  
6 together with the amount payable to County as elsewhere  
7 herein provided, and shall accompany same with remittance  
8 of amount so shown to be due.

9 Books of account and records hereinabove required  
10 shall be kept or made available at the demised premises or  
11 at such other locations as is agreeable to County, and  
12 County shall have the right at any and all reasonable times  
13 to examine and audit said books and records without  
14 restriction for the purpose of determining the accuracy  
15 thereof and of the monthly statements of gross receipts  
16 derived from occupancy of the demised premises.

17 County may require the installation of any additional  
18 accounting methods or machines which in its sole discretion  
19 it deems necessary.

20 31. ACCOUNTING YEAR.

21 The term "accounting year" as used herein shall mean  
22 a period of twelve (12) consecutive calendar months, the  
23 first accounting year commencing concurrently with the  
24 beginning of the term of this lease and ending on the  
25 last day of the twelfth calendar month following the  
26 beginning of said term; thereafter the "accounting year"  
27 shall be each period of twelve (12) consecutive calendar  
28 months.

29 32. COST OF AUDIT.

30 In the event Lessee does not make available its  
31 original records and books of account at the leased premises  
32 or within the territorial limits of the County of Los Angeles,



1 Lessee agrees to pay all necessary expenses incurred by  
2 County in conducting any audit at the location where said  
3 records and books of account are maintained.

4 33. ENTRY BY COUNTY.

5 County and its duly authorized representatives or  
6 agents may enter upon said demised premises at any and  
7 all reasonable times during the term of this lease for  
8 the purpose of determining whether or not Lessee "is comply-  
9 ing with the terms and conditions hereof, or for any other  
10 purpose incidental to the rights of County.

11 34. RIGHT OF ENTRY AS AGENT.

12 In any and all cases in which provision is made herein  
13 for termination of this lease, or for exercise by County  
14 of right of entry or re-entry upon the demised premises or  
15 in case of abandonment or vacation of the premises by Lessee,  
16 Lessee hereby irrevocably appoints County the agent of Lessee  
17 to enter upon the demised premises and remove any and all  
18 persons and property whatsoever situated upon the demised  
19 premises and place all or any portion of said property,  
20 except such property as may be forfeited to County, in  
21 storage for the account of and at the expense of Lessee.

22 In such case County may relet the premises upon such  
23 terms as County may deem fit, and if a sufficient sum shall  
24 not be thus realized, after paying the expenses of such  
25 reletting and collecting, to satisfy the rent and other  
26 sums herein reserved to be paid, Lessee agrees to pay any  
27 deficiency, and to pay the expenses of such reletting and  
28 collecting.

29 Lessee hereby exempts and agrees to save harmless  
30 County from any cost, loss, or damage arising out of or  
31 caused by any such entry or re-entry upon the demised  
32 premises and the removal of persons and property and

1 storage of such property by County and its agents.

2 35. MAINTENANCE OF PREMISES.

3 Lessee shall give prompt notice to County of any  
4 fire or damage that may occur from any cause whatsoever.  
5 Lessee shall to the satisfaction of Director keep and  
6 maintain the leased premises and all improvements of any  
7 kind which may be erected, installed, or made thereon by  
8 Lessee in good and substantial repair and condition,  
9 including painting, and shall make all necessary repairs  
10 and alteration thereto.

11 County shall not at any time be required to make any  
12 improvements or repairs whatsoever except that County may  
13 at its sole discretion do any necessary dredging, filling,  
14 grading, slope protecting, construction of sea walls, or  
15 repair of water system, sewer facilities, roads, or other  
16 County facilities in order to protect the leased premises  
17 or the adjoining premises.

18 Lessee expressly agrees to maintain the leasehold  
19 in a safe, clean, wholesome, and sanitary condition, to  
20 the complete satisfaction of Director and in compliance  
21 with all applicable law. Lessee further agrees to provide  
22 proper containers for trash and garbage and to keep the  
23 demised premises, both land and water areas thereof, free  
24 and clear of rubbish and litter. County shall have the  
25 right to enter upon and inspect the said premises at any  
26 time for cleanliness and safety.

27 36. REPAIRS BY COUNTY.

28 Lessee shall from time to time make any and all  
29 necessary repairs to or replacement of any equipment,  
30 structure, structures, or other physical improvements,  
31 upon the demised premises, in order to comply with any and  
32 all regulations, laws, or ordinances of the State of

1 California, County of Los Angeles, City of Los Angeles,  
2 or other governmental body, which may be applicable.

3 If Lessee fails to make any such repairs or replace-  
4 ments as required, County may notify Lessee of said default  
5 in writing, and should Lessee fail to cure said default  
6 and make said repairs or replacements within a reasonable  
7 time as established by County, County may make such repairs  
8 or replacements and the cost thereof, including, but not  
9 limited to, the cost of labor, materials, and equipment,  
10 shall be charged against Lessee and shall become a part  
11 of the rental for the period next following the period of  
12 default, or the same may be prorated over a period of time  
13 to be determined by the County.

14 37. SPECIAL SERVICES.

15 In addition to the rental charges as herein provided,  
16 Lessee shall pay all service charges for furnishing water,  
17 power, sewage disposal, light, telephone service, garbage  
18 and trash collection, and all other utilities, to said  
19 premises.

20 38. SIGNS, AWNINGS, UTILITY LINES, AERIALS, AND ANTENNAE.

21 No signs or awnings shall be erected or maintained upon  
22 the demised premises (other than inside any buildings con-  
23 structed by Lessee or sublessee), except such signs as show  
24 the business or profession of Lessee or sublessee. All such  
25 signs must be approved by Director. All utility lines, and  
26 specifically the ones for the utilities mentioned in Section  
27 6, shall be underground. Aerials and antennae shall conform

28 to the minimum standards of construction and architectural  
29 treatment mentioned in Section 5.

30 39. HAZARDOUS SUBSTANCES.

31 No goods, merchandise, or material shall be kept, stored  
32 or sold in or on said demised premises which are in any way

1 explosive or hazardous; and no offensive or dangerous trade,  
2 business, or occupation shall be carried on therein or thereon,  
3 and nothing shall be done on said premises, which will cause  
4 an increase in the rate of or cause a suspension or cancella-  
5 tion of the insurance upon said or other premises and the  
6 improvements thereon.

7 No machinery or apparatus shall be used or operated  
8 on said leased premises which will in any way injure said  
9 premises, or improvements thereon, or adjacent or other  
10 premises, or improvements thereon; provided, however, that  
11 nothing in this Section contained shall preclude Lessee  
12 from bringing, keeping, or using on or about said premises  
13 such materials, supplies, equipment, and machinery as are  
14 appropriate or customary in carrying on its said business,  
15 or from carrying on its business in all usual respects.

16 Open flame welding or burning, gasoline or other fuel  
17 storage is expressly prohibited without a written consent  
18 of Director first had and obtained.

19 40. NUISANCE.

20 Lessee shall not permit the property hereby demised  
21 to be used for any unlawful purpose and shall not perform,  
22 permit, or suffer any act of omission or commission upon  
23 or about said property or any building or construction  
24 thereon which would result in a nuisance or a violation  
25 of the laws and ordinances of the United States, State of  
26 California, or the City or County of Los Angeles, as the  
27 same may be now or hereafter in force and effect.

28 41. RULES AND REGULATIONS.

29 Lessee shall abide by all applicable rules, regula-  
30 tions, resolutions, ordinances, and statutes of the  
31 County of Los Angeles, the City of Los Angeles, and the  
32 State of California, or other governmental body, where

1 applicable, respecting the use, operation, maintenance,  
2 repair, or improvement of the leased premises and equipment,  
3 and shall pay for any and all licenses required in connection  
4 with the use, operation, maintenance, repair, or improve-  
5 ment of the leased premises.

6 42. RESERVATIONS.

7 Lessee expressly agrees that this lease and all rights  
8 hereunder shall be subject to all prior exceptions, reserva-  
9 tions, leases, licenses, easements, and rights-of-way of  
10 record now existing in, to, over, or affecting the leased  
11 premises for any purpose whatsoever.

12 43. EMINENT DOMAIN.

13 If the whole or any substantial part of the premises  
14 hereby leased shall be taken by any paramount public auth-  
15 ority under the power of eminent domain then the term of  
16 this lease shall cease as to the part so taken from the  
17 day the possession of that part shall be taken for any  
18 public purpose, and from that day Lessee shall have the  
19 right either to cancel this lease or to continue in the  
20 possession of the remainder of the premises under the terms  
21 herein provided, except that the square foot rental shall  
22 be reduced in proportion to the amount of the premises  
23 taken.

24 All damages awarded for such taking shall belong to  
25 and be the property of County; provided, however, that  
26 County shall not be entitled to any portion of the award  
27 made for loss of business installation or structures,  
28 buildings, or other improvements belonging to Lessee  
29 immediately prior to the taking of possession by the  
30 condemning authority.

31 44. FREE USE OF FACILITIES.

32 There shall be no free use of services or facilities

1 provided on or from said premises which would in any way  
2 violate Section 506 of the Bond Resolution incorporated  
3 by reference in this agreement.

4 45. QUIET ENJOYMENT.

5 Lessee, upon performing its obligations hereunder,  
6 shall have the quiet and undisturbed possession of the  
7 demised premises throughout the term of this lease.

8 46. BOND RESOLUTION.

9 Reference is hereby made to Chapter 14, Part 2,  
10 Division 2, Title 3, of the Government Code of the State  
11 of California, sometimes referred to as the Act, and to  
12 that certain resolution of the Board of Supervisors of  
13 the County of Los Angeles authorizing and providing for  
14 the issuance of \$13,000,000 of Marina del Rey Revenue Bonds  
15 of 1959 of said County and providing the terms and con-  
16 ditions for the issuance of said bonds as adopted by said  
17 Board on September 8, 1959, including amendments ordered  
18 September 15, 1959, and November 10, 1959, which are  
19 hereby incorporated by reference in full as part of this  
20 agreement.

21 47. TIME.

22 Time is of the essence of this lease and applies  
23 to all times, restrictions, conditions, and limitations  
24 contained herein; this lease shall bind Lessee and its  
25 sublessees, assigns, successors, heirs, administrators,  
26 or legal representatives, as the case may be.

27 48. FEDERAL HOUSING ADMINISTRATION FINANCING REQUIREMENTS.

28 Upon any default under this lease, where the leasehold  
29 is subject to a mortgage or trust deed insured, reinsured  
30 or held by the Federal Housing Commissioner, County shall  
31 give mortgagee and the Federal Housing Commissioner notice  
32 in writing, and the mortgagee and the Federal Housing Com-

1 missioner, their successors and assigns, shall have the  
2 right at any time within six (6) months from the date of  
3 such notice to correct the default and reinstate the lease,  
4 or, if County declares the lease forfeited and secures  
5 possession of the leased premises, the mortgagee or the  
6 Federal Housing Commissioner within six (6) months of such  
7 forfeiture and securing of possession may elect to request  
8 and receive a new lease running to mortgagee or Federal  
9 Housing Commissioner, their successors and assigns, having  
10 the same provisions and conditions as this lease and having  
11 a term equal to the remaining term of this lease, except that  
12 the Federal Housing Commissioner's liability for ground  
13 rental shall not extend beyond his occupancy thereunder, the  
14 County to deliver possession of the property immediately upon  
15 the execution of such new lease, and the mortgagee or  
16 Federal Housing Commissioner to pay to County the amount of  
17 ground rentals due under this lease less any net rentals or  
18 other income which County may have received during the time  
19 it may have been in possession of the property.

20 County may accept in lieu of the performance and payment  
21 bonds required by this lease, the bond required by the  
22 Federal Housing Commissioner in connection with construction  
23 of a project financed with an FHA insured loan, if County  
24 finds such bonds to be satisfactory as to form and amount  
25 and County is made a co-obligee on such bond.

26 In lieu of the requirements for hazard insurance in this  
27 lease, County may accept hazard insurance as required by the  
28 Federal Housing Commissioner, if the terms of such insurance  
29 are satisfactory to County, and the County is included as an  
30 insured under the policy as its interests may appear.

31 IN WITNESS WHEREOF, the COUNTY OF LOS ANGELES, by order  
32 of its Board of Supervisors, has caused this amendment to

1 lease to be executed on its behalf by the Chairman of said  
2 Board and attested by the Clerk thereof, and the Lessee  
3 has executed this amendment to lease, or caused it to be  
4 duly executed this 22 day of October, 1968.

5 (SEAL)

JACKBILT, INC., a corporation

6  
7 ATTEST:

8 EXECUTIVE OFFICER  
9 JAMES S. MIZE, Clerk  
of the Board of  
Supervisors

By John D. Maharg

President

By James S. Mize

Secretary

10  
11 By James S. Mize

Deputy

12  
13  
14 APPROVED AS TO FORM:

15 JOHN D. MAHARG  
County Counsel

By Frank J. Borsari

Chairman, Board of Supervisors

17  
18 By James S. Mize

Deputy

19  
20  
21 APPROVED BY  
BOARD OF SUPERVISORS

22 OCT 22 1968

23  
24 James S. Mize  
JAMES S. MIZE  
EXECUTIVE OFFICER