Amended and Restated Lease Agreement
AMENDED AND RESTATED LEASE AGREEMENT

by and between

County of Los Angeles

and

Marina-Airport Building, Ltd.

(Parcel 76--Lease No. 8042)

Dated as of July 18, 2000
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AMENDED AND RESTATED LEASE AGREEMENT
PARCEL 76--MARINA DEL REY

THIS AMENDED AND RESTATED LEASE AGREEMENT ("Lease") is made and entered into as of ______________ [Insert date of execution by County], by and between the COUNTY OF LOS ANGELES ("County"), and MARINA-AIRPORT BUILDING, LTD., a California partnership (together with its permitted successors and assigns, "Lessee").

WITNESSETH

WHEREAS, the parties hereto or their predecessors in interest, on the 17th of April, 1964, entered into Lease No. 8042 (as amended prior hereto, the "Original Lease") whereby Lessee leased from County that certain real property in the Marina del Rey Small Craft Harbor known as Parcel No. 76 and which is more specifically described on Exhibit A attached hereto and incorporated herein by this reference ("Premises"), the term of which extended from May 1, 1964 through April 30, 2024 (the "Original Term"); and

WHEREAS, County and Lessee have entered into that certain Agreement to Amend Lease dated __________, 1999 (the "Agreement"), pursuant to which the County and Lessee have agreed to amend and restate the Original Lease in its entirety, upon the terms and conditions more specifically provided herein, including, without limitation, an extension of the term through April 30, 2063.

NOW, THEREFORE, in reliance on the foregoing and in consideration of the mutual covenants, agreements and conditions set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto and each of them do agree as follows:

1. BACKGROUND AND GENERAL.

1.1. Definitions. The defined terms in this Lease shall have the meanings as follows:

1.1.1. "1999 VALUE" shall have the meaning set forth in subsection 4.8.1.1.
1.1.2. "ACCOUNTING YEAR" shall have the meaning set forth in Section 14.7.

1.1.3. "ACCUMULATION FUND" shall have the meaning set forth in subsection 2.4 of this Lease.

1.1.4. "ACTUAL COST" shall mean the reasonable cost and expenses incurred by County with respect to a particular activity or procedure, including without limitation (i) expenditures to third party legal counsel, financial consultants and advisors and (ii) County's internal overhead and administrative costs, which include without limitation the value of services provided by County’s in-house counsel, lead lease negotiators/administrators and any other lease auditors and other County administrative staff below the level of deputy director (the administrative level which is two levels below the County department head) required by the lead lease negotiators/administrators for technical expertise or assistance.

1.1.5. "ADA" shall have the meaning set forth in Section 1.2.1.

1.1.6. "ADMINISTRATIVE CHARGE" shall have the meaning set forth in Section 4.6.

1.1.7. "AGGREGATE TRANSFER" shall have the meaning set forth in subsection 4.6.3.

1.1.8. "ANNUAL MINIMUM RENT" shall have the meaning set forth in subsection 4.2.1.

1.1.9. "APPLICABLE LAWS" shall have the meaning set forth in subsection 1.2.1.

1.1.10. "APPLICABLE RATE" shall mean an annually compounded rate of interest equal to the lesser of (a) ten percent (10%) per annum or (b) the Prime Rate, as defined in subsection 4.4.6, plus three percent (3%) per annum; however, the Legal Rate shall in no event exceed the maximum rate of interest which may be charged pursuant to Applicable Laws. In the event that the Applicable Rate as determined by the first sentence of this definition exceeds such maximum rate of interest, then the Applicable Rate shall be deemed the maximum rate permissible under Applicable Laws notwithstanding
the first sentence of this definition.

1.1.11. "APPROVED FINAL PLANS, SPECIFICATIONS AND COSTS" shall have the meaning set forth in subsection 5.5.1.

1.1.12. "ASSIGNMENT STANDARDS" shall have the meaning set forth in Section 11.2.

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

1.1.14. "AWARD" shall have the meaning set forth in subsection 6.1.3.

1.1.15. "BENEFICIAL INTEREST" shall have the meaning set forth in subsection 4.6.4.

1.1.16. "BOARD" shall mean the Board of Supervisors for the County of Los Angeles.

1.1.17. "BUSINESS DAY" shall have the meaning set forth in Section 17.3.

1.1.18. "CALCULATION NOTICE" shall have the meaning set forth in Section 4.7.

1.1.19. "CAPITAL EXPENDITURES" shall have the meaning set forth in subsection 2.2.7.2.1.

1.1.20. "CHANGE OF OWNERSHIP" shall have the meaning set forth in subsection 4.6.1.

1.1.21. "CHANGE OF CONTROL" shall have the meaning set forth in subsection 4.6.1.

1.1.22. "CITY" shall mean the city of Los Angeles, California.

1.1.23. "COMPARABLE OFFICE PROPERTIES" shall have the meaning set forth in subsection 4.4.3.1.
1.1.24. "CONDEMNATION" shall have the meaning set forth in subsection 6.1.1.

1.1.25. "CONDEMNOR" shall have the meaning set forth in subsection 6.1.4.

1.1.26. "CONSUMER PRICE INDEX" shall mean the Consumer Price Index—All Urban Consumers for Los Angeles/Riverside/Orange Counties, as published from time to time by the United States Department of Labor or, in the event such index is no longer published or otherwise available, such replacement index as may be agreed upon by County and Lessee.

1.1.27. "COUNTY" shall have the meaning set forth in the first paragraph of this Lease.

1.1.28. "COUNTY OPTION" shall have the meaning set forth in subsection 11.2.4.

1.1.29. "COUNTY OPTION PRICE" shall have the meaning set forth in subsection 11.2.4.

1.1.30. "COUNTY POOL RATE" shall have the meaning set forth in subsection 4.4.6 of this Lease.

1.1.31. "DATE OF TAKING" shall have the meaning set forth in subsection 6.1.2.

1.1.32. "DEPARTMENT" shall mean the Department of Beaches and Harbors of the County of Los Angeles.

1.1.33. "DIRECTOR" shall mean the Director of the Department of Beaches and Harbors of the County of Los Angeles or any successor County officer responsible for the administration of this Lease.

1.1.34. "DISQUALIFICATION JUDGMENT" shall have the meaning set forth in subsection 16.15.1.

1.1.35. "DOCUMENTED TRANSACTION COSTS" shall have the
meaning set forth in subsection 4.8.1.2.

1.1.36. "ENCUMBRANCE" shall have the meaning set forth in subsection 12.1.1.

1.1.37. "ENCUMBRANCE HOLDER" shall have the meaning set forth in subsection 12.1.1.

1.1.38. "ENR INDEX" shall have the meaning set forth in subsection 2.4.1.

1.1.39. "EVENTS OF DEFAULT" shall have the meaning set forth in Section 13.1.

1.1.40. "EXCESS PERCENTAGE RENT PAYMENT" shall have the meaning set forth in subsection 4.2.2.4.

1.1.41. "EXCESS PERMITTED CAPITAL EXPENDITURES" shall have the meaning set forth in subsection 2.4.5.

1.1.42. "EXECUTION DATE" shall mean [Insert Effective Date from Agreement].

1.1.43. "EXCLUDED TRANSFER(S)" shall have the meaning set forth in subsection 4.6.2.

1.1.44. "EXTENDED TERM CAPITAL EXPENDITURES" shall have the meaning set forth in subsection 4.4.2.2.

1.1.45. "EXTENDED TERM RENEGOTIATION DATES" shall have the meaning set forth in Section 4.4.

1.1.46. "EXTENDED TIME" shall have the meaning set forth in Section 16.14.1.

1.1.47. "EXTENSION PAYMENT" shall have the meaning set forth in Section 2.2.

1.1.48. "EXTERIOR IMPROVEMENTS" shall have the meaning set
forth in subsection 2.4.3.

1.1.49. "FAIR MARKET RENTAL VALUE" shall have the meaning set forth in subsection 4.4.1.

1.1.50. "FINANCING EVENT" shall have the meaning set forth in Section 12.1.

1.1.51. "FIRST CATALYTIC PROJECT" shall have the meaning set forth in Section 3.1.

1.1.52. "FORCE MAJEURE" shall have the meaning set forth in subsection 5.6.

1.1.53. "FULL SERVICE GROSS" shall have the meaning set forth in subsection 4.2.2(c).

1.1.54. "GROSS ERROR" shall have the meaning set forth in subsection 16.14.3.

1.1.55. "GROSS RECEIPTS" shall have the meaning set forth in subsection 4.2.2.3.

1.1.56. "IMPROVEMENTS" shall have the meaning set forth in Section 5.1.

1.1.57. "IMPROVEMENT COSTS" shall have the meaning set forth in subsection 4.8.1.1.

1.1.58. "INCOME APPROACH" shall have the meaning set forth in Section 6.5.

1.1.59. "INITIATING PARTY" shall have the meaning set forth in the first paragraph of Article 16.

1.1.60. "INSTITUTIONAL LENDER" shall have the meaning set forth in subsection 12.1.3.1

1.1.61. "LATE FEE" shall have the meaning set forth in Section 4.5.
1.1.62. "LEASE" shall mean this Amended and Restated Lease Agreement.

1.1.63. "LEASE YEAR" shall have the meaning set forth in Section 2.1.

1.1.64. "LESSEE" shall have the meaning set forth in the first paragraph of this Lease.

1.1.65. "LESSEE SALE PRICE" shall have the meaning set forth in subsection 11.2.4.

1.1.66. "MAJOR SUBLEASE" shall have the meaning set forth in subsection 11.1.1.

1.1.67. "MAJOR SUBLESSEE" shall have the meaning set forth in subsection 11.1.1.

1.1.68. "MONTHLY MINIMUM RENT" shall have the meaning set forth in subsection 4.2.1.

1.1.69. "NET AWARDS AND PAYMENTS" shall have the meaning set forth in Section 6.7.

1.1.70. "NET PROCEEDS SHARE" shall have the meaning set forth in Section 4.6.

1.1.71. "NET REFINANCING PROCEEDS" shall have the meaning set forth in subsection 4.8.5.

1.1.72. "NET TRANSFER PROCEEDS" shall have the meanings set forth in subsections 4.8.1 and 4.8.2.

1.1.73. "NOTICE OF COMPLETION" shall have the meaning set forth in subsection 5.7.7.

1.1.74. "OFFICE COMPARABLE RATIO" shall have the meaning set forth in subsection 4.4.3.1.
1.1.75. "OFFICE SPACE" shall have the meaning set forth in Section 4.2.2(c) of this Lease.

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

1.1.77. "ORIGINAL TERM" shall have the meaning set forth in the preamble to this Lease.

1.1.78. "PARKING COVENANT" shall have the meaning set forth in Section 3.4.

1.1.79. "PARKING SPACE RENTAL RATE" shall have the meaning set forth in subsection 3.4.4.

1.1.80. "PARTIAL TAKING" shall have the meaning set forth in Section 6.5.

1.1.81. "PAYMENT BOND" shall have the meaning set forth in subsection 5.5.4.2.

1.1.82. "PERCENTAGE RENT" shall have the meaning set forth in subsection 4.2.2.

1.1.83. "PERFORMANCE BOND" shall have the meaning set forth in subsection 5.5.4.1.

1.1.84. "PERMITTED CAPITAL EXPENDITURE" shall have the meaning set forth in subsection 2.4.3.

1.1.85. "PERMITTED USES" shall have the meaning set forth in Section 3.1.

1.1.86. "PREMISES" shall have the meaning set forth in the first recital to this Lease, as more specifically described in Exhibit A hereto.

1.1.87. "PREMISES OFFICE SPACE" shall have the meaning set forth in subsection 4.4.3.
1.1.88. "PREMISES RENTAL RATE" shall have the meaning set forth in subsection 4.4.3.

1.1.89. "PRIME RATE" shall have the meaning set forth in subsection 4.4.6.

1.1.90. "PROPOSED TRANSFER" shall have the meaning set forth in subsection 11.2.4.

1.1.91. "PUBLIC WORKS DIRECTOR" shall mean the Director of the Department of Public Works of the County of Los Angeles.

1.1.92. "PURCHASE MONEY NOTE" shall have the meaning set forth in subsection 4.7.2.

1.1.93. "RENEGOTIATION PERIOD" shall have the meaning set forth in subsection 4.4.2.

1.1.94. "REPLY" shall have the meaning set forth in Section 16.5.

1.1.95. "RESPONDING PARTY" shall have the meaning set forth in the first paragraph of Article 16.

1.1.96. "SECTION" shall mean a section of this Lease.

1.1.97. "SECURITY DEPOSIT" shall have the meaning set forth in Section 7.1.

1.1.98. "SHALL" and "WILL" are mandatory and the word "MAY" is permissive.

1.1.99. "STATE" shall mean the State of California.

1.1.100. "STATEMENT OF POSITION" shall have the meaning set forth in subsection 16.6.

1.1.101. "SUBSECTION" shall mean a subsection of a Section of this Lease.
1.1.102. "SUBLEASE" shall have the meaning set forth in subsection 11.1.1.

1.1.103. "SUBLESSEE" shall have the meaning set forth in subsection 11.1.1.

1.1.104. "TERM" shall have the meaning set forth in Section 2.1.

1.1.105. "TIME OF THE ESSENCE" shall have the meaning set forth in Section 15.2.

1.1.106. "UNINSURED LOSS" shall have the meaning set forth in Section 10.2.

1.1.107. "WRITTEN APPRAISAL EVIDENCE" shall have the meaning set forth in subsection 16.7.

1.2. **Lease.** For and in consideration of the payment of rentals and the performance of all the covenants and conditions of this Lease, County hereby leases to Lessee, and Lessee hereby leases and hires from County, an exclusive right to possess and use, as tenant, the Premises for the Term (as hereinafter defined) and upon the terms and conditions and subject to the requirements set forth herein.

1.2.1. **As-Is.** Lessee acknowledges that (1) it is currently in possession of the Premises, (2) Lessee or its predecessor-in-interest has continuously occupied and/or managed and operated the Premises since 1964 and (3) the improvements now existing on the Premises were constructed by Lessee or its predecessors with contractors selected by them. Except as provided in subsection 1.2.2, Lessee accepts the Premises in their present condition notwithstanding the fact that there may be certain defects in the Premises, whether or not known to either party to this Lease, at the time of the Execution Date and Lessee hereby represents that it has performed all investigations necessary, including without limitation soils and engineering inspections, in connection with its acceptance of the Premises "AS IS WITH ALL FAULTS". Lessee hereby accepts the Premises on an "AS IS WITH ALL FAULTS" basis and, except as expressly set forth in this Lease, Lessee is not relying on any representation or warranty of any kind whatsoever, express or implied, from County or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the
Premises, including without limitation: (i) the quality, nature, adequacy and physical condition and aspects of the Premises, including, but not limited to, the structural elements, foundation, roof, protections against ocean damage, erosion, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, HVAC, plumbing, sewage and utility systems, facilities and appliances, and the square footage of the land and within the improvements and within each space therein, (ii) the quality, nature, adequacy and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Premises, (iv) the development potential of the Premises, and the Premises' use, habitability, merchantability or fitness, or the suitability, value or adequacy of the Premises for any particular purpose, (v) the zoning or other legal status or entitlement or lack thereof of the Premises or any other public or private restrictions on use of the Premises, (vi) the compliance of the Premises with any applicable codes, laws, rules, regulations, statutes, resolutions, ordinances, covenants, conditions and restrictions of County, City, State, the United States of America, the California Coastal Commission and/or any other governmental or quasi-governmental entity ("Applicable Laws") or of any other person or entity (including, without limitation, relevant provisions of the Americans with Disabilities Act ("ADA"), (vii) the presence of any underground storage tank or hazardous materials on, under or about the Premises or the adjoining or neighboring property, (viii) the quality of any labor and materials used in any improvements, (ix) the condition of title to the Premises, and (x) the economics of the operation of the Premises.

1.2.2. Title. County represents that County owns fee title to the Premises and that County has authority to enter into this Lease. Lessee hereby acknowledges the title of County and/or any other public entity or agency having jurisdiction thereover, in and to the Premises, and covenants and agrees never to contest or challenge the extent of said title, except as is necessary to ensure that Lessee may occupy the Premises pursuant to the terms and conditions of this Lease.

2. TERM.

2.1. Term. Unless terminated sooner in accordance with the provisions of this Lease, the term of this Lease shall be for a period of ninety nine (99) years, commencing on May 1, 1964 and expiring at 11:59 p.m. on April 30, 2063 ("Term"). Each twelve month period during the Term, commencing May 1 and ending April 30
of the following calendar year, is referred to herein as a "Lease Year".

2.2. **Extension Payments.** In consideration for County’s agreement to enter into this Lease, Lessee shall pay to County as hereinafter provided the principal sum of three million seven hundred fifty thousand and 00/100 dollars ($3,750,000) [or such different amount as is determined to be the Lease Extension Value under the Agreement] (the “Extension Fee”), together with annually compounded interest on the unpaid balance from the Execution Date until paid in full at seven percent (7%) per annum through the date which is five (5) years after the Execution Date and thereafter at the greater of (i) seven percent (7%) per annum or (ii) the County Pool Rate (as defined in subsection 4.4.5), calculated as of each anniversary of the Execution Date. Pursuant to the Agreement, Lessee has heretofore paid to County an “Amendment Fee” in the amount of one hundred thousand and no/100 dollars ($100,000), which Amendment Fee shall be credited against the Extension Fee. On the Execution Date, Lessee shall pay County two hundred forty thousand nine hundred nine and no/100 dollars ($240,909). The remaining Extension Fee shall be paid by Lessee to County in ten (10) annual principal payments of three hundred forty thousand nine hundred nine and 00/100 dollars ($340,909) each [or 1/10th of the remaining Extension Fee if the amount of the Extension Fee is adjusted pursuant to the Agreement], together with interest on the entire unpaid balance as calculated above (the “Extension Payments” and, individually, an “Extension Payment”). The Extension Payments shall be due and payable on or before the anniversary of the Execution Date for each calendar year commencing in 2000. The entire unpaid balance of the Extension Payments, with accrued interest thereon, may be prepaid at any time. Any uncured failure by Lessee to make an Extension Payment is acknowledged to be a monetary default of the terms and conditions of this Lease and shall give rise to County’s remedies as set forth herein, including without limitation County’s right to terminate this Lease.

2.3. **Appraisal of Extension of Original Term.** The parties hereto agree and acknowledge that, prior to the Execution Date, County has conducted an appraisal of the value, as of July 1, 1999, of the thirty nine (39) year extension of the Original Term from April 30, 2024 to April 30, 2063 as provided herein (the “Lease Extension Value”). The Lease Extension Value was appraised as the amount by which (i) the fair market value as of July 1, 1999 of the Lessee’s interest in this Lease from and after July 1, 1999 through the end of the Term (as extended herein), exceeds (ii) the fair market value as of July 1, 1999 of the Lessee’s interest in the Original Lease from and after July 1, 1999 through the end of the Original Term. The parties acknowledge that the amount of the Extension Fee is not less than fair consideration.
for the lease extension.

2.4. **Accumulation Fund Requirements.** Lessee agrees to make annual contributions to a fund established by Lessee (the "Accumulation Fund") for Permitted Capital Expenditures (as defined below). The Accumulation Fund shall be maintained in a commercial bank, savings and loan institution or other institution acceptable to County. Copies of the six most recent monthly statements relating to the Accumulation Fund shall be delivered to County semi-annually, by May 1 and November 1 of each year.

2.4.1. **Annual Contributions.** On or before January 2 of each calendar year from 1999 to and including 2024, Lessee shall deposit the sum of one hundred twenty five thousand and 00/100 ($125,000) to the Accumulation Fund. Notwithstanding the foregoing, Lessee may make the Accumulation Fund deposit(s) attributable to the 1999 calendar year within five (5) days after the date this Lease is executed by the County, without penalty or interest, without being in default hereunder. The amount of each annual contribution subsequent to contribution for the 1999 calendar year shall be adjusted each year by the percentage increase or decrease from January 1, 1999, in the Engineering News Record (ENR) Construction Cost Index for the Los Angeles Area or such substitute index as the parties may mutually agree upon if such index is no longer published or otherwise available (the "ENR Index") over the ENR index for the prior year; provided, however, in no event shall such adjustment result in an annual contribution of less than the sum of one hundred twenty five thousand and 00/100 ($125,000). Interest and earnings which accrue on the funds deposited in the Accumulation Fund shall remain the property of, and shall be payable to, Lessee and shall not become part of the Accumulation Fund. Notwithstanding anything to the contrary provided herein, Lessee may provide County with a letter of credit, bond or other security satisfactory to Director in lieu of making cash deposits to the Accumulation Fund.

2.4.2. **Permitted Capital Expenditures.** Tenant shall use the funds deposited in the Accumulation Fund to make Permitted Capital Expenditures consistent with those capital expenditures made by owners of comparable (in age, quality, construction type and scope of tenant services) office properties in southern California from time to time. Lessee and County agree and acknowledge that a primary purpose of the Accumulation Fund shall be the ongoing revitalization of the buildings on the Premises through the renovation,
upgrading, addition and installation of attractive and visible physical improvements to the exterior and common areas of the buildings on the Premises. The funds deposited in the Accumulation Fund shall be used only for Permitted Capital Expenditures.

2.4.3. A “Permitted Capital Expenditure” is an expenditure by Lessee for an addition, replacement, renovation or significant upgrade of or to the buildings on the Premises (including up to $800,000 for Asbestos removal referred to in subsection (a) below), their exteriors or their major building systems (such as HVAC, mechanical, electrical, plumbing, vertical transportation, security, communications, structural or roof) which significantly increases the capacity, efficiency, useful life or economy of operation of the buildings or their major systems, as appropriate. Permitted Capital Expenditures do not include periodic, recurring or ordinary expenditures or replacements that keep the buildings or their major systems in an ordinarily efficient operating condition but do not significantly add to their value or appreciably prolong their useful life. Permitted Capital Expenditures include items considered capital replacements, improvements and equipment under generally accepted accounting principles consistently applied.

Permitted Capital Expenditures shall be expended as follows:

(a) Lessee may expend the cumulative sum of up to eight hundred thousand dollars ($800,000) from the Accumulation Fund to remove, dispose of and/or otherwise abate the presence of asbestos and asbestos-containing materials on the Premises. The funds shall be expended and the abatement and removal shall be effectuated as expeditiously as possible consistent with reasonable commercial property management practices, taking into account the vacation of tenant space needing asbestos abatement and/or removal by the respective sublessees;

(b) “Exterior Improvements” shall consist of attractive and visible Permitted Capital Expenditures, to be set forth in the annual plan required by subsection 2.4.4 and approved by the Director, which shall include work in at least each of the first six (6) of the following categories: (1) perimeter walkways, lighting and benches, (2) refurbishment/replacement of four sides of the parking structure, (3) new retail facades, (4) relandscaping of Premises, (5) refurbishment of ground level exterior along Mindanao and Admiralty Way frontages, (6) implementation of a landscaping plan for the Premises and (7) such other attractive and visible Permitted Capital Expenditures as Director may approve from time to time. The Exterior Improvements
shall be completed at a cost of not less than an amount equal to the first twelve (12) years' required contributions to the Accumulation Fund (i.e. an amount which would have a present value of $1,500,000 using the annual ENR Index changes as the discount percentage) at or prior to the earlier of (i) December 31, 2008 or (ii) two (2) years following the issuance of the initial Certificate of Occupancy for the First Catalytic Project. Upon completion of such Exterior Improvements, the carryover limitation set forth in the last sentence of subsection 2.4.5 shall be waived with respect to Permitted Capital Expenditures.

(c) Except for funds therein which are used for the asbestos removal and abatement described in (a) above and the Exterior Improvements, Lessee shall use the funds available in the Accumulation Fund for Permitted Capital Expenditures consistent with the expenditures made by owners and managers of comparable office properties in Southern California, such Permitted Capital Expenditures to be approved by Director as provided in subsection 2.4.4 below. In the event Lessee disagrees with Director’s disapproval of a Permitted Capital Expenditure plan, Lessee shall have the ability to cause Director to refer Lessee’s claim to County’s Board of Supervisors, whose disposition of the claim shall be final and binding on all parties.

2.4.4. No later than January 15 of each calendar year (or, with respect to the 1999 calendar year, within fifteen (15) days after the Execution Date), Lessee shall provide annual certified written reports satisfactory to County detailing the Permitted Capital Expenditures made by Lessee since the last such written report, together with Lessee’s annual plan for Permitted Capital Expenditures in the then current calendar year (which plan shall be subject to the Director’s written approval on behalf of County; the Director shall have the right to allocate reasonably Permitted Capital Expenditures among the categories set forth in subsection 2.4.3(b), above, as part of its action on any annual plan which includes Permitted Capital Expenditures for Exterior Improvements). The annual report shall also state the amount of the Accumulation Fund as of the date of issuance of such report. Lessee shall not make any Permitted Capital Expenditure, or series of related Permitted Capital Expenditures in any calendar year, except to the extent that such Permitted Capital Expenditures are included in Lessee’s annual plan approved by the Director on behalf of County; notwithstanding the foregoing, Lessee may make Permitted Capital Expenditures to respond to unforeseeable events or emergencies in a manner...
consistent with actions taken and expenditures made by other owners of comparable (in age, quality, construction type and scope of tenant services) office properties in similar situations, in which case Lessee shall notify Director immediately of the unforeseeable event or emergency and, within thirty (30) days after payment, of the cost and nature of such expenditure. Any expenditures not so submitted for Director’s approval may be disallowed. In the event that County provides notice to Lessee that County has determined that Lessee has expended funds in the Accumulation Fund for a use other than a Permitted Capital Expenditure, then Lessee shall return an amount equal to the amounts so expended to the Accumulation Fund within thirty (30) days after notice from County. Disputes regarding the approval or disapproval of Permitted Capital Expenditures and the allowance or disallowance of specific expenditures shall be resolved by arbitration as provided in Article 16.

2.4.5. **Carryover of Expenditures.** In the event that Lessee makes Permitted Capital Expenditures which exceed the amounts in the Accumulation Fund (“Excess Permitted Capital Expenditures”), then, provided that either (a) such Excess Permitted Capital Expenditures had been included in an Annual Permitted Capital Expenditure Plan submitted to and approved by County, or (b) within thirty (30) days of the payment of such Excess Permitted Capital Expenditures, the amount and use of such Excess Permitted Capital Expenditures are submitted to and approved by County, then in either event Lessee may credit such Excess Permitted Capital Expenditures, without interest, against its obligation to make subsequent annual contributions to the Accumulation Fund. Notwithstanding the foregoing but subject to the possible waiver provided in the last sentence of subsection 2.4.3(b) hereof, regardless of the amount or use of such Excess Permitted Capital Expenditures, no such credit or carryover of Excess Permitted Capital Expenditures may exceed ten (10) years of contributions to the Accumulation Fund.

2.4.6. **Exhaustion of Fund.** All funds in the Accumulation Fund or amounts secured by a Letter of Credit or bond (as provided in subsection 2.4.1) shall be expended for Permitted Capital Expenditures by no later than December 31, 2024.

2.5. [Intentionally Deleted].
2.6. **Holdover.** In the event that Lessee holds over beyond the Term with the written consent of County, which may be withheld or granted in County's sole and absolute discretion, such holdover shall be from month to month only, shall not be deemed to be a renewal or extension of the Term hereof (which shall in no event exceed a total of ninety nine (99) years) and shall be at one hundred twenty five percent (125%) of the then monthly rental provided herein at the expiration of the Term.

2.7. **Ownership of Improvements During Term.** Until the expiration of the Term or sooner termination of this Lease and except as specifically provided herein, Lessee shall own all structures, buildings or improvements now existing and constructed by Lessee or its predecessors or hereafter constructed by Lessee upon the Premises, and all alterations, additions, or betterments made thereto by Lessee.

2.8. **Reversion of Improvements.** Upon the expiration of the Term or sooner termination of this Lease, whether by cancellation, forfeiture or otherwise:

2.8.1. **County's Election to Receive Improvements.** At the election of County, all structures, buildings, improvements and all alterations, additions, and betterments thereto, and all other improvements made to or upon the Premises shall remain upon and be surrendered with the Premises as part thereof and title thereto shall vest in County without compensation therefor to Lessee. Nothing contained herein shall be construed to deny or abrogate the right of Lessee, prior to the expiration of the Term or termination of this Lease, to receive any and all proceeds which are attributable to the Condemnation of business installations, improvements, structures and buildings belonging to Lessee immediately prior to the taking of possession by the Condemnor as said rights are set forth in Article 6 of this Lease or to remove any furniture, fixtures or equipment not intended to be permanently affixed, any signage, any personal property or any ornamental fixtures upon the expiration of the Term or earlier termination of this Lease or at any time during the Term, subject to Lessee's obligations under this Lease to use the Premises for the Permitted Uses.

2.8.2. **Duty to Remove.** No later than ten (10) years prior to the expiration of the Term, Lessee shall deliver to County a report prepared by a construction and demolition expert approved by County, such approval not to be unreasonably withheld or delayed, which report details and estimates the cost of removing all improvements on the Premises at the expiration of the
Term. County may give written notice at any time, no later than five (5) years prior to the expiration of the Term or concurrently upon any earlier termination, of County’s election to require Lessee to remove, at the sole cost and expense of Lessee, not later than the expiration of the Term or earlier termination of this Lease, all or any portion of the at grade, above grade and below grade structures, buildings and improvements of any kind whatsoever placed or maintained on the Premises, whether placed thereon or maintained by Lessee or others, including, but not limited to, concrete foundations, pilings, structures and buildings; and if such structures are removed by Lessee, then Lessee shall, upon the expiration or termination of this Lease, immediately restore, and quit, and peacefully surrender possession of, the Premises to County in good, usable and buildable condition, consisting of a level, graded buildable pad with no excavations, hollows, hills or humps. If Lessee has received written notice of County’s election to require Lessee to remove improvements hereunder, Lessee shall, no later than the date which is ninety (90) days after the date upon which Lessee received such notice from County, provide County with a letter of credit, bond or other security or deposit of funds, in form, issuer and amount satisfactory to County, to secure the discharge of Lessee’s removal and restoration obligations pursuant to this subsection. The amount of the letter of credit, bond or other security or deposit shall be no less than the estimated costs to remove the improvements set forth in the report described above, adjusted annually to reflect the increase or decrease, if any, in the ENR Index over the ENR Index as of the date of cost estimation set forth in such expert report; provided, however, that in no event shall such adjustment result in a letter of credit, bond or other security or deposit of an amount less than that set forth in the expert report. County may elect to cause Lessee to deliver to County the amount of such letter of credit, bond or other security or deposit upon the expiration of the Term hereof in satisfaction of Lessee’s obligation to remove the improvements, in which case Lessee shall turn over the Premises to County in good and workmanlike condition, consistent with the condition of other buildings, structures and improvements of comparable age and construction quality. A failure by County to elect, on or prior to the date which is five (5) years prior to the expiration of the Term, to cause Lessee to provide the letter of credit, bond or other security described above shall constitute County’s election to receive the improvements as set forth in Section 2.8.1.

2.8.3. **County’s Right to Remove Improvements.** If, following an election by County to cause Lessee to remove the buildings, structures and
improvements as described in Section 2.8.2, Lessee fail to so remove said structures, buildings and improvements and restore the Premises, County may sell, remove or demolish the same, in event of which sale, removal or demolition Lessee shall reimburse County for any cost or expense thereof in excess of any funds received by County through the security above provided and any consideration received by County as a result of such sale, removal or demolition.

2.8.4. **Duty to Remove Equipment, Etc.** No later than the expiration of the Term or sooner termination of this Lease, Lessee shall in any event remove at its cost and expense such equipment and appliances as are not firmly affixed to said structures, buildings and improvements or reasonably necessary for the orderly operation of the Premises. Should Lessee fail to so remove said appliances or fixtures within said period, and said failure continues for ten (10) days after written notice from County to Lessee, Lessee shall lose all right, title and interest in and thereto, and County may elect to keep the same upon the Premises or to sell, remove, or demolish the same, in event of which sale, removal, or demolition Lessee shall reimburse County for its Actual Costs in excess of any consideration received by County as a result of said sale, removal or demolition.

2.8.5. **Title to Certain Improvements Passes to County; Lessee to Maintain.** As between County and Lessee, title to all utility lines, transformer vaults and all other utility facilities constructed or installed by Lessee upon the Premises shall vest in County upon construction or installation to the extent that they are not owned by a utility. Notwithstanding the foregoing sentence, such utility lines, transformer vaults and all other utility facilities, shall be maintained, repaired, and replaced, if and as needed, by Lessee during the Term.

3. **USE OF PREMISES.**

3.1. **Specific Primary Use.** The Premises shall be used by Lessee primarily for the operation and management of a first class office building facility, retail, restaurant and related parking operations, and such other related and incidental uses as are specifically approved by County (collectively, the foregoing shall be referred to herein as the "Permitted Uses"). At any time, Lessee may seek County approval for a theatre or cinema use on the Premises, which may be given or withheld at County's sole discretion; provided, however, that Lessee agrees and acknowledges
that County may enter into a noncompetition agreement with other lessees or concessionaires in connection with the operation of theatre and/or cinema uses at the "First Catalytic Project" adjacent to the Premises, and such agreements, if entered into, may limit theatre and/or cinema uses on the Premises. The "First Catalytic Project" is a proposed retail/entertainment center of approximately 140,000 - 350,000 rentable square feet, which may additionally include boat launching and dry storage facilities, located between Mindanao Way and Fiji Way on the west side of Admiralty Way, including without limitation those parcels known as "Parcel 49", "Parcel 52" and "Parcel GG". Except as specifically provided herein, the Premises shall be used for no other purpose without the prior written consent of County. County makes no representation or warranty regarding the continued legality of the Permitted Uses or any of them, and Lessee bears all risk of an adverse change in Applicable Laws.

3.2. **Prohibited Uses.** Notwithstanding the foregoing:

3.2.1. **Nuisance.** Lessee shall not conduct or permit to be conducted any private or public nuisance on the Premises, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, weeds or undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon any portion of the Premises, except in appropriate receptacles intended for such purposes, nor shall any portion of the Premises be maintained so as to render said Premises a fire hazard or unsanitary, unsightly, offensive, or detrimental nor shall any similar activity be permitted on any other portion of the Premises or on any adjacent public street or adjacent property.

3.2.2. **Restrictions and Prohibited Uses.** Without expanding upon or enlarging the Permitted Uses of the Premises as set forth in this Lease, the following uses of the Premises are expressly prohibited:

3.2.2.1. The Premises shall not be used or developed in any way which is inconsistent with any applicable governmental or public agency requirements;

3.2.2.2. The Premises shall not be used or developed in any way in a manner inconsistent with the Permitted Uses. Without limiting the foregoing, no part of the Premises shall be used by any person for any adult entertainment purposes, as such term refers to
graphic, explicit and/or obscene depictions of sexual activity;

3.2.2.3. No improvement on the Premises shall be permitted to fall into disrepair and all improvements shall at all times be kept in good condition and repair consistent with the operation and management of a comparable commercial office building facility (in terms of location, access, construction type and tenant services) of comparable age, size and quality, with related retail and related parking facilities, in southern California from time to time;

3.2.2.4. No condition shall be permitted to exist upon the Premises which shall induce, breed or harbor infectious plant diseases, rodents, or noxious insects and Lessee shall take such measures as are appropriate to prevent any conditions from existing on the Premises which create a danger to the health or safety of those employees working at or persons patronizing the Premises;

3.2.2.5. Without the prior written approval of Director, no antennae or other device for the transmission or reception of television signals or any other form of electromagnetic radiation shall be erected, used or maintained by Lessee outdoors above ground on any portion of the Premises, whether attached to an improvement or otherwise;

3.2.2.6. No tools, equipment, or other structure designed for use in boring for water, oil, gas or other subterranean minerals or other substances, or designed for use in any mining operation or exploration, shall hereafter be erected or placed upon or adjacent to the Premises, except as is necessary to allow Lessee to perform its maintenance and repair obligations pursuant to this Lease; and,

3.2.2.7. No adverse environmental condition in violation of Applicable Laws shall be permitted to exist on any portion of the Premises, nor shall any toxic or hazardous wastes be permitted to be generated, treated, stored, disposed of, or otherwise deposited in or on or allowed to emanate from the Premises or any portion thereof, including, without limitation, into the surface waters and subsurface waters thereof; provided, however, that toxic or
hazardous substances may be stored or used, so long as such storage and use is (a) ancillary to the ordinary course of business of an otherwise Permitted Use with the intent that such substances will be used in the ordinary course of business, and (b) conducted in compliance with all Applicable Laws.

3.3. **Active Public Use.** The parties acknowledge that the ultimate objective of the County in connection with this Lease is the complete and continuous use of the facilities and amenities located in Marina del Rey by and for the benefit of the public, without discrimination as to race, gender or religion, along with the generation and realization of revenue therefrom. Accordingly, Lessee agrees and covenants that it will operate the Premises fully and continuously in light of these objectives, consistent with the operation of a commercial office and retail facility, and that it will use commercially reasonable efforts so that County may obtain maximum revenue therefrom as contemplated by this Lease. In the event of any dispute or controversy relating hereto, this Lease shall be construed with due regard to the aforementioned objectives.

3.4. **County Parking Rights.** From the Execution Date through the date which is five (5) years after the Execution Date, County shall have the right to elect to require Lessee to enter into a recordable agreement with County providing for County operation and use of portions of the parking structure on the Premises as more specifically provided herein (the “Parking Covenant”). County shall have no right to require Lessee to enter into the Parking Covenant unless County notifies Lessee in writing of County’s election to do so no later than the fifth anniversary of the Execution Date. If County elects to exercise its right to cause Lessee to enter into the Parking Covenant, County and Lessee agree promptly (and shall attempt within thirty (30) days) to prepare and to execute any additional documentation as may be reasonably required by County or Lessee to evidence the County’s rights provided hereunder. County’s rights under the Parking Covenant may be licensed or subleased by County in connection with such permitted uses only, but shall not be otherwise assignable without the consent of Lessee. The Parking Covenant shall commence upon the earlier of (i) the date upon which County commences actual use of the parking spaces subject to the Parking Covenant and (ii) the date which is five years and one day after the Execution Date. The term of the Parking Covenant shall be for the balance of the Term hereof. Notwithstanding the foregoing and without regard to the exercise by County of its rights to cause Lessee to enter into the Parking Covenant, the parking spaces located within the existing parking structure on the Premises shall be open and available to the general public on weekends and
holidays when, and as requested by Director.

3.4.1. **Extent of County Parking Rights.** The Parking Covenant shall permit County to operate and utilize specified levels in the parking structure on the Premises containing up to seven hundred fifty three (753) legally striped parking spaces (i) from 6:00 p.m. until 2:00 a.m. the following day on Mondays through Thursdays (except holidays); (ii) from 6:00 p.m. on Fridays until 2:00 a.m. Mondays; and (iii) subject to the next sentence, all day on the following holidays ("Holidays"): New Year’s Day, Martin Luther King Day, President’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day; and if any of the foregoing days falls on a Saturday, the preceding Friday is a holiday; if any of the foregoing days falls on a Sunday, the following Monday is a holiday. Lessee shall have the right to reduce the County’s number of parking spaces on up to two (2) Holidays per year if Lessee provides written notice to County at least thirty (30) days prior thereto, based on a survey of Lessee’s then office tenants, demonstrates that such office tenants will need parking on such Holiday or Holidays; in that event, the County’s number of parking spaces will be reduced to the balance of the parking spaces not needed for those office tenants on such date or dates. On weekends and Holidays, the Parking Covenant shall extend to levels in the parking structure on the Premises containing a total of up to eight hundred sixty (860) legally striped parking spaces. From and after the commencement of the Parking Covenant, the area containing the spaces subject to the Parking Covenant shall not be modified or decreased, by reason of restriping or for any other reason, without the written consent of County, which shall not be unreasonably withheld. The spaces shall be provided to County in a manner which permits County to comply with all Applicable Laws. Lessee acknowledges that County’s rights hereunder shall include but are not limited to the right of County to receive all parking revenues during the period and for the spaces covered by the Parking Covenant and to approve an operational plan to be implemented by Lessee or its parking operator which charges members of the general public (other than subtenants of the Premises and their employees and other invitees of Lessee) for the right to park motor vehicles on an unreserved basis in those levels and to use “tandem” or other “stacked” parking arrangements within such areas with parking attendants present, which County approval rights shall extend to the method of collection of such charges, the issuance and maintenance of receipts, the tracking and computation of operating costs and the manner of recordkeeping and accounting. County shall be reasonable in exercising its right to approve the
operational parking plan, taking into account the terms of this Lease; failure of County to approve or disapprove in writing within twenty (20) business days after receipt of any operational plan (with a bold faced notice similar to that required in subsection 11.1 hereof) shall be deemed approval of such plan.

3.4.2. **Minimum Parking Rights.** If it elects to cause Lessee to enter into the Parking Covenant, County shall pay for the use of no less than two hundred fifty (250) parking spaces per month during the term of the Parking Covenant at the Parking Space Rental Rate.

3.4.3. **Adjustment of Number of Spaces.** During the term of the Parking Covenant, County shall provide Lessee with annual written notice by October 31 of each year of County’s parking requirements for the next Lease Year, subject to the minimum and maximum levels set forth in subsections 3.4.1 and 3.4.2; in the event that County fails to deliver such notice, the parking requirements shall be deemed to be the same as those for the previous year. The number of spaces subject to the Parking Covenant may additionally be equitably adjusted in the event that, following a casualty, full or partial condemnation or other taking, and to the extent that such casualty, condemnation or other taking has rendered Lessee reasonably unable to comply with the terms of the Parking Covenant consistent with the requirements of Applicable Laws and the contractual obligations of Lessee to provide parking for Sublessees.

3.4.4. **Payment for County Usage of Parking Spaces.** For the first seventy-two (72) months of the term of the Parking Covenant, County shall pay Lessee the sum of twelve dollars and ninety cents ($12.90) per legally striped parking space per month (as such amount may be adjusted pursuant to this Section 3.4.4, the “Parking Space Rental Rate”) for each legally striped parking space in the parking levels rented pursuant to the Parking Covenant in that Lease Year. As of the first day of the seventy-third month of the term of the Parking Covenant, and on each anniversary thereafter, the Parking Space Rental Rate shall be adjusted by the percentage change in the Consumer Price Index from the previous date upon which the Parking Space Rental Rate was so adjusted (and if there has been no such previous date, then the date which is five (5) years after the date upon which the term of the Parking Covenant commenced); in addition, together with payment of the adjusted Parking Space Rental Rate due for the seventy third month of the Parking Covenant, County shall pay to Lessee, without interest, an amount representing the additional sum which would have been payable to Lessee during the sixty-
seventh (67th) through the seventy second months of the Parking Covenant, had the Parking Space Rental Rate, as adjusted by CPI as of the first day of the seventy third month, been implemented as of the beginning of the sixty seventh month.

3.4.5. County Responsibility for Operating and Maintenance Costs. County shall reimburse Lessee on a monthly basis for the actual incremental costs incurred by Lessee as a result of County’s use of the spaces subject to the Parking Covenant or Lessee’s operation and maintenance of such spaces during the periods within which County has parking rights, provided that such incremental costs are ordinary and necessary non-capital costs which do not exceed comparable costs for such operational (in the event that Lessee or its agent operates the portions of the parking structure subject to County’s parking rights) and maintenance items as experienced by comparable parking facilities in the west side of Los Angeles. For the purposes of this subsection, “incremental costs” are out-of-pocket non-capital costs incurred by Lessee, or on its behalf, that Lessee can reasonably establish that it would not have incurred but for the requirements imposed by the Parking Covenant and this Section 3.4 including without limitation the cost of extra staff, security, maintenance, repairs, cleanup costs and insurance. Lessee’s incremental costs and expenses shall be subject to County review and audit as reasonably required by Director to verify such costs and expenses. Notwithstanding anything to the contrary provided herein, Lessee shall have no right to offset County parking reimbursements against rental payments or other payment required herein.

3.4.6. Exemption from Gross Receipts. Notwithstanding anything to the contrary contained in this Lease, neither the Parking Space Rental payments nor the reimbursements for incremental parking operational expenses paid by County and received by Lessee shall be included in the definition of “Gross Receipts” for the purposes of determining or calculating the Percentage Rent (as hereinafter defined) payable under this Lease.

3.4.7. Use of Parking Spaces. The parking levels subject to the Parking Covenant may be used by County to permit members of the general public to park motor vehicles in conjunction with all commercial and entertainment uses in the “First Catalytic Project” and all office, retail, hotel, restaurant, theater, convention and public special event uses and activities conducted in Marina del Rey; provided, however, that (1) overnight parking (past 2 a.m.) will be permitted only in conjunction with hotel uses and (2) the
use of the parking spaces in connection with County or public special events shall be limited to no more than thirty (30) days per year without the prior written reasonable consent of Lessee. Lessee agrees and acknowledges that County may permit members of the general public to use the spaces on the parking levels subject to the Parking Covenant and define the terms and conditions of such public use.

3.5. **Days of Operation.** The parking structure on the Premises shall be open every day of the year, subject to the terms and conditions hereof. Any changes in the days and/or hours of operation shall be subject to the written approval of County.

3.6. **Signs and Awnings.** Any and all art, displays, identifications, monuments, awnings and advertising signs which are placed on, or are visible from, the exterior of the Premises shall be only of such size, design, wording of signs and color as shall have been specifically submitted to and approved by Director, whether pursuant to Article 5 of this Lease or otherwise, in writing, prior to the erection or installation of said art, sign, display, identification, monument, awning or advertising sign; provided, however, that Director hereby approves those artworks, signs, displays, identifications, monuments, awnings and advertising signs which are existing and placed on the Premises as of the Execution Date and are included on a written schedule of such items which is delivered to and approved by Director prior to the Execution Date.

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

3.8. **Rules and Regulations.** Lessee agrees to comply with such other reasonable rules and regulations governing the use and occupancy of the Premises as may be promulgated by County from time to time for general applicability on a non-discriminatory basis to (i) commercial properties, (ii) parking facilities and (iii) other operations conducted on the Premises and delivered in writing to Lessee. Such rules and regulations shall be consistent with general practices for comparable properties and/or land owned by governmental entities such as County.

3.9. **Reservations.** Lessee expressly agrees that this Lease and all rights hereunder shall be subject to all prior encumbrances, reservations, licenses,
easements and rights of way existing as of the date hereof or otherwise referenced in this Lease in, to, over or affecting the Premises for any purpose whatsoever.

Without limiting the foregoing, Lessee expressly agrees that this Lease and all rights hereunder shall be subject to all prior matters of record and the right of County or City existing as of the Execution Date or otherwise disclosed to or known to Lessee, as their interests may appear, to install, construct, maintain, service and operate sanitary sewers, public roads and sidewalks, fire access roads, storm drains, drainage facilities, electric power lines, telephone lines and access and utility easements across, upon or under the Premises, together with the right of County or the City of Los Angeles to convey such easements and transfer such rights to others.

4. **PAYMENTS TO COUNTY.**

4.1. **Net Lease.** The parties acknowledge that the payments to be made by Lessee under this Lease are intended to be absolutely net to County. The rent and other sums to be paid to County hereunder are not subject to any demand, set-off or other withholding. Except as specifically set forth herein, Lessee shall be solely responsible for all capital costs (including, without limitation, all structural and roof repairs or replacements) and operating expenses attributable to the operation and maintenance of the Premises, including without limitation the parking areas included within the Premises.

4.1.1. **Utilities.** In addition to the rental charges as herein provided, Lessee shall pay all utility and service charges for furnishing water, power, sewage disposal, light, telephone service, garbage and trash collection and all other utilities and services, to said Premises.

4.1.2. **Taxes and Assessments.** Lessee agrees to pay before delinquency all lawful taxes, assessments, fees, or charges which at any time may be levied by the State, County, City or any tax or assessment levying body upon any interest in this Lease or any possessory right which Lessee may have in or to the Premises covered hereby or to the improvements thereon for any reason, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on or about the Premises. Lessee’s obligation to pay taxes and assessments hereunder shall include but is not limited to the obligation to pay any taxes and/or assessments, or increases in taxes and/or assessments arising as a result of the grant to Lessee of the Option or Lessee’s exercise thereof. Lessee shall have the right to contest the amount of any assessment imposed against the Premises or the possessory interest therein; provided, however, the
entire expense of any such contest (including interest and penalties which may accrue in respect of such taxes) shall be the responsibility of Lessee.

The parties acknowledge that the Premises are and shall continue to be subject to possessory interest taxes, and that such taxes shall be paid by Lessee. This statement is intended to comply with Section 107.6 of the Revenue and Taxation Code. Lessee shall include a statement in all Subleases to the effect that the interests created therein may also be subject to possessory interest taxes, and that the Sublessee shall be responsible for any and all possessory interest taxes on the Sublessee's interest; however, Lessee acknowledges that the payment of such possessory interest taxes is the ultimate responsibility of Lessee.

4.2. Rental Payments. Throughout the Term, for the possession and use of the Premises granted herein, Lessee shall pay County a monthly amount equal to the greater of (a) Monthly Minimum Rent or (b) Percentage Rent.

4.2.1. Annual Minimum Rent and Monthly Minimum Rent. As more specifically provided herein, the minimum rent payable to County during each year of the Term ("Annual Minimum Rent") shall be the sum of Five Hundred Sixty Two Thousand Five Hundred and 00/100 Dollars ($562,500). Annual Minimum Rent shall be payable by Lessee to County on a monthly basis. "Monthly Minimum Rent" shall be computed by dividing Annual Minimum Rent by twelve (12). As of the date hereof Monthly Minimum Rent shall be sum of Forty Six Thousand Eight Hundred Seventy Five and 00/100 Dollars ($46,875) per month.

4.2.2. Percentage Rent. For the purposes of this Lease, "Percentage Rent" for any given month or year shall be defined as the sum of the amounts set forth in this Section. Gross Receipts (as defined herein) from each transaction, sale or activity of Lessee and/or any sublessee (other than gross receipts of subtenants of the "Office Space" as defined in subsection 4.2.2(c)), shall be reported under one or more of the following percentage categories, as applicable. It is understood that Article 3 of this Lease provides for the Permitted Uses of the Premises and that the percentage categories listed below are not all applicable to this Lease and are in no way intended to expand or modify the Permitted Uses. Director, by Policy Statement and with the approval of Lessee, Auditor-Controller and County Counsel, has interpreted and may further interpret the percentage categories as set forth in this subsection 4.2.2, with such determinations and interpretations 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 herein:

(a) [Intentionally Deleted];

(b) [Intentionally Deleted];

(c) ELEVEN PERCENT (11%) 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 ELEVEN PERCENT (11%), and (7) offices (including parking privileges in connection therewith) utilized for banking, financial or investment activities, internal clerical or administrative activities, business enterprises, real estate and insurance brokerage, legal, medical, engineering, telecommunications companies, internet service providers, travel agencies, or similar services (collectively, "Office Space"), 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;

Office Space Percentage Rental Adjustment. Notwithstanding the foregoing, the Percentage Rent attributable to Office Space shall be adjusted as follows: for the period from May 1, 1998 to April 30, 2002, the Percentage Rent attributable to Lessee's Gross Receipts from Office Space shall be eleven percent (11%). Such Percentage Rent shall increase to twelve percent (12%) on the earlier of (i) May 1, 2002 or (ii) the first day of the first month in which Lessee's monthly Gross Receipts from the Office Space (excluding any parking receipts), as determined by Lessee subject to audit by County, averages two dollars and twenty five cents ($2.25) per rentable square foot, calculated on a full service gross basis (i.e., where the occupant's rent includes its pro rata share of operating expenses and real property taxes for the building; hereinafter, "Full Service Gross"). Thereafter, the
Percentage Rent attributable to the Office Space shall be twelve percent (12%) through the next Renegotiation Date. Furthermore, in no event shall the determination of the Fair Market Rental Value as of the May 1, 2005 Renegotiation Date result in a Percentage Rent attributable to the Office Space for the period beginning May 1, 2005 and ending on April 30, 2015 that is less than ten percent (10%) of the Gross Receipts derived from such Office Space.

Percentage Rental Paid or Due and Payable. County and Lessee acknowledge and agree that the Percentage Rent attributable to the Office Space for the period from May 1, 1995 to April 30, 1998 is ten percent (10%) of Gross Receipts therefrom which amount, less the Annual Minimum Rent paid to County during that period, with interest thereon at the interest rate(s) set forth in subsection 4.4.6, has been paid. Any Percentage Rent for the period from May 1, 1998 until the end of the month immediately prior to the Execution Date shall be paid, together with interest (but no Late Fee) thereon as provided in this lease, by Lessee to County on the Execution Date.

(d) ____ PERCENT (___%) 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) ____ PERCENT (___%) 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 (such as, but not limited to, car rental and valet parking);

(g) ____ PERCENT (___%) of Gross Receipts received by Lessee or sublessee or ____ PERCENT (___%) of any commissions or fees collected from
commercial boating activities including, but not limited to, charter boat, bareboat charters and sportfishing boats;

(h) FIVE PERCENT (5%) of Gross Receipts received by Lessee or sublessee or TWENTY-FIVE PERCENT (25%) of any commissions or other fees collected for the installation and/or operation of coin-operated vending or service machines including pay telephones;

(i) TEN PERCENT (10%) of Gross Receipts from the operation of a bar, tavern, cocktail lounge, discotheque, night club or other facilities engaged primarily in the on-premises sale of alcoholic beverages except as provided for in Subsection (j);

(j) THREE AND ONE-HALF PERCENT (3½%) 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) [Intentionally Deleted];

(l) [Intentionally Deleted];

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

(n) ____ PERCENT (___%) of Gross Receipts or other fees charged from the operation of sightseeing boats, tour boats or water taxis;

(o) [Intentionally Deleted];

(p) [Intentionally Deleted];

(q) ____ PERCENT (___%) of Gross Receipts of cover charges or other fees charged for admission to facilities featuring entertainment;

(r) TWENTY PERCENT (20%) of Gross Receipts from parking fees
except as provided for in Subsection (c) in connection with the Office Space; provided, further, that any Parking Rental Charges or operating expense reimbursements collected by Lessee from County in connection with the Parking Covenant shall be excluded from Lessee’s Gross Receipts;

(s) SEVEN PERCENT (7%) of Gross Receipts from the sale of miscellaneous goods and services consistent with the Permitted Uses but not specifically provided for elsewhere in this Section;

(t) TWO PERCENT (2%) of the Gross Receipts from the operation of all stores, shops or boutique selling items at retail; and,

(u) The specific percentages set forth above apply to those Permitted Uses of the Premises which are applicable as of the Execution Date. Where a specific percentage in the foregoing schedule has not been provided for a specific additional or related use, then, concurrent with County or Director’s approval of such additional or related use, Director shall establish the specific percentage to be applied. Such percentage shall be the greater of (1) the average percentage rent received by County with respect to that category of activities within Marina del Rey, California at the time of approval of the additional or related use, and (2) the most recent agreement by County between County and a Marina del Rey lessee, whether by arbitration or otherwise, with respect to the appropriate percentage to be applied to that use. The percentage rent for the additional or related use as determined by Director shall remain in effect until the next Renegotiation Date.

4.2.2.1. If Director or Lessee determine that a percentage of Gross Receipts is not suitable or applicable for a particular activity not described above, although permitted hereunder, Director and Lessee shall mutually establish a minimum monthly payment to County as payment for the privilege of engaging therein, which shall remain effective until the next Renegotiation Date. Said minimum monthly amount shall be reasonable in accordance with the revenue generated by such activity and shall be included in Percentage Rent, as determined hereunder, in lieu of a percentage of Gross Receipts therefor. If Director and Lessee cannot agree upon such reasonable minimum monthly payment, the matter shall be resolved by arbitration as provided in Article 16 hereof.

4.2.2.2. Accounting Records and Procedures. Lessee
agrees to and shall comply with, and shall cause all of its sublessees, licensees, permittees and concessionaires to agree to and comply with, the recordkeeping and accounting procedures, as well as the inspection and audit rights granted to County, set forth in Article 14 of this Lease.

4.2.2.3. **Gross Receipts.** Except as herein otherwise provided, the term "Gross Receipts" as used in this Lease means all money, cash receipts, or other things of value, including but not limited to gross charges, sales, rentals, common area maintenance payments, operating expense reimbursements, fees and commissions made or earned by Lessee and/or all its assignees, Sublessees, licensees, permittees or concessionaires from any business, use, occupation or any combination thereof, originating, transacted, or performed in whole or in part, on the Premises, including but not limited to rentals, the rendering or supplying of services and the sale of goods, wares or merchandise. Lessee acknowledges that "Gross Receipts" includes, without limitation, credits provided to occupants of the Office Space relating to such items as excess tenant improvement allowances and utility credits.

(1) Except as otherwise set forth herein, there shall be no deduction from Gross Receipts for any overhead or cost or expense of operation, such as, without limitation, salaries, wages, costs of goods, interest, debt amortization, rent credit, collection costs, discounts from credit card operations, insurance and taxes.

(2) Gross Receipts shall not include direct taxes imposed upon the consumer and collected therefrom by Lessee such as, without limitation, retail sales taxes, excise taxes, or related direct taxes paid periodically by Lessee to a governmental agency accompanied by a tax return statement.

(3) Gross Receipts reported by Lessee and its Sublessees, assignees, licensees, Lessees and permittees must include the usual charges for any services, goods, rentals or facilities provided by Lessee or its Sublessees, assignees, licensees, concessionaires or permittees. Lessee shall use commercially reasonable efforts to collect all contracted rentals and other charges
from said Sublessees, assignees, licensees, Lessees and permittees. Bona fide bad debts for amounts owed by subtenants, assignees, licensees concessionaires or permittees may be deducted from Gross Receipts to the extent that such amounts have been previously reported as Gross Receipts; however, there shall be no deduction for bad debts based on past experience or transfer to a bad debt reserve. Subsequent collection of bad debts previously not reported as Gross Receipts shall be included in Gross Receipts at the time they are collected. Notwithstanding anything to the contrary contained herein, Lessee shall be permitted to make monthly payments of Percentage Rent using the cash method of accounting to determine Gross Receipts, provided that Lessee provides County with an annual reconciliation of its cash basis determination of Gross Receipts (together with payment of any additional Percentage Rent due) to the accrual method.

(4) Gross Receipts shall not include any of the following items:

a. goods returned to suppliers or which are delivered for resale (as opposed to delivery) to another retail location or to a warehouse or to any retailers without profit to Lessee, where such returns or deliveries are made solely for the convenient operation of the business of Lessee or sublessee and not for the purpose of consummating a sale made in, about or from the Premises;

b. an amount equal to the cash refunded or credit allowed on merchandise returned by customers and accepted by Lessee, or the amount of cash refunded or credit allowed thereon in lieu of Lessee's acceptance thereof, but only to the extent that the sales relating to such merchandise were made in, about or from the Premises; provided that whenever Lessee accepts a credit slip as payment for goods or services, the amount of credit shall be included in Gross Receipts.

c. sales of fixtures, equipment or property which are not Lessee's stock in trade;
d. receipts from insurance claims other than rental interruption or business interruption insurance; and,

e. interest earned by Lessee on funds arising from the Premises or the use thereof, deposited or maintained by Lessee in banks or similar financial institutions.

f. the Cost of Lessee’s subtenants’ submetered electricity, provided (1) each subtenant’s obligation to reimburse Lessee for such subtenant’s electrical charges is separate and apart from such tenant’s obligation to pay rent for its occupancy of the Premises; (2) the reimbursed sum is in an amount equal to the Cost of the subtenant’s electricity; and, (3) the receipt is actually credited against the cost of the subtenant’s electricity. For the purpose of the foregoing sentence, the “Cost” of the subtenant’s electricity shall mean the actual costs incurred by Lessee, exclusive of overhead and general and administrative expenses, in paying the portion of the respective utility’s electric bill that is allocable to the subtenant based on such subtenant’s submetered consumption of electricity, and in paying the portion of any third party submeter reading and service charge to each submeter that is actually read and a direct allocation of the submeter service charge to each such submeter that is serviced. County shall have the right to approve all submeters and to challenge the legitimacy or amount of any Cost, and all disputes regarding such County approvals or challenges, if not resolved by the parties within thirty (30) days after notice to Lessee of such disapproval or challenge, shall be resolved by arbitration pursuant to Article 16 of this Lease.

4.2.2.4. Excess Payments Credit. If rent payments actually made by Lessee in a particular Lease Year exceed the total rentals actually due for that year as computed on an annual basis at the end of each Lease Year, Lessee shall be permitted to credit that excess amount (“Excess Percentage Rent Payment”) against the succeeding monthly installments of Percentage Rent otherwise due under this subsection 4.2.2 until such time as the entire Excess Percentage Rent Payment has been recouped. If Lessee makes an Excess Percentage Rent Payment in the final Lease Year of the Term, County shall refund such amount to Lessee within thirty (30) days of
its discovery and verification of such overpayment.

4.2.2.5. **Effect of Sublessee, etc. Doing Business.** Except as specifically provided to the contrary in this Lease, 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 Item (7) of Subsection (c) of subsection 4.2.2, 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 Item (7) of Subsection 4.2.2 (c).

4.2.2.6. **Interest; Etc.** 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.

4.2.2.7. **Percentage Rent Does Not Affect Permitted Uses.** It is understood and acknowledged by Lessee that Section 3.1 of this Lease sets forth the Permitted Uses of the Premises by Lessee; thus, the Percentage Rent categories listed in subsection 4.2.2 are not all necessarily applicable to this Lease and are in no way intended to expand the Permitted Uses.

4.2.2.8. **Policy Statements.** Director, by Policy Statement and with the approval of Lessee, Auditor-Controller and County Counsel may further interpret the definition of gross receipts, with such interpretations to be a guideline in implementing the foregoing subsections of this Lease.

4.3. **Adjustments to Annual Minimum Rent.** As of May 1, 2001 and as of each third anniversary of said date thereafter (each an “Adjustment Date” and collectively the “Adjustment Dates”), the Annual Minimum Rent shall be adjusted. Until May 1, 2024, the Annual Minimum Rent shall be adjusted as of each Adjustment Date to the amount which equals seventy five percent (75%) of the average of the scheduled total annual rent due (including Monthly Minimum Rent and Percentage Rent) from Lessee to County under Section 4.2 of this Lease during the thirty six (36) month period immediately preceding the Adjustment Date.
4.4. **Renegotiation of Insurance and Annual Minimum and Percentage Rents.** Effective May 1, 2005, May 1, 2015, May 1, 2024, May 1, 2034, May 1, 2044 and May 1, 2054 (each a "Renegotiation Date" and collectively, the "Renegotiation Dates; the Renegotiation Dates from and after May 1, 2024 are sometimes referred to herein as the “Extended Term Renegotiation Dates”), the Annual Minimum Rent (commencing May 1, 2024) and Percentage Rent (commencing May 1, 2005) shall be readjusted to the Fair Market Rental Value (as defined below) of the Premises. Additionally, the insurance levels set forth in Article 9 hereof shall be adjusted as of each Renegotiation Date.

4.4.1. **Fair Market Rental Value.** As used herein, "Fair Market Rental Value" shall mean, as of each Renegotiation Date, the fair market rent (including an annual minimum rent taking into account market provisions for setting minimum rent), expressed as respective percentages of Gross Receipts in accordance with the categories enumerated in subsection 4.2.2 (except as to the specific numeric percentages provided as of the date of this Lease, which numeric percentages are subject to change based upon future market conditions), which the Premises (with any and all improvements existing thereon deemed to be owned by County as of the Renegotiation Date) would bring, on an absolute net basis, taking into account the Permitted Uses, all relevant and applicable County policies and all of the other terms, conditions and covenants contained in the Lease, if the Premises were exposed for lease for a reasonable time on an open and competitive market to a lessee for the purpose of operating and managing a commercial office project with related parking and retail facilities while preserving and encouraging public access to and use of the Premises, where County and the respective tenant are dealing at arms length and neither is under abnormal pressure to consummate the transaction, together with all restrictions, franchise value, earning power and all other factors and data taken into account in accordance with California law applicable from time to time to eminent domain proceedings. Notwithstanding the foregoing, in no event shall the determination of the Fair Market Rental Value as of the May 1, 2005 Renegotiation Date result in a Percentage Rent attributable to the Office Space for the period beginning May 1, 2005 and ending April 30, 2015 that is less than ten percent (10%) of the Gross Receipts derived from such Office Space.

4.4.2. **Renegotiation Period.** Not more than one (1) year nor less than nine (9) months prior to the Renegotiation Date, Lessee shall deliver to County written notice setting forth Lessee's determination of the Fair Market
Rental Value of the Premises. Lessee’s notice shall include a list of comparable properties (which need not be the same as the Comparable Office Properties) and/or complete copies of any appraisals which it has utilized in its determination, together with such other information regarding such competitive properties or the Premises as Lessee deems relevant or as may be reasonably requested by County. Within one hundred twenty (120) days after receipt of Lessee’s notice, if County disagrees with Lessee’s determination, County shall deliver to Lessee written notice of such disagreement, together with County’s determination of Fair Market Rental Value and a list of comparable properties (which need not be the same as the Comparable Office Properties) and/or complete copies of any appraisals which it has utilized in its determination, together with such other information regarding such comparable properties or the Premises as County deems relevant or as may be reasonably requested by Lessee, to the extent available to County. If County fails to deliver to Lessee notice of its disagreement within the aforementioned period and such failure continues for fifteen (15) days after receipt of an additional written notice from Lessee, then Lessee’s determination of Fair Market Rental Value shall be binding on County as of the Renegotiation Date; provided, however, that Lessee’s notice to County shall conspicuously state in bold faced type that such determination of Fair Market Rental Value shall be binding on County unless County delivers notice of its disagreement within such fifteen (15) day period.

If Lessee fails to deliver the notice described in the first sentence of this subsection, setting forth Lessee’s determination of Fair Market Rental Value, and such failure continues for fifteen (15) days after receipt of an additional written notice from County, then County shall submit its determination of Fair Market Rental Value to Lessee, and Lessee shall have fifteen (15) days to deliver to County written notice of Lessee’s agreement or disagreement with County’s determination. If Lessee fails to deliver notice of such disagreement, then County’s determination of Fair Market Rental Value shall be binding on Lessee as of the Renegotiation Date. In addition, with respect to each of the Extended Term Renegotiation Dates, the parties shall comply with the terms and conditions set forth below:

4.4.3. Extended Term Capital and Additional Rent Adjustments: Comparable Office Properties. The parties agree and acknowledge that those commercial properties identified on “Exhibit B-1”, incorporated herein by this reference (“Comparable Office Properties”), in 1999 are generally comparable to
the “Premises Office Space” (which shall mean the Office Space in the Premises except for parking areas and ground floor office areas) and will be used as a collective benchmark for the relative position of the Premises Office Space. Lessee agrees that it will use diligent efforts to maintain the Premises Office Space at the same relative market position to the Comparable Office Properties on each date which is six (6) months prior to each Extended Term Renegotiation Date as exists on July 1, 1999 (the “Premises Market Position”); provided however that if the Premises Office Space fails to meet the Premises Market Position on each Extended Term Renegotiation Date, the Lessee’s obligation shall be as provided in subsections 4.4.3.1 and 4.4.3.2 and if the Lessee performs such obligations, it shall not be in default of this provision. For purposes of determining whether any Extended Term Capital Improvements or Extended Term Rent Adjustments are required hereunder to maintain the Premises Market Position, the parties will determine as of the date which is six (6) months prior to each Extended Term Renegotiation Date whether the ratio (the “Office Comparable Ratio”) of the “Premises Rental Rate” to the “Deemed Comparable Rental Rate”, each as hereinafter defined, is less than such ratio as of July 1, 1999. The Parties agree that, as of July 1, 1999, the Office Comparable Ratio was Seventy Seven Percent (77%). Exhibit B-2, attached hereto, shows the calculations used to arrive at the initial Office Comparable Ratio. No later than two hundred forty (240) days prior to each Extended Term Renegotiation Date commencing in 2024 the parties shall jointly retain, and share the cost equally of, a third party real estate brokerage firm with extensive experience in the West Los Angeles market to prepare the Office Comparable Ratio using the methodology indicated on Exhibit B-2 for the 1999 Office Comparable Ratio; if the parties do not agree on the selection of such brokerage firm, they shall apply to the Presiding Judge of the Los Angeles County Superior Court to select such a brokerage firm for this purpose.

The “Deemed Comparable Rental Rate” shall mean the weighted average, by square footage leased, office space rental rates, calculated on a Full Service Gross basis, for the Comparable Office Properties, excluding any portion of the rental rate which is included to amortize (at the Prime Rate) above-standard tenant improvements (for each building) or other non-rent tenant concessions (e.g. lease takeover costs; reduced parking charges; overtime air conditioning costs; etc.), for the last 10% of rentable area leased in each of the Comparable Office Properties. If, for any of the leases included in such last 10% of rentable areas leased, it is established that there is a free rent period, the rent stated in the lease shall be
reduced by the dollar amount of the free rent amortized over the term of the lease, computed and applied monthly on a per square foot basis; similarly if such leases include guaranteed increases in rent, the net present value (calculated at a discount rate of the Prime Rate in effect on the date which is six (6) months prior to each Extended Term Rent Adjustment Date) of such increased rent shall be included in the calculations.

Office properties shall be removed from the schedule of Comparable Office Properties from time to time to reflect the demolition or change of use of certain properties from office space to other uses or where a Comparable Office Property becomes eighty percent (80%) or more leased or occupied by a single tenant. If the number of buildings on Exhibit B is reduced to ten (10) or fewer, the parties may add replacement office properties by mutual consent.

The “Premises Rental Rate” shall mean the weighted average, by square footage leased, of office space rental rates, calculated on a Full Service Gross basis, for the last 10% of Premises Office Space rentable area leased excluding any portion of the rental rate which is included to amortize (at the Prime Rate) above-standard tenant improvements (for each building) or other non-rent tenant concessions; such excluded matters, and the treatment of free rent or guaranteed rent increases, shall be the same as provided in the definition of Deemed Comparable Rental Rate. For purposes of establishing the dates to be used for measuring rents and determining whether the space is within the last 10% of rentable area leased in the Comparable Office Properties and in the Premises Office Space, the dates to be used shall be the dates on which new tenants took occupancy or, for continuing tenants, the first date such tenants were subject to a new negotiated rental rate which was not specified in their pre-existing leases.

The third party brokerage firm (described above) shall deliver to Lessee and County within ninety (90) days after its appointment, its conclusions as to the Office Comparable Ratio, the Premises Rental Rate, and the Deemed Comparable Rental Rate together with supporting data, and either party shall have forty five (45) days after receipt thereof in which to challenge any individual lease cited as a source for either the Deemed Comparable Rental Rate or the Premises Rental Rate on the basis that the stated rental rate has been distorted by the inclusion of above-standard tenant improvements or other non-rent concessions such as lease takeover costs, below-market parking arrangements, overtime utility costs, etc. If the parties are unable to agree within fifteen (15) days after such challenge, then the issue(s) shall be resolved by arbitration as provided in subsections 4.4.4, 4.4.5 and Article 16.
of the Lease.

4.4.3.1. **Extended Term Capital Expenditures.** If, as of each Extended Term Renegotiation Date, the Office Comparable Ratio is less than the Office Comparable Ratio as of the Execution Date, then Lessee shall be required to undertake a plan to spend (and, once such plan is approved by the Director and in place, to actually implement such plan by spending), as of each Extended Term Renegotiation Date, a sum of no less than five percent (5%) nor more than ten percent (10%) of the then current value of the leasehold, including the value of any improvements on the Premises (determined by following the procedure provided in Section 4.4.2 above for determining Fair Market Rental Value), on Capital Expenditures to improve the Premises ("Extended Term Capital Expenditures") as reasonably determined is appropriate to return the Premises to the Office Comparable Ratio by an expenditure of such 5% to 10% of value (or as nearly so as is possible with such an expenditure). If Director determines that it is prudent to disburse the Extended Term Capital Expenditures upon some date other than immediately upon approval of the plans, Director shall have the authority to approve an alternative spending program, provided that Lessee provides County with adequate security or a Letter of Credit to assure its compliance with the obligation to expend the full amount necessary for the Extended Term Capital Expenditures.

4.4.3.2. **Extended Term Rental Adjustment.** Notwithstanding the foregoing, and notwithstanding anything to the contrary contained in this Lease, if, as of each Extended Term Renegotiation Date, the Office Comparable Ratio is less than such ratio as of the date of Execution Date, then, from and after such Extended Term Renegotiation Date, the Percentage Rent attributable to Lessee's Gross Receipts derived from the Premises Office Space shall be increased so that County derives the amount of Percentage Rent from the Premises Office Space that it would have received after the Extended Term Renegotiation Date had the Office Comparable Ratio remained unchanged between the Execution Date and the date six (6) months prior to each such Extended Term Renegotiation Date (the "Extended Term Rental Adjustment"). From completion by Lessee of any then required Extended Term Capital
Expenditures, other than those that Director has determined to be prudent to disburse upon some later date pursuant to an alternate spending program (as provided in the last sentence of Section 4.4.3.1), through the next Extended Term Renegotiation Date, the Gross Receipts from the Premises Office Space shall be the then actual Gross Receipts therefrom not including the increase in Gross Receipts from the Extended Term Rental Adjustment. The period during which such Extended Term Rental Adjustment shall be applicable shall be reduced by the time in excess of sixty (60) days after County’s receipt of Lessee’s plans which is required by County to approve or disapprove Lessee’s plans.

4.4.3.3. **Provision Not Applicable to Gross Receipts.** None of the provisions set forth in this subsection 4.4.3 shall be applicable to the determination of Gross Receipts under this Lease except the Extended Term Rental Adjustment provisions.

4.4.3.4. **Arbitration.** If, after following the procedures set forth in subsection 4.4.2 except that the renegotiation period shall commence within sixty (60) days after the Renegotiation Date, Lessee and County cannot agree on the Office Comparable Ratio on any Extended Term Renegotiation Date or the level of Extended Term Capital Expenditures between five percent (5%) and ten percent (10%) as provided in subsection 4.4.3.1, or the Extended Term Rental Adjustment (described in subsection 4.4.3.2 above), the issue(s) shall be resolved by arbitration as provided in subsections 4.4.4, 4.4.5 and Article 16 of this Lease. If such an arbitration proceeding is commenced, resolution of the dispute shall be retroactive, and interest shall be payable retroactively, to the Extended Term Renegotiation Date in the same manner that Section 4.4.6 hereof provides for rental adjustments.

4.4.4. **Negotiation of Fair Market Rental Value, Extended Term Capital Expenditures and Extended Term Rental Adjustment.** If County (or Lessee, as the case may be) does so notify Lessee (or County, as the case may be) of its disagreement as provided in subsection 4.4.2 or 4.4.3, County and Lessee shall have sixty (60) days from the end of the applicable response period in which to agree upon the Fair Market Rental Value for the Premises, the Extended Term Renegotiation Dates, the Extended Term Capital
Expenditures or the Extended Term Rental Adjustment, as the case may be. County and Lessee shall negotiate in good faith during said sixty (60) day period. If the parties do so agree, they shall promptly execute an amendment to this Lease setting forth the Fair Market Rental Value, the Extended Term Capital Expenditures or the Extended Term Rental Adjustment so jointly determined, as the case may be, to be effective upon the Renegotiation Date and subject to the interest payment described in subsection 4.4.6. Director shall be authorized to execute any such amendment on behalf of County relating to the Extended Term Capital Expenditures, provided that the level of Extended Term Capital Expenditures provided in such amendment meets the requirements of subsection 4.4.3.1. During the period of negotiation, Lessee shall abide by all of the terms and conditions of this Lease, including in the case of the determination of the Fair Market Rental Value, the obligation to pay to County Annual Minimum Rent and Percentage Rent at the level existing for the last Lease Year of the ten (10) year period then completed.

4.4.5. Arbitration. If County and Lessee fail to reach agreement during the sixty (60) day period set forth in subsection 4.4.4, then, unless the parties agree otherwise, the Fair Market Rental Value of the Premises and/or, if applicable, the Extended Term Capital Expenditures or the Extended Term Rental Adjustment shall be determined by arbitration as set forth in Article 16 of this Lease and the parties shall execute an amendment to this Lease setting forth the Fair Market Rental Value and/or Extended Term Capital Expenditures or the Extended Term Rental Adjustment and the applicable adjustment to the Percentage Rent attributable to the Office Space as determined by arbitration. In order to determine the Fair Market Rental Value of the Premises, the arbitrator shall utilize the standard set forth in subsection 4.4.1 hereof. In order to determine the Extended Term Capital Expenditures, the arbitrator shall examine the Comparable Office Properties and issue an opinion as to the level of Extended Term Capital Expenditures, between five percent (5%) and ten percent (10%) of the then current value of the leasehold, including the value of any improvements on the Premises, which is most likely to result in an Office Comparable Ratio equal to the Office Comparable Ratio as of July 1, 1999. During the period of arbitration, County and Lessee shall abide by all of the terms and conditions of this Lease, including but not limited to Lessee’s obligation to pay to County Annual Minimum Rent and Percentage Rent at then existing levels.

4.4.6. Retroactivity. In the event that, pursuant to subsections
4.4.3 or 4.4.4 hereof, the parties execute an amendment to this Lease setting forth the Fair Market Rental Value and the Annual Minimum Rent, such amendment, if executed prior to the Renegotiation Date, shall be effective as of the Renegotiation Date; if executed after the Renegotiation Date, such amendment shall be retroactive to the Renegotiation Date. In the event that such amendment is executed after the Renegotiation Date, then, within seven (7) days after such execution, Lessee shall pay to County, or County shall at its election pay or credit to Lessee, the difference, if any, between (a) such Fair Market Rental Value for the Premises and (b) the actual Annual Minimum Rent and Percentage Rent paid by Lessee to County, for the period of time from the Renegotiation Date until the date of such payment. Lessee (with respect to overpayments) or County (with respect to underpayments) shall further be entitled to interest, compounded monthly, on each portion of such payment from each date on which the applicable rental payments were payable under this Lease to the date paid or credited, whichever is applicable, at the following rates:

(1) the interest rate applicable to the first six (6) months following the Renegotiation Date shall be equal to the average daily rate for the funds held and invested by the Treasurer and Tax Collector of Los Angeles County during that period, computed by the Auditor-Controller ("County Pool Rate"); and,

(2) the interest rate applicable to any period of time in excess of six (6) months following the Renegotiation Date shall be the average prime rate of interest published in the Wall Street Journal (the "Prime Rate"), plus three percent (3%) for the period between the date which is six (6) months after the Renegotiation Date and the date of payment.

4.5. Payment and Late Fees. Monthly Minimum Rent shall be paid by Lessee in advance. Payments of Minimum Monthly Rent shall be received by County on or before the first day of each calendar month of the Term. Percentage Rent shall be paid by Lessee in arrears. Percentage Rent due, if any, for a given month of the Term shall be received by County on or before the fifteenth day of the calendar month following each month of the Term, calculated as follows: the Lessee shall calculate the total Percentage Rent owed to County for the relevant month of the Term; it shall deduct from said amount the total Monthly Minimum Rent paid to County for that same month; if the resulting amount is a positive number, Lessee shall pay that amount to County; if that amount is a negative number, no Percentage
Rent shall be paid to County for that month but nevertheless the Monthly Minimum Rent shall be paid every month of the Term hereof. Percentage Rent payments shall be reconciled annually at the end of each Lease Year, with any Excess Percentage Rent Payments credited as provided in subsection 4.2.2.4. Payment may be made by check or draft issued and payable to The County of Los Angeles, and mailed or otherwise delivered to the Department of Beaches and Harbors, Los Angeles County, 13483 Fiji Way, Trailer No. 2, Marina del Rey, California 90292, or such other address as may be provided to Lessee by County. Lessee acknowledges that County shall have no obligation to issue monthly rental statements, invoices or other demands for payment, and that the rental payments required herein shall be payable notwithstanding the fact that Lessee has received no such statement, invoice or demand. In the event any payment is not received by County within five (5) business days after the date due, Lessee acknowledges that County will experience additional management, administrative and other costs that are impracticable or extremely difficult to determine. Therefore, a fee ("Late Fee") of six percent (6%) of the unpaid amount shall be added to any amount unpaid when due and payable. Any unpaid rent due shall additionally bear interest at the Prime Rate computed from the date when such amounts were due and payable, compounded monthly, until paid. Lessee acknowledges that such Late Fee and interest shall be applicable to all identified monetary deficiencies under this Lease, whether identified by audit or otherwise, and that interest on such amounts shall accrue from and after the date when such amounts were due and payable as provided herein (as opposed to the date when such deficiencies are identified by County).

4.6. Changes of Ownership and Financing Events. Except as otherwise provided in this Section 4.6, each time Lessee proposes either (a) a Change of Ownership or (b) a Financing Event, County shall be paid (1) an Administrative Charge equal to the Actual Cost incurred by County in connection with its review and processing of said Change of Ownership or Financing Event ("Administrative Charge") and (2) a Net Proceeds Share, in the event County approves such proposed Change of Ownership or Financing Event and such transaction is consummated. "Net Proceeds Share" shall mean the applicable amount determined pursuant to Section 4.8 of this Lease. Changes of Ownership and Financing Events are further subject to County approval as provided in Articles 11 and 12 of this Lease.

4.6.1. Change of Ownership. "Change of Ownership" shall mean (a) any transfer (other than a Sublease to an occupant of the Premises) by Lessee of a five percent (5%) or greater direct ownership interest in this Lease or in any Major Sublease, (b) Lessee's granting of a Major Sublease or (c) any
transaction or series of related transactions not described in subsections 4.6.1(a) or (b) which constitute an Aggregate Transfer of greater than fifty percent (50%) of the beneficial interests in, or a Change of Control of, Lessee, this Lease or a Major Sublease. For the purposes of this Lease, "Change of Control" shall refer to a transaction whereby the transferee acquires a beneficial interest in Lessee, this Lease or a Major Sublease which brings its cumulative beneficial interest in Lessee, this Lease or a Major Sublease, as appropriate, to over fifty percent (50%).

4.6.2. Excluded Transfers. Notwithstanding anything to the contrary contained in this Lease, Changes of Ownership resulting from the following transfers ("Excluded Transfer(s)") shall not be deemed to create an obligation to pay County a Net Proceeds Share and County shall have no approval rights with respect thereto, although Lessee shall reimburse County for the Actual Cost of its review of such transactions, which review shall be limited to confirming that such Change of Ownership qualifies as an Excluded Transfer under this subsection 4.6.2:

4.6.2.1. a transfer by any partner of Lessee on the Execution Date to any other partner of Lessee on the Execution Date;

4.6.2.2. a transfer to a spouse in connection with a property settlement agreement or decree of dissolution of marriage or legal separation, or a transfer directly to a spouse, sibling or direct or indirect descendant; provided, however, that County shall at all times have the right to approve of any change in the building or asset management of the Premises following such a transfer;

4.6.2.3. a transfer directly to any living trust, by way of gift, devise, intestate succession or operation of law, where the transferee living trust's assets are substantially the same as the transferor and the beneficiaries of said trust are members of the transferor's immediate family (which for the purposes of this subsection shall be limited to the transferor's spouse, children, parents, siblings and grandchildren), together with the subsequent transfer of such interests to such beneficiaries upon the death of the transferor; provided, however, the parties acknowledge (a) that a subsequent dilution or transfer of said interests shall be subject to
County approval and fees as provided herein, and (b) County shall have at all times the right to approve any change in the operations or building or asset management of the Premises in connection with such a transfer;

4.6.2.4. a transfer of a beneficial interest resulting from public trading in the stock or securities of an entity, where such entity is a corporation whose stock is traded publicly on a national stock exchange or is traded in the over-the-counter market and whose price is regularly quoted in recognized national quotation services;

4.6.2.5. a mere change in the form, method or status of ownership (other than a transfer of beneficial interests between or among individuals and/or entities controlled by such individuals); provided that this exclusion shall not apply to a single transaction or series of related transactions whereby an Aggregate Transfer of greater than fifty percent (50%) of the beneficial interests in Lessee, this Lease or a Major Sublease has occurred except if the transfer is purely a change in the form of ownership such as a conversion of the entire partnership or TrizecHahn Office Properties, Inc. to a corporation or limited liability company so long as there is continuity of management; or

4.6.2.6. any transfer resulting from a Condemnation by County or other governmental entity having the power of eminent domain if consented to by County; and,

4.6.2.7. any transfer by TrizecHahn Office Properties, Inc., a Delaware corporation of its beneficial interest in Lessee or this Lease to an affiliate of the transferor, or conversion of TrizecHahn Office Properties, Inc. to a limited liability company having the same assets where TrizecHahn Office Properties, Inc. owns at least fifty percent (50%) of the beneficial interests in the transferee; provided, however, the parties acknowledge that a subsequent dilution or transfer of said interest shall be subject to County approval and fees as provided herein unless exempt under subsection 4.6.2.4.

4.6.3. Aggregate Transfer. "Aggregate Transfer" shall refer to the
total percentage of the shares of stock, partnership interests, membership interests or any other equity interests (which constitute beneficial interests in Lessee, this Lease or a Major Sublease, as appropriate) transferred in all transactions (other than those enumerated in subsection 4.6.2) occurring since the later of (a) the execution by Lessee of this Lease or a Major Sublease, as appropriate, or (b) the most recent Change of Ownership upon which an Administrative Charge was paid to County.

4.6.4. **Beneficial Interest.** As used in this Lease, the "beneficial interest," "beneficial interest in this Lease," or "beneficial interest in a Major Sublease" shall refer to the interests of the natural persons who comprise the ultimate owner or owners of Lessee's interest in this Lease or a Major Sublease, or a Major Sublessee's interest in a Major Sublease, whichever is appropriate, regardless of the form of such ownership and regardless of whether such interests are owned through corporations, trusts, partnerships, limited liability companies or layers thereof; provided, however, that if an entity with a beneficial interest in the Lease or a Major Sublease is a partnership, corporation or limited liability entity which beneficial interest in this Lease or a Major Sublease, whichever is appropriate, comprises less than fifteen percent (15%) of its total assets or (b) in which no ten (10) shareholders, partners or members together own more than thirty percent (30%) of the partnership interests, shares, membership interests or other equity interests in the entity, then for the purposes of Sections 4.6 through 4.8 hereof, the entity itself shall be deemed to be the ultimate owner of the beneficial interest in this Lease or a Major Sublease, as appropriate, and the owners of such entity shall not be treated as the ultimate owners of such beneficial interest.

4.6.4.1. **Interests Held By Entities.** Except as otherwise provided herein, an interest in Lessee, this Lease or a Major Sublease held or owned by a partnership, limited liability company, corporation or other entity shall be treated as owned by the partners, members, shareholders or other equity holders of such entity in proportion to their respective equity interests, determined by reference to the relative values of the interests of all partners, members, shareholders or other equity holders in such entity. Where more than one layer of entities exists between Lessee or a Major Sublessee, as appropriate, and the ultimate owners, then the foregoing sentence shall be applied successively to each such entity in order to determine the ownership of the beneficial interests in
Lessee, this Lease or a Major Sublease, as appropriate, and any transfers thereof.

4.6.4.2. Ownership of Multiple Assets. The proceeds of any event constituting or giving rise to a Change of Ownership shall be apportioned to this Lease or a Major Sublease, whichever is appropriate, and to any other assets transferred in the same transaction in proportion to the relative fair market values of the respective assets transferred. The Net Proceeds Share shall be calculated only by reference to the amount of such proceeds apportioned to this Lease, a Major Sublease or the beneficial interests therein, whichever is appropriate.

4.6.5. Examples. An example of a transaction that constitutes a change in ownership/change in control would be the transfer of the leasehold to unrelated third party. Examples of transactions that are Excluded Transfers and do not constitute a Change in Ownership/change in control are: TrizecHahn (USA) Corporation ("THUSP") or TrizecHahn Office Properties, Inc. ("THOP") is merged into another entity or THUSP transfers all of the shares or membership interests, as applicable, of THOP to another entity in each case where the sole asset or substantially sole asset of such transferor or transferee entity is not the leasehold or beneficial interest in the leasehold hereunder.

4.7. Calculation and Payment. A deposit of Fifteen Thousand and 00/100 Dollars ($15,000) toward the Administrative Charge shall be due and payable upon Lessee’s notification to County of the proposed Change of Ownership or Financing Event and request for County’s approval thereof. If the transaction is approved, the balance of the Administrative Charge, if any, and the Net Proceeds Share shall be due and payable concurrently with the consummation of the transaction constituting the Change of Ownership or Financing Event giving rise to the obligation to pay such fee, regardless of whether or not money is transferred by the parties in connection with such consummation. If County disapproves the proposed transaction then, within thirty (30) days after notice of its disapproval, County shall deliver to Lessee a written notice setting forth the Administrative Charge, together with a refund of the amount, if any, of the deposit in excess of the Administrative Charge otherwise allowable under Section 4.6. In the event that the Administrative Charge exceeds the deposit, then Lessee shall pay County the balance of the Administrative Charge otherwise allowable under Section 4.6. within thirty (30) days after receipt of the notice from County setting forth the Administrative Charge and any supporting
documentation reasonably requested by Lessee within five (5) business days after its receipt of such notice. Together with its request for County approval of the proposed transaction, Lessee, a Major Sublessee or the holder of a beneficial interest in this Lease or a Major Sublease, whichever is appropriate, shall present to County its calculation of the Net Proceeds Share (if any) anticipated to be derived therefrom, which shall include the adjustment to Improvement Costs, if any, which may result from the payment of such Net Proceeds Share ("Calculation Notice"). Each Calculation Notice shall contain such detail as may be reasonably requested by County to verify the calculation of the Net Proceeds Share. Within thirty (30) days after the receipt of the Calculation Notice and all information or data reasonably necessary for County to verify the calculations within the Calculation Notice, County shall notify the party giving the Calculation Notice as to County’s agreement or disagreement with the amount of the Net Proceeds Share set forth therein or the related adjustment of Improvement Costs, if any. Failure of County to approve the Calculation Notice in writing within such thirty (30) day period shall be deemed to constitute County’s disapproval thereof. Failing mutual agreement within thirty (30) days after the expiration of said thirty (30) day period, the dispute shall be resolved by arbitration as set forth in Article 16 of this Lease in the manner prescribed herein for the resolution of disputes concerning Fair Market Rental Value. In the event County approves a Change of Ownership or Financing Event but a dispute exists as to the Net Proceeds Share in respect thereof or the related adjustment, if any, in Improvement Costs, then the transaction may be consummated after County has disapproved Lessee’s Calculation Notice; provided, however, that (i) Lessee shall remit to County as otherwise required hereunder the undisputed portion of the Net Proceeds Share and (ii) Lessee shall deposit the disputed portion of the Net Proceeds Share into an interest bearing escrow account at the closing of the transaction, which portion shall be distributed in accordance with the arbitration of the dispute pursuant to Article 16 of this Lease, in the manner prescribed herein for the resolution of disputes concerning Fair Market Rental Value.

4.7.1. Transfer of Less Than Entire Interest. Where a Change of Ownership has occurred by reason of the transfer of less than all of an owner’s beneficial interest in Lessee, this Lease or a Major Sublease, the Net Proceeds Share shall be due and payable with respect to those portions of such beneficial interest that have been acquired by the transferee since the latest of (a) the date of the execution of this Lease (or a Major Sublease) by Lessee, (b) the most recent event creating Lessee’s obligation to pay a Net Proceeds Share (including without limitation an approval by County of a transfer at a price which falls below the threshold for paying a Net Proceeds
Share) with respect to this Lease (or a Major Sublease), or (c) the date which is twelve (12) months prior to the transfer which constitutes the Change of Ownership.

4.7.2. **Purchase Money Notes.** If the transferor of an interest accepts a note made by the transferee of such interest in payment of all or a portion of the acquisition cost (a "Purchase Money Note"), such note shall be valued at its face amount, without regard to interest payable thereon.

4.7.3. **Obligation to Pay Net Proceeds Share and Administrative Charge.** With respect to a Change of Ownership giving rise to the Administrative Charge and Net Proceeds Share, the obligation to pay the Administrative Charge and Net Proceeds Share shall be the joint and several obligation of the transferor and transferee; provided, however, that the transferee shall not be liable for the payment of the Administrative Charge or Net Proceeds Share if the transferor provides County with a deposit, letter of credit or other security satisfactory to County for the payment thereof. In the event that the Administrative Charge or Net Proceeds Share is not paid when due with respect to the beneficial interest in this Lease, then County shall have the remedies set forth in Section 13.3 hereof.

4.8. **Net Proceeds Share.** In the event of a Change of Ownership, the Net Proceeds Share shall be a sum equal to the greater of (a) five percent (5%) of the gross sale or transfer proceeds or other consideration given for the interests transferred (but in the case of a transfer to a party affiliated with or otherwise related to the transferor, such consideration shall in no event be deemed to be less than the fair value of the interests transferred), or (b) twenty percent (20%) of the Net Transfer Proceeds from such transfer. With respect to a Financing Event, the Net Proceeds Share (if any) shall be equal to eighteen and one half percent (18.5%) of the Net Refinancing Proceeds from such Financing Event.

4.8.1. **Transaction by Original Lessee.** In the case of a transfer by Lessee (but not a successor or assignee of Lessee) constituting a Change of Ownership, "Net Transfer Proceeds" shall mean the total cash and other consideration received (but in the case of a transfer to a party affiliated with or otherwise related to the transferor, such consideration shall in no event be deemed to be less than the fair value of the interests transferred), less the following costs with respect to Lessee (but not its successors or assignees):
4.8.1.1 Forty Four Million Three Hundred Seventy Five Thousand Dollars ($44,375,000) ("1999 Value"), together with the final actual construction costs paid by Lessee in connection with the construction of Permitted Capital Expenditures, Extended Term Capital Expenditures or other physical improvements to the Premises in accordance with Article 5 herein, whose costs have been submitted to County in Lessee’s annual Permitted Capital Expenditure plan or otherwise within thirty (30) days after the completion of such improvements, and which costs shall have been approved in writing by County or as Permitted Capital Expenditures hereunder ("Improvement Costs").

4.8.1.2 Commissions, title and escrow costs, and other bona fide closing costs actually paid to third parties and documented to the satisfaction of County, which costs were directly attributable to the consummation of the particular transaction giving rise to the obligation to pay County a Net Proceeds Share (collectively, "Documented Transaction Costs") In the event that the particular transaction involves multiple assets, Documented Transaction Costs shall be prorated based on the relative values of the assets transferred.

4.8.2. Transfer by Lessee’s Successor. In the case of a transfer by a Lessee other than the original Lessee, "Net Transfer Proceeds" shall mean the total cash and other consideration received by that successor Lessee (but in the case of a transfer to a party affiliated with or otherwise related to the transferor, such consideration shall in no event be deemed to be less than the fair value of the interests transferred), minus the following costs with respect to such successor Lessee:

4.8.2.1. The greatest of (a) the 1999 Value, (b) the purchase price such successor paid to Lessee or such successor’s seller for the interest acquired or (c) the principal amount of any subsequent refinancing by Lessee in connection with which County was paid a Net Proceeds Share;

4.8.2.2. Improvement Costs actually paid by such successor Lessee and not subsequently repaid with Net Refinancing Proceeds, provided that such costs have been submitted to and
approved by County to the extent provided in subsection 4.8.1.1 with respect to Lessee; and,

4.8.2.3. Documented Transaction Costs with respect to the transfer of the interest by the successor.

4.8.3. Transfers of Major Sublessee's Interest. With respect to any Change of Ownership described in subsection 4.6.1(b), subsections 4.8.1 and 4.8.2 shall apply, except that any rents or other amounts received by Lessee from the Major Sublessee and passed through to County under any provision of this Lease (other than payment of Net Proceeds Share) shall be disregarded in the computation of Net Transfer Proceeds.

4.8.4. Other Transfers. With respect to any Change of Ownership not described in subsections 4.8.1 through 4.8.3 (i.e., a transfer of an interest in an entity holding a direct or indirect ownership interest in this Lease or in a Major Sublease), subsections 4.8.1 and 4.8.2 shall apply to such Change of Ownership, except that in lieu of deducting the 1999 Value and Improvement Costs in determining Net Transfer Proceeds, the cost to the transferor of the interest being transferred (which shall in no event be deemed to be less than the fair market value of the interest based on the 1999 Value) shall be deducted. Furthermore, in the event that any such Change of Ownership produces a Net Proceeds Share, the then existing Improvement Costs shall be increased by an appropriate amount to reflect such Net Proceeds Share, as if it had been realized by Lessee upon a transfer of a comparable interest in this Lease or in a Major Sublease, as appropriate.

4.8.5. Net Refinancing Proceeds. "Net Refinancing Proceeds" shall mean the gross principal amount of any Financing Event after the Execution Date, minus (i) the greatest of (a) the 1999 Value, (b) the principal amount of Lessee's existing financing as of the Execution Date or (c) the principal amount of any subsequent refinancing by Lessee in connection with which County was paid a Net Proceeds Share, together with any portion of the proceeds of the Financing Event which shall be used for Improvement Costs (ii) other Improvement Costs incurred by Lessee and not paid for or repaid with the proceeds of any Financing Event and (iii) Documented Transaction Costs with respect to such Financing Event.

4.8.6. Effect of Refinancing on Improvement Costs. Upon payment
to County of a Net Proceeds Share in connection with a Financing Event, then
the Improvement Costs incurred by Lessee prior to such Financing Event shall
be increased by the amount of Net Refinancing Proceeds derived from such
Financing Event and the Documented Transaction Costs in connection
therewith and shall be in addition to Improvement Costs incurred by Lessee
after such Financing Event.

4.8.7. **Transfers to which Sections 4.6 through 4.8 Apply.** The
provisions of Sections 4.6 through 4.8 hereof shall apply to all transfers of
beneficial interests in this Lease or a Major Sublease which constitute a
Change of Ownership, unless such transfers are otherwise excluded pursuant
to this Lease. Furthermore, the provisions of Sections 4.6 through 4.8 of this
Lease, and the principles set forth therein, shall apply to any transfer or series
of transfers which County can demonstrate was primarily structured for the
purpose of avoiding the obligation to pay Net Proceeds Share set forth in
Sections 4.6 through 4.8 of this Lease and which, viewed together, would
otherwise constitute a Change of Ownership.

4.8.8. **Payment.** Net Proceeds Share shall be due and payable
concurrently with the transfer giving rise to the obligation to pay such fees and
shall be the joint and several obligation of the transferee and transferor. Net
Proceeds Share not paid when due shall be subject to a late fee of six percent
(6%) of the amount due, together with interest on such Net Proceeds Share
and late fee at the Applicable Rate from the date due until paid. In the event
that the proceeds of the transaction giving rise to the obligation to pay Net
Proceeds Share are comprised, in whole or in part, of assets other than cash,
then the cash payment of the Net Proceeds Share shall reflect the fair market
value of such non-cash assets as of the date of the Change of Ownership,
which shall be set forth in the Calculation Notice. Notwithstanding the
foregoing, in the case of a Change of Ownership described in subsection
4.6.1(b), the Net Proceeds Share shall be payable to County as and when the
Net Transfer Proceeds are received, with the Net Proceeds Share being
equitably apportioned to the payments derived by Lessee from said Change of
Ownership (other than any payments passed through to County under this
Lease).

4.8.9. **Shareholder, Partner, Member, Trustee and Beneficiary List.**
Prior to the Execution Date, prior to each subsequent Change of Ownership or
Financing Event and upon the request of County (which requests shall be no
more frequent than once per year), Lessee shall provide County with an updated schedule listing the names and mailing addresses of all shareholders, partners, members and other holders of direct equity interests in Lessee. In the event that such shareholder, partner, member or other interest holder is a trust, Lessee shall include in such schedule the name and mailing address of each trustee of said trust, together with the names and mailing addresses of each beneficiary of said trust with greater than a five percent (5%) actuarial interest in distributions from, or the corpus of, said trust; provided, however, that to the extent that Lessee is prevented by Applicable Laws from obtaining such information regarding the beneficiaries of said trust(s), Lessee shall have complied with this provision if Lessee uses its best efforts to obtain such information voluntarily and provides County with the opportunity to review any such information so obtained. Lessee agrees to use its best efforts to provide County with any additional information reasonably requested by County in order to determine the identities of the holders of five percent (5%) or greater beneficial interests in Lessee or its constituent shareholders, partners, members or other interest holders, this Lease or a Major Sublease.

5. CONSTRUCTION OF IMPROVEMENTS AND CAPITAL EXPENDITURES.

5.1. Plan Submittal Schedule; County Approval. Lessee agrees that it will not undertake the renovation, alteration, modification or construction of any improvements, including Permitted Capital Expenditures (collectively, "Improvements") on or about the Premises which materially impact the building exterior, materially alter the parking structure, are visible from the exterior of the Premises, or otherwise affect the building footprints on the Premises, without first preparing and filing for Director’s review and approval plans and specifications, construction schedules and construction cost estimates. If any submittal required hereunder is not approved by Director upon the initial submittal, then Director shall describe generally in writing the reason for such disapproval. Lessee will then have the right to resubmit to Director for approval a revised submittal within thirty (30) days after notice of the disapproval of the initial submission. Any plans and specifications submitted hereunder shall conform to the standards generally accepted in the architectural, engineering and construction professions in southern California at the time of such submission.

5.2. Schematics and Narrative. Lessee shall submit to the Director six (6) sets of schematic plans together with a narrative description and construction cost estimate summary clearly delineating the nature, size, configuration and layout of any and all Improvements to be constructed, altered or modified on the Premises. Such
plans shall, among other things, clearly delineate the architectural theme of the Improvements and shall identify and illustrate the boundaries of the Premises and all rights-of-way or other areas reserved to County or third parties which are located thereon. Director shall have sixty (60) days within which to approve or disapprove such submission's compliance with this Lease and particularly Section 5.1 hereof. Failure of Director to approve such submission in writing within said sixty (60) day period shall be deemed disapproval of said submission. After approval of schematic plans (or subsequent approval of Preliminary or Approved Final Plans, Specifications and Costs, as defined herein) by Director, if changes in such plans are required by conditions of approval of the Improvements imposed by the California Coastal Commission or other governmental agency having jurisdiction thereover, Lessee shall promptly advise Director in writing of such changes and Director shall not disapprove the changes required by the California Coastal Commission or other governmental agency, as appropriate, unless such changes materially prejudice County's ability to enjoy the rights and benefits granted to County pursuant to this Lease.

5.3. Preliminary Plans and Specifications. As soon as practicable, but in no event later than ninety (90) days after Director's approval of the materials submitted pursuant to the previous paragraph, Lessee shall submit to Director six (6) sets of preliminary plans, outline specifications and construction cost estimates for the Improvements set forth therein. The preliminary plans, outline specifications and construction cost estimate shall conform to, expand upon and reflect a natural evolution from the descriptions and estimates set forth in the approved schematic plans and narrative. Any difference in the scope, size, configuration, arrangement or motif of the Improvements from those described in the approved schematics and narrative shall be separately identified and described. Director shall have twenty-one (21) days within which to approve or reasonably disapprove such submission, and Director may disapprove said preliminary plans on the grounds that they do not reflect a natural evolution from the approved schematic plans or that they materially differ from the approved schematic plans and narrative. Failure of Director to disapprove said preliminary plans within twenty one (21) days after Director's receipt thereof shall be deemed Director's approval thereof; provided, however, that in the event that the preliminary plans, outline specifications and construction cost estimates contain substantial changes from the approved schematics and narrative, then Director shall have sixty (60) days in which to approve said submission, which approval shall be deemed withheld if not granted in writing within such sixty (60) day period; and provided further, that together with the submission of the preliminary plans, outline specifications and construction cost estimates, Lessee must deliver to Director a transmittal letter containing the following text prominently displayed in
"PURSUANT TO SECTION 5.3 OF THE AMENDED AND RESTATED LEASE AGREEMENT, IF THESE MATERIALS CONTAIN NO SUBSTANTIAL CHANGES FROM THE MATERIALS PREVIOUSLY SUBMITTED TO YOU, YOU HAVE TWENTY ONE (21) DAYS AFTER RECEIPT OF THESE MATERIALS IN WHICH TO APPROVE OR DISAPPROVE THEM. FAILURE TO DISAPPROVE THESE MATERIALS IN WRITING WITHIN TWENTY ONE (21) DAYS OF YOUR RECEIPT OF THESE MATERIALS SHALL CONSTITUTE YOUR APPROVAL OF THEM."

5.4. **Final Plans and Specifications.** As soon as practicable, but in no event later than ninety (90) days after approval of the preliminary plans (or when and to the extent appropriate, no later than ninety (90) days after final approval is obtained from the California Coastal Commission as to items either requiring California Coastal Commission approval or whose construction would be materially adversely restricted or changed if California Coastal Commission approval were not obtained for a related item), outline specifications and construction cost estimate, Lessee shall submit for approval by Director six (6) complete sets of final plans, detailed specifications and a construction cost statement for all improvements to be constructed, altered or modified by Lessee on the Premises, together with one (1) set of appropriate structural computations, identical to those requested or required by the County Director of Public Works incident to the issuance of building permits under the relevant provisions of the Los Angeles County Building Code. Lessee shall file duplicate copies of the final plans, detailed specifications and construction cost statement required by this Section with the County Director of Public Works, together with the necessary and appropriate applications for building permits. Any difference in the scope, size, configuration, arrangement or motif of the Improvements from those described in the approved preliminary plans and specifications shall be separately identified and described.

5.5. **Conditions Precedent to the Commencement of Construction.** No construction, alteration or modification by Lessee of any improvements on the Premises shall be commenced until each and all of the following conditions have been satisfied (or, with respect to the conditions set forth in subsections 5.5.1 through 5.5.3, waived in writing by Director):

5.5.1. **Approval of Final Plans and Specifications.** The final plans, detailed construction specifications and construction cost statement described
in Section 5.4 have been approved by Director ("Approved Final Plans, Specifications and Costs"), which approval shall not be unreasonably withheld provided that the final plans and specifications reflect a natural progression and logical evolution from the approved preliminary plans and specifications. Director shall have twenty one (21) days within which to approve or disapprove such submission, and Director may disapprove such submission on the grounds that they do not reflect a natural evolution from or that they materially differ from the preliminary plans, outline specifications and construction cost estimates. Failure of Director to disapprove said preliminary plans within twenty one (21) days after Director's receipt shall be deemed Director's approval thereof; provided, however, that in the event that the final plans, detailed construction specifications and construction cost statement contain substantial changes from the preliminary plans, outline specifications and construction cost estimates, then Director shall have sixty (60) days in which to approve said submission, which approval shall be deemed withheld if not granted in writing within such sixty (60) day period; and provided further, that together with the submission of the final plans, detailed construction specifications and construction cost statement, Lessee must deliver to Director a transmittal letter containing the following text prominently displayed in bold faced type:

"PURSUANT TO SECTION 5.5.1 OF THE AMENDED AND RESTATED LEASE AGREEMENT, IF THESE MATERIALS CONTAIN NO SUBSTANTIAL CHANGES FROM THE MATERIALS PREVIOUSLY SUBMITTED TO YOU, YOU HAVE TWENTY ONE (21) DAYS AFTER RECEIPT OF THESE MATERIALS IN WHICH TO APPROVE OR DISAPPROVE THEM. FAILURE TO DISAPPROVE THESE MATERIALS IN WRITING WITHIN TWENTY ONE (21) DAYS OF YOUR RECEIPT OF THESE MATERIALS SHALL CONSTITUTE YOUR APPROVAL OF THEM."

Director's approval shall not be unreasonably withheld; provided, however, that it shall be deemed reasonable to disapprove any submission not in substantial conformity with the approved preliminary plans and specifications. No material modification shall be made to the Improvements described in the Approved Final Plans, Specifications and Costs without the prior written approval of Director, which shall not be unreasonably withheld.

5.5.2. Permits and Other Approvals. Lessee shall have received and furnished County with copies of all permits, licenses and other governmental
approvals necessary to construct the Improvements described in the Approved Final Plans, Specifications and Costs. Lessee agrees to apply for all such permits, licenses and other governmental approvals at the earliest commercially reasonable time and thereafter shall use its best efforts (which shall be deemed to include expenditures of funds, including without limitation application fees, travel, architectural, consulting and lobbying fees, as reasonably necessary to expedite the permit, license or other approval process) to procure such permits, licenses and other approvals at the earliest possible time.

5.5.3. Copies of Construction Contracts. Lessee shall have furnished County with copies of any contract(s) entered into between Lessee and any general contractor(s) employed for the purpose of constructing the Improvements described in the Approved Final Plans, Specifications and Costs.

5.5.4. Performance and Payment Bonds. Lessee shall, at its own cost and expense, have furnished County with the following separate corporate surety bonds not less than ten business (10) days prior to the commencement of construction activity on the Premises which has a total cost of greater than $50,000, which bonds must be in form and content reasonably satisfactory to County or with other security for the construction of the Improvements as set forth in subsection 5.5.5 below:

5.5.4.1. A corporate surety performance bond ("Performance Bond") issued by a surety company licensed to transact business as such in the State of California, in an amount not less than one hundred percent (100%) of the amount of all hard construction costs approved by County in conjunction with the Approved Final Plans, Specifications and Costs. The Performance Bond and its issuer shall be in all material respects reasonably satisfactory to County. It shall name Lessee as principal and said issuer as surety, and County as obligee, assuring full and satisfactory performance by Lessee of Lessee's obligations herein to build, construct and otherwise complete the Improvements described in the Approved Final Plans, Specifications and Costs.

5.5.4.2. A corporate surety payment bond, issued by a surety company licensed to transact business as such in the State of California, with Lessee as principal, said company as surety and
County as obligee, in a sum equal to one hundred percent (100%) of the total construction cost set forth in the Approved Final Plans, Specifications and Costs, guaranteeing payment for all materials, provisions, provender, supplies and equipment used in, upon, for or about the performance of said construction work or for labor done thereon of any kind whatsoever and protecting County from any and all liability, loss or damages arising out of or in connection with any failure to make such payment (the "Payment Bond"). The Payment Bond shall be in form and content reasonably satisfactory to County.

In the event that construction is performed by a licensed general contractor on behalf of Lessee, provided that such contractor provides County with a bond or bonds compliant with this subsection, and in all material respects reasonably satisfactory to County and otherwise complying with this subsection, County will accept such contractor’s bonds in lieu of the Performance Bond and/or Payment Bond by Lessee required by this subsection 5.5.4.

5.5.5. Alternative Security. In lieu of providing the Performance Bond, Lessee may deposit a Certificate of Deposit with County or post an additional Letter of Credit in favor of County, equal in amount to one hundred percent (100%) of the construction contract price, which may be drawn upon by County to complete the construction of the Improvements if same have not been completed by Lessee or if an Event of Default has occurred under this Lease.

5.5.6. Evidence of Financing. Lessee shall have provided evidence satisfactory to County of its having sufficient financial resources, as determined by Director, to complete the Improvements as set forth in the Approved Final Plans, Specifications and Costs. Lessee shall furnish Director with copies of all final notes, guarantees, partnership, shareholder or limited liability company agreements, construction loan and/or permanent loan commitments, documents evidencing equity contributions, documents creating and/or perfecting security interests, and all documents and exhibits referred to in any of the foregoing, together with any and all recorded documents affecting an interest in the Premises within seven (7) days after such document or instrument becomes effective.

5.6. Construction Schedule. Once construction of the Improvements set
forth in the Approved Final Plans, Specifications and Costs has been substantially commenced, Lessee shall thereafter diligently pursue the completion of such construction in substantial compliance with the Approved Final Plans, Specifications and Costs. During this period, delays due to fire, earthquake, flood, tornado, civil disturbance, war, organized labor dispute or other unforeseeable event reasonably beyond the control of Lessee ("Force Majeure") or a hidden condition relating to the foundation, [substructure or subsurface] of the Premises which was not known to Lessee as of the commencement of such construction activity shall extend the time in which said construction must be completed by the length of time of such delay, although Lessee shall commence and complete the portions, if any, of the Improvements not impacted by such delay within the timeframe set forth in this Lease. Lessee and Director shall discuss and attempt to agree on the length of time of such delay. If they are unable to agree within thirty (30) days after the event or occurrence giving rise to Lessee's claim to an entitlement to a delay under this subsection 5.6.2, the matter shall be arbitrated as set forth in Article 16.

5.7. Manner of Construction.

5.7.1. General Construction Standards. All construction, alteration, modification or repairs permitted herein shall be accomplished by Lessee with due diligence. Lessee shall take all reasonable steps to minimize any damage, disruption or inconvenience caused by such work and make adequate provisions for the safety and convenience of all persons affected thereby. Lessee shall repair, at its own cost and expense, any and all damage caused by such work, and shall restore the area upon which such work is performed to a condition which is at least equal to or better than the condition which existed before such work was commenced. Additionally, Lessee shall pay or cause to be paid all costs and expenses associated therewith and shall indemnify, defend and hold County harmless from and against all damages, costs, expenses, losses or claims arising out of or in connection with the performance of such work, except to the extent that such damages, costs, expenses, losses or claims are caused by County. Dust, noise and other effects of such work shall be controlled using accepted measures customarily utilized in order to control such deleterious effects associated with construction projects in well populated and developed areas of southern California.

5.7.2. Utility Work. Any work performed by or on behalf of Lessee or any occupant of the Premises to connect to, repair, relocate, maintain or install any storm drain, sanitary sewer, water line, gas line, telephone conduit, or any other utility service shall be performed in a manner that minimizes interference with the
provision of such services to the Premises and other persons.

5.7.3. **Construction Safeguards.** Lessee shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by or on behalf of Lessee, all necessary safeguards for the protection of workers and the public.

5.7.4. **Compliance with Construction Documents and Laws:**

**Issuance of Permits.** All improvements on the Premises shall be completed in substantial compliance with any construction documents approved by County and also in compliance with all applicable local, state and federal laws and regulations. Lessee shall have the sole responsibility for obtaining all necessary permits and shall make application for such permits directly to the person or governmental agency having jurisdiction thereover.

5.7.5. **Notice to Director; Damage to County Improvements.** Lessee further agrees to keep Director apprised of the progress of the work to the end that Director may timely inspect the Premises to assure proper safeguarding of any County-owned improvements existing on or around the Premises, including but not limited to seawalls, underground conduits and utility lines. If any such County-owned improvement is damaged in connection with said construction activity, Lessee agrees to repair such damage immediately at no cost or expense to County or, in the event that Lessee fails to effectuate such repair within five (5) business days after written notice from County (or such longer period as may be reasonably required to complete such repair so long as Lessee commences such repair within five (5) business days and thereafter diligently prosecutes same to completion), County may enter upon the Premises to make such repairs, the Actual Cost of which shall be paid by Lessee within two (2) business days after demand by County.

5.7.6. **Rights of Access.** Representatives of the Department of Beaches and Harbors of the County shall, upon reasonable notice and at reasonable times, have the right of reasonable access to the Premises and the improvements thereon without charges or fees, but at no cost or expense to Lessee, for the purpose of ascertaining compliance with the terms and conditions of this Lease, including but not limited to the inspection of the construction work being performed. Such access shall be reasonably calculated to minimize interference with Lessee's construction and/or operations. Lessee shall have the right to have a representative present to accompany the representatives of the Department of Beaches and Harbors of the County in connection with such access. In the event of any emergency which
is life-threatening or which involves the threat of potential substantial damage, County shall have the right to enter the Premises immediately and without notice to or accompaniment by Lessee.

5.7.7. **Notice of Completion.** Upon completion of the Improvements set forth in the Approved Final Plans, Specifications and Costs, Lessee shall file or cause to be filed in the Official Records of the County of Los Angeles a Notice of Completion (the "Notice of Completion") with respect to the improvements and Lessee shall deliver to County, at no cost to County, two (2) sets of conoflex or mylar final as-built plans and specifications of the Improvements.

5.8. **Use of Plans.** Contracts between Lessee and any architect, design professional or licensed contractor in connection with the construction, alteration or modification of improvements on the Premises shall provide, in form and content reasonably satisfactory to County, for the assignment thereof to County as security to County for Lessee's performance hereunder, and County shall be furnished with a copy of any such contract, together with the further agreement of the parties thereto, that if this Lease is terminated by County due to Lessee's default, County may, at its election, use any plans and specifications created by such architect, design professional or contractor in connection with the contract, upon the payment of any sums due to any party thereto. County's right to elect to use plans and specifications as described above shall not include the unauthorized right to use any trade marks, trade names or logos of Lessee or any such architect, design professional or contractor.

5.9. **Additional Construction.** Lessee acknowledges that, except to the extent set forth in a prior written approval or agreement by Director or County, Director may refuse permission for the construction of any proposed improvement, addition, alteration, modification or change, and such decision, if reasonable, will be final and binding upon Lessee. Lessee acknowledges that such proposed improvement, addition, alteration, modification or change will also be subject to other governmental requirements and conditions, including those of the California Coastal Commission and other governmental authorities that may have jurisdiction.

If, where such approval is required, Director approves said proposed construction, Lessee shall submit plans and specifications to Director and may commence construction upon receipt of written approval thereof from Director, which shall not be unreasonably withheld, conditioned or delayed and upon compliance with such terms and conditions relating to the construction as Director
may reasonably impose.

5.10.  **Where Director Approval Not Required.**

Notwithstanding the foregoing, and notwithstanding anything to the contrary in this Article 5, Lessee shall not be required to seek or obtain the approvals of Director described in this Article 5 for any Improvements where all of the following apply: (1) the Improvements are not structural in nature; (2) the Improvements will not materially impact the building exterior; (3) the Improvements will not materially alter the parking structure; and, (4) the Improvements will not be visible from the exterior of the Premises or otherwise affect the building footprints on the Premises; provided, however, that whenever Lessee makes or constructs or permits any improvements in or to the Premises, Lessee shall (i) give written notice thereof (including a description of the work to be done and the permits obtained for such work), (ii) complete such improvements in a good and workmanlike manner, and (iii) furnish a copy of "as-built" plans upon completion of such work to County.

5.11.  **Protection of County.** Nothing in this Lease shall be construed as constituting the consent of County, express or implied, to the performance of any labor or the furnishing of any materials or any specific improvements alterations or repairs to the Premises of any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving Lessee or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services, or the furnishing of any materials, in any such manner as would give rise to the filing of mechanics' liens or other claims against the Premises or County.

5.11.1.  **Posting Notices.** County shall have the right at all reasonable times and places to post and, as appropriate, keep posted, on the Premises any notices which County may deem necessary for the protection of County, the Premises and the improvements thereon from mechanics' liens or other claims. Lessee shall give County at least ten (10) business days prior written notice of the commencement of any work to be done on the Premises, in order to enable County timely to post such notices.

5.11.2.  **Prompt Payment.** Lessee shall make, or cause to be made, prompt payment of all monies due and owing to all persons doing any work or furnishing any materials or supplies to Lessee or any of its contractors or subcontractors in connection with the Premises and the improvements thereon. Lessee shall have the right to contest any such amount; provided, however,
the entire expense of any such contest (including interest and penalties which may accrue) shall be the responsibility of Lessee.

5.11.3. **Liens: Indemnity.** Subject to Lessee’s rights to contest the same prior to payment, Lessee shall keep the Premises and any improvements thereon free and clear of all mechanics’ liens and other liens arising out of or in connection with work done for Lessee and/or any parties claiming through Lessee. Lessee agrees to and shall indemnify, defend and hold County harmless from and against any claim, liability, loss, damages, costs, expenses, attorneys’ fees incurred in defending and all other expenses on account of claims of lien(s) of laborers or materialmen or others for work performed or materials or supplies furnished to Lessee or persons claiming under it.

In the event any lien is recorded, Lessee shall, within five (5) business days after demand, furnish the bond described in California Civil Code Section 3143, or successor statute, which results in the removal of such lien from the Premises, together with any other evidence requested by County to evidence that such claim will be paid, removed or discharged as a claim against the Premises and/or County.

5.12. **Multiple Copies.** Wherever Lessee is required to deliver to Director multiple copies of construction drawings, specifications and/or other documents, Lessee may satisfy such obligation by transmitting to Director an electronic copy of such drawing, specifications and/or documents in such readily duplicable format as may be approved by Director in writing from time to time.

6. **CONDEMNATION.**

6.1. **Definitions.**

6.1.1. **Condemnation.** "Condemnation" means (1) the exercise by any governmental entity of the power of eminent domain, whether by legal proceedings or otherwise, and (2) a voluntary sale or transfer to any Condemnor (as hereafter defined), either under threat of Condemnation or while legal proceedings for Condemnation are pending.

6.1.2. **Date of Taking.** "Date of Taking" means the date the Condemnor has the right to possession of the Premises being condemned.
6.1.3. **Award.** "Award" means all compensation, sums or anything of value awarded, paid or received from a total or partial Condemnation.

6.1.4. **Condemnor.** "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of eminent domain.

6.2. **Parties' Rights and Obligations to be Governed by Lease.** If, during the Term of this Lease, there is any taking of all or any part of the Premises, any improvements on the Premises or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined pursuant to the provisions of this Article 6.

6.3. **Total Taking.** If the Premises are totally taken by Condemnation, this Lease shall terminate on the Date of Taking.

6.4. **Effect of Partial Taking.** If a portion of the Premises or the improvements thereon are taken by Condemnation, this Lease shall remain in effect, except that Lessee may elect to terminate this Lease if the remaining portion of the Premises are rendered unsuitable (as defined herein) for Lessee's continued use for the purposes contemplated by this Lease. The remaining portion of the Premises shall be deemed unsuitable for Lessee's continued use if, following a reasonable amount of reconstruction (to the extent that funds therefor are available from the anticipated Award, the Accumulation Fund and, in Director's discretion, such future Accumulation Fund contributions as Director may deem appropriate to apply to such reconstruction), Lessee's business on the Premises could not be operated at an economically feasible level. Lessee must exercise its right to terminate by giving County written notice of its election within ninety (90) days after the nature and extent of the taking and the probable amount of compensation have been determined. Such notice shall also specify the date of termination, which shall not be prior to the Date of Taking. Failure to properly exercise the election provided for in this Section 6.4 will result in this Lease's continuing in full force and effect, except that Annual Minimum Rent shall be abated pursuant to Section 6.5, below.

In the event that Lessee does not elect to terminate this Lease as provided above, then Lessee, whether or not the Awards or payments, if any, on account of such taking shall be sufficient for the purpose, shall, at its sole cost and expense, within a reasonable period of time, commence and complete restoration of the remainder of the Premises as nearly as possible to its value, condition and
character immediately prior to such taking, taking into account, however, any necessary reduction in size or other change (including, if applicable, an equitable reduction in the scope of the Parking Covenant to the extent that the taking has rendered Lessee reasonably unable to comply with its terms consistent with Applicable Laws and Lessee’s contractual obligations to provide parking to Sublessees) resulting from the taking; provided, however, that in case of a taking for temporary use, Lessee shall not be required to effect restoration until such taking is terminated.

6.5. **Effect of Partial Taking on Rent.** If any portion of the Premises is taken by Condemnation and this Lease remains in full force and effect as to the portion of the Premises not so taken (a "Partial Taking"), the Annual Minimum Rent shall be reduced as of the date of the Partial Taking to an amount equal to the Annual Minimum Rent multiplied by the ratio of the fair market value of the portion of the Premises not so taken to the fair market value of the entire Premises immediately prior to the Partial Taking, but without regard to any diminution in value resulting from the imminent taking. Upon the next Annual Minimum Rental adjustment date, as described in Section 4.3 above, if any, for the purposes of adjusting the Annual Minimum Rent, all Annual Minimum Rent and Percentage Rent paid by Lessee to County prior to the date of the Partial Taking shall be adjusted, for the purposes of this calculation only, to the proportion that the fair market value of the portion of the Premises taken bears to the fair market value of the entire Premises immediately prior to the taking. If the parties cannot agree upon the appropriate Annual Minimum Rent, the matter shall be settled through arbitration in the manner set forth in Article 16 hereof. Any determinations of fair market value of improved real property made pursuant to this Section 6.5 in connection with any arbitration proceeding shall be predicated upon the "income approach" or "income capitalization approach" to property valuation, as defined in The Dictionary of Real Estate Appraisal and/or The Appraisal of Real Estate, published by the Appraisal Institute or any successor organization (the "Income Approach"). All other obligations of Lessee under this Lease, including but not limited to the obligation to pay Percentage Rent, shall remain in full force and effect.

6.6. **Waiver of Code of Civil Procedure Section 1265.130.** Each party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a Partial Taking of the Premises.

6.7. **Payment of Award.** Awards and other payments on account of a
taking, less costs, fees and expenses incurred in the collection thereof ("Net Awards and Payments"), shall be applied as follows:

6.7.1. **Partial Taking Without Termination.** Net Awards and Payments received on account of a Taking other than a total Taking or a Partial Taking which results in termination hereof or a taking for temporary use shall be held by County and shall be paid out to Lessee or Lessee's designee(s), in progress payments, to pay the cost of restoration of the Premises. The balance, if any, shall be divided between County and Lessee pro rata, as nearly as practicable, based upon (1) the then value of County's interest in the Premises (including its interest hereunder) and (2) the then value of Lessee's interest in the remainder of the Term of this Lease including bonus value (for such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4). Any determinations of fair market value made pursuant to this Section 6.5 shall be predicated upon the Income Approach.

In case of a taking other than a total taking or a taking for temporary use, Lessee shall furnish to County evidence satisfactory to County of the total cost of the restoration required by Section 6.4.

6.7.2. **Taking For Temporary Use.** Net Awards and Payments received on account of a taking for temporary use shall be paid to Lessee; provided, however, that if any portion of any such award or payment is paid by the Condemnor by reason of any damage to or destruction of the improvements, such portion shall be held and applied as provided in the first sentence of Section 6.7, above.

6.7.3. **Total Taking and Partial Taking with Termination.** Net Awards and Payments received on account of a total taking or a Partial Taking which results in the termination of this Lease shall be allocated in the following order:

**First:** There shall be paid to County an amount equal to the greater of (a) the sum of (1) the present value of all Annual Minimum Rent, Percentage Rent and other sums which would become due through the expiration of the Term if it were not for the taking less, in the event of a Partial Taking, an amount equal to the present value of the fair rental value of the portion of the Premises (with the improvements thereon) not subject to the Partial Taking, from the date of the Partial Taking through the expiration of the Term and (2)
the present value of the portion of the Premises (with the improvements thereon) subject to the taking from and after the expiration of the Term or (b) in the event of a Partial Taking, the present value of the fair market rental value of the portion of the Premises (with the improvements thereon) subject to the Partial Taking, from and after the expiration of the Term.

Second: There shall be paid to any Encumbrance Holder an amount equal to the sum of any unpaid principal amount of any Encumbrance secured by the Premises plus costs, expenses, and other sums due pursuant the loan documents, if any, and any interest accrued thereon, all as of the date on which such payment is made; and then

Third: There shall be paid to Lessee an amount equal to the value of Lessee's interest in the remainder of the Term of this Lease, including the value of the ownership interest in and use of the improvements constructed on the Premises, determined as of the date of such taking, less payments made under paragraph Second above. For such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4.

Fourth: The balance shall be paid to County.

6.7.4. Disputes. Any dispute under Article 6 concerning the fair market value of the Premises or any portion thereof, computation of present value or the determination of the amount of Annual Minimum Rent or Percentage Rent or other sums which would have become due over the Term of this Lease which are not resolved by the parties, shall be submitted to arbitration pursuant to Article 16 of this Lease. Such valuations, computations and determinations of value shall be made utilizing the Income Approach.

7. SECURITY DEPOSIT.

7.1. Amount and Use. Concurrent with the execution of this Lease, Lessee shall deliver to County, in the form of a cashier's check, wire transfer of immediately available funds, or irrevocable Letter of Credit acceptable to County with respect to form, content, term (in no event to be less than one (1) year) and issuer a security deposit in an amount which represents three (3) times the current Monthly Minimum Rent (the "Security Deposit"). Within thirty (30) days after any adjustment of the Monthly Minimum Rent, the Security Deposit shall be increased by Lessee or
may be reduced such that it at all times (other than during said thirty (30) day period) is equal to three (3) times the current Monthly Minimum Rent. The Security Deposit shall secure Lessee's obligations pursuant to this Lease, and may be drawn on by County, in whole or in part, to cover delinquent rent not paid by Lessee within any applicable notice and cure period and any other Events of Default of Lessee under this Lease. The Security Deposit shall be applied at the discretion of County.

7.2. Replacement. In the event that some or all of the Security Deposit is drawn against by County and applied against any delinquent rent not paid by Lessee within any applicable notice or cure period, or against other Events of Default of Lessee hereunder, Lessee shall, within five (5) days after receipt of written notice of the amount so applied and the reasons for such application, deposit sufficient additional funds with County, or cause the issuer of the Letter of Credit to reinstate the letter of credit to its full face amount, so that at all times that this Lease is in effect (other than between the date of the application of funds by County and the expiration of said five (5) day period), the full amount of the Security Deposit shall be available to County. Failure to maintain and replenish the Security Deposit, if not cured within the time period set forth in subsection 13.1.3, shall constitute an Event of Default hereunder.

7.3. Renewal. Any Letter of Credit procured by Lessee and delivered to County shall provide for notice to County by the issuer thereof no less than sixty (60) days prior to the expiration of the term of such Letter of Credit in the event that the issuer thereof is not irrevocably committed to renew the term of such Letter of Credit. In the event that, thirty (30) days prior to the expiration of such Letter of Credit, Lessee has not provided County with satisfactory evidence of its renewal or replacement, or has not provided County with adequate replacement security, County may draw down upon the Letter of Credit and hold the funds as security for Lessee's obligations as set forth in this Lease and may apply the funds to cover delinquent rent not paid by Lessee within any applicable notice and cure period and/or any other Event of Default of Lessee under this Lease.

8. INDEMNITY.

Except to the extent caused by the gross negligence or willful misconduct of any such indemnitee, Lessee shall at all times relieve, defend, indemnify, protect, and save harmless County and its respective Boards, officers, agents, consultants, counsel, employees and volunteers from any and all claims, costs, losses, expenses or liability, including expenses and reasonable attorneys' fees.
incurred in defending against the same by an attorney selected by Lessee and reasonably satisfactory to County, for the death of or injury to persons or damage to property, including property owned or controlled by or in the possession of County or any of its Board, officers, agents, employees or volunteers, to the extent that such arises from or is caused by (a) the operation, maintenance, use, or occupation of the Premises by Lessee or its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, (b) the acts, omissions, or negligence of Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, or (c) the failure of Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees to observe and abide by any of the terms or conditions of this Lease or any applicable law, ordinance, rule, or regulation. The obligation of Lessee to so relieve, indemnify, protect, and save harmless County and each of its respective Boards, officers, agents, consultants, counsel, employees and volunteers, shall continue during any periods of occupancy or of holding over by Lessee, Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, beyond the expiration of the Term or other termination of this Lease.

9. **INSURANCE.**

Lessee shall maintain at all times during the Term of this Lease policies of liability, worker's compensation and property insurance from companies authorized to transact business in the State of California by the Insurance Commissioner thereof.

9.1. **Property Insurance.** The policy of property insurance shall provide fire insurance with extended coverage, insuring against loss or damage by fire, lightning and the additional perils included in the standard extended coverage endorsement, as well as those included in the "all risk" policy, and burglary and theft insurance, on the structures, improvements, inventory, trade fixtures, furnishings and equipment used or to be used by Lessee on the Premises. Such insurance shall be in an amount sufficiently adequate to enable the resumption of the leasehold operations by Lessee following the occurrence of any of the risks covered by said insurance. The policy shall provide standard fire and extended coverage insurance, and shall cover vandalism, malicious mischief, and those risks ordinarily defined in "All-Risk coverage." The policy shall also contain "business interruption", "rental interruption" and/or continuous operation coverage payable to County equal to one (1) year's Annual Minimum Rent. During periods of substantial construction on the Premises, Lessee or Lessee's contractor will provide completed value builder's risk insurance reasonably satisfactory to County, together with (i) broad form liability and breach of
warranty coverages by endorsement; and (ii) non owned, non hired automotive liability coverage with a policy limit of Two Million and 00/100 Dollars ($2,000,000). Such insurance shall be in an amount equal to one hundred percent (100%) of the full replacement value of said buildings, structures, equipment, and improvements, with a deductible not greater than five percent (5%) of such replacement value (as such replacement value is determined by such insurance company and approved by County's risk manager), and shall be placed and maintained with such insurance company or companies and in such form as shall be reasonably satisfactory to County.

9.2. Form of Policy. All such insurance policies, along with their endorsements, shall name the Major Sublessee, if any, County and its respective Board of Supervisors and members thereof, and County's officers, agents, employees and volunteers, as additional insureds and any Encumbrance Holder as loss payee. Upon the occurrence of any loss, the proceeds of such insurance shall be held by County in trust for the named insureds as their interests appear, and shall be disbursed by County on a monthly basis to pay for work completed in accordance with then-prevailing industry custom and practice. In the event of such loss Lessee shall be obligated to rebuild or replace the destroyed or damaged buildings, structures, equipment, and improvements, in accordance with the procedures set forth herein above for the initial construction, except as otherwise provided in Article 10 hereof. Any surplus or proceeds after said rebuilding or replacement shall be distributed to Lessee.

Subject to the immediately following grammatical paragraph, a duplicate policy or policies evidencing such insurance coverage, in such form as shall be reasonably acceptable to County, shall be filed with Director no later than five (5) business days after the Execution Date, and such policy or policies shall provide that such insurance coverage will not be cancelled or reduced without at least thirty (30) days prior written notice to Director or ten (10) business days in case of cancellation for failure to pay the premium. At least ten (10) business prior to the expiration of such policy, a certificate showing that such insurance coverage has been renewed shall be filed with Director.

In lieu of submitting a copy of the policy or policies evidencing the above insurance, Lessee may submit in a form reasonably acceptable to County a certificate of insurance.

Any such policy may be issued in the form of a blanket policy
insuring other properties, in form, amount and content reasonably satisfactory to County, taking into account any additional protection that County reasonably deems prudent to provide for losses related to such other properties.

9.3. **Liability Insurance.** Lessee shall maintain in full force and effect during the Term of this Lease, comprehensive general liability insurance together with premises operations, products, completed operations, advertising, independent contractor and contractual liability coverages, including liquor liability, with a combined single limit of not less than Twenty Five Million Dollars ($25,000,000); Lessee agrees that County and its respective Board of Supervisors and members thereof, and County's officers, agents, employees and volunteers, shall be named as additional insureds under such liability insurance policy or policies.

Subject to Lessee's option to provide a certificate of insurance as set forth below, a duplicate policy or policies evidencing such insurance coverage shall be filed with Director no later than five (5) business days after the Execution Date, and said policy shall provide that such insurance coverage shall not be cancelled or reduced without at least thirty (30) days prior written notice to Director or ten (10) business days in case of cancellation for failure to pay the premium. At least thirty (30) days prior to the expiration of any such policy, a policy showing that such insurance coverage has been renewed or extended shall be filed with Director.

The amounts of liability insurance required by this Section required shall be subject to renegotiation as of each Renegotiation Date. If County and Lessee cannot agree upon the amount of insurance by the sixtieth (60th) day preceding the Renegotiation Date, the matter shall be resolved by binding arbitration in accordance with Article 16. In no event shall the amounts of liability insurance be decreased as a result of such renegotiation or arbitration. Following such renegotiation or arbitration, the parties shall execute an amendment to this Lease setting forth the renegotiated insurance provisions or the arbitration judgment, as appropriate.

In lieu of submitting a copy of the policy or policies evidencing the above insurance, Lessee may submit in a form reasonably acceptable to County a certificate of insurance.

Any such policy may be issued in the form of a blanket policy insuring other properties, in form, amount and content reasonably satisfactory to County, taking into account any additional protection that County reasonably deems prudent to provide for losses related to such other properties.
9.4. **Worker’s Compensation Insurance.** Lessee shall maintain in force during the Term of this Lease, in an amount and with coverage in compliance with applicable California law or, if no such law exists, then reasonably satisfactory to Director, Worker’s Compensation Insurance.

9.5. **Required Provisions.** Lessee’s insurance policies required by this Article 9 shall be for a term of not less than one year and shall additionally provide:

(a) that the full amount of any losses to the extent insurance proceeds are available shall be payable to additional insureds notwithstanding any act, omission or negligence of Lessee which might otherwise result in forfeiture of such insurance;

(b) in any property insurance policy, a waiver of all right of subrogation against County and its respective Board of Supervisors and members thereof, and County’s officers, agents, employees and volunteers with respect to losses payable under such policies;

(c) in any property insurance policy, that such policies shall not be invalidated should the insured waive, prior to a loss, any or all right of recovery against any party for losses covered by such policies;

(d) that the policies shall provide coverage on a "primary basis" with respect to the additional insureds, regardless of any other insurance or self-insurance that such additional insureds may elect to purchase or maintain;

(e) that losses, if any, shall be adjusted with and payable to Lessee, County and Encumbrance Holders, if any, pursuant to a standard mortgagee clause;

(f) that such policies shall not be suspended, voided, cancelled, reduced in coverage or in limits or materially changed without at least thirty (30) days prior written notice to County and all Encumbrance Holders or ten (10) business days in case of cancellation for failure to pay the premium;

(g) that the insurance shall apply separately to each insured against whom a claim is made, except with respect to the overall limits of said
insurer's liability; and,

(h) that such policies shall contain no special limitations on the scope of protection afforded to the additional insureds, and no failure to comply with the reporting provisions of such policies shall affect the coverage afforded to such additional insureds.

9.6. **Failure to Procure Insurance.** Failure of Lessee to procure or renew the herein required insurance shall, if not cured within two (2) days after written notice from County, constitute a default hereunder. In the event of such failure, in addition to the other rights and remedies provided hereunder, County may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by County shall be repaid by Lessee, with interest thereon at the Applicable Rate, to County upon demand.

10. **MAINTENANCE AND REPAIR; DAMAGE AND DESTRUCTION.**

10.1. **Lessee's Maintenance and Repair Obligations.** Lessee shall maintain the Premises, including paved or unpaved ground surfaces and improvements thereon, in conformance with such reasonable rules and regulations regarding the use and occupancy of highrise buildings in Marina del Rey (such as the Premises) as may be promulgated by County from time to time for general applicability on a non-discriminatory basis, as revised from time to time, but which shall be consistent with general practices for comparable properties and/or land owned by governmental entities such as County. Without limiting the foregoing, at Lessee's sole cost and expense, but subject to the terms and conditions of this Lease, Lessee shall keep and maintain the Premises and all equipment, improvements or physical structures of any kind which may exist or be erected, installed or made on the Premises in good and substantial repair and condition, including without limitation capital improvements and structural and roof repairs and replacement, and shall make all necessary repairs and alterations and replacements thereto, except as otherwise provided in this Article 10. Lessee shall undertake such repairs, alterations or replacements in compliance with Applicable Laws, or as reasonably required in writing by Director to Lessee incident to the provisions of this Article 10. Lessee shall maintain all improvements on the Premises in a safe, clean, wholesome and sanitary condition, to the reasonable satisfaction of Director and in compliance with all Applicable Laws. Lessee shall, at its own cost and expense, install, maintain and replace landscaping between the streets abutting the Premises and the building footprints on the Premises as is reasonably necessary to create a pleasing development to the reasonable satisfaction
of Director. Lessee specifically agrees to provide proper containers for trash and garbage which are screened from public view, to keep the Premises free and clear of rubbish and litter. County in its proprietary capacity shall have the right to enter upon and inspect the Premises at any reasonable time for cleanliness, safety and compliance with this Section 10.1, as long as such entrance is not done in a manner which would unreasonably interfere with the operation of the Premises. Lessee’s obligation to maintain and restore is absolute, and is not in any way dependent upon the existence or availability of insurance proceeds, except as otherwise provided in this Article 10. Restoration shall take place in accordance with the provisions of Sections 5.3 to 5.8, inclusive.

10.2. Option to Terminate for Uninsured Casualty. Lessee shall have the option to terminate this Lease and be relieved of the obligation to restore the improvements on the Premises where all or substantially all of the improvements on Premises are substantially damaged or destroyed and such damage or destruction resulted from a cause not required to be insured against by this Lease (an "Uninsured Loss"), and where all of the following occur:

10.2.1. No more than one hundred (100) days following the Uninsured Loss, Lessee shall notify County of its election to terminate this Lease; to be effective, this notice must include both a copy of Lessee’s notification to the Encumbrance Holder, if any, of Lessee’s intention to exercise this option to terminate and Lessee’s certification under penalty of perjury that Lessee has delivered or mailed such notification to the Encumbrance Holder in accordance with this subsection 10.2.1. County shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Lessee has notified the Encumbrance Holder regarding Lessee’s desire to terminate this Lease.

10.2.2. No more than sixty (60) days following the giving of the notice required by subsection 10.2.1 or such longer time as may be reasonable under the circumstances, Lessee shall, at Lessee’s expense: remove all debris and other rubble from the Premises; secure the Premises against trespassers; and, at County’s election, remove all remaining improvements on the Premises.

10.2.3. No more than sixty (60) days following the loss, Lessee delivers to County a deed to the Premises in recordable form, in form and content satisfactory to County and/or with such other documentation as may be reasonably requested by County or any title company on behalf of County,
terminating Lessee's interest in the Premises and reconveying such interest to County free and clear of any and all Encumbrances and Subleases.

10.2.4. Within ten (10) days following the County's receipt of the notice referred to in subsection 10.2.1, County has not received both written notice from the Encumbrance Holder, if any, objecting to such termination and an agreement containing an effective assignment of Lessee's interest in this Lease to such Encumbrance Holder whereby such Encumbrance Holder expressly assumes and agrees to be bound by and perform all of Lessee's obligations under this Lease.

10.3. **No Option to Terminate for Insured Casualty.** Lessee shall have no option to terminate this Lease or otherwise be relieved of its obligation to restore the improvements on the Premises where the damage or destruction results from a cause required to be insured against by this Lease.

10.4. **No County Obligation to Make Repairs.** County shall have no obligation whatsoever to make any repairs or perform any maintenance on the Premises.

10.5. **Repairs Not Performed by Lessee.** If Lessee fails to make any repairs or replacements as required, Director may notify Lessee of said failure in writing, and should Lessee fail to cure said failure and make repairs or replacements within a reasonable time as established by Director, County may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, overhead, materials and equipment, shall be charged against Lessee as provided in Section 13.5.

10.6. **Other Repairs.** Although having no obligation to do so, County may, at its own cost and at its sole discretion, perform or permit others to perform any necessary dredging, filling, grading or repair of water systems, sewer facilities, roads, or other County facilities on or about the Premises.

10.7. **Notice of Damage.** Lessee shall give prompt notice to County of any fire or damage affecting the Premises from any cause whatsoever.

10.8. **Waiver of Civil Code Sections.** The parties' rights shall be governed by this Lease in the event of damage or destruction. The parties hereby waive the provisions of California Civil Code Section 1932 and any other provisions of law.
which provide for contrary or additional rights.

11. ASSIGNMENT AND SUBLEASE.

11.1. Subleases.

11.1.1. Definition. The term "Sublease" shall mean any lease, license, permit, concession or other interest in the Premises, or a right to use the Premises or a portion thereof, which is conveyed or granted by Lessee to a third party, and which constitutes less than the unrestricted conveyance of the entire Lessee's interest under this Lease. "Sublessee" shall be the person or entity to whom such right to use is conveyed by a Sublease. A Sublease which grants or conveys to the Sublessee the right to possess or use all or substantially all of the Premises for a period of more than fifteen (15) years is sometimes referred to in this Lease as a "Major Sublease" and the Sublessee under such agreement is sometimes referred to in this Lease as a "Major Sublessee".

11.1.2. Approval Required. At least thirty (30) days prior to the proposed effective date of any Sublease that is not a Major Sublease or of any amendment or assignment of such Sublease, Lessee shall submit a copy of such Sublease, amendment or assignment to Director for approval, which approval shall be given or withheld at Director's sole and absolute discretion. To the extent practical, Director shall approve or disapprove said proposed Sublease, amendment or assignment within thirty (30) days after receipt thereof. In the event that (1) the Sublease is on the form attached as Exhibit "D" hereto, without material modification, (which Exhibit "D" may be amended from time to time upon the mutual agreement of Director and Lessee) (2) the proposed Sublessee's use is consistent with the use of the Office Space by other Sublessees and (3) the proposed Sublease provides for a fair market value rent, Director shall attempt to approve or disapprove such Sublease within fifteen (15) days after receipt of Lessee's request for approval thereof; if said proposed sublease is not disapproved within such fifteen day (15) day period, then it shall be deemed to be approved by Director if not disapproved within fifteen (15) days after Director's receipt of a notice from Lessee requesting Director's approval and stating in bold faced conspicuous type:

"THE PROPOSED SUBLEASE (1) IS ON THE FORM SET FORTH IN THE LEASE FOR EXPEDITED SUBLEASE APPROVAL, (2) PROVIDES
FOR A USE CONSISTENT WITH THE USE OF OFFICE SPACE ON THE
PREMISES BY OTHER SUBLESSEES AND (3) PROVIDES FOR A FAIR
MARKET VALUE RENT.

PURSUANT TO SUBSECTION 11.1.2 OF THE LEASE, IF NOT
DISAPPROVED IN WRITING BY DIRECTOR WITHIN FIFTEEN (15)
DAYS AFTER RECEIPT OF THIS NOTICE, THE PROPOSED SUBLEASE
 SHALL BE DEEMED TO BE APPROVED BY DIRECTOR."

In the event that the proposed Sublease is a sublease of less than
one thousand five hundred (1,500) square feet which complies with the
provisions of (1) through (3) above, then Director shall attempt to approve or
disapprove such Sublease within ten (10) days after receipt of Lessee’s request
for approval thereof; if said proposed sublease is not disapproved within such
ten day (10) day period, then it shall be deemed to be approved by Director if
not disapproved within ten (10) days after Director’s receipt of a notice from
Lessee requesting Director’s approval and stating in bold faced conspicuous
type:

“THE PROPOSED SUBLEASE (1) IS ON THE FORM SET FORTH IN
THE LEASE FOR EXPEDITED SUBLEASE APPROVAL, (2) PROVIDES
FOR A USE CONSISTENT WITH THE USE OF OFFICE SPACE ON THE
PREMISES BY OTHER SUBLESSEES AND (3) PROVIDES FOR A FAIR
MARKET VALUE RENT. THE PROPOSED SUBLEASE IS FOR LESS
THEN ONE THOUSAND FIVE HUNDRED (1,500) SQUARE FEET.

PURSUANT TO SUBSECTION 11.1.2 OF THE LEASE, IF NOT
DISAPPROVED IN WRITING BY DIRECTOR WITHIN TEN (10) DAYS
AFTER RECEIPT OF THIS NOTICE, THE PROPOSED SUBLEASE
SHALL BE DEEMED TO BE APPROVED BY DIRECTOR."

In no event, however, shall any such Sublease, amendment or
assignment be made or become effective without the prior approval (deemed
or otherwise) of Director. Each such Sublease shall specifically provide that
the Sublessee shall comply with all of the terms, covenants, and conditions of
this Lease applicable to the portion of the Premises subject to the Sublease.

11.1.3. **Major Sublease.** Lessee shall enter into a Major Sublease
only with a reputable owner or manager of commercial office facilities such as
exist on the Premises or are otherwise approved by County. In light of the
inherent detailed nature of a Major Sublease, Lessee shall deliver to County a copy of any proposed Major Sublease, or any sub-sublease or any other document pursuant to which an interest is proposed to be transferred in all or substantially all of the Premises, not less than sixty (60) days prior to the proposed effective date of such proposed Major Sublease or other document, for County’s review and approval pursuant to the procedures and requirements specified in Section 11.2.

11.2. Approval of Assignments and Major Subleases. Except for those Excluded Transfers identified in subsection 4.6.2 hereof and otherwise as specifically hereinbefore provided in this Article 11, Lessee shall not, without the prior written consent of County, which shall be based upon factors described in Exhibit “C” hereto, which is incorporated herein by this reference (“Assignment Standards”), either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Lease or any interest, right, or privilege therein (including without limitation the right to manage or otherwise operate the improvements located from time to time on the Premises), or enter into a Major Sublease affecting the Premises, or license the use of the all or substantially all of the Premises. Any Change of Ownership shall constitute an assignment of Lessee’s interest under this Lease. In addition, for purposes of this provision, the following acts of Lessee shall require the prior written consent of County to be effective unless they are Excluded Transfers: (1) the addition, removal or replacement of one or more general partners or managing members in a Lessee which is a limited partnership or limited liability entity, except (a) by death, insolvency, incapacity, resignation (except for a sole general partner, if any) or removal of a general partner or managing member and his replacement by a vote of the limited partners, the remaining general partners or remaining members, or (b) if any general partner or managing member owning more than fifty percent (50%) of the interests of the partnership or limited liability entity acquires the interest of another general partner or managing member owning fifteen percent (15%) or less of the interests in the partnership or limited liability entity; (2) the sale, assignment, or transfer of more than fifty percent (50%) of the stock in a corporation which owns or is a general partner in a partnership owning an interest in this Lease. Lessee shall provide County with any information reasonably requested by County in order to determine whether or not to grant approval of the assignment as provided herein. These same limitations and approval requirements shall apply with respect to the Sublessee’s interest under a Major Sublease.

11.2.1. County’s Use of Discretion and Limitation on Permissible Assignees. In exercising its discretion to approve assignments as provided in
this Section 11.2, County shall take into account the Assignment Standards and, if County determines that such Assignment Standards are satisfied, County shall not unreasonably withhold or delay its consent to any proposed assignment.

11.2.2. **Involuntary Transfers Prohibited.** Except as otherwise specifically provided in this Lease, neither this Lease nor any interest therein shall be assignable or transferable in proceedings in attachment, garnishment, or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any process of law including proceedings under the Bankruptcy Act.

11.2.3. **Procedure.** Requests for approval of any proposed assignment shall be processed in accordance with the following procedures:

11.2.3.1. Prior to entering into any agreement requiring the approval of County pursuant to this Sections 11.1 or 11.2, Lessee (or the entity seeking approval of such assignment) shall notify County and deliver to County all information relevant to the proposed assignment, including without limitation any term sheets, letters of intent, draft Major Subleases, any other documents which set forth any proposed agreement regarding the Premises and the information set forth in subsection 11.2.3.5. County will evaluate the information provided to it and County may request additional information as may be reasonably necessary to act on the request. Under no circumstances will County formally discuss an assignment with any proposed assignee prior to reviewing the proposal with Lessee.

11.2.3.2. In completing its review of the proposal and granting or withholding its consent thereto, County will not be bound by any deadline contained in any proposed assignments, Major Subleases, escrow instructions or other agreements to which County is not a party.

11.2.3.3. Lessee acknowledges that the time needed for County to review a proposed assignment depends on many factors, including without limitation the complexity of the proposed transaction, the financial and other information submitted for review,
and the workload of County's personnel. Notwithstanding the foregoing, County shall act as promptly as governmental processes permit in processing and acting upon a requested approval of an assignment of Lessee's interest under this Article 11.

11.2.3.4. Lessee shall be required to reimburse County for costs of legal, financial and/or other analyses, as well as County's Actual Costs incurred in connection with the proposed assignment, whether or not County ultimately grants its approval to the proposed assignment. However, in the event that County approves the proposed assignment, Lessee shall receive a credit toward those costs to the extent that an Administrative Charge is paid in connection with the assignment.

11.2.3.5. Lessee or the proposed assignee shall provide County with sufficient information for County to determine if the public interest will be served by approving the proposed transaction. The information that must be provided includes, but shall not be limited to, the following:

(a) **Nature of the Assignee.** Full disclosure is required in accordance with this Lease and County's applicant disclosure policy then in effect. Additionally, a flowchart identifying the chain of ownership of the assignee and its decision-making authority shall be provided to County. County shall be advised if the proposed assignee, or any other person or entity for whom disclosure is required pursuant to County's disclosure policy, has had any leasehold or concessionaire's interest cancelled or terminated by the landlord due to the tenant or Lessee's breach or default thereunder;

(b) **Financial Condition of Assignee.** County shall be provided with current, certified financial statements, including balance sheets and profit and loss statements, demonstrating the proposed assignee's financial condition for the preceding five (5) years, or such shorter period that assignee has been in existence. This
requirement shall also apply to any related person or entity which will be responsible for or guarantee the obligations of the proposed assignee or provide any funds or credit to such proposed assignee.

(c) Financial Analysis. County shall be provided with the proposed assignee's financing plan for the operation of the Premises and for any contemplated improvement thereof, demonstrating such proposed assignee's financial capability to so operate the Premises and construct such improvements. Such financing plan shall include, but not be limited to, information detailing (1) equity capital; (2) sources and uses of funds; (3) terms of financing; (4) debt service coverage and ratio; and (5) loan to value ratio. The proposed assignee shall also provide County with documentation demonstrating such proposed assignee's financial viability, such as letters of commitment from financial institutions which demonstrate the availability of sufficient funds to complete any proposed construction or improvements on the Premises. Further, such proposed assignee shall authorize the release of financial information to County from financial institutions relating to the proposed assignee or other information supplied in support of the proposed assignment.

(d) Business Plan. County shall be provided with the proposed assignee's business plan for the Premises, if applicable, including pro forma financial projections for the Premises for the five (5) year period beginning upon the commencement of the proposed assignment. Such pro forma projections will include capital costs, income and expenses, as well as debt service and all other payments to providers of debt and equity, and will be accompanied by a statement of basic assumptions and an identification of the sources of the data used in the production of such projections. Subject to the requirements of the Public Records Act, County shall use its good faith efforts to keep such business plan
confidential.

(e) **Cure of Defaults.** County shall be provided with the proposed assignee's specific plans to cure any and all delinquencies under this Lease which may be identified by County, whether identified before or after the date of the proposed assignment.

(f) **Prospectus Materials.** County shall be provided with any materials distributed to third parties relating to the business of the proposed assignee to be conducted on, from or relating to the Premises.

(g) **Other Information.** County shall be provided with a clear description of the terms and conditions of the proposed assignment, including a description of the proposed use of the Premises and any proposed alterations or improvements to the Premises. Additionally, County shall be provided with any and all other information which it reasonably requests of Lessee in connection with its review of the proposed transaction, including without limitation materials pertinent to the issues noted in this subsection to the extent that they exist, such as escrow instructions, security agreements, personal property schedules, appraisals, market reports, lien releases, UCC Statements, preliminary title reports, management agreements affecting the Premises, contracts in excess of $25,000 affecting the Premises, schedules of pending or threatened litigation, and attorneys' closing opinions relating to Lessee, the proposed assignee or the Premises. County shall endeavor to keep the foregoing materials confidential, subject to the Public Records Act and other Applicable Laws.

11.2.3.6. **Nondisturbance.** At the request of Lessee, Director shall agree to execute a nondisturbance and attornment agreement on commercially reasonable terms in favor of (i) any Major Sublessee or (ii) any sublessee which leases in excess of one
full floor of Office Space in the Premises. The form for such
nondisturbance and attornment agreement is attached hereto as
Exhibit "E", which form may be changed from time to time upon the
mutual agreement of County and Lessee.

11.2.3.7. Final Documents. Prior to granting its
approval over any proposed assignment, County shall be provided
with executed Assignment and Acceptance of Assignment forms
prepared substantially in accordance with the standard form available
from County. Ten (10) copies of each must be submitted to County,
of which five (5) shall be signed originals and properly
acknowledged.

11.2.4. County Right to Recapture. Other than in connection with
an Excluded Transfer as described in subsection 4.6.2, If Lessee proposes to
assign its entire interest in this Lease or the Premises or enter into any Major
Sublease affecting the Premises ("Proposed Transfer"), it shall provide County
with written notice of such desire and the sale price ("Lessee Sale Price") at
which it is willing to consummate the Proposed Transfer. Within sixty (60)
days thereafter, the County shall provide Lessee with written notification as to
whether it has elected to acquire an option to purchase the interest subject to
the Proposed Transfer. During said sixty (60) day period, Lessee may continue
to market the interest subject to the Proposed Transfer, provided that such
interest is offered subject to County's rights as provided herein. In the event
that, prior to the expiration of said sixty (60) day period, County has given
notice to Lessee that it has elected to acquire said option, Lessee shall deliver
to County an assignable option to purchase the interest subject to the
Proposed Transfer ("County Option") at the Lessee Sale Price. Such County
Option shall have a term of five (5) calendar months. During the term of the
County Option, Lessee shall make the Premises and its books and records
reasonably available for inspection by County and third parties as reasonably
requested by County. In the event that County causes Lessee to issue the
County Option and subsequently declines to purchase the interest subject to
the Proposed Transfer at the Lessee Sale Price, County shall pay to Lessee at
the expiration of the County Option period (or, at County's election, credit to
Lessee against the next applicable installment(s) of Annual Minimum Rent and
Percentage Rent), a sum (the "County Option Price") which represents (i) three
percent (3%) of the Lessee Sale Price, plus (ii) seven percent (7%) interest per
annum on said three percent (3%) of the Lessee Sale Price, from the date
Lessee received notice of County’s election to receive the County Option through the date on which the County Option Price, together with interest thereon, is paid or credited in full. If County either (a) fails to elect to cause Lessee to issue the County Option within said sixty (60) day period or (b) gives notice that it has elected not to acquire the interest subject to the Proposed Transfer, then Lessee shall be entitled to consummate the Proposed Transfer with a third party (subject to County’s approval rights as otherwise set forth in this Lease) during the ensuing nine (9) month period so long as the Proposed Transfer price is equal to or greater than the Lessee Sale Price last offered to County and upon no more favorable material terms to the assignee. In the event of a proposed Sublease or other permitted assignment of less than all of the Premises, County’s election shall pertain to such portion of the Premises subject to the proposed Sublease or assignment and, in the event that County elects to acquire such portion of Lessee’s interest in the Premises, Lessee’s Annual Minimum Rent shall be proportionally reduced and Lessee’s obligation to pay Percentage Rent shall pertain only to the amounts derived from the portion of the Premises retained by Lessee. In the event that County elects to recapture all or any portion of the Premises as provided herein, Lessee agrees to execute promptly a termination agreement and such other documentation as may be reasonably necessary to evidence the termination of this Lease, to set a termination date and to prorate rent and other charges with respect to the termination. County’s rights pursuant to this subsection 11.2.4 shall not apply to Financing Events or those events identified in subsection 4.6.2 of this Lease.

11.2.5. County Credits Toward Purchase Price. In the event that County or its assignee elects to exercise the County Option, it shall receive the following credits toward the Lessee Sale Price: (1) the Net Proceeds Share which would be payable to County in the event that a third party were to purchase the interest offered at the Lessee Sale Price and (2) an amount which represents unpaid Annual Minimum, Percentage Rent, and all other amounts payable under the Lease, if any, with late fees and interest as provided herein, from the end of the period most recently subject to County audit through the date of the purchase of the interest by County. In lieu of the credit described in (2) above, Lessee may provide County with a letter of credit or other security satisfactory to County to secure the payment of such unpaid amounts when finally determined by County. During the term of the County Option, Lessee shall cause to be available to County all books and records reasonably necessary in order to determine the amount of such unpaid Annual Minimum,
Percentage Rent, and other amounts payable under the Lease. In the event that County or its assignee exercises the County Option, but the transaction fails to close due to a failure of the parties to agree upon an appropriate allowance for such unpaid Annual Minimum, Percentage Rent, and other amounts or appropriate security for the payment thereof, then County shall have no obligation to pay or credit to Lessee the County Option Price.

11.3. Terms Binding Upon Successors, Assigns and Sublessees. Except as otherwise specifically provided for herein, each and all of the provisions, agreements, terms, covenants, and conditions herein contained to be performed, fulfilled, observed, and kept by Lessee hereunder shall be binding upon the heirs, executors, administrators, successors, and assigns of Lessee, and all rights, privileges and benefits arising under this Lease in favor of Lessee shall be available in favor of its heirs, executors, administrators, successors, and assigns. Notwithstanding the foregoing, no assignment or subletting by or through Lessee in violation of the provisions of this Lease shall vest any rights in any such assignee or Sublessee. Any approved assignment of this Lease shall release the assignor of all liability arising due to actions or omissions on or after the effective date of such assignment, provided the assignee assumes all of such liability, including without limitation the obligation of assignee to cure any defaults and delinquencies under this Lease and to pay County Percentage Rent and any other amounts attributable to the period prior to the assignment, but not discovered by County or the assignee until after the assignment; provided, further, the assignor shall not be relieved of any liability for the payment of the Administrative Charge or the required portion of any Net Proceeds Share or Net Refinancing Proceeds which arise upon such assignment as provided herein.

12. ENCUMBRANCES

12.1. Financing Events. Lessee may, with the prior written consent of Director, which shall not be unreasonably withheld, and subject to any specific conditions which may be imposed by Director, consummate one or more Financing Event(s) (as defined below). Lessee shall submit to Director a complete set of all proposed transaction documents in connection with each proposed Financing Event. Director shall have sixty (60) days in which to grant or withhold approval of the Financing Event. If not approved in writing within such sixty (60) day period, the proposed Financing Event shall be deemed disapproved by Director. Lessee shall further reimburse County for County's Actual Cost incurred in connection with its review of the proposed Financing Event, including without limitation the costs of in-house counsel, outside counsel and third party consultants. For the purposes of this
12.1.1. **Encumbrances.** As used in this Lease, an "Encumbrance" shall be any direct or indirect grant, assignment, transfer, mortgage, hypothecation, grant of control over, or encumbrance of all or any portion of Lessee's interest under this Lease and the estate so created, including without limitation a direct or indirect assignment of Lessee's right to receive rents from subtenants, and a pledge of partnership interests or other beneficial ownership interests in Lessee by the principals of Lessee, to a lender (upon County approval of the Encumbrance and consummation of the lending transaction, the "Encumbrance Holder") on the security of Lessee's interest in the Lease and the Premises, the shares of beneficial ownership in Lessee, or otherwise secured by Lessee's rights in and to the Premises. One (1) copy of any and all security devices or instruments as finally executed or recorded by the parties in connection with any approved Encumbrance shall be filed with Director not later than seven (7) days after the effective date thereof. These same limitations and approval requirements shall apply with respect to the financing and the Encumbrance Holder of any Major Sublessee's interest pursuant to a Major Sublease.

12.1.2. **Consent Not Required to Transfer Resulting from Foreclosure.** The written consent of County shall not be required in the case of (nor shall the County's recapture rights provided in subsection 11.2.4 be applicable and no Net Proceeds Share be payable on account of):

12.1.2.1. A transfer of this Lease or a Major Sublease at a foreclosure sale or at a judicial foreclosure or voluntary conveyance to the Encumbrance Holder or an affiliate in lieu thereof; or

12.1.2.2. A transfer by Encumbrance Holder of all or any party of its interest, or collateral assignment of all or any part of its interest, in this Lease, or

12.1.2.3. A single subsequent transfer of the Lease or a Major Sublease by an Encumbrance Holder who was a purchaser at
such foreclosure sale or transfer in lieu thereof, provided the transferee expressly agrees in writing to assume and to perform all of the obligations under this Lease and, if applicable, a Major Sublease.

12.1.3. **Effect of Foreclosure.** In the event of a transfer under subsection 12.1.2, the Encumbrance Holder shall forthwith give notice to County in writing of any such transfer setting forth the name and address of the transferee and the effective date of such transfer, together with a copy of the document by which such transfer was made.

12.1.3.1. Any transferee under the provisions of subsection 12.1.2.1, including Encumbrance Holder, which is a commercial bank, savings and loan institution, insurance company, pension fund, investment bank, opportunity fund, mortgage conduit, mortgage banker, real estate investment trust or other similar financial institution which ordinarily engages in the business of making loans secured by collateral similar to the Premises, or an affiliate thereof, ("Institutional Lender") shall be liable to perform the full obligations of Lessee under this Lease until a subsequent transfer of the Lease approved by County. Following the transfer, County shall recognize such transferee as the lessee under the Lease and shall not disturb its use and enjoyment of the Premises, provided that such transferee cures any pre-existing default or event of default which may be cured by the payment of money and thereafter performs the full obligations of Lessee under this Lease, other than those, if any, which are personal to a prior lessee. No transferee under this subsection 12.1.3.1 shall be liable for any of Lessee’s obligations under this Lease until such transferee has acquired Lessee’s interest in this Lease.

12.1.3.2. A transferee under subsection 12.1.2.1 which is not an Institutional Lender and any subsequent transferee under the provisions of subsection 12.1.2.2 shall be liable to perform the full obligations of Lessee under this Lease and as a condition to the completion of such transfer must cure, remedy, or correct any Event of Default existing at the time of such transfer or arising thereafter due to an event or occurrence before date of transfer.
12.1.3.3. Neither an Administrative Charge nor any Net Proceeds Share shall be payable in respect of or charged against any amount payable under the Encumbrance to or for the benefit of the Encumbrance Holder in connection with a transfer pursuant to subsection 12.1.2.

12.2. **Right to Notice and Cure Defaults.** All Encumbrance Holders and Major Sublessees shall have the right, at any time during the Term and during the term of its Encumbrance, and as further provided in Section 12.4, to do any act or thing required of Lessee in order to prevent termination of Lessee's rights hereunder, and all such acts or things so done hereunder shall be treated by County the same as if performed by Lessee.

12.3. **No Subordination.** County's rights in the Premises and this Lease, including without limitation County's right to receive Annual Minimum Rent and Percentage Rent, shall not be subordinated to the rights of any Encumbrance Holder. Notwithstanding the foregoing, an Encumbrance Holder shall have all of the rights set forth in the security instrument creating the Encumbrance, as approved by County in accordance with Section 12.1, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Lessee for the appointment of a receiver and to obtain possession of the Premises under and in accordance with the terms of said Encumbrance, provided that all obligations of Lessee hereunder shall be kept current, including but not limited to the payment of rent and curing of all defaults or Events of Default hereunder.

12.4. **Delay in Exercising Termination Remedy.** County shall not exercise any remedy available to it upon the occurrence of an Event of Default (other than pursuant to Section 13.5) unless it first shall have given written notice of such default to each and every Major Sublessee and Encumbrance Holder, where the Event of Default is one where notice is required to be given to Lessee pursuant to the terms of this Lease and the Encumbrance Holder and/or Major Sublessee have notified Director in writing of its interest in the Premises or this Lease and the addresses to which such notice should be delivered. Such notice shall be sent simultaneously with the notice or notices to Lessee, and shall not be deemed to be given to Lessee until County has complied with the first sentence of this Section 12.4. An Encumbrance Holder or Major Sublessee shall have the right and the power to cure the Event of Default specified in such notice in the manner prescribed below. If such Event or Events of Default are so cured, this Lease shall remain in full force and effect. Similarly, County shall not agree to a consensual termination, surrender or
cancellation of this Lease, unless it first shall have given written notice of such termination, surrender or cancellation to the Encumbrance Holder(s) and/or Major Sublessee(s) who have notified Director in writing of their interest in the Premises or this Lease and the addresses to which such notice should be delivered and procured the consent of such Encumbrance Holder and/or Major Sublessee.

12.4.1. Manner of Curing Default. Events of Default may be cured by an Encumbrance Holder or Major Sublessee in the following manner:

(1) If the Event of Default is in the payment of rental, taxes, insurance premiums, utility charges or any other sum of money, an Encumbrance Holder or the Major Sublessee may pay the same, together with any Late Fee or interest payable thereon, to County or other payee within thirty five (35) days after mailing of the aforesaid notice of default to the Encumbrance Holder or the Major Sublessee. If, after such payment to County, Lessee pays the same or any part thereof to County, County shall refund said payment (or portion thereof) to such Encumbrance Holder or Major Sublessee.

(2) If the Event of Default cannot be cured by the payment of money, but is otherwise curable, the default may be cured by an Encumbrance Holder or Major Sublessee as follows:

(a) If an Encumbrance Holder or Major Sublessee cures, remedies and corrects the default within ten (10) days after the end of Lessee’s cure period as provided in Section 13.1 hereof; provided, however, if curing of such default requires activity over a longer period of time, such default may be cured if within said ten (10) day period, such Encumbrance Holder or Major Sublessee commences and thereafter continues to use due diligence to perform whatever acts may be required to cure the particular default; in the event Lessee commences to cure the default within Lessee's applicable cure period and thereafter fails or ceases to pursue the cure with due diligence, the Encumbrance Holder's and Major Sublessee's ten (10) day period shall commence upon the later of the end of Lessee's cure period or the date upon which County notifies the Encumbrance Holder and/or Major Sublessee that Lessee has failed or ceased to cure the default with due diligence.

(b) With respect to an Encumbrance Holder, but not a Major Sublessee, if before the expiration of said ten (10) day period, said
Encumbrance Holder notifies County of its intent to commence foreclosure of its interest, and within sixty (60) days after the mailing of said notice, said Encumbrance Holder (i) actually commences foreclosure proceedings and prosecutes the same thereafter with due diligence, said sixty (60) day period shall be extended by the time necessary to complete such foreclosure proceedings, or (ii) if said Encumbrance Holder is prevented from commencing foreclosure proceedings by any order, judgment or decree of any court or regulatory body of competent jurisdiction, and said Encumbrance Holder diligently seeks release from or reversal of such order, judgment or decree, said sixty (60) day period shall be extended by the time necessary to obtain such release or reversal and thereafter to complete such foreclosure proceedings. Within thirty five (35) days after such foreclosure sale and the vesting of title in the purchaser thereof (whether or not such purchaser is the Encumbrance Holder), said purchaser shall, as a condition to the completion of such transfer, cure, remedy or correct the default, or commence and thereafter pursue with due diligence, the performance of the thing or acts required to be done to cure, correct and remedy said default.

(3) In the event that this Lease is terminated by County at any time by reason of a default or Event of Default by Lessee which shall be incurable by Encumbrance Holder, or by a surrender, cancellation or termination by Lessee, or if Lessee shall have rejected or otherwise terminated this Lease pursuant to Applicable Laws, then, at Encumbrance Holder’s election, County shall enter into a new lease with Encumbrance Holder or an affiliate thereof on the same terms and conditions as shall then be contained in this Lease and with the same priority as this Lease, to the extent possible. Encumbrance Holder’s election shall be made by giving County written notice of such election within ten (10) days after the event giving rise to Encumbrance Holder’s election. Promptly after request therefor, County shall execute and return to Encumbrance Holder any and all documents reasonably necessary to secure or evidence Encumbrance Holder’s interest in the new lease or the Premises. From and after the effective date of the new lease, Encumbrance Holder (or its affiliate) may notwithstanding anything to the contrary contained elsewhere in this Lease, assign or transfer its interest to any person or entity without obtaining County’s or Director’s consent thereto, and Encumbrance Holder (or its affiliate) shall be thereupon relieved of all liability under the Lease or the new lease, and such assignee or transferee shall become liable for all of the lessee’s obligations thereunder.

13. DEFAULT.
13.1. **Events of Default.** The following are deemed to be "Events of Default" hereunder:

13.1.1. **Monetary Defaults.** The failure of Lessee to pay the rentals due, or make any other monetary payments required under this Lease, within five (5) days after written notice that said payments are overdue and Lessee may cure such nonpayment by paying the amount overdue, with interest thereon and the applicable Late Fee, within three (3) days after receipt of such written notice.

13.1.2. **Failure to Comply with Construction Obligations.** The failure of Lessee to comply with the obligations and timeframes set forth in Article 5 of this Lease if not cured within ten (10) days after written notice of such failure, if no other notice of such failure is otherwise required hereunder.

13.1.3. **Maintenance of Security Deposit.** The failure of Lessee to maintain and/or replenish the Security Deposit required pursuant to Article 7 of this Lease if not cured within five (5) days after written notice of such failure.

13.1.4. **Failure to Perform Other Obligations.** The failure of Lessee to keep, perform, and observe any and all other promises, covenants, conditions and agreements set forth in this Lease, including without limitation the obligation to maintain adequate accounting and financial records, within thirty five (35) days after written notice of Lessee’s failure to perform from Director; provided, however, that where Lessee’s performance of such covenant, condition or agreement is not reasonably susceptible of completion within such thirty five (35) day period and Lessee has in good faith commenced and is continuing to perform the acts necessary to perform such covenant, condition or agreement within such thirty five (35) day period, County will not exercise any remedy available to it hereunder for so long as Lessee uses reasonable due diligence in continuing to pursue to completion the performance such covenant, condition or agreement and so completes performance within a reasonable time.

13.1.5. **Nonuse of Premises.** The abandonment, vacation, or discontinuance of use of the Premises, or any substantial portion thereof, for a period of thirty five (35) days, except when prevented by Force Majeure or when closed for renovations or repairs required or permitted to be made under this Lease.
13.1.6. **Notices.** Any notice required to be given by County pursuant to subsections 13.1.1 through and including 13.1.4 shall be in addition to, and not in lieu of, any notice required under Section 1161 of the California Code of Civil Procedure.

13.2. **Limitation on Events of Default.** Lessee shall not be considered in default as to any provision of this Lease when such default is the result of or pursuant to, any process, order, or decree of any court or regulatory body of competent jurisdiction, or any other circumstances which are physically impossible to cure provided Lessee uses due diligence in pursuing whatever is required to obtain release from or reversal of such process, order, or decree or is attempting to remedy such other circumstances preventing its performance.

13.3. **Remedies.** Upon the occurrence of an Event of Default, and subject to the rights of any Encumbrance Holder or Major Sublessee to cure such Event of Default as provided in Section 12.4 hereof, County shall have, in addition to any other remedies in law or equity, the following remedies which are cumulative:

13.3.1. **Terminate Lease.** County may terminate this Lease by giving Lessee written notice of termination. On the giving of the notice, all Lessee's rights in the Premises and in all improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Premises and all improvements in broom-clean condition, and County may re-enter and take possession of the Premises and all remaining improvements and, except as otherwise specifically provided in this Lease, eject all parties in possession or eject some and not others, or eject none. Termination under this subsection shall not relieve Lessee from the payment of any sum then due to County or from any claim for damages against Lessee as set forth in subsection 13.4.3, or from Lessee's obligation to remove improvements at County's election in accordance with Article 2. County agrees to use reasonable efforts to mitigate damages.

13.3.2. **Keep Lease in Effect.** Without terminating this Lease, so long as County does not deprive Lessee of legal possession of the Premises and allows Lessee to assign or sublet subject only to County's rights set forth herein, County may continue this Lease in effect and bring suit from time to time for rent and other sums due, and for Lessee's breach of other covenants and agreements herein. No act by or on behalf of County under this provision shall constitute a termination of this Lease unless County gives Lessee written
notice of termination. It is the intention of the parties to incorporate the provisions of California Civil Code Section 1951.4 by means of this provision.

13.3.3. **Termination Following Continuance.** Even though it may have kept this Lease in effect pursuant to subsection 13.3.2, thereafter County may elect to terminate this Lease and all of Lessee's rights in or to the Premises unless prior to such termination Lessee shall have cured the Event of Default or shall have satisfied the provisions of Section 13.2, hereof. County agrees to use reasonable efforts to mitigate damages.

13.4. **Damage.** Should County elect to terminate this Lease under the provisions of the foregoing Section, County shall be entitled to recover from Lessee as damages:

13.4.1. **Unpaid Rent.** The worth, at the time of the award, of the unpaid rent that had been earned at the time of termination of this Lease;

13.4.2. **Post-Termination Rent.** The worth, at the time of the award, of the unpaid rent that would have been earned under this Lease after the date of termination of this Lease until the date Lessee surrenders possession of the Premises to County; and

13.4.3. **Other Amounts.** The amounts necessary to compensate County for the sums and other obligations which under the terms of this Lease become due prior to, upon or as a result of the expiration of the Term or sooner termination of this Lease, including without limitation, those amounts of unpaid taxes, insurance premiums and utilities for the time preceding surrender of possession, the cost of removal of rubble, debris and other above-ground improvements, attorney's fees, court costs, and unpaid Administrative Charges, Net Proceeds Shares and Net Refinancing Proceeds.

13.5. **Others' Right to Cure Lessee's Default.** County (and any Encumbrance Holder or Major Sublessee, as provided in the last sentence of this section), at any time after Lessee's failure to perform any covenant, condition or agreement contained herein beyond any applicable notice and cure period, may cure such failure at Lessee's cost and expense. If, after delivering to Lessee two (2) or more written notices with respect to any such default, County at any time, by reason of Lessee's continuing failure, pays or expends any sum, Lessee shall immediately pay to County the lesser of the following amounts: (1) twice the amount expended
by County to cure such default and (2) the amount expended by County to cure such default, plus one thousand dollars ($1000). To the extent practicable, County shall give any Encumbrance Holders or Major Sublessees the reasonable opportunity to cure Lessee’s default prior to County’s expenditure of any amounts thereon.

13.6. Default by County. County shall be in default in the performance of any obligation required to be performed by County under this Lease if County has failed to perform such obligation within thirty (30) days after the receipt of notice from Lessee specifying in detail County’s failure to perform; provided, however, that if the nature of County’s obligation is such that more than thirty (30) days are required for its performance, County shall not be deemed in default if it shall commence such performance within thirty (30) days and thereafter diligently pursues the same to completion. Lessee shall have no rights as a result of any default by County until Lessee gives thirty (30) days notice to any person having a recorded interest pertaining to County’s interest in this Lease or the Premises. Such person shall then have the right to cure such default, and County shall not be deemed in default if such person cures such default within thirty (30) days after receipt of notice of the default, or such longer time as may be reasonably necessary to cure the default. Notwithstanding anything to the contrary in this Lease, County’s liability to Lessee for damages arising out of or in connection with County’s breach of any provision or provisions of this Lease shall not exceed the value of County’s equity interest in the Premises and its right to insurance proceeds in connection with the policies required under Article 9 hereof.

14. ACCOUNTING.

14.1. Maintenance of Records and Accounting Method. In order to determine the amount of and provide for the payment of the Annual Minimum Rent, Percentage Rent, Administrative Charge, Net Proceeds Share, Net Refinancing Proceeds and other sums due under this Lease, and to verify the amount and use of the Permitted Capital Expenditures, Lessee and all Sublessees other than those whose Gross Receipts are reported under subsection 4.2.2(c) hereof, if any, shall at all times during the Term of this Lease, and for thirty six (36) months thereafter, keep, or cause to be kept, locally, to the reasonable satisfaction of Director, true, accurate, and complete records and double-entry books of account for the current and five (5) prior Accounting Years, such records to show all transactions relative to the conduct of operations, and to be supported by data of original entry. Such records shall detail transactions conducted on or from the Premises separate and apart from those in connection with Lessee’s (or sublessee’s or licensee’s, as
appropriate) other business operations, if any. Lessee shall utilize the accrual method of accounting with respect to its preparation of the reports and maintenance of records required herein or, at its option, may utilize the cash method of accounting, provided Lessee reconciles its filings, records and reports to an accrual method consistent with United States Generally Accepted Accounting Procedures to the extent requested by County; notwithstanding the foregoing, Lessee shall be permitted to make monthly payments of Percentage Rent using the cash method of accounting to determine Gross Receipts, provided that Lessee provides County with an annual reconciliation of its cash basis determination Gross Receipts (together with payment of any additional Percentage Rent due) to the accrual method.

14.2. **Cash Registers.** All retail sales shall be recorded by means of cash registers or computers which automatically issue a customer’s receipt or certify the amount recorded in a sales slip. Said cash registers shall in all cases have locked-in sales totals and transaction counters which are constantly accumulating and which cannot, in either case, be reset, and in addition thereto, a tape (or other equivalent security mechanism) located within the register on which transaction numbers and sales details are imprinted. Beginning and ending cash register readings shall be made a matter of daily record.

Lessee shall cause to be implemented point of sale systems which can accurately verify all retail sales for audit purposes and customer review purposes, which system shall be submitted to the Director in advance of installation for his approval, which approval will not be unreasonably withheld. Requirements of this paragraph may be waived in advance by the Director upon submission of an acceptable substitute plan for recording sales and other income.

Lessee’s obligations set forth in this Section 14.2 include Lessee’s obligation to insure that Lessee’s sublessees, licensees, permittees, concessionaires and any other occupants of any portion of the Premises keep records sufficient to permit County and County’s auditors to determine the proper levels of Annual Minimum Rent, Percentage Rent, Administrative Charge, Net Proceeds Share, Net Refinancing Proceeds and other sums due under this Lease, and to verify the amount and use of the Permitted Capital Expenditures,

14.3. **Statement: Payment.** No later than the fifteenth (15th) day of each calendar month, Lessee shall render to County a detailed statement showing Gross Receipts during the preceding calendar month, together with its calculation of the amount payable to County under Sections 4.2 through 4.8 inclusive, and shall
14.4. **Availability of Records for Inspector's Audit.** Books of account and records hereinabove required shall be kept or made available at the Premises or at another location within Los Angeles County, and County and other governmental authorities shall have the right at any reasonable times to examine and audit said books and records, without restriction, for the purpose of determining the accuracy thereof and of the monthly statements of Gross Receipts derived from occupancy of the Premises and the compliance of Lessee with the terms of this Lease and other governmental requirements. This Section 14.4 shall survive the expiration of the Term or other termination of this Lease for thirty six (36) months after such expiration or termination.

14.4.1. **Entry by County.** County and its duly authorized representatives or agents may enter upon the Premises at any and all reasonable times during the Term of this Lease for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of County.

14.5. **Cost of Audit.** In the event that, for any reason, Lessee does not make available its (or its sublessee's or licensee's) original records and books of account at the Premises or at a location within Los Angeles County, Lessee agrees to pay all expenses incurred by County in conducting any audit at the location where said records and books of account are maintained. In the event that any audit discloses a discrepancy in County's favor of greater than two percent (2%) of the revenue due County for the period audited, then Lessee shall pay County audit contract costs, together with the amount of any identified deficiency, with interest thereon and Late Fee provided by Section 4.5.

14.6. **Additional Accounting Methods.** County may require the installation of any additional accounting methods or machines which are typically used by major office buildings and major parking service companies and which County reasonably deems necessary if the system then being used by Lessee does not adequately verify sales for audit or customer receipt purposes.

14.7. **Accounting Year; Lease Year.** The term "Accounting Year" as used herein shall mean a period of twelve (12) consecutive calendar months, the first Accounting Year commencing January 1, 1995 and ending on December 31, 1995; thereafter the "Accounting Year" shall be each period of twelve (12) consecutive
calendar months.

14.8. **Annual Financial Statements.** Within six (6) months after the end of each Accounting Year or, at Lessee’s election, after the completion of Lessee’s fiscal year, Lessee shall deliver to County a set of audited and certified financial statements prepared by a Certified Public Accountant who is a member of the American Institute of Certified Public Accountants and is satisfactory to County, setting forth Lessee’s financial condition and the result of Lessee’s operations for such Accounting Year and shall include a certification of and unqualified opinion concerning Lessee’s Gross Receipts (including a breakdown by category) and the amount of Permitted Capital Expenditures in said Accounting Year. All financial statements prepared by or on behalf of Lessee shall be prepared in a manner that permits County to determine the financial results of operations in connection with Lessee’s activities at, from or relating to the Premises, notwithstanding that Lessee may have income and expenses from other activities unrelated to its activities on the Premises.

14.9. **Accounting Obligations of Sublessees.** Lessee shall cause all sublessees, licensees, concessionaires and others conducting business operations on or from the Premises to comply with all terms of this Article 14 with respect to the maintenance, form, availability and methodology of accounting records and the delivery to County of audited certified financial statements and unqualified opinions as to Gross Receipts.

14.10. **Inadequacy of Records.** In the event that Lessee or its sublessees, licensees or concessionaires, as appropriate, fails to keep the records required by this Article 14 such that a Certified Public Accountant is unable to issue an unqualified opinion as to Gross Receipts, such failure shall be deemed a breach of this Lease by Lessee. In addition to the other remedies available to County at law or equity as a result of such breach, County may prepare a calculation of the Percentage Rent payable by Lessee during the period in which the accounting records were inadequately maintained. Such calculation may be based on the past Gross Receipts levels on or from the Premises, the past or present level of Gross Receipts experienced by tenants of comparable leaseholds in Marina del Rey with comparable business operations, or any other method as determined by Director and shall utilize such methodology as Director deems reasonable. Within five (5) days after receipt of County’s determination of Percentage Rent due, if any, Lessee shall pay such Percentage Rent, together with a late fee of six percent (6%) and interest to the date of payment at the Applicable Rate from the date upon which each unpaid installment of Percentage Rent was due, together with County’s Actual Cost in connection with
the attempted audit of the inadequate records and the reconstruction and estimation of Gross Receipts and the calculation of Percentage Rent due. With respect to any sublessees, licensees or concessionaires which are in occupancy as of the Execution Date, Lessee may cure the failure of such sublessees, licensees or concessionaires to keep the records required by this Article 14 by paying to County the amount of County's estimate of Percentage Rent due as determined above, together with a late fee of six percent (6%) and interest to the date of payment at the Applicable Rate from the date upon which each unpaid installment of Percentage Rent was due, together with County's Actual Cost in connection with the attempted audit of the inadequate records and the reconstruction and estimation of Gross Receipts and the calculation of Percentage Rent due, within five (5) days after receipt of County's determination of such Percentage Rent due.

15. MISCELLANEOUS.

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

15.2. Time is of the Essence. Except as specifically otherwise provided for in this Lease, time is of the essence of this Lease and applies to all times, restrictions, conditions, and limitations contained herein.

15.3. County Costs. Lessee shall promptly reimburse County for the Actual Costs incurred by County in the review, negotiation, preparation and documentation of this Lease and the term sheets and memoranda that preceded it. The parties acknowledge that Lessee has deposited the sum of sixty thousand dollars ($60,000) toward those costs. County shall deliver to Lessee a report detailing such expenditures within ninety (90) days after the Execution Date.

15.4. County Disclosure and Lessee's Waiver.

15.4.1. Disclosures and Waiver.

15.4.1.1. "AS IS". Lessee acknowledges that it is currently in possession of the Premises and that Lessee or its predecessor-in-interest has continuously occupied and/or managed and operated the Premises since (1972). Lessee accepts the Premises in their present condition notwithstanding the fact that
there may be certain defects in the Premises, whether or not known to either party to this Lease, at the time of the execution of this Lease by Lessee and Lessee hereby represents that it has performed all investigations necessary, including without limitation soils and engineering inspections, in connection with its acceptance of the Premises "AS IS".

15.4.1.2. Lessee acknowledges that it may incur additional engineering and construction costs above and beyond those contemplated by either party to this Lease as of the Execution Date and Lessee agrees that, it will make no demands upon County for any construction, alterations, or any kind of labor that may be necessitated in connection therewith.

15.4.1.3. Lessee hereby waives, withdraws, releases, and relinquishes any and all claims, suits, causes of action (other than a right to terminate as otherwise provided in this Lease), rights of rescission, or charges against County, its officers, agents, employees or volunteers which Lessee now has or may have or asserts in the future which are based upon any defects in the physical condition of the Premises and the soil thereon and thereunder, regardless of whether or not said conditions were known as of the Execution Date.

15.4.2. No Right of Offset. Lessee acknowledges that the rent provided for in this Lease has been agreed upon in light of Lessee’s construction, maintenance and repair obligations set forth herein, and, notwithstanding anything to the contrary provided in this Lease or by applicable law, Lessee hereby waives any and all rights, if any, to make repairs at the expense of County and to deduct or offset the cost thereof from the Annual Minimum Rent, Monthly Minimum Rent, Percentage Rent or any other sums due County hereunder.

15.5. Holding Over Creates Month-to-Month Tenancy. If Lessee holds over after the expiration of the Term for any cause, such holding over shall be deemed to be a tenancy from month-to-month only, at 125% of the then current rental per month and upon the same terms, conditions, restrictions and provisions as herein contained.
Such holding over shall include any time employed by Lessee to remove machines, appliances and other equipment during the time periods herein provided for such removal.

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

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

15.8. **Authorized Right of Entry.** In any and all cases in which provision is made herein for termination of this Lease, or for exercise by County of right of entry or re-entry upon the Premises, or in case of abandonment or vacation of the Premises by Lessee, Lessee hereby irrevocably authorizes County to enter upon the Premises and remove any and all persons and property whatsoever situated upon the Premises and place all or any portion of said property, except such property as may be forfeited to County, in storage for the account of and at the expense of Lessee, subject, prior to the termination of this Lease, to the rights of Sublessees.

Lessee agrees to indemnify, defend and save harmless County from any cost, expense, loss or damage arising out of or caused by any such entry or re-
entry upon the Premises and the removal of persons and property and storage of such property by County and its agents.

15.9. **Place of Payment and Filing.** All rentals shall be paid to and all statements and reports herein required and other items deliverable to County hereunder shall be filed with or delivered to the Department. Checks, drafts, letters of credit and money orders shall be made payable to the County of Los Angeles.

15.10. **Service of Written Notice or Process.** Any notice required to be sent under this Lease shall be in compliance with and subject to this Section 15.10. If Lessee is not a resident of the State of California, or is an association or partnership without a member or partner resident of said State, or is a foreign corporation, Lessee shall file with Director a designation of a natural person residing in the County of Los Angeles, State of California, or a service company, such as CT Corporation, which is authorized to accept service, giving his or its name, residence, and business address, as the agent of Lessee for the service of process in any court action between Lessee and County, arising out of or based upon this Lease, and the delivery to such agent of written notice or a copy of any process in such action shall constitute a valid service upon Lessee.

If for any reason service of such process upon such agent is not possible, then any officer of Lessee may be personally served with such process outside of the State of California and such service shall constitute valid service upon Lessee; and it is further expressly agreed that Lessee is amenable to such process and submits to the jurisdiction of the court so acquired and waives any and all objection and protest thereto.

Written notice addressed to Lessee at the addresses below-described, or to such other address that Lessee may in writing file with Director, shall be deemed sufficient if said notice is delivered personally, by telecopy or facsimile transmission or, provided in all cases there is a return receipt requested and postage or other delivery charges prepaid, by registered or certified mail posted in the County of Los Angeles, California, Federal Express or DHL, or such other services as Lessee and County may mutually agree upon from time to time. Each notice shall be deemed received and the time period for which a response to any such notice must be given or any action taken with respect thereto (including cure of any prospective Event of Default) shall commence to run from the date of actual receipt of the notice by the addressee thereof in the case of personal delivery, telecopy or facsimile transmission if before 5:00 p.m. on regular business days, or upon the expiration of
the third (3rd) business day after such notice is sent from within Los Angeles County in the case of such registered or certified mail as authorized in this Section.

Copies of any written notice to Lessee shall also be simultaneously mailed to any Encumbrance Holder, Major Sublessee or encumbrancer of such Major Sublessee of which County has been given written notice and an address for service. Notice given to Lessee as provided for herein shall be effective as to Lessee notwithstanding the failure to send a copy to such Encumbrance Holder, Major Sublessee or encumbrancer.

As of the Execution Date, the persons authorized to receive notice on behalf of County and Lessee are as follows:

**COUNTY:**  
Director  
Department of Beaches and Harbors  
Los Angeles County  
13837 Fiji Way  
Marina del Rey, California 90292  
Phone: 310/305-9522  
Fax: 310/821-6345

**With a Copy to:**  
Office of County Counsel  
Los Angeles County  
500 West Temple Street  
Los Angeles, California 90012  
Attn: County Counsel  
Phone: 213/974-1801  
Fax: 213/617-7182

**Lessee:**  
Marina-Airport Building, Ltd..  
Attn: TrizecHahn Office Properties  
15760 Ventura Boulevard, Suite 500  
Encino, California 91436  
Phone: 818/783-0660  
Fax: 818/783-2108

and

Goldrich & Kest Industries, Inc.
Attn: General Counsel  
5150 Overland Avenue  
Culver City, California 90230-3623  
Phone: 310/204-2050  
Fax: 310/204-1900

15.11. Interest. In any situation where County has advanced sums on behalf of Lessee pursuant to this Lease, such sums shall be due and payable immediately upon demand, together with interest at the Applicable Rate (unless another rate is specifically provided herein) from the date such sums were first advanced, until the time payment is received. In the event that Lessee repays sums advanced by County on Lessee's behalf with interest in excess of the maximum rate permitted by Applicable Laws, County shall either refund such excess payment or credit it against subsequent installments of Annual Minimum Rent and Percentage Rent.

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

15.13. Attorneys' Fees. In the event of any action, proceeding or arbitration arising out of or in connection with this Lease, whether or not pursued to judgment, the prevailing party shall be entitled, in addition to all other relief, to recover its costs and reasonable attorneys' fees, including without limitation attorneys' fees for County Counsel's services where County is represented by the County Counsel and is the prevailing party.

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

15.15. Time For Director Approvals. Except where a different time period is specifically provided for in this Lease, whenever in this Lease the approval of Director is required, approval shall be deemed not given unless within thirty (30) days after the date of the receipt of the written request for approval from Lessee, Director either (a) approves such request in writing, or (b) notifies Lessee that it is not reasonably possible to complete such review within the thirty (30)-day period, provides a final date for approval or disapproval by Director (the "Extended Time")
and approves such request in writing prior to such Extended Time. If Director does not approve such request in writing within such Extended Time, the request shall be deemed to be disapproved.

15.16. **Time For County Action.** Notwithstanding anything to the contrary contained in this Lease, wherever Director determines that a County action required hereunder necessitates approval from or an affirmative vote of one or more of County’s boards or commissions or County’s Board of Supervisors, the time period for County performance of such action shall be extended as is necessary in order to secure such affirmative vote or approval and County shall not be deemed to be in default hereunder in the event that it fails to perform such action within the time periods otherwise set forth herein.

15.17. **Estoppel Certificates.** Each party agrees to execute, within ten (10) business days after the receipt of a written request therefor from the other party or an Encumbrance Holder, a certificate stating: that this Lease is in full force and effect and is unmodified (or stating otherwise, if true); that, to the best knowledge of such party, the other party is not then in default under the terms of this Lease (or stating the grounds for default if such be the case), the dates, if any, to which all rental due thereunder has been paid, and whether County is then aware of any charges, offsets or defenses against the enforcement by County of any agreement, covenant or condition hereof to be performed or observed by Lessee (and, if so, specifying the same). Prospective purchasers and lenders may rely on such statements.

15.18. **Indemnity Obligations.** Whenever in this Lease there is an obligation to indemnify, hold harmless and/or defend, irrespective of whether or not the obligation so specifies, it shall include the obligation to defend and pay reasonable attorney’s fees, reasonable expert fees and court costs.

15.19. **No Merger.** If, prior to the expiration of the Term, County or Lessee shall acquire the interest of the other in the Premises, or any portion thereof, there shall be no merger of the leasehold estate into (a) the fee simple estate in the Premises, (b) the sub-reversionary interest held by County or (c) any leasehold estate superior to that held by Lessee.

15.20. **365 Election.** County and Lessee agree, for the benefit of any Encumbrance Holder, that for so long as an Encumbrance shall encumber Lessee’s interest in the Premises, the right of election arising under Section 365(h)(1) of the Bankruptcy Code may be exercised solely by Encumbrance Holder and not by Lessee.
Any exercise or attempted exercise of such right of election by Lessee shall be void.

16. **ARBITRATION.**

Except as otherwise provided by this Article 16, disputed matters which may be arbitrated pursuant to this Lease shall be settled by binding arbitration in accordance with the then existing provisions of the California Arbitration Act, which as of the date hereof is contained in Title 9 of Part III of the California Code of Civil Procedure, commencing with Section 1280.

(a) Either party (the "Initiating Party") may initiate the arbitration process by sending written notice ("Request for Arbitration") to the other party (the "Responding Party") requesting initiation of the arbitration process and setting forth a brief description of the dispute or disputes to be resolved and the contention(s) of the Initiating Party. Within ten (10) days after service of the Request for Arbitration, the Responding Party shall file a "Response" setting forth the Responding Party's description of the dispute and the contention(s) of Responding Party. If Responding Party has any "Additional Disputes" he shall follow the format described for the Initiating Party. The Initiating Party shall respond within ten (10) days after service of the Additional Disputes setting forth Initiating Party's description of the Additional Disputes and contentions regarding the Additional Disputes.

(b) Notwithstanding anything to the contrary which may now or hereafter be contained in the California Arbitration Act, the parties agree that the following provisions shall apply to any and all arbitration proceedings conducted pursuant to this Lease:

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

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

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

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

(1) Unless the parties otherwise agree, the arbitrator shall appoint a time and place for the hearing and shall cause notice thereof to be served as provided in said § 1282.2 not less than ninety (90) days before the hearing, regardless of the aggregate amount in controversy.
(2) No later than sixty (60) days prior to the date set for the hearing (unless, upon a showing of good cause by either party, the arbitrator establishes a different period), in lieu of the exchange and inspection authorized by Code of Civil Procedure § 1282.2(a)(2)(A), (B) and (C), the parties shall simultaneously exchange the following documents by personal delivery to each other and to the arbitrator:

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

(b) a list of witnesses each party intends to call at the hearing, designating which witnesses will be called as expert witnesses and a summary of each witness’s testimony;

(c) a list of the documents each intends to introduce at the hearing, together with complete and correct copies of all of such documents; and,

(d) if the issue involves Fair Market Rental Value, Extended Term Capital Expenditures or a valuation matter, a list of all Written Appraisal Evidence (as defined below) each intends to introduce at the hearing, together with complete and correct copies of all of such Written Appraisal Evidence.

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

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

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

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

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

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

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

16.6. Statements of Position. The Statement of Position to be delivered by Section 16.5 shall comply with the following requirements:

(1) Where the dispute involves rent to be charged, market values, insurance levels or other monetary amounts, the Statements of Position shall numerically set forth the existing minimum rent, percentage rent, market value, insurance level and/or other monetary amount, the party’s proposed new minimum rent and percentage rent, market value, insurance level and/or other monetary amounts, and shall additionally set forth the facts supporting such party’s position.

(2) If the dispute relates to Improvement Costs, the Statements of Position shall set forth the facts supporting such party’s position and the amount of each cost which the party believes should be allowed or disallowed.
16.7. **Written Appraisal Evidence.** Neither party may, at any time during the proceedings, introduce any written report which expresses an opinion regarding Fair Market Rental Value or the fair market value of the Premises, or any portion thereof, ("Written Appraisal Evidence") unless such Written Appraisal Evidence substantially complies with the following standards: it shall describe the Premises; identify the uses permitted thereon; describe or take into consideration the terms, conditions and restrictions of this Lease; correlate the appraisal method(s) applied; discuss the relevant factors and data considered; review rentals paid by lessees in Marina del Rey and other marina locations within Southern California who are authorized to conduct similar activities on comparable leaseholds (including the Comparable Office Properties); and, describe the technique of analysis, limiting conditions and computations that were used in the formulation of the valuation opinion expressed. With respect to disputes regarding Fair Market Rental Value, such Written Appraisal Evidence shall express an opinion regarding the fair market rental value of the Premises as prescribed by Section 4.4.1. Written Appraisal Evidence in connection with disputes arising out of Article 6 of this Lease shall predicate any valuation conclusions contained therein on the Income Approach. Written Appraisal Evidence shall in all other respects be in material conformity and subject to the requirements of the Code of Professional Ethics and the Standards of Professional Practice of The Appraisal Institute or any successor entity, etc.

16.8. **Evidence.** The provisions of Code of Civil Procedure § 1282.2(a)(2)(E) shall not apply to the arbitration proceeding. The arbitrator shall have no discretion to allow a party to introduce witnesses, documents or Written Appraisal Evidence (other than impeachment testimony) unless such information was previously delivered to the other party in accordance with Section 16.5 and, in the case of Written Appraisal Evidence, substantially complies with the requirements of Section 16.7, or such evidence consists of a transcript of a deposition of an expert witness conducted pursuant to Section 16.9. Notwithstanding the foregoing, the arbitrator may allow a party to introduce evidence which, in the exercise of reasonable diligence, could not have been delivered to the other party in accordance with Section 16.5, provided such evidence is otherwise permissible hereunder.

16.9. **Discovery.** The provisions of Code of Civil Procedure § 1283.05 shall not apply to the arbitration proceedings except to the extent incorporated by other sections of the California Arbitration Act which apply to the arbitration proceedings. There shall be no pre-arbitration discovery except as provided in Section 16.5; provided, however, each party shall have the right, no later than seven (7) days prior
to the date first set for the hearing, to conduct a deposition, not to exceed three (3) hours in duration unless otherwise the arbitrator determines that good cause exists to justify a longer period, of any person identified by the other party as an expert witness pursuant to Sections 16.5 (2)(b) or 16.5 (3)(b).

16.10. **Awards of Arbitrators.**

16.10.1. **Monetary Issues.** With respect to monetary disputes (including without limitation disputes regarding Percentage Rent, Extended Term Capital Expenditures, Fair Market Rental Value and the amount of coverage under the policies of insurance required pursuant to Article 9 of this Lease), the arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position. The arbitrator shall instead select whichever of the two Statements of Position is the closest to the monetary or numerical amount that the arbitrator determines to be the appropriate determination of the rent, expense, claim, cost, delay, coverage or other matter in dispute and shall render an award consistent with such Statement of Position. For purposes of this Section 16.10, each dispute regarding Annual Minimum Rent, each category of Percentage Rent and the amount of required insurance coverage shall be considered a separate dispute (a “Separate Dispute”). While the Arbitrator shall have no right to propose a middle ground or any proposed modification of either Statement of Position concerning a Separate Dispute, the Arbitrator shall have the right, if the Arbitrator so chooses, to choose one party’s Statement of Position on one or more of the Separate Disputes, while selecting the other party’s Statement of Position on the remaining Separate Disputes. For example, if the parties are unable to agree on the Annual Minimum Rent and three Percentage Rent categories to be renegotiated pursuant to Section 4.4 and the amount of liability insurance coverage to be renegotiated pursuant to Section 9.3, then there shall be five Separate Disputes and the Arbitrator shall be permitted to select the County’s Statement of Position with respect to none, some or all of such five Separate Disputes and select the Lessee’s Statement of Position, on the balance, if any, of such five Separate Disputes. Upon the Arbitrator’s selection of a Statement of Position pursuant to this Article 16, the Statement of Position so chosen and the award rendered by the arbitrator thereon shall be final and binding upon the parties, absent Gross Error on the part of the arbitrator.

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

16.11. **Powers of Arbitrator.** In rendering the award, the arbitrator shall have the power to consult or examine experts or authorities not disclosed by a party pursuant to Section 16.5(2) hereof, provided that each party is afforded the right to cross-examine such expert or rebut such authority.

16.12. **Costs of Arbitration.** Lessee and County shall equally share the expenses and fees of the arbitrator, together with other expenses of arbitration incurred or approved by the arbitrator. Failure of either party to pay its share of expenses and fees constitutes a material breach of such party's obligations hereunder.

16.13. **Amendment to Implement Judgment.** Within seven (7) days after the issuance of any award by the arbitrator becomes final, the County shall draft a proposed amendment to the Lease setting forth the relevant terms of such award. Within seven (7) days after delivery of a copy of the amendment to Lessee, Lessee will sign the amendment and return the executed copy to the County, which shall thereafter be approved by the Board of Supervisors and executed by County as soon as is reasonably practicable.

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

16.14.1. The award shall not be implemented if the party alleging Gross Error obtains a judgment of a court of competent jurisdiction stating that the arbitrator was guilty of Gross Error and vacating the arbitration award ("Disqualification Judgment"). In the event of a Disqualification Judgment, the arbitration process shall begin over immediately in accordance with this Section 16.15, which arbitration shall be conducted (with a different arbitrator) as expeditiously as reasonably possible.

16.14.2. The party alleging Gross Error shall have the burden of proof.
16.14.3. For the purposes of this Section 16.15, the term "Gross Error" shall mean that the arbitration award is subject to vacation pursuant to California Code of Civil Procedure § 1286.2 or any successor provision.

17.

**DEFINITION OF TERMS; INTERPRETATION.**

17.1. **Meanings of Words Not Specifically Defined.** Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in Section 1.1, are to be construed according to such technical, peculiar, and appropriate meaning or definition.

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

17.3. **Business Days.** For the purposes of this Lease, "business day" shall mean a business day as set forth in Section 9 of the California Civil Code.

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

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

17.6. **Reasonableness Standard.** Except where a different standard is specifically provided otherwise herein, whenever the consent of County or Lessee is required under this Lease, such consent shall not be unreasonably withheld and whenever this Lease grants County or Lessee the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations, County and Lessee shall act reasonably and in good faith. These provisions shall only
apply to County acting in its proprietary capacity.

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

17.8. **Memorandum of Lease.** The parties hereto shall execute and acknowledge a Memorandum of Lease Extension, in recordable form and otherwise satisfactory to the parties hereto, for recording as soon as is practicable on or following the Execution Date.
IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Lease to be subscribed by the Chairman of said Board and attested by the Clerk thereof, and Lessee has executed the same the day and year first hereinabove written.

Dated: ______________ 19__

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: ____________________

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: ____________________

THE COUNTY OF LOS ANGELES

By: ____________________
Chairman, Board of Supervisors

(CORPORATE SEAL)

_______________________, Clerk of the Board of Supervisors

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24 ______________ 19__

VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

ATTEST: VIOLET VARONA-LUKENS
EXECUTIVE OFFICER -
CLERK OF THE BOARD OF SUPERVISORS

By: ____________________

MARINA-AIRPORT BUILDING, LTD.,
a California partnership
The Goldrich Trust No. 1, Jona Goldrich, Trustee

By: ____________________
Its: General Partner
The Kest Trust No. 1, Sol Kest, Trustee

By: ____________________
Its: General Partner

By: ____________________
Its: General Partner
TrizecHahn Office Properties Inc.
Craig Cahow, Vice President
Mark C. Phillips, Assistant Secretary

[473101.16]

116 10/5/99
IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Lease to be subscribed by the Chairman of said Board and attested by the Clerk thereof, and Lessee has executed the same the day and year first hereinabove written.

Dated: July 15, 2000

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: [Signature]

APPROVED AS TO FORM:

MUNGER, TOLLES & OLSON LLP

By: [Signature]

THE COUNTY OF LOS ANGELES

By: [Signature]
Chairman, Board of Supervisors

(CORPORATE SEAL)

Attest: VIOLET VARONA-LUKENS
EXECUTIVE OFFICER
CLERK OF THE BOARD OF SUPERVISORS

By: [Signature]
Deputy

MARINA AIRPORT BUILDING, LTD.
a California partnership

By: [Signature]
Its: General Partner
The Goldrich Trust No. 1, Jona Goldrich, Trustee

By: [Signature]
Its: General Partner
The Kest Trust No. 1, Sol Kest, Trustee

By: [Signature]
Its: General Partner
Trizecham Properties Inc.
Craig Cahow, Vice President
Mark C. Phillips, Assistant Secretary

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

24
NOV 02, 1999

VIOLET VARONA-LUKENS
EXECUTIVE OFFICER

[473101.16] 116 10/5/99
EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

Those portions of Parcels 692 to 698 inclusive, in the County of Los Angeles, State of California, as shown on Los Angeles County Assessor's Map No. 88, filed in Book 1, pages 53 to 70 inclusive, of Assessor's Maps, in the office of the Recorder of said County, within the following described boundaries:

Commencing at the southeasterly terminus of a curve concave to the east, having a radius of 25 feet, tangent to a line parallel with and 8 feet southeasterly, measured at right angles, from the northeasterly prolongation of the straight line in the northwesterly boundary of Parcel 731, as shown on said map, and tangent to the southwesterly line of Parcel 691, as shown on said map; thence South 30°00'00" East along said southwesterly line and the southwesterly line of said Parcel 692 a distance of 102.70 feet to the true point of beginning; thence North 60°00'00" East parallel with the northwesterly line of said last mentioned parcel a distance of 178.85 feet to a curve concentric with and 60 feet southwesterly, measured radially, from that certain 8000.17 foot radius curve in the center line of Lincoln Boulevard, 100 feet wide, as said certain curve is shown on said map; thence southeasterly along said concentric curve 450.95 feet to the southeasterly line of said Parcel 695; thence North 60°00'00" East along said southeasterly line 10.13 feet to the southwesterly boundary of said Lincoln Boulevard; thence southeasterly along said southwesterly boundary 244.08 feet to the beginning of a curve concave to the west, having a radius of 25 feet, tangent to said southwesterly boundary and tangent to the southeasterly boundary of said Parcel 698; thence southerly along said last mentioned curve 39.07 feet to said southeasterly boundary; thence southwesterly along said southeasterly boundary to the beginning of a curve concave to the north, having a radius of 25 feet, tangent to said southeasterly boundary and tangent to the southwesterly boundary of said last mentioned parcel; thence westerly along said last mentioned curve 40.40 feet to said last mentioned southwesterly boundary; thence northwesterly in a direct line 724.83 feet to said true point of beginning.

Reserving and excepting unto the County of Los Angeles a right of way for harbor utility purposes in and across that portion of above described parcel of land,
within a strip of land 8 feet wide, the northeasterly boundary of which is described as follows:

Commencing at a point in the 8050.17 foot radius curve in the northeasterly boundary of said Parcel 692 distant northwesterly thereon 36.30 feet from the easterly corner of said parcel, a radial of said curve to said point bears South 52°13'51" West; thence South 52°13'51" West along the southwesterly prolongation of said radial to a point in a curve concentric with and 10 feet southwesterly, measured radially, from said curve, said last mentioned point being the true point of beginning; thence southeasterly along said concentric curve to a prolonged radial of said 8050.17 foot radius curve which bears South 50°00'40" West.

Also reserving and excepting unto the County of Los Angeles a right of way for harbor utility purposes in and across that portion of above described parcel of land, within a strip of land 10 feet wide, the northwesterly line of which is the northwesterly line of the southeasterly 33.84 feet of said Parcel 693, said 10 foot strip of land extends from the southwesterly line of said Parcel 693, northeasterly to the southwesterly boundary of said 8 foot strip of land.

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