

L E A S E

THIS LEASE made this 5th day of June
19 68, by the County of Los Angeles, hereinafter called "County," and
INTERSTATE PROPERTIES, a limited partnership

APPROVED BY
BOARD OF SUPERVISORS

hereinafter called "Lessee," WITNESSETH:

JUN 5 1968

That in consideration of the terms, conditions, ^{James S. Mize,} ~~and covenants~~
herein contained, to be kept and performed by the parties hereto and
the strict, prompt and punctual performance of each of the terms, con-
ditions and covenants by Lessee on his part agreed to be kept and per-
formed, County by these presents does lease and demise unto Lessee,
and Lessee by these presents does lease, hire, and take from County
the following described parcel or parcels of land or water, consisting
of a total of 74,919 square feet and situated in the Marina
del Rey Small Craft Harbor of the County of Los Angeles, State of
California, hereinafter sometimes referred to as Parcel or Parcels
Number 95R legally
described in Exhibit "A," attached hereto and incorporated herein.

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

1. DEFINITION OF TERMS.

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

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

"COMMISSION" means the Small Craft Harbor Advisory Commission
of the County of Los Angeles.

"COUNTY" means the County of Los Angeles.

"DEPARTMENT" means the Department of Small Craft Harbors of the
County of Los Angeles.

"DESIGN CONTROL BOARD" means the board appointed by the Board of Supervisors to review and approve the architectural design and arrangement of facilities constructed at Marina del Rey.

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

"ENGINEER" means the County Engineer of the County of Los Angeles.

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

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

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

The word "SUBLESSEE" includes licensee, permittee and concessionaire of or from Lessee with respect to any interest in the property demised under this lease.

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 the preceding paragraph of this Section, are to be construed according to such technical, peculiar, and appropriate meaning or definition.

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 the 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 as well as a natural person.

2. TERM.

The term of this lease shall be sixty (60) years, commencing upon the First day of June, A.D., 1968.

3. PURPOSE OR USE OF PROPERTY.

The leased premises shall be used only and exclusively for Retail sales and service center, and/or offices, and/or motel,
and/or theater, and/or entertainment facility with a gasoline service
station in addition (optional)
and such other related uses and purposes incidental thereto as are

specifically approved and for no other purposes whatsoever without the written approval of County; the uses and purposes above listed are set forth to define the maximum contemplated scope of permissible uses and purposes, and their enumeration is not intended to be authorization for any specific use or purpose.

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

C - Residential Use

There shall be no actual construction upon said premises except that required by Sections 5 and 6 hereof, and except that additional construction allowed upon approval of Director pursuant to Section 8 hereof.

Lessee shall conform to and abide by all rules and regulations relating to the operations herein authorized and shall be subject at all times to applicable rules, regulations, resolutions, ordinances and statutes of the County of Los Angeles, State of California, the Federal Government, and all other governmental agencies where applicable; and where permits are required for such operations the same must be first had and obtained from the regulatory body having jurisdiction thereof before such operation is undertaken.

4. ACTIVE PUBLIC USE.

The ultimate object of this lease is the complete and continuous use of the premises herein demised by and for the benefit of the public, without discrimination as to race or religion, the immediate object being the development and realization of the greatest possible revenue therefrom. It is agreed that said immediate and ultimate objects are consistent and compatible. Accordingly, Lessee covenants and agrees that he will operate said premises fully and continuously to the end that the public may enjoy maximum benefits and County may obtain maximum revenue therefrom.

In the event of any dispute or controversy relating hereto, this lease shall be construed with due regard to the aforesaid objects.

5. PLANS AND SPECIFICATIONS FOR REQUIRED CONSTRUCTION.

It is expressly understood and agreed that the demised premises shall be improved and put to public use by the construction of Retail sales and service center or offices or motel or theater

the total cost of which, including design and construction costs, shall be estimated to be not less than TWO HUNDRED TWENTY-FIVE THOUSAND AND NO/100-----Dollars (\$225,000.00).

Lessee agrees to file in orderly succession and in accordance with the schedules set forth below, plans, specifications, and construction cost estimates with the Director and Design Control Board for review and approval. In the event that any submittal required herein fails to achieve approval upon initial submittal, Lessee agrees to revise such in accordance with requirements outlined by Director and/or Design Control Board and to resubmit same within forty-five (45) days of receipt of rejection thereof from Director. Said plans and specifications shall conform to applicable provisions of the Specifications and Minimum Standards of Architectural Treatment and Construction for Marina del Rey as heretofore adopted by the Board of Supervisors on January 31, 1961, and subsequent amendments thereto and shall conform to standards generally accepted in the architectural and engineering professions for such documents. Failure to conform to such standards and requirements shall constitute a default under this lease.

Not later than 60 days after commencement of the term of this lease, Lessee shall submit six (6) sets of schematic plans, outline specifications, and construction cost estimate summary clearly delineating the size, conformation, and arrangement of all proposed improvements, the architectural theme or design thereof. In addition to proposed improvements, said plans shall show and identify property or lease lines and rights of way or reservations pertinent to the premises demised hereunder.

Within 60 days after approval by Director and Design Control Board of said schematic plans, specifications, and cost estimates, Lessee shall submit six (6) sets of preliminary plans, outline

specifications, and construction cost estimate summaries conforming to and expanding on the description of proposed improvements as delineated in the approved schematic plans. Any significant difference in the scope or intent of the development from that depicted on said approved schematic plans shall be described and justified to the satisfaction of Director and Design Control Board.

Within 120 days after approval of said preliminary plans by Director and Design Control Board, Lessee shall file six (6) sets of complete final plans, detailed specifications, and construction cost estimate summaries, together with one set of appropriate structural computations identical to those required by the Engineer incident to issuance of building permits under provisions of the Los Angeles County Uniform Building Code. Lessee shall concurrently file duplicate copies thereof with the Engineer together with applications for building permits.

No construction shall begin until said final plans and specifications have been approved by Director, Design Control Board, and Engineer. No modification shall be made to the work defined on said final plans and specifications prior to approval thereof by Director and, if subject to provisions of the Uniform Building Code, the Engineer.

6. REQUIRED CONSTRUCTION SCHEDULE.

Lessee expressly covenants and agrees that within 90 days after approval of final plans and specifications as provided for in Section 5, Lessee shall in good faith commence construction of all of the improvements described therein, including landscaping and required underground laterals for power, light, television, telephone, sanitary sewers, storm drains, gas lines, and water lines (including fire lines and hydrants). Such construction shall be performed in accordance with said approved final plans and specifications, and Lessee shall diligently prosecute such construction and complete same not later than 360 days after the date of approval of said final plans and specifications; provided that any delay in construction due to fire, earthquake, war, labor dispute, or other event reasonably beyond control of Lessee shall extend the time in which said construction must be completed by the length of time of such delay as determined by Director. Lessee further agrees to keep Director apprised of the progress of the work to the end that Director may provide timely inspection to assure proper safeguarding

of such County-owned improvements occurring on or near the premises as seawalls, underground conduits, utility lines, and the like.

In the event that any County-owned improvements may be damaged as a result of said construction, Lessee agrees to repair such damage immediately at no cost to County, or, in the event Lessee does not so repair said damage immediately and to County's satisfaction, County may enter upon the premises to make such repairs, the cost of which shall be paid by Lessee immediately upon demand.

6a. TERMINATION OF THE LEASE IN THE EVENT OF FAILURE
TO PERFORM CERTAIN COVENANTS AND CONDITIONS.

Lessee agrees that one of the ultimate purposes of this lease is to provide completed improvements so that the demised premises may be used by the public at the earliest possible date. Therefore, it is understood and agreed that this lease and any and all rights that Lessee, his heirs, assignees, and successors may have in and to said lease and the leasehold estate created thereby shall automatically and without prior notice terminate and be null and void and be of no further force and effect on and after the First day of September, 1969, unless Lessee has performed all of the following conditions prior to said date.

(a) Submitted to the Director and Design Control Board and secured the approval thereof of successive schematic, preliminary, and final plans and specifications in accordance with the terms set forth in Section 5 of this lease.

(b) Obtained from the Engineer building permits for all required structures.

(c) Submitted evidence satisfactory to Director, of ability to finance construction of the proposed development.

(d) Commenced construction as provided for in Section 6 of this lease.

By mutual agreement between the County and Lessee, the time limit set forth in the first paragraph of this Section may be extended. Such extension may be granted only for good and sufficient reason and at the sole discretion of County, and any request for such an extension by Lessee may be denied by County for any reason whatsoever, without recourse.

If the lease is terminated under the provisions of this paragraph, Lessee shall immediately remove any property that he may have placed on the demised premises and if Lessee fails to remove any such property within thirty (30) days after such termination, title thereto shall automatically vest in County. In addition, Lessee shall pay any and all rents due up until the time of any termination under the provisions of this Section. County shall refund to Lessee any excess monies that it may have on deposit and which belong to Lessee.

The rights and remedies of County contained in this Section are supplemental to and in addition to the rights and remedies of County contained in Sections 21 and 22 of this lease. Lessee agrees that nothing contained in this Section shall preclude County from utilizing the remedies contained in Sections 21 and 22 of the lease or any other rights and remedies available to County under this lease in lieu of exercising the rights and remedies provided in this Section and conversely the utilization by County of the remedies contained in Sections 21 and 22 shall not preclude County from utilizing the remedies granted by this Section. It is reiterated that any termination of the lease under the provisions of this Section shall be an automatic termination occurring by reason of the failure of Lessee to comply with the conditions set forth in subparagraphs (a), (b), (c), and (d) above.

7. RENTAL PAYMENT SECURITY.

County hereby acknowledges receipt from Lessee of the sum of NINE THOUSAND AND NO/100-----
-----Dollars (\$ 9,000.00) equal to six (6) full monthly installments of square foot rental for the demised premises. This sum shall be used and applied as follows:

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

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

8. ADDITIONAL CONSTRUCTION.

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

If Director approves said proposed construction, Lessee shall submit plans and specifications to Director and Engineer and may commence construction upon receipt of written approval thereof from Director, Design Control Board and Engineer and upon compliance with such terms and conditions relating to the construction as Director may impose.

9. LANDSCAPING.

Lessee shall, at its own cost and expense and to the satisfaction of County, install and maintain landscaping upon the demised premises. A general layout of proposed landscaping shall be submitted as part of the plans and specifications for all proposed improvements of the site. This will include the landscaping of all areas between any street and set back lines and such other areas as are necessary to create a pleasing development of the project as a whole. All landscaping plans and layout must have the approval of Director, Design Control Board and Engineer.

10. PERFORMANCE AND SURETY BONDS.

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

- (a) Within ten (10) days prior to commencement of any construction hereunder, Lessee shall furnish a corporate surety performance bond, issued by a surety company licensed to transact business in the State of California, in an amount equal to fifty per cent (50%) of the contract price of any construction required of Lessee pursuant to Sections 5 and 6, said bond and said company to be in all respects, including amount thereof, satisfactory to County, naming Lessee as principal and said company as surety, and County as obligee, to assure full and satisfactory performance by Lessee of Lessee's obligation contained in Sections 5 and 6 to build, construct, and install improvements and landscaping upon the demised premises.
- (b) Within ten (10) days prior to commencement of any construction hereunder, Lessee shall furnish a corporate surety bond, issued by a surety company licensed to transact business in the State of California, with Lessee as principal, and said company as surety, and County as obligee, in a sum equal to fifty per cent (50%) of the aforesaid contract price of any construction, 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 from failure to make such payment. In the event that Lessee employs a licensed contractor for the construction hereinbefore required and obtains from said contractor or contractors

similar bond or bonds in like amount, in all respects satisfactory to County, County, upon application by Lessee and upon the naming of County as an additional obligee under such bond or bonds, will accept said contractor's bonds in lieu of the bonds otherwise required by this paragraph and paragraph (a) of this Section.

- (c) Lessee shall furnish a corporate surety bond in the amount of NONE----- Dollars (\$ -0-), guaranteeing the removal of all debris or submerged craft emanating from the premises herein demised, whether on said premises or elsewhere, which may obstruct traffic or interfere in any way with the proper use of the navigable waters of Marina del Rey Small Craft Harbor, guaranteeing the removal prior to the expiration or other termination of this lease, of all mooring, anchorage and slip facilities, pilings and floats in the water area, and all improvements on the back land owned, operated or maintained by Lessee, and guaranteeing the leaving of the ground in a level and usable condition and the removal of all facilities not designated by Director to be left in place; Director shall give Lessee thirty (30) days written notice for the performance of any of the guarantees hereinbefore provided for.
- (d) The Lessee shall have the option to deposit with the County of Los Angeles, cash or United States Government securities in all respects satisfactory to the County of Los Angeles in lieu of any corporate surety bonds required herein. Said cash or securities shall be deemed deposited with the County for all the purposes enumerated herein and shall be so deposited for the benefit of the County under the same terms and

conditions as set forth herein with respect to corporate surety bonds.

11. GROSS RECEIPTS.

The term "gross receipts" as used in this lease is defined to be all money, cash, receipts, assets, property or other things of value, including but not limited to, gross charges, sales, rentals, fees and commissions made or earned, and all gross sums received or earned by Lessee and all his assignees, sublessees, licensees, permittees or concessionaires, whether collected or accrued, from any business, use or occupation, or any combination thereof, originating, transacted or performed, in whole or in part, on the premises, including but not limited to, rental, the rendition or supplying of services, and the sale of goods, wares or merchandise; less sales and excise taxes applicable thereto, required to be collected by Lessee, his assignees, sublessees, licensees and permittees in connection with the rendering or supplying of services or goods wares or merchandise.

Gross receipts shall not include fees, charges or rentals paid to a Lessee by a sublessee where the gross receipts of such sublessee are reported and subject to the percentage rental schedule set forth in Section 13.

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

Gross receipts shall include the amount of any manufacturer's or importer's excise tax included in the prices of any property or material sold, even though the manufacturer or importer is also the retailer thereof, and it is immaterial whether the amount of such excise tax is stated as a separate charge. Gross receipts, however, shall not include Federal, State, Municipal or other taxes collected from the consumer ~~(regardless of whether the amount thereof is stated to the consumer as a separate charge)~~ and paid periodically by Lessee.

to a governmental agency, accompanied by a tax return or statement, but the amount of such taxes shall be shown on the books and records elsewhere herein required to be maintained.

12. SQUARE FOOT AND HOLDING RENTALS.

Lessee shall pay to County an annual square foot rental in twelve (12) equal monthly installments. Said installments shall be due and payable in advance upon the first day of each calendar month, starting with the calendar month next succeeding the date of substantial completion of the improvements required to be constructed pursuant to Sections 5 and 6, or starting with the calendar month next succeeding the commencement of use by the public of any of the improvements required to be constructed pursuant to Sections 5 and 6 or of any portion of the premises herein demised.

For the purpose of commencing liability for said square foot rental, the determination of Director shall be final as to whether said improvements have been substantially completed or whether any of said improvements or any portion of the premises are being used by the public. No use by the public of any of said improvements or of any adjoining portions of the parcel hereby demised shall be made until completion of said improvements as determined by Director.

It is understood and agreed that Lessee may desire to complete the aforesaid improvements in stages and to progressively commence public use of the various portions of said improvements and adjoining portions of the parcel herein demised as the same may be completed. In the event of such a program of progressive completion and opening to public use, satisfactory to County, the annual square foot rental for the portions completed and opened to use shall commence accordingly and shall be equitably adjusted in the proportion that the improvements and areas completed and opened to the public use bear to the whole improvement and area. The decision of Director as to said equitable adjustment shall be final.

The aforesaid annual square foot rental for the whole of the premises herein demised shall be twenty-four and 027/1000----- cents (\$0. 24027) per square foot of land area and ----- cents (\$0. -----) per square foot of water

area, or the total of EIGHTEEN THOUSAND AND 79/100-----
-----Dollars (\$ 18,000.79).

Prior to the start of square foot rental payments as in this section above provided for, Lessee shall pay to County each month in advance a "holding rental" consisting of one-third of the contemplated total monthly installment of square foot rental, starting on the First day of June, 1968. In the event of the start of proportionate square foot rentals under a program of progressive completion, as in this section above provided for, the "holding rental" shall be abated for that portion of the completed improvements and adjoining area thus made subject to square foot rental.

Notwithstanding any other provisions of this section, it is understood and agreed that full square foot rental shall commence not later than September 1, 1970, regardless of whether said construction is complete, under planning or in progress.

If Director finds that Lessee has completed his improvement and construction but cannot utilize it due to failure of the County to complete roadways, water access, or utility lines, Director shall order the abatement of all rental payments until water access, roadways, and utility lines are provided, which in the opinion of the Director are available for the operation of the Lessee's functions.

If Lessee fails to commence or diligently prosecute construction of improvements at the time agreed upon in Section 6, and continues in such failure for ten (10) days, said "holding rental" shall increase to one-half of the said total monthly installment of square foot rental, payable monthly in advance starting on the first day of the calendar month next succeeding the tenth calendar day of said failure. The determination as to whether Lessee has failed to commence or to diligently prosecute construction shall be made by Director and Director's decision shall be final. If Lessee's said failure to commence or diligently prosecute construction continues for a period of thirty (30) calendar days, the full total monthly installment of square foot rental shall be due and payable each month in advance thereafter starting on the first day of the calendar month next succeeding the end of said thirty-day period.

13. PERCENTAGE RENTALS.

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

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

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

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

(c) SEVEN AND ONE-HALF Per Cent (7½%) of gross receipts from fees, charges or rentals for occupancy of structures including apartment units, hotel or motel accommodations, house trailers, and offices or similar space utilized for banking, financial, or investment activities; internal clerical or administrative activities of business enterprises; real estate and insurance brokerage; or the rendering of legal, medical, engineering, or similar professional services; but excepting stores, shops or other commercial establishments the gross receipts pertaining to which are subject to percentage rentals and specifically required or authorized to be reported under any other subparagraphs of this section;

(d) ONE Per Cent (1%) of gross receipts from the sale of new or used boats, boat trailers, house trailers and trailer cabanas: said gross receipts shall include all

credits given for used items taken in trade as part payment for new items, as reflected in the bills of sale, but the trade-in allowance for a used item taken in trade may be deducted from the subsequent sale price of said used item if said used item is sold within 120 days of the date of the bill of sale which established said trade-in allowance;

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

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

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

(h) TWENTY-FIVE Per Cent (25%) of any commissions or other compensation paid to Lessee for the right to install coin-operated vending or service machines or devices, including pay telephones, or FIVE Per Cent (5%) of the gross receipts of any such coin-operated machines or devices owned, rented, or leased by Lessee or his sublessee;

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

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

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

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

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

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

(o) TEN Per Cent (10%) of gross receipts from the rental of boats, outboard motors, fishing tackle, and other recreation equipment and from the sale of live bait;

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

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

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

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

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

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

If any of the items, services, goods or facilities mentioned in subparagraphs (a) through (t) of this paragraph be provided by Lessee or its sublessees, assignees, licensees, concessionaires or permittees,

without the usual charges therefor according to the price list or schedule provided for in Section 16, or if said usual charge be not collected in full, the proper amount thereof shall nevertheless be included in the gross receipts reported by Lessee and its sublessees, assignees, licensees, concessionaires and permittees, and the applicable percentage thereof paid to County.

14. RENT RENEGOTIATION TO MEET LEGAL REQUIREMENTS.

Section 504 of the Bond Resolution described in Section 46 of this lease requires that each lease provide that the square foot rentals and percentage rentals be subject to increase if and when the Board of Supervisors shall find and determine that such increase is required to permit the County to meet its obligations under the terms of said Bond Resolution.

In the event that the Board of Supervisors determines that it is required to increase rentals to meet its obligations under the Bond Resolution, it may increase the square foot rentals and percentage rentals provided for in this lease to the extent required to meet said obligations, except that the Lessee shall bear no more than his proportionate share of the total increase required to meet said obligations as reasonably determined by the Director, and, in any event, the amount of any such increase shall not exceed ten per cent (10%) of the previously existing square foot rentals and percentage rentals. Rental increases under this section shall not be made during the first five (5) years of the term hereof nor more often than every ten (10) years thereafter.

15. GENERAL RENT RENEGOTIATION AND ARBITRATION.

Except as provided in Section 14, the square foot and percentage rentals hereinbefore provided for shall apply and be in effect for the first twenty-one (21) years of the term hereof. At the end of said period, and at the end of every ten (10) year period thereafter, the said rentals shall be readjusted as provided hereinafter.

Such rentals shall be readjusted by Lessee and County, in accordance with standards of and for fair market value hereinafter set forth, at some time not more than nine (9) months and not less than

six (6) months before the beginning of each such period, in the event Lessee and County cannot agree upon the readjustment of rentals, the same shall be determined by a board of three (3) real estate appraisers, one of whom shall be appointed by County, one by Lessee, and the third by the two (2) appraisers so appointed.

If the rentals have not been readjusted by mutual agreement within the three-month period above prescribed, County shall give to Lessee a written notice demanding submission of any unresolved issues to said board of real estate appraisers and nominating the person to act as real estate appraiser on behalf of County. Within fifteen (15) days from the service of such notice Lessee shall appoint its real estate appraiser and notify County of such appointment. If either party shall not have notified the other in writing of the appointment of its real estate appraiser, the Presiding Judge of the Superior Court of the State of California, in and for the County of Los Angeles, shall, upon request of either party, appoint the real estate appraiser for the party so in default. If the two (2) real estate appraisers so chosen shall be unable to agree upon the third real estate appraiser within ten (10) days after the appointment of the second real estate appraiser, the third real estate appraiser shall be appointed by the Presiding Judge of said Superior Court upon request of either party. Any vacancy on the board of real estate appraisers shall be filled by the party who or which made the original appointment to the vacant place. If not so filled within ten (10) days from the commencement of said vacancy, the vacant position shall be filled by the said Presiding Judge upon request of either party.

The Board of real estate appraisers shall, immediately upon the appointment of its members, enter upon the discharge of its duties and determine the amount of readjusted rentals and notify the parties thereof in writing within sixty (60) days after its appointment. A majority of the real estate appraisers who agree thereto may readjust such rentals, such readjustment to be based upon a determination of the fair market value of this lease, taking into consideration the uses permitted thereunder and all of its terms, conditions, and

restrictions, franchise value, earning power, and all of the factors and data relating to such value required or proper to be considered in determining the fair market value of leaseholds under the laws of eminent domain in the State of California; also provided that at all times during the term of this lease the total of such rentals shall be in such amount that the property hereby demised shall produce at least its proportionate share of the revenue required by Government Code Section 26360 and the revenue required to meet the obligations of County under that certain Revenue Bond Resolution of the County Board of Supervisors referred to in Section 46; and, notwithstanding the renegotiation and arbitration provisions of this Section 15, the minimum rental under this lease shall never be lower than the product of ~~ten~~ cents (\$ 0.10) multiplied by the square feet of the leased land and water area. In the event said real estate appraisers fail to determine and give notice of the amounts of readjusted rentals within sixty (60) days, a new board of real estate appraisers shall be appointed in the manner hereinbefore prescribed.

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

16. CONTROLLED PRICES.

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

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

First, that the property herein demised is intended to serve a public use and to provide needed facilities to the public at fair and reasonable cost; second, that Lessee is entitled to a fair and reasonable return upon his investment pursuant to this lease.

In the event that Director notifies Lessee that any of said prices are not fair and reasonable, Lessee shall have the right to confer with Director and to justify said prices. If, after reasonable conference and consultation, Director shall determine that any of said prices are not fair and reasonable, the same shall be modified by Lessee or its sublessees, assignees, concessionaires, permittees or licensees, as directed.

The Lessee may appeal the determination of the Director to the Board of Supervisors, whose decision shall be final and conclusive. Pending such appeal, the prices fixed by the Director, shall be the maximum charged by the Lessee.

17. MONTH TO MONTH TENANCY.

If Lessee holds over after the expiration of this lease for any cause, such holding over shall be deemed to be a tenancy from month to month only, at the same 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 thirty-day period hereinafter provided for such removal.

18. DISPOSITION OF INSTALLATIONS OR IMPROVEMENTS.

Title to all structures, buildings or improvements constructed by Lessee upon the demised premises, and all alterations, additions, or betterments thereto, shall remain in Lessee until termination of this lease; and upon such termination, whether by expiration of the term hereof, cancellation for good cause, forfeiture, or otherwise, title to said structures, buildings, improvements and all alterations, additions or betterments thereto, and all improvements made to or upon said premises, shall, at the option of County, vest in County without

compensation therefor to Lessee, and said structures, buildings, and improvements shall remain upon and be surrendered with the premises as part thereof. Nothing contained herein shall be construed to deny or abrogate the right of Lessee to receive any and all proceeds which are attributable to the taking in eminent domain of business installations, improvements, structures and buildings belonging to Lessee immediately prior to the taking of possession by the condemning authority as said rights are set forth in Section 43 of said lease.

However, in the event of termination or expiration of this lease, the County may require the Lessee to remove, at the sole cost and expense of Lessee, and not later than the termination or expiration date, all works, structures and improvements of any kind whatsoever placed or maintained on said premises, whether below, on, or above the ground by Lessee or others, including, but not limited to, wharves, piers, docks, slips, bulkheads, seawalls, piling, channels, concrete foundations, structures and buildings; and Lessee shall, upon the expiration of this lease, immediately restore, and quit, and peacefully surrender possession of, said premises to County in at least as good and usable condition, acceptable to the Director, as the same were in at the time of first occupation thereof by Lessee or others, ordinary wear and tear excepted, and shall, in any event, leave the surface of the ground in a level, graded condition, with no excavations, holes, hollows, hills or humps. Should Lessee fail to so remove said structures, buildings and improvements and restore said 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 consideration received by County as a result of such sale, removal or demolition.

Prior to such termination Lessee shall remove at its cost and expense such machinery, appliances or fixtures as are not firmly affixed to said structures, buildings and improvements; should Lessee fail to so remove said appliances or fixtures prior to such termination, 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 any cost or expense thereof in excess of any consideration received by County as a result of said sale, removal or demolition.

Title to all utility lines, switchboards, transformer vaults and all other service facilities constructed or installed by Lessee upon the demised premises shall invest in County upon construction or installation. Notwithstanding the foregoing sentence, such utility lines, switchboards, transformer vaults and all other service facilities shall be maintained, repaired and replaced, if necessary, by Lessee.

19. PLACE OF PAYMENT AND FILING.

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

20. SERVICE OR WRITTEN NOTICE OR PROCESS.

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 Department a designation of a natural person residing in the County of Los Angeles, State of California, giving his name, residence, and business address, as the agent of Lessee for the service of written notice or for 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 written notice or of such process upon such agent is not possible, then Lessee may be personally served with such written notice or 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 shall be deemed sufficient if said notice is deposited in the United States mail, postage prepaid, addressed to Lessee at the premises above described or to such other address that

Lessee may in writing file with Director; provided, however; that nothing herein contained shall preclude or render inoperative service of such notice upon the Lessee in the manner prescribed by law.

21. DEFAULT AND CANCELLATION.

The following events are deemed to be "events of default":

(a) The failure of Lessee to pay the rentals due or make any other payments required hereunder within ten (10) days after written notice from County that said payments are delinquent.

(b) The failure of Lessee to keep, perform and observe any and all promises, covenants, conditions and agreements set forth in this lease on its part to be so kept, performed or observed within thirty (30) days after written notice of breach thereof from County, provided, however, that where fulfillment of any such promises, covenants, conditions or agreements requires activity over a period of time and Lessee shall have commenced to perform whatever may be required to cure the particular breach within thirty (30) days after receipt of the aforesaid thirty (30) days' notice and continues such performance diligently, an "event of default" shall not occur so long as Lessee diligently pursues the performance of whatever may be required to cure the breach.

(c) The abandonment, vacation or discontinuance of its use of the demised premises for a period of thirty (30) days at any one time after written notice from County calling attention to such abandonment, except when prevented by fire, earthquake, strikes or other calamity beyond its control.

Lessee shall not be considered in default as to any provisions 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.

Notwithstanding any of the foregoing, County shall not exercise any remedy available to it for an "event of default" and will not forfeit the lease unless County shall have given written notice of such default or defaults to any trustee, beneficiary or mortgagee under a deed of trust or mortgage affecting the demised premises or any part thereof. Such notice shall be sent simultaneously with the notice to Lessee referred to above. It shall be sent by registered mail, postage prepaid, addressed as the trustee, beneficiary or mortgagee or each of them shall from time to time instruct County, or in the absence of such instructions, addressed as shown on the deed of trust or mortgage. After receipt of said notice, said trustee, beneficiary or mortgagee (hereinafter referred to collectively as "encumbrance holder") or each of them shall have the right and the power to cure the events of default specified in the manner described below, and if all of said events of default are cured, this lease shall remain in full force and effect. Said events of default may be cured in the following manner:

(a) If the event of default be in the payment of rental, taxes, insurance premiums, utility charges, or any other sum of money, the encumbrance holder may pay the same to County or other proper payee within thirty-five (35) days after mailing of the aforesaid notice of default to said encumbrance holder. If, after any payment to County by the encumbrance holder as aforesaid, the Lessee pays the same or any part thereof to County, County shall promptly refund said payment to encumbrance holder.

(b) If the event of default be other than as specified in subparagraph (a) above and cannot be cured by the payment of money as aforesaid, the default shall be cured;

(1) If the encumbrance holder cures, remedies and corrects the default within thirty-five (35) days after mailing of the

aforesaid notice of default to said encumbrance holder, or if curing of such default requires activity over a period of time and the encumbrance holder shall have commenced to perform whatever may be required to cure the particular default within thirty-five (35) days after mailing of the aforesaid notice and continues such performance diligently;

OR

(i) If within sixty (60) days after the mailing of said notice to encumbrance holder by County said encumbrance holder commences foreclosure by judicial action or trust deed sale of its encumbrance, (said sixty (60) day period shall be extended by the time during which encumbrance holder is prevented from commencing foreclosure by any order, judgment or decree of any court or regulatory body of competent jurisdiction); and

(ii) Said foreclosure is prosecuted with reasonable diligence; and

(iii) If within thirty-five (35) days after such foreclosure sale and the vesting of title free of redemption in the purchaser thereat (whether or not such purchaser is the encumbrance holder) said purchaser cures, remedies and corrects the default, or commences and diligently pursues the performance of the thing or work required to be done to cure, correct and remedy said default. If said event of default or any of the events of default at this time are not money defaults and are impossible to cure, said purchaser shall not be obligated to cure such event of default.

If an event of default has occurred and has not been cured by Lessee, or an encumbrance holder under the provisions hereinbefore set forth, then and in such event, at the option of County, a ten (10) days' notice shall be sent by County by registered mail to Lessee and any encumbrance holder and ten (10) days after mailing such notice, unless said event of default is cured, this lease shall be forfeited. Upon such termination, Lessee's right to possession of the premises shall terminate and Lessee shall surrender possession thereof immediately. Upon exercise of such right by County, Lessee hereby grants County license to enter upon the demised premises and take possession thereof, including all improvements, equipment and inventory.

Notwithstanding any of the foregoing, and in the event County declares the lease forfeited and secures possession under the provisions of this paragraph, the encumbrance holder, within sixty (60) days of such forfeiture and securing of possession, may request and receive a reinstatement of the lease covering the premises subject to his encumbrance and running to said encumbrance holder and his successors and assigns. Said lease shall have the same provisions and conditions as this lease, as amended, except to the extent that any provisions of this lease are, through the passage of time or for other reasons, obviously inapplicable. Said reinstatement shall have a term that shall commence upon the date of the County's securing possession of the premises demised herein and said lease shall terminate on the termination date of this lease. The County shall deliver possession of the property immediately upon the execution of said reinstatement and shall also assign any subleases that may have been assigned to County under Paragraph 22 or otherwise assigned. Such sublease shall be subordinate to such reinstated lease. The encumbrance holder shall, however, pay County the amount of ground or holding rentals due under this lease on and after the date County has secured possession less any net rentals or other income which County may have received on account of said property during the time

County may have been in possession of the premises. In addition, the encumbrance holder shall pay any and all rentals unpaid by Lessee under the original lease at the time of forfeiture thereof. However, said encumbrance holder shall be liable only for that proportionate amount of rent attributable to that portion of the demised premises covered by his encumbrance. In addition, said encumbrance holder shall also pay any and all taxes, current or delinquent, that have been levied or assessed against that portion of the demised premises covered by its encumbrance.

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

A. Subleases

At least thirty (30) days' written notice of intention to sublet portions of the demised premises to others shall be given to Director. During said thirty-day (30) period, Director shall approve or disapprove said proposed sublease. In the event of disapproval, said proposed sublease shall not be made. The gross receipts of any sublessee under any such sublease shall be included within the definition of "Gross Receipts" as set forth in Section 11. Any and all sublessees shall be subject to and bound by each and all of the terms and conditions of this lease and in particular those pertaining to control of prices pursuant to Section 16. The term "sublease" as used in this paragraph shall include any license, permit, or concession by Lessee, and the term "sublessee" shall include any licensee, permittee or concessionaire of Lessee. Lessee may, without prior approval of Director, sublease portions of the demised premises (including, but not limited to, single residential units, boat slips, and dry storage racks) for a period not to exceed one year, for individual, nonbusiness, noncommercial uses. Lessee may at any time request approval by the Director of a plan to sublease specific residential units for stated periods in excess of one year. No condominium or cooperative dwelling plan of any kind shall be employed without the approval of Director.

B. Trust Deed Beneficiaries and Mortgagees.

Lessee may, with the consent of the County, give, assign, transfer, mortgage, hypothecate, grant control of, or encumber Lessee's interest under this lease and the leasehold estate so created, to a bona fide lender on the security of the leasehold estate and Lessee may execute any and all instruments in connection therewith necessary and proper to complete such loan and perfect the security therefor to be given to such lender. Any such encumbrance holder shall have the right at any time during the term of the loan and while this lease is in full force and effect:

(a) To do any act or thing required of Lessee in order to prevent a forfeiture of Lessee's rights hereunder and all such acts or things so done shall prevent a forfeiture of Lessee's rights hereunder as if done by Lessee.

(b) To realize on the security of the leasehold estate and to acquire and succeed to the interest of Lessee hereunder by foreclosure or by a deed or assignment in lieu of foreclosure and thereafter at such encumbrance holder's option to convey, assign, or sublease the interest or title to said leasehold estate to any other person provided, however, that said person shall agree to perform and be bound by any and all terms, conditions and covenants contained in this lease. One (1) copy of any and all security devices or instruments shall be filed with Director not later than seven (7) days after the effective date thereof, and Lessee shall give Director written notice of any changes or amendments thereto.

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

(1) A transfer of this lease at
foreclosure sale of trust deed or at a

judicial foreclosure or an assignment to the encumbrance holder in lieu of foreclosure;

(ii) A subsequent transfer by an encumbrance holder who is a purchaser at such foreclosure sale or an assignee in lieu of foreclosure if the transferee is an established bank, savings and loan association or insurance company;

provided that in either such event the encumbrance holder forthwith gives notice to County in writing of any such transfer setting forth the name and address of the transferee, the effective date of such transfer and the express agreement of the transferee assuming and agreeing to perform all of the obligations under this lease, together with a copy of the document by which such transfer was made.

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

Any subsequent transfer of the leasehold shall not be made without the prior written consent of the County and shall be subject to the conditions relating thereto as set forth in Paragraph C of this Section.

Any encumbrance holder shall not be obligated to cure any default or breach if said encumbrance holder is unable to secure possession of the property and if it is necessary for him to have possession in order for him to cure the default or breach. In the event that a period of time is necessary in order for the encumbrance

holder to completely cure a default or breach, then he shall not be in default so long as he exercises diligence in the curing of such default or breach. The encumbrance holder shall have all the rights with respect to the demised premises as set forth in the deed of trust or mortgage or other lending document approved by the County as herein set forth, including the right to commence an action against the Lessee for the appointment of a receiver and to obtain possession of the demised premises under and in accordance with the terms of said deed of trust, mortgage or other lending instrument.

C. Assignments

Except as in this Section 22 specifically hereinbefore provided, Lessee shall not, without the written consent of County, either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this lease or any interest, right or privilege therein, or sublet the whole or any portion of the demised premises or license the use of the same in whole or in part. 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 Chapters X and XI of the Bankruptcy Act.

D. Successors.

Each and all of the provisions, agreements, terms, covenants and conditions herein contained to be performed, fulfilled, observed and kept shall be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto, and all rights, privileges and benefits arising under this lease and in favor of either party shall be available in favor of the heirs, executors, administrators, successors and assigns thereof respectively provided, that 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.

23. LIENS.

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

24. WAIVER OF CONDITIONS OR COVENANTS.

Any waiver by County 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 County 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 County 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 demised premises or to exercise any right, power, privilege or option, arising from any default, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power, privilege or option or to 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.) No option, right, power, remedy, or privilege of County shall be construed as being exhausted by the exercise thereof in one or more instances.

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

25. PROPERTY INSURANCE.

Throughout the term of this lease and during Lessee's occupancy of the demised premises, Lessee, at its own cost and expense, shall insure against loss of or damage to all buildings, structures, equipment and improvements thereon, resulting from fire, lightening, vandalism, malicious mischief, and those risks ordinarily defined in "extended coverage."

Such insurance shall be in an amount equal to 90% of the full replacement value of said buildings, structures, equipment and improvements, and shall be placed and maintained with such insurance company or companies and in such form as shall be satisfactory to County.

All such insurance policies, along with their endorsements, shall name County as an insured; 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. In the event of such loss Lessee shall be obligated to rebuild or replace the destroyed or damaged buildings, structures, equipment and improvements to the full satisfaction of County. Said obligation to rebuild or replace is not dependent upon the existence of insurance. County shall reimburse Lessee for said rebuilding or replacement out of and to the full extent of the proceeds of said insurance as payments are required for said purposes. Any surplus or proceeds after said rebuilding or replacement shall be distributed to the named insureds as their interests appear.

Duplicate policy or policies evidencing such insurance coverage, in such form as shall be acceptable to County, shall be filed with Director prior to the commencement of construction of such improvements, 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. At least thirty (30) days prior to the expiration of any such policy, a certificate showing that such insurance coverage has been renewed shall be filed with Director.

26. INDEMNITY CLAUSE AND CASUALTY INSURANCE.

Lessee shall at all times relieve, indemnify, protect and save harmless County and its Boards, officers, agents, and employees from any and all claims and liability, including expenses incurred in defending against the same, for the death of or injury to persons or damage to property, including property owned or controlled by or in the possession of County, any of its officers, agents or employees, that may in whole or in part arise from or be caused by (a) the operation, maintenance, use or occupation of the herein demised premises by

Lessee, (b) the acts, omissions or negligence of Lessee, its agents, officers, employees or permittees, or (c) the failure of Lessee 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 Boards, officers, and employees, shall continue during any periods of occupancy or of holding over by Lessee, its agents, officers, employees or permittees, beyond the expiration or other termination of this lease.

Lessee shall maintain in full force and effect during the term of this lease, comprehensive general liability insurance with bodily injury and property damage liability limits of not less than One Hundred Thousand Dollars (\$100,000) per person and Three Hundred Thousand Dollars (\$300,000) per occurrence of death or bodily injury and Fifty Thousand Dollars (\$50,000) per occurrence of property damage; and Lessee agrees that County, its Board of Supervisors and members thereof, and County's and Board's officers, agents and employees, shall be named as additional insureds under such liability insurance policy or policies.

A duplicate policy evidencing such insurance coverage shall be filed with Director within ten (10) days of the execution of this lease by County and prior to any entry upon the premises herein demised, 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. 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 casualty insurance by this Section required shall be subject to renegotiation at the same time and in the same manner as the amounts of rent hereunder.

27. WORKMAN'S COMPENSATION INSURANCE.

Lessee shall maintain in force during the term of this lease, in an amount and with coverage satisfactory to Director, Workman's Compensation Insurance. A certificate evidencing such insurance

coverage shall be filed with Director prior to entry upon the premises herein demised.

28. FAILURE TO PROCURE INSURANCE.

In case of failure on the part of Lessee to procure or renew the herein required insurance, 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, to County upon demand.

29. 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 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 by reason of its use or occupancy thereof or otherwise, as well as all taxes, assessments, fees and charges on goods, merchandise, fixtures, appliances, equipment and property owned by it in, on or about said premises.

30. ACCOUNTING RECORDS.

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

All sales shall be recorded by means of cash registers which publicly display the amount of each sale and 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 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.

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

Books of account and records hereinabove required shall be kept or made available at the demised premises or at such other location as is agreeable to County, and County shall have the right at any and all 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 demised premises.

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

31. ACCOUNTING YEAR.

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

32. COST OF AUDIT.

In the event Lessee does not make available its original records and books of account at the leased premises or within the territorial limits of the County of Los Angeles, Lessee agrees to pay all necessary expenses incurred by County in conducting any audit at the location where said records and books of account are maintained.

33. ENTRY BY COUNTY.

County and its duly authorized representatives or agents may enter upon said demised 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.

34. RIGHT OF ENTRY AS AGENT.

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 demised premises, or in case of abandonment or vacation of the premises by Lessee, Lessee hereby irrevocably appoints County the agent of Lessee to enter upon the demised premises and remove any and all persons and property whatsoever situated upon the demised 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.

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

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

35. MAINTENANCE OF PREMISES.

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

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

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

36. REPAIRS BY COUNTY.

Lessee shall from time to time make any and all necessary repairs to or replacement of any equipment, structure, structures, or other physical improvements, upon the demised premises, in order to comply with any and all regulations, laws or ordinances of the State of California, County of Los Angeles or other governmental body, which may be applicable.

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

37. SPECIAL SERVICES.

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

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

No signs or awnings shall be erected or maintained upon the demised premises (other than inside any buildings constructed by Lessee or sublessee), except such signs as show the business or profession of Lessee or sublessee. All such signs must be approved by Director.

All utility lines, and specifically the ones for the utilities mentioned in Section 6, shall be underground. Aerials and antennae shall conform to the minimum standards of construction and architectural treatment mentioned in Section 5.

39. HAZARDOUS SUBSTANCES.

No goods, merchandise, or material shall be kept, stored or sold in or on said demised premises which are in any way explosive or hazardous; and no offensive or dangerous trade, business or occupation shall be carried on therein or thereon, and nothing shall be done on said premises, which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon said or other premises and the improvements thereon.

No machinery or apparatus shall be used or operated on said leased premises which will in any way injure said premises or improvements thereon, or adjacent or other premises, or improvements thereon; provided, however, that nothing in this Section 39 shall preclude Lessee from bringing, keeping or using on or about said premises such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its said business, or from carrying on its business in all usual respects.

Open flame welding or burning, gasoline or other fuel storage is expressly prohibited without prior written consent of Director.

40. NUISANCE.

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

41. RULES AND REGULATIONS.

Lessee shall abide by all applicable rules, regulations, resolutions, ordinances, statutes of the County of Los Angeles, the State of California or other governmental body, where applicable, respecting

the use, operation, maintenance, or repair or improvement of the leased premises and equipment, and shall pay for any and all licenses required in connection with the use, operation, maintenance, repair or improvement of the leased premises.

42. RESERVATIONS.

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

Lessee expressly agrees that this lease and all rights hereunder shall be subject to conditions, covenants, restrictions, rights-of-way and easements as shown on Los Angeles County Assessor's Map No. 88, recorded in Book 1, pages 53 to 70 inclusive of Assessor's Maps, in the office of the Recorder of the County of Los Angeles, including but not limited to the right of the County of Los Angeles to install, construct, maintain, service and operate sanitary sewers, fire access roads, storm drains, drainage facilities, electric power lines, telephone lines and access and harbor utility easements, together with the right of the County to convey such easements and transfer such rights to others.

43. EMINENT DOMAIN.

If the whole or any substantial part of the premises hereby leased shall be taken by any paramount public authority under the power of eminent domain then the term of this lease shall cease as to the part so taken from the day the possession of that part shall be taken for any public purpose, and from that day Lessee shall have the right to either cancel this lease or to continue in the possession of the remainder of the premises under the term herein provided, except that the square foot rental shall be reduced in proportion to the amount of the premises taken.

All damages awarded for such taking shall belong to and be the property of County; provided, however, that County shall not be entitled to any portion of the award made for loss of business installation or structures, buildings, or other improvements belonging to

Lessee immediately prior to the taking possession by the condemning authority.

44. FREE USE OF FACILITIES.

There shall be no free use of services or facilities provided on or from said premises which would in any way violate Section 506 of the Bond Resolution incorporated by reference in this agreement.

45. QUIET ENJOYMENT.

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

46. BOND RESOLUTION.

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

47. TIME.

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

48. FEDERAL HOUSING ADMINISTRATION FINANCING REQUIREMENTS.

Upon any default under this lease, where the leasehold is subject to a mortgage or trust deed insured, reinsured or held by the Federal Housing Commissioner, County shall give mortgagee and the Federal Housing Commissioner, notice in writing, and the mortgagee and the Federal Housing Commissioner, their successors and assigns, shall have the right at any time within six (6) months from the date of such notice to correct the default and reinstate the lease, or if County declares the lease forfeited and secures possession of the leased

premises, the mortgagee or the Federal Housing Commissioner within six (6) months of such forfeiture and securing of possession may elect to request and receive a new lease running to mortgagee or Federal Housing Commissioner, their successors and assigns, having the same provisions and conditions of this lease and having a term equal to the remaining term of this lease, except that the Federal Housing Commissioner's liability for ground rental shall not extend beyond his occupancy thereunder, the County to deliver possession of the property immediately upon the execution of such new lease, and the mortgagee or Federal Housing Commissioner to pay to County the amount of ground rentals due under this lease less any net rentals or other income which County may have received during the time it may have been in possession of the property.

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

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

49. LESSEE'S WAIVER.

Lessee hereby acknowledges that he has been advised that the demised premises may consist of hydraulic dredge fill or other fill materials placed over low-lying, marshy ground originally devoted to marginal uses including, but not necessarily limited to, agriculture, oil refineries, trash dumps and low production oil wells. Lessee accepts the premises in their present condition notwithstanding the fact that there may be certain defects in the premises which may not be actually known to either party at the time of the execution of this lease and Lessee hereby acknowledges that he is familiar with the contents of any and all maps, engineering plans and soil reports on file

in the Department of Small Craft Harbors of County and relating to the premises hereby leased and has been afforded an opportunity of examining same. Lessee acknowledges that the condition of the land may cause additional engineering and construction costs above and beyond those contemplated by either party to this lease at the time of the execution thereof and Lessee agrees that it will make no demands upon County for any construction, alterations or any kind of labor that may be necessitated by said conditions or any one of them. In addition, Lessee hereby waives, withdraws, releases and relinquishes any and all claims, suits, causes of action, rights of rescission, or charges against County, its officers, agents or employees which Lessee now has or may have or asserts in the future which are based upon any defects in the physical condition of the demised premises and the soil thereon and thereunder, regardless of whether or not said conditions were known at the time of the execution of this instrument.

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 the Lessee has executed the same the day and year first hereinabove written.

Dated 5-21, 1968

INTERSTATE PROPERTIES

By Abraham M. Lurie

(CORPORATE SEAL)

By James C. Cook

By _____

JAMES S. MIZE, Clerk of the
Board of Supervisors

By William P. Bernstein
Deputy

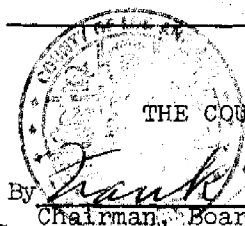
President

APPROVED AS TO FORM:

JOHN D. MAHARG,
County Counsel

John D. Maharg
Deputy

Secretary

 THE COUNTY OF LOS ANGELES
By Frank G. Bonelli
Chairman, Board of Supervisors