

L E A S E

THIS LEASE made this 8th day of July, 1975, by the County of Los Angeles, hereinafter called "County," and Commodore Club, Inc., a California corporation, hereinafter called "Lessee," WITNESSETH:

WHEREAS, on August 8, 1967, the Lessee and County entered into Lease No. 12450 covering certain premises now known as Parcel 133, Marina del Rey, as more particularly described and illustrated in Exhibit "A" to Amendment No. 3 to said lease and incorporated therein by reference; and

WHEREAS, Amendment No. 6 to said Lease No. 12450 is being entered into concurrently herewith by and between the parties hereto, which Amendment No. 6 deletes from the total leasehold estate an area of 40,560 square feet, amends the lease in several respects; and

WHEREAS, this Lease entered into by the parties hereto and which contains the same terms and conditions, except as provided herein, as said Lease No. 12450 as amended applicable to Parcel 133, Marina del Rey, shall be applicable to said 40560 square foot area which henceforth shall be designated and known as Parcel 134R, Marina del Rey, as more specifically described (and illustrated) in Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, it is necessary to make certain changes to Sections 3, 5, 7 and 12 of said Lease No. 12450 and to add Section 50 to insure that the provisions of this Lease are entirely applicable to said Parcel 134R;

NOW, THEREFORE, in consideration of the terms, conditions, and covenants herein contained, to be kept and performed by the parties hereto and the strict, prompt and punctual performance of each of the terms, conditions and covenants by Lessee on his part agreed to be kept and performed, County by these presents does lease and demise unto Lessee, and Lessee by these presents does lease, hire, and take from County the following described parcel of land consisting of a total of 40,560 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 Number 134R legally described and illustrated 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 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 paragraphs 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 August, A.D., 1962.

3. PURPOSE OR USE OF PROPERTY.

The leased premises shall be used only and exclusively for office building 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.

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 have heretofore been improved with the construction of an office building, the total cost of which, including design and construction costs, is estimated to be not less than THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$325,000.00).

In the event that any additional or alternate construction should be constructed upon the demised premises, Lessee shall first submit appropriate schematic plans, preliminary plans, and final plans, together with specifications, material and labor cost estimates and a proposed construction schedule for review and approval by the Director, Design Control Board and Engineer. In the event that Director, Design Control Board or Engineer should require modification or revision of any of the plans submitted, Lessee agrees to make such modifications or revisions and submit same for the approval of Director, Design Control Board or Engineer prior to commencing construction.

All plans and specifications shall conform to applicable provisions of 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.

6. REQUIRED CONSTRUCTION SCHEDULE.

In the event that any additional or alternate construction is proposed on the demised premises pursuant to the provisions of Section 5 and/or Section 8 of this lease, Lessee agrees to conform to the greatest possible degree with the construction schedule to be approved in advance by the Director. In the event that such approved schedule may be affected due to reasons beyond control of Lessee, such as fire, earthquake, war, labor dispute, or other event the time in which said construction is to be completed shall be extended by the length of time of such delay as determined by Director. Lessee agrees to keep Director informed as to the commencement of construction and progress of said construction in order that Director may provide for timely inspection and liaison to insure proper safeguarding of any proposed improvements at or near the site of the work.

Failure of Lessee to diligently prosecute and complete said work once initiated within the approved time schedule may constitute a default of Lessee hereunder.

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.

7. RENTAL SECURITY DEPOSIT.

County hereby acknowledges receipt from Lessee of the sum of ONE THOUSAND ONE HUNDRED THIRTY-FIVE AND 68/100 DOLLARS (\$1,135.68). This sum, which is an amount equal to approximately three (3) months' minimum bid rental, shall be retained by County as a security deposit to cover delinquent rent and any other

financial obligations of the Lessee under this lease, and shall be so applied at the discretion of County.

In the event all or any part of said sum so deposited is applied against any rent or other financial obligations of Lessee due and unpaid, the Lessee shall immediately reimburse the County an amount equal to that portion of the security deposit applied by County so that at all times during the life of this lease said full security deposit shall be maintained with County. Failure to maintain the full amount of security deposit shall constitute an event of default as provided for in Section 21. 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 three (3) years of the term of this lease, Lessee may, with approval of Director, substitute for said cash security deposit a corporate surety bond issued by a surety company licensed to transact business in the State of California, or such other bond or written undertaking satisfactory to Director, 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 two (2) 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.

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

Except as herein provided, 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 by Lessee and/or 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 rentals, the rendering or supplying of services and the sale of goods, wares or merchandise.

Except as specifically provided herein or by policy statement issued by Director, 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, costs of goods, interest, debt amortization, credit, collection costs, discount from credit card operations, insurance and taxes.

Gross receipts shall not include direct taxes imposed upon the consumer and collected therefrom by the Lessee such as, but not limited to, retail sales taxes, excise taxes, or related direct taxes, which are direct taxes paid periodically by Lessee to a governmental agency accompanied by a tax return statement.

Except as specifically provided below by policy statement, gross receipts reported by Lessee and its sublessees, assignees, licensees, concessionaires and permittees, must include the full usual charges for any services, goods, rentals or facilities provided by Lessee or its sublessees, assignees, licensees, concessionaires or permittees. Bona fide bad debts actually incurred by Lessee, or its sublessees, assignees, licensees, concessionaires and permittees may be deducted from gross receipts. There shall, however, be no deduction for bad debts based on past experience or

transfers 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.

The Director, by policy statement, consistent with recognized and accepted business and accounting practices, and with the approval of the Lessee, Auditor-Controller and County Counsel, may further interpret the term "gross receipts" as used in this lease.

12. SQUARE FOOT RENTAL

The annual square foot rental for the whole of the demised premises shall be 11.2¢ per square foot as to 40,560 square feet of land area. The total annual rental for the entire leasehold shall be FOUR THOUSAND FIVE HUNDRED FORTY-TWO AND 72/100 DOLLARS (\$4,542.72).

Lessee shall pay to County said rental in twelve (12) equal monthly installments. Said installments shall be due and payable in advance on the first day of each calendar month.

13. PERCENTAGE RENTALS

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

Within fifteen (15) days after the close of each and every calendar month of the term hereof, Lessee shall file a report of gross receipts and pay to County a sum equal to the total of the

following percentages for said previous month, less the amount of monthly installment of minimum rent paid for said previous month as provided for in Section 12:

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

(b) TEN Per Cent (10%) of gross receipts from the rental or other fees charged for the use of dry storage facilities, landside gear lockers, landside storage space, boats, motors, tackle, recreational equipment, tools, equipment, launch and retrieving of small boats and from the sale of live bait;

(c) SEVEN AND ONE-HALF Per Cent (7-1/2%) of gross receipts or other fees charged for the occupancy of structures and other facilities including but not limited to (1) apartments, (2) hotel and/or motel accommodations, (3) house trailers, (4) meeting rooms, (5) rental of land and/or water or facilities for activities not otherwise provided for in this section such as but not limited to television and/or motion pictures, (6) parking fees or charges except where such parking fees or charges are collected in conjunction with an activity, the gross receipts from which are required to be reported in a percentage category greater than SEVEN AND ONE-HALF Per Cent (7-1/2%), and (7) offices utilized for banking, financial or investment activities, internal clerical or administrative activities or business enterprises, real estate and insurance brokerage, legal, medical, engineering, travel agencies, or similar professional services but not to include, however, stores, shops or other commercial establishments, the gross receipts pertaining to which are subject to percentage rentals and specifically required to be reported under other subsections of this Section;

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

(e) FIVE Per Cent (5%) 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 Per Cent (5%) of gross receipts received by Lessee or sublessee or TWENTY Per Cent (20%) of any commissions or fees collected by Lessee from service enterprises;

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

(h) FIVE Per Cent (5%) of gross receipts received by Lessee or sublessee or TWENTY-FIVE Per Cent (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 Per Cent (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 Per Cent (3%) of gross receipts from the operation of restaurants, restaurant/cocktail lounge combination, coffee shops, beach and theater food facilities, except that gross receipts from facilities established and operated as a take-out food operation shall be reported under Subsection (s);

(k) ONE AND ONE-HALF Cents (\$0.015) per gallon of gasoline, diesel fuel or mixed fuel sold or 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; provided that to qualify for such an exemption Lessee must comply with the "Criteria for Eligibility for Exemption of Special Assessments from Gross Receipts" issued by the Director;

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

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

(p) THREE Per Cent (3%) of gross receipts or other fees charged by authorized boat repair yards, including repair, painting, tugboat, salvage and boat pump-out services and similar activities, except that where parts and materials are separately invoiced, they may be reported under Subsection (s) of this Section;

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

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

(s) ONE Per Cent (1%) of gross receipts from the sale of miscellaneous goods and services not specifically provided for elsewhere in this Section.

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

Where a sublessee, licensee, or permittee is conducting a business or engaged in any use or occupation or any combination thereof on Lessee's leasehold except for those uses or occupations delineated under Item (7) of Subsection (c) of this Section, Lessee shall report whichever of the following results in the greater percentage rental: (1) The gross receipts of each sublessee under one or more of the appropriate subsections of this Section; or (2) Lessee's receipts from each sublessee under Subsection (c) of this Section.

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

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

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 eight (\$0.08) 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, docks 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, docks, 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, docks 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, docks 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, upon written notice, require the Lessee to remove, at the sole cost and expense of Lessee, and not later than ninety (90) days after the termination or expiration of this lease, all structures, buildings, docks 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, piling, concrete foundations, structures and buildings; and Lessee shall, upon the expiration or termination 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, docks 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.

Within thirty (30) days after expiration or termination of this lease, Lessee shall remove at its cost and expense such machinery, appliances or fixtures as are not firmly affixed to said structures, buildings, docks and improvements; should Lessee fail to so remove said appliances or fixtures within said period, 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 vest 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 OF 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, FORECLOSURE, FORFEITURE AND CANCELLATION.

A. Events of Default

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

- (1) The failure of Lessee to pay the rentals due, or make any other payments required under

this lease, within ten (10) days after written notice from Director that said payments are due and owing.

(2) The failure of Lessee to keep, perform, and observe any and all promises, covenants, conditions, and agreements set forth in this lease within thirty-five (35) days after written notice of default thereof from Director; provided, however, that where fulfillment of any such promises, covenants, conditions, or agreements requires activity over a period of time, and Lessee has commenced to perform whatever may be required to cure the particular default, County will not exercise any remedy available to it hereunder so long as Lessee diligently continues to pursue the performance of whatever may be required to cure the default in a manner satisfactory to Director. Director's determination shall not be arbitrary.

(3) The abandonment, vacation, or discontinuance of the demised premises, or any substantial portion thereof, or a period of thirty-five (35) days at any one time after

written notice from Director calling attention to such abandonment, except when prevented by fire, earthquake, strikes, or other similar conditions beyond Lessee's 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, provided Lessee diligently pursues whatever is required to obtain release from or reversal of such process, order or decree.

B. Rights of Encumbrance Holders

Any trustee, beneficiary, mortgagee, or lender under a deed of trust, mortgage, or similar security instrument (hereinafter referred to individually and collectively as an "encumbrance holder") to which County has given its consent pursuant to Section 22 shall have the right at any time during the term of its encumbrance, and while this lease is in full force and effect, to do any act or thing required to Lessee in order to prevent a forfeiture of Lessee's rights hereunder, and all such acts or thing so done shall prevent a forfeiture of Lessee's rights hereunder as if done by Lessee.

An encumbrance holder shall have all the rights with respect to the demised premises as set forth in the deed of trust, mortgage, or other lending instrument consented to by the County as provided in Section 22, 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.

County shall not exercise any remedy available upon the occurrence of an "event of default" unless it shall first have given written notice of such default to each and every encumbrance holder as provided herein. Such notice shall be sent by registered mail simultaneously with the notice or notices to Lessee referred to in Subsection A above, to each such encumbrance holder addressed as shown on the deed of trust, mortgage, or security instrument, or as Director shall otherwise be instructed by such encumbrance holder. An encumbrance holder shall have the right and the power to cure the event of default specified in such notice in the manner described below. If such event or events of default are so cured, this lease shall remain in full force and effect.

Said event or events of default may be cured by an encumbrance holder in the following manner:

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

(2) If the event of default cannot be cured by the payment of money as aforesaid, the default shall be cured:

(a) If an encumbrance holder cures, remedies and corrects the default in a manner satisfactory to Director within thirty-five (35) days after mailing of the aforesaid notice of default; provided, however, if curing of such default requires activity over a period of time, such default may be cured if within said thirty-five (35) days an encumbrance holder commences and thereafter diligently continues to perform whatever may be required to cure the particular default in a manner satisfactory to Director; or

(b) If during said thirty-five (35) days the encumbrance holder notifies Director of its intent to commence foreclosure, and within sixty (60) days after the mailing of said notice of default, said encumbrance holder, (1) actually commences foreclosure proceedings and prosecutes the same thereafter with reasonable diligence, said sixty (60) day period shall be extended by the time necessary to complete such foreclosure proceedings; or (2) if said encumbrance holder is prevented from commencing foreclosure 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 said order,

judgment or decree said sixty (60) day period shall be extended by the time necessary to obtain the release from or reversal of said order, judgment or decree and thereafter to complete such foreclosure proceedings. 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 shall, as a condition to the completion of such transfer, cure, remedy, or correct the default, or commence and thereafter diligently pursue the performance of the thing or work required to be done to cure, correct, and remedy said default, in a manner satisfactory to Director. If said event of default is then impossible to cure, said transferee shall not be obligated to cure such event of default.

C. Forfeiture and Cancellation

If an event or events of default have occurred and have not been cured by Lessee or an encumbrance holder under the provisions and within the time limits set forth above, then the County, at its option, may send a notice of forfeiture by registered mail to Lessee and to each and every such encumbrance holder. Such notice of forfeiture shall specify the date upon which this lease shall be deemed forfeited. Upon such date this lease shall be forfeited and cancelled in its entirety without any further action of the County. Upon such termination, all

rights of Lessee or of any encumbrance holder to possession of the premises shall terminate, and Lessee or any encumbrance holder 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.

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

A. Subleases

The term "sublease" as used in this Section shall include any lease, license, permit, concession or other interest in the demised premises which is conveyed by Lessee to a third party.

(1) Commercial Subleases

Commercial sublease as used in this subsection shall mean any activity conducted on the leasehold by the sublessee which generates gross receipts as defined in Section 11 hereof.

At least thirty (30) days prior to the effective date of any commercial sublease of the demised premises or of any amendment or assignment of an existing commercial sublease, Lessee shall submit a copy of the sublease, amendment or assignment to Director for approval. To the extent practical, Director shall approve or disapprove said proposed sublease, amendment or assignment within thirty (30) days of receipt thereof.

In no event, however, shall any such sublease, amendment or assignment be made or become effective without the prior approval of Director. Each such sublease shall specifically provide that the sublessee shall comply with all the terms, covenants and conditions of this lease.

(2) Non-Commercial Subleases

Lessee may, without prior approval of Director, sublease portions of the demised premises for a period not to exceed one year for personal, non-commercial uses, including but not limited to single residential units, boat slips, and dry storage

racks. 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. Any sublease for a term in excess of one (1) year, shall, however, specifically provide that it shall be subject to the absolute power of the County at its sole election to cancel such sublease at any time. No condominium or cooperative dwelling plan shall be permitted.

B. Encumbrances

Lessee may, with the prior written consent of the County and subject to any specific conditions imposed by County, give, assign, transfer, mortgage, hypothecate, grant control of, or encumber all or a specific portion of Lessee's interest under this lease and the leasehold estate so created to a lender on the security of the leasehold estate, or on the security of a specific portion of the leasehold estate. One (1) copy of any and all security devices or instruments as finally executed and recorded by the parties shall be filed with Director not later than seven (7) days after the effective date thereof.

Notwithstanding the provisions of the foregoing paragraph, the written consent of County shall not be required in the case of:

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

(2) A subsequent transfer of the lease by an encumbrance holder who was a purchaser at such foreclosure sale, provided the transferee expressly agrees in writing to assume and to perform all of the obligations under this lease.

In the event of such a transfer, 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. Any transferee under the provisions of subparagraph (1) of this paragraph shall be liable to perform the full obligations of the Lessee under this lease until a subsequent transfer of the lease but not thereafter. Any subsequent transferee under the provisions of subparagraph (2) of this paragraph shall be liable to perform the full obligations of the 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 in a manner satisfactory to County.

C. Assignments

Except as specifically hereinbefore provided, Lessee shall not, without the prior 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. In addition, for purposes of this provision, the following acts of Lessee shall be considered assignments and shall require the prior written consent of County to be effective. Said consent will not be unreasonably withheld.

(1) The change in one or more general partners in a limited partnership, except by the death of a general partner and his replacement by a vote of the limited partners or by the remaining general partners;

(2) The sale, assignment, or transfer of fifty per cent (50%) or more of the stock in a corporation which owns or is the general partner in a partnership which owns the leasehold.

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 by the Lessee hereunder shall be binding upon the heirs, executors, administrators, successors and assigns of the Lessee, and all rights, privileges and benefits arising under this lease in favor of the Lessee shall be available in favor to its heirs, executors, administrators, successors and assigns, 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.

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

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.

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

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.

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 and all sublessees, if any, shall at all times during the term of this lease, and for twelve (12) 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. 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.

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, or as required in writing by Director to Lessee incident to the provisions of Section 35 of this lease.

If Lessee fails to make any such repairs or replacements as required, Director 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 Director, 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 Director.

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 Architectural Treatment and Construction 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.

50. SPECIAL PROVISIONS

It is hereby acknowledged and agreed that Lessee of Parcel 133S and any of said Lessee's employees, agents, guests or patrons, shall have the right to park automobiles in any or all of the parking spaces built and maintained on Parcel 134R, but only at such times as the building or buildings on said Parcel 134R are closed for public business and said spaces not otherwise required to accommodate tenants, agents, employees, or guests thereof in conjunction with the tenancy or occupation of said building or buildings on said Parcel 134R. It is further understood and agreed that such parking shall be of a temporary nature not to exceed four (4) hours duration for any vehicle at any time except with the written permission of the Lessee of said Parcel 134R.

It is also acknowledged that Lessee of Parcel 133S has heretofore constructed certain improvements on the parcel of land adjacent to Parcel 134R, commonly known as Parcel 40T, to

facilitate the passage of automobiles and pedestrians from
Parcels 133S and 134R to County's public parking lot commonly
known as Parking Lot U. Lessee agrees that such access across
said Parcel 134R shall not be closed nor restricted unless
approved in advance by Director.

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 Executive Officer-Clerk thereof,
and the Lessee has executed the same the day, month and year
first hereinabove written.

COMMODORE CLUB, INC., a
a California corporation

By *Raymond Allen* President

By *Thurmond N. Walker* Secretary

(CORPORATE SEAL)

ATTEST:

JAMES S. MIZE, Executive
Officer-Clerk of the
Board of Supervisors

By *George H. Wharf* Deputy

APPROVED AS TO FORM:

JOHN H. LARSON
County Counsel

COUNTY OF LOS ANGELES
By *James G. Hayes*
Chairman, Board of Supervisors

By *Robert H. Rodolf* Deputy

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

106

JUL 8 1975

James S. Mize
JAMES S. MIZE
EXECUTIVE OFFICER

