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Caring for Our Coast

♦ ♦ ♦
Gary Jones
Director

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Deputy Director

Warren Ontiveros
Deputy Director

July 01, 2025

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

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 14 TO ADD RESERVE STUDY CLAUSE TO LEASE
AGREEMENT NO. 7580
DOLPHIN MARINA, LTD. (PARCEL 18R) – MARINA DEL REY
(SECOND DISTRICT) (4 VOTES)**

SUBJECT

Request for approval of Amendment No. 14 to add reserve study clause to Lease Agreement No. 7580 ("Lease") for Parcel 18R (Dolphin Marina) in Marina del Rey, to incorporate a reserve fund clause.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed action is not a project under the California Environmental Quality Act ("CEQA"), or, in the alternative, that the actions are exempt for the reason stated in this Board Letter.
2. Approve Amendment No. 14 to the Lease for Parcel 18R (Dolphin Marina) in Marina del Rey.
3. Approve and authorize the Chair of the Board to execute Amendment No. 14 ("Amendment") to the Lease, a copy of which is attached hereto, with Dolphin Marina, LTD, a California limited partnership ("Lessee").
4. Delegate authority to the Director of the Los Angeles County Department of Beaches and Harbors ("Department"), on behalf of the County, to execute any other ancillary documentation, approved as to form by County Counsel, necessary to effectuate the terms of Amendment No. 14 and to take any actions necessary and appropriate to implement Amendment No. 14.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will result in the approval of Amendment No. 14 to the Lease for Parcel 18R in Marina del Rey (Dolphin Marina). The proposed Amendment No. 14 requires the Lessee to cause a reserve study to be prepared within ninety (90) days following the completion of the renovation work, establish and maintain a reserve fund, and carry out permitted capital expenditures throughout the remaining term of the Lease.

Approval of the recommended actions will find that the actions contemplated in this letter are not a project under CEQA or in the alternative are exempt from CEQA.

Implementation of Strategic Plan Goals

The recommended actions will further County's Strategic Plan North Star 2 - Foster Vibrant and Resilient Communities by ensuring property on County-owned land is maintained timely and consistently throughout the term of the Lease.

FISCAL IMPACT/FINANCING

There is no financial impact to the County as a result of the proposed Amendment No. 14.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Parcel 18R, commonly known as Dolphin Marina, consists of 332 apartment units on approximately 7.77 acres of land and 424 boat slips on approximately 10.25 acres of water in Marina del Rey. The original Lease No. 7580 was executed on July 1, 1963, and did not incorporate a reserve fund clause that allowed for the property to be maintained consistently over the term of the Lease.

On April 16, 2021, Los Angeles County Department of Beaches and Harbors ("Department") and Lessee entered into a letter agreement (see attached) permitting Lessee to make improvements to the property and amending the Lease to incorporate a reserve fund clause. Per the letter agreement, the County is required to file the amendment with the Board of Supervisors for approval not later than one year after the completion of construction. Lessee completed construction on October 4, 2024, renovating all 332 apartment units and common area amenities.

Under the proposed Amendment, the Lessee agrees to establish and maintain a reserve fund to cover the cost of permitted capital expenditures.

The proposed Amendment has been approved as to form by County Counsel. At its regular meeting on May 14, 2025, the Small Craft Harbor Commission voted to endorse the Department's recommendations as set forth herein.

ENVIRONMENTAL DOCUMENTATION

The proposed Amendment No. 14 is not subject to CEQA because it is an activity that is excluded from the definition of a project under Section 21065 of the Public Resources Code and Section 15378(b) of the State CEQA Guidelines. Approval of the proposed Amendment is an administrative

activity of government which will not result in direct or indirect physical changes to the environment. In the alternative, approval of the proposed Amendment No. 14 is exempt pursuant to Sections 15061(b)(3) and 15301 of the State CEQA Guidelines because it can be seen with certainty that the actions will not have a significant adverse impact on the environment and Amendment No. 14 does not authorize new construction or expansion of existing use and will not result in significant environmental effects. There are no cumulative impacts, unusual circumstances, or other factors that would negate the applicability of this exemption.

Upon your Board's approval of the recommended actions, the Department will file a Notice of Exemption with the County Clerk in accordance with section 21152 of the California Public Resources Code.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

It is requested that your Board approve proposed Amendment No.14.

Upon approval, please instruct the Chair of the Board to sign all three originals of Amendment No.14 and have the Executive Officer of the Board send two executed copies, as well as a copy of the adopted and stamped Board letter, to the Department of Beaches and Harbors. Should you have any questions please contact Jimmy Mark at (424) 526-7740 or Jmark@bh.lacounty.gov.

Respectfully submitted,



GARY JONES

Director

GJ:AC:IBP:jm

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

AMENDMENT NO. 14 TO LEASE NO. 7580
PARCEL 18R – MARINA DEL REY SMALL CRAFT HARBOR

THIS AMENDMENT NO. 14 TO LEASE (this “Amendment”) is dated as of May 10, 2021,

BY AND BETWEEN

COUNTY OF LOS ANGELES,
hereinafter referred to as “County,”

AND

DOLPHIN MARINA, LTD., a California limited
partnership, hereinafter referred to as “Lessee.”

WITNESSETH:

WHEREAS, County and predecessors-in-interest of Lessee entered into Lease No. 7580 under the terms of which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 18R, which leasehold premises (the “Premises”) are more particularly and legally described in **Exhibit “A”** attached to and incorporated in said Lease, as amended (said Lease No. 7580 and all amendments thereto are collectively hereafter referred to as the “Lease”); and

WHEREAS, Lessee and County desire to enter into this Amendment to amend the Lease, as set forth hereinbelow, pursuant to the terms and conditions hereof;

NOW, THEREFORE, with reference to the foregoing recitals, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. Definitions. All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Lease.

2. Reserve Fund.

2.1 Establishment of Reserve Fund.

(a) Commencing on the date the initial Reserve Study is prepared, Lessee shall establish and maintain a reserve fund in accordance with the provisions of this Section 2 (the “**Reserve Fund**”) for the cost of Permitted Capital Expenditures (as defined below) for the Premises. The Reserve Study shall be prepared in accordance with Section 2.3. Commencing on the first day of the month following the date the Initial Reserve Study is prepared and on the first day of each month thereafter and continuing through the remaining Term (and subject to reaching the Threshold Amount, as defined below), Lessee shall make monthly contributions to the Reserve Fund on the same day that Monthly Minimum Rent payments are due each calendar month in the amounts established by the then most current updated Reserve Study (as described in Section 2.3 below).

(b) If at any time the then-existing balance in the Reserve Fund reaches the Threshold Amount (as defined below), Lessee thereafter shall not be required to make further contributions to the Reserve Fund except as necessary to maintain the balance of the Reserve Fund in an amount at least equal to the Threshold Amount. The “**Threshold Amount**” shall mean the aggregate amount of contributions required to be made to the Reserve Fund over the three (3) year period covered by the most recent updated Reserve Study, as the same may be adjusted upon completion of Permitted Capital Expenditure Component Work (as defined below). The Threshold Amount shall be adjusted every three (3) years as part of the Reserve Study update process described in Section 2.4 hereinbelow.

(c) Lessee shall keep the Reserve Fund funded as required by the most recent updated Reserve Study. All interest and earnings on the funds in the Reserve Fund shall be added to the Reserve Fund and shall be treated as a credit against the Reserve Fund contributions otherwise required to be made by Lessee pursuant to this Section 2. Failure to maintain and replenish the Reserve Fund, not cured within thirty (30) days after Lessee receives written notice, shall constitute an Event of Default herewith.

2.2 Use of Reserve Fund.

(a) Lessee and County agree that the purpose of the Reserve Fund shall be to provide funds for Permitted Capital Expenditure Component(s) Work, as set forth in the most recent or updated Reserve Study. “**Permitted Capital Expenditure Component(s)**” shall consist of the Replacement-in-kind of existing systems beyond useful life, including, but not limited to, building exteriors and building systems (such as HVAC, mechanical, electrical, plumbing, underground storm and waste piping, underground dry utilities, vertical transportation/elevators, security systems, communications systems, irrigation systems, structural or roof, walkways and driveways, windows and exterior painting, Common Area flooring, and the Unit Components (as defined in Section 2.3 hereinbelow). “**Permitted Capital Expenditure Component(s) Work**” shall consist of additions, capital repairs, capital replacements, capital equipment, renovations or other capital upgrades that enhance the quality of Permitted Capital Expenditure Components. “**Permitted Capital Expenditures**” shall mean the costs that may be incurred by Lessee for Permitted Capital Expenditure Components Work. The Reserve Fund may be used only to fund Permitted Capital Expenditure Component Work as set forth in the Reserve Study as it may be modified from time to time, and as may be approved from time to time by the Director. All specific purposes and costs for which Lessee desires to utilize amounts from the Reserve Fund for Permitted Capital Expenditure Component Work not specified in the Reserve Study shall be subject to Director’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. Lessee shall not be required to obtain the Director’s prior approval for the use of Reserve Funds for all Permitted Capital Expenditure Component Work as provided in the Reserve Study, provided Lessee delivers to the Director at least thirty (30) days prior written notice of its intention to make said Permitted Capital Expenditure Component Work, which notice shall set forth the anticipated amount of Permitted Capital Expenditures for such Permitted Capital Expenditure Component Work and when such Permitted Capital Expenditure Component Work at issue will commence and be completed. In the event that during any calendar year Lessee intends to spend less than required by the most recent updated Reserve Study, then Lessee shall be required to obtain the Director’s approval, which approval shall not be unreasonably withheld.

(b) The Reserve Fund shall not be used for any of the following, all of which shall be separately funded by Lessee: (a) the cost of any portion of that certain renovation work to be performed by Lessee on the Premises (the “**Renovation Work**”) (a copy of such description of the Renovation Work is attached hereto as **Exhibit “B”**) or the cost of correcting any defect in the Renovation Work; (b) the cost of curing any deficiencies arising from the failure of Lessee to maintain and repair the Improvements in accordance with the requirements of this Lease; (c) the costs or expenses reimbursed by insurance, warranties or any other third party; (d) the costs of the initial construction of the Renovation Work; (e) the costs of new project amenities (e.g., barbeques or fitness equipment) or new common area furniture; (f) the cost of periodic, recurring or ordinary non-capital expenditures, repairs, maintenance or replacements that keep the Improvements or their systems in good operating condition, but that do not significantly add to their value or appreciably prolong their useful life or that otherwise constitute non-capital expenditures under generally accepted accounting principles consistently applied; (g) the costs for any necessary repairs to remedy any broken or damaged Unit Component; (h) the costs of furniture or appliances, except as expressly permitted by a Reserve Study or as otherwise approved by Director; or (i) the cost of any repair or replacement of an individual or a selected group of individual items, unless (A) such capital repair or replacement is part of a larger plan (which may be a phased plan as provided in the most recent Reserve Study) of capital repair or replacement of all, or substantially all, of a Permitted Capital Expenditure Component, or (B) such capital repair or replacement of an individual or selected group of individual items is expressly set forth in the most recent updated Reserve Study.

(c) The Reserve Fund shall not be used for additional improvements, equipment or systems that were not part of the Improvements upon completion of the Renovation Work or subsequently installed as an approved Alteration under this Lease with Lessee’s other funds, except for such upgrades as are approved by Director and only to the extent that the then-updated Reserve Study anticipates use of the applicable Reserve Fund for such purposes or the most recent updated Reserve Study is updated to adjust the future monthly Reserve Fund contributions to account for the unanticipated expenditure. Notwithstanding anything to the contrary contained hereinabove, any omission in the Reserve Study (including any failure in the Reserve Study to include an item that should be repaired, maintained or replaced), shall not release Lessee from any responsibility or obligation it may have to make a capital expenditure or repair for items not foreseen or included in the Reserve Study and/or part of the Reserve Fund.

2.3 Reserve Studies

(a) In order to provide the requisite funds for the Reserve Fund, Lessee shall cause a reserve study with respect to Permitted Capital Expenditure Components to be prepared within ninety (90) days from the date that is three (3) years after the Temporary or Final Certificate of Occupancy (whichever is earlier) is issued (“**First Reserve Study Date**”) following completion of the Renovation Work currently anticipated to commence fourth quarter of 2021, and update the Reserve Study every three (3) years thereafter (“**Required Reserve Study**” or “**Reserve Study**”). The period of time between the initial Reserve Study (the “**Initial Reserve Study**”) and the first updated Reserve Study is the “**Initial Reserve Fund Period.**” Each Reserve Study shall be at Lessee’s sole cost and expense and be completed on or before ninety (90) days prior to said anniversary date. Each Reserve Study shall be conducted and prepared by a company selected by Lessee and approved by the County, which approval shall not be unreasonably withheld, and which

company has special expertise in preparing capital improvement reserve studies for similar and comparable projects (e.g. physically similar in age and other physical characteristics) within Los Angeles County. In the event County and Lessee cannot agree upon a mutually acceptable company to prepare the Reserve Study, then Lessee and the Director shall each engage a company that is able to perform the Reserve Study (each, a **“Potential Reserve Study Company”**) and the Potential Reserve Study Companies shall, amongst themselves, confer and determine which Potential Reserve Study Company shall perform the Reserve Study. If the Potential Reserve Study Companies cannot mutually agree on which Potential Reserve Study Company shall perform the Reserve Study, the Potential Reserve Study Companies shall collectively select an independent Reserve Study Company to perform the Reserve Study. (The reserve company engaged, whether by agreement of County and Lessee or pursuant to the procedures set forth in the preceding sentence, shall be referred to as the **“Reserve Study Company”**). In the event that the Reserve Study Company has not been selected on or before six (6) months from the issuance of the Temporary and/or Final Certificate of Completion, then the Director shall select the Reserve Study Company. Each Reserve Study shall address the monthly contribution required to adequately maintain the Permitted Capital Expenditure Components for the full Term of this Lease. In the event of any conflict regarding the appropriate levels of contribution to the Reserve Fund recommended by the Reserve Study Company, on the one hand, and any report and/or property assessment prepared for the benefit of any Encumbrance Holder, regarding its own separate reserve fund, the Reserve Study Company shall take the views of such consultant into consideration, but the final decision as to the appropriate levels of contribution to the Reserve Fund shall be determined solely by the Reserve Study Company.

(b) The first Reserve Study shall identify any existing deferred maintenance and repair deficiencies that exist at the date of the first Reserve Study. Lessee shall be required to remedy any such maintenance deficiencies at Lessee’s cost (without any use of the Reserve Fund) within ninety (90) days after the issuance of said first Reserve Study; provided, however, that if the nature of obligation is such that more than ninety (90) days are required for performance, then Lessee may diligently prosecute the same to completion as long as Lessee commences performance within such ninety (90) day period. If Lessee requires additional time to complete all existing maintenance deficiencies, then Lessee shall submit a schedule of repairs for Director’s written approval, which approval will not be unreasonably withheld.

(c) Each Reserve Study shall determine the monthly contribution amount required to be made to the Reserve Fund. If Director approves any Permitted Capital Expenditure from the Reserve Fund outside of those anticipated under the then-current Reserve Study (as previously updated), then such Reserve Study shall be updated within ninety (90) days following the date such Permitted Capital Expenditure is made to adjust the future monthly Reserve Fund contributions to take into consideration the unanticipated Permitted Capital Expenditure Component Work. Such updated Reserve Study shall remain applicable for the balance of the three (3) year period, unless such updated Reserve Study is required to be further updated prior to the expiration of such three (3) year period pursuant to this sentence.

(d) Each Reserve Study shall contain the following: (i) identification of all Permitted Capital Expenditure Components requiring Permitted Capital Expenditure Component Work, including without limitation all improvements within a residential unit (e.g., carpets, drapes, appliances, wall coverings, floor coverings, countertops and the like) (collectively, the **“Unit**

Components”) that have a remaining useful life of less than thirty (30) years; (ii) identification of the probable remaining useful life of all Permitted Capital Expenditure Components as of the date of the most recent updated Reserve Study; (iii) an estimate of the anticipated Permitted Capital Expenditures for the Permitted Capital Expenditure Component Work identified in clause (i); and (iv) an estimate of the total annual contribution to the Reserve Fund necessary to defray the cost of Permitted Capital Expenditure Components Work identified in clause (i) during and at the end of their useful life, after subtracting total funds then held in the Reserve Fund as of the date of the study. The Reserve Study Company shall have sole and absolute discretion in determining which Permitted Capital Expenditure Components to consider for the most recent updated Reserve Study; provided, however, that when the useful life of any Permitted Capital Expenditure Component becomes thirty (30) years or less, it shall be added to the Reserve Study.

(e) For the purpose of each Reserve Study: (a) “useful life” is defined as the number of years each individual Permitted Capital Expenditure Component is expected to serve its intended purpose if given regular and proper maintenance, and (b) “remaining useful life” is defined as the expected number of years each individual Permitted Capital Expenditure Component will continue to serve its intended purpose prior to repair or replacement. In determining the remaining life of a Permitted Capital Expenditure Component, a certain level of continued preventative maintenance is assumed, but shall be stated explicitly wherever possible in the applicable Reserve Study. Lessee hereby agrees to commence and complete all Permitted Capital Expenditure Component Work that the Reserve Study recommends.

(f) Lessee shall be required to renovate, replace or upgrade particular Permitted Capital Expenditure Components (as identified in the Reserve Study by the Reserve Study Company) at the end of the expected useful life of such Permitted Capital Expenditure Components and otherwise perform the Permitted Capital Expenditure Components Work prescribed in the most recent updated Reserve Study. Lessee shall be required to perform such Permitted Capital Expenditure Components Work within six (6) months after the expiration of the useful life of the applicable Permitted Capital Expenditure Component. If Lessee requires additional time to complete any such Permitted Capital Expenditures Work because of its inability to obtain access to the interior of a residential unit due to tenant occupancy, etc., then Lessee shall submit a construction schedule for Director’s written approval, which approval will not be unreasonably withheld.

2.4 Annual Updates By Lessee.

On or before any Reserve Study is prepared, after the First Reserve Study Date (as defined in Section 2.3 above), the Reserve Study Company shall review the prior Reserve Study to update Permitted Capital Expenditure Component Work changes, and take into consideration Permitted Capital Expenditures actually made during the preceding three (3) years to determine whether additional needed funds should be contributed to the Reserve Fund that were not included in the prior year’s Reserve Study (“**Reserve Fund Update**”). To assist the Reserve Study Company in preparing the Reserve Fund Update, Lessee shall provide to the Reserve Study Company access to the Premises and all Improvements, and an accounting of all required expenditures (if any) required by the Reserve Study to have been made for such prior calendar years, and the Reserve Study Company shall take such Permitted Capital Expenditures into account in preparing the Reserve Fund Update. Lessee shall submit to Director, for Director’s reasonable approval, an

annual Reserve Fund expenditure plan (“**Annual Reserve Fund Expenditure Plan**”) at least ninety (90) days prior to the commencement of each calendar year following the expiration of the Initial Reserve Fund Period and the Director or the County shall respond within sixty (60) days thereafter with specific written reasonable objections consistent with the Reserve Study, and if Director or County has no reasonable objections, then Lessee’s proposed Annual Reserve Fund Expenditure Plan shall be approved. Each Annual Reserve Fund Expenditure Plan shall be consistent with the most recent updated Reserve Study, subject to modification for any unforeseen Permitted Capital Expenditure Component Work. Permitted Capital Expenditures from the Reserve Fund shall be consistent with the approved Annual Reserve Fund Expenditure Plan for such year, provided that Lessee shall have the right during each calendar year to submit for Director’s reasonable approval one or more mid-year modifications to the Annual Reserve Fund Expenditure Plan to address unforeseen Permitted Capital Expenditure Components Work that may arise during such year.

2.5 Final Reserve Study.

(a) A final updated Reserve Study (the “**Final Reserve Study**”) shall be prepared and delivered to County no later than five (5) years prior to the expiration of the Term, as the same may be extended by mutual agreement of the County and Lessee. Prior to the preparation of the Final Reserve Study, County shall inform Lessee as to whether it intends to require the demolition of some or all of the Improvements at the end of the Term. The Final Reserve Study shall determine the monthly amounts, if any, required to be deposited to the Reserve Fund to fully fund (when combined with any amounts already on deposit in the Reserve Fund) the expected Permitted Capital Expenditure Component Work during the remaining Lease Term or the expected demolition costs (if County has indicated that it intends to require demolition of some or all of the Improvements), in accordance with Section 18 of the Lease, as amended by Amendment No. 6 to Lease for Parcel 18R. The monthly contribution amounts required for the Reserve Fund shall take into consideration any then current balance in the Reserve Fund.

(b) Concurrently with the delivery of the Final Reserve Study, Lessee shall deliver to County the Demolition and Removal Report. The Demolition and Removal Report shall detail the cost and time period required for the demolition and removal of all Improvements or a portion subject to demolition.

(c) If County elects not to require Lessee to demolish the Improvements or a portion subject to demolition at the end of the Term, then: (i) the Final Reserve Study shall make any adjustment for the cost for the future Permitted Capital Expenditure Component Work during the remaining Lease Term, and (ii) the Reserve Fund payments thereafter required to be made by Lessee shall continue to be used for purposes permitted under this Section 2, and (iii) any remaining funds in the Reserve Fund at the end of the Term shall be released to County.

(d) If County elects to require Lessee to demolish the Improvements or a portion of the Improvements subject to demolition at the end of the Term and requires Lessee to provide security for its obligation to perform such removal obligations, then Lessee shall contribute to the Reserve Fund amounts thereafter required to be made by Lessee towards Lessee’s obligations to fund the security requirements, and continue to fund any needed Permitted Capital Expenditure Component Work for any remaining Improvements, as determined by Director in Director’s reasonable

discretion. As long as Lessee makes the Permitted Capital Expenditures prescribed under the Reserve Studies and complies with its obligations under this Lease with regard to the replacement of the Improvements during the Term and the demolition and removal of the Improvements at the end of the Term (if required), any surplus funds in the Reserve Fund at the end of the Term shall be released to Lessee after subtracting any amounts then owing by Lessee to County under the Lease.

2.6 Reserve Fund Account.

The Reserve Fund shall be held in a separate account established with an Institutional Lender (which may be Lessee's Encumbrance Holder) reasonably acceptable to and approved by Director. Lessee shall make deposits into the Reserve Fund as required hereunder and make disbursements from the Reserve Fund account as required or permitted hereunder, but only for Permitted Capital Expenditures and in accordance with the then current approved Annual Reserve Fund Expenditure Plan (with such adjustments as may be approved by Director). Lessee shall have the right to maintain the Reserve Fund with an Institutional Lender that is an approved Encumbrance Holder and to grant such lender a security interest in Lessee's interest in the Reserve Fund account, subject to administration of the Reserve in accordance with the requirements of this Section 2. Subject to the foregoing, the Reserve Fund account may concurrently satisfy a separate reserve fund requirement of Lessee's Encumbrance Holder. The amounts to be added to the Reserve Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder. On or before January 15th of each year (and at any other time within thirty (30) days prior written notice from Director to Lessee), Lessee shall provide and deliver to Director an account statement reflecting the balance of the Reserve Fund as of the end of the calendar year along with a report that details all deposits to, earnings on, withdrawals (and the purpose of such withdrawals) from and the balance of the Reserve Fund.

3. No Other Modifications. Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges their respective obligations under the Lease as amended hereby.

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one and the same instrument.

(Signatures on following page)

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment No. 14 to Lease to be subscribed by the Chairman of said Board and attested by the Executive Officer thereof, and the Lessee, by its duly authorized representative, has executed the same on the date first set forth above.



COUNTY OF LOS ANGELES

By: _____
KATHRYN BARGER
Chair, Board of Supervisors

ATTEST:

EDWARD YEN,
Executive Officer-Clerk of the Board of Supervisors

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

26 July,

By: _____

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

APPROVED AS TO FORM:

DAWYN HARRISON
COUNTY COUNSEL

By: _____
Deputy County Counsel

APPROVED AS TO FORM:

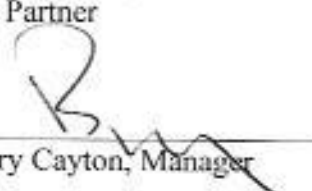
GLASER WEIL FINK HOWARD & SHAPIRO LLP

By: _____

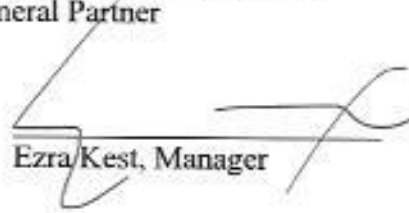
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DOLPHIN MARINA, LTD.,
a California limited partnership

By: Alta Group GP, LLC,
Its General Partner

By: 
Barry Cayton, Manager

By: Second Street Group GP, LLC,
Its General Partner

By: 
Ezra Kest, Manager

DOLPHIN MARINA, LTD.,
a California limited partnership

By: Alta Group GP, LLC,
Its General Partner

By: _____
Barry Cayton, Manager

By: Second Street Group GP, LLC,
Its General Partner

By: _____
Ezra Kest, Manager

EXHIBIT “B”

RENOVATION WORK

This narrative is written to provide a general project concept, the initial project timing, and details regarding the overall renovation of Dolphin Marina Apartments. The building was built in the 1970s, is located at the terminus of Panay Way in Marina del Rey and consists of 204 apartment units that sit atop a single-story concrete podium.

Considering the age and general condition of this asset and our intent to prolong its useful life, we have engaged a design team consisting of an architect and engineers to document the renovation for County approvals and construction. While the scope is primarily limited to capital improvements and replacements, there is an inherent opportunity to refresh common areas that will improve the resident experience.

The renovation scope of work consists of the following items:

1. Comprehensive above ground, underground, in-wall, and in-floor utility, electrical and plumbing upgrades. This includes new wet and dry utilities, vertical waste and ventilation piping, and a new central boiler system.
2. Refresh of the building envelope consisting of roofing, windows, sliding glass doors, guardrails, patio walls, topping slab, main entry modifications, lighting, and painting.
3. The apartment units will be modified with in-kind replacement of kitchen and bathrooms components, and wall, floor, and ceiling finishes. New HVAC system will be installed in each unit.
4. The common areas will be modified in-kind with new wall, floor, and ceiling finishes. A corridor exhaust system will be installed for life safety protocol.
5. The garage will undergo renovations that include lighting, paint, and restriping.
6. The exterior perimeter improvements consist of minor sidewalk, curb, and roadway, and lighting modifications.
7. The (4) courtyards will be renovated to address podium waterproofing and concrete deterioration issues. Each courtyard will receive new finishes, including hard and soft scapes.

The execution of the project will be phased over a 36-month timeline, during which residents will be relocated to a unit within the project. The construction management plan consists of renovating 18 units at a time, which translates to 6 adjacent stacks and a total of 12 renovation tranches. Prior to starting the initial tranche, 18 units to receive displaced residents will be allocated. These displacement units will be used throughout the execution period and will be renovated as the last tranche, which is feasible due to natural vacancies. We are prepared to provide a smooth transition for each resident during the construction period. Schedule-wise, we anticipate commencing construction in the fourth quarter of 2021.

April 16, 2021

VIA CERTIFIED MAIL AND EMAIL
RETURN RECEIPT REQUESTED

Dolphin Marina, LTD.
c/o GK Management Co., Inc.
ATTN: Richard Hawthorne
5150 Overland Avenue
Culver City, California 90230

Re: Parcel 18R/Dolphin Marina Apartments: Letter Agreement

Dear Mr. Hawthorne,

This letter agreement ("Agreement ") relates to that certain Lease dated October 25, 1963, as amended (the "Lease"), between Dolphin Marina, LTD., original lessee's successor-in- interest, ("Lessee") and the County of Los Angeles ("County" or "Lessor"), wherein County leases to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, commonly known as Parcel 18R (the "Property").

In accordance with Section 8 of the Lease, Lessee shall, at its own expense, make or construct additions, alterations, repairs, or changes to the Property, upon written approval from the County in conformity with the construction summary attached hereto as Exhibit A and incorporated herein by reference. If the County approves the proposed construction, it may also impose terms and conditions relating to the construction. Lessee desires to renovate the Property and seeks to comply with certain of the County's terms and conditions as required work pursuant to the Lease.

Lessee and County hereby agree as follows:

- a) Renovation Schedule: Prior to the commencement of construction, Lessee must obtain the approval of the Director of the Department of Beaches and Harbors, as well as the Design Control Board, if required, which approval is satisfied upon receipt and approval of the description of the renovation work and the execution of the amendment referenced in subparagraph f) below. Lessee to renovate 18 apartment units at a time with units stacked vertically. Renovation work to be completed within thirty-six (36) months from commencement of construction. Construction shall commence on or before October 1, 2021.
- b) Renovation Timeline: Lessee to use commercially reasonable efforts to complete renovation of each unit within a thirty (30) day period, subject to displacement costs outlined below.
- c) Temporary Displacement: Lessee to use reasonable efforts to relocate displaced tenant in Dolphin Marina or a neighboring complex owned by lessee or an affiliate of lessee during the renovation of displaced tenant's apartment unit. If lessee is unable to relocate displaced tenant in Dolphin Marina or a neighboring complex unit of a lessee affiliate,

lessee will provide accommodations that are acceptable to displaced tenant until displaced tenant's apartment is renovated.

d) Displaced Cost:

- i. Lessee shall pay for all ordinary and reasonable "move-in" and "move-out" costs for displaced tenants (including costs if displaced tenant is relocated to another building, whether or not it is located on the Dolphin Marina property).
- ii. Lessee shall provide a fifty percent (50%) rent reduction for the first 30 days of the tenancy for the displaced tenant. (The rent reduction shall commence on the day that displaced tenant is moved into the temporary apartment unit.)
- iii. If displacement surpasses thirty (30) days, each additional displaced day shall be rent-free. Rent shall commence on the day that displaced tenant is moved back into displaced tenant's original apartment or a renovated apartment unit.
- iv. The choice to move back into the renovated unit shall be solely at displaced tenant's option.

e) Rent Adjustment: Lessee shall continue to provide one-year leases to tenants and shall honor the terms and conditions (including rent) of the lease after displaced tenant moves back into the renovated unit. After the expiration of the lease term, lessee shall be permitted to raise rents in accordance with County's then-existing Rent Stabilization Ordinance and/or any future ordinance that may impact future rent and/or other costs.

f) Maintenance Reserve Fund: Simultaneously with executing this letter agreement, Lessee agrees to execute an amendment to the Lease, which shall incorporate the terms of the reserve fund, the terms and conditions of which are set forth in Exhibit B. County shall file the amendment for approval by the Board of Supervisors not later than one year after completion of construction.

g) Initial Reserve Study to be prepared within 90 days from three (3) years from the issuance of the TCO or CO for all of the Redevelopment Work.

Please signify your agreement and acceptance of the foregoing by executing where indicated below and returning this letter to our office no later than May 10, 2021.

Very truly yours,

GARY JONES, DIRECTOR

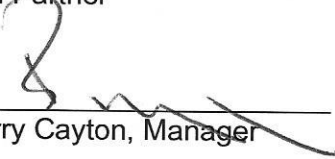


Amy Caves
Deputy Director
Asset Management and Planning Division

Agreed and Accepted:

Dolphin Marina, LTD.,
a California limited partnership

By: Alta Group GP, LLC,
Its General Partner

By: 
Barry Cayton, Manager

By: Second Street Group GP, LLC,
Its General Partner

By: 
Ezra Kest, Manager

Cc: County Counsel
Jayme Wilson , Deputy, Fourth District
Mike Molina

Exhibit A

Construction Summary

Dolphin Marina Apartments
 Bid Breakdown
 15-Apr-21

Deferred Maintenance

Abatement/Demolition	\$	2,900,000	Podium Deck, Mechanicals, Coatings
Slab Repair and Topping Slab		4,941,000	Repair Podium Structural Slab Repair and Install New Topping Slab
Patio Walls/Guardrails		1,664,000	Patio CMU Walls and Balcony Metal Guardrails
Waterproofing		1,950,000	Podium Deck, Planters
Roofing		1,500,000	Roofing, Roof drains
Windows		1,200,000	Windows and sliders
MEP/Fire Alarm		12,810,000	HVAC, Electrical, and Plumbing Code Requirements
Cathodic Protection System		600,000	Testing and repairs of structural corrosion mitigation
Landscape		525,000	Irrigation, Soil Amendments, Planting Replacement
Asphalt Paving/Sidewalks		360,000	Drive path, curbs and sidewalks
Elevator Equipment		900,000	Equipment safety and useful life repairs, corroded cylinders 6 elevators
Pool/Spa/Stair/Lift/ Restrooms		1,850,000	Code Requirements to Pool, Spa, Stair Replacement, Handicap Lift, Replacement of aged Pool Equipment. Restroom reconfiguration for ADA Accessibility.
General Building Component Replacements		2,142,620	Corridors, Electric meter banks, Stair Code Requirements (rails, lights), Garage rehab (painting, striping, gates), Pedestrian gates, and refurbish perimeter stairs. Perimeter Project fees and general conditions
Administrative, Permits and Regulatory Fees		2,950,000	
SubTotal	\$	36,292,620	

Exterior & Common Areas

Concrete Deck	\$	625,000	Platform/Trellis at East End
Main Entry Renovation		750,000	Guardrail, Stairs, Railings, Landscape, Lighting
Elevator Cab Modernization		300,000	6 Elevators at \$50K/Each - Finishes
Signage Replacement		425,000	Primary, Secondary, Egress, and Way Finding Signs
FF&E, Marketing, Art work		903,000	Fitness Equipment, Pool Furniture, Courtyard Furniture, Residential Storage Units, Bike Racks
A/E/ID + Softs		2,385,000	Architecture, Engineering and Interior Design
SubTotal	\$	5,388,000	

Apartments

Interior Renovation	\$	7,140,000	In-kind replacements of interior finishes
General and Administrative Cost		499,000	Temporary relocation during renovation, including furnished unit, housekeeping, moving, and complimentary storage of personal items. Also includes relocation specialist to assist residents.
SubTotal	\$	7,639,000	

Contingency

Contingency (10%)	\$	4,931,962	
SubTotal	\$	4,931,962	

Total	\$	54,251,582	Includes Contingency
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Exhibit B

Form of Amendment No. 14 to Lease No. 7580 Parcel 18R –
Marina del Rey Small Craft Harbor

AMENDMENT NO. 14 TO LEASE NO. 7580
PARCEL 18R – MARINA DEL REY SMALL CRAFT HARBOR

THIS AMENDMENT NO. 14 TO LEASE (this “Amendment”) is dated as of May 10, 2021,

BY AND BETWEEN

COUNTY OF LOS ANGELES,
hereinafter referred to as “County,”

AND

DOLPHIN MARINA, LTD., a California limited
partnership, hereinafter referred to as “Lessee.”

WITNESSETH:

WHEREAS, County and predecessors-in-interest of Lessee entered into Lease No. 7580 under the terms of which County leased to Lessee that certain real property located in the Marina del Rey Small Craft Harbor, County of Los Angeles, State of California, now commonly known as Parcel 18R, which leasehold premises (the “Premises”) are more particularly and legally described in **Exhibit “A”** attached to and incorporated in said Lease, as amended (said Lease No. 7580 and all amendments thereto are collectively hereafter referred to as the “Lease”); and

WHEREAS, Lessee and County desire to enter into this Amendment to amend the Lease, as set forth hereinbelow, pursuant to the terms and conditions hereof;

NOW, THEREFORE, with reference to the foregoing recitals, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, County and Lessee hereby agree as follows:

1. Definitions. All initially-capitalized terms used but not defined in this Amendment have the meanings given such terms in the Lease.

2. Reserve Fund.

2.1 Establishment of Reserve Fund.

(a) Commencing on the date the initial Reserve Study is prepared, Lessee shall establish and maintain a reserve fund in accordance with the provisions of this Section 2 (the “**Reserve Fund**”) for the cost of Permitted Capital Expenditures (as defined below) for the Premises. The Reserve Study shall be prepared in accordance with Section 2.3. Commencing on the first day of the month following the date the Initial Reserve Study is prepared and on the first day of each month thereafter and continuing through the remaining Term (and subject to reaching the Threshold Amount, as defined below), Lessee shall make monthly contributions to the Reserve Fund on the same day that Monthly Minimum Rent payments are due each calendar month in the amounts established by the then most current updated Reserve Study (as described in Section 2.3 below).

(b) If at any time the then-existing balance in the Reserve Fund reaches the Threshold Amount (as defined below), Lessee thereafter shall not be required to make further contributions to the Reserve Fund except as necessary to maintain the balance of the Reserve Fund in an amount at least equal to the Threshold Amount. The “**Threshold Amount**” shall mean the aggregate amount of contributions required to be made to the Reserve Fund over the three (3) year period covered by the most recent updated Reserve Study, as the same may be adjusted upon completion of Permitted Capital Expenditure Component Work (as defined below). The Threshold Amount shall be adjusted every three (3) years as part of the Reserve Study update process described in Section 2.4 hereinbelow.

(c) Lessee shall keep the Reserve Fund funded as required by the most recent updated Reserve Study. All interest and earnings on the funds in the Reserve Fund shall be added to the Reserve Fund and shall be treated as a credit against the Reserve Fund contributions otherwise required to be made by Lessee pursuant to this Section 2. Failure to maintain and replenish the Reserve Fund, not cured within thirty (30) days after Lessee receives written notice, shall constitute an Event of Default herewith.

2.2 Use of Reserve Fund.

(a) Lessee and County agree that the purpose of the Reserve Fund shall be to provide funds for Permitted Capital Expenditure Component(s) Work, as set forth in the most recent or updated Reserve Study. “**Permitted Capital Expenditure Component(s)**” shall consist of the Replacement-in-kind of existing systems beyond useful life, including, but not limited to, building exteriors and building systems (such as HVAC, mechanical, electrical, plumbing, underground storm and waste piping, underground dry utilities, vertical transportation/elevators, security systems, communications systems, irrigation systems, structural or roof, walkways and driveways, windows and exterior painting, Common Area flooring, and the Unit Components (as defined in Section 2.3 hereinbelow). “**Permitted Capital Expenditure Component(s) Work**” shall consist of additions, capital repairs, capital replacements, capital equipment, renovations or other capital upgrades that enhance the quality of Permitted Capital Expenditure Components. “**Permitted Capital Expenditures**” shall mean the costs that may be incurred by Lessee for Permitted Capital Expenditure Components Work. The Reserve Fund may be used only to fund Permitted Capital Expenditure Component Work as set forth in the Reserve Study as it may be modified from time to time, and as may be approved from time to time by the Director. All specific purposes and costs for which Lessee desires to utilize amounts from the Reserve Fund for Permitted Capital Expenditure Component Work not specified in the Reserve Study shall be subject to Director’s approval, which approval shall not be unreasonably withheld, conditioned or delayed. Lessee shall not be required to obtain the Director’s prior approval for the use of Reserve Funds for all Permitted Capital Expenditure Component Work as provided in the Reserve Study, provided Lessee delivers to the Director at least thirty (30) days prior written notice of its intention to make said Permitted Capital Expenditure Component Work, which notice shall set forth the anticipated amount of Permitted Capital Expenditures for such Permitted Capital Expenditure Component Work and when such Permitted Capital Expenditure Component Work at issue will commence and be completed. In the event that during any calendar year Lessee intends to spend less than required by the most recent updated Reserve Study, then Lessee shall be required to obtain the Director’s approval, which approval shall not be unreasonably withheld.

(b) The Reserve Fund shall not be used for any of the following, all of which shall be separately funded by Lessee: (a) the cost of any portion of that certain renovation work to be performed by Lessee on the Premises (the “**Renovation Work**”) (a copy of such description of the Renovation Work is attached hereto as **Exhibit “B”**) or the cost of correcting any defect in the Renovation Work; (b) the cost of curing any deficiencies arising from the failure of Lessee to maintain and repair the Improvements in accordance with the requirements of this Lease; (c) the costs or expenses reimbursed by insurance, warranties or any other third party; (d) the costs of the initial construction of the Renovation Work; (e) the costs of new project amenities (e.g., barbeques or fitness equipment) or new common area furniture; (f) the cost of periodic, recurring or ordinary non-capital expenditures, repairs, maintenance or replacements that keep the Improvements or their systems in good operating condition, but that do not significantly add to their value or appreciably prolong their useful life or that otherwise constitute non-capital expenditures under generally accepted accounting principles consistently applied; (g) the costs for any necessary repairs to remedy any broken or damaged Unit Component; (h) the costs of furniture or appliances, except as expressly permitted by a Reserve Study or as otherwise approved by Director; or (i) the cost of any repair or replacement of an individual or a selected group of individual items, unless (A) such capital repair or replacement is part of a larger plan (which may be a phased plan as provided in the most recent Reserve Study) of capital repair or replacement of all, or substantially all, of a Permitted Capital Expenditure Component, or (B) such capital repair or replacement of an individual or selected group of individual items is expressly set forth in the most recent updated Reserve Study.

(c) The Reserve Fund shall not be used for additional improvements, equipment or systems that were not part of the Improvements upon completion of the Renovation Work or subsequently installed as an approved Alteration under this Lease with Lessee’s other funds, except for such upgrades as are approved by Director and only to the extent that the then-updated Reserve Study anticipates use of the applicable Reserve Fund for such purposes or the most recent updated Reserve Study is updated to adjust the future monthly Reserve Fund contributions to account for the unanticipated expenditure. Notwithstanding anything to the contrary contained hereinabove, any omission in the Reserve Study (including any failure in the Reserve Study to include an item that should be repaired, maintained or replaced), shall not release Lessee from any responsibility or obligation it may have to make a capital expenditure or repair for items not foreseen or included in the Reserve Study and/or part of the Reserve Fund.

2.3 Reserve Studies

(a) In order to provide the requisite funds for the Reserve Fund, Lessee shall cause a reserve study with respect to Permitted Capital Expenditure Components to be prepared within ninety (90) days from the date that is three (3) years after the Temporary or Final Certificate of Occupancy (whichever is earlier) is issued (“**First Reserve Study Date**”) following completion of the Renovation Work currently anticipated to commence fourth quarter of 2021, and update the Reserve Study every three (3) years thereafter (“**Required Reserve Study**” or “**Reserve Study**”). The period of time between the initial Reserve Study (the “**Initial Reserve Study**”) and the first updated Reserve Study is the “**Initial Reserve Fund Period.**” Each Reserve Study shall be at Lessee’s sole cost and expense and be completed on or before ninety (90) days prior to said anniversary date. Each Reserve Study shall be conducted and prepared by a company selected by Lessee and approved by the County, which approval shall not be unreasonably withheld, and which

company has special expertise in preparing capital improvement reserve studies for similar and comparable projects (e.g. physically similar in age and other physical characteristics) within Los Angeles County. In the event County and Lessee cannot agree upon a mutually acceptable company to prepare the Reserve Study, then Lessee and the Director shall each engage a company that is able to perform the Reserve Study (each, a **“Potential Reserve Study Company”**) and the Potential Reserve Study Companies shall, amongst themselves, confer and determine which Potential Reserve Study Company shall perform the Reserve Study. If the Potential Reserve Study Companies cannot mutually agree on which Potential Reserve Study Company shall perform the Reserve Study, the Potential Reserve Study Companies shall collectively select an independent Reserve Study Company to perform the Reserve Study. (The reserve company engaged, whether by agreement of County and Lessee or pursuant to the procedures set forth in the preceding sentence, shall be referred to as the **“Reserve Study Company”**). In the event that the Reserve Study Company has not been selected on or before six (6) months from the issuance of the Temporary and/or Final Certificate of Completion, then the Director shall select the Reserve Study Company. Each Reserve Study shall address the monthly contribution required to adequately maintain the Permitted Capital Expenditure Components for the full Term of this Lease. In the event of any conflict regarding the appropriate levels of contribution to the Reserve Fund recommended by the Reserve Study Company, on the one hand, and any report and/or property assessment prepared for the benefit of any Encumbrance Holder, regarding its own separate reserve fund, the Reserve Study Company shall take the views of such consultant into consideration, but the final decision as to the appropriate levels of contribution to the Reserve Fund shall be determined solely by the Reserve Study Company.

(b) The first Reserve Study shall identify any existing deferred maintenance and repair deficiencies that exist at the date of the first Reserve Study. Lessee shall be required to remedy any such maintenance deficiencies at Lessee’s cost (without any use of the Reserve Fund) within ninety (90) days after the issuance of said first Reserve Study; provided, however, that if the nature of obligation is such that more than ninety (90) days are required for performance, then Lessee may diligently prosecute the same to completion as long as Lessee commences performance within such ninety (90) day period. If Lessee requires additional time to complete all existing maintenance deficiencies, then Lessee shall submit a schedule of repairs for Director’s written approval, which approval will not be unreasonably withheld.

(c) Each Reserve Study shall determine the monthly contribution amount required to be made to the Reserve Fund. If Director approves any Permitted Capital Expenditure from the Reserve Fund outside of those anticipated under the then-current Reserve Study (as previously updated), then such Reserve Study shall be updated within ninety (90) days following the date such Permitted Capital Expenditure is made to adjust the future monthly Reserve Fund contributions to take into consideration the unanticipated Permitted Capital Expenditure Component Work. Such updated Reserve Study shall remain applicable for the balance of the three (3) year period, unless such updated Reserve Study is required to be further updated prior to the expiration of such three (3) year period pursuant to this sentence.

(d) Each Reserve Study shall contain the following: (i) identification of all Permitted Capital Expenditure Components requiring Permitted Capital Expenditure Component Work, including without limitation all improvements within a residential unit (e.g., carpets, drapes, appliances, wall coverings, floor coverings, countertops and the like) (collectively, the **“Unit**

Components”) that have a remaining useful life of less than thirty (30) years; (ii) identification of the probable remaining useful life of all Permitted Capital Expenditure Components as of the date of the most recent updated Reserve Study; (iii) an estimate of the anticipated Permitted Capital Expenditures for the Permitted Capital Expenditure Component Work identified in clause (i); and (iv) an estimate of the total annual contribution to the Reserve Fund necessary to defray the cost of Permitted Capital Expenditure Components Work identified in clause (i) during and at the end of their useful life, after subtracting total funds then held in the Reserve Fund as of the date of the study. The Reserve Study Company shall have sole and absolute discretion in determining which Permitted Capital Expenditure Components to consider for the most recent updated Reserve Study; provided, however, that when the useful life of any Permitted Capital Expenditure Component becomes thirty (30) years or less, it shall be added to the Reserve Study.

(e) For the purpose of each Reserve Study: (a) “useful life” is defined as the number of years each individual Permitted Capital Expenditure Component is expected to serve its intended purpose if given regular and proper maintenance, and (b) “remaining useful life” is defined as the expected number of years each individual Permitted Capital Expenditure Component will continue to serve its intended purpose prior to repair or replacement. In determining the remaining life of a Permitted Capital Expenditure Component, a certain level of continued preventative maintenance is assumed, but shall be stated explicitly wherever possible in the applicable Reserve Study. Lessee hereby agrees to commence and complete all Permitted Capital Expenditure Component Work that the Reserve Study recommends.

(f) Lessee shall be required to renovate, replace or upgrade particular Permitted Capital Expenditure Components (as identified in the Reserve Study by the Reserve Study Company) at the end of the expected useful life of such Permitted Capital Expenditure Components and otherwise perform the Permitted Capital Expenditure Components Work prescribed in the most recent updated Reserve Study. Lessee shall be required to perform such Permitted Capital Expenditure Components Work within six (6) months after the expiration of the useful life of the applicable Permitted Capital Expenditure Component. If Lessee requires additional time to complete any such Permitted Capital Expenditures Work because of its inability to obtain access to the interior of a residential unit due to tenant occupancy, etc., then Lessee shall submit a construction schedule for Director’s written approval, which approval will not be unreasonably withheld.

2.4 Annual Updates By Lessee.

On or before any Reserve Study is prepared, after the First Reserve Study Date (as defined in Section 2.3 above), the Reserve Study Company shall review the prior Reserve Study to update Permitted Capital Expenditure Component Work changes, and take into consideration Permitted Capital Expenditures actually made during the preceding three (3) years to determine whether additional needed funds should be contributed to the Reserve Fund that were not included in the prior year’s Reserve Study (“**Reserve Fund Update**”). To assist the Reserve Study Company in preparing the Reserve Fund Update, Lessee shall provide to the Reserve Study Company access to the Premises and all Improvements, and an accounting of all required expenditures (if any) required by the Reserve Study to have been made for such prior calendar years, and the Reserve Study Company shall take such Permitted Capital Expenditures into account in preparing the Reserve Fund Update. Lessee shall submit to Director, for Director’s reasonable approval, an

annual Reserve Fund expenditure plan (“**Annual Reserve Fund Expenditure Plan**”) at least ninety (90) days prior to the commencement of each calendar year following the expiration of the Initial Reserve Fund Period and the Director or the County shall respond within sixty (60) days thereafter with specific written reasonable objections consistent with the Reserve Study, and if Director or County has no reasonable objections, then Lessee’s proposed Annual Reserve Fund Expenditure Plan shall be approved. Each Annual Reserve Fund Expenditure Plan shall be consistent with the most recent updated Reserve Study, subject to modification for any unforeseen Permitted Capital Expenditure Component Work. Permitted Capital Expenditures from the Reserve Fund shall be consistent with the approved Annual Reserve Fund Expenditure Plan for such year, provided that Lessee shall have the right during each calendar year to submit for Director’s reasonable approval one or more mid-year modifications to the Annual Reserve Fund Expenditure Plan to address unforeseen Permitted Capital Expenditure Components Work that may arise during such year.

2.5 Final Reserve Study.

(a) A final updated Reserve Study (the “**Final Reserve Study**”) shall be prepared and delivered to County no later than five (5) years prior to the expiration of the Term, as the same may be extended by mutual agreement of the County and Lessee. Prior to the preparation of the Final Reserve Study, County shall inform Lessee as to whether it intends to require the demolition of some or all of the Improvements at the end of the Term. The Final Reserve Study shall determine the monthly amounts, if any, required to be deposited to the Reserve Fund to fully fund (when combined with any amounts already on deposit in the Reserve Fund) the expected Permitted Capital Expenditure Component Work during the remaining Lease Term or the expected demolition costs (if County has indicated that it intends to require demolition of some or all of the Improvements), in accordance with Section 18 of the Lease, as amended by Amendment No. 6 to Lease for Parcel 18R. The monthly contribution amounts required for the Reserve Fund shall take into consideration any then current balance in the Reserve Fund.

(b) Concurrently with the delivery of the Final Reserve Study, Lessee shall deliver to County the Demolition and Removal Report. The Demolition and Removal Report shall detail the cost and time period required for the demolition and removal of all Improvements or a portion subject to demolition.

(c) If County elects not to require Lessee to demolish the Improvements or a portion subject to demolition at the end of the Term, then: (i) the Final Reserve Study shall make any adjustment for the cost for the future Permitted Capital Expenditure Component Work during the remaining Lease Term, and (ii) the Reserve Fund payments thereafter required to be made by Lessee shall continue to be used for purposes permitted under this Section 2, and (iii) any remaining funds in the Reserve Fund at the end of the Term shall be released to County.

(d) If County elects to require Lessee to demolish the Improvements or a portion of the Improvements subject to demolition at the end of the Term and requires Lessee to provide security for its obligation to perform such removal obligations, then Lessee shall contribute to the Reserve Fund amounts thereafter required to be made by Lessee towards Lessee’s obligations to fund the security requirements, and continue to fund any needed Permitted Capital Expenditure Component Work for any remaining Improvements, as determined by Director in Director’s reasonable

discretion. As long as Lessee makes the Permitted Capital Expenditures prescribed under the Reserve Studies and complies with its obligations under this Lease with regard to the replacement of the Improvements during the Term and the demolition and removal of the Improvements at the end of the Term (if required), any surplus funds in the Reserve Fund at the end of the Term shall be released to Lessee after subtracting any amounts then owing by Lessee to County under the Lease.

2.6 Reserve Fund Account.

The Reserve Fund shall be held in a separate account established with an Institutional Lender (which may be Lessee's Encumbrance Holder) reasonably acceptable to and approved by Director. Lessee shall make deposits into the Reserve Fund as required hereunder and make disbursements from the Reserve Fund account as required or permitted hereunder, but only for Permitted Capital Expenditures and in accordance with the then current approved Annual Reserve Fund Expenditure Plan (with such adjustments as may be approved by Director). Lessee shall have the right to maintain the Reserve Fund with an Institutional Lender that is an approved Encumbrance Holder and to grant such lender a security interest in Lessee's interest in the Reserve Fund account, subject to administration of the Reserve in accordance with the requirements of this Section 2. Subject to the foregoing, the Reserve Fund account may concurrently satisfy a separate reserve fund requirement of Lessee's Encumbrance Holder. The amounts to be added to the Reserve Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder. On or before January 15th of each year (and at any other time within thirty (30) days prior written notice from Director to Lessee), Lessee shall provide and deliver to Director an account statement reflecting the balance of the Reserve Fund as of the end of the calendar year along with a report that details all deposits to, earnings on, withdrawals (and the purpose of such withdrawals) from and the balance of the Reserve Fund.

3. No Other Modifications. Except as herein specifically amended, all terms, conditions and provisions of the Lease shall be and continue to remain in full force and effect and are unmodified, and each of the parties hereto reaffirms and reacknowledges their respective obligations under the Lease as amended hereby.

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one and the same instrument.

(Signatures on following page)

IN WITNESS WHEREOF, County has, by order of its Board of Supervisors, caused this Amendment No. 14 to Lease to be subscribed by the Chairman of said Board and attested by the Executive Officer thereof, and the Lessee, by its duly authorized representative, has executed the same on the date first set forth above.

COUNTY OF LOS ANGELES

By: _____
HILDA L. SOLIS
Chair, Board of Supervisors

ATTEST:

CELIA ZAVALA,
Executive Officer of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

RODRIGO CASTRO-SILVA,
COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:

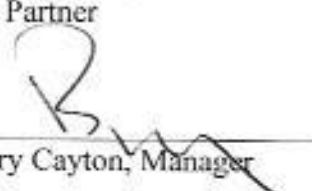
GLASER WEIL FINK HOWARD AVCHEN & SHAPIRO LLP

By: _____
Roger H. Howard, Esq.

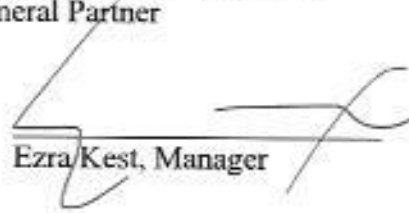
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DOLPHIN MARINA, LTD.,
a California limited partnership

By: Alta Group GP, LLC,
Its General Partner

By: 
Barry Cayton, Manager

By: Second Street Group GP, LLC,
Its General Partner

By: 
Ezra Kest, Manager

DOLPHIN MARINA, LTD.,
a California limited partnership

By: Alta Group GP, LLC,
Its General Partner

By: _____
Barry Cayton, Manager

By: Second Street Group GP, LLC,
Its General Partner

By: _____
Ezra Kest, Manager

EXHIBIT “B”

RENOVATION WORK

This narrative is written to provide a general project concept, the initial project timing, and details regarding the overall renovation of Dolphin Marina Apartments. The building was built in the 1970s, is located at the terminus of Panay Way in Marina del Rey and consists of 204 apartment units that sit atop a single-story concrete podium.

Considering the age and general condition of this asset and our intent to prolong its useful life, we have engaged a design team consisting of an architect and engineers to document the renovation for County approvals and construction. While the scope is primarily limited to capital improvements and replacements, there is an inherent opportunity to refresh common areas that will improve the resident experience.

The renovation scope of work consists of the following items:

1. Comprehensive above ground, underground, in-wall, and in-floor utility, electrical and plumbing upgrades. This includes new wet and dry utilities, vertical waste and ventilation piping, and a new central boiler system.
2. Refresh of the building envelope consisting of roofing, windows, sliding glass doors, guardrails, patio walls, topping slab, main entry modifications, lighting, and painting.
3. The apartment units will be modified with in-kind replacement of kitchen and bathrooms components, and wall, floor, and ceiling finishes. New HVAC system will be installed in each unit.
4. The common areas will be modified in-kind with new wall, floor, and ceiling finishes. A corridor exhaust system will be installed for life safety protocol.
5. The garage will undergo renovations that include lighting, paint, and restriping.
6. The exterior perimeter improvements consist of minor sidewalk, curb, and roadway, and lighting modifications.
7. The (4) courtyards will be renovated to address podium waterproofing and concrete deterioration issues. Each courtyard will receive new finishes, including hard and soft scapes.

The execution of the project will be phased over a 36-month timeline, during which residents will be relocated to a unit within the project. The construction management plan consists of renovating 18 units at a time, which translates to 6 adjacent stacks and a total of 12 renovation tranches. Prior to starting the initial tranche, 18 units to receive displaced residents will be allocated. These displacement units will be used throughout the execution period and will be renovated as the last tranche, which is feasible due to natural vacancies. We are prepared to provide a smooth transition for each resident during the construction period. Schedule-wise, we anticipate commencing construction in the fourth quarter of 2021.