

29263

EXHIBIT K-1

CITY CONSENT AND ESTOPPEL CERTIFICATE

Consent and Estoppel Certificate

This Consent and Estoppel Certificate (“Consent”) is made as of November 4, 2020 (the “Effective Date”) by the City of Long Beach, a municipal corporation and trust grantee of the State of California of certain tide and submerged lands within said City (“City”) to and for the benefit of CDCF III Pacific Catalina Landing Long Beach, LLC, a Delaware limited liability company (“Assignor”) and TIC CATALINA LANDING, LLC, a California limited liability company (“Assignee”), and for the benefit of the Lender as defined below, and each of their respective successors, assigns, affiliates and/or designees.

RECITALS

A. City is the owner of that certain real property described in Exhibit A attached hereto and incorporated herein by this reference (the “Property”).

B. City, as lessor, and Assignor, as lessee, are parties to that certain Lease dated June 30, 2000 (the “Original Lease”) regarding the Property, originally entered into by and between City and John Hancock Life Insurance Company, a Massachusetts corporation (“Hancock”), as modified by that certain Memorandum of Lease Agreement dated April 29, 2002 by and between City and Hancock and recorded on June 25, 2002 in the Official Records of Los Angeles County, California (the “Official Records”) as Document No. 02 1432897 (“Memorandum of Lease”), that certain letter regarding the Original Lease dated April 29, 2002 from Vincent Coughlin with City to John M. Nagle with Hancock (“April Clarification Letter”), that certain letter regarding the Original Lease dated May 23, 2002 from Vincent Coughlin with City to John M. Nagle with Hancock (“May Clarification Letter”), that certain Assignment and Assumption of Lease dated June 25, 2002 by and between Hancock and AC-Catalina Landing LLC, a Delaware limited liability company (“AC Catalina”) and recorded on June 25, 2002 in the Official Records as Document No. 02 1432900 (“Assignment and Assumption”), that certain Assignment and Assumption of Lease and Dredge Agreement dated as of August 28, 2015 by and between Special Services Asset Management Company, an Illinois corporation and successor-in-interest to AC Catalina pursuant to that certain Trustee’s Deed Upon Sale dated January 16, 2015 executed by First American Title Insurance Company and recorded on January 20, 2015 in the Official Records as Document No. 20150062582 (“Special Services”) and recorded on August 31, 2015 in the Official Records as Document No. 20151072450 (“Second Assignment and Assumption”), that certain First Amendment to Lease No. 29263 dated as of May 1, 2018 by and between City and Assignor (“First Amendment”), and that certain Amendment to Memorandum of Lease dated as of May 1, 2018 by and between City and Assignor and recorded on June 11, 2018 in the Official Records as Document No. 20180573842 (the “Memorandum Amendment”). The Original Lease, as modified by the Memorandum of Lease, the April Clarification Letter, the May Clarification Letter, the Assignment and Assumption, the Second Assignment and Assumption, the First Amendment and the Memorandum Amendment is collectively referred to herein as the “Lease”.

C. In connection with the Lease, City and Hancock entered into that certain Agreement dated May 1, 2002 (“Original Agreement”) regarding dredging of the marine basin which constitutes a portion of the Property and the payment of certain fees, as modified by that certain letter regarding the Original Agreement dated April 30, 2002 from Robert E. Shannon, City’s attorney to Marc DeFerenza, Hancock’s attorney (“Agreement Clarification Letter”), that certain Settlement Agreement and Limited Mutual Release dated November 15, 2006 (“Settlement Agreement”) by and between City and AC Catalina, that certain First Amendment to Settlement Agreement and Limited Mutual Release dated January 8, 2008 by and between City and AC Catalina (“Amendment to Settlement Agreement”), and that certain First Amendment to Agreement No. 29264 dated October 7, 2013 by and between City and AC Catalina (“Amendment to Agreement”). The Original Agreement, as modified by the Agreement Clarification Letter, the Settlement Agreement, the Amendment to Settlement Agreement, and the Amendment to Agreement is collectively referred to herein as the “Dredge Agreement”.

D. By virtue of the Second Assignment and Assumption, Assignor became the lessee under the Lease and a party to the Dredge Agreement.

E. Pursuant to and upon the terms contained in that certain Purchase and Sale Agreement dated as of September 4, 2020 (“Purchase Agreement”) by and between Assignor and Assignee, Assignor agreed to sell and Assignee agreed to purchase, among other things, Assignor’s right, title and interest in the Lease for the Property and the Dredge Agreement (the “Sale”).

F. In accordance with the Purchase Agreement, Assignor will assign to Assignee its right, title and interest in and to the Lease and Dredge Agreement (the “Assignment”) pursuant to the terms and conditions of that certain Assignment and Assumption of Lease and Dredge Agreement which has been or shall be entered into by and between Assignor and Assignee on or about the Effective Date and substantially in the form attached hereto as Exhibit B and incorporated herein by this reference (the “Assignment Agreement”).

G. In connection with the closing of the Sale and Assignment and thereafter from time to time, Assignee may seek to finance and refinance the acquisition of the subject interests in, among other things, the Lease and Dredge Agreement (each, a “Loan”) from Deutsche Bank AG New York Branch (together with any successors or assignees, are referenced collectively herein as the “Lender”) secured by, among other things, Assignee’s interest in the Lease and Dredge Agreement, pursuant to the then applicable loan documents (collectively, as the same may be amended, restated, renewed, modified or supplemented from time to time, the “Loan Documents”), which shall encumber, among other things, Assignee’s interest in and to the Lease and Dredge Agreement.

H. Assignor and Assignee desire to obtain the specific consent of the City to the Assignment, and City desires to provide its consent to the Assignment pursuant to the terms of this Consent.

I. Assignee desires to obtain the specific consent of the City to the Loan and Loan Documents, and City desires to provide its consent to the Loan and Loan Documents pursuant to the terms of this Consent.

J. Assignor and Assignee have requested that City make certain affirmations regarding the Lease and Dredge Agreement, and City desires to provide affirmations regarding the Lease and Dredge Agreement as set forth in this Consent.

AGREEMENT

NOW, THEREFORE, in response to the request from Assignor and Assignee that City consent to the Assignment and the other transactions and documents referenced herein and knowing that Assignee will rely upon this Consent in accepting and performing the Sale and Assignment and that Lender will rely upon this Consent in accepting the Loan Documents, and in making the Loan, City hereby states, certifies, confirms, acknowledges, represents, warrants, acknowledges, affirms and agrees as follows:

1. Consent to Assignment. City hereby consents to and approves the Assignment and the Assignment Agreement in all respects, and City further consents to and approves the Sale to Assignee. The Assignment will not constitute a violation or default under the Lease. City's consent shall not constitute a waiver of the right of City to approve any further assignment or other transfer pursuant to the terms of the Lease.

2. Release of Liability. Upon the Effective Date, City agrees that Assignor is released from all obligation and liability under the Lease and Dredge Agreement accruing from and after the Effective Date. City reserves its right to proceed against Assignor for all obligations under the Lease and Dredge Agreement accruing prior to the Effective Date. City agrees that Assignee shall have no obligation or liability for any obligations of Assignor under the Lease or Dredge Agreement accruing prior to the Effective Date.

3. Validity of Lease. City represents and warrants that Exhibit C attached hereto and incorporated herein by this reference constitutes a true, correct and complete copy of the Lease and all amendments, supplements, side letters, memoranda and other agreements relating to the Lease. The Lease is in full force and effect in accordance with its terms and constitutes the entire agreement between City and Assignor with respect to the Property and the Lease. The Lease has not been cancelled or terminated, or to City's actual knowledge, surrendered or abandoned. The Lease has not been amended or modified except as specifically described in Recital B above.

4. Validity of Dredge Agreement. City represents and warrants that Exhibit D attached hereto and incorporated herein by this reference constitutes a true, correct and complete copy of the Dredge Agreement and all amendments, supplements, side letters, memoranda and other agreements relating to the Dredge Agreement. The Dredge Agreement is in full force and effect in accordance with its terms and constitutes the entire agreement between City and Assignor with respect to the dredging obligations relating to the Property. The Dredge Agreement has not been cancelled or terminated, or to City's actual knowledge, surrendered or abandoned. The Dredge Agreement has not been amended or modified except as specifically described in Recital C above.

5. Term of Lease. The Commencement Date of the Lease (as defined therein) was April 29, 2002. The Lease expires on April 28, 2084, unless sooner terminated pursuant to the terms of the Lease.

6. Options. The tenant under the Lease has no option, rights of first refusal, termination, renewal or extension, exclusive business rights or other rights to extend or renew the term of the Lease. The tenant under the Lease has no option to purchase the Property or any part thereof or interest therein under the Lease.

7. Term of Dredge Agreement. The Dredge Agreement expires on the date of expiration or earlier termination of the Lease, or any future ground lease of the Project (as defined in the Dredge Agreement) between City and the successors and assigns of Hancock.

8. No Assignment by City. City is presently the landlord under the Lease, is the owner of the fee estate in the Property and has not granted or assigned to any other person or entity any right or interest therein (including any mortgages or other security interests encumbering the City's fee interest in the Property). City agrees that if City grants a mortgage or other security interest in City's interest as the owner of the fee estate in the Property, such mortgage or other security interest shall provide that such is subordinate to the Ground Lease. City recognizes Assignor as tenant under the Lease and the successor to Hancock under the Dredge Agreement.

9. No Other Leases. As of the date hereof, other than the Lease, there are no leases, licenses, options, or other agreements regarding the transfer of any interests in, possessory rights to, or otherwise materially affecting the Property.

10. No Assignment by Assignor. City has not received written notice of any prior transfer, assignment, hypothecation or pledge of Assignor's interest in the Lease or the Dredge Agreement.

11. No Termination. City has not commenced any action or sent any presently effective notice to Assignor (or received any presently effective notice from Assignor) for the purpose of terminating the Lease or Dredge Agreement. As of the Effective Date, City has no actual knowledge of any fact or condition which, with notice or the passage of time or both, would entitle City to terminate the Lease or Dredge Agreement.

12. No Defaults. City has not given any notice of default to Assignor with respect to the Lease or Dredge Agreement. City has no knowledge of any fact or condition which, with notice or the passage of time or both, would constitute an event of default on the part of City or Assignor with respect to the Lease or Dredge Agreement. No controversy or dispute, including any litigation or arbitration, presently exists between City and Assignor with respect to the Lease, the Property or the Dredge Agreement. To the actual knowledge of City there are no existing or outstanding offsets, counterclaims, defenses, deductions or credits whatsoever with respect to the Lease or Dredge Agreement.

13. Rent. All rent and any other sums due to City under the Lease have been paid in full through October 31, 2020. The annual rent currently due under the Lease is One Million Three Hundred Thirty-Six Thousand Five Hundred Seventy-Seven Dollars and Seventy-Six

Cents (\$1,336,577.76). No rent or other sums payable under the Lease have been paid more than thirty (30) days in advance. There is no security deposit presently held by City under the Lease.

14. Agreement Payments. All payments due from Assignor to City pursuant to the Dredge Agreement have been paid in full through December 31, 2019. Under the terms of the Dredge Agreement, annual payment is due in arrears and payable by February 28th following the end of each calendar year. Payment for the 2020 calendar year is due by February 28, 2021.

15. No Other Lender; Consent to Assignment of Lease and Dredge Agreement. Other than the proposed Loan Documents in favor of Lender, City has no actual knowledge of any deed of trust or other assignment encumbering the Assignor's interest in the Lease or the Dredge Agreement as of the Effective Date. City hereby consents to and approves the collateral assignment by Assignee to Lender of Assignee's right, title and interest in and to the Lease and the Dredge Agreement. City agrees that its consent shall not be required to any assignment of the Lease or the Dredge Agreement to a person or entity that acquires the Property in the event that there is a foreclosure sale of Lender's deed of trust or assignment, a judicial foreclosure or a deed in lieu of foreclosure in accordance with the Lease, or in the event of a subsequent transfer of the Property or of possession of the Property by any Lender who so acquires the Property to a transferee that agrees in writing to both adhere to the terms of the Lease and the Dredge Agreement and to require such transferee's assignees, successors and assigns to adhere to the terms of the Lease and the Dredge Agreement.

16. Litigation; Governmental Actions. City has not received written notice of any litigation pending, proposed or threatened against or in connection with the Lease, the Dredge Agreement or the Property. City has not received written notice that it is in violation of any governmental law or regulation applicable to its interest in the Lease, the Dredge Agreement or the Property. City has not received written notice of any actual or pending eminent domain proceedings or other governmental actions against City's interest in the Lease or the Property.

17. Notices: Assignee and Lender. All notices to which Assignee shall be entitled under the Lease and/or the Dredge Agreement shall be sent to Assignee at the following address:

To Buyer: TIC Catalina Landing, LLC
 11611 San Vicente Blvd., Suite 610
 Los Angeles, CA 90049
 Attention: John Baayoun
 Phone: (310) 464-2733
 Email: John@ticapital.com

with a copy to: Mirman, Bubman & Nahmias, LLP
21860 Burbank Blvd., Suite 360
Woodland Hills, CA 91367
Attention: Xochitl Cortez
Phone: 818-451-4600
Email: xcortez@mbnlawyers.com

To Title Company: First American Title Insurance Company
777 South Figueroa Street, 4th Floor
Los Angeles, CA 90017
Attention: Maurice A. Neri
Email: mneri@firstam.com

A copy of all such notices shall be sent to Lender at the following address:

c/o Deutsche Bank Trust Company Americas
60 Wall Street
41st Floor
New York, New York 10005
Attention: Joshua H. Zakheim, Esq., Vice President, Counsel
Phone: (212) 250-4619

with a copy to (which copy shall not constitute notice to Lender):

c/o Deutsche Bank Trust Company Americas
60 Wall Street
New York, New York 10005
Attention: Tim Donahoe
Phone: (212) 250-00048

18. Lender Rights under Lease. City acknowledges that it has received notice of Lender's mortgage in accordance with Section 8.2 of the Lease and that Lender is entitled to all rights, privileges and protections that apply to a "Lender" under the Lease including, without limitation, the provisions of Article 8 of the Lease. All notices to which Lender is entitled under the Lease shall be sent to Lender at the address(es) provided above, as the same may be modified from time to time by written notice from Lender to City. Lender may at any time, without City's consent, sell, assign, participate or securitize all or any portion of Lender's rights and obligations under the respective loan documents, and any such sale, assignment, participation or securitization may be to one or more financial institutions or other entities, to private investors, and/or into the public securities market, in Lender's sole discretion. This Consent and the representations, warranties and covenants contained herein shall inure to the benefit of Lender, its successors and assigns (including, without limitation, each and every owner and holder of the Loan, each person who, pursuant to proceedings to enforce the respective loan documents or conveyance in lieu of such proceedings, may succeed to Tenant's interest under the Lease) and shall be binding on City, its legal representatives, successors and assigns.

19. Agreements Concerning Dredge Agreement. So long as Lender's deed of trust is in effect, City agrees that (a) if Assignee defaults under the Dredge Agreement it shall not exercise any remedies arising from such default until it gives Lender written notice of such default and thirty (30) days shall have elapsed from receipt of such notice and Lender shall have failed to cure such default and (b) the Dredge Agreement shall not be voluntarily cancelled, surrendered, terminated, amended, modified or in any way altered, or any provisions thereof waived or deferred by Assignee, without the prior written consent of Lender, which consent shall not be unreasonably withheld, conditioned or delayed.

20. Reliance. This Consent and Estoppel Certificate may be relied upon by Assignor, Assignee and Lender, and each of their respective successors and assigns, and shall be binding upon City and its successors and assignees.

21. Due Authorization. City is duly authorized to execute this Consent, and this Consent has been duly executed and delivered by City. No consent by any court, agency, bureau, council or other third party, governmental or nongovernmental (other than any such consents that have been actually obtained) is required for City to execute and deliver this Consent.

22. Recitals. The foregoing Recitals are incorporated into this Consent as if set forth in full.

IN WITNESS WHEREOF, City has executed and delivered this Consent and Estoppel Certificate as of the Effective Date.

City of Long Beach, a municipal corporation

By: Linda J. Tatum
Name: LINDA F. TATUM
Title: ASST CITY MANAGER

APPROVED AS TO FORM TO SECTION 301 OF
THE CITY CHARTER
11-2 2020
CHARLES PARKIN, City Attorney
By [Signature]
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

Exhibit A

LEGAL DESCRIPTION OF REAL PROPERTY

Real property in the City of Long Beach, County of Los Angeles, State of California, described as follows:

PARCEL 1:

A PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86, PAGES 21 AND 22 OF RECORD OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 0° 01' 08" WEST 4.00 FEET; THENCE NORTH 89° 59' 25" EAST 68.26 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 107.50 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00" AN ARC LENGTH OF 84.43 FEET; THENCE NORTH 44° 59' 25" EAST 44.67 FEET; THENCE NORTH 45° 00' 35" WEST 64.57 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 80.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00", AN ARC LENGTH OF 62.83 FEET; THENCE NORTH 0° 00' 35" WEST 215.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 35.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 54.98 FEET; THENCE NORTH 89° 59' 25" EAST 578.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 54.98 FEET; THENCE SOUTH 0° 00' 35" EAST 202.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 80.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00", AN ARC LENGTH OF 62.83 FEET; THENCE SOUTH 44° 59' 25" WEST 79.00 FEET; THENCE SOUTH 45° 00' 35" EAST 184.04 FEET TO A POINT ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 745.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 83° 16' 28" EAST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 19° 20' 21" AN ARC LENGTH OF 251.46 FEET; THENCE SOUTH 12° 36' 49" WEST 83.00 FEET; THENCE SOUTH 89° 59' 25" WEST 143.58 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 87° 31' 05" EAST; THENCE NORTHERLY AND WESTERLY ALONG SAID CONCRETE BULKHEAD THE FOLLOWING COURSES AND DISTANCES: NORTHERLY ALONG SAID LAST MENTIONED CURVE HAVING A RADIUS OF 690.00 FEET THROUGH A CENTRAL ANGLE OF 2° 29' 30", AN ARC LENGTH OF 30.00 FEET; THENCE NORTH 0° 00' 35" WEST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 89° 59' 25" WEST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 18' 55", AN ARC LENGTH OF 36.05 FEET; THENCE LEAVING SAID CONCRETE BULKHEAD LINE, NORTH 51° 09' 08" WEST 60.76 FEET; THENCE NORTH 0° 01' 08" WEST 18.97 FEET; THENCE SOUTH 89° 58' 52" WEST 19.29 FEET; THENCE NORTH 0° 01' 08" WEST 96.05 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED JUNE 30, 2000, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, LESSEE, A MEMORANDUM OF SAID LEASE BEING RECORDED ON JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897.

SAID LEASE FURTHER PROVIDES:

LANDLORD SHALL NOT EXERCISE ANY RIGHT OF SURFACE ENTRY ON THE PREMISES NOR ANY RIGHT TO USE THE SUBSURFACES OF THE LAND AND WATER AREAS DESCRIBED WITHIN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL OF SAID PREMISES FOR THE PURPOSE OF MINERAL EXPLORATION OR DEVELOPMENT.

PARCEL 2:

A PORTION OF THE ARTIFICIALLY CREATED LAND AND WATER AREA WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86, PAGES 21 AND 22 OF RECORD OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH 0° 01' 08" EAST 96.05 FEET; THENCE NORTH 89° 58' 52" EAST 19.29 FEET; THENCE SOUTH 0° 01' 08" EAST 18.97 FEET; THENCE SOUTH 51° 09' 08" EAST 60.76 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE FROM SAID POINT BEARS SOUTH 41° 19' 30" EAST, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 18' 55", AN ARC LENGTH OF 36.05 FEET; THENCE NORTH 89° 59' 25" EAST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 0° 00' 35" EAST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26° 50' 41", AN ARC LENGTH OF 323.28 FEET; THENCE NORTH 63° 09' 54" WEST ALONG A RADIAL LINE 75.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 615.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 63° 09' 54" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 615.00 FEET, THROUGH A CENTRAL ANGLE OF 3° 09' 19", AN ARC LENGTH OF 33.87 FEET TO A POINT OF COMPOUND CURVE; THENCE SOUTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 915.00 FEET, THROUGH A CENTRAL ANGLE OF 10° 25' 52", AN ARC LENGTH OF 166.58 FEET, A RADIAL LINE FROM SAID POINT BEARS NORTH 49° 34' 43" WEST; THENCE NORTH 66° 00' 35" WEST 118.52 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 15.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 66° 00' 35" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 15.00 FEET, THROUGH A CENTRAL ANGLE OF 123° 33' 26", AN ARC LENGTH OF 32.35 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG A CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 15.00 FEET

THROUGH A CENTRAL ANGLE OF 33° 33' 26", AN ARC LENGTH OF 8.79 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 300.00 FEET THROUGH A CENTRAL ANGLE OF 45° 16' 05", AN ARC LENGTH OF 237.02 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHERLY ALONG A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 580.10 FEET THROUGH A CENTRAL ANGLE OF 20° 43' 55", AN ARC LENGTH OF 209.90 FEET; THENCE NORTH 0° 00' 35" WEST, 170.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 48° 41' 05", AN ARC LENGTH OF 42.49 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED JUNE 30, 2000, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, LESSEE, A MEMORANDUM OF SAID LEASE BEING RECORDED ON JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897.

SAID LEASE FURTHER PROVIDES:

LANDLORD SHALL NOT EXERCISE ANY RIGHT OF SURFACE ENTRY ON THE PREMISES NOR ANY RIGHT TO USE THE SUBSURFACES OF THE LAND AND WATER AREAS DESCRIBED WITHIN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL OF SAID PREMISES FOR THE PURPOSE OF MINERAL EXPLORATION OR DEVELOPMENT.

PARCEL 3:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THE FOLLOWING DESCRIBED REAL PROPERTY, AS GRANTED TO JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, IN THE MEMORANDUM OF LEASE AGREEMENT RECORDED JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF GOLDEN SHORE (FORMERLY GOLDEN AVENUE), 64 FEET IN WIDTH, AND THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF BLOCK 5, OCEAN PIER WEST, AS PER MAP RECORDED IN BOOK 5, PAGE 131 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES; THENCE ALONG THE SOUTHERLY PROLONGATION OF SAID CENTERLINE SOUTH 0° 00' 35" EAST 20.84 FEET TO AN ANGLE POINT; THENCE ALONG THAT LINE HAVING A BEARING OF NORTH 0° 01' 32" WEST AND DESCRIBED AS "TRANSIT LINE PER C.L.B.F.B. C-420 P. 53, 59 & 60" ON RECORD OF SURVEY FILED IN BOOK 86 OF RECORDS OF SURVEYS, PAGE 21 RECORDS OF LOS ANGELES COUNTY, SOUTH 0° 01' 32" EAST 629.58 FEET TO A POINT PERPENDICULARLY DISTANT 29.00 FEET WESTERLY OF THE NORTHERLY TERMINUS OF A 101.00 FOOT RADIUS CURVE IN THE WESTERLY BOUNDARY OF PARCEL 1 OF THE DEED TO THE TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY AND COLLEGES, RECORDED ON JUNE 04, 1973 AS INSTRUMENT NO. 3863, SAID PARCEL BEING ALSO SHOWN ON THE ABOVE MENTIONED RECORD OF SURVEY; THENCE AT RIGHT ANGLES NORTH 89° 58' 28" EAST 19.00 FEET TO THE TRUE POINT OF BEGINNING OF THE ACCESS WAY TO BE HEREIN DESCRIBED; THENCE FROM A TANGENT THAT BEARS SOUTH 0° 01' 32" SOUTHEASTERLY ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 111.00 FEET THROUGH A CENTRAL ANGLE OF 89° 58' 28", AN ARC DISTANCE OF 174.30 FEET TO A TANGENT POINT ON THE SOUTHERLY LINE OF THE ABOVE DESCRIBED PARCEL 1; THENCE ALONG SAID SOUTHERLY LINE OF PARCEL 1 EAST 198.25 FEET TO THE SOUTHERLY CORNER THEREOF; THENCE SOUTH 38.00 FEET; THENCE WEST 55.75 FEET; THENCE SOUTH 10.00 FEET TO THE NORTHEAST

CORNER OF PARCEL 2 OF SAID INSTRUMENT NO. 3863, SAID PARCEL ALSO BEING SHOWN ON THE ABOVE DESCRIBED RECORD OF SURVEY; THENCE ALONG SAID NORTHERLY LINE OF PARCEL 2 AND ITS WESTERLY PROLONGATION WEST 291.33 FEET TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF THE TRANSIT LINE SHOWN ON SAID RECORD OF SURVEY; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0° 01' 32" WEST TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF SAID SOUTHERLY PROLONGATION OF THE CENTERLINE OF GOLDEN SHORE; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0° 00' 35" WEST TO THE GENERAL NORTHERLY LINE OF SEASIDE WAY, 100 FEET WIDE, AS SHOWN ON MAP OF SEASIDE PARK PLAT NO. 3, RECORDED IN BOOK 10, PAGE 27 OF MAPS, RECORDS OF LOS ANGELES COUNTY; THENCE EASTERLY ALONG SAID GENERAL NORTHERLY LINE OF SEASIDE WAY AS SHOWN ON LAST SAID MAP AND SAID MAP OF OCEAN PIER WEST TO A LINE PARALLEL WITH AND 19.00 FEET EASTERLY OF CENTERLINE OF GOLDEN SHORE AND ITS SOUTHERLY PROLONGATION; THENCE ALONG SAID PARALLEL LINE SOUTH 0° 00' 35" EAST TO A LINE THAT IS PARALLEL WITH AND 19.00 EASTERLY OF THE ABOVE DESCRIBED TRANSIT LINE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 0° 01' 32" EAST TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM, THAT PORTION DESCRIBED AS "PARCEL B" IN THE GRANT DEED RECORDED FEBRUARY 03, 2000 AS INSTRUMENT NO. 00-169134 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THAT PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILED MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959, ON FILE WITH THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA INCLUDED WITHIN THE ROADWAYS DEPICTED ON EXHIBIT B-2 OF THE SECOND AMENDMENT TO GROUND LEASE, DATED JUNE 29, 1989, AS FILED IN THE CITY CLERKS OFFICE OF THE CITY OF LONG BEACH AS CLERKS DOCUMENT NO. 15366, AND AS SHOWN ON EXHIBIT "B" OF THE MEMORANDUM OF SECOND AMENDMENT TO GROUND LEASE RECORDED AUGUST 01, 1989 AS INSTRUMENT NO. 89-1229721, AND AS GRANTED IN THE MEMORANDUM OF LEASE AGREEMENT RECORDED JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897 OF OFFICIAL RECORDS.

APN: 8940-190-055 (Possessory Interest)

EXHIBIT B

FORM OF ASSIGNMENT AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

TIC Catalina Landing, LLC
11611 San Vicente Blvd., Suite 610
Los Angeles, CA 90049
Attention: John Baayoun

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

APN: 8940-190-055 (Possessory Interest)

ASSIGNMENT AND ASSUMPTION OF LEASE AND DREDGE AGREEMENT

This Assignment and Assumption of Lease and Dredge Agreement (“Assignment”) is made effective as of _____, 2020 (the “Assignment Date”), by and between CDCF III Pacific Catalina Landing Long Beach, LLC, a Delaware limited liability company (“Assignor”), and TIC Catalina Landing, LLC, a California limited liability company (“Assignee”), with respect to the following:

RECITALS

A. The City of Long Beach, a municipal corporation and trust grantee of the State of California of certain tide and submerged lands within said City (“City”) is the owner of that certain real property described in Exhibit A attached hereto and incorporated herein by this reference (the “Property”).

B. City, as lessor, and Assignor, as lessee, are parties to that certain Lease dated June 30, 2000 (the “Original Lease”) regarding the Property, originally entered into by and between City and John Hancock Life Insurance Company, a Massachusetts corporation (“Hancock”), as modified by that certain Memorandum of Lease Agreement dated April 29, 2002 by and between City and Hancock and recorded on June 25, 2002 in the Official Records of Los Angeles County, California (“Official Records”) as Document No. 02 1432897 (“Memorandum of Lease”), that certain letter regarding the Original Lease dated April 29, 2002 from Vincent Coughlin with City to John M. Nagle with Hancock (“April Clarification Letter”), that certain letter regarding the

Original Lease dated May 23, 2002 from Vincent Coughlin with City to John M. Nagle with Hancock (“May Clarification Letter”), that certain Assignment and Assumption of Lease dated June 25, 2002 by and between Hancock and AC-Catalina Landing LLC, a Delaware limited liability company (“AC Catalina”), and recorded on June 25, 2002 in the Official Records as Document No. 02 1432900 (“Assignment and Assumption”), that certain Assignment and Assumption of Lease and Dredge Agreement dated as of August 28, 2015 by and between Special Services Asset Management Company, an Illinois corporation and successor-in-interest to AC Catalina pursuant to that certain Trustee’s Deed Upon Sale dated January 16, 2015 executed by First American Title Insurance Company and recorded on January 20, 2015 in the Official Records as Document No. 20150062582 (“Special Services”) and recorded on August 31, 2015 in the Official Records as Document No. 20151072450 (“Second Assignment and Assumption”), that certain First Amendment to Lease No. 29263 dated as of May 1, 2018 by and between City and Assignor (“First Amendment”), and that certain Amendment to Memorandum of Lease dated as of May 1, 2018 by and between City and Assignor and recorded on June 11, 2018 in the Official Records as Document No. 20180573842 (the “Memorandum Amendment”). The Original Lease, as modified by the Memorandum of Lease, the April Clarification Letter, the May Clarification Letter, the Assignment and Assumption, the Second Assignment and Assumption, the First Amendment and the Memorandum Amendment is collectively referred to herein as the “Lease”.

C. In connection with the Lease, City and Hancock entered into that certain Agreement dated May 1, 2002 (“Original Agreement”) regarding dredging of the marine basin which constitutes a portion of the Property and the payment of certain fees, as modified by that certain letter regarding the Original Agreement dated April 30, 2002 from Robert E. Shannon, City’s attorney to Marc DeFerenza, Hancock’s attorney (“Agreement Clarification Letter”), that certain Settlement Agreement and Limited Mutual Release dated November 15, 2006 (“Settlement Agreement”) by and between City and AC Catalina, that certain First Amendment to Settlement Agreement and Limited Mutual Release dated January 8, 2008 by and between City and AC Catalina (“Amendment to Settlement Agreement”), and that certain First Amendment to Agreement No. 29264 dated October 7, 2013 by and between City and AC Catalina (“Amendment to Agreement”). The Original Agreement, as modified by the Agreement Clarification Letter, the Settlement Agreement, the Amendment to Settlement Agreement, and the Amendment to Agreement is collectively referred to herein as the “Dredge Agreement”.

D. Assignor desires to assign all of its right, title and interest in and to the Lease and the Dredge Agreement to Assignee, and Assignee desires to accept such assignment pursuant to the terms of this Assignment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises of the parties hereto and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment of Lease and Dredge Agreement. Assignor hereby grants, conveys and assigns to Assignee, effective as of the Assignment Date, all of the Assignor’s right, title and interest in and to (i) the Lease, together with all and singular the hereditaments and appurtenances

thereunto belonging, or in any wise appertaining and the reversion or reversions, remainder or remainders, rents, issues and profits thereof, and (ii) the Dredge Agreement.

2. Assumption of Lease and Dredge Agreement. Assignor hereby assigns to Assignee, and Assignee hereby assumes, all obligations and liabilities of Assignor under the Lease and the Dredge Agreement that accrue on or after the Assignment Date. City is an intended third-party beneficiary of the foregoing assumption by Assignee. Assignee hereby agrees to defend, indemnify and hold Assignor harmless from all claims, demands, causes of action, liabilities, losses, costs and expenses (including without limitation, reasonable attorneys' fees) arising from or in connection with the obligations and liabilities assumed by Assignee under this Assignment. Accordingly, Assignee shall pay and perform directly to City, for the benefit of City, all monetary and non-monetary obligations accruing under the Lease and the Dredge Agreement on and after the Assignment Date. Assignor hereby agrees to defend, indemnify and hold Assignee and City harmless from all claims, demands, causes of action, liabilities, losses, costs and expenses (including, without limitation, reasonable attorneys' fees) arising from or in connection with any obligations or liabilities of Assignor under the Lease and the Dredge Agreement that accrue and are due and payable prior to the Assignment Date.

3. Assignment Subject to Certain Matters. This Assignment is intended to convey Assignor's interest in the Lease and the Dredge Agreement subject to all matters of record, all matters known to Assignee as of the date this Assignment is recorded in the Official Records, and all matters discoverable by an inspection or survey of the Property and any other interests relating to the Lease and the Dredge Agreement or by inquiry of any parties in possession of all or any part of the Property.

4. Assignee's Notice Information. Assignee's contact information for purposes of notices given pursuant to the Lease and the Dredge Agreement is as follows:

To Assignee: TIC Catalina Landing, LLC
11611 San Vicente Blvd., Suite 610
Los Angeles, CA 90049
Attention: John Baayoun
Phone: (310) 464-2733
Email: John@ticapital.com

with a copy to: Mirman, Bubman & Nahmias, LLP
21860 Burbank Blvd., Suite 360
Woodland Hills, CA 91367
Attention: Xochitl Cortez
Phone: 818-451-4600
Email: xcortez@mbnlawyers.com

5. Miscellaneous. This Assignment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Assignment may be executed in counterparts with the same effect as if the parties had executed one instrument, and each such counterpart shall constitute an original of this Assignment. No provision of this Assignment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all

provisions in this Assignment shall be severable. This Assignment shall be governed by the laws of the State of California. The foregoing Recitals are incorporated herein as if set forth in full.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

CDCF III PACIFIC CATALINA LANDING LONG BEACH, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____,
personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

ASSIGNEE:

TIC CATALINA LANDING, LLC,
a California limited liability company

By: _____
Name: _____
Title: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____ before me, _____,
personally appeared _____, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the within instrument
and acknowledged to me that he executed the same in his authorized capacity, and that by his
signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Exhibit A

LEGAL DESCRIPTION OF REAL PROPERTY

Real property in the City of Long Beach, County of Los Angeles, State of California, described as follows:

PARCEL 1:

A PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86, PAGES 21 AND 22 OF RECORD OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 0° 01' 08" WEST 4.00 FEET; THENCE NORTH 89° 59' 25" EAST 68.26 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 107.50 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00" AN ARC LENGTH OF 84.43 FEET; THENCE NORTH 44° 59' 25" EAST 44.67 FEET; THENCE NORTH 45° 00' 35" WEST 64.57 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 80.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00", AN ARC LENGTH OF 62.83 FEET; THENCE NORTH 0° 00' 35" WEST 215.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 35.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 54.98 FEET; THENCE NORTH 89° 59' 25" EAST 578.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 54.98 FEET; THENCE SOUTH 0° 00' 35" EAST 202.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 80.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45° 00' 00", AN ARC LENGTH OF 62.83 FEET; THENCE SOUTH 44° 59' 25" WEST 79.00 FEET; THENCE SOUTH 45° 00' 35" EAST 184.04 FEET TO A POINT ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 745.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 83° 16' 28" EAST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 19° 20' 21" AN ARC LENGTH OF 251.46 FEET; THENCE SOUTH 12° 36' 49" WEST 83.00 FEET; THENCE SOUTH 89° 59' 25" WEST 143.58 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 87° 31' 05" EAST; THENCE NORTHERLY AND WESTERLY ALONG SAID CONCRETE BULKHEAD THE FOLLOWING COURSES AND DISTANCES: NORTHERLY ALONG SAID LAST MENTIONED CURVE HAVING A RADIUS OF 690.00 FEET THROUGH A CENTRAL ANGLE OF 2° 29' 30", AN ARC LENGTH OF 30.00 FEET; THENCE NORTH 0° 00' 35" WEST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 89° 59' 25" WEST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 18' 55", AN ARC LENGTH OF 36.05 FEET; THENCE LEAVING SAID CONCRETE BULKHEAD LINE, NORTH 51° 09' 08" WEST 60.76 FEET; THENCE NORTH 0° 01' 08" WEST 18.97 FEET; THENCE SOUTH 89° 58' 52" WEST 19.29 FEET; THENCE NORTH 0° 01' 08" WEST 96.05 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED JUNE 30, 2000, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, LESSEE, A MEMORANDUM OF SAID LEASE BEING RECORDED ON JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897.

SAID LEASE FURTHER PROVIDES:

LANDLORD SHALL NOT EXERCISE ANY RIGHT OF SURFACE ENTRY ON THE PREMISES NOR ANY RIGHT TO USE THE SUBSURFACES OF THE LAND AND WATER AREAS DESCRIBED WITHIN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL OF SAID PREMISES FOR THE PURPOSE OF MINERAL EXPLORATION OR DEVELOPMENT.

PARCEL 2:

A PORTION OF THE ARTIFICIALLY CREATED LAND AND WATER AREA WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86, PAGES 21 AND 22 OF RECORD OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH 0° 01' 08" EAST 96.05 FEET; THENCE NORTH 89° 58' 52" EAST 19.29 FEET; THENCE SOUTH 0° 01' 08" EAST 18.97 FEET; THENCE SOUTH 51° 09' 08" EAST 60.76 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE FROM SAID POINT BEARS SOUTH 41° 19' 30" EAST, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41° 18' 55", AN ARC LENGTH OF 36.05 FEET; THENCE NORTH 89° 59' 25" EAST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00", AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 0° 00' 35" EAST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26° 50' 41", AN ARC LENGTH OF 323.28 FEET; THENCE NORTH 63° 09' 54" WEST ALONG A RADIAL LINE 75.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 615.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 63° 09' 54" EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 615.00 FEET, THROUGH A CENTRAL ANGLE OF 3° 09' 19", AN ARC LENGTH OF 33.87 FEET TO A POINT OF COMPOUND CURVE; THENCE SOUTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 915.00 FEET, THROUGH A CENTRAL ANGLE OF 10° 25' 52", AN ARC LENGTH OF 166.58 FEET, A RADIAL LINE FROM SAID POINT BEARS NORTH 49° 34' 43" WEST; THENCE NORTH 66° 00' 35" WEST 118.52 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 15.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 66° 00' 35" EAST; THENCE NORTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 15.00 FEET, THROUGH A CENTRAL ANGLE OF 123° 33' 26", AN ARC LENGTH OF 32.35 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG A CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 15.00 FEET

THROUGH A CENTRAL ANGLE OF 33° 33' 26", AN ARC LENGTH OF 8.79 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 300.00 FEET THROUGH A CENTRAL ANGLE OF 45° 16' 05", AN ARC LENGTH OF 237.02 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHERLY ALONG A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 580.10 FEET THROUGH A CENTRAL ANGLE OF 20° 43' 55", AN ARC LENGTH OF 209.90 FEET; THENCE NORTH 0° 00' 35" WEST, 170.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 48° 41' 05", AN ARC LENGTH OF 42.49 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED JUNE 30, 2000, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, LESSEE, A MEMORANDUM OF SAID LEASE BEING RECORDED ON JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897.

SAID LEASE FURTHER PROVIDES:

LANDLORD SHALL NOT EXERCISE ANY RIGHT OF SURFACE ENTRY ON THE PREMISES NOR ANY RIGHT TO USE THE SUBSURFACES OF THE LAND AND WATER AREAS DESCRIBED WITHIN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL OF SAID PREMISES FOR THE PURPOSE OF MINERAL EXPLORATION OR DEVELOPMENT.

PARCEL 3:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THE FOLLOWING DESCRIBED REAL PROPERTY, AS GRANTED TO JOHN HANCOCK LIFE INSURANCE COMPANY, A MASSACHUSETTS CORPORATION, IN THE MEMORANDUM OF LEASE AGREEMENT RECORDED JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF GOLDEN SHORE (FORMERLY GOLDEN AVENUE), 64 FEET IN WIDTH, AND THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF BLOCK 5, OCEAN PIER WEST, AS PER MAP RECORDED IN BOOK 5, PAGE 131 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES; THENCE ALONG THE SOUTHERLY PROLONGATION OF SAID CENTERLINE SOUTH 0° 00' 35" EAST 20.84 FEET TO AN ANGLE POINT; THENCE ALONG THAT LINE HAVING A BEARING OF NORTH 0° 01' 32" WEST AND DESCRIBED AS "TRANSIT LINE PER C.L.B.F.B. C-420 P. 53, 59 & 60" ON RECORD OF SURVEY FILED IN BOOK 86 OF RECORDS OF SURVEYS, PAGE 21 RECORDS OF LOS ANGELES COUNTY, SOUTH 0° 01' 32" EAST 629.58 FEET TO A POINT PERPENDICULARLY DISTANT 29.00 FEET WESTERLY OF THE NORTHERLY TERMINUS OF A 101.00 FOOT RADIUS CURVE IN THE WESTERLY BOUNDARY OF PARCEL 1 OF THE DEED TO THE TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY AND COLLEGES, RECORDED ON JUNE 04, 1973 AS INSTRUMENT NO. 3863, SAID PARCEL BEING ALSO SHOWN ON THE ABOVE MENTIONED RECORD OF SURVEY; THENCE AT RIGHT ANGLES NORTH 89° 58' 28" EAST 19.00 FEET TO THE TRUE POINT OF BEGINNING OF THE ACCESS WAY TO BE HEREIN DESCRIBED; THENCE FROM A TANGENT THAT BEARS SOUTH 0° 01' 32" SOUTHEASTERLY ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 111.00 FEET THROUGH A CENTRAL ANGLE OF 89° 58' 28", AN ARC DISTANCE OF 174.30 FEET TO A TANGENT POINT ON THE SOUTHERLY LINE OF THE ABOVE DESCRIBED PARCEL 1; THENCE ALONG SAID SOUTHERLY LINE OF PARCEL 1 EAST 198.25 FEET TO THE SOUTHERLY CORNER THEREOF; THENCE SOUTH 38.00 FEET; THENCE WEST 55.75 FEET; THENCE SOUTH 10.00 FEET TO THE NORTHEAST

CORNER OF PARCEL 2 OF SAID INSTRUMENT NO. 3863, SAID PARCEL ALSO BEING SHOWN ON THE ABOVE DESCRIBED RECORD OF SURVEY; THENCE ALONG SAID NORTHERLY LINE OF PARCEL 2 AND ITS WESTERLY PROLONGATION WEST 291.33 FEET TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF THE TRANSIT LINE SHOWN ON SAID RECORD OF SURVEY; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0° 01' 32" WEST TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF SAID SOUTHERLY PROLONGATION OF THE CENTERLINE OF GOLDEN SHORE; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0° 00' 35" WEST TO THE GENERAL NORTHERLY LINE OF SEASIDE WAY, 100 FEET WIDE, AS SHOWN ON MAP OF SEASIDE PARK PLAT NO. 3, RECORDED IN BOOK 10, PAGE 27 OF MAPS, RECORDS OF LOS ANGELES COUNTY; THENCE EASTERLY ALONG SAID GENERAL NORTHERLY LINE OF SEASIDE WAY AS SHOWN ON LAST SAID MAP AND SAID MAP OF OCEAN PIER WEST TO A LINE PARALLEL WITH AND 19.00 FEET EASTERLY OF CENTERLINE OF GOLDEN SHORE AND ITS SOUTHERLY PROLONGATION; THENCE ALONG SAID PARALLEL LINE SOUTH 0° 00' 35" EAST TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET EASTERLY OF THE ABOVE DESCRIBED TRANSIT LINE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 0° 01' 32" EAST TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM, THAT PORTION DESCRIBED AS "PARCEL B" IN THE GRANT DEED RECORDED FEBRUARY 03, 2000 AS INSTRUMENT NO. 00-169134 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 4:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THAT PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 01, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILED MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 09, 1959, ON FILE WITH THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA INCLUDED WITHIN THE ROADWAYS DEPICTED ON EXHIBIT B-2 OF THE SECOND AMENDMENT TO GROUND LEASE, DATED JUNE 29, 1989, AS FILED IN THE CITY CLERKS OFFICE OF THE CITY OF LONG BEACH AS CLERKS DOCUMENT NO. 15366, AND AS SHOWN ON EXHIBIT "B" OF THE MEMORANDUM OF SECOND AMENDMENT TO GROUND LEASE RECORDED AUGUST 01, 1989 AS INSTRUMENT NO. 89-1229721, AND AS GRANTED IN THE MEMORANDUM OF LEASE AGREEMENT RECORDED JUNE 25, 2002 AS INSTRUMENT NO. 02-1432897 OF OFFICIAL RECORDS.

APN: 8940-190-055 (Possessory Interest)

LEASE
29263

This LEASE is made this 30TH day of JUNE, 2000,
between the **CITY OF LONG BEACH**, a municipal corporation and trust
grantee of the State of California of certain tide and submerged
lands within said City ("**Landlord**" or "**Lessor**") and **JOHN HANCOCK**
LIFE INSURANCE COMPANY, a Massachusetts corporation ("**Tenant**" or
"**Lessee**").

ARTICLE I

Recitals

1.1 Preliminary Statement: Landlord is the owner of
certain tide and submerged lands conveyed to it by the State of
California, which lands were granted and are held upon certain
trusts and conditions set forth in Chapter 676, Statutes of 1911,
Chapter 102, Statutes of 1925, Chapter 158, Statutes of 1935,
Chapter 29, Statutes of 1956, First Extraordinary Session, Chapter
1560, Statutes of 1959, and Chapter 138, Statutes of 1964, First
Extraordinary Session.

1.2 Definitions: As used in this Lease, the following
words and phrases shall have the following meanings:

1.2.1 PREMISES: The real property and
improvements thereon and the water area within the boat basin
as shown on the attached drawing marked Exhibit "A" and
referred to as Parcels 1 and 2 more fully described in Exhibit
"A-1" together with the non-exclusive easements described in
Exhibit "A-1" as parcels 3 and 4.

1.2.2 CITY MANAGER: The City Manager of the City
of Long Beach.

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1.2.3 LANDLORD'S ORIGINAL ADDRESS:

c/o City Manager, City Hall - 13th Floor
333 West Ocean Boulevard
Long Beach, California 90802
FAX: (562) 570-6583

1.2.4 TENANT'S ORIGINAL ADDRESS:

300 Golden Shore
Long Beach, CA 90802
FAX: (562) 495-2270

1.3 Exhibits:

Exhibit "A"	Drawing of Premises
Exhibit "A-1"	Legal Description of Premises and non-exclusive easements.

All of the above-described exhibits are attached to this Lease and incorporated by reference.

ARTICLE II

Premises, Term, Option and Appurtenant Rights
and Duties

2.1 Premises: Landlord leases to Tenant and Tenant leases from Landlord effective upon the Commencement Date (as defined in Paragraph 2.2 the Premises and all buildings and improvements made by Landlord located thereon subject to the terms, covenants, and conditions contained in this Lease. There are excepted and reserved from the Premises all minerals and mineral rights of every kind or nature lying below the surfaces of said areas. Landlord shall not exercise any right of surface entry on the Premises nor any right to use the subsurfaces of the land and water areas described within one hundred (100) feet below ground level or water surface level of said Premises for the purpose of mineral exploration or development. This Lease shall confer no

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1 rights in Tenant or its successors in interest to the subsurfaces
2 of the land and water areas described more than one hundred (100)
3 feet below ground level or water surface level, other than the
4 right to drive piles to a depth greater than one hundred (100)
5 feet.

6 Landlord acknowledges that certain floats, docks,
7 and ramps located within Premises are the property of Tenant.
8 Notwithstanding the provisions of Paragraphs 4.3 and 5.12, title to
9 any floats, docks, and ramps owned or purchased by Tenant shall
10 remain vested in Tenant upon and after the termination of this
11 Lease (whether by lapse of time or otherwise). Tenant agrees that
12 Landlord may occasionally use said floats, docks, and ramps with
13 vessels owned or controlled by it, and temporarily moor such
14 vessels there without cost or expense to Landlord provided that
15 such occasional use does not interfere with the use thereof by
16 Tenant or its sublessees, and further provided that Landlord is
17 fully liable in damages to Tenant for any injuries to persons or
18 damage to property caused by such vessels on such occasions.

19 Tenant shall not use or allow the Premises to be
20 used for the furnishing of wharfage, dock, warehouse, or other
21 terminal facilities to a common carrier by water which is subject
22 to the United States Shipping Act of 1916, as amended.

23 2.2 Term and Commencement Date: The term shall be for
24 sixty-six (66) years unless sooner terminated. The commencement
25 date ("Commencement Date") shall be the first day upon which an
26 executed copy of this Lease shall be in effect under Paragraph
27 11.20. Such date will be confirmed in writing by Landlord and
28 Tenant.

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1 ARTICLE III

2 Rent

3 3.1 Lease Year: The words "lease year" as used herein
4 shall mean a calendar year commencing January 1 and ending December
5 31. Any portion of the term occurring at the beginning or end
6 thereof which is less than a calendar year shall be deemed and
7 called a "partial lease year". The first lease year shall be that
8 calendar year commencing January 1, 2001.

9 3.2 Rent: For each lease year and partial lease year
10 from and after the Commencement Date, Tenant shall pay to Landlord
11 rent in the amounts set forth in Paragraph 3.2.2 below.

12 3.2.1 PAYMENT OF RENT: The rent for each lease
13 year and partial lease year during the term shall be payable
14 monthly in advance in equal installments. For a partial lease
15 year, at the end of the term, the rent payable by Tenant shall
16 be an amount equal to 1/365th of the rent for the last lease
17 year multiplied by the number of days of said partial lease
18 year.

19 3.2.2 RENT AND ADJUSTMENT OF RENT: Annual rent for
20 the partial lease year 2000 shall be a pro rata portion
21 (determined per diem based on the 366-day leap year) of the
22 \$972,000 annual rent. For lease years 2001 through and
23 including 2009, annual rent shall be \$972,000 per year. For
24 lease years 2010 through and including 2014, annual rent shall
25 be \$1,166,400 per year. In the year 2015, the annual rent
26 shall be adjusted to be equal to the greater of: (a) 11% of
27 the average gross annual rents and gross parking revenues for
28 the previous two years or (b) \$1,166,400. Once the ground

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1 rents have been adjusted by this formula, the ground rents
2 shall be adjusted every five years thereafter based upon the
3 increase or decrease in the Consumer Price Index for all items
4 for the area that includes Long Beach, California, issued by
5 the Bureau of Labor Statistics of the United States Department
6 of Labor (hereinafter "CPI") during the five-year period
7 between the date of the previous rent adjustment and the date
8 the newly adjusted annual rent is to start (provided that, in
9 no event shall the newly adjusted annual rent be increased by
10 more than 16% of the annual average gross rent payable in the
11 immediately preceding five-year period; and provided further,
12 that the newly adjusted annual rent shall be \$1,166,400 if 11%
13 of gross annual rents and gross parking revenue for the lease
14 year immediately preceding the rent adjustment was less than
15 \$1,166,400). If the CPI calculations or procedures are
16 changed by the Bureau of Labor Statistics, the parties agree
17 to use the nearest equivalent to the CPI as may be available
18 for the purpose. For purposes of determining gross annual
19 rents, Tenant shall lease office space on a "full service
20 gross" basis. "Gross annual rents" shall mean rents actually
21 collected and attributable to the project, including any
22 rental of marina space, for the subject years but excluding
23 (i) any separately stated expense reimbursements above the
24 "base year expenses" contained in the full service gross
25 lease, and (ii) gross parking revenues.

26 "Full service gross" means the rental rate which includes
27 base year expenses.

28 "Base year expenses" means all operating expenses and

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1 real estate taxes in the first year and as adjusted
2 periodically through subtenant leases.

3 At the inception of a five-year rent adjustment period,
4 Tenant shall continue to pay rent at the old rate until the
5 new rate is determined, subject to retroactive adjustment once
6 the new rent is determined. No interest shall be charged on
7 retroactive adjustment amounts if paid within 14 days after
8 the new rate is determined.

9 At the ground rent adjustments referred to above, Tenant
10 shall make all documents and data available to Landlord for
11 audit upon which it based or derived the mentioned gross
12 annual rents and gross annual parking revenues.

13
14 ARTICLE IV

15 The Premises

16 4.1 Subsurface Conditions: Tenant acknowledges that
17 neither Landlord nor any of Landlord's officers, agents, or
18 employees have made, nor does Landlord make herewith, any
19 representation, warranty, or guaranty, either express or implied,
20 concerning the surface or subsurface soil conditions of the
21 Premises. Tenant shall have the sole responsibility for
22 determining the surface or subsurface conditions of the Premises.
23 Tenant takes said Premises and all improvements thereon "as is" and
24 "with all faults".

25 4.2 Mechanics Liens: Subject to Tenant's right to
26 contest the same as hereinafter provided, Tenant shall pay as soon
27 as due all mechanics', laborers', materialmans', contractors',
28 subcontractors' or other similar charges or liens on the Premises.

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1 Nothing contained herein shall in any respect make Tenant the agent
2 of Landlord or authorize Tenant to do any act or to make any
3 contract encumbering or in any manner affecting the title or rights
4 of the Landlord in or to the Premises. If any such mechanics' or
5 other similar liens shall at any time be filed against Landlord's
6 interest in the Premises, Tenant shall cause the same to be
7 discharged of record within thirty (30) days after the date of
8 filing the same or otherwise free the Premises from such claim or
9 lien and any action brought to foreclose such lien, or Tenant shall
10 promptly furnish to Landlord a bond in an amount equal to one
11 hundred twenty-five percent (125%) of such claim and issued by a
12 surety company satisfactory to Landlord, securing Landlord against
13 payment of such lien and against any and all loss or damage
14 whatsoever in any way arising from the failure of Tenant to
15 discharge such lien. Tenant may in good faith contest any of such
16 liens provided it does so with due diligence and further provided
17 that Tenant shall fully pay and immediately discharge the amount of
18 any final judgment granted against Landlord and Tenant or either of
19 them in any litigation involving the enforcement of such liens or
20 the validity thereof. In the event Tenant fails or refuses to
21 discharge of record any such uncontested lien within said thirty
22 (30) day period or to pay and satisfy any such judgment as provided
23 above, Landlord, following twenty (20) days written notice to
24 Tenant of Landlord's intent, may, but shall not be obliged to, pay
25 the amount thereof inclusive of any interest thereon or any court
26 costs assessed against Landlord and/or Tenant in litigation. Any
27 amounts so paid by Landlord and all reasonable attorneys' fees and
28 other expenses of Landlord together with interest thereon at the

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1 rate provided in Paragraph 5.4 from the date of payment shall be
2 deemed additional rent and be paid by Tenant to Landlord on demand.
3 4.3 Tenant's Property: Any building, structure or other
4 improvement constructed or placed on the Premises by Tenant shall
5 be and remain the property of Tenant during the term. Except as
6 provided in Paragraph 2.1, upon the termination of this Lease,
7 whether by lapse of time or otherwise, all such buildings,
8 structures, and improvements shall be and become the property of
9 Landlord free and clear of all liens, charges or encumbrances of
10 any nature whatsoever.
11

12 ARTICLE V

13 Use of Premises and Tenant's Covenants

14 5.1 Permitted Uses: Tenant shall not use or allow
15 Premises to be used for any purpose other than the following
16 permitted uses except with the prior written approval of Landlord.

17 5.1.1 A passenger terminal, offices and related
18 facilities including catering kitchen, fast-food outlet, and
19 retail sales outlet, for the business of providing cruises to
20 and from Catalina Island, cruises within Long Beach and Los
21 Angeles Harbors and San Pedro Bay, and other water-borne
22 transportation of passengers as required by the public and all
23 other uses incidental to such business.

24 5.1.2 The development and operation of office
25 buildings with parking and other usual tenant services;
26 provided, however, that Tenant shall, on a continual basis
27 during the term or sooner termination of this Lease, use its
28 every commercially reasonable efforts to sublease the office

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1 space within any such office building to "qualified tenants"
2 who are defined as those persons, firms, entities,
3 governmental agencies engaged in businesses, industries and
4 activities the conduct of which in said office space will have
5 or may be reasonably expected to have a direct beneficial
6 effect upon the development, promotion, furtherance or
7 accommodation of international commerce, transportation,
8 shipping or navigation. Further to this requirement, Tenant
9 shall (for the previous calendar year or partial year)
10 annually furnish Landlord, by January 30th of each year, during
11 the term of this lease (The "Office Lease Statement"), a
12 detailed list of sub-tenants upon the Premises, the terms of
13 each such sub-lease, and a description of how each such sub-
14 tenant is a "qualified tenant" , if applicable. Tenant shall
15 in each such annual report give a detailed narrative statement
16 affirmatively demonstrating that it has met the requirements
17 of this Paragraph as to its "commercially reasonable efforts."
18 Landlord and Tenant each acknowledge and agree that in
19 accordance with Haggerty v. City of Oakland, 161 Cal App 2d
20 407, the office space shall not be limited solely for use by
21 those sublessees, concessionaires, and licensees whose
22 businesses are marine or maritime oriented and that other
23 businesses shall be allowed to sublet office space when the
24 same cannot be sublet to qualified businesses subject to the
25 other requirements of this Paragraph 5.1.2. Any such other
26 use shall be deemed to be incidental to the main purpose of
27 the office buildings.

28 5.1.3 A parking structure providing off-street

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1 parking for the general public, for patrons of the cruise
2 business, and for occupants of the office buildings and their
3 customers and patrons.

4 5.1.4 A coffee shop for the convenience of cruise
5 patrons and Tenant's sublessees and their customers and
6 patrons.

7 5.1.5 A restaurant and cocktail lounge.

8 5.1.6 Berthing and mooring facilities, constructed
9 and operated to a standard at least equal to that of the City
10 of Long Beach Downtown Marina, for use by Tenant's and
11 Tenant's sublessee's or permittee's vessels. Such use shall be
12 limited as set out in Paragraph 2.1.

13 5.1.7 Tenant may maintain facilities used as a
14 marina for use by Tenant and Tenant's sublessees and/or
15 permittees. Such use shall be limited as set out in Paragraph
16 2.1.

17 5.1.8 Such usual and customary office support
18 businesses (e.g. mail services and copy services) as are found
19 in office building complexes of comparable quality in Los
20 Angeles and Orange counties.

21 5.2 Utilities and Services: Tenant shall be responsible
22 for prompt payment for all utilities and related services furnished
23 to the Premises during the term including, without limitation,
24 water, gas, electricity, telephone service, trash collection, sewer
25 charges, and for all connection charges, Tenant may arrange for its
26 sublessees to pay directly for such services.

27 5.3 Rent Payments: Tenant covenants to perform promptly
28 all of its obligations under this Lease and to pay when due all

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1 rent, charges, costs and other sums which by the terms of this
2 Lease are to be paid by Tenant. All such payments to Landlord
3 shall be made at Landlord's original address or at such other place
4 as may be designated in writing by Landlord. Any delinquent
5 payment due Landlord shall bear interest at the rate provided in
6 Paragraph 5.4.

7 5.4 Interest: Whenever this Lease provides for the
8 payment of interest on a sum due either party from the other, the
9 rate of interest shall be the maximum interest rate allowed by law,
10 where no interest rate is otherwise stated, on the date the sum
11 becomes due and payable.

12 5.5 Condition of Premises: Tenant covenants to keep the
13 Premises reasonably neat and clean, and to keep all improvements
14 constructed thereon in good order, repair, condition, reasonable
15 wear and tear and damage by casualty and governmental authority
16 excepted.

17 5.6 Alterations: Tenant shall first obtain Landlord's
18 prior written consent for any structural improvements upon or
19 modifications to the structural portions of the Premises or any
20 improvements or modifications to the exterior of any building or
21 structure thereon. To obtain that consent, Tenant shall submit to
22 the City Manager reasonably detailed plans and specifications for
23 such alteration, together with a statement of Tenant's reasons for
24 the alteration and the contemplated use of areas after the
25 alterations are completed. Landlord reserves the right within
26 thirty (30) days after the submission of the plans, specifications,
27 and statement to disapprove such proposed alteration. If Landlord
28 neither approves nor disapproves in writing the proposed alteration

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1 within the thirty (30) day period, the proposed alteration shall be
2 deemed approved subject to the provisions of Paragraph 5.7.

3 Landlord's approval is not required for non-structural
4 subtenant alterations or improvements within a building which do
5 not alter the exterior elevation of the building; provided Tenant
6 must nevertheless comply with all building permit requirements and
7 other laws and regulations applicable thereto.

8 5.7 Compliance with Laws: Tenant covenants to make all
9 repairs, alterations, additions, or replacements to the Premises
10 and the improvements constructed thereon and all equipment,
11 facilities, signs and fixtures thereon, required by law because of
12 Tenant's use thereof; to keep the Premises and improvements
13 constructed thereon equipped with all safety appliances so required
14 because of such use; to procure or to require its sublessees to
15 procure any licenses and permits required for any such use; to
16 comply with all laws, ordinances, orders and regulations of all
17 governmental authorities having jurisdiction over the Premises and
18 the business activities thereon; and to obtain all permits and
19 consents required by law, order or regulation of all governmental
20 agencies having jurisdiction. Landlord will cooperate with and
21 assist Tenant in obtaining such permits; provided, however, this
22 covenant shall not be deemed or construed as a waiver of any right
23 or obligation of Landlord acting in its governmental capacity.

24 5.8 Indemnification: Tenant agrees to defend, hold
25 harmless, and indemnify Landlord, the Board of Harbor Commissioners
26 (individually and collectively), and their officers and employees
27 from all injury, loss, claims, causes of action, demands or damages
28 to any person or property while on the Premises or in connection

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1 with the operations conducted by Tenant or its servants, agents or
2 employees pursuant to the terms of this lease or loss, injury,
3 damages, claims or causes of action to or of any person or property
4 anywhere occasioned by the wrongful omission, neglect or fault of
5 Tenant, its servants, agents, employees, contractors or invitees
6 (excluding acts by the Landlord and its agents), which loss, claim,
7 cause of action or damage occurred on or after the Commencement
8 Date of the term of this Lease.

9 This indemnification provision supplements and in no way
10 limits the scope of the indemnifications set out in Paragraph 5.9
11 below. The indemnity obligation of Lessee under this Paragraph
12 shall survive the expiration or termination, for any reason, of
13 this Lease.

14 5.9 Use of Hazardous Material.

15 5.9.1 Use of Hazardous Material. Tenant shall not cause
16 or permit any Hazardous Material, as defined in Paragraph
17 5.9.5, to be generated, brought onto, used, stored, dispensed
18 or disposed of in the regular course of business on or about
19 the Premises by Tenant or its agents, employees, contractors,
20 subtenants, or invitees, except for limited quantities of
21 standard office and janitorial supplies containing chemicals
22 categorized as Hazardous Material and except for batteries or
23 petroleum products used in vehicles or vessels and/or stored
24 on site for use in such vehicles or vessels. Tenant shall:

25 (a) Use, store, dispense, and dispose of all such
26 Hazardous Material in strict compliance with all
27 applicable statutes, ordinances, and regulations in
28 effect during the Lease Term that relate to public

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1 health and safety and protection of the environment
2 ("Environmental Laws"), including those
3 Environmental Laws identified in Paragraph 5.9.5;
4 and

5 (b) Comply at all times during the Lease Term with all
6 Environmental Laws.

7 5.9.2 Notice of Release or Investigation. If, during
8 the Lease Term (including any extensions), Tenant becomes
9 aware of (a) any actual or threatened release of any Hazardous
10 Material on, under, or about the Premises or (b) any inquiry,
11 investigation, proceeding, or claim by any government agency
12 or other person regarding the presence of Hazardous Material
13 on, under, or about the Premises, Tenant shall give Landlord
14 written notice of the release or investigation within five (5)
15 days after learning of it and shall simultaneously furnish to
16 Landlord copies of any claims, notices of violation, reports,
17 or other writings received by Tenant that concern the release
18 or investigation.

19 5.9.3 Indemnification. Tenant shall, at Tenant's sole
20 expense and with counsel reasonably acceptable to Landlord,
21 indemnify, defend, and hold harmless Landlord and Landlord's
22 shareholders, directors, officers, employees, partners,
23 affiliates, and agents with respect to all losses arising out
24 of or resulting from the disruption and release of any
25 Hazardous Material in or about the Premises, or the violation
26 of any Environmental Law, by Tenant or Tenant's agents,
27 contractors, or invitees. This indemnification includes:

28 (a) Losses attributable to diminution in the value of

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- the Premises;
- (b) Loss or restriction of use of rentable space on the Premises;
- (c) Adverse effect on the marketing on or of the Premises; and
- (d) All other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders, or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant, and expert fees and expenses) resulting from the release or violation.

This indemnification shall survive the expiration or termination of this Lease.

5.9.4 Remediation Obligations. If the presence of any Hazardous Material brought onto the Premises by Tenant or Tenant's employees, agents, contractors, or invitees results in contamination, Tenant shall promptly take all necessary actions, at Tenant's sole expense, to return the Premises to the condition that existed before the introduction of such Hazardous Material. Tenant shall first obtain Landlord's approval of the proposed remedial action. This provision does not limit the indemnification obligation set forth in Paragraph 5.9.3.

5.9.5. Definition of "Hazardous Material." As used in this Paragraph 5.9, the term "Hazardous Material" shall mean any hazardous or toxic substance, material, or waste that is

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1 or becomes regulated by the United States, the State of
2 California, or any local government authority having
3 jurisdiction over the Premises. Hazardous Material includes:

4 (a) Any "hazardous substance," as that term is defined
5 in the Comprehensive Environmental Response,
6 Compensation, and Liability Act of 1980 (CERCLA)
7 (42 United States Code Sections 9601-9675);

8 (b) "Hazardous waste," as that term is defined in the
9 Resource Conservation and of Recovery Act of 1976
10 (RCRA) (42 United States Code Sections 6901-6992k);

11 (c) Any pollutant, contaminant, or hazardous,
12 dangerous, or toxic chemical, material, or
13 substance, within the meaning of any other
14 applicable federal, state, or local law,
15 regulation, ordinance, or requirement (including
16 consent decrees and administrative orders imposing
17 liability or standards of conduct concerning any
18 hazardous, dangerous, or toxic waste, substance, or
19 material, now or hereafter in effect);

20 (d) Petroleum products;

21 (e) Radioactive material, including any source, special
22 nuclear, or byproduct material as defined in 42
23 United States Code Sections 2011-2297g-4;

24 (f) Asbestos in any form or condition; and

25 (g) Polychlorinated biphenyls (PCBs) and substances or
26 compounds containing PCBs.

27 5.10 Insurance: Concurrent with the effective date of
28 this Lease and in partial performance of Tenant's obligations

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1 hereunder, Tenant shall procure and maintain the following
2 insurance coverages at Tenant's expense for the duration of this
3 Lease and any extensions, renewals, or holding over thereof, from
4 insurance companies admitted to write insurance in the State of
5 California or from legally authorized non-admitted insurers having
6 a minimum rating of or equivalent to A:VIII by A.M. Best Company.

7 a. Commercial general liability insurance (equivalent in coverage
8 scope to ISO form CG 00 01 11 85 or 11 88) in an amount not
9 less than Two Million Dollars per occurrence (\$2,000,000).
10 Such insurance shall include but is not limited to broad form
11 contractual liability, products and completed operations
12 liability, independent contractors liability, sudden and
13 accidental pollution and cleanup liability, and, if applicable,
14 garagekeepers liability and liquor liability, in an amount not
15 less than Two Million Dollars (\$2,000,000) per occurrence. The
16 City of Long Beach, and its officials, employees, and agents
17 shall be added as additional insureds by endorsement
18 (equivalent in coverage scope to ISO form CG 20 26 11 85).
19 This insurance shall contain no limitations on the scope of
20 protection afforded to the City, and its officials, employees,
21 and agents, and shall provide cross-liability protection.

22 b. Protection and indemnity insurance including, as may be
23 applicable to Tenant's or any subtenant's operations, injury to
24 passengers, damage to piers, docks, wharves, and pilings and
25 property on piers, docks, and wharves, wreck removal, towers
26 and collision liability, sudden and accidental pollution
27 liability, and nonowned watercraft liability in an amount not
28 less than Five Million Dollars (\$5,000,000) per vessel operated

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1 from the Premises. The policy shall be endorsed to name the
2 City of Long Beach, and its officials, employees, and agents as
3 additional insureds and name Tenant, and Tenant's officers,
4 directors, employees, and/or agents as additional insureds if
5 such insurance is provided by a subtenant. This insurance
6 shall contain no limitations on the scope of protection
7 afforded to the City and its officials, employees, and agents,
8 and shall provide cross-liability protection.

9 c. Commercial automobile liability insurance (equivalent in scope
10 to ISO form CA 00 01 06 92) covering Auto Symbol 1 ("Any Auto")
11 in an amount not less than Five Hundred Thousand Dollars
12 (\$500,000) combined single limit per accident for bodily injury
13 and property damage.

14 d. If Tenant engages in marina management operations. marina
15 operators legal liability insurance endorsed to provide for
16 damage to docks, piers, and wharves including collision in an
17 amount not less than Two Million Dollars (\$2,000,000). The
18 policy shall be endorsed to the City of Long Beach, and their
19 officials, employees, and agents as additional insureds and
20 shall provide cross liability protection.

21 e. "All Risk" property insurance including debris removal and
22 builder's risk protection during the course of construction,
23 covering the full replacement value of Tenant's improvements
24 constructed on or about the Premises. Earthquake and flood
25 coverage shall be included if available from responsible
26 insurers at reasonable cost and if required by Tenant's Lender.

27 f. "All Risk" property insurance covering the full replacement
28 value of Tenant's personal property and equipment on or about

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the Premises.

g. Business interruption insurance providing that the rent due Landlord shall be paid for a period of up to twelve (12) months if the Premises are destroyed or rendered inaccessible.

h. Workers' compensation insurance as required the State of California and employer's liability insurance in an amount not less than One Million Dollars (\$1,000,000) per accident. Such coverage shall be endorsed, as applicable, to include United States Longshoremen and Harbor Workers' Act and Jones' Act coverage.

5.10.1 All insurance required hereunder shall be separately endorsed to require thirty (30) days' prior written notice of cancellation, nonrenewal, or change of coverage and to provide that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by the City of Long Beach, or its officials, employees and agents.

5.10.2 With respect to damage to property, Tenant and Landlord hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.

5.10.3 Any self-insurance program, self-insured retention or deductible must be approved separately in writing by Landlord Risk Manager or designee and shall protect the City of Long Beach, and its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained such retention or deductible provisions.

5.10.4 Prior to the Commencement Date of this Lease,

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1 Tenant shall deliver to Landlord certificates of insurance and
2 the required endorsements evidencing the coverage required by
3 this Lease for approval as to sufficiency and form. The
4 certificates and endorsements for each insurance policy shall
5 contain the original signatures of persons authorized by that
6 insurer to bind coverage on its behalf. Tenant shall provide
7 Landlord with copies of certificates of insurance and
8 endorsements for renewal policies at least thirty (30) days
9 prior to policy expiration. Landlord reserves the right to
10 require complete certified copies of all said policies at any
11 time.

12 5.10.5 Not more frequently than every three (3) years, if
13 in the opinion of Landlord or designee, the amount of the
14 foregoing insurance coverage is not adequate, Tenant shall
15 increase the insurance coverage as reasonably required by
16 Landlord.

17 5.10.6 Such insurance as required herein shall not be
18 deemed to limit Tenant's liability relating to performance under
19 this Lease. The procuring of insurance shall not be construed
20 as a limitation on liability or as full performance of the
21 indemnification and hold harmless provisions of this Lease.

22 5.10.7 Any modification or waiver of the insurance
23 requirements herein shall be made only with the written approval
24 of Landlord or designee.

25 5.11 Taxes: This Lease may create a possessory interest
26 subject to property taxation and Tenant may be liable for the
27 payment of property taxes levied on such possessory interest.
28 Tenant covenants to pay or cause to be paid, prior to delinquency,

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1 all taxes, assessments and other governmental and district charges
2 that may be levied or assessed upon buildings, improvements or
3 property located on the Premises, to the extent of the possessory
4 interests created by this Lease and/or to the extent owed by
5 Tenant. Satisfactory evidence of such payments shall be delivered
6 to Landlord upon demand therefor.

7 5.12 Surrender: Except as otherwise provided in this
8 Lease, at the termination of this Lease (whether by lapse of time
9 or otherwise), Tenant covenants to peaceably yield up and surrender
10 the Premises, including all improvements constructed by Tenant
11 thereon in conformity with the provisions of this Lease, said
12 Premises, and improvements, to be in good order, repair and
13 condition, reasonable wear and tear, damage by casualty and action
14 by governmental authority or Force Majeure excepted.

15 5.13 Limitation of Landlord's Liability: Tenant
16 acknowledges that unfavorable swell or water conditions (including
17 debris from the Los Angeles River) may occur at times within its
18 Premises and in the adjacent area of the Los Angeles River which
19 such conditions include debris which has flowed down that river.
20 Tenant waives all claims for injury or damage which may be
21 sustained by persons, Tenant's property or the property of Tenant's
22 employees, invitees, customers, sublessees, or any other person in
23 or about the Premises as a result of any such condition.

24 5.14 Rights of Way and Access to Premises. Landlord's
25 authorized representatives shall have the right of access to the
26 Premises for the installation, relocation, removal, operations,
27 maintenance, and repair of sewers, pipelines, conduits and
28 structures owned and maintained by Landlord as of the Commencement

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1 Date of the term and for the purpose of determining whether or not
2 Tenant is complying with the terms and conditions of this Lease.
3 The rights reserved to Landlord under this Paragraph shall be
4 exercised at reasonable times and shall not violate reasonable
5 security restrictions required by any subleases. There shall be no
6 obligation on Landlord to make inspections nor any liability on
7 Landlord for failure to make such inspection.

8 ARTICLE VI

9 Landlord's Title; Landlord's Covenants

10 6.1 Landlord's Title: This Lease and any improvements to
11 be made or constructed on the Premises by Tenant shall be subject
12 and subordinate to the trusts and conditions set forth in the
13 statutes referred to in Paragraph 1.1 and the limitations imposed
14 by the Constitution of the State of California. Landlord warrants
15 it has the right and legal capacity and authority to enter into and
16 perform its obligations under this Lease.

17 6.2 Quiet Enjoyment: Landlord covenants and agrees that
18 Tenant, subject to the terms and provisions of this Lease, on
19 payment of the rent and observing, keeping and performing all of
20 Tenant's covenants, shall lawfully, peaceably and quietly have,
21 hold, occupy and enjoy the Premises and any appurtenant rights
22 granted to Tenant under this Lease without hindrance or rejection
23 by any person.

24 ARTICLE VII

25 Assignments and Subleases.

26 7.1 Assumption: Simultaneously with an assignment, the
27 assignee shall execute an agreement running to Landlord assuming
28 Tenant's obligations under this Lease. Tenant shall remain fully

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1 obligated under this Lease notwithstanding any assignment or
2 sublease or any indulgence granted by Landlord to Tenant or to any
3 assignee or sublessee unless released in writing by Landlord.

4 7.2 Limitations on Assignment.

5 7.2.1 Except as provided in Paragraph 7.2.5.2 or Article
6 VIII, Lessee may not assign this Lease or any interest herein
7 without first obtaining the written consent of Lessor, which
8 consent shall not be unreasonably withheld or delayed. Such
9 approval shall be conclusively deemed given if Lessee has not
10 received notice of objection from Lessor within 30 days after
11 written request for consent has been given to Lessor.

12 7.2.2 Assignment Invalid. Any transfer or assignment to
13 which Lessor's consent is required by this Lease shall be void
14 and shall confer no right or occupancy upon the assignee unless
15 and until such consent of Lessor is obtained.

16 7.2.3 Complete Release. Except as otherwise expressly set
17 forth herein, the assigning party shall be fully and completely
18 released from all liability for the performance of all of the
19 covenants to be performed by Lessee under this Lease. Lessor's
20 approval or consent to any such assignment or transfer shall not
21 be a waiver of any right to object to further or future
22 assignments, but the consent to each such successive assignment
23 must be first obtained in writing from Lessor.

24 7.2.4 Subletting. Subject to the terms of this Lease
25 including but not limited to Section 7.3 Lessee shall be
26 entitled, without the prior written consent of Lessor, to sublet
27 the whole or any portion of the Leased Premises or the improve-
28 ments constructed thereon. Lessee shall, at all times, remain

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1 liable for the performance of all of the covenants on its part
2 to be so performed, notwithstanding any subletting. If the term
3 of this Lease shall end while any such sublease is in effect,
4 Lessor may, at its option, for a period of ninety (90) days
5 thereafter, either terminate the said sublease or succeed to all
6 of the rights of Lessee thereunder; provided that Landlord shall
7 recognize and accept the attornment of any subtenant desiring to
8 complete it sublease term.

9 7.2.5 Assignment Procedures and Requirements.

10 7.2.5.1 Any assignment may only be approved by Landlord
11 after the following procedure:

12 Except as otherwise permitted by this Paragraph 7.2
13 and Paragraph 8.1, Lessee may not assign this Lease or any
14 interest herein without first obtaining the written consent
15 of Lessor as provided in Section 7.2.1. Any assignee shall
16 assume and agree to perform the obligations of Lessee under
17 this Lease. Promptly following any permitted assignment,
18 Lessee shall deliver to Lessor a copy of such assignment,
19 together with a statement setting forth the following
20 information:

- 21 a. Name and Address for Notices. The name and address of the
22 assignee for the purpose of notices to be given.
- 23 b. Type of Entity. Whether the assignee is an individual, a
24 corporation, a partnership, limited liability company or
25 a joint venture, and if such assignee is a corporation,
26 the names of such corporation's principal officers and of
27 its directors and State of incorporation, and if such
28 assignee is a partnership or joint venture, the names and

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1 addresses of the general partners of such partnership or
2 venture.

3 7.2.5.2 Assignments Not Subject to Approval. The pro-
4 visions of this Article VII shall not be applicable to the
5 following types of assignments and transfers, which shall be
6 permitted without the prior consent of Lessor.

7 (a) Death or Incapacity. Assignments resulting from the
8 death or mental or physical incapacity of an
9 individual, managing partner or president of the
10 corporation or limited liability company provided,
11 however, that any person replacing an individual who
12 departs because of physical or mental disability shall
13 have education and experience comparable to that of the
14 person replaced.

15 (b) Family Transfer. A transfer or assignment for the
16 benefit of a spouse, children, grandchildren or other
17 family members so long as management competence can be
18 demonstrated.

19 (c) Affiliated Corporation. A transfer to an "Affiliated
20 Corporation" as hereinafter defined. An "Affiliated
21 Corporation" shall be (i) any corporation which owns,
22 either directly or indirectly, fifty-one percent (51%)
23 or more of the outstanding capital stock of the
24 assigning corporation; or (ii) any corporation, fifty-
25 one percent (51%) or more of the outstanding capital
26 stock of which is owned, either directly or indirectly,
27 by the assigning corporation; or (iii) any corporation,
28 fifty-one percent (51%) or more of the outstanding

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capital stock of which is owns, either directly or indirectly, by a shareholder or group of shareholders who also owns, either directly or indirectly, at least fifty-one percent (51%) of the outstanding capital stock of the assigning corporation.

(d) IRS Transfer. A transfer of stock resulting from or in connection with a reorganization as contemplated by the provisions of the Internal Revenue Code of 1954, as amended, or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

(e) Public Entity. A transfer of stock in a publicly held corporation or of the beneficial interest in any publicly held partnership or real estate investment trust.

(f) Partner or Member. A transfer by a limited partner or member or joint venturer to a partnership, limited liability company or joint venture in which the assignor is a partner, member or venturer.

(g) Partnership or Corporation. If Lessee is a partnership, limited liability company, joint venture or corporation, any assignment of less than twenty-five percent (25%) of the partnership, limited liability company or joint venture interest or outstanding capital stock of such an entity.

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1 (h) Assignment by Initial Tenant. Any assignment by the
2 Initial Tenant (as defined below). Upon such an
3 assignment by it pursuant to this Paragraph 7.2.5.2 and
4 an assumption by the assignee of any and all liability
5 of the Tenant under this Lease thereafter arising, the
6 Initial Tenant shall be released and relieved of any
7 and all liability thereafter arising under the Lease.
8 "Initial Tenant" means John Hancock Life Insurance
9 Company.

10 (i) Transfer to Lender. Any transfer under Article VIII.

11 7.2.5.3 Approval of Assignments. Lessor agrees that it
12 shall consent to an assignment to an entity which, at the
13 time of such assignment, is of such financial standing and
14 responsibility as to give reasonable assurance that, (i) the
15 Premises will be operated in a first class condition, (ii)
16 the payment of all rent and other amounts reserved in this
17 Lease will be made in compliance with all the terms,
18 covenants, provisions and conditions of this Lease and (iii)
19 the assignee has the business experience and financial
20 resources to fund the required reserve account. In
21 requesting an approval by Lessor of assignment pursuant to
22 Paragraph 7.2, Lessee shall provide the following information
23 to Lessor with respect to proposed assignments of this Lease.

24 (a) Name. Name and address of the assignee.

25 (b) Description. Description of the Premises to be
26 assigned.

27 (c) Relevant Management Experience. The extent and nature
28 of any experience of the proposed assignee in managing

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1 waterfront specialty retail centers.

2 (d) Financial Information. Lessor's inability to secure
3 information to assess the financial condition of the
4 assignee shall be grounds for denial.

5 (e) Officers. The identity, background and experience of
6 all officers and directors of assignee, at executive
7 vice president level and above and senior operational
8 officer relating to the Premises, if a corporation or
9 general partners of a partnership or sole proprietor of
10 a proprietorship (Principals).

11 (f) Additional Information. In addition to the above, the
12 assignor shall provide all the information required by
13 the Lessor, including but not limited to the following:

- 14 1. Criminal record of the subtenant, assignee or
15 any of the principals.
- 16 2. Nature and extent of litigation to which the
17 assignee or any Principal is a party or has been a
18 party in the last five years.
- 19 3. Any course of conduct which a prudent person would
20 deem materially detrimental to the Project or to the
21 intended use of the Premises by assignee.
- 22 4. Financial references.
- 23 5. Source of project financing.
- 24 6. Identification of non-performing loans by principals
25 and/or corporation.
- 26 7. Amount of recourse debt.

27 (g) Informational Purposes. For informational purposes only:

- 28 1. Number of anticipated employees of the assignee.

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1 2. At the time of submission of the request, the terms
2 and conditions of the assignment.

3 3. With respect to all assignments a copy thereof after
4 execution by all parties thereto.

5 7.2.5.4 Confidentiality. If requested by Lessee at the
6 time of submission of the information described above, Lessor
7 shall keep such information and the identity of the proposed
8 assignee confidential until approved and Lessor shall execute
9 a confidentiality statement so providing to the extent Lessor
10 is Permitted by law to do so.

11 7.2.5.5 Rejection by Lessor. Lessor reserves the right
12 to reject any proposed assignee where the matters specified
13 above indicate that the presence of assignee would adversely
14 affect the financial and operational viability of the
15 Project. Lessor shall either approve or disapprove any
16 proposed assignee within thirty (30) days after receipt by
17 Lessor of a request to do so provided that all information is
18 provided in a timely manner. Failure of Lessor to act within
19 said thirty (30) days shall constitute approval. If Lessor
20 does not approve any proposed assignee, Lessor shall state in
21 writing the reasons for such disapproval. Lessee shall have
22 the right to challenge the validity of such disapproval. No
23 damages shall be payable to Lessee in any action arising from
24 such disapproval unless Lessor shall have acted unreasonably
25 or in bad faith or with actual malice.

26 7.2.6 No Release. Notwithstanding any assignment by
27 Lessee permitted by Paragraph 7.2 with Lessor's consent, and
28 notwithstanding any assignment by a partner or joint venturer

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1 of Lessee permitted by Paragraph 7.2.5.2 with Lessor's
2 consent or made without Lessor's consent pursuant to
3 Paragraph 7.2.1., the assigning party shall remain fully
4 liable for the performance all of the covenants to be
5 performed by Lessee under this lease prior to the effective
6 date of such assignment, but shall be released from liability
7 with respect to the performance of such covenants to be
8 performed after such date. Lessor's approval of or consent
9 to any such assignment or transfer shall not be a waiver of
10 any right to object to further or future assignments, and
11 Lessor's consent to each such successive assignment must be
12 first obtained in writing from Lessor unless otherwise
13 permitted by this Lease without Lessor's prior consent.

14 7.2.7 Lessor Acknowledgment: Lessee acknowledges and
15 agrees that a default under Paragraph 7.2 or any subparagraph
16 thereof shall be conclusively deemed to be a default not
17 susceptible of being cured by Lessee. A leasehold mortgagee
18 may cure such default if within 30 days of written notice of
19 such a default, it diligently proceeds to foreclose on such
20 mortgage and cure such default.

21 7.3 Subleases: The provisions of Paragraph 7.2 shall not
22 prevent Tenant from entering into subleases, concessions, or
23 licenses for the operation of any portion of the businesses
24 authorized by Paragraph 7.2.4. subject to the requirements of
25 Paragraph 5.1.2.

26 Landlord covenants that in the event of the termination of
27 this Lease and the replacement thereof with a New Lease (as
28 hereinafter defined) with the most senior Lender as tenant, the

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1 subleases which have theretofore been approved by the most senior
2 Lender shall not terminate as a result of the termination of the
3 Lease and the replacement thereof with the aforesaid New Lease, but
4 shall continue as valid subleases under the New Lease.

5
6 ARTICLE VIII

7 Leasehold Financing; Rights of Lender

8 8.1 Assignment for Security: The provisions of Paragraph
9 7.2 shall not prevent or hinder Tenant after the Commencement Date
10 of this Lease from assigning Tenant's interest under this Lease
11 ("Leasehold Estate") to a Lender as security for a loan without
12 Landlord's consent, the proceeds of which shall be used to provide
13 funds for the purchase of the leasehold estate, and/or the
14 renovation or construction of improvements on the Premises. Tenant
15 may perform any and all acts and execute any and all instruments
16 necessary or proper to consummate any loan transaction and perfect
17 the security therefor to be given the Lender. The term "Lender" as
18 used herein shall mean the beneficiary, mortgagee, secured party,
19 or other holder of a promissory note or other written obligation
20 which is secured by any deed of trust, mortgage or other written
21 security agreement affecting the Premises ("Leasehold Mortgage").
22 Tenant shall deliver to Landlord a copy of the promissory note, deed
23 of trust, or security agreement executed by Tenant in connection
24 with any Leasehold Mortgage within twenty (20) days from the date
25 of execution thereof by Tenant.

26 8.2 Lender's Rights: With respect to any Lender who shall
27 have delivered to Landlord a written notice stating its name,
28 address and a general description of the Leasehold Mortgage it holds

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1 on the Premises, the following provisions shall apply:

2 8.2.1 Landlord, when giving notice to Tenant with respect
3 to any default or termination under the provisions of this Lease,
4 shall also serve a copy of such notice upon any Lender, and no
5 such notice to Tenant shall be effective unless a copy of such
6 notice is so served upon the Lender. Upon the occurrence of any
7 "event of default" (as defined in Paragraph 10.2 below), Landlord
8 shall deliver to each and every Lender a notice (a "Default
9 Notice") stating the nature of the event of default and the date
10 of its occurrence. Landlord may not exercise any of its remedies
11 (including, without limitation, termination of this lease)
12 available upon the occurrence of any event of default by Tenant
13 until the "Lenders' Cure Period" (as defined in Paragraph 8.2.5
14 below) has expired.

15 8.2.2 Any Lender may do any act or thing required of
16 Tenant hereunder and all such acts or things done and performed
17 shall be accepted by Landlord and be as effective to prevent a
18 forfeiture of Tenant's rights hereunder as if done or performed
19 by Tenant, including the right to commence an action against the
20 Tenant for the appointment of a receiver and to obtain possession
21 of the Premises under and in accordance with the Leasehold
22 Mortgage.

23 8.2.3 Any Lender may acquire and succeed to the interest
24 of Tenant hereunder without Landlord's consent by foreclosure of
25 the Leasehold Mortgage or by a deed or assignment in lieu of
26 foreclosure and may transfer the Premises to a bona fide
27 purchaser; provided, however, any such bona fide purchaser shall
28 execute an agreement running to Landlord assuming Tenant's

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1 obligations under this Lease. Notwithstanding anything to the
2 contrary contained herein, the written consent of Landlord shall
3 not be required in the case of:

- 4 a. A transfer of the Leasehold Estate relating thereto in
5 a foreclosure sale of the trust deed or assignment, a
6 judicial foreclosure, or a deed in lieu of foreclosure;
7 or
8 b. A subsequent transfer of the Premises or of possession
9 of the Premises by a Lender who is a purchaser at such
10 foreclosure sale or as a result of a deed or assignment
11 in lieu of foreclosure or judicial foreclosure, to a
12 transferee, provided the transferee agrees in writing
13 to assume and perform all the obligations under this
14 Lease.

15 In the event of a transfer under a. or b. above, the
16 Lender shall forthwith give notice to the Landlord in writing of
17 any such transfer setting forth the name and address or fax
18 number of the transferee and the effective date of such transfer,
19 together with a copy of the document by which such transfer was
20 made. Landlord's consent requirement under Paragraph 7.2 shall
21 not apply to such transfer. Any transferee under the provisions
22 of this Paragraph shall perform the full obligations of the
23 Tenant under this Lease, and as a condition to the completion of
24 this transfer must cure, remedy or correct any event of default
25 existing at the time of such transfer if the same is reasonably
26 susceptible of being cured by the transferee at that time.

27 8.2.4 If there is an event of default by Tenant pursuant
28 to Paragraph 10.1.1, Lender shall have a period of thirty (30)

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1 days (the Monetary Cure Period), after receipt from Landlord of
2 a written notice that such event of default has occurred, in
3 which to cure the event of default. If after any such payment
4 by a Lender, Tenant pays the same or any part thereof to
5 Landlord, the Landlord shall promptly refund said payment to such
6 Lender.

7 8.2.5 In the event of any event of default which cannot
8 be cured by the payment of money, the default shall be cured:

9 a. If a Lender cures, remedies or corrects a default in a
10 manner reasonably satisfactory to Landlord within a
11 period of thirty (30) days (the "Non-Monetary Cure
12 Period"; a Monetary Cure Period and a Non-Monetary Cure
13 Period may each sometimes be referred to herein as a
14 "Lender's Cure Period" after the later to occur of (i)
15 receipt from Landlord of a written notice that such an
16 event of default has occurred or (ii) the expiration of
17 any cure period available to Tenant under this Lease
18 for such default; provided, however, if the curing of
19 such default requires activity over a longer period of
20 time, such default may be cured, if within said Non-
21 Monetary Cure Period, a Lender commences and thereafter
22 diligently continues to perform whatever may be
23 required to cure the particular default in a manner
24 reasonably satisfactory to Landlord; or

25 b. If during Lenders' Cure Period", the Lender notifies
26 Landlord of its intent to commence foreclosure, and
27 within sixty (60) days after the mailing of a Default
28 Notice by Lender, said Lender, (i) actually commences

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1 foreclosure proceedings plus the thirty-five (35) day
2 period referred to in the next sentence and prosecutes
3 the same thereafter with reasonable diligence, the
4 Lender's Cure Period shall be extended by the time
5 necessary to complete such foreclosure proceedings; or
6 (ii) if said Lender is prevented from commencing or
7 continuing foreclosure by any order, judgment, or
8 decree of any court or regulatory body of competent
9 jurisdiction, and said Lender diligently seeks release
10 from or reversal of said order, judgment or decree, the
11 Lender's Cure Period shall be extended by the time
12 necessary to obtain the release from or reversal of
13 said order, judgment or decree and thereafter to
14 complete such foreclosure proceedings plus the thirty-
15 five (35) day period referred to in the next sentence.
16 Within thirty-five (35) days after such foreclosure
17 sale and the vesting of title free of redemption in the
18 purchaser thereat (whether or not such purchaser is the
19 Lender), said purchaser shall, as a condition to the
20 completion of such transfer, cure, remedy, or correct
21 the default, or commence and thereafter diligently
22 pursue the performance of the thing or work required to
23 be done to cure, correct, and remedy said default, in
24 a manner satisfactory to Landlord. If said event of
25 default is a default by Tenant which Lender is not
26 capable of curing on a commercially reasonable basis,
27 Landlord may not terminate this Lease so long as a
28 Lender is continuing to pay rent due under this Lease

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1 and is diligently proceeding to cure all defaults by
2 Tenant which such Lender is capable of curing on a
3 commercially reasonable basis. In addition, Landlord
4 shall waive any defaults of Tenant which no Lender is
5 capable of curing on a commercially reasonable basis if
6 and when a Lender assumes Tenant's rights and
7 obligations under this Lease subsequent to foreclosure
8 of its security interest in Tenant's leasehold estate
9 or pursuant to receipt of an assignment of Tenant's
10 rights in the leasehold estate in lieu of such
11 foreclosure.

12 c. If a Lender obtains title to Tenant's leasehold estate
13 pursuant to foreclosure of its security on Tenant's
14 leasehold estate or through an assignment of Tenant's
15 leasehold estate in lieu of such foreclosure, such
16 Lender's liability to Landlord shall be limited to
17 Tenant's obligations under the Lease incurred during
18 the period while such Lender is in possession of the
19 Premises or is the owner of the leasehold estate; such
20 Lender shall have no liability to Landlord for any
21 obligations of Tenant incurred after a transfer of the
22 leasehold estate from such Lender to a third party. In
23 any event, Landlord's recourse against any Lender who
24 becomes the owner of the leasehold estate shall be
25 limited to such Lender's interest in the leasehold
26 estate. Notwithstanding the foregoing, Tenant shall
27 remain liable to Landlord for all rent or additional
28 rent which may become due during the period of time

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1 that a Lender shall be the owner of the leasehold
2 estate; provided, however, that from and after the date
3 a Lender shall be the owner of the leasehold estate,
4 Landlord waives any and all right to collect or receive
5 from such Lender any sums pursuant to Section 10.2 of
6 the Lease.

7 8.3 Estoppel Certificate: Landlord shall, from time to
8 time, upon not less than fifteen (15) days' prior written request
9 by Tenant or Tenant's Lender, execute, acknowledge and deliver to
10 Tenant or Tenant's Lender a statement in writing certifying to
11 Tenant's Lender or an independent third party that this Lease is
12 unmodified and in full force and effect and that Landlord has no
13 knowledge of any uncured defaults of Tenant under this Lease (or,
14 if there have been any modifications that the same is in full force
15 and effect as modified and stating the modifications and, if there
16 are any defaults, setting them forth in reasonable detail), the
17 Commencement Date and the dates to which the rent and other charges
18 have been paid. Any such statement delivered pursuant to this
19 Paragraph 8.3 may be relied upon by any prospective lender or any
20 prospective purchaser of or from Tenant or Tenant's Lender.

21 8.4 New Lease. If (a) either (i) Tenant's interest under the
22 Lease shall be sold, assigned (other than for security purposes) or
23 otherwise transferred pursuant to the exercise of any right, power
24 or remedy by a Lender or pursuant to judicial proceedings, and
25 satisfactory provision for indemnification of Landlord against any
26 adverse claims arising out of or with respect to this Lease shall
27 have been made, or (ii) this Lease shall be rejected under the
28 powers reserved to Tenant and its trustee in bankruptcy under the

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1 Federal Bankruptcy Code or similar state or federal legislation, (b)
2 no rent shall then be due and payable to Landlord, (c) the Lender
3 or any other purchaser of Tenant's interest hereunder shall have
4 arranged for the correction of any default susceptible of being
5 corrected by the tenant under the "New Lease" (defined below"), and
6 (d) this Lease shall have been terminated pursuant to the terms
7 hereof by reason of a default, then Landlord, within ninety (90)
8 days after receiving written request therefor and upon payment to
9 Landlord of all of Landlord's expenses, including, without
10 limitation, reasonable attorneys' fees and expenses incident
11 thereto, will execute and deliver a new lease of the Premises to the
12 Lender or its nominee, purchaser, assignee or transferee, as the
13 case may be, for the remainder of the term of this Lease (a "New
14 Lease"), and, except for charges or encumbrances caused or suffered
15 by Tenant, with the same terms as are contained herein.
16 Concurrently with execution of such New Lease, notwithstanding
17 anything to the contrary contained in Paragraph 4.9 or 5.12 of this
18 Lease, Landlord acknowledges ownership, during the New Lease, of the
19 improvements on the Premises to the new tenant under the New Lease
20 together with a bill of sale conveying any personal property related
21 to the improvements and other appropriate instruments of conveyance.
22 Upon the execution and delivery of such New Lease, Landlord, at the
23 expense of the tenant under the New Lease, shall take such steps as
24 shall be necessary to cancel and discharge this Lease of record and
25 remove Tenant from the Premises.

26 8.5 Termination of Lease. Notwithstanding anything to the
27 contrary contained in this Lease, any attempted exercise by Tenant
28 of a right granted by this Lease or at law or in equity to terminate

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1 this Lease shall be void without Tenant first obtaining the written
2 consent of the most senior Lender, if any. Landlord acknowledges
3 that if Tenant has any right to terminate this Lease, such senior
4 Lender shall have the sole and exclusive right to exercise such
5 election to terminate this Lease during the period that such Lender
6 has a security interest or lien pursuant to a deed of trust in the
7 Tenant's leasehold estate. Nothing contained in this Paragraph 8.5
8 shall be deemed to limit in any way Landlord's rights to terminate
9 this Lease for any default or breach by Tenant, subject to prior
10 notice to Lender and Lender's right to cure hereunder.

11 ARTICLE IX

12 Casualty and Eminent Domain

13 9.1 Restoration: If during the term the Premises or any
14 improvements on the Premises are totally or partially destroyed,
15 this Lease shall not terminate except as specifically provided in
16 this Article IX and Tenant shall promptly and diligently restore
17 such improvements to substantially the same condition as they were
18 in immediately before such destruction, provided (i) the restoration
19 can be made under existing laws and (ii) the insurance proceeds
20 payable to Tenant as a result of the destruction under the insurance
21 maintained by Tenant in accordance with Paragraph 5.10, are
22 sufficient to reimburse Tenant for at least 90% of the cost of such
23 restoration. If the existing laws do not permit the restoration,
24 Tenant, with the consent of its Lender may elect to terminate the
25 Lease by giving notice to Landlord. If the improvements are restored
26 within an eighteen month period, such restoration shall be deemed
27 to be prompt and diligent for purposes of this Paragraph 9.1.
28 Landlord shall accept the most senior Lender's determination of

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1 whether the insurance proceeds payable to Tenant are sufficient to
2 reimburse Tenant for the entire cost of such restoration. Any
3 insurance proceeds payable to Tenant may, in accordance with the
4 deed of trust in favor of the most senior Lender, be payable to a
5 trustee to be selected by the most senior Lender and reasonably
6 acceptable to Landlord and Tenant. Such trustee shall disburse the
7 funds for the restoration of the improvements in accordance with the
8 terms of this Paragraph 9.1; provided, however, that any funds not
9 necessary for restoration may be disbursed in accordance with the
10 applicable leasehold deed of trust. If the insurance proceeds are
11 not sufficient to reimburse Tenant 90% of the amount necessary to
12 restore the Premises and all of Tenant's amount necessary to restore
13 the Premises and all of Tenant's improvements thereon, Tenant may
14 deliver to Landlord and each Lender written notice of its election
15 to terminate this Lease. Upon receipt of such notice, the most
16 senior Lender shall have thirty (30) days to elect to keep the Lease
17 in full force and effect by delivering to Landlord and Tenant
18 written notice of its election to assume all of Teant's obligations
19 under the Lease. If Tenant elects to terminate this Lease and the
20 most senior Lender does not elect to assume all of Tenant's
21 obligations under the Lease all as provided above, this Lease shall
22 automatically terminate on the thirty-first day after Tenant
23 delivered its notice to Lender and Landlord and neither party under
24 this Lease shall have any further obligations or liabilities to one
25 another under this Lease. If the most senior Lender does elect to
26 assume all of Tenant's obligations under this Lease, Tenant shall
27 within ten (10) days of such election execute an assignment of this
28 Lease to the most senior Lender, the most senior Lender shall

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1 execute an assumption of this Lease and Landlord shall approve the
2 same in writing.

3 9.1.1 Any excess insurance proceeds remaining after such
4 restoration shall belong to Tenant.

5 9.1.2 Tenant shall notify Landlord of the date of
6 commencement of the restoration twenty (20) days prior thereto
7 to enable Landlord to post and record notices of
8 nonresponsibility. Tenant shall accomplish restoration in a
9 manner that will cause the least inconvenience, annoyance and
10 disruption at the Premises. On completion of any restoration,
11 Tenant shall record a notice of completion in the Office of the
12 County Recorder of Los Angeles County. Tenant waives the
13 provisions of Civil Code Section 1932(2) and Civil Code Section
14 1933(4) with respect to any destruction of the Premises.

15 9.2 Total Taking: If, after the Commencement Date, the
16 whole of the Premises or other improvements to be made by Tenant
17 shall be taken by right of eminent domain or otherwise for any
18 public or quasi public use, then, when possession shall be taken
19 by the condemner, or the Tenant is deprived of its practical use of
20 the Premises and other improvements, whichever date is earlier, this
21 Lease and all rights of Landlord and Tenant hereunder, shall
22 terminate and rent and all other payments required of Tenant for the
23 remainder of the term hereof shall be cancelled. In the event of
24 a partial taking, as a result of which the remaining portion of the
25 Premises or any other improvements on the Premises cannot be
26 restored to an economically operable facility of a comparable kind
27 and quality to the facility existing prior to the taking with the
28 condemnation awards received by Tenant (as the same may be

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1 determined in the reasonable discretion of the most senior Lender,
2 if any, or in the discretion of Tenant if no Lender then exists),
3 then this Lease at Tenant's option shall terminate as of the time
4 when possession of the Premises shall be partially taken by the
5 condemner or when Tenant is deprived of the practical use thereof,
6 whichever date is earlier.

7 9.3 Partial Taking: If, after the Commencement Date, a
8 portion of the Premises or any other improvements shall be taken by
9 right of eminent domain or otherwise for any public or quasi public
10 use and the remaining portion of the Premises and improvements can
11 be restored by Tenant to an economically operable facility of
12 comparable kind and quality to the facility existing prior to the
13 taking (in the discretion of the most senior Lender, if any, or in
14 the discretion of Tenant if no Lender then exists), then this Lease
15 shall not be affected and Tenant shall retain the remaining portion
16 of the Premises and other improvements thereon; provided, however,
17 the rent shall be reduced by an amount agreed upon by the parties.
18 If the parties are unable to agree on the reduced rent for each of
19 the periods referred to in Paragraph 3.2.2, the amount for each of
20 said periods shall be fixed by arbitration. Landlord shall give
21 notice to Tenant of the appointment of a real estate appraiser with
22 at least five (5) years' full-time commercial appraisal experience
23 in the area in which the Premises are located who shall appraise and
24 set the reduced rent for each of the periods referred to in
25 Paragraph 3.2.2. If Tenant does not appoint an appraiser within ten
26 (10) days thereafter to perform the same task, the single appraiser
27 appointed shall be the sole appraiser and shall set the reduced
28 rent. If two appraisers are appointed, they shall select, within

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1 ten (10) days after the appointment of the second appraiser, a third
2 appraiser with the same minimum qualifications. If the two cannot
3 agree upon a third, he shall be appointed by any judge of the
4 Superior Court of the County of Los Angeles upon application
5 therefor by either party, upon ten (10) days written notice to the
6 other. Each party shall bear one-half ($\frac{1}{2}$) of the cost of appointing
7 the third appraiser and of paying the third appraiser's fee. Within
8 sixty (60) days after the selection of the third appraiser, a
9 majority of them shall set the reduced rent for each of the periods
10 referred to in Paragraph 3.2.2. If a majority of the appraisers are
11 unable to set the reduced rent for said periods within the sixty
12 (60) day period, then the three (3) appraisals shall be averaged.
13 After the reduced rent has been set, the appraisers shall notify the
14 parties, who shall immediately execute an amendment to this Lease
15 stating the new rent payable by Tenant to Landlord for the balance
16 of the term.

17 9.4 Condemnation: If there is either a total or partial
18 taking by right of eminent domain, Landlord shall receive from the
19 award the value of Landlord's residual interest in the land and/or
20 water taken by the condemnor and all other compensation and damages
21 awarded in connection therewith shall belong to Tenant and shall be
22 paid to a trustee to be selected by the most senior Lender, if any,
23 subject to landlord's and Tenant's reasonable approval, and subject
24 to the terms of the Deed of Trust benefitting the most Lender, if
25 any. Landlord and Tenant hereby consent to the most senior Lender's
26 participation in an condemnation proceedings. If there is a
27 temporary taking for a period less than the remaining term of this
28 Lease, Tenant (or the most senior Lender, if any) shall be entitled

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1 to receive all compensation and damages awarded in connection
2 therewith.

3 ARTICLE X

4 Default

5 10.1 Tenant's Default: The provisions of this Article X
6 set forth the sole and exclusive remedies for Lessor and Lessee upon
7 default by the other.

8 10.2 Lessee's Default: The occurrence of any of the following
9 shall constitute a default by Lessee:

- 10 a. Failure to pay when due Rent or other amounts due
11 Lessor hereunder, if the failure continues for ten (10)
12 days after notice thereof has been given to Lessee and
13 Lessee's Lender (a "Monetary Default").
- 14 b. Failure to comply with any of the other covenants or
15 conditions of this Lease, unless, within thirty (30)
16 days after notice thereof has been given to Lessee and
17 Lessee's Lender, the cure of such default has been
18 commenced and thereafter diligently pursued (a "Non-
19 Monetary Default").

20 10.3 Lessor's Remedies. Subject to the provisions of
21 Paragraph 8.2 hereof, if any default by Lessee shall continue
22 uncured, following notice of default as required by this Lease,
23 and not be cured within the time required by this Lease, then
24 Lessor shall have the following as its exclusive remedies:

- 25 a. Termination. Subject to the provisions of Paragraph 9
26 hereof, in the event of a monetary default only, Lessor
27 may, at Lessor's election, terminate this Lease by giving
28 60 days notice of termination to Lessee and Lender. Unless

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1 the Monetary Default is cured within such 60 day period,
2 this Lease shall be terminated (subject to the rights of
3 Lessee's Lender, as set forth herein) and the same shall
4 expire as fully and completely as if the day of such
5 notice were the date herein specifically fixed for the
6 expiration of the Lease term, and all of Lessee's rights
7 in the Premises and in all improvements situated thereon
8 shall terminate.

9 b. Recovery of Rent. Lessor shall be entitled to the amount
10 of the rent which had been earned before termination, plus
11 late charges and interest as provided by the express terms
12 of this Lease. The proceeds of any reletting or attornment
13 shall be applied, when received, first to any amounts then
14 due and unpaid by Lessee under this Lease, to the extent
15 that such proceeds for the period covered do not exceed
16 the amount due from and charged to Lessee for the same
17 period, and the balance to Lessee.

18 c. Lessor's Damages. Lessor shall be entitled, at Lessor's
19 election, to recover from Lessee in compensation for all
20 damages suffered by Lessor as a result of Lessee's
21 default, the worth at the time of the award (computed in
22 accordance with Paragraph (b) of Section 1951.2 of the
23 California Civil Code) of the damages Lessor proves that
24 it would sustain as a result of the rent it could obtain
25 for the Premises for the remainder of the Lease Term being
26 less than the Rent then unpaid for the balance of the
27 Lease Term.

28 d. Lessor's Right to Cure. Lessor, at any time after the

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1 expiration of the applicable time to cure a default,
2 notice of which has previously been given to Lessee, shall
3 be entitled (but not obligated) to make any payment
4 required of Lessee under this Lease and/or to perform any
5 covenants and comply with any condition imposed on Lessee
6 under this Lease. If, by reason of any such uncured
7 default by Lessee, Lessor incurs any reasonable expense or
8 pays any reasonable sum, or performs any act reasonably
9 requiring Lessor to incur any expense or to pay any sum,
10 including the actual fees and expenses paid or incurred by
11 Lessor in order to prepare and post or deliver any notice
12 permitted or required by the provisions of this Lease or
13 otherwise permitted or contemplated by law, then the
14 amount so paid or incurred by Lessor shall be immediately
15 due and payable to Lessor by Lessee as additional rent.
16 Such amounts shall bear interest at the Citibank prime
17 interest rate in effect on the date of payment by Lessee,
18 but not in excess of the maximum rate permitted by law,
19 from the date of such demand until paid in full.

20 e. Landlord shall have the right to have a receiver appointed
21 to collect rent and conduct Tenant's business while and
22 event of default is outstanding. Neither the filing of a
23 petition for the appointment of a receiver nor the
24 appointment thereof shall constitute an election by
25 Landlord to terminate this Lease.

26 10.4. Default by Lessor: Lessor shall be in default of its
27 obligations under this Lease if it fails to perform the same
28 within any expressly specified period of time or, if no period

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1 of time is expressly specified, within a reasonable time, but in
2 no event more than thirty (30) days after written notice by
3 Lessee to Lessor specifying wherein Lessor has failed to perform
4 such obligations. However, if the nature of Lessor's default is
5 such that more than forty-five (45) days are required for its
6 cure, Lessor shall not be in default if Lessor commences such
7 cure within such thirty (30) day period and thereafter diligently
8 prosecutes the same to completion. In the event of any such
9 default by Lessor, Lessee may pursue any remedy now or hereafter
10 available to Lessee under the laws and judicial decisions of the
11 State of California.

12
13 ARTICLE XI

14 Miscellaneous Provisions

15 11.1 Notice: Any notice, demand, request, consent, approval
16 or communication that either party desires or is required to give
17 to the other party shall be in writing addressed to the other party
18 at the addresses or fax numbers set forth in Paragraphs 1.2.3 and
19 1.2.4 or such other address as may have been specified by notifying
20 the other party of the change of address. Notice shall be deemed
21 served on the second business day following the day of mailing if
22 mailed with the United States Postal Service, by certified mail,
23 return receipt requested. Notice by facsimile shall be deemed
24 effective upon receipt. All payments required under this Lease
25 shall be deemed sufficiently paid if made by check collected on
26 first presentation.

27 11.2 Consent and Approval: Except as otherwise specifically
28 provided herein, Landlord's consent or approval of any act by Tenant

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1 requiring Landlord's consent or approval shall not be unreasonably
2 withheld or delayed by Landlord and if given shall not be deemed to
3 waive or render unnecessary Landlord's consent to, or approval of,
4 any subsequent act by Tenant.

5 11.3 Time of Essence: Time is of the essence of each
6 provision of this Lease.

7 11.4 Covenants and Conditions: All provisions hereof
8 expressed as either covenants or conditions on the part of Tenant
9 or Landlord to be performed or observed shall be deemed to be both
10 covenants and conditions.

11 11.5 Successors: This Lease shall be binding on and inure
12 to the benefit of the parties and their successors except as may
13 otherwise be provided herein.

14 11.6 California Law and Waiver of Jury Trial: This Lease
15 shall be construed and interpreted in accordance with the laws of
16 the State of California. Tenant covenants and agrees to submit to
17 the personal jurisdiction of any state court in the State of
18 California for any dispute, claim or matter arising out of or
19 related to this Lease. Landlord and Tenant hereby waive trial by
20 jury in any action, proceeding or cross-claim brought by either of
21 the parties hereto against the other on any matters whatsoever
22 arising out of or in any way connected with this Lease, the
23 relationship of Landlord and Tenant, or Tenant's use or occupancy
24 of the Premises. If either party seeks recourse in equity of to
25 enforce any of its rights under this Lease, the other party agrees
26 to waive any defense which it might otherwise have that the first
27 party has an adequate remedy at law.

28 11.7 Integrated Agreement: This Lease contains or refers

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1 to all of the agreements of the parties and cannot be amended or
2 modified except by written agreements. Landlord and Tenant shall
3 not execute any amendment, modification or termination of this Lease
4 without delivering to each Lender then holding a security interest
5 in the Leasehold Estate (and their legal counsel) thirty (30) days'
6 prior written notice of such proposed amendment, modification or
7 termination. Such notice shall contain the following language at
8 the top of such notice in all capital letters: 'WARNING: THIS NOTICE
9 REQUIRES A RESPONSE WITHIN THIRTY (30) DAYS OR THERE MAY BE
10 IMPAIRMENT OF A GROUND LEASE WHICH IS SECURITY FOR LOAN NO. _____.'

11 11.8 Interpretation: The captions and the Table of Contents
12 of this Lease shall have no effect on its interpretation. When
13 required by the context of this Lease, the singular shall include
14 the plural.

15 11.9 Severability: The unenforceability, invalidity or
16 illegality of any provision shall not render the other provisions
17 unenforceable, invalid or illegal.

18 11.10 Attorney Fees: If either party becomes a party to any
19 litigation concerning this Lease, by reason of any act or omission
20 of the other party or its authorized representatives, and not by an
21 act or omission of the party that becomes a party to that litigation
22 or any act or omission of its authorized representatives, the party
23 that causes the other party to become involved in the litigation
24 shall be liable to that party for reasonable attorneys' fees and
25 court costs incurred by it in the litigation. If either party
26 commences an action against the other party arising out of or in
27 connection with this Lease, the prevailing party shall be entitled
28 to request the court for an award of reasonable attorneys' fees and

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1 costs of suit from the losing party.

2 11.11 Force Majeure: In any case where either party hereto
3 is required to do any act, any inability of that party to perform
4 the act, or any delays in its performance of the act, caused by or
5 resulting from Acts of God, war, civil commotion, fire, flood,
6 earthquake or other casualty, strikes or other extraordinary labor
7 difficulties, shortages of labor or materials or fuel or equipment
8 in the ordinary course of trade, government regulations or any other
9 cause not reasonably within that party's control and not due to that
10 party's fault or neglect, shall be excused and such failure to
11 perform, or such delay in performance, shall not be a default by
12 that party within the meaning of this Lease. Financial inability
13 of either party, or changes in market conditions, shall not be
14 considered to be a circumstance or cause beyond the reasonable
15 control of that party.

16 11.12 Nondiscrimination: In the performance of this Lease,
17 Tenant shall not discriminate against any employee of or applicant
18 for employment because of race, color, religion, ancestry, sex,
19 sexual orientation, AIDS, HIV status, age, disability, handicap,
20 Vietnam Era veteran status or national origin. Tenant will take
21 affirmative action to ensure that applicants are employed, and that
22 employees are treated during employment without regard to their
23 race, color, religion, sex, sexual orientation, AIDS, HIV status,
24 age, disability, handicap, Vietnam Era veteran status, ancestry, or
25 national origin. Such action shall include, but not be limited to,
26 the following: employment, upgrading, demotion or transfer;
27 recruitment or recruitment advertising; layoff or termination; rates
28 of pay or other forms of compensation, and selection for training,

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Long Beach, California 90802-4664
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1 including apprenticeship. Tenant shall post in conspicuous places,
2 available to employees and applicants for employment, notices
3 setting forth the provisions of this Paragraph 11.12. Tenant shall
4 in all solicitations or advertisements for employees state that all
5 qualified applicants will receive consideration for employment
6 without regard to these bases.

7 11.13 Municipal Authority: Landlord warrants that the
8 execution and delivery of this Lease by Landlord and the
9 consummation of the transactions contemplated herein have been duly
10 authorized and approved by all requisite action of the City of Long
11 Beach, and this Lease has been duly executed and delivered by
12 Landlord and constitutes a valid and binding obligation on Landlord.

13 11.14 Joint Effort: The parties agree that this Lease has
14 been drafted through the joint efforts of the parties and that it
15 is not to be construed against either party as the drafter.

16 11.15 No Joint Venture or Partnership: Nothing in this
17 agreement shall be construed as creating either a partnership or
18 joint venture between the parties hereto.

19 11.16 No Relocation Benefits: Lessee agrees that nothing
20 contained in this Lease shall create any right in Lessee for any
21 relocation payment or assistance pursuant to the provisions of Title
22 1, Division 7, Chapter 16 of the California Government Code, or
23 pursuant to any other law of the State of California, from Lessor
24 on the expiration or sooner termination of this Lease except if
25 resulting from a condemnation or under threat of condemnation.

26 11.17 Marina Dredging and Navigability: Landlord shall at
27 its own expense and for the benefit of Tenant and subtenants and
28 permittees dredge and maintain the navigability of the marina so as

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1 to permit reasonable access and egress to and use of marina
2 facilities during all tidal conditions for the purposes contemplated
3 under the Lease. This work is to be done periodically as needed.

4 11.18 Non-Merger: There shall be no merger of this Lease nor
5 of the leasehold estate created by this Lease, with the fee estate
6 in the Premises or with the interest or estate of any Lender by
7 reason of the fact that this Lease or the leasehold estate created
8 by this Lease or any interest in this Lease or any such leasehold
9 estate may be held, directly or indirectly, by or for the account
10 of any person or persons who shall own the Premises, or any interest
11 therein, or shall hold any Leasehold mortgage. No such merger shall
12 occur unless and until all persons at the time holding the estate
13 or interests to be merged shall in a written instrument effecting
14 such merger and shall duly record the same.

15 11.19 Memorandum of Lease. Landlord and Tenant shall
16 execute and record a Memorandum of Lease in a form reasonably
17 acceptable to Landlord and Tenant and the most senior Lender, if
18 any. All recording costs, documentary transfer taxes, taxes
19 assessed, and fees shall be paid by Tenant.

20 11.20 Upon the Commencement Date, that certain unrecorded
21 Lease, dated May 6, 1981, between Landlord and Crowley Development
22 Corporation, as amended by a First Amendment to Lease and a Second
23 Amendment to Ground Lease (collectively "Prior Lease") shall
24 terminate without any further action by Landlord or Tenant, but
25 Tenant shall retain ownership, subject to Paragraph 4.3 of this
26 Lease, of the existing buildings, structures, and other improvements
27 located on the Premises. Notwithstanding that this Lease has been
28 signed on behalf of Landlord and Tenant and that a fully signed copy

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1 fully signed copy has been delivered to Tenant by Landlord, the
2 first day on which this Lease shall be in effect and the Prior Lease
3 terminated shall be the date on which Landlord receives Tenant's
4 written notice accepting Landlord's delivery of this Lease
5 ("Tenant's Notice"). In no event shall this Lease be deemed to be
6 in effect and the Prior Lease terminated unless and until Landlord
7 receives Tenant's Notice.

8 11.21 Counterparts. This Lease may be executed in several
9 duplicate counterparts, each of which shall be deemed an original
10 of this Lease for all purposes.

11 11.22 Adult Entertainment. Lessee shall not, whether or not
12 the Premises are zoned for such an activity, allow any "adult
13 entertainment business" to operate on the Premises as such a
14 business is defined by Section 21.15.110 of the Long Beach Municipal
15 Code.

16 WITNESS the execution hereof under seal the day and year first
17 above written.

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CITY OF LONG BEACH, a municipal corporation

By *[Signature]*
ASSISTANT City Manager

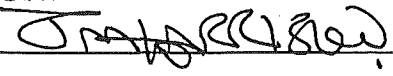
"LANDLORD OR LESSOR"

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

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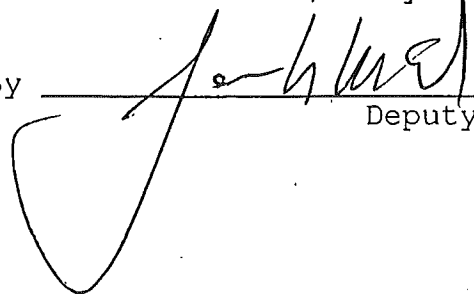
JOHN HANCOCK LIFE INSURANCE COMPANY,
a Massachusetts corporation

By 
Its JOHN M. NAGLE
Senior Investment Officer

By 
Its John M. Garrison, CFA
"TENANT OR LESSEE" Managing Director

Approved as to form this 28th day of May,
2000².

ROBERT E. SHANNON, City Attorney

By 
Deputy

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802-4664
Telephone (562) 570-2200

JNM:pw
9/08/00
C5\CATHANCOCK. SEPT08

Legal Description
310 to 340 GOLDEN SHORE
LONG BEACH, CALIFORNIA

THE REAL PROPERTY SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES DESCRIBED AS FOLLOWS:

PARCEL 1:

A PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 1, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 9, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86 PAGES 21 AND 22 OF RECORD OF SURVEYS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTH 0 DEGREES 01 MINUTES 08 SECONDS WEST 4.00 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 25 SECONDS EAST 68.26 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 107.50 FEET; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 84.43 FEET; THENCE NORTH 44 DEGREES 59 MINUTES 25 SECONDS EAST 44.67 FEET; THENCE NORTH 45 DEGREES 00 MINUTES 35 SECONDS WEST 64.57 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 80.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 62.83 FEET; THENCE NORTH 0 DEGREES 00 MINUTES 35 SECONDS WEST 215.66 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 35.00 FEET; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 54.98 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 25 SECONDS EAST 578.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 35.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 54.98 FEET; THENCE SOUTH 0 DEGREES 00 MINUTES 35 SECONDS EAST 202.16 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 80.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 45 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 62.83 FEET; THENCE SOUTH 44 DEGREES 59 MINUTES 25 SECONDS WEST 79.00 FEET; THENCE SOUTH 45 DEGREES 00 MINUTES 35 SECONDS EAST 184.04 FEET TO A POINT ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 745.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 83 DEGREES

16 MINUTES 28 SECONDS EAST; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 19 DEGREES 20 MINUTES 21 SECONDS AN ARC LENGTH OF 251.46 FEET; THENCE SOUTH 12 DEGREES 36 MINUTES 49 SECONDS WEST 83.00 FEET; THENCE SOUTH 89 DEGREES 59 MINUTES 25 SECONDS WEST 143.58 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET, A RADIAL TO SAID POINT BEARS SOUTH 87 DEGREES 31 MINUTES 05 SECONDS EAST; THENCE NORTHERLY AND WESTERLY ALONG SAID CONCRETE BULKHEAD THE FOLLOWING COURSES AND DISTANCES: NORTHERLY ALONG SAID LAST MENTIONED CURVE HAVING A RADIUS OF 690.00 FEET THROUGH A CENTRAL ANGLE OF 2 DEGREES 29 MINUTES 30 SECONDS, AN ARC LENGTH OF 30.00 FEET; THENCE NORTH 0 DEGREES 00 MINUTES 35 SECONDS WEST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 89 DEGREES 59 MINUTES 25 SECONDS WEST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41 DEGREES 18 MINUTES 55 SECONDS, AN ARC LENGTH OF 36.05 FEET; THENCE LEAVING SAID CONCRETE BULKHEAD LINE, NORTH 51 DEGREES 09 MINUTES 08 SECONDS WEST 60.76 FEET; THENCE NORTH 0 DEGREES 01 MINUTES 08 SECONDS WEST 18.97 FEET; THENCE SOUTH 89 DEGREES 58 MINUTES 52 SECONDS WEST 19.29 FEET; THENCE NORTH 0 DEGREES 01 MINUTES 08 SECONDS WEST 96.05 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED MAY 6, 1981, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND CROWLEY DEVELOPMENT CORPORATION, LESSEE, A SHORT FORM OF SAID LEASE BEING RECORDED ON AUGUST 5, 1983 AS INSTRUMENT NO. 83-901168 OFFICIAL RECORDS. SAID LEASE FURTHER PROVIDES:

LANDLORD SHALL NOT EXERCISE ANY RIGHT OF SURFACE ENTRY ON THE PREMISES NOR ANY RIGHT TO USE THE SUBSURFACES OF THE LAND AND WATER AREAS DESCRIBED WITHIN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL OF SAID PREMISES FOR THE PURPOSE OF MINERAL EXPLORATION OR DEVELOPMENT.

PARCEL 2:

A PORTION OF THE ARTIFICIALLY CREATED LAND AND WATER AREA WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 1, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILE MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 9, 1959 ON FILE WITH THE CITY OF LONG BEACH, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF PARCEL 2 OF RECORD OF SURVEY FILED IN BOOK 86 PAGES 21 AND 22 OF RECORD OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE SOUTH 0 DEGREES 01 MINUTES 08 SECONDS EAST 96.05 FEET; THENCE NORTH 89 DEGREES 58 MINUTES 52 SECONDS EAST 19.29 FEET; THENCE SOUTH 0 DEGREES 01 MINUTES 08 SECONDS EAST 18.97 FEET; THENCE SOUTH 51 DEGREES 09 MINUTES 08 SECONDS EAST 60.76 FEET, MORE OR LESS, TO A POINT ON THE FACE OF A CONCRETE BULKHEAD, SAID POINT ALSO BEING THE WATER LINE AND BEING ON A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE FROM SAID POINT BEARS SOUTH 41 DEGREES 19 MINUTES 30 SECONDS EAST, SAID POINT ALSO BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 41 DEGREES 18 MINUTES 55 SECONDS, AN ARC LENGTH OF 36.05 FEET; THENCE NORTH 89 DEGREES 59 MINUTES 25 SECONDS EAST 482.50 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 50.00 FEET; THENCE SOUTHEASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS, AN ARC LENGTH OF 78.54 FEET; THENCE SOUTH 0 DEGREES 00 MINUTES 35 SECONDS EAST 170.00 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE TO THE WEST HAVING A RADIUS OF 690.00 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 26 DEGREES 50 MINUTES 41 SECONDS, AN ARC LENGTH OF 323.28 FEET; THENCE NORTH 63 DEGREES 09 MINUTES 54 SECONDS WEST ALONG A RADIAL LINE 75.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 615.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 63 DEGREES 09 MINUTES 54 SECONDS EAST; THENCE SOUTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 615.00 FEET, THROUGH A CENTRAL ANGLE OF 3 DEGREES 09 MINUTES 19 SECONDS, AN ARC LENGTH OF 33.87 FEET TO A POINT OF COMPOUND CURVE; THENCE SOUTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHWEST HAVING A RADIUS OF 915.00 FEET, THROUGH A CENTRAL ANGLE OF 10 DEGREES 25 MINUTES 52 SECONDS, AN ARC LENGTH OF 166.58 FEET, A RADIAL LINE FROM SAID POINT BEARS NORTH 49 DEGREES 34 MINUTES 43 SECONDS WEST; THENCE NORTH 66 DEGREES 00 MINUTES 35 SECONDS WEST 118.52 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 15.00 FEET, A RADIAL LINE OF SAID CURVE TO SAID POINT BEARS SOUTH 66 DEGREES 00 MINUTES 35 SECONDS EAST; THENCE

NORTHWESTERLY ALONG SAID CURVE HAVING A RADIUS OF 15.00 FEET, THROUGH A CENTRAL ANGLE OF 123 DEGREES 33 MINUTES 26 SECONDS, AN ARC LENGTH OF 32.35 FEET TO A POINT OF REVERSE CURVE; THENCE WESTERLY ALONG A CURVE CONCAVE TO THE NORTH HAVING A RADIUS OF 15.00 FEET THROUGH A CENTRAL ANGLE OF 33 DEGREES 33 MINUTES 26 SECONDS, AN ARC LENGTH OF 8.79 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHWESTERLY ALONG A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 300.00 FEET THROUGH A CENTRAL ANGLE OF 45 DEGREES 16 MINUTES 05 SECONDS, AN ARC LENGTH OF 237.02 FEET TO A POINT OF COMPOUND CURVE; THENCE NORTHERLY ALONG A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 580.10 FEET THROUGH A CENTRAL ANGLE OF 20 DEGREES 43 MINUTES 55 SECONDS, AN ARC LENGTH OF 209.90 FEET; THENCE NORTH 0 DEGREES 00 MINUTES 35 SECONDS WEST, 170.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 50.00 FEET; THENCE NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 48 DEGREES 41 MINUTES 05 SECONDS, AN ARC LENGTH OF 42.49 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPT THEREFROM ALL MINERALS AND MINERAL RIGHTS OF EVERY KIND OR NATURE LYING BELOW THE SURFACE OF SAID AREA, AND EXCEPT THEREFROM ALL RIGHTS TO THE SUBSURFACE OF SAID LAND AND WATER AREA MORE THAN ONE HUNDRED (100) FEET BELOW GROUND LEVEL OR WATER SURFACE LEVEL, OTHER THAN THE RIGHT TO DRIVE PILES TO A DEPTH GREATER THAN ONE HUNDRED (100) FEET, AS RESERVED IN THE LEASE DATED MAY 6, 1981, EXECUTED BY CITY OF LONG BEACH, AS LESSOR AND CROWLEY DEVELOPMENT CORPORATION, LESSEE, A SHORT FORM OF SAID LEASE BEING RECORDED ON AUGUST 5, 1983 AS INSTRUMENT NO. 83-901168 OFFICIAL RECORDS.

PARCEL 3:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THE FOLLOWING DESCRIBED REAL PROPERTY:

BEGINNING AT THE INTERSECTION OF THE CENTERLINE OF GOLDEN SHORE (FORMERLY GOLDEN AVENUE), 64 FEET IN WIDTH, AND THE WESTERLY PROLONGATION OF THE SOUTHERLY LINE OF BLOCK 5, OCEAN PIER WEST, AS PER MAP RECORDED IN BOOK 5 PAGE 131 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES; THENCE ALONG THE SOUTHERLY PROLONGATION OF SAID CENTERLINE SOUTH 0 DEGREES 00 MINUTES 35 SECONDS EAST 20.84 FEET TO AN ANGLE POINT; THENCE ALONG THAT LINE HAVING A BEARING OF NORTH 0 DEGREES 01 MINUTES 32 SECONDS WEST AND DESCRIBED AS "TRANSIT LINE PER C.L.B. F.B. C-420 P.53, 59 & 60" ON RECORD OF SURVEY FILED IN BOOK 86 OF RECORDS OF SURVEYS AT PAGE 21 RECORDS OF LOS ANGELES COUNTY, SOUTH 0 DEGREES 01 MINUTES 32 SECONDS EAST 629.58 FEET TO A POINT PERPENDICULARLY DISTANT 29.00 FEET WESTERLY OF THE NORTHERLY TERMINUS OF A 101.00 FOOT RADIUS CURVE IN THE

WESTERLY BOUNDARY OF PARCEL 1 OF THE DEED TO THE TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY AND COLLEGES, RECORDED ON JUNE 4, 1973 AS INSTRUMENT NO. 3863, SAID PARCEL BEING ALSO SHOWN ON THE ABOVE MENTIONED RECORD OF SURVEY; THENCE AT RIGHT ANGLES NORTH 89 DEGREES 58 MINUTES 28 SECONDS EAST 19.00 FEET TO THE TRUE POINT OF BEGINNING OF THE ACCESS WAY TO BE HEREIN DESCRIBED; THENCE FROM A TANGENT THAT BEARS SOUTH 0 DEGREES 01 MINUTES 32 SECONDS EAST SOUTHEASTERLY ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 111.00 FEET THROUGH A CENTRAL ANGLE OF 89 DEGREES 58 MINUTES 28 SECONDS, AN ARC DISTANCE OF 174.30 FEET TO A TANGENT POINT ON THE SOUTHERLY LINE OF THE ABOVE DESCRIBED PARCEL 1; THENCE ALONG SAID SOUTHERLY LINE OF PARCEL 1 EAST 198.25 FEET TO THE SOUTHEASTERLY CORNER THEREOF; THENCE SOUTH 38.00 FEET; THENCE WEST 55.75 FEET; THENCE SOUTH 10.00 FEET TO THE NORTHEAST CORNER OF PARCEL 2 OF SAID INSTRUMENT NO. 3863, SAID PARCEL ALSO BEING SHOWN ON THE ABOVE DESCRIBED RECORD OF SURVEY; THENCE ALONG SAID NORTHERLY LINE OF PARCEL 2 AND ITS WESTERLY PROLONGATION WEST 291.33 FEET TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF THE TRANSIT LINE SHOWN ON SAID RECORD OF SURVEY; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0 DEGREES 01 MINUTES 32 SECONDS WEST TO A LINE THAT IS PARALLEL WITH AND 19.00 FEET WESTERLY OF SAID SOUTHERLY PROLONGATION OF THE CENTERLINE OF GOLDEN SHORE; THENCE ALONG LAST SAID PARALLEL LINE NORTH 0 DEGREES 00 MINUTES 35 SECONDS WEST TO THE GENERAL NORTHERLY LINE OF SEASIDE WAY, 100 FEET WIDE, AS SHOWN ON MAP OF SEASIDE PARK PLAT NO. 3, RECORDED IN BOOK 10 PAGE 27 OF MAPS, RECORDS OF LOS ANGELES COUNTY; THENCE EASTERLY ALONG SAID GENERAL NORTHERLY LINE OF SEASIDE WAY AS SHOWN ON LAST SAID MAP AND SAID MAP OF OCEAN PIER WEST TO A LINE PARALLEL WITH AND 19.00 FEET EASTERLY OF THE CENTERLINE OF GOLDEN SHORE AND ITS SOUTHERLY PROLONGATION; THENCE ALONG SAID PARALLEL LINE SOUTH 0 DEGREES 00 MINUTES 35 SECONDS EAST TO A LINE THAT IS PARALLEL WITH AND 19.00 EASTERLY OF THE ABOVE DESCRIBED TRANSIT LINE; THENCE ALONG LAST SAID PARALLEL LINE SOUTH 0 DEGREES 01 MINUTES 32 SECONDS EAST TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION DESCRIBED AS "PARCEL B" IN A GRANT DEED RECORDED FEBRUARY 3, 2000, AS INSTRUMENT NO. 00-016934 OF OFFICIAL RECORDS, RECORDS OF LOS ANGELES COUNTY.

PARCEL 4:

A NONEXCLUSIVE RIGHT OF WAY FOR ACCESS OVER, UPON AND ACROSS THAT PORTION OF THE ARTIFICIALLY CREATED LAND WITHIN THE TIDELANDS AND SUBMERGED LANDS CONVEYED TO THE CITY OF LONG BEACH BY THE STATE OF CALIFORNIA UNDER AN ACT OF MAY 1, 1911, CHAPTER 676, PAGE 1304, AS AMENDED, AS SHOWN ON CITY ENGINEERS FILED MAP NO. B-1774, SHEETS 1 THROUGH 4, DATED JUNE 9, 1959, ON FILED WITH THE CITY OF LONG BEACH,

COUNTY OF LOS ANGELES, STATE OF CALIFORNIA INCLUDED WITHIN THE ROADWAYS DEPICTED ON EXHIBIT B-2 OF THE SECOND AMENDMENT TO GROUND LEASE, DATED JUNE 29, 1989, AS FILED IN THE CITY CLERKS OFFICE OF THE CITY OF LONG BEACH AS CLERKS DOCUMENT NO. 15366, AND AS SHOWN ON EXHIBIT "B" OF THE MEMORANDUM OF SECOND AMENDMENT TO GROUND LEASE RECORDED AUGUST 1, 1989 AS INSTRUMENT NO. 89-1229721.

JNM:pw
5/1/02
C6\CATALINA.LEGAL

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 **FIRST AMENDMENT TO LEASE NO. 29263**

2 **29263**

3 THIS FIRST AMENDMENT TO LEASE NO. 29263 ("Amendment") is made
4 and entered as of May 1, 2018 ("Effective Date"), pursuant to minute order adopted by
5 the City Council of the City of Long Beach on April 17, 2018, by and between the CITY
6 OF LONG BEACH, a municipal corporation and trust grantee of the State of California of
7 certain tide and submerged lands within said City ("Lessor" or "City"), and CDCF III
8 PACIFIC CATALINA LANDING LONG BEACH, LLC, a Delaware limited liability company
9 ("Lessee"), as successor-in-interest to Special Services Asset Management Company, an
10 Illinois corporation, as successor-in-interest to AC-Catalina Landing LLC, a Delaware
11 limited liability company, as successor-in-interest to John Hancock Life Insurance
12 Company, a Massachusetts corporation ("Original Lessee").

13 **RECITALS**

14 A. Lessor and Lessee are parties to that certain Lease No. 29263 dated
15 as of June 30, 2000, as clarified by those certain letters from Vincent Coughlin of Lessor
16 to John M. Nagle of Original Lessee dated April 29, 2002 and May 23, 2002 and as
17 memorialized by that certain Memorandum of Lease Agreement between Lessor and
18 Original Lessee dated as of April 29, 2002 and recorded on June 25, 2002 in the Official
19 Records of Los Angeles County, California (the "Official Records") as Document Number
20 02-1432897 (collectively, the "Lease"), pursuant to which Lessee leases from Lessor
21 certain tidelands property more particularly described in the Lease (the "Premises").
22 Lessee is the successor to the leasehold interest in the Lease pursuant to that certain
23 Assignment and Assumption of Lease and Dredge Agreement dated as of August 28,
24 2015 and recorded on August 31, 2015 in the Official Records as Document Number
25 20151072450.

26 B. The term of the Lease is currently scheduled to expire on April 28,
27 2068 (the "Initial Term").

28 C. Lessor and Lessee desire to amend the Lease to, among other

1 things, extend the Lease term and to add provisions regarding future rent adjustments.

2 **AGREEMENT**

3 1. Term. The term of the Lease, as described in Paragraph 2.2 of the
4 Lease, is hereby extended so that the term of the Lease shall expire on April 28, 2084.
5 Lessee has no option to extend the term of the Lease.

6 2. Fair Market Rental Adjustment. In addition to all other rental
7 adjustments provided for by the Lease, on May 1, 2043 and May 1, 2068 (each, a "Fair
8 Market Rental Adjustment Date"), the ground rent will be adjusted to reflect the fair
9 market rental value of the Premises as described below. On or before the date which is
10 one hundred eighty (180) days prior to each Fair Market Rental Adjustment Date, Lessor
11 and Lessee shall negotiate in good faith to determine an appropriate adjusted rental rate
12 for the Premises based upon the fair market rental value of the Premises (which, for the
13 purposes of the Lease, as hereby amended, shall mean the fair market rental value of the
14 Premises with consideration given to the permitted uses under the Lease and
15 improvements on the Premises, in each case as of the applicable Fair Market Rental
16 Adjustment Date). In determining the appropriate adjusted rental rate for the Premises,
17 either party may obtain its own appraisal, which may be used throughout subsequent
18 steps in the rental adjustment process, if necessary. If the parties are unable to agree
19 upon an appropriate adjusted rental rate on or before the date which is one hundred
20 twenty (120) days prior to a Fair Market Rental Adjustment Date, then the fair market
21 rental value of the Premises as described above shall be determined by appraisals
22 prepared by two appraisers, one appointed by Lessor at its expense and one appointed
23 by Lessee at its expense, both of whom shall be licensed by the State of California as
24 Certified General Appraisers and members of the Appraisal Institute or a successor
25 organization in the event the Appraisal Institute ceases to exist. Each appraisal shall be
26 completed within sixty (60) days prior to a Fair Market Rental Adjustment Date. The two
27 appraisals shall be averaged and the resulting average shall thereafter be the adjusted
28 rental rate, unless the higher of the two appraisals exceeds the lesser by ten percent

1 (10%) or more, in which case the two appraisers shall appoint a third appraiser, also
2 licensed by the State of California as a Certified General Appraiser and a member of the
3 Appraisal Institute or a successor organization. Selection of the third appraiser as
4 described below, if necessary, shall occur no later than ten (10) days after both initial
5 appraisals are completed. The cost of such third appraiser shall be shared equally by the
6 parties to the Lease, as hereby amended. In order to select such third appraiser, if the
7 two appraisers do not agree on a third appraiser within ten (10) days after both initial
8 appraisals are completed, the appraisers shall obtain a list of five (5) appraisers from the
9 President of the Southern California Chapter of the American Institute of Real Estate
10 Appraisers and shall alternately strike names from such list until one remains to become
11 the third appraiser. The two appraisers shall flip a coin to determine which appraiser first
12 strikes a name from the list. If the selected third appraiser is unwilling or unavailable to
13 serve or cannot complete the appraisal report within the required time limit described
14 below, the fourth stricken name shall be the third appraiser, and so on in reverse order
15 until the third appraiser is selected. The third appraiser shall complete and submit the
16 required appraisal to both parties within sixty (60) days after appointment. Lessor and
17 Lessee shall cause a copy of their appraisals prepared by their respective appraisers to
18 be delivered to the third appraiser upon receipt of the completed third appraisal. All
19 appraisals shall be in the form of complete, self-contained narrative written appraisal
20 reports supported by facts and analysis. All selected market data used in the appraisal
21 reports shall be gathered, reviewed and analyzed independently by the respective
22 appraisers. The two of the three appraisers arriving at a fair market rental value of the
23 Premises closest to each other shall attempt to concur on such value. Disagreements
24 between the two appraisers as to the method of appraisal shall be resolved by the
25 appraiser whose value is not being considered, and such appraiser's decisions as to the
26 method of appraisal shall be final for purposes of the appraisal process. If the two
27 appraisers arriving at a fair market rental value of the Premises closest to each other are
28 unable to concur on such value within fifteen (15) days after completion of the third

1 appraisal, the two closest appraisals shall be averaged and that value shall be the fair
2 market rental value of the Premises, which shall be final and binding on the parties. In
3 the event the rental adjustment process is not completed prior to an applicable Fair
4 Market Rental Adjustment Date, the ground rent shall be based upon the lower of the two
5 appraised rental rates that are closest to each other as described above until such time
6 as the rental adjustment process described herein is complete. The final adjusted rental
7 rate shall be retroactive to the applicable Fair Market Rental Adjustment Date and shall
8 constitute the ground rent until further adjusted in accordance with Paragraph 3.2.2 of the
9 Lease, as clarified. The parties shall remit appropriate overpayments or underpayments
10 within thirty (30) days after the determination of the final adjusted rental rate if such
11 determination occurs after the applicable Fair Market Rental Adjustment Date. The
12 ground rent determined through this process in no event shall be less than the ground
13 rent payable immediately prior to the applicable Fair Market Rental Adjustment Date.

14 3. Extension Fee. In addition to all existing rent and other payment
15 obligations as provided for by the Lease, Lessee shall make a one-time lump-sum
16 payment to Lessor in the amount of One Million Nine Hundred Thousand Dollars
17 (\$1,900,000) ("Extension Fee"). The Extension Fee shall be due upon execution of this
18 Amendment, and payable within thirty (30) calendar days after the Effective Date. Failure
19 to pay such Extension Fee, or any portion thereof, within such 30-day period shall
20 constitute a default under Paragraph 10.2 of the Lease.

21 4. Wayfinding Fee. In addition to all existing rent and other payment
22 obligations as provided for by the Lease, Lessee shall make a one-time lump-sum
23 payment to Lessor in the amount of Two Hundred Fifty Thousand Dollars (\$250,000)
24 ("Wayfinding Fee"), to be used exclusively by Lessor in order to install and/or upgrade
25 wayfinding signage and improvements to the general vicinity of the Premises. The
26 Wayfinding Fee shall be due upon execution of this Amendment, and payable within thirty
27 (30) calendar days after the Effective Date. Failure to pay such Wayfinding Fee, or any
28 portion thereof, within such 30-day period shall constitute a default under Paragraph 10.2

1 of the Lease.

2 5. Condition of Premises. Paragraph 5.5 of the Lease is hereby
3 amended and restated in its entirety to read as follows:

4 "5.5 Condition of Premises. Tenant covenants to keep the Premises
5 reasonably neat and clean, and to keep all improvements constructed thereon in good
6 order, repair, and condition, reasonable wear and tear and damage by casualty and
7 governmental authority excepted, and Tenant shall otherwise maintain the Premises and
8 all improvements thereon in a first-class manner comparable to similar office projects in
9 the downtown area of Long Beach."

10 6. Amendment to Memorandum of Lease. Concurrent with its
11 execution and delivery of this Amendment, each of Lessor and Lessee shall execute and
12 deliver an Amendment to Memorandum of Lease in substantially the form attached
13 hereto as Exhibit "A" and made a part hereof. All recording costs, documentary transfer
14 taxes, taxes assessed, and fees related thereto shall be paid by Lessee.

15 7. Special Events. Lessee acknowledges that Lessor intends, from
16 time-to-time, to issue permits for special events in the vicinity of the Premises, including
17 without limitation permits in connection with the Long Beach Grand Prix and the 2028
18 Olympics, and that such special events may impact (but shall not prohibit) access to the
19 Premises and/or limit adjacent public parking for Lessee, its subtenants and invitees.
20 Lessor and Lessee agree to cooperate with each other to accommodate all such events
21 and to limit adverse impacts to the Premises as much as reasonably possible.

22 8. Capitalized terms not otherwise defined herein shall have the
23 meaning ascribed to such terms in the Lease.

24 9. Except as herein amended, the Lease shall remain unchanged and
25 in full force and effect.

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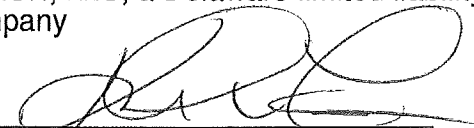
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IN WITNESS WHEREOF, Lessor and Lessee have signed this First Amendment to Lease No. 29263 as of the date opposite their signature.

LESSEE

CDCF III PACIFIC CATALINA LANDING LONG BEACH, LLC, a Delaware limited liability company

May 1, 2018

By: 
Name: Keisha V. Freeman
Title: Authorized Signer

LESSOR

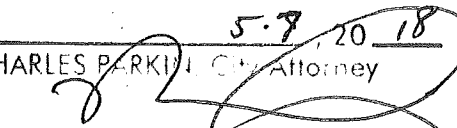
CITY OF LONG BEACH, a municipal corporation

May 10 2018
Tom Modica
Assistant City Manager

By: 
City Manager

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER

APPROVED AS TO FORM

5-7-2018
CHARLES PARKIN, City Attorney
By: 
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

RECORDING REQUESTED BY, AND
WHEN RECORDED, RETURN TO:

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Century Plaza Towers
2029 Century Park East, Suite 3100
Los Angeles, CA 90067
Attention: Brandon Barker

29263

AMENDMENT TO MEMORANDUM OF LEASE

THIS AMENDMENT TO MEMORANDUM OF LEASE (this “**Amendment**”) is executed as of May 1, 2018, between the CITY OF LONG BEACH, a municipal corporation and trust grantee of the State of California of certain tide and submerged lands within said City (“**Lessor**”), and CDCF III PACIFIC CATALINA LANDING LONG BEACH, LLC, a Delaware limited liability company (“**Lessee**”).

RECITALS

WHEREAS, Lessor and Lessee are parties to that certain unrecorded Lease dated as of June 30, 2000, as clarified by those certain letters from Vincent Coughlin of Lessor to John M. Nagle of Original Lessee dated April 29, 2002 and May 23, 2002, as memorialized by that certain Memorandum of Lease Agreement (the “**Memorandum**”) between Lessor and Original Lessee dated as of April 29, 2002 and recorded on June 25, 2002 in the Official Records of Los Angeles County, California (the “**Official Records**”) as Document Number 02-1432897, and as amended by that certain First Amendment to Lease No. 29263 (the “**Lease Amendment**”) dated as of even date herewith (collectively, the “**Lease**”), pursuant to which Lessee leases from Lessor certain tidelands property more particularly described in the Lease (the “**Premises**”). Lessee is the successor to the leasehold interest in the Lease pursuant to that certain Assignment and Assumption of Lease and Dredge Agreement dated as of August 28, 2015 and recorded on August 31, 2015 in the Official Records as Document Number 20151072450. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

WHEREAS, Lessor and Lessee desire to amend the Memorandum to record notice of the Lease Amendment and certain terms specified in the Lease Amendment in the Official Records.

NOW, THEREFORE, in consideration of the foregoing, Lessor and Lessee hereby declare as follows:

1. **Lease Term.** Pursuant to the Lease Amendment, the term of the Lease is extended and shall expire on April 28, 2084.

2. Purpose of this Amendment. This Amendment is executed for the purpose of being recorded, in order to give notice of the Lease Amendment and the extension of the term of the Lease. This Amendment is not a complete summary of the terms and conditions of the Lease, and is subject to, and shall not be used to interpret or modify, the Lease. In the event of any conflict or inconsistency between the terms of the Lease and the terms of the Memorandum, as amended by this Amendment, the terms of the Lease shall control. Except as hereby amended, the Memorandum is ratified and confirmed and remains in full force and effect.

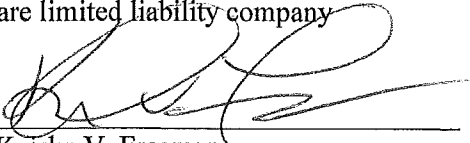
3. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

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IN WITNESS WHEREOF, Lessor and Lessee have executed this Amendment as of the date and year first written above.

LESSEE:

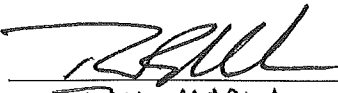
CDCF III PACIFIC CATALINA LANDING LONG BEACH, LLC,
a Delaware limited liability company

By: 
Name: Keisha V. Freeman
Title: Authorized Signer

LESSOR:

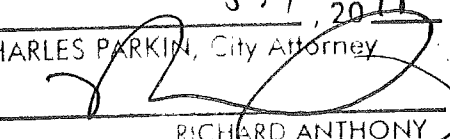
CITY OF LONG BEACH,
a municipal corporation

Tom Modica
Assistant City Manager

By: 
Name: TOM MODICA
Title: ASSISTANT CITY MANAGER

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER

APPROVED AS TO FORM

5.7, 2018
CHARLES PARKIN, City Attorney
By: 
RICHARD ANTHONY
DEPUTY CITY ATTORNEY

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

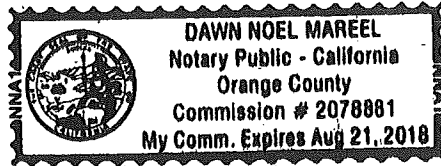
State of California)
County of ORANGE)

On 5/1/2018 before me, DAWN NOEL MAREEL, personally appeared KEISHA V. FREEMAN, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____



A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

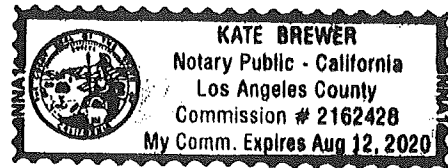
State of California)
County of Los Angeles)

On May 17, 2018 before me, Kate Brewer, Notary Public, personally appeared TOM MODICA, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~(is)~~ are subscribed to the within instrument and acknowledged to me that ~~(he)~~ ~~(she)~~ ~~(they)~~ executed the same in ~~(his)~~ ~~(her)~~ ~~(their)~~ authorized capacity~~(ies)~~, and that by ~~(his)~~ ~~(her)~~ ~~(their)~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Kate Brewer



29264

AGREEMENT

THIS AGREEMENT is made and entered into as of May 1, 2002, pursuant to a minute order adopted by the City Council of the City of Long Beach at its May 16, 2000, and June 27, 2000 meetings by and between the **CITY OF LONG BEACH**, a municipal corporation and trust grantee of the State of California of certain tide and submerged lands within said City (the "**City**"), and **JOHN HANCOCK LIFE INSURANCE COMPANY**, a Massachusetts corporation ("**Owner**").

RECITALS

A. Pursuant to a Ground Lease between Owner and City ("**Ground Lease**"), Owner is the ground leasehold owner of that certain project located at 310 through 340 Golden Shore, Long Beach, California ("**Project**"), and commonly known as Catalina Landing. Owner acknowledges that City currently has no obligation to maintain the depth of the docking basin located at the Project ("**Basin**") by dredging or other means. Owner desires that City agree to maintain the depth of the Basin as described below during the entire Term (defined below).

B. As inducement and in consideration of City's agreement to maintain the depth of the Basin as described below and for other good and valuable consideration, Owner and City agree as set forth below.

1. **DEFINITIONS:** As used in this Agreement, the following terms will have the following meanings:

1.1 "**Calendar Year**" means any calendar year during the term of this Agreement.

1.2 "**Net Parking Revenue**" means all parking revenue received by Owner resulting directly from the operation of a waterborne passenger service to or from the Project including, without limitation, passenger service between the Project and Catalina Island, harbor cruises, whale watching cruises, water taxi service, and other waterborne passenger services (collectively, "**Waterborne Passenger Services**"). "**Net Parking Revenue**" shall include revenue from the sale of monthly parking passes, validations and prepaid parking, daily and hourly parking fees, and parking fees collected by a Provider (defined below) to the extent that Provider actually pays the proceeds of such sales and fees to Owner or Owner's designee or assignee, or any party that holds a lien on Owner's right, title or interest in Net Parking Revenue. Net Parking Revenue shall not include (or, if included, there shall be deducted to the extent of such inclusion) the following:

(a) any parking revenue not directly related to Waterborne Passenger Services ("**Non-Passenger Parking**"); and

(b) sales and use taxes, transportation taxes, excise taxes, franchise taxes and other similar taxes now or in the future imposed upon Net Parking Revenue, but only if such taxes and charges are added to the selling price, separately stated and collected from customers.

In lieu of implementing a program at the Project to establish with certainty the amount of parking revenue attributable to Non-Passenger Parking relating to transient parkers ("**Transient Parkers**") visiting Project tenants, Owner may elect, in its sole discretion, for purposes of calculating Net Parking Revenue, to assume that the parking revenue paid by Transient Parkers during any calendar year is Twenty-five Thousand and 00/100 Dollars (\$25,000) ("**Assumed Amount**"). In no event will the Assumed Amount be deemed to include any revenue from the following types of Non-Passenger Parking: Prepaid monthly tenant parking (including prepaid parking for the personnel of any Provider but not including monthly parkers using Waterborne Passenger Services), parking provided for the Long Beach Grand Prix, or parking for any other event, use or purpose that Owner and City mutually agree shall not be included in the Assumed Amount. The Assumed Amount shall be (i) prorated for any partial calendar year during which this Agreement is in effect based on the number of months during that year that this Agreement is in effect and (ii) increased, but never decreased, on January 1 of each calendar year based on increases during the immediately preceding calendar year in the Consumer Price Index (All Urban Consumers) for the Los Angeles-Anaheim-Riverside Metropolitan Area ("**CPI**") published by the Bureau of Labor Statistics of the U.S. Department of Labor. The increase shall be determined by multiplying the percentage increase in the CPI by the Assumed Amount in effect as of December 31 of the immediately preceding calendar year. The increase that will take effect on January 1, 2003 shall be based on the increase in the CPI for the entire 2002 calendar year.

1.3 "**Hazardous Materials**" means any toxic, hazardous, corrosive, reactive, ignitable, carcinogenic, mutagenic or reproductive toxic chemical, compound, material, mixture, waste or substance, whether now or hereafter defined, listed in or otherwise classified pursuant to any state or federal law, now or hereafter applicable to the Project; petroleum, including crude oil or any fraction thereof; and asbestos containing materials.

1.4 "**Term**" means the period beginning on the date of this Agreement and ending on the date of expiration or earlier termination of the term of any existing or future agreement between Owner, or its successors and assigns, and City pursuant to which the Project is ground leased from the City.

1.5 "**Provider**" means any person or entity that provides Waterborne Passenger Services to or from the Project.

2. **FEE:** Owner shall pay to City an annual fee (the "**Fee**") equal to thirty percent (30%) of all Net Parking Revenue collected during each Calendar Year during the Term, prorated for the initial and last years of the Term based on the Net Parking Revenue collected on the days during those years that this Agreement is in effect.

3. **PAYMENT SCHEDULE:** Owner shall pay City the Fee, if any, required under Paragraph 2, above, on a yearly basis by February 28 of each year for the immediately preceding Calendar Year. Owner shall by each such February 28 furnish City a statement of Net Parking Revenue ("**Statement**") received by Owner during the immediately preceding Calendar Year and will on said date pay City the amount of any Fee City is entitled to receive. Such Statement shall show Net Parking Revenue received by Owner and the amount of the Fee City is entitled to receive.

4. RECORDS:

4.1 Owner shall keep or cause to be kept at the Premises accurate and complete records, books of account, records showing transactions relating to parking for Waterborne Passenger Services and Non-Passenger Parking, general ledgers, journals including supporting documents and any other accounting records maintained by Owner that City's auditor reasonably deems necessary for proper reporting of Fees and Net Parking Revenue (collectively, "Records"). Owner shall install and maintain an accurate transaction processing system providing a cumulative total of total parking revenue at the Project and of Net Parking Revenue and shall keep records of those totals reflecting every such transaction; provided, however, that if Owner elects to fix Non-Passenger Parking Revenue at the Assumed Amount as permitted above, then Owner shall only be required to accurately record the cumulative total of total parking revenue at the Project.

4.2 Owner shall hold the Records for a period of two (2) years after the end of the applicable calendar year and shall, upon City's prior written request, make the Records available to City at the Project, during normal weekday business hours. City shall have the right at any reasonable time during the Term, and for two (2) years after expiration or termination of the Term, to examine and audit the Records for the purpose of determining the accuracy thereof, at City's sole cost and expense. In addition, City's auditor may from time to time conduct an audit of the Records and observe the operation of the relevant portions of Owner's business (at no cost to Owner and without interfering with the operation of any business operating at the Project) to confirm the accuracy of the Records. If the audit accurately reflects a deficiency in the payment of any Fee, the deficiency shall become immediately due and payable. In the event that the audit accurately reflects that Owner understated Net Parking Revenue by more than five percent (5%), then Owner shall pay the reasonable cost of City's audit.

4.3 All accounting records audited by City or received by City shall be treated as confidential and exempt from public disclosure thereof to the extent permitted by law.

5. OBLIGATION TO DREDGE BASIN: City shall at all times keep and maintain the Basin properly dredged. The Basin shall be deemed properly dredged if the water depth at low tide is sufficient to permit each Provider's vessels to navigate the Basin, provided that in all events a minimum water depth of fifteen (15) feet at low tide shall be deemed sufficient.

5.1 As part of City's obligation to keep and maintain the Basin properly dredged, City shall use every reasonable opportunity to dredge the Basin and dispose of the resultant spoils in advance of silting in the Basin actually impinging on the fifteen (15) foot standard mentioned above. Factors that will be taken into account to determine when dredging should be undertaken shall include but not be limited to the following ("**Dredging Factors**"): (i) the then current depth of the Basin at low tide (i.e., whether the depth of the Basin is substantially greater than fifteen (15) feet at low tide), (ii) whether or not a suitable site for depositing dredging spoils is available, (iii) how deep the Basin can be dredged without risking damage to the seawalls of the Basin (i.e., City will dredge the Basin deeper than the fifteen (15) foot standard whenever possible to minimize the likelihood that the fifteen (15) foot standard will not be met, and (iv) whether or not impending or continuing rains might result in the depth of the Basin being less than fifteen (15) feet at low tide in the foreseeable future.

5.2 City will implement the following procedures to ensure that dredging of the Basin will occur when warranted by the Dredging Factors: (a) City personnel will review reports of the depth of the Basin provided by Catalina Channel Express, Inc. ("CCE") or any other Provider obligated to provide such reports to Owner, (b) City shall operate and properly maintain a dredge capable of dredging the Basin or contract with the operator of a dredge so that the dredge will be reasonably available to dredge the Basin when warranted by the Dredging Factors, (c) All appropriate agencies of City shall coordinate their dredging efforts throughout the Port of Long Beach so that City may take advantage of opportunities to deposit dredge spoils from the Basin at sites identified and used by City in connection with dredging operations at other sites, (d) City shall, to the extent feasible, at all times maintain all permits required to dredge the Basin and deposit dredge spoils, (e) City shall implement an ongoing program to identify sites at which City may acquire the right to deposit dredge spoils at nominal cost, and (f) City shall at all times take all other action reasonably required to be able to perform its dredging obligations under this Paragraph 5 consistent with the provisions of Paragraph 5.1 and this Paragraph 5.2.

5.3 If City faithfully and fully implements the procedures described in Paragraph 5.2, above, then Owner's sole remedy against City if City fails to keep the Basin properly dredged as required under this Paragraph 5 shall be to elect one or more of the following remedies, which shall be cumulative and not exclusive of each other: (a) Owner shall be entitled to the prompt return of Fees paid by Owner to City under this Agreement ("Past Fees") to the extent that Owner must abate or pay any amount to CCE under that certain Lease Agreement, dated January 29, 2002, between Owner and CCE, or under any other substantially similar agreement with any other Provider because City fails to keep the Basin properly dredged (collectively, "Abatement Costs"); (b) Owner shall be entitled to offset against Fees then payable to City, or payable to City at any time in the future (collectively, "Future Fees"), the amount of any Abatement Costs for which Owner is not reimbursed under Clause (a), above, and (c) issuance by a court with jurisdiction over the matter of an injunction ordering City to properly dredge the Basin as soon as reasonably possible and deposit the dredge spoils within Los Angeles County, or ordering City to take or cease such other action that will, as soon as reasonably possible, effectuate the proper dredging of the Basin and the deposit of the dredge spoils within Los Angeles County. If City fails to faithfully and fully implement the procedures described in Paragraph 5.2, above, then Owner's monetary remedies shall not be limited by the amount of Past Fees or Future Fees but shall instead be limited to the greater of (i) the amount Owner would be entitled to under the immediately preceding sentence and (ii) all Abatement Costs relating to the office/terminal space (as compared to any loss of parking related revenue) that CCE or any other Providers is obligated to lease (or otherwise pay a fee to occupy) at the Property, now or in the future, and incurred by Owner because City has failed to keep the Basin properly dredged.

5.4 Notwithstanding the other provisions of this Paragraph 5, City shall have no liability to Owner under this Paragraph 5 if City's failure to dredge the Basin is caused by war, fire, civil commotion, earthquake, other acts of God (other than rain, flood, mudslide, alluvium deposits, or silting), or any state or federal regulation enacted in the future and publicly opposed by City that materially impairs City's ability to dredge the Basin and not due to the City's fault or neglect or financial inability to perform, provided that in all events City shall use reasonable

diligence to overcome any such event. City agrees that its obligations under this Paragraph 5 are in addition to and not limited by the provisions of the Ground Lease.

6. NO COMPETING FACILITIES: Other than CCE's use of the existing facilities at the Queen Mary site or any sail boat service provided on a chartered basis, City shall not actively encourage or promote the use of, construct any facilities on, lease, or license, or permit the use, construction of any facilities on, leasing, subleasing, licensing, or sublicensing of any property owned by, or under the direct or indirect control of City for the purpose of providing ferry service from City to Catalina Island or for the parking of vehicles in connection with any such ferry service. Notwithstanding the foregoing, City shall not be in breach of this Paragraph 6 to the extent that (a) a third party provides ferry service from City to Catalina Island from property that is not owned by, or under the direct or indirect control of City, (b) a third party acting pursuant to rights granted by City before the date of this Agreement, uses, constructs facilities on, leases, or licenses, any property owned by, or under the direct or indirect control of City for the purpose of providing ferry service from City to Catalina Island or for the parking of vehicles in connection with any such ferry service, or (c) City's compliance with its obligations under this Paragraph 6 will violate applicable law. If City breaches its obligations under this paragraph, as Owner's sole remedies: (x) Owner's obligation to pay City the Fee shall be permanently abated for the entire period that City is in breach and for twelve (12) months after the breach is cured and (y) issuance by a court with jurisdiction over the matter of an injunction against City entering into any agreement or enacting any law or ordinance, or taking any similar action, that will breach City's obligations under this Paragraph 6.

7. NO ADDITIONAL FEES: As additional consideration for the Fee, City agrees that it shall not impose or charge any other fee of any nature, whether in the form of rent, a use or operations fee, an assessment, tax, or otherwise, against Owner or any Provider, including, without limitation, CCE in connection with either (a) any Provider's lease or use of a portion of the Project or (b) any Provider's, including, without limitation, CCE's operation of a ferry service from the Project to Catalina Island (collectively, the "**Fee Waiver**"); provided, however, that the Fee Waiver shall not apply to any generally applicable tax, fee, assessment, or charge payable by businesses or property owners operating in City. The Fee Waiver will remain in effect until the expiration of the later of (x) the Term or (y) the term of the lease for a portion of the Project between CCE and Hancock, and shall also apply to any assignee of CCE under the Lease.

City agrees that (a) CCE is relying on the Fee Waiver in entering into its lease with Owner, (b) the rent that CCE has agreed to pay under the Lease is based on CCE's understanding that City will agree to the Fee Waiver and (c) CCE would not have entered into the Lease absent the Fee Waiver. The Fee Waiver shall apply to City and all of its agencies. Each Provider, including, without limitation, CCE is a third party beneficiary to this Paragraph 7, and each Provider, including, without limitation, CCE (and each of their successors) may enforce this Paragraph 7 against City directly. In any action or proceeding between City and any Provider, including, without limitation, CCE in connection with the interpretation or enforcement of this Paragraph 7, the prevailing party shall be entitled to reimbursement of its reasonable attorney's fees and costs from the other party. Notwithstanding anything contained in this Paragraph 7, neither City's breach of its obligations under this Paragraph 7 nor the inability to enforce the provisions of this Paragraph 7 shall limit or modify CCE's or Owner's obligations under the Lease.

8. **HAZARDOUS MATERIALS:** As additional consideration for the annual Fee payable under this Agreement, City agrees that, except for any Release (defined below) of Hazardous Materials within the Basin by Owner, a Provider, or any other tenant or licensee of Owner (collectively, an "Owner Release"), Owner will have no liability for the presence of any Hazardous Materials in the Basin, including, without limitation, in, on, or under the Basin or the waters located therein (collectively, a "Release") and, except for any claim arising out of an Owner Release, City hereby waives and releases Owner from any claim City may now or hereafter have against Owner arising out of or in connection with any Release. City understands, has been advised by its legal counsel, and with respect to the matters covered by this paragraph, hereby waives the provisions of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

9. **WAIVER:** Any waiver by either party of any breach of any one or more of the terms, covenants, or conditions of this Agreement shall be in writing and shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term, covenant, or condition of this Agreement, nor shall failure on the part of either party to require exact, full and complete compliance with any of the terms, covenants, or conditions of this Agreement be construed as in any manner changing the terms, covenants, or conditions hereof or preventing the enforcement of the provisions hereof, nor shall the conduct of the parties be deemed to change or modify the terms, covenants, or conditions of this Agreement. No delay, failure or omission of either party to insist on strict enforcement of any term, covenant, or condition or to exercise any right, power, privilege or option arising from any default shall impair any such right, power, privilege or option or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right. The receipt and acceptance by City of a delinquent fee payment shall not constitute a waiver of any other default but shall only constitute waiver of timely payment for the particular fee payment involved. No notice to either party shall be required to restore "time is of the essence" after the waiver of any default. No option, right, power, remedy or privilege of either party shall be construed as being exhausted by the exercise thereof in one or more instances.

10. **SUCCESSORS AND ASSIGNS:** This agreement is binding on the successors and assigns of Owner. It is agreed between Owner and City that in no event shall it be unreasonable for City to refuse to consent to an assignment of this Agreement without the written promise of any such assignee to both adhere to the terms of this Agreement and to require such assignees, successors and assigns to adhere to the terms of this Agreement. Otherwise, City shall not unreasonably withhold its consent to an assignment of this Agreement.

11. **MISCELLANEOUS PROVISIONS:**

11.1 Notice. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be in writing addressed to the other party at the addresses set forth below or such other address as may have been specified by notifying the other party of the change of address.

To City: City of Long Beach
Attention: City Manager
333 West Ocean Boulevard, 13th Floor
Long Beach, CA 90802

With copy to: The City Attorney
City of Long Beach
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802

To Owner: John Hancock Life Insurance Company
Property Management Office
300 Golden Shore
Long Beach, CA 90802
FAX: (562) 495-2270

Notice shall be deemed served on the second business day following the day of mailing if properly mailed with the United States Postal Service, by certified mail, return receipt requested.

11.2 Time of Essence. Time is of the essence as to each provision of this Agreement.

11.3 Covenants and Conditions. All provisions hereof expressed as either covenants or conditions on the part of Owner or City to be performed or observed shall be deemed to be both covenants and conditions.

11.4 California Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California. Owner covenants and agrees to submit to the personal jurisdiction of any state court located in Los Angeles County, California, for any dispute, claim or matter arising out of or related to this Agreement.

11.5 Integrated Agreement. This Agreement constitutes the entire agreement between Owner and City regarding the subject matter of this Agreement and cannot be amended or modified except by written agreement.

11.6 Interpretation. The captions of this Agreement shall have no effect on its interpretation. When required by the context of this Agreement, the singular shall include the plural.

11.7 Severability. The unenforceability, invalidity or illegality of any provision shall not render the other provisions unenforceable, invalid or illegal.

11.8 Attorney Fees. If either party becomes a party to any litigation concerning this Agreement, by reason of any act or omission of the other party or its authorized representatives, and not by an act or omission of the party that becomes a party to that litigation or any act or omission of its authorized representatives, the party that causes the other party to become involved in the litigation shall be liable to that party for reasonable attorneys' fees and court costs incurred by it in the litigation. If either party commences an action against the other

party arising out of or in connection with this Agreement, the prevailing party shall be entitled to request the court for an award of reasonable attorneys' fees and costs of suit from the losing party. Such reasonable attorney's fees, costs, and expenses shall also be applicable to representation of all leasehold interests in any bankruptcy proceedings.

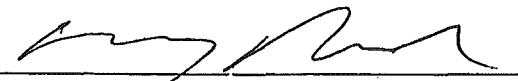
11.9 Municipal Authority. The execution and delivery of this Agreement by City and the consummation of the transactions contemplated herein have been duly authorized and approved by all requisite action of the City of Long Beach, acting by and through its City Council, and constitutes a valid and binding obligation on City.

11.10 Owner's Authority. The execution and delivery of this Agreement by Owner and the consummation of the transactions contemplated herein have been duly authorized and approved by all required action of Owner. Owner represents and warrants to City that it is duly incorporated under the laws of the State of Massachusetts and in good standing with the Secretary of State. Owner represents and warrants that this Agreement has been duly executed and delivered by Owner and constitutes a valid and binding obligation on Owner.

WITNESS the execution hereof under seal the day and year first above written.

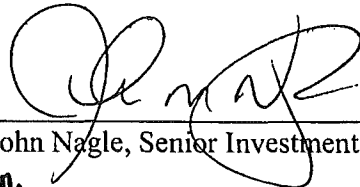
"CITY"

CITY OF LONG BEACH, a municipal corporation

By: 
City Manager

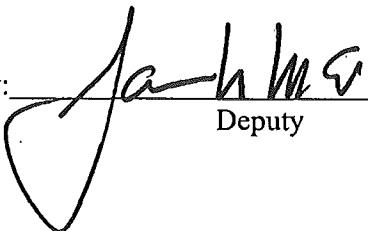
"OWNER"

JOHN HANCOCK LIFE INSURANCE COMPANY, a Massachusetts corporation

By: 
John Nagle, Senior Investment Officer

Approved as to form this 1st day of May, 2002.

ROBERT F. SHANNON, City Attorney

By: 
Deputy

1 FIRST AMENDMENT TO AGREEMENT NO. 29264

2 **29264**

3 THIS FIRST AMENDMENT is made and entered into, in duplicate, as of
4 October 7, 2013, for reference purposes only, pursuant to a minute order of the City
5 Council of the City of Long Beach at its meeting held on June 4, 2013, by and between
6 the CITY OF LONG BEACH, a municipal corporation (hereinafter "CITY"), and AC-
7 CATALINA LANDING LLC, a Delaware limited liability company (hereinafter "AC-
8 Catalina), as successor in interest to JOHN HANCOCK LIFE INSURANCE COMPANY, a
9 Massachusetts corporation (hereinafter "John Hancock").

10 WHEREAS, the City and John Hancock executed Agreement No. 29264
11 (the "Dredge Agreement") wherein the parties clarified the responsibilities related to the
12 dredging and maintenance of the Marina basin which John Hancock leased from City
13 pursuant to Ground Lease No. 29263; and

14 WHEREAS, on or about June 25, 2002, John Hancock and AC-Catalina
15 executed an Assignment and Assumption of Lease wherein John Hancock assigned its
16 rights and responsibilities under the Ground Lease and the Dredge Agreement to AC-
17 Catalina; and

18 WHEREAS, in advance of the U.S. Army Corps of Engineers performing
19 their regularly scheduled dredging of the Federal Channel in early 2014, AC-Catalina has
20 contracted with a third-party vendor for an interim dredging project (the "Interim Dredging
21 Project"), whereby approximately eight hundred cubic yards (800 c.y.) of dredge
22 materials in shallow portions of the Channel has been relocated to deeper, adjacent
23 portions of the Channel, all in accordance with applicable permits; and

24 WHEREAS, the City has agreed to reimburse AC-Catalina for thirty percent
25 (30%) of the amounts incurred by AC-Catalina in connection with the Interim Dredge
26 Project, not to exceed Thirty Thousand Dollars (\$30,000.00); and

27 WHEREAS, AC-Catalina and City have agreed that in lieu of City making a
28 cash payment toward the reimbursement of AC-Catalina for City's share of the Interim

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 Dredging Project costs, City shall provide AC-Catalina with a credit against the next
2 parking revenue payment due to City on February 28, 2014, equal to thirty percent (30%)
3 of the actual cost incurred by AC-Catalina for the Interim Dredging Project; and

4 WHEREAS, AC-Catalina and Catalina Express both acknowledge that
5 City's agreement to reimburse AC-Catalina for a portion of the costs of the Interim
6 Dredging Project in no way legally binds City to be responsible for any future
7 maintenance in the Federal Channel;

8 NOW, THEREFORE, in consideration of the above premises and mutual
9 terms and conditions herein, the parties agree as follows:

10 1. AC-Catalina incurred Seventy-Seven Thousand Two Hundred Thirty-
11 Three Dollars (\$77,233.00) in actual costs in connection with the Interim Dredge Project.
12 City hereby agrees to issue to AC-Catalina a credit of Twenty-Three Thousand One
13 Hundred Sixty-Nine Dollars and Ninety Cents (\$23,169.90) against the next parking
14 revenue payment due to the City on February 28, 2014 (such amount being equal to 30%
15 of the actual costs incurred by AC-Catalina for the Interim Dredging Project).

16 2. Except as expressly amended in this First Amendment, the terms
17 and conditions of Agreement No. 29264 are ratified and confirmed and shall remain in full
18 force and effect.

19 ///

20 ///

21 ///

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1 IN WITNESS WHEREOF, the parties hereto have caused this First
2 Amendment to Agreement No. 29264 to be duly executed with all the formalities required
3 by law as of the date first above written.

4 AC-CATALINA LANDING, LLC, A Delaware
5 Limited Liability Company

6 October 14, 2013

By 1

David Siegel, Vice President
Type or Print Name

8 "AC-CATALINA"

9
10 CITY OF LONG BEACH, a municipal
11 corporation

12 10-29, 2013

By Assistant City Manager

City Manager

14 "City"

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

15 This First Amendment is approved as to form this 22nd day of

16 October, 2013.

17 CHARLES PARKIN, City Attorney

18 By Gary J. Anderson

19 Gary J. Anderson, Deputy City Attorney

SETTLEMENT AGREEMENT AND LIMITED MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND LIMITED MUTUAL RELEASE (hereinafter "Settlement Agreement") is made and entered into by and between the following parties: CITY OF LONG BEACH, a municipal corporation, ("City") and AC-CATALINA LANDING LLC, a Delaware Limited Liability Company ("AC-Catalina") (collectively, the "Parties"); and is made with reference to the following facts:

RECITALS

A. City and John Hancock Life Insurance Company ("Original Tenant") entered into a sixty-six (66) year lease dated as of June 30, 2000 ("Lease") with respect to certain real property located at 310 through 340 Golden Shore, Long Beach, California ("Property") and a certain man-made docking basin commonly known as Catalina Landing ("Basin" or "Catalina Landing"). The Basin shall mean the area depicted in Exhibit "A" attached hereto and incorporated by reference herein.

B. City and Original Tenant also entered into an agreement dated May 1, 2002 with respect to, among other things, the dredging and maintenance of the Basin (the "Dredge Agreement").

C. On or about June 25, 2002, Original Tenant assigned its rights and responsibilities under the Lease and Dredge Agreement to AC-Catalina.

D. A dispute arose between City and AC-Catalina regarding, among other things, whether AC-Catalina was obligated to pay parking revenues to the City under the Dredge Agreement for the calendar years 2004 and 2005 and whether the City was obligated to dredge and maintain certain areas within and adjacent to the Basin under the Lease and the Dredge Agreement. On October 4, 2005, City filed a Second Amended Complaint ("Complaint") against AC-Catalina in Los Angeles County Superior Court, South District, Case No. NC037087 ("Lawsuit"). Thereafter, AC-Catalina filed an Answer and First Amended Cross-Complaint against City in the Lawsuit ("Cross-Complaint").

E. City and AC-Catalina have agreed to settle the Lawsuit, Complaint and Cross-Complaint on the terms and conditions in this Settlement Agreement.

A G R E E M E N T

1. Effective Date.

This Settlement Agreement shall become binding and effective when it has been executed by all of the Parties and approved in substance by City's City Council.

2. Emergency Dredging Fund.

a. Within five (5) business days of the full execution and delivery of this Settlement Agreement, AC-Catalina shall remit all parking fees payable to City under the Dredge Agreement for the calendar years 2004 and 2005 in the amount of \$1,047,896.29. With said parking fees, City shall establish an "Emergency Dredging Fund" in the amount of \$1,000,000 ("Emergency Dredging Fund"). The City shall (1) maintain the Emergency Dredging Fund in a separate account identified as the "Catalina Landing Emergency Dredging Fund", (2) not commingle the Emergency Dredging Fund with any other funds or accounts and (3) not utilize the Emergency Dredging Fund except as provided herein. The City shall utilize the Emergency Dredging Fund to dredge, or cause others to dredge, the Channel (as hereinafter defined) in the event of an Emergency (as hereinafter defined). "Channel" shall mean the navigation channel through the Los Angeles River Estuary extending from the bulkhead at the entrance of the Basin to the present location of the Queen Mary, as depicted in Exhibit "B" attached hereto and incorporated by reference herein. "Emergency" shall mean the inability of Catalina Channel Express Inc. ("Catalina Express"), or any other of AC-Catalina's tenants, subtenants or licensees that provide waterborne passenger services to or from the Basin ("Provider" or "Providers"), to either operate their vessels or to operate their vessels with reasonable safety through the Channel to and from the docks in the Basin because the depth or width of the Channel does not permit such operations.

b. The Emergency Dredging Fund shall be available for Emergency dredging until the earlier of December 31, 2007 or the completion of Maintenance Dredging (as hereinafter defined) by the United States Corps of Engineers ("Army Corps"). In the event that the Federal Government fails to appropriate sufficient funds for Maintenance Dredging, the Emergency Dredging Fund, and/or any unused portion thereof, shall be available for Maintenance Dredging. In the event that any funds remain in the Emergency Dredging Fund on December 31, 2007 or following completion of Maintenance Dredging by the Army Corps, whichever first occurs, City may withdraw such funds at its sole discretion after giving five (5) calendar days prior notice to AC-Catalina. "Maintenance Dredging" shall mean the dredging of the Channel so that the

Channel is at least one hundred and fifty (150) feet wide, with a depth of no less than minus twenty (-20) feet Mean Lower Low Water ("M.L.L.W.") in Area "1" and Area "2" and a depth of no less than minus fifteen (-15) feet M.L.L.W. in Area "3" and Area "4."

3. Basin Dredging.

Within one hundred twenty (120) days after the execution and delivery of this Settlement Agreement, City shall dredge, at its own expense, the portion of the Basin currently utilized by Catalina Express, as depicted in the map attached hereto as Exhibit "C" and incorporated herein, to a minimum depth of no less than minus fifteen (-15) feet M.L.L.W. After December 31, 2006 and continuing thereafter until December 31, 2007, City shall dredge, at its own expense, and within one hundred twenty (120) days of receipt of written notice, additional areas of the Basin to a minimum depth of no less than minus fifteen (-15) feet M.L.L.W. so as to provide reasonable access to and egress from the dock or docks in said additional areas. City's obligation to dredge additional areas of the Basin shall be conditioned upon AC-Catalina first providing to City a term sheet or notice of intent to sublease such additional areas of the Basin to any person or entity that would provide waterborne passenger services to or from a dock or docks within the additional area(s). Neither dredging of the Basin in the areas depicted by Exhibit "C" nor dredging in additional areas as described immediately above, shall be required to extend to minus fifteen (-15) feet M.L.L.W. if dredging to that depth would risk damage to the seawalls of the Basin.

4. AC-Catalina Credit.

AC-Catalina shall be entitled to a credit of \$600,000 against any parking revenues due to City under the Dredge Agreement for calendar year 2006 and, if necessary, calendar year 2007. By way of illustration only, if the total parking revenues for calendar year 2006 due to City under the Dredge Agreement equals \$600,000, then AC-Catalina shall not be required to make any payment to City for that time period.

5. Federal Government Lobbying.

AC-Catalina and City shall cooperate in their respective lobbying efforts to seek a federal appropriation for dredging of the Channel and to cause the Army Corps to include dredging of the Channel in its annual budget. To this end and subject to an executed conflict waiver, the Parties may elect to employ DLA Piper US LLP ("DLA Piper") to jointly represent AC-Catalina and City in such lobbying efforts pursuant to a joint engagement letter. In such an event, the reasonable cost of DLA Piper's lobbying

efforts solely relating to federal appropriations for dredging of the Channel or regular maintenance of the Channel by the Army Corps shall be shared equally by AC-Catalina and City through December 31, 2007; however, AC-Catalina shall make reasonable efforts to secure other contributions from other parties including, without limitation, Catalina Express, any other Providers and the Catalina Island Chamber of Commerce to fund the aforesaid lobbying efforts.

6. Dismissals; Attorneys' Fees and Costs.

Within five (5) business days after the full execution and delivery of this Settlement Agreement, completion of James McCabe's deposition as noticed by City, or October 23, 2006, whichever last occurs, City shall cause its counsel to file a Request for Dismissal, without prejudice, of the Complaint, in the form attached hereto as Exhibit "D" and incorporated herein by this reference.

Within five (5) business days after the full execution and delivery of this Settlement Agreement, completion of James McCabe's deposition as noticed by City, or October 23, 2006, whichever last occurs, AC-Catalina shall cause its counsel to file a Request for Dismissal, without prejudice, of the Cross-Complaint, in the form attached hereto as Exhibit "E" and incorporated herein by this reference.

Each party shall bear its own fees and costs in connection with the Lawsuit.

7. Release By City.

Except as to any rights, duties, liabilities, and obligations arising out of this Settlement Agreement and the Reserved Claims (as set forth in Section 8), City, for itself and each of its respective officers, directors, employees, partners, subsidiaries, attorneys, affiliates, successors, assigns, and agents, do hereby release and forever absolutely discharge AC-Catalina and each of its respective officers (including Donald Abbey), directors, trustees, beneficiaries, partners, members, agents, employees, subsidiaries, affiliates (including The Abbey Company), related companies, attorneys, successors, and assigns, of and from any and all claims, demands, damages, debts, liabilities, liens, obligations, accounts, actions, causes of action, costs, and expenses of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, and which are, or might be, in any way connected with, result from, arise out of, or are related to the allegations or matters contained in the Lawsuit, the Government Code Claim (as hereinafter defined) and any discovery conducted therein including, without limitation,

claims for Parking Revenues due to the City under the Dredge Agreement for the years 2004 and 2005.

8. Release By AC-Catalina.

Except as to any rights, duties, liabilities, and obligations arising out of this Settlement Agreement and the Reserved Claims (as set forth in Section 8), AC-Catalina, for itself and each of its respective officers, directors, employees, partners, subsidiaries, attorneys, affiliates, successors, assigns, and agents, do hereby release and forever absolutely discharge City and each of its respective officers, directors, trustees, beneficiaries, partners, agents, employees, subsidiaries, affiliates, related companies, attorneys, successors, and assigns, of and from any and all claims, demands, damages, debts, liabilities, liens, obligations, accounts, actions, causes of action, costs, and expenses of every kind and nature which are, or might be, in any way connected with, result from, arise out of, or are related to the allegations or matters contained in the Lawsuit, the Government Code Claim (as hereinafter defined) and any discovery conducted therein including, without limitation, claims relating to the Incident (as hereinafter defined). "Government Code Claim" shall mean the Government Code Claim presented to City by AC-Catalina dated on or about December 5, 2005. "Incident" shall mean the incident on January 10, 2005 whereby a Catalina Express vessel touched the floor of the Basin and/or Channel.

9. Reserved Claims.

Notwithstanding the releases set forth above, and subject to the terms and conditions of this Settlement Agreement, the Parties hereby expressly reserve any and all claims under the Lease, Dredge Agreement or applicable law that (i) are not released above or (ii) will arise after the date of this Settlement Agreement. The Parties further reserve their ability to argue, in any future proceeding, the interpretations of the scope and meaning of the provision of the Lease or Dredge Agreement that were raised in the Lawsuit. Moreover, notwithstanding any other provision of this Settlement Agreement (including the releases set forth in Section 7), AC-Catalina reserves its ability to seek injunctive relief regarding the City's obligation, if any, to dredge the Channel, based upon its existing or future condition, pursuant to the Lease, Dredge Agreement or applicable law, and the City reserves its ability to oppose such relief.

10. Mutual Representations, Warranties and Indemnities.

Each party represents and warrants that that party has not heretofore assigned or transferred or purported to transfer or assign to any person, firm, corporation or other legal entity, any matter herein released. Each party shall indemnify and hold harmless the other from and against any claim, demand, damage, debt, liability, lien, account, action, cause of action, cost or expense, including attorneys' fees actually paid or incurred, arising out of or in connection with any such transfer or assignment, or purported or claimed transfer or assignment by such party.

11. Waivers.

a. Each party agrees that that party will not make, assert, or maintain against any person that that party has released in this Settlement Agreement any claim, demand, action, suit or proceeding arising out of or in connection with the matters herein released.

b. Each party acknowledges that that party has been informed of the provisions of Section 1542 of the Civil Code of the State of California, and does hereby expressly waive and relinquish all rights and benefits which that party has or may have had under said section within the scope of the waivers set forth herein. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

c. Each party acknowledges that that party is aware that that party may hereafter discover facts different from or in addition to those that that party now knows or believes to be true with respect to the matters herein released, and each party agrees that these releases shall be and remain in effect in all respects as complete and general releases as to the matters released, notwithstanding any such different or additional facts.

12. No Admission.

a. Neither the existence, or provisions, of this Settlement Agreement, nor any action taken pursuant to this Settlement Agreement, shall constitute an admission of any wrongdoing, fault, violation of law or liability of any kind on the part of any party to this Settlement Agreement, which claims and allegations are denied and contested. The Settlement Agreement has been jointly negotiated and drafted and the Parties hereto each shall be deemed to have participated equally in the drafting of this Settlement Agreement. The language of this Settlement Agreement shall be construed as a whole according to its fair meaning, and not strictly for or against any of the parties hereto. Wherever possible, each word, phrase and provision of this Settlement Agreement shall be interpreted in such a manner as to be valid under applicable law, but, if any word, phrase or provision of this Settlement Agreement shall be held or deemed to be invalid or prohibited, such word, phrase or provision shall be ineffective to the extent of such prohibition without invalidating the remainder of the import of such word, phrase or provision or the remaining words, phrases or provisions of this Settlement Agreement.

b. This Settlement Agreement has no bearing on, and shall not be used in any way in the determination of: (1) whether City has any obligation to dredge or maintain the Channel pursuant to the Lease, Dredge Agreement or applicable law (which obligation[s] the City disputes); or (2) City's obligations to dredge in the Basin pursuant to the Dredging Agreement or the Lease. Nothing in this Settlement Agreement shall amend or modify either the Lease or the Dredge Agreement.

13. General Provisions.

a. This Settlement Agreement shall be binding upon and shall inure to the benefit of the respective Parties hereto, their respective successors, assigns, and heirs, and each of them.

b. In this document, where the context so requires, the masculine, feminine or neuter gender shall be deemed to include the others, and the singular shall include the plural.

c. This Settlement Agreement shall be construed under and shall be deemed governed by the laws of the State of California.

d. This Settlement Agreement sets forth the entire understanding of the Parties in connection with the subject matter hereof. No party has made any statement, representation or warranty in connection herewith, except as expressly set forth herein.

e. This Settlement Agreement shall become effective immediately upon its execution by all parties and its approval by City's City Council.

f. Time is of the essence with respect to all obligations specified herein.

g. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Settlement Agreement or any provision hereof.

h. No provision of this Settlement Agreement is to be interpreted for or against any party because that party or that party's legal representative drafted such provision.

i. In addition to any documents and instruments to be delivered as herein provided, each of the parties hereto shall, without further consideration, from time to time at the reasonable request of the other party, execute and deliver to the other party such other documents and instruments and take such other action as may be reasonable to carry out the terms of this Settlement Agreement.

j. Should any party hereto reasonably retain counsel for the purpose of enforcing any provision hereof, including, but not limited to, instituting any action or proceeding either to enforce any provision hereof for damages by reason of any alleged breach of any provision hereof, for a declaration of such party's rights or obligations hereunder, or for any other judicial remedy, and if such matter is settled by judicial determination (which term includes arbitration), the prevailing party (whether at trial or on appeal) shall be entitled, in addition to such other relief as may be granted, to be reimbursed by the losing party for all costs and expenses incurred thereby, including, but not limited to, reasonable attorneys' fees and costs, for the services rendered to such prevailing party.

k. Attorneys fees recoverable pursuant to paragraph 7.j, above, are recoverable as a separate item. This provision regarding post-judgment attorneys' fees is severable from all other provisions of this Settlement Agreement, and survives any judgment and is not to be deemed merged into any judgment.

l. Each party represents and declares that that party has carefully read this Settlement Agreement and knows the contents thereof, and that that party signs this Settlement Agreement freely and voluntarily.

m. Any individual signing this Settlement Agreement on behalf of an entity, whether a municipal corporation, a corporation, a company, a partnership or otherwise, hereby represents and warrants that such individual has full authority to do so, and that the entity, through its officers, directors, or other managing personnel, has authorized said individual to enter into this Settlement Agreement.

n. In the event that any provision of this Settlement Agreement is unenforceable, such unenforceability shall not affect the enforceability of any other provisions hereof.

o. This Settlement Agreement may be executed in two or more counterparts; each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

p. Facsimile signature shall be deemed the equivalent of original signatures.

q. The Court in which the Lawsuit is pending shall retain jurisdiction in accordance with Code of Civil Procedure section 664.6 to enforce the terms and conditions of this Settlement Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement Agreement and Mutual Release on the date set forth opposite their names.

Dated: 11.15, 2006

CITY OF LONG BEACH

By [Signature]
Its City Manager

Dated: October 24, 2006

AC-CATALINA LANDING LLC

By [Signature]
Its Governing Member

EXHIBIT A

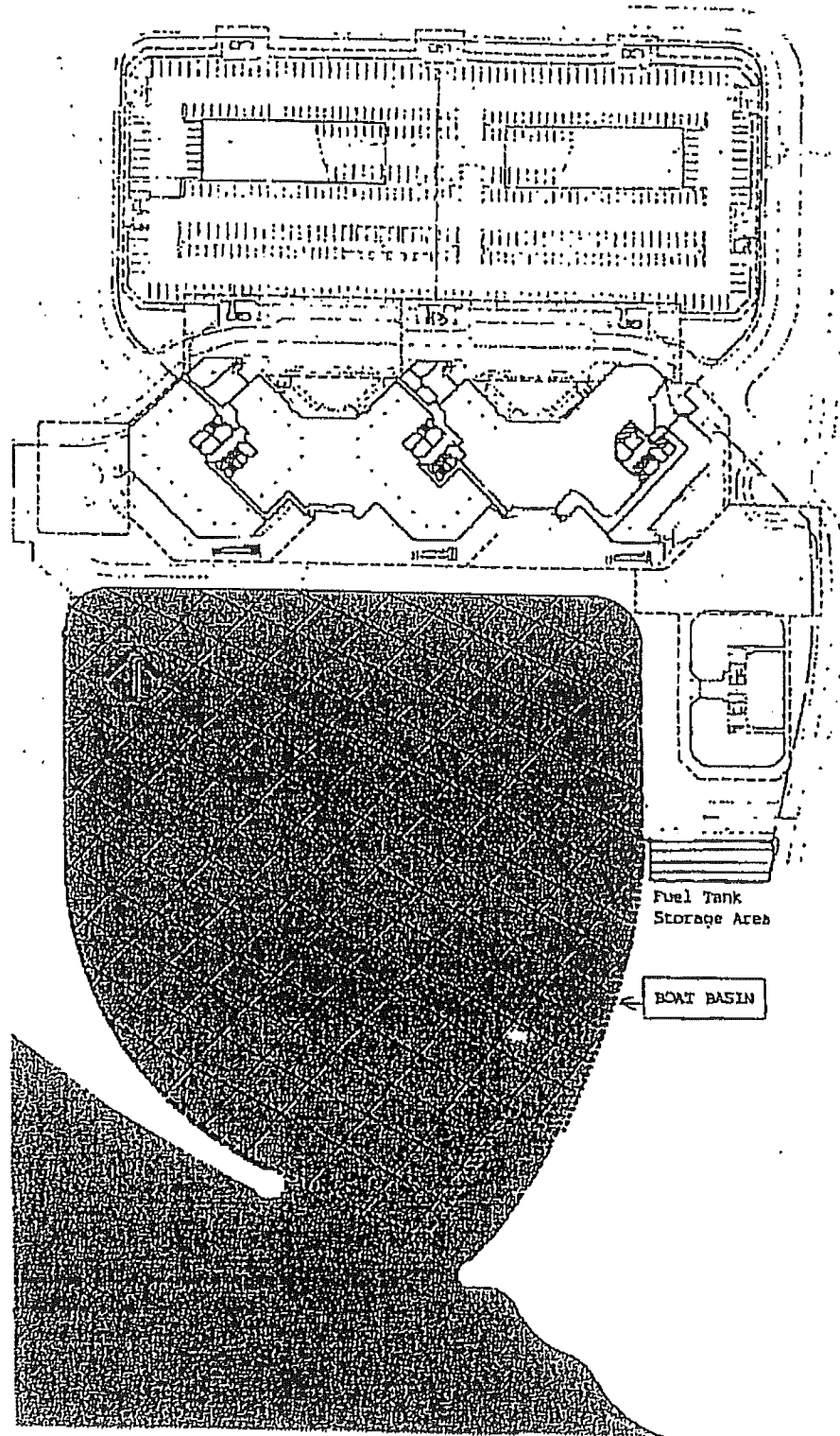


Exhibit "A"

EXHIBIT B

EXHIBIT C

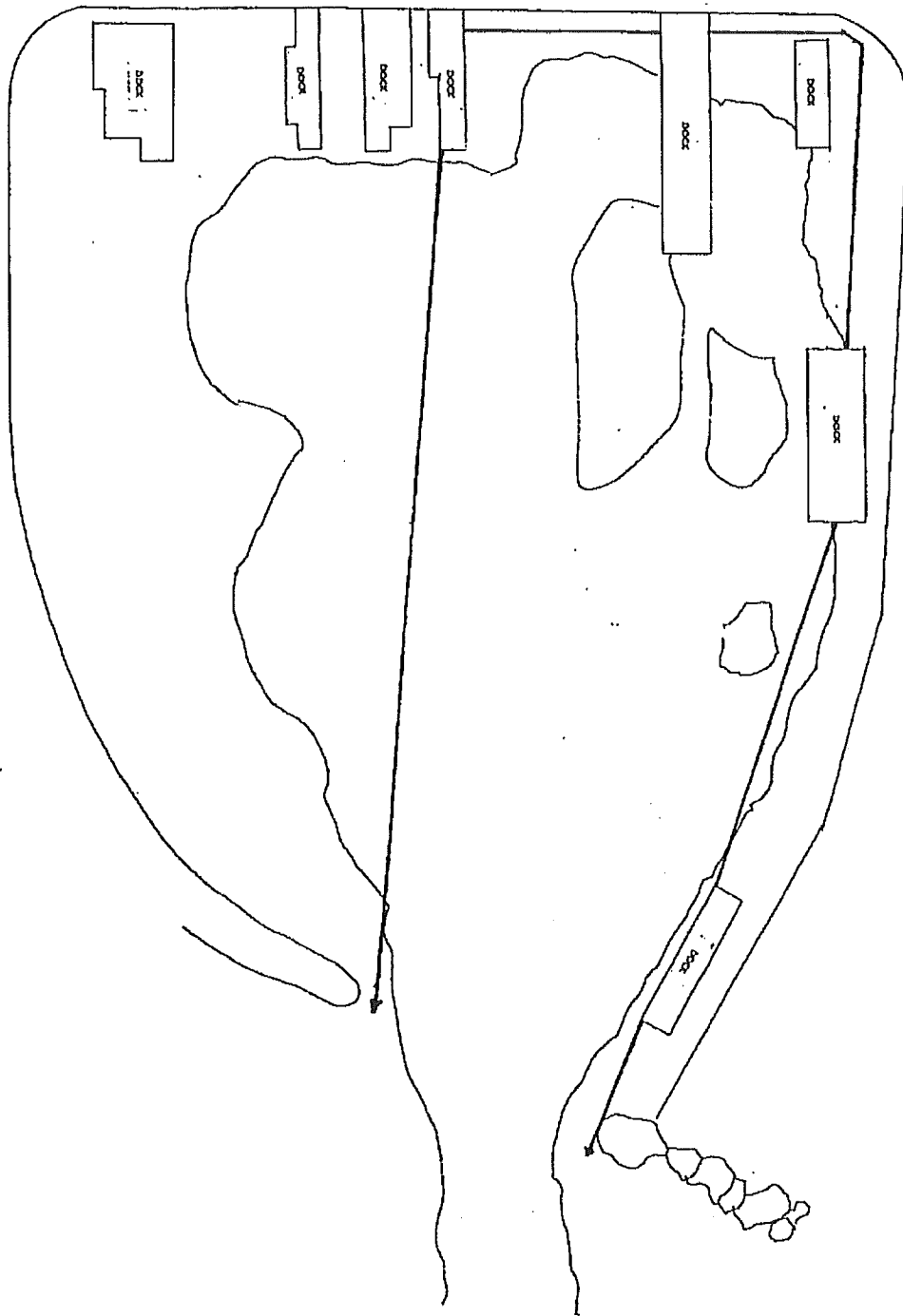


Exhibit "C"

EXHIBIT D

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and address) John F. Heuer, Jr., Esq. (CSB #1 (310) 552-3400 Jose L. Padilla, Jr., Esq. (CSB #106552) GIBBS, GIDEN, LOCHER & TURNER LLP 2029 Century Park East, 34th Floor Los Angeles, CA 90067-3039	TELEPHONE NO 552-3400	FOR COURT USE ONLY
ATTORNEY FOR (Name) Plaintiff CITY OF LONG BEACH		
In what name or court and name of judicial district and branch court, if any LOS ANGELES MUNICIPAL COURT SAN PEDRO BRANCH		
PLAINTIFF/PETITIONER: CITY OF LONG BEACH DEFENDANT/RESPONDENT: AC-CATALINA LANDING, LLC		
REQUEST FOR DISMISSAL <input type="checkbox"/> Personal Injury, Property Damage, or Wrongful Death <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other <input type="checkbox"/> Family Law <input type="checkbox"/> Eminent Domain <input checked="" type="checkbox"/> Other (specify): Breach of Contract		CASE NUMBER NC 037087

A conformed copy will not be returned by the clerk unless a method of return is provided with the document.

1. TO THE CLERK: Please dismiss this action as follows:

- a. (1) With prejudice (2) Without prejudice
- b. (1) Complaint (2) Petition
- (3) Cross-complaint filed by (name): on (date)
- (4) Cross-complaint filed by (name): on (date):
- (5) Entire action of all parties and all causes of action
- (6) Other (specify): Dismiss Second Amended Complaint dated October 4, 2005, without prejudice.

Date November 16, 2006

John F. Heuer, Jr., Esq.

(SIGNATURE)

(TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)

Attorney or party without attorney for: Plaintiff, CITY OF LONG BEACH

* If dismissal requested is of specified parties only, or specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed

Plaintiff/Petitioner Defendant/Respondent
 Cross-complainant

2. TO THE CLERK Consent to the above dismissal is hereby given."

Date:

(SIGNATURE)

(TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)

Attorney or party without attorney for:

** If a cross-complaint - or Response (Family Law) seeking affirmative relief - is on file, the attorney for cross-complainant (respondent) must sign this consent if required by Code of Civil Procedure section 581(j) or (l)

Plaintiff/Petitioner Defendant/Respondent
 Cross-complainant

(To be completed by clerk)

- 3. Dismissal entered as requested on (date):
- 4. Dismissal entered on (date): as to only (name).
- 5. Dismissal not entered as requested for the following reasons (specify):
- 6. a. Attorney or party without attorney notified on (date)
- b. Attorney or party without attorney not notified Filing party failed to provide a copy to conform means to return conformed copy

Date:

Clerk, by _____, Deputy

EXHIBIT E

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) Robert J. Odson (SBN 162506) DLA Piper US LLP 550 South Hope Street, Suite 2300 Los Angeles, California 90071 ATTORNEY FOR (Name) AC-Catalina Landing, LLC	TELEPHONE NO 213.330.7700	FOR COURT USE ONLY
COURT NAME AND DATE OF FILING (Name and District Court, if any) Los Angeles County Superior Court, South District		
PLAINTIFF/PETITIONER: City of Long Beach		
DEFENDANT/RESPONDENT: AC-Catalina Landing, LLC		
REQUEST FOR DISMISSAL <input type="checkbox"/> Personal Injury, Property Damage, or Wrongful Death <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other <input type="checkbox"/> Family Law <input type="checkbox"/> Eminent Domain <input checked="" type="checkbox"/> Other (specify): Breach of contract, injunctive & declaratory relief.		CASE NUMBER NC 037087

A conformed copy will not be returned by the clerk unless a method of return is provided with the document.


1 TO THE CLERK: Please dismiss this action as follows:

- a (1) With prejudice (2) Without prejudice
- b (1) Complaint (2) Petition
- (3) Cross-complaint filed by (name): **AC-Catalina Landing, LLC**
- (4) Cross-complaint filed by (name):
- (5) Entire action of all parties and all causes of action
- (6) Other (specify):

on (date): **March 16, 2006**
on (date):

Date 11/16, 2006

Robert J. Odson
 (TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)
 * If dismissal requested of specified parties only, or specified causes of action only, or of specified cross-complaints only, so state and identify the parties, causes of action, or cross-complaints to be dismissed.

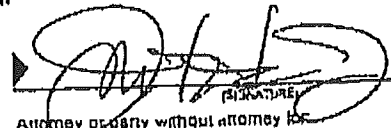


 (SIGNATURE)
 Attorney of party without attorney for
 Plaintiff/Petitioner Defendant/Respondent
 Cross-complainant

2. TO THE CLERK: Consent to the above dismissal is hereby given"

Date: 11/16, 2006

John Heuer
 (TYPE OR PRINT NAME OF ATTORNEY PARTY WITHOUT ATTORNEY)
 * If a cross-complaint or response (Party With speaking alternative) is entered on file, the attorney for cross-complaint (respondent) must sign this consent as required by Code of Civil Procedure section 58.10 (a) or (b)



 (SIGNATURE)
 Attorney of party without attorney for
 Plaintiff/Petitioner Defendant/Respondent
 Cross-complainant

(To be completed by clerk)

- 3. Dismissal entered as requested on (date) _____ as to only (name) _____
- 4. Dismissal entered on (date): _____
- 5. Dismissal not entered as requested for the following reasons (specify): _____
- 6. a. Attorney or party without attorney notified on (date): _____
 b. Attorney or party without attorney not notified. Filing party failed to provide a copy to conform means to return conformed copy

Date: _____ Clerk by _____ Deputy

REQUEST FOR DISMISSAL

Form adopted by the Superior Court of California, 2001 (11/16) (Revised January 1, 2007)

Code of Civil Procedure, § 58.10 (a) Cal. Rules of Court, rules 203, 1223