

1 (\$1.00) beginning on August 1, 2007.

2 Lessee shall pay rent at the address given herein for notice to Lessor.

3 4. Use. A. The Premises shall be used solely for office space. No other
4 use is permitted.

5 B. Lessee shall not use the Premises or conduct its business on the
6 Premises in any manner that will create a nuisance or unreasonable annoyance, or
7 constitute waste. Lessee shall not make or permit any noise or odors that constitute a
8 nuisance within the meaning of California Civil Code Section 3479 or California Penal
9 Code Section 370.

10 C. Lessee shall use the Premises and operate its business on the
11 Premises in compliance with all laws, ordinances, rules, and regulations of and obtain
12 such permits, licenses, and certificates required by all federal, state, and local
13 governmental authorities having jurisdiction over the Premises and Lessee's business on
14 the Premises.

15 D. Lessee understands and agrees that this Lease covers only the surface
16 of the Premises.

17 E. Lessee shall not grant any franchises, easements, rights of way, or
18 permits in, on, under, across or through the Premises.

19 5. Termination Provisions. Notwithstanding any other provisions
20 contained in this Lease, either party may terminate this Lease by giving the other party at
21 least ninety (90) days prior notice of such termination.

22 6. Holding Over. If Lessee holds over after the expiration of this Lease,
23 with or without the express or implied consent of Lessor, such tenancy shall be from
24 month-to-month only, and not a renewal of this Lease or an extension for any further
25 term. Such month-to-month tenancy shall be subject to the terms, covenants, and
26 conditions herein. Nothing in this Section shall be construed as a consent by Lessor to
27 holding over by Lessee.

28 7. Lessee's Improvements. A. Lessee shall not construct any

1 improvements to the Premises without the prior written approval of the City which may be
2 withheld in the Lessor's sole discretion.

3 B. Prior to beginning any construction approved by the City, Lessee shall
4 file with Lessor a Performance Bond in the amount of fifty percent (50%) of the estimated
5 cost of the Work and a Labor and Material Bond (also known as a Payment Bond) in the
6 amount of fifty percent (50%) of the estimated cost of the Work, both executed by Lessee
7 or Lessee's contractor, as Principal, and by a surety authorized to do business in
8 California as a Surety. Said bonds shall name Lessor as a joint obligee with Lessee.
9 Nothing contained herein shall be deemed to release Lessee from the duty to keep the
10 Premises free of liens. The Performance Bond shall remain in effect until the expiration
11 of the statutory period for filing liens or stop notices, or until the Premises are free from
12 the effect of such liens or stop notices, if same have been filed.

13 C. Lessee shall notify Lessor at least ten (10) days prior to beginning the
14 Work to enable Lessor to post and record a Notice of Nonresponsibility.

15 D. Lessor shall not be obligated to make any improvements or alterations
16 in or about the Premises.

17 E. On the expiration or sooner termination of this Lease, all improvements
18 to the Premises shall become the property of Lessor at no cost to Lessor unless Lessor
19 requires that Lessee remove all improvements, including but not limited to, the trailers
20 placed on the premises. Lessor reserves the right to require removal and, if Lessor
21 requires Lessee to remove the improvements, then Lessee shall do so at no cost to
22 Lessor within sixty (60) days after the termination or expiration of this Lease. Lessee
23 shall execute any documents required by Lessor to evidence transfer of title to the
24 improvements, if any, that remain.

25 8. Liens. A. Lessee shall keep the Premises free of all liens for any work
26 done, labor performed, or material furnished by or for Lessee relating to the Premises.
27 Lessee shall defend, indemnify and hold Lessor, its officials and employees harmless
28 from and against all claims, demands, causes of action, liens, liability, proceedings, loss,

1 costs, and expenses (including attorney's fees) of whatsoever kind for any such work
2 done, labor performed, or materials furnished on the Premises.

3 B. In addition to Subsection 6(A), if a lien is imposed on the Premises as a
4 result of work done, labor performed or materials furnished by or for Lessee for the
5 Premises, then Lessee shall: (i) record a valid release of lien; or (ii) deposit with Lessor
6 cash in an amount equal to 125% of the amount of the lien and authorize payment to the
7 extent of said deposit to any subsequent judgment holder that may arise as a matter of
8 public record from litigation with regard to lienholder's claim; or (iii) procure and record a
9 lien release bond in accordance with California Civil Code Section 3143 issued by a
10 surety authorized to do business in California.

11 C. On completion of the Work, Lessee shall file a Notice of Completion in
12 the Official Records of the County Recorder of Los Angeles County.

13 D. All contracts entered by Lessee relating to the Premises or any work on
14 the Premises shall contain the following provision:

15 "This contract shall in no way bind the City, its officials, employees
16 or agents or obligate them for any costs whatsoever under this
17 contract."

18 9. Taxes. A. Lessee acknowledges that this Lease may create a
19 possessory interest subject to taxation and that Lessee may be subject to payment of
20 taxes levied on such interest. Lessee shall pay before they become delinquent all taxes
21 levied against the Premises and provide proof of payment to Lessor within ten (10) days
22 after payment thereof.

23 B. Lessee shall pay before they become delinquent all taxes, assessments,
24 license fees, and other charges levied on Lessee's personal property, equipment,
25 furnishings or trade fixtures installed or located on the Premises and provide proof of
26 payment to Lessor within ten (10) days after Lessor's request therefore.

27 10. Insurance. As a condition precedent to the effectiveness of this Lese
28 and notwithstanding any stated commencement date, Lessee shall procure and maintain

1 the following types of insurance at Lessee's sole expense for the duration of this Lease,
2 including any extensions, renewals, or holding over thereof, from insurance companies
3 that are admitted to write insurance in the State of California or from authorized non-
4 admitted insurers that have ratings of or equivalent to an A:VIII by A.M. Best Company:

5 (a) Commercial general liability insurance equivalent in coverage scope
6 to ISO form CG 00 01 10 93 in an amount not less than One Million Dollars (\$1,000,000)
7 per occurrence and Two Million Dollars (\$2,000,000) annual aggregate. Such coverage
8 shall include but is not limited to broad form contractual liability coverage, cross liability
9 protection, products and completed operations, and , if applicable, garagekeepers legal
10 liability. The City of Long Beach, its officials, employees, and agents shall be added as
11 additional insureds by endorsement equivalent in coverage scope to ISO form CG 20 26
12 11 85 and such endorsement shall protect the City, its officials, employees, and agents
13 from and against claims, demands, causes of action, expenses, costs, or liability for injury
14 to or death of persons, or damage to or loss of property arising out of activities performed
15 by or on behalf of the Lessee or from maintenance or use of the Premises. The coverage
16 shall contain no special limitations on the scope of protection afforded to the City, its
17 officials, employees, and agents, and Lessee agrees to obtain and furnish evidence to
18 City of the waiver of Lessee's liability insurance carrier of any right of subrogation against
19 the City.

20 (b) All Risk property insurance in an amount sufficient to cover the full
21 replacement value of Lessee's personal property, improvements and equipment on the
22 Premises.

23 (c) Workers' compensation insurance required by the State of California
24 and employer's liability insurance in an amount not less than One Million Dollars
25 (\$1,000,000) per accident or occupational illness. Lessee agrees to obtain and furnish
26 evidence to City of the waiver of Lessee's workers' compensation insurance carrier of any
27 right of subrogation against the City.

28 (d) With respect to damage to property, Lessor and Lessee hereby

1 waive all rights of subrogation, one against the other, but only to the extent that collectible
2 commercial insurance is available for said damage.

3 (e) Any self-insurance program or self-insured retention must be
4 approved separately in writing by Lessor and shall protect the City of Long Beach, its
5 officials, employees, and agents in the same manner and to the same extent as they
6 would have been protected had the policy or policies not contained retention provisions.

7 (f) Each insurance policy shall be endorsed to state that coverage shall
8 not be cancelled, nonrenewed or changed by either party except after thirty (30) days
9 prior written notice to Lessor and shall be primary to Lessor. Any insurance or self-
10 insurance maintained by Lessor shall be excess to and shall not contribute to insurance
11 or self-insurance maintained by Lessee.

12 (g) Lessee shall deliver to Lessor certificates of insurance and the
13 required endorsements for approval as to sufficiency and form prior to commencement of
14 this Lease. The certificates and endorsements for each insurance policy shall contain the
15 original signature of a person authorized by that insurer to bind coverage on its behalf.
16 Lessee shall, at least thirty (30) days prior to expiration of such policies, furnish Lessor
17 with evidence of renewals. Lessor reserves the right to require complete certified copies
18 of all said policies at any time.

19 (h) Such insurance as required herein shall not be deemed to limit
20 Lessee's liability relating to performance under this Lease. The procuring of insurance
21 shall not be construed as a limitation on liability or as full performance of the
22 indemnification and hold harmless provisions of this Lease. Lessee understands and
23 agrees that, notwithstanding any insurance, Lessee's obligation to defend, indemnify, and
24 hold Lessor, its officials, agents, and employees harmless hereunder is for the full and
25 total amount of any damage, injuries, loss, expense, costs, or liabilities caused by the
26 condition of the Premises or in any manner connected with or attributed to the acts or
27 omissions of Lessee, its officers, agents contractors, employees, sublessees, licensees,
28 vendors, patrons, or visitors, or the operations conducted by or on behalf of Lessee, or

1 the Lessee's use, misuse, or neglect of the Premises.

2 (i) Not more frequently than every three (3) years, if in the opinion of
3 Lessor the amount of the foregoing insurance coverages is not adequate, Lessee shall
4 amend the insurance coverage as required by Lessor's Risk Manager or designee.

5 (j) Any modification or waiver of the insurance requirements herein shall
6 be made only with the written approval of the Lessor's Risk Manager or designee.

7 Lessee shall make available to Lessor's Risk Manager or designee all
8 books, records and other information relating to the insurance coverage required herein,
9 during normal business hours.

10 11. Utilities and Janitorial Services. Lessee shall arrange and pay for the
11 use of all utilities, including telephone service, for its operations on the Premises. Lessee
12 shall also arrange for and pay for janitorial services to the Premises.

13 12. Maintenance. A. Lessor shall be responsible for maintaining the
14 building exterior and making necessary repairs for, but not limited to, termite damage and
15 roof leaks. Lessee shall, at its cost and to the satisfaction of Lessor, maintain the
16 Premises and improvements on the Premises, in good condition, in substantial repair, in
17 a safe, clean, sanitary condition. Lessee shall remove graffiti within seventy-two (72)
18 hours after it appears. Lessee's duty to maintain shall include but not be limited to the
19 duty to repair and replace the improvements as needed. If Lessee fails to maintain the
20 Premises, Lessor may notify Lessee of said failure. If Lessee fails to correct the situation
21 within thirty (30) days thereafter or such longer period as may be established by Lessor,
22 then Lessor may make the necessary correction and the cost thereof, including but not
23 limited to the cost of labor, materials, equipment and administration, shall be paid by
24 Lessee as additional rent within ten (10) days after receipt of a statement of said cost
25 from Lessor. Lessor may, at its option, choose other remedies available herein or by law.
26 Lessee hereby waives to the extent permitted by law any right to make repairs at the
27 expense of Lessor or to vacate the Premises in lieu thereof as may be provided by law.
28 Lessor shall have no obligation to perform any maintenance on the Premises, excluding

1 the parking lot. Lessor and American Golf Corporation, shall share equally in the
2 maintenance costs associated with maintaining the parking lot.

3 If the Premises require structural repairs or repairs to the roof or exterior
4 walls, Lessor at its sole option may make those repairs or may notify Lessee that Lessor
5 has chosen not to make the repairs and Lessee shall have the right to terminate this
6 Lease by giving at least fifteen (15) days notice of termination to Lessor.

7 13. Landscape Maintenance. Lessee shall reimburse American Golf
8 Corporation for landscape services to the Premises. American Golf Corporation is
9 responsible for billing Lessee for the cost of services. The annual cost of services is
10 estimated at \$4,000.

11 14. Long Term Capital Improvements. Lessor and Lessee may enter
12 negotiations to construct long term capital improvements at the premises. Pending
13 mutual agreement, Lessor and Lessee shall execute a new lease and all other requisite
14 documents.

15 15. Restoration. Lessee shall promptly notify Lessor of damage or
16 destruction to the Premises and the date of same. Lessee shall promptly make proof of
17 loss and proceed to collect all valid claims that Lessee may have against insurers or
18 others based on such damage or destruction. All amounts recovered as a result of said
19 claim shall be used first for the restoration of the Premises, which Lessee shall promptly
20 begin and diligently pursue so that the Premises are restored to substantially the same
21 condition as they were in immediately before such damage or destruction. If existing
22 laws do not permit restoration, then Lessee may terminate this Lease by giving prior
23 notice to Lessor. Restoration is subject to Section 7 of this Lease.

24 *If the repair, reconstruction or restoration requires longer than one*
25 *hundred twenty (120) days or if the insurance proceeds will not be sufficient to cover the*
26 *cost of repair, reconstruction or restoration, then Lessor may elect to repair, reconstruct*
27 *or restore and the Lease shall continue in full force and effect or Lessor may elect not to*
28 *repair, reconstruct or restore and the Lease shall terminate. If Lessor elects to repair,*

1 reconstruct or restore, then Lessor shall not be required to expend sums therefore in
2 excess of insurance proceeds received by Lessor by reason of the casualty. If Lessor
3 repairs, reconstructs or restores, then Lessee's rent under this Lease shall be abated
4 proportionately as of the date of the casualty with the degree to which Lessee's use of
5 the Premises is impaired during such repair, reconstruction or restoration. Lessee shall
6 not be entitled to any compensation or damages for loss in the use of the whole or any
7 part of the Premises and any inconvenience or annoyance occasioned by such damage,
8 repair, reconstruction or restoration.

9 Notwithstanding the foregoing sentences of this paragraph, if the Premises
10 are not fully restored within said 120-day period, then Lessee may terminate this Lease,
11 at Lessee's option, by giving fifteen (15) days notice of termination to Lessor.

12 16. Nondiscrimination. Subject to applicable laws, rules, and regulations,
13 Lessee shall not discriminate against anyone on the basis of age, sex, sexual orientation,
14 AIDS, HIV status, marital status, race, religion, creed, ancestry, national origin, disability,
15 or handicap in the use of the Premises.

16 17. No Relocation. Lessee agrees that nothing contained in this Lease
17 creates any right in Lessee for any relocation assistance or payment pursuant to the
18 provisions of Title 1, Division 7, Chapter 16 of the California Government Code from
19 Lessor on the termination of this Lease.

20 18. Assignment or Sublease. Lessee shall not assign or transfer this
21 Lease or any interest herein nor sublease the Premises or any part of the Premises to
22 anyone. Further, neither this Lease nor any interest in it shall be subject to transfer by
23 attachment, execution, proceedings in insolvency or bankruptcy, or receivership unless
24 said receivership is sought by Lessor. In the event of assignment or transfer, voluntarily
25 or involuntarily or by operation of law, such transfer shall be voidable at Lessor's election
26 and, if avoided by Lessor, shall convey no interest and shall constitute a default of this
27 Lease.

28 19. Indemnification. Lessee shall, with respect to the Lease and Lessee's

1 use of the Premises, indemnify and hold harmless American Golf Corporation and
2 Lessor, its officials, employees and agents (collectively in this Section "City") from and
3 against all liability, claims, demands, damage, causes of action, losses, proceedings,
4 penalties, costs, and expenses (including attorney's fees, court costs, and expert and
5 witness fees) (collectively "Claims" or individually "Claim"). Claims include allegations
6 and by way of example but not limitation: Claims for property damage, personal injury or
7 death arising in whole or in part from the condition of the Premises, any negligent act or
8 omission of Lessee, its officers, employees, agents or anyone under Lessee's control at
9 the Premises (collectively "Indemnitor"); Lessee's breach of this Lease;
10 misrepresentation; willful misconduct; and the occupancy, use or misuse of the Premises
11 by Lessee, Lessee's employees, agents, licensees, patrons or visitors.

12 In addition, Lessee shall assume the risk of damage and injury and hereby
13 releases Lessor and American Golf Corporation from any and all liability for damage or
14 injury specifically caused by errant golf balls in, on, or around the Premises, and agrees
15 to indemnify and hold harmless Lessor and American Golf Corporation from any and all
16 claims, actions, costs or liability arising from any damage or injury caused, directly or
17 indirectly, by golf balls flying, landing, hitting, or resting in or around the Premises.
18 Independent of the duty to indemnify and as a free-standing duty on the part of Lessee,
19 Lessee shall defend City and American Golf Corporation and shall continue such defense
20 until the Claim is resolved, whether by settlement, judgment or otherwise. No finding or
21 judgment of negligence, fault, breach, or the like on the part of Indemnitor shall be
22 required for the duty to defend to arise. Notwithstanding the foregoing sentences of this
23 Section, Lessee shall not be required to indemnify Lessor or American Golf Corporation
24 for their negligence or willful misconduct with respect to this Lease.

25 20. Default. The occurrence of any of the following acts shall constitute a
26 default by Lessee:

27 (a) Failure to pay rent including additional rent, when due, if the failure
28 continues after five (5) days' notice to Lessee;

1 (b) Abandonment of the Premises, providing that failure to occupy or
2 operate the Premises for ten (10) consecutive business days shall be deemed an
3 abandonment except for causes of force majeure as described in Section 28;

4 (c) Failure to perform any of the terms, covenants, or conditions of this
5 Lease if said failure is not cured within thirty (30) days after notice to Lessee of said
6 failure. If the default cannot reasonably be cured in thirty (30) days, Lessee shall not be
7 in default if Lessee begins to cure within the thirty-day period and diligently proceeds to
8 cure to completion;

9 (d) Any attempted assignment, transfer, or sublease;

10 (e) Failure to maintain or pay for all necessary permits and business
11 licenses required by the City of Long Beach in its municipal or regulatory capacity;

12 (f) Failure to pay when due all fees and charges for refuse service, gas,
13 water, sewer, or other utility or service provided by the City of Long Beach in its municipal
14 capacity;

15 (g) Failure to report or pay when due to the City of Long Beach in its
16 municipal or regulatory capacity all applicable sales tax, transient occupancy taxes, utility
17 use taxes, or other excise taxes, if applicable.

18 If Lessee does not comply with the terms, covenants and conditions of this
19 Lease, then Lessor may terminate this Lease and enter the Premises and take
20 possession thereof provided, however, that these remedies are not exclusive but
21 cumulative to other remedies provided by law or in equity in the event of Lessee's default,
22 and the exercise by Lessor of one or more rights and remedies shall not preclude
23 Lessor's exercise of additional or different remedies for the same or any other default by
24 Lessee.

25 21. Re-entry. Lessee shall peaceably deliver possession of the Premises
26 to Lessor on the date of termination of this Lease. On giving notice of termination to
27 Lessee, Lessor shall have the right to re-enter and take possession of the Premises on
28 the date termination becomes effective. Termination of this Lease and re-entry by Lessor

1 shall in no way alter or diminish any obligation of Lessee under this Lease and shall not
2 constitute an acceptance or surrender. Lessee hereby waives any right of redemption
3 under any existing or future law in the event of eviction from or dispossession of the
4 Premises for any reason or in the event Lessor re-enters and takes possession of the
5 Premises in a lawful manner.

6 22. Waiver by Lessor. Any waiver by Lessor of any default or breach of
7 any one or more of the terms, covenants, or conditions of this Lease shall be in writing
8 and shall not be construed to be a waiver of any subsequent or other breach or default of
9 the same or of any other term, covenant, or condition of this Lease, nor shall failure on
10 the part of Lessor to require exact and complete compliance with any of the terms,
11 covenants, or conditions of this Lease be construed as in any manner changing the
12 terms, covenants, or conditions hereof or preventing Lessor from enforcing the provisions
13 of this Lease, nor shall the conduct of the parties be deemed to change or modify the
14 terms, covenants, or conditions of this Lease. No delay, failure, or omission of Lessor to
15 re-enter the Premises, to insist on strict enforcement of any term, covenant, or condition,
16 or to exercise any right, power, privilege or option arising from any breach or default shall
17 impair any such right, power, privilege or option or be construed as a waiver of or
18 acquiescence in such breach of default or as a relinquishment of any right, power,
19 privilege or option. The acceptance of delinquent rent by Lessor shall not constitute a
20 waiver of any other breach or default but shall only constitute a waiver of timely payment
21 for the particular rent payment involved. No right, power, privilege, option or remedy of
22 Lessor shall be construed as being exhausted by the exercise thereof in one or more
23 instances. Lessor's consent to or approval of any act by Lessee requiring Lessor's
24 consent or approval shall not be deemed to waive Lessor's consent or approval of any
25 subsequent act of Lessee.

26 23. Waiver by Lessee. Lessor shall not be liable to Lessee for and Lessee
27 hereby waives all claims against Lessor, its officials and employees for loss, theft, or any
28 damage to Lessee or Lessee's personal property on the Premises, for loss or damage to

1 Lessee's business, or injury to or death of persons on or about the Premises from any
2 cause, except Lessor's negligence or willful misconduct.

3 24. Abandoned Personal Property. If Lessee abandons the Premises or is
4 dispossessed thereof by process or law or otherwise, Lessee shall be deemed to have
5 abandoned any personal property belonging to Lessee left on the Premises forty-five (45)
6 days after the date of abandonment or dispossession, and title to said personal property
7 shall be deemed to have been transferred to Lessor. Lessor shall have the right to
8 remove and to dispose of said personal property without liability therefore to Lessee or to
9 any person claiming under Lessee, and shall not need to account for its disposal. Lessee
10 hereby designates Lessor's City Manager as its attorney-in-fact to execute and deliver
11 any documents that are required to dispose of said personal property and transfer title
12 thereto.

13 25. Right of Access. Lessor shall have the right of access to the Premises
14 at all reasonable times and with reasonable notice and, in emergencies, at any time and,
15 if Lessee is not present to give access during emergencies, then Lessor may forcibly
16 enter the Premises and any such entry shall not in any circumstances be construed or
17 deemed a forcible or unlawful entry of the Premises. Lessee shall not be entitled to
18 compensation or abatement of rent for any nuisance or inconvenience caused if Lessor
19 exercises its rights hereunder.

20 26. Signs. Lessee shall have the right to place, affix, maintain, or permit
21 any sign, advertisement, name, insignia, logo, descriptive material, or similar item
22 (collectively "sign") on the Premises with the prior written approval of Lessor. Any sign so
23 approved shall be maintained by Lessee, at its cost, in good condition. Any sign not
24 approved by Lessor may be removed by Lessor at Lessee's cost and the cost of removal
25 shall be additional rent.

26 27. Americans with Disabilities. Lessee shall have and be allocated the
27 sole responsibility to comply with the Americans with Disabilities Act of 1990 ("ADA") with
28 respect to the Premises and Lessee shall defend, indemnify and hold Lessor, its officials

1 and employees harmless from and against any and all claims of failure to comply with or
2 violation of the ADA. If the Premises require structural repairs or capital improvements
3 required by ADA, then Lessor at its sole option may make those repairs or may notify
4 Lessee that Lessor has chosen not to make the repairs and Lessee shall have the right to
5 terminate this Lease by giving at least fifteen (15) days notice of termination to Lessor.

6 28. Brokers. Both parties represent that they have had no contacts or
7 dealings regarding this Lease through a broker or agent or any other person who can
8 claim a right to a commission or fee. Each party shall defend, indemnify and hold the
9 other party harmless from all liability arising from any person claiming a commission or
10 fee as a result of entering this Lease provided that the party so charged promptly notifies
11 the other party regarding such claim.

12 29. Notice. Any notice or approval under this Lease shall be in writing and
13 either personally delivered or deposited in the U.S. Postal Service, first class, postage
14 prepaid and addressed to Lessee at 6730 East Carson Street, Long Beach, California
15 90808 Attn: William Shumard and to Lessor at 333 West Ocean Boulevard, Long Beach,
16 CA 90802 Attn: City Manager. Notice shall be effective on the date of mailing or on the
17 date personal delivery is made, whichever occurs first. Notice of change of address shall
18 be given in the same manner as other notices.

19 30. Force Majeure. The term "force majeure" in this Lease shall mean acts
20 of God, strikes, civil disturbances, wars, explosions, or acts beyond the reasonable
21 control of the party claiming inability to perform which, by the exercise of due diligence
22 and foresight, that party could not reasonably control, but financial inability to perform
23 shall not be considered a cause beyond the reasonable control of the party.

24 31. Surrender of Premises. On the termination of this Lease, Lessee shall
25 deliver to Lessor possession of the Premises in the same or better condition that existed
26 immediately prior to the date of execution hereof, reasonable wear and tear accepted.

27 32. Hazardous Materials. Lessee shall not keep or allow to be kept on the
28 Premises any goods, merchandise, supplies, personal property, materials, or items of

1 any kind which are in any way explosive or hazardous except those limited items which
2 are necessary for Lessee to carry on its business provided that Lessee disposes of same
3 as required by law. Lessee shall comply with California Health and Safety Code Section
4 25359.7 or its successor statute regarding notice to Lessor on discovery by Lessee of the
5 presence or suspected presence of any hazardous substance on the Premises.

6 "Hazardous material or substance" means anything which is or becomes regulated by the
7 City of Long Beach, the County of Los Angeles, the State of California, or the United
8 States government. Notwithstanding anything herein to the contrary, Lessor shall
9 indemnify and hold harmless Lessee from all liability, damages, losses, claims, causes of
10 action and costs (including reasonable attorney's fees) arising from the presence of
11 asbestos, PCBs, or other hazardous materials in or under the Premises prior to the
12 commencement of this Lease provided, however, that no action by Lessee has disturbed,
13 displaced or exacerbated the presence of asbestos, PCBs, or other hazardous materials.

14 33. Quiet Enjoyment. If Lessee performs the terms, covenants, and
15 conditions of this Lease, then Lessee shall peaceably and quietly hold and enjoy the
16 Premises.

17 34. Damage or Destruction. Lessee shall promptly notify Lessor of
18 damage or destruction to the Premises and the date of same. Lessee shall promptly
19 make proof of loss and proceed to collect all valid claims that Lessee may have against
20 insurers or others based on such damage or destruction. All amounts recovered as a
21 result of said claims shall be used first for the restoration of the Premises, which Lessee
22 shall promptly begin and diligently pursue so that the Premises are restored to
23 substantially the same condition as they were in immediately before such damage or
24 destruction. If existing laws do not permit restoration, then Lessee may terminate this
25 Lease by notice to Lessor.

26 35. Laws. Lessee, at its sole cost, shall comply with all laws, ordinances,
27 rules, and regulations of and obtain such permits, licenses, and certificates required by all
28 federal, state, and local governmental authorities having jurisdiction over the Premises

1 and Lessee's use of the Premises.

2 36. Miscellaneous. A. The headings and numbers of this Lease are not a
3 part of it and the groupings of the provisions of it into separate sections, paragraphs, and
4 clauses are for convenience only and shall have no effect on the construction or
5 interpretation of it.

6 B. Each provision of this Lease to be performed by Lessee shall be
7 construed as both a covenant and a condition of this Lease.

8 C. If any term, covenant, or condition of this Lease is found to be invalid,
9 void, ineffective, or unenforceable for any reason, the remaining terms, covenants, and
10 conditions shall remain in full force and effect.

11 D. Time is of the essence in this Lease and its performance and no notice
12 to Lessee shall be required to restore "time is of the essence" after waiver by Lessor of
13 any breach of this Lease.

14 E. This Lease shall not be modified except in a written amendment signed
15 by duly authorized representatives of the parties and authorized by Lessor's City Council.

16 F. This Lease represents and constitutes the entire understanding between
17 the parties and supersedes all other agreements and communications between the
18 parties, whether oral or written, concerning the subject matter herein.

19 G. This Lease shall not be recorded.

20 H. In any action or proceeding relating to this Lease, the prevailing party
21 shall be entitled to its costs, including reasonable attorney's fees.

22 I. This Lease shall be binding on and inure to the benefit of the parties and
23 their successors, heirs, transferees, and assignees except as provided in Section 16,
24 and all of the parties hereto shall be jointly and severally liable hereunder.

25 J. Rent not paid when due shall bear interest at the rate of ten percent
26 (10)% per annum.

27 K. This Lease shall be governed by and construed in accordance with the
28 laws of the State of California except for principles of conflicts or choice of laws.

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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L. This Lease is created as a joint effort between the parties and fully negotiated as to its terms, covenants, and conditions. This Lease shall not be construed against either party as the drafter.

M. The relationship of the parties hereto is that of Lessor and Lessee, and the parties agree that nothing contained in this Lease shall be deemed or construed as creating a partnership, joint venture, principal-agent, association, or employer-employee relationship between them or between Lessor and any third person or entity.

IN WITNESS WHEREOF, the parties have caused this document to be executed with all formalities required by law as of the date first stated above.

SPECIAL OLYMPICS SOUTHERN CALIFORNIA, INC., a California corporation

7/19, 2007

By [Signature]
President

7/19, 2007

By [Signature], CFO
Secretary

"Lessee"

CITY OF LONG BEACH, a municipal corporation

8/10, 2007

By [Signature]
City Manager

"Lessor"

This Lease is approved as to form on August 2, 2007.

ROBERT E. SHANNON, City Attorney

By [Signature]
Deputy

Ostrom Ave

Carson St

3,100 sq.ft.

35,660 sq.ft.

Heartwell Golf Course
Driving Range

Los Coyotes Dia

Special Olympics Southern California, Inc. Leased Premises

Approximate Building Area: 3,100 sq.ft.
Approximate Landscape Area: 35,660 sq.ft.
Total Lease Area: 38,760 sq.ft.

