

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

1 **FIRST AMENDMENT TO LEASE NO. 27641**

2 **27641**

3 THIS FIRST AMENDMENT TO LEASE NO. 27641 ("Amendment") is made  
4 and entered as of June 1, 2011, pursuant to minute order adopted by the City Council of  
5 the City of Long Beach on May 24, 2011, by and between the CITY OF LONG BEACH, a  
6 municipal corporation and trust grantee of the State of California of certain tide and  
7 submerged lands within said City ("Lessor" or "City"), and SHORELINE YACHT CLUB  
8 OF LONG BEACH, a California not-for-profit corporation ("Lessee"), as successor-in-  
9 interest to SHORELINE MANAGEMENT LLC, a California limited liability company  
10 ("Original Lessee").

11 **RECITALS**

12 A. Lessor and Original Lessee are parties to that certain Lease No.  
13 27641 dated as of February 21, 2002 (the "Lease"), pursuant to which Lessee leases  
14 from Lessor certain tidelands property more particularly described in the Lease (the  
15 "Premises"). Original Lessee transferred its rights and obligations under the Lease to  
16 Lessee pursuant to a Termination of Sublease and Assignment of Lease dated October  
17 1, 2002.

18 B. The term of the Lease is currently scheduled to expire on March 1,  
19 2027 (the "Initial Term"), subject to Lessee's right to extend the term for two (2) additional  
20 periods of five (5) years each (the "Extension Term").

21 C. Lessor and Lessee desire to amend the Lease to acknowledge  
22 Lessee's early exercise of its options to extend the Lease term and to add provisions  
23 regarding rent determination during the extension periods.

24 **AGREEMENT**

25 1. Extension Term. Lessee hereby exercises both of its options to  
26 extend the term of the Lease pursuant to Section 4.B of the Lease, and Lessor and  
27 Lessee agree that the term of the Lease shall therefore be extended from March 1, 2027  
28 until March 1, 2037. Lessee currently has no further options to extend the term of the

1 Lease.

2           2.     Extension Term Rent. Lessor and Lessee acknowledge that, given  
3 the early exercise by Lessee of its options to extend the term of the Lease, it is difficult at  
4 this time to determine an appropriate monthly rent for the Extension Term. Therefore, on  
5 or before the date which is one hundred eighty (180) days prior to the expiration of the  
6 Initial Term, Lessor and Lessee shall negotiate in good faith to determine an appropriate  
7 rental rate for the Premises for the Extension Period based upon the fair market value of  
8 the Premises (land value only) for use as a yacht club (or other related use consistent  
9 with any restrictions applicable to the Premises due to the fact that it is located within the  
10 tidelands area) multiplied by the prevailing rate of return. In determining the appropriate  
11 rental rate for the Premises, either party may obtain its own appraisal, which may be  
12 used throughout subsequent steps in the rental adjustment process. If the parties are  
13 unable to agree upon a rental rate within sixty (60) days, then the fair market land value  
14 and prevailing rate of return shall be determined by appraisals prepared by two  
15 appraisers, one appointed by Lessor at its expense and one appointed by Lessee at its  
16 expense, both of whom shall be licensed by the State of California as Certified General  
17 Appraisers and members of the American Institute of Real Estate Appraisers or a  
18 successor organization in the event the American Institute of Real Estate Appraisers  
19 ceases to exist. Each appraisal shall be completed within sixty (60) days. The two  
20 appraisals shall be averaged unless the higher of the two appraisals exceeds the lesser  
21 by ten percent (10%) or more, in which case the two appraisers shall appoint a third  
22 appraiser, also licensed by the State of California as a Certified General Appraiser and a  
23 member of the American Institute of Real Estate Appraisers or equivalent organization.  
24 Selection of the third appraiser, if necessary, shall occur no later than ten (10) days after  
25 both initial appraisals are completed. The cost of such third appraiser shall be shared  
26 equally by the parties to the Lease. In order to select such third appraiser, if the two  
27 appraisers do not agree on a third appraiser, the appraisers shall obtain a list of five (5)  
28 appraisers from the President of the Southern California Chapter of the American

1 Institute of Real Estate Appraisers and shall alternately strike names from such list until  
2 one remains to become the third appraiser. The two appraisers shall flip a coin to  
3 determine which appraiser first strikes a name from the list. If the selected third appraiser  
4 is unwilling or unavailable to serve or cannot complete the appraisal report within the  
5 required time limit, the fourth stricken name shall be the third appraiser, and so on in  
6 reverse order until the third appraiser is selected. The third appraiser shall complete and  
7 submit the required appraisal to both parties within sixty (60) days after appointment.  
8 Lessor and Lessee shall cause a copy of their appraisals prepared by their respective  
9 appraisers to be delivered to the third appraiser upon receipt of the completed third  
10 appraisal. All appraisals shall be in the form of complete, self-contained narrative written  
11 appraisal reports supported by facts and analysis. All selected market data used in the  
12 appraisal reports shall be gathered, reviewed and analyzed independently by the  
13 respective appraisers. The two of the three appraisers arriving at values closest to each  
14 other shall attempt to concur on a value. Disagreements between the two appraisers as  
15 to the method of appraisal shall be resolved by the third appraiser. The third appraiser's  
16 decisions as to the method of appraisal shall be final for purposes of the appraisal  
17 process. If the two appraisers are unable to concur on a value within fifteen (15) days  
18 after completion of the third appraisal, the two closest appraisals shall be averaged and  
19 that value shall be the fair market value of the land or the prevailing rate of return, as  
20 appropriate. In the event the rental adjustment process is not completed prior to the  
21 expiration of the Initial Term, rent shall be based upon the lower of the two appraised  
22 rental rates until such time the rental adjustment process is complete. The final adjusted  
23 rental rate shall be retroactive to the beginning of the Extension Term, and shall be  
24 effective through the first five (5) years of the Extension Term. On or before the date  
25 which is one hundred eighty (180) days prior to March 1, 2032, rent to be paid under the  
26 Lease shall be adjusted again to reflect current fair market value in the manner and  
27 according to the procedures described in this paragraph, and such rent shall be effective  
28 from March 1, 2032 through the end of the Extension Term.

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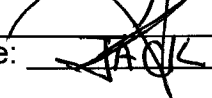
3. Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Lease.

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

IN WITNESS WHEREOF, Lessor and Lessee have signed this First Amendment to Lease No. 27641 as of the date opposite their signature.

SHORELINE YACHT CLUB OF LONG BEACH,  
a California not-for-profit corporation

June 15, 2011

By:   
Name: JACK DANIEL SMITH


\_\_\_\_\_, 2011

By: \_\_\_\_\_  
Name: \_\_\_\_\_

LESSEE

CITY OF LONG BEACH, a municipal corporation

9.30, 2011

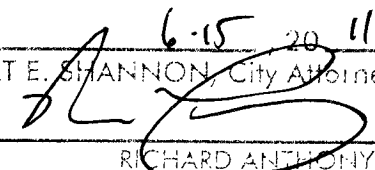
By:  Assistant City Manager  
City Manager

LESSOR

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

APPROVED AS TO FORM

6-15-2011  
ROBERT E. SHANNON, City Attorney

By:   
RICHARD ANTHONY  
CITY ATTORNEY