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**ASSIGNMENT OF GROUND LEASE, ACCEPTANCE OF ASSIGNMENT  
AND ASSUMPTION OF GROUND LEASE AND CONSENT TO  
ASSIGNMENT AND ASSUMPTION OF GROUND LEASE**

THIS ASSIGNMENT OF GROUND LEASE, ACCEPTANCE OF ASSIGNMENT AND ASSUMPTION OF GROUND LEASE AND CONSENT TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASE ("Assignment") is made as of October 1<sup>st</sup>, 2005, by and among LONG BEACH GROUP, INC., a California corporation ("Seller"), LBH LAND HOLDING COMPANY, LLC, a California limited liability company ("Buyer") and the CITY OF LONG BEACH ("Ground Lessor").

**RECITALS**

WHEREAS, Seller is the lessee (directly and/or mesne assignments) under the ground lease with Ground Lessor (the "Ground Lease"), as more particularly described in Exhibit "A" attached hereto, pursuant to which Seller leased certain real property from Ground Lessor more particularly described in Exhibit "B" attached hereto (the "Property").

WHEREAS, Seller and Buyer (by assignment) are parties to that certain Purchase Agreement dated effective March 30, 2005, for the purchase and sale of Seller's interest in the facility known as 600 Queensway Drive, City of Long Beach, County of Los Angeles, State of California (as amended on the Purchase Agreement"), pursuant to which Seller has agreed to convey to Buyer, among other things, all of its right, title and interest in and to the Ground Lease and the improvements located on the Property.

WHEREAS, Seller desires to assign, transfer, sell convey, grant and deliver all of its right, title and interest as lessee in and to the Ground Lease to Buyer in connection with the purchase and sale of the Property, and Ground Lessor has agreed to consent to such assignment.

NOW, THEREFORE, in consideration of the mutual covenants and upon the conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller, Buyer and Ground Lessor hereby agrees as follows:

1. Effective Date. The "Effective Date" is defined to be the date of recordation of this Assignment and the Deed (as defined in the Purchase Agreement) conveying title to the Property from Seller to Buyer in the office of the County Recorder of Los Angeles County, California.
2. Assignment. Effective on the Effective Date, Seller hereby assigns, sells, transfers, grants, delivers and conveys to Buyer all of Seller's right, title and interest as tenant in, to and under the Ground Lease.
3. Acceptance. Upon the Effective Date, Buyer hereby accepts said assignment, sale, transfer and conveyance and accepts and acknowledges its primary responsibility to Ground Lessor to keep, perform and be bound by all terms, covenants, conditions and obligations which are required to be performed by the Seller under the Ground Lease

from and after the Effective Date. Buyer's acceptance hereunder shall be irrespective of any future assignments or amendments to the Ground Lease, material or otherwise, so long as any amendments are joined in by Buyer or result from "arm's-length" negotiation, arbitration or judgment as specified. Buyer understands and agrees that this liability with respect to the Ground Lease will continue unless and until the Ground Lease is terminated, or Buyer specifically released from further liability under the Ground Lease by Ground Lessor pursuant to the specific terms of a written release from liability signed by Ground Lessor and Buyer.

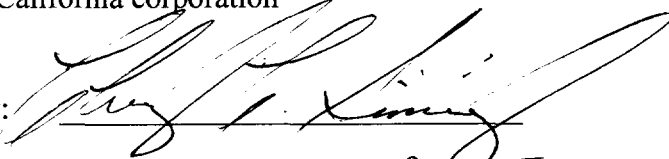
4. Assumption. Upon the Effective Date, Buyer accepts the assignment, sale, transfer, grant, delivery and conveyance of the Ground Lease and assures and agrees to keep, perform, and be bound by all of the terms, covenants, conditions and obligations that are required to be performed by Seller under the Ground Lease from and after the Effective Date.
5. Release. Ground Lessor hereby fully and completely releases and discharges Seller from any obligations under the Ground Lease arising from and after (but not prior to) the Effective Date.
6. Modification. No modification, waiver, amendment, discharge or change of this Assignment shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.
7. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto, their successors in interest and assigns.
8. Governing Law. This Assignment shall be governed by, and construed and enforced in accordance with, the laws of the State of California.
9. Attorney's Fees. Should any dispute occur between or among Seller, Buyer, and/or Ground Lessor, with respect to this Assignment or any document executed in connection herewith, which results in litigation, the losing party or parties shall pay the prevailing party or parties their respective reasonable attorney's fees and costs at trial and upon any appeal.
10. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Assignment.
11. Consent. Ground Lessor hereby consents to this Assignment and each of the terms and conditions hereof. Nothing contained in this instrument shall be deemed or construed to be a waiver of any term, covenant, condition or provision contained in the Ground Lease nor authorize any other further assignment or sublease, except as specifically provided hereinabove, all rights of the Ground Lessor against each and every holder of the Ground Lease, past, present and future are hereby reserved.

[SIGNATURE PAGE FOLLOWS]

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

SELLER

LONG BEACH GROUP, INC.  
A California corporation


By: 

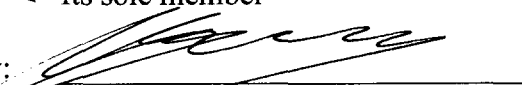
Name: THEARY T. SIM-LENG

Title: PRESIDENT

BUYER

LBH LAND HOLDING COMPANY, LLC,  
A California limited liability company

By:  ~~LBH Land Holding Company, LLC~~ ENS Development,  
~~A California limited liability company~~ LLC, an Arizona  
~~its sole member~~ limited liability company

By: 

Name: ~~KAM BABAOFF~~ KAMBIZ BABAOFF

Title: Managing Director

GROUND LESSOR

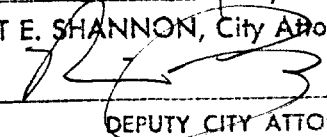
CITY OF LONG BEACH  
A municipal corporation

By:   
City Manager

APPROVED AS TO FORM

10/7, 2005

ROBERT E. SHANNON, City Attorney

By:   
DEPUTY CITY ATTORNEY

[Execution Page]

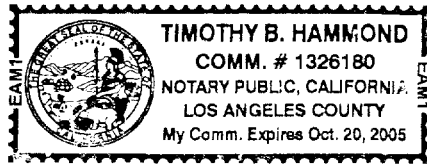
GENERAL ACKNOWLEDGMENT

STATE OF CALIFORINA }  
COUNTY OF LOS ANGELES } ss.

On 5 OCT, 2005 before me, TIMOTHY B HAMMOND, a  
Notary Public, personally appeared THEARY T SIM IENG,  
personally known to me (or proved to me on the basis of satisfactory evidence) to be the

person ~~(s)~~ whose name ~~(s)~~ ~~is~~ subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~they~~ executed the same in ~~his~~ ~~her~~ ~~their~~ authorized capacity ~~(s)~~, 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. WITNESS my hand and official seal.

Signature Timothy B Hammond  
(NOTARY SEAL)



GENERAL ACKNOWLEDGMENT

STATE OF CALIFORNIA }

COUNTY OF LOS ANGELES } ss.

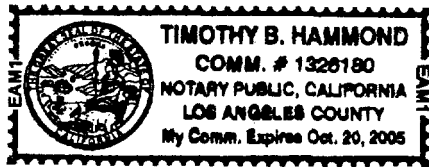
On 6 OCT, 2005 before me, TIMOTHY B HAMMOND, a

Notary Public, personally appeared KAMBIZBARAOFF,

~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the

person ~~wh~~ whose name ~~is~~ subscribed to the within instrument and acknowledged to me that ~~he~~ ~~she~~ ~~it~~ executed the same in his ~~her~~ ~~its~~ authorized capacity ~~(as)~~, an that by his ~~her~~ ~~its~~ signature ~~(s)~~ on the instrument the person ~~(s)~~, or the entity upon behalf of which the person ~~(s)~~ acted, executed the instrument. WITNESS my hand and official seal.

Signature Timothy B Hammond  
(NOTARY SEAL)



GENERAL ACKNOWLEDGMENT

STATE OF CALIFORNIA }  
COUNTY OF LOS ANGELES } ss.

On Oct. 11, 2005 before me, LINDA C. RAMSAY, a  
Notary Public, personally appeared - GERALD R. MILLER -,

personally known to me (~~or 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. WITNESS my hand and official seal.

Signature Linda C. Ramsay

(NOTARY SEAL)



**EXHIBIT A**

**Description of Ground Lease**

[GROUND LEASE ATTACHED]

1 LEASE

2  
3 THIS LEASE is made and entered into as of the 7<sup>th</sup> day of  
4 MAY, 1987, pursuant to Ordinance No. HD-1448 adopted by  
5 the Board of Harbor Commissioners of the City of Long Beach at its  
6 meeting of APRIL 6, 1987, by and between the CITY OF LONG  
7 BEACH, a municipal corporation, acting by and through its Board of  
8 Harbor Commissioners ("Landlord") and QUIET CANNON LONG BEACH,  
9 INC., a California corporation ("Tenant").

10 ARTICLE I

11 Recitals

12 1.1 Preliminary Statement: Landlord is the owner of certain  
13 tide and submerged lands situated in the Harbor District of the  
14 City of Long Beach, California, having acquired title thereto pur-  
15 suant to statutory grants from the State of California; Chapter  
16 676, Statutes of 1911; Chapter 102, Statutes of 1925; and Chapter  
17 158, Statutes of 1935. Said tide and submerged lands are held by  
18 Landlord subject to the trusts and limitations set forth in said  
19 granting statutes and in Chapter 29, Statutes of 1958, First Extra-  
20 ordinary Session, and Chapter 138, Statutes of 1964, First Extra-  
21 ordinary Session.

22 Landlord entered into a written lease dated March 9, 1972  
23 (Harbor Department Document No. HD-2224) with Feinberg Development  
24 Corporation, a California corporation, now known as The Feinberg  
25 Group, Inc., pursuant to Ordinance No. HD-944, adopted by the Board  
26 at its meeting of February 7, 1972, for the use of three parcels  
27 of land described as Parcels I, II, and III, and a water parcel  
28 described as Parcel IV. Said lease has been amended by amendments



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1 dated April 5, 1973, November 15, 1973, December 27, 1974, October  
2 3, 1975, December 30, 1976, July 24, 1981, January 17, 1985, and  
3 April 17, 1986. On November 3, 1972, The Feinberg Group, Inc., as  
4 sublessor entered into a written sublease with Blazon Corporation,  
5 a California corporation, now known as Quiet Cannon Long Beach,  
6 Inc., as sublessee. That Sublease was amended on October 1, 1974,  
7 July 1, 1976, and December 1, 1976 (the sublease as amended is  
8 referred to herein as the "Sublease"). That Sublease was assigned  
9 by The Feinberg Group, Inc., to Queensway Development Partners on  
10 July 22, 1974. Queensway Development Partners assigned the Sub-  
11 lease to Queensway Development Partners II on October 31, 1984. On  
12 March 24, 1986, The Feinberg Group, Inc., and Queensway Development  
13 Partners II assigned all of their right, title and interest in and  
14 to the Sublease to Landlord. The parties intend by this lease to  
15 amend and restate their respective rights and duties, and upon the  
16 commencement date of the term of this lease (as defined in para-  
17 graph 2.2), to terminate the Sublease subject to the provisions of  
18 paragraph 11.14.

19 1.2 Exhibits:

20 Exhibit "A"	Description of Premises
21 Exhibit "B"	Map of Premises
22 Exhibit "C"	Roadway Easement

23 All of the above-described exhibits are attached to this  
24 lease and by this reference made a part hereof.

25 ARTICLE II

26 Premises, Appurtenant Rights, Term

27 2.1 Premises: Landlord leases to Tenant and Tenant leases  
28 from Landlord the real property located in the City of Long Beach,

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1 Los Angeles County, and more fully described in Exhibits "A" and  
2 "B" ("Premises") subject to the roadway easement described in  
3 Exhibit "C" and the terms, covenants and conditions contained in  
4 this lease. Tenant shall not interfere with the public's right of  
5 ingress-egress along said roadway easement.

6 2.2 Term: The term of this lease shall be for forty-six (46)  
7 years commencing on the first (1st) day of the month following the  
8 month in which this lease is executed by Landlord ("commencement  
9 date").

10 ARTICLE III

11 Rent

12 3.1 Lease Year: The words "lease year" as used in this  
13 lease shall mean the twelve (12) month period commencing July 1 and  
14 ending June 30. Any portion of the term which is less than a  
15 lease year shall be deemed and called a "partial lease year".

16 3.2 Rent: Tenant shall pay to Landlord rent in the form  
17 of "base rent" and "percentage rent" in the amounts, manner and  
18 at the times set forth in this Article.

19 3.2.1 Base Rent: Subject to the provisions of para-  
20 graphs 3.2.7 and 3.2.8, Tenant shall pay to Landlord each month  
21 as base rent the sum of Two Thousand Three Hundred Sixty-two and  
22 58/100 Dollars (\$2,362.58).

23 3.2.2 Payment of Base Rent: The base rent shall be paid  
24 monthly in advance on the first day of each month commencing as of  
25 the commencement date (as defined in paragraph 2.2).

26 3.2.3 Percentage Rent: Subject to the provisions of  
27 paragraph 3.2.7 and in addition to the base rent and for the pur-  
28 pose of providing adequate rental to Landlord for Tenant's use and

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1 occupancy of the Premises, Tenant shall pay, as percentage rent the  
2 amount, if any, by which the total of the products of the percent-  
3 ages stated below and Tenant's gross receipts (as defined in  
4 paragraph 3.2.5) from the listed categories in each month exceeds  
5 the base rent for the same month.

- |    |                                    |        |
|----|------------------------------------|--------|
| 6  | a. Food, food products (excluding  | 3 1/2% |
| 7  | alcoholic beverages) served on     |        |
| 8  | the Premises and food, food        |        |
| 9  | products prepared on the Prem-     |        |
|    | ises and served off the Prem-      |        |
|    | ises                               |        |
| 10 | b. Packaged alcoholic and nonalco- | 4 1/2% |
| 11 | holic beverages and all other      |        |
| 12 | alcoholic and nonalcoholic         |        |
| 13 | beverages sold and/or consumed     |        |
|    | on the Premises or catered off     |        |
|    | the Premises                       |        |
| 14 | c. All other income                | 10%    |

15 3.2.4 Payment of Percentage Rent: Tenant shall pay the  
16 percentage rent to Landlord monthly on the date Tenant submits its  
17 monthly accounting statement in accordance with the provisions of  
18 paragraph 3.2.11. The percentage rent for the last month at the  
19 end of the term shall be paid within twenty (20) days from the  
20 expiration or termination date.

21 3.2.5 Gross Receipts: The term "gross receipts" shall  
22 mean all income and proceeds of sales by Tenant of every kind,  
23 whether in cash or on credit (whether collected or not) resulting  
24 from businesses conducted in, on or from the Premises. The term  
25 "gross receipts" shall also include all income and proceeds of  
26 sales received by any sublessee, concessionaire, or licensee of  
27 Tenant and business interruption insurance proceeds.

28 3.2.6 Exclusions From Gross Receipts: Notwithstand-  
ing anything to the contrary, the term "gross receipts" shall

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1 exclude the following:

- 2 a. All credits or refunds made to customers,  
3 guests, or patrons, the amount of which had  
4 previously been included in the gross receipts  
5 reported and all sums or credits received in  
6 settlement of claims for loss or damage to  
7 merchandise.
- 8 b. All sales taxes, retailers' excise taxes,  
9 gross receipts taxes, transaction taxes, hotel  
10 or room taxes, California and Long Beach sales  
11 taxes, and other similar taxes or use tax  
12 imposed by any governmental entity, or admis-  
13 sion, entertainment, or similar or equivalent  
14 taxes paid to or collected by, or payable by,  
15 Tenant, its sublessees, concessionaires, and  
16 licensees and others under contract with  
17 Tenant; provided, however, that this exclusion  
18 shall not include license or permit fees or  
19 taxes but only to the extent that such license  
20 or permit fees or taxes shall not be based  
21 upon the gross receipts or revenues of Tenant,  
22 its sublessees, concessionaires, or licensees  
23 or others under contract with Tenant.
- 24 c. Allowances for meals or discounts of Tenant's  
25 employees and those of its sublessees, conces-  
26 sionaires, licensees, and others under con-  
27 tract with Tenant.
- 28 d. Gratuities received by Tenant's employees,

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- agents, or contractors to the extent that said gratuities are retained by said employees, agents, or contractors and not paid over to Tenant or deducted from wages or salaries paid to said employees, agents, or contractors.
- e. That portion of the gross receipts from coin operated devices that must be, by contract concerning them, turned over to a person, firm, or corporation, in which the person to the contract has no direct or indirect financial interest.
  - f. Food and entertainment customarily and actually complemented by restaurant operators in the Southern California area to others.
  - g. Sums repaid to Tenant by restaurant customers solely in reimbursement for advancement or outlays of cash made by Tenant for guests for service gratuities, or solely in reimbursement for other actual advances or outlays of cash made as an accommodation to guests.
  - h. The value of any good, wares, or merchandise transferred by Tenant from the Premises to any other business operated by Tenant or by any parent, subsidiary or affiliate thereof, for its own use or use of the parent, subsidiary or affiliate.
  - i. Proceeds of casualty insurance claims and condemnation awards used to restore the Premises.

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1 j. Proceeds from sale or trade-in value of any  
2 furniture, furnishings, or equipment used by  
3 Tenant on the Premises in connection with the  
4 operations under this lease.

5 3.2.7 Adjustment of Rent: In accordance with the pro-  
6 visions of Section 1207(d) of the City Charter of the City of Long  
7 Beach, the percentage rent for the Premises shall be subject to  
8 adjustment on July 1 of the lease year commencing July 1, 2008 and  
9 on July 1 every five (5) year period thereafter for the balance of  
10 the term ("adjustment date"). The parties agree to renegotiate the  
11 amount of percentage rent payable to Landlord and to agree on the  
12 amount or manner of determining the amount at least ninety (90)  
13 days prior to the commencement of each succeeding five (5) year  
14 period. In the negotiations to establish the adjusted percentage  
15 rent, the parties shall take into consideration the land value and  
16 other facts and data necessary for a proper determination. If the  
17 parties cannot reach agreement with respect to an adjustment of the  
18 percentage rent or any other matter specifically stated in this  
19 lease to be subject to adjustment, either party may request arbi-  
20 tration thereof in accordance with the provisions of paragraph 10.1  
21 in which event the percentage rent determined by arbitration shall  
22 be based on the considerations described in the immediately pre-  
23 ceeding sentence and shall be binding on the parties hereto.

24 3.2.8 In addition to the adjustments of percentage rent,  
25 provided for in paragraph 3.2.7, the parties agree that upon com-  
26 pletion of the remodeling and modernization project proposed by  
27 Tenant (as defined in Article IV), Tenant shall pay to Landlord  
28 during the next succeeding twelve (12) month period as monthly base

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1 rent an amount equal to one-twelfth (1/12) of seventy-five percent  
2 (75%) of the rent (including base rent and percentage rent) payable  
3 by Tenant to Landlord during the twelve (12) months preceding the  
4 completion of Tenant's remodeling and modernization project or the  
5 sum of Two Thousand Six Hundred Eighty-three and No/100 Dollars  
6 (\$2,683.00) whichever is greater. Thereafter, on the anniversary  
7 date of the completion of Tenant's remodeling and modernization  
8 project, the base rent shall be adjusted so that the amount thereof  
9 shall be the sum of Two Thousand Six Hundred Eighty-three and  
10 No/100 Dollars (\$2,683.00) per month or one-twelve (1/12) of sev-  
11 enty-five percent (75%) of the rent (including base rent and per-  
12 centage rent) payable by Tenant to Landlord during the twelve (12)  
13 month period preceding said anniversary date, whichever is greater.

14           3.2.9 Additional Rent: Tenant shall also pay to Land-  
15 lord from time to time as provided in this lease additional rent  
16 which shall include:

- 17           a. All amounts and obligations which Tenant has  
18 assumed or agreed to pay under the provisions  
19 of this lease; provided, however, if the  
20 amount or obligation is payable to a person  
21 other than Landlord, Landlord's right to claim  
22 additional rent shall be conditioned upon  
23 Landlord's having given notice to Tenant to  
24 pay the amount or satisfy the obligation, and  
25 Tenant's failure to do so and Landlord's pay-  
26 ment or performance to protect its rights.
- 27           b. Compound interest at the rate of ten percent  
28 (10%) per annum on amounts and obligations as

1 are payable to Landlord pursuant to subpara-  
2 graph a. above, which are not paid within ten  
3 (10) days after the due date or, if a demand  
4 is required, within ten (10) days after the  
5 date of such demand. Interest shall accrue  
6 from the due date or the date of demand,  
7 whichever date is applicable, until payment  
8 thereof.

9 c. Compound interest at the rate of ten percent  
10 (10%) per annum on all installments of base  
11 rent and percentage rent not paid within ten  
12 (10) days after the due date. Interest shall  
13 accrue from the due date until payment.

14 3.2.10 Manner of Payment of Rent: Base rent, percentage  
15 rent and additional rent and any other sums payable to Landlord  
16 shall be paid in United States dollars and if paid by check, such  
17 obligations shall be deemed paid as of the date Landlord received  
18 such check if the check is honored upon first presentation thereof.  
19 All rent payments to Landlord shall be net and Tenant shall not  
20 have any right of deduction, setoff, prior notice or demand, except  
21 such demands or notice as may be expressly provided for in this  
22 lease.

23 3.2.11 Accounting Statements: Tenant shall prepare and  
24 deliver or cause to be prepared and delivered to Landlord within  
25 twenty (20) days after the end of each month during the term a  
26 detailed statement of gross receipts (as defined in paragraph  
27 3.2.5), and percentage rent, if any, for the preceding calendar  
28 month. The accounting statements shall be prepared in accordance



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1 with generally accepted accounting practices and shall be accom-  
2 panied by a written certification signed by Tenant certifying that  
3 the statement is accurate and complete. In addition, Tenant shall  
4 prepare and deliver or cause to be prepared and delivered to Land-  
5 lord within ninety (90) days after the end of each lease year and  
6 partial lease year, a detailed statement of gross receipts for the  
7 lease year ended and percentage rent paid for said lease year. The  
8 annual statements shall be prepared in accordance with generally  
9 accepted accounting practices and shall have been reviewed by a  
10 licensed certified public accountant or licensed public accountant.  
11 If Tenant shall fail to prepare and deliver or cause to be prepared  
12 and delivered any accounting statement within the time provided and  
13 such failure shall continue after fifteen (15) days' written notice  
14 from Landlord to Tenant, Landlord may, but shall not be obligated  
15 to, audit Tenant's books, records and accounts pertaining to gross  
16 receipts for such delinquent accounting period and may prepare the  
17 statement or statements which Tenant shall have failed to submit.  
18 Any such audit shall be in addition to the special audit provided  
19 for in paragraph 3.2.12. Tenant shall pay on demand all expenses  
20 of such audit incurred by Landlord all sums as may be shown by such  
21 audit to be due together with interest thereon as provided in para-  
22 graphs 3.2.9.b. and 3.2.9.c. from the date of Landlord's notice to  
23 prepare an accounting statement.

24           3.2.12 Records, Inspection and Special Audit: Tenant  
25 shall keep full and complete books of account and other records  
26 reflecting the results of its business transactions conducted in,  
27 on or from the Premises in order to enable Landlord to ascertain  
28 the percentage rent and other sums due Landlord under this lease.

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1 Tenant's records and books of account shall be kept on an accrual  
2 basis and shall not be maintained on a consolidated basis with  
3 other corporate activities of Tenant. At all reasonable times,  
4 Landlord, and its City Auditor and their duly authorized represen-  
5 tatives, shall have access to such of Tenant's records and books of  
6 account and those of any person whose records and books of account  
7 are subject to inspection by Tenant which pertain to gross receipts  
8 for the purpose of examining the same and if Landlord elects, of  
9 auditing the same. Tenant shall keep such records and books of  
10 account pertaining to gross receipts, including actual day to day  
11 receipts, checks, invoices and similar documents, for a period of  
12 two (2) years after the end of each lease year. Landlord shall be  
13 entitled once during each lease year, and once within a period of  
14 six (6) months following the expiration or termination of this  
15 lease to commence a special audit of Tenant's records and books of  
16 account pertaining to gross receipts. Tenant shall cooperate fully  
17 with Landlord and its City Auditor and their designated representa-  
18 tives in the making of said special audit. The audit shall be con-  
19 ducted during usual business hours. Landlord shall provide Tenant  
20 with a copy of the results of Landlord's special audit within  
21 thirty (30) days after preparation thereof. If there is a defi-  
22 ciency in the payment of sums due Landlord, the deficiency shall  
23 become immediately due and payable together with interest thereon  
24 as provided in paragraphs 3.2.9.b. and 3.2.9.c. from the date of  
25 Landlord's demand for payment of the deficiency. If the amount of  
26 any deficiency for any lease year or partial lease year exceeds six  
27 percent (6%) of the sums paid, Tenant shall pay the cost of the  
28 special audit; otherwise, the cost thereof shall be paid by

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1 Landlord. If it is determined by such special audit that there is  
2 an overpayment of rent or other sums by Tenant, a refund shall  
3 become immediately due from Landlord to Tenant together with inter-  
4 est thereon at the same rate as set forth in paragraph 3.2.9.c.  
5 from the date of Tenant's demand for such refund

6 3.2.13 Negation of Partnership: Landlord shall not  
7 become or be deemed a partner or a joint venturer with Tenant by  
8 reason of the provisions of this lease.

9 ARTICLE IV

10 Development and Improvement

11 4.1 Tenant's Plan: Within six (6) months after the second  
12 reading of the ordinance of the Board of Harbor Commissioners  
13 approving this lease, Tenant shall submit to Landlord an applica-  
14 tion for a Harbor Development Permit describing in detail Tenant's  
15 plan for the remodeling and modernization of the Premises ("Ten-  
16 ant's Plan"). Tenant's Plan shall include the design and financing  
17 thereof, as well as the preparation of feasibility and marketing  
18 studies and analyses. Landlord shall approve or disapprove Ten-  
19 ant's Plan in accordance with the provisions of the California  
20 Environmental Quality Act, the California Coastal Act, Section  
21 1215 of the Long Beach City Charter and Long Beach City Council  
22 Ordinance No. C-6356.

23 4.2 Schedule of Performance: Tenant, in its further develop-  
24 ment of the Premises, and at its cost, shall commence and complete  
25 construction of Tenant's improvements as follows:

26 4.2.1 Commencement of Construction: Tenant shall com-  
27 mence construction within sixty (60) days after (i) Landlord has  
28 issued a Harbor Development Permit for Tenant's Plan and (ii)

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1 Tenant has obtained all approvals of all governmental or quasi  
2 governmental authorities having jurisdiction over the Premises  
3 which are necessary to complete Tenant's Plan and Tenant shall com-  
4 plete construction thereon within six (6) months thereafter.

5           4.2.2 Construction Defined: "Construction" as used in  
6 this paragraph shall mean construction of improvements on the Prem-  
7 ises in accordance with Tenant's Plan.

8           4.3 Mechanics' Liens: Subject to Tenant's right to contest  
9 the same, Tenant shall pay as soon as due all mechanics', labor-  
10 ers', materialmen's, contractors', subcontractors' or other similar  
11 charges or liens on the Premises. If any such mechanics' or other  
12 similar liens shall at any time be filed against Landlord's inter-  
13 est in the Premises, Tenant shall cause the same to be discharged  
14 of record within thirty (30) days after the date of filing the same  
15 or otherwise free the Premises from such claim or lien and any  
16 action brought to foreclose such lien, or Tenant shall promptly  
17 furnish to Landlord a bond in the amount issued by a surety company  
18 reasonably satisfactory to Landlord, securing Landlord against pay-  
19 ment of such lien and against any and all loss or damage whatsoever  
20 in any way arising from the failure of Tenant to discharge such  
21 lien. Tenant may in good faith contest any of such liens provided  
22 it does so with due diligence and further provided that Tenant  
23 shall fully pay and immediately discharge the amount of any final  
24 judgment granted against Landlord or Tenant in any litigation  
25 involving the enforcement of such liens or the validity thereof.  
26 In the event Tenant fails or refuses to discharge of record any  
27 such uncontested lien within said thirty (30) day period or to pay  
28 and satisfy any such judgment as provided above, Landlord,

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1 following twenty (20) days' written notice to Tenant of Landlord's  
2 intent may, but shall not be obligated to, pay the amount thereof  
3 inclusive of any interest thereon or any court costs assessed  
4 against Tenant in litigation. Any amounts so paid by Landlord and  
5 all reasonable attorneys' fees and other expenses of Landlord  
6 together with interest thereon as provided in paragraph 3.2.8.b.  
7 from the date of payment shall be paid by Tenant to Landlord on  
8 demand.

9 4.4 Notification of Commencement of Work: With respect to  
10 the construction of improvements, Tenant shall notify Landlord  
11 in writing twenty (20) days prior to the commencement thereof for  
12 the purpose of enabling Landlord to post and record Notices of  
13 Nonresponsibility.

14 4.5 Tenant's Property: The improvements constructed or  
15 placed on the Premises by Tenant shall be and remain the property  
16 of Tenant during the term. Upon the termination of this lease  
17 (whether by lapse of time or otherwise), all improvements and any  
18 trade fixtures permanently affixed to the Premises, other than Ten-  
19 ant's equipment, shall be and become the property of Landlord with-  
20 out the payment of consideration therefor by Landlord. "Tenant's  
21 equipment" shall be all fixtures, apparatus, furniture, furnish-  
22 ings, equipment and all temporary structures installed by or at the  
23 request of Tenant or any of its sublessees, concessionaires or  
24 licensees upon the Premises.

25 ARTICLE V

26 Use of Premises and Tenant's Covenants

27 5.1 Permitted Uses: The Premises may be used for the opera-  
28 tion of a restaurant, cocktail lounge and banquet rooms with

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1 parking and for no other use or purpose without the prior written  
2 consent of Landlord's Board of Harbor Commissioners.

3       5.2 Alterations and Improvements: Tenant, at its cost, shall  
4 have the right at any time to make changes, alterations and addi-  
5 tions to the improvements on the Premises. "Improvements" as used  
6 in this paragraph and paragraph 5.3 shall mean and include all  
7 buildings and structures from time to time existing on the Prem-  
8 ises. With respect to any such change, alteration or addition:

9           5.2.1 Tenant shall not, without the prior written con-  
10 sent of Landlord, change a use to a use not permitted by paragraph  
11 5.1 or reduce the value of the improvements, taken as a whole,  
12 below their value prior to such change, alteration or addition  
13 unless the changed, altered or added improvements on the Premises  
14 will provide sufficient income to pay the base rent and percentage  
15 rent, if any, reasonably expected to be equivalent to that which  
16 would be payable but for such change, alteration or addition.

17           5.2.2 The change, alteration or addition shall be  
18 accomplished with due diligence, in good and workmanlike manner.

19           5.2.3 The change, alteration or addition shall be accom-  
20 plished in such a manner as to comply with paragraph 5.6, and the  
21 costs thereof shall be promptly paid or shall be adequately pro-  
22 vided for by Tenant.

23           5.2.4 The change, alteration or addition shall not mate-  
24 rially alter the exterior appearance of the improvements except, in  
25 accordance with plans and specifications after such plans and  
26 specifications have been approved by Landlord. Prior to making any  
27 such alteration or addition, Landlord shall have (i) received at  
28 least ninety (90) days prior written notice from Tenant of the

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1 proposed alteration or addition and (ii) approved in writing the  
2 plans and specifications, provided, however, that within thirty  
3 (30) days after submission Landlord shall advise Tenant of its  
4 approval, or of its disapproval, setting forth in reasonable detail  
5 the reasons for disapproval, and, in the event of disapproval, that  
6 resubmissions may be made in a like manner with the same provisions  
7 with regard to approval or disapproval.

8       5.3 Demolition and Reconstruction: Tenant, at its cost,  
9 shall have the right at any time and from time to time to demolish  
10 part or all of the improvements; provided, however, that:

11           5.3.1 Tenant shall construct upon the Premises any  
12 structure which will provide, in the reasonable judgment of Land-  
13 lord, sufficient income to pay in the aggregate over the remaining  
14 term the base rent and the percentage rent, if any, reasonably  
15 equivalent to that which would have been payable but for such  
16 demolition and reconstruction.

17           5.3.2 Prior to the commencement of any such demolition,  
18 Landlord shall have (i) received at least ninety (90) days prior  
19 written notice from Tenant of the proposed demolition and recon-  
20 struction, (ii) approved in writing the preliminary plans and  
21 specifications for the proposed new improvements on such parcel;  
22 provided however, that within thirty (30) days after submission,  
23 Landlord shall advise Tenant of its approval, or of its disapprov-  
24 al, setting forth in detail the reasons for disapproval, and in the  
25 event of disapproval, that resubmission may be made in a like man-  
26 ner with the same provisions with regard to approval or disapproval  
27 and (iii) received, at least ninety (90) days prior to the com-  
28 mencement of any such demolition, reasonably satisfactory evidence

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1 evidence that Tenant has or will have available the financing  
2 needed for payment of the costs of demolition and reconstruction.

3           5.3.3 Any such demolition and the construction of  
4 new improvements on a parcel shall comply with the provisions of  
5 subsections 5.2.2 and 5.2.3.

6           5.3.4 Nothing herein shall prevent Tenant from making  
7 demolitions in connection with alterations or additions which are  
8 performed in compliance with the provisions of paragraph 5.2.

9           5.4 Utilities and Services: Tenant shall make all arrange-  
10 ments for and pay or cause to be paid all utility charges and  
11 services furnished to the Premises, including, without limitation,  
12 gas, electricity, water, telephone services, trash collection,  
13 and for all connection charges.

14           5.5 Condition of Premises: Landlord shall have no duty to  
15 make any improvement or repair to the Premises. Tenant accepts  
16 the Premises in their existing condition and acknowledges and  
17 agrees that neither Landlord nor any of its officers or employees  
18 has made any representation as to soil and/or subsurface conditions  
19 of the Premises. Tenant covenants to keep the Premises and all  
20 improvements constructed thereon in a neat, clean condition and  
21 in good order and repair, free and clear of litter and rubbish,  
22 reasonable wear and tear, damage by casualty and governmental  
23 authority excepted.

24           5.6 Compliance with Laws: Tenant shall: (i) make all  
25 repairs, alterations, additions, or replacements to the Premises  
26 and all improvements constructed thereon and all equipment, facil-  
27 ities, signs and fixtures thereon, required by law because of  
28 Tenant's use thereof; (ii) keep the Premises and all improvements



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1 constructed thereon equipped with all safety appliances so required  
2 because of such use; (iii) procure any licenses and permits  
3 required for any such use; and (iv) comply with all laws, ordi-  
4 nances, orders and regulations of all governmental authorities hav-  
5 ing jurisdiction over the Premises, the developments contemplated  
6 by this lease and the business activities thereon. Landlord will  
7 cooperate with Tenant in obtaining any required permit or other  
8 approval; provided, however, this covenant to cooperate shall not  
9 be deemed or construed as a waiver of any right or obligation of  
10 Landlord acting in its governmental capacity.

11       5.7 Indemnification: Tenant covenants to defend and save the  
12 City of Long Beach, the Board of Harbor Commissioners and their  
13 officers and employees ("indemnified parties") harmless and indem-  
14 nified from all injury, loss, claims or damage to any person or  
15 property ("claims") while on the Premises unless caused by the act  
16 or negligence of an indemnified party and to save an indemnified  
17 party harmless and indemnified from all injury, loss, claims or  
18 damage to any person or property on or adjacent to the Premises  
19 occasioned by any omission, neglect or default of Tenant, its  
20 agents, employees and contractors. Payment of a claim by an indem-  
21 nified party shall not be a condition precedent to recovery under  
22 this indemnification.

23       5.8 Insurance:

24             5.8.1 Tenant to Provide Insurance: As a condition pre-  
25 cedent to the effectiveness of this lease, Tenant, at its cost,  
26 shall keep and maintain or cause to be kept and maintained during  
27 the term and at such other times as may be required under "claims-  
28 made" insurance the following policies of insurance:

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- 1 a. Comprehensive general liability insurance nam-  
2 ing the indemnified parties as insureds with  
3 minimum limits in an amount of not less than  
4 Two Million Dollars (\$2,000,000) combined sin-  
5 gle limit which minimum required amount shall  
6 be reviewed and adjusted, if necessary, every  
7 five (5) years concurrently with the adjust-  
8 ment of rent as provided in paragraph 3.2.7.  
9 This insurance may be provided by submitting  
10 a combination of policies for underlying and  
11 excess or umbrella coverage.
- 12 b. Workers' compensation and employers liability  
13 insurance covering all persons employed by  
14 Tenant or others with respect to whom death  
15 or bodily injury claims could be asserted  
16 against the indemnified parties, Tenant, or  
17 the Premises; and
- 18 c. Fire and extended coverage insurance (it shall  
19 not be necessary to carry earthquake insurance  
20 but such insurance may in the sole judgment of  
21 Tenant be carried) in the form customarily  
22 carried in Los Angeles County in an amount  
23 determined by Tenant, which shall in any case  
24 be equal to not less than eighty percent (80%)  
25 of the then-current replacement cost for the  
26 improvements on the premises, subject to a  
27 deductible in amounts which Tenant uses as  
28 standard coverage for similar properties.

1 Replacement cost shall be evaluated concur-  
2 rently with the adjustment of rent as provided  
3 in paragraph 3.2.7, and shall, if the parties  
4 shall not agree thereon, be subject to deter-  
5 mination by arbitration in accordance with the  
6 provisions of paragraph 10.1.

7 d. Tenant shall not be relieved of its obligation  
8 to indemnify the indemnified parties by pro-  
9 curing the insurances described in subpara-  
10 graphs a., b., and c. above.

11 5.8.2 Insurance Companies and Policies - Terms of

12 Policy: All insurance provided for pursuant to paragraph 5.9.1  
13 shall be effected under a valid and enforceable policy or policies  
14 issued by insurers of recognized responsibility reasonably satis-  
15 factory to Landlord. Each policy issued pursuant to the require-  
16 ments of paragraph 5.8.1 shall provide that no cancellation or  
17 termination thereof on account of nonpayment of premiums or any  
18 other reason shall be effective until at least thirty (30) days  
19 after mailing or otherwise sending written notice thereof to Land-  
20 lord. Each party hereby waives all rights of action against the  
21 other with respect to any losses or claims covered by any insurance  
22 policy procured pursuant to paragraph 5.8.1 to the extent that such  
23 waiver of subrogation is permitted by each such policy. Within  
24 sixty (60) days after the commencement date (as defined in para-  
25 graph 2.2), and thereafter not less than fifteen (15) days prior to  
26 the expiration dates of the policies delivered pursuant to this  
27 paragraph, Tenant shall deliver to Landlord for approval by Land-  
28 lord's Executive Director certificates of insurance or duplicate

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1 originals or copies certified to be correct copies of the policies  
2 or renewal policies, as the case may be, required by this lease,  
3 with receipts or other evidence satisfactory to Landlord showing  
4 the payment of the premium. Insurance required hereunder may be  
5 effected by a blanket insurance policy or policies covering other  
6 property. If any of the required insurance is provided on a  
7 "claims-made" basis, any "prior acts" coverage or "retroactive  
8 date" on such insurance and all subsequent insurance shall be as  
9 of the first date of the "claims-made" coverage. Upon expiration  
10 or termination of coverage of required insurance, Tenant, at its  
11 cost, shall procure and maintain "tail" coverage or an extended  
12 reporting coverage period endorsements and submit proof thereof  
13 in accordance with the provisions of this paragraph 5.8.2.

14           5.8.3 Tenant's Separate Insurance: Tenant may procure  
15 such additional or more extensive insurance as it or any mortgagee  
16 (as defined in paragraph 7.1) shall determine is desirable. Tenant  
17 shall not take out separate insurance concurrent in form or con-  
18 tributing in the event of loss with that required under paragraph  
19 5.8.1 to be furnished by Tenant to Landlord unless Landlord is  
20 included therein as an insured. Tenant shall immediately notify  
21 Landlord of the taking out of any such separate insurance concu-  
22 rent in form or contributing in the event of loss and shall deliver  
23 the policy or policies or copies or certificates thereof as pro-  
24 vided in paragraph 5.8.2 hereof.

25           5.8.4 Tenant's Self-Insurance: Notwithstanding the pro-  
26 visions of paragraphs 5.8.1.a. and 5.8.1.b., Tenant may, in lieu of  
27 maintaining such insurances, self-insure against any of the risks  
28 therein referred to provided that (i) prior thereto it shall give

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1 notice to Landlord of its intent to self-insure, specifying in such  
2 notice which insurance it proposes not to maintain in force and  
3 effect and if it proposes to self-insure with respect to only a  
4 portion of any required insurance coverage, specifying the amount  
5 it proposes to self-insure; (ii) during any period in which Tenant  
6 shall so self-insure, it shall establish and maintain adequate  
7 reserves in cash or cash equivalents reasonably satisfactory to  
8 Landlord for losses arising from such risks, and (iii) shall  
9 deliver to Landlord with the notice referred to in clause (i) and  
10 thereafter within thirty (30) days after the end of each lease  
11 year, a certificate of Tenant, setting forth a statement of the  
12 reserves so maintained by Tenant.

13       5.9 Taxes: This lease may create a possessory interest sub-  
14 ject to property taxation and Tenant may be liable for the payment  
15 of property taxes levied on such possessory interest. From and  
16 after the commencement date (as defined in paragraph 2.2), Tenant  
17 covenants to pay or cause to be paid, prior to delinquency, except  
18 in the case of contests made in good faith, all taxes, assessments  
19 and other governmental and district charges that may be levied or  
20 assessed upon buildings, improvements or property located on the  
21 Premises and upon possessory interests created by this lease during  
22 and with respect to the term thereof. Tenant may pay in install-  
23 ments those assessments which are payable in installments, but only  
24 need pay those installments which are due during the term. Satis-  
25 factory evidence of such payments shall be delivered to Landlord  
26 upon demand therefor.

27       5.10 Surrender: At the termination of this lease (whether by  
28 lapse of time or otherwise) Tenant covenants to peaceably yield up

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1 and surrender the Premises including all improvements thereon in  
2 conformity with the provisions of this lease, said Premises and  
3 improvements to be in good order, repair and condition, reasonable  
4 wear and tear, damage by casualty and action by governmental  
5 authority excepted and free and clear of all liens and encumbrances  
6 of a monetary nature excepting such monetary liens and encumbrances  
7 as may be created by Landlord or any successor in interest to Land-  
8 lord subject to those easements and other matters then of record or  
9 permitted and approved by Landlord. Landlord reserves the right at  
10 the time of termination to require Tenant, at its cost, to demolish  
11 and remove all improvements placed on the Premises by Tenant.  
12 Landlord shall notify Tenant at least one hundred eighty (180) days  
13 prior to the expiration of the term or at the time Landlord serves  
14 a notice of termination of Landlord's election to require the  
15 demolition and removal of improvements. At the time of termina-  
16 tion, Tenant, at its cost, shall remove Tenant's equipment (as  
17 defined in paragraph 4.5) which Tenant is directed to remove by  
18 Landlord or which Tenant elects to remove. Should Tenant fail to  
19 remove any furniture, furnishings or equipment within a reasonable  
20 time after the Landlord's request, Landlord may have them removed  
21 and stored at Tenant's cost and risk. Tenant shall reimburse Land-  
22 lord for any cost incurred in such removal, storage and for reason-  
23 able repairs necessitated by the removal.

24       5.11 Quiet Enjoyment: Landlord covenants and agrees that,  
25 Tenant, subject to the terms and provisions of this lease, on pay-  
26 ment of rent and observing, keeping and performing all of Tenant's  
27 covenants, shall lawfully, peaceably and quietly have, hold and  
28 occupy and enjoy the Premises and any appurtenant rights granted

1 to Tenant under this lease without hindrance or rejection by any  
2 person.

3 ARTICLE VI

4 Assignment and Subletting

5 6.1 Assignment: The qualifications and identity of Tenant  
6 are of particular concern to Landlord. It is because of those  
7 qualifications and identity that Landlord has entered into this  
8 lease with Tenant. No voluntary or involuntary successor in inter-  
9 est shall acquire any rights or powers under this lease except pur-  
10 suant to an assignment or transfer made with Landlord's consent or  
11 expressly permitted by this lease to be made without Landlord's  
12 consent.

13 6.2 Landlord's Consent: To obtain Landlord's consent to a  
14 proposed assignment where such consent is required, Tenant shall  
15 deliver to Landlord a written notice which shall contain the fol-  
16 lowing:

- 17 a. The name and address of the proposed assignee;
- 18 b. A statement whether the proposed assignee is an indi-  
19 vidual, partnership or corporation, and if the pro-  
20 posed assignee is a corporation, the names and  
21 addresses of such corporation's principal officers,  
22 and directors and the place of incorporation; and if  
23 the proposed assignee is a partnership, the names and  
24 addresses of the general partners of such partner-  
25 ship;
- 26 c. A copy of the most recent current financial statement  
27 of the proposed assignee audited by an independent  
28 certified public accountant, which financial

1 statement discloses a credit standing and financial  
2 responsibility comparable to Tenant;

3 d. A statement setting forth in reasonable detail the  
4 business experience of the proposed assignee and, if  
5 applicable, its officers, directors and managing  
6 employees.

7 Within thirty (30) days after receipt of Tenant's notice,  
8 Landlord shall notify Tenant of its consent to the assignment or,  
9 if Landlord's consent is not to be given, the reasons therefor.

10 6.3 Assumption: Simultaneously with an assignment, the  
11 assignee shall execute an agreement running to Landlord assuming  
12 Tenant's obligations under this lease arising after the date of  
13 such assignment. Tenant shall remain fully obligated under this  
14 lease notwithstanding any assignment or sublease or any indulgence  
15 granted by Landlord to Tenant or sublessee unless released in writ-  
16 ing by Landlord.

17 6.4 Sublease: Tenant shall not sublease the Premises or any  
18 part thereof without first obtaining the prior written consent of  
19 Landlord.

20 6.5 Landlord's Consent to Assignments and Subleases: Not-  
21 withstanding the foregoing, Tenant acknowledges that the legisla-  
22 tive grants of tide and submerged lands referred to in paragraph  
23 1.1 impose certain limitations on use of the granted tide and sub-  
24 merged lands and, as a result thereof, Landlord's discretion in  
25 consenting to assignments and subleases shall not be limited in  
26 any manner.

27 /

28 /



1 ARTICLE VII

2 Leasehold Financing; Rights of Mortgagee

3 7.1 Assignment for Security: After the commencement date (as  
4 defined in paragraph 2.2), Tenant may assign, mortgage, transfer or  
5 convey its interest under this lease and the leasehold estate  
6 created thereby ("leasehold estate") to a mortgagee. A "mortgagee"  
7 as used herein shall mean any beneficiary, mortgagee, secured party  
8 or other holder of a promissory note or other written security  
9 agreement affecting the leasehold estate ("mortgage"). Tenant may  
10 perform any and all acts and execute any and all instruments neces-  
11 sary or proper to consummate any loan transaction and perfect the  
12 security to be given a mortgagee on the security of the leasehold  
13 estate. Tenant shall deliver to Landlord a copy of any such note,  
14 deed of trust, security agreement or any other instrument evidenc-  
15 ing security interests executed by Tenant in connection with any  
16 mortgage within twenty (20) days from the date of execution  
17 thereof by Tenant.

18 7.2 Mortgagee's Rights: With respect to any mortgagee who  
19 shall have delivered to Landlord a written notice which shall state  
20 the name, address and a general description of the type of lien it  
21 holds on the leasehold estate, the following provisions shall  
22 apply:

23 7.2.1 Landlord when giving notice to Tenant with respect  
24 to any Default, Event of Default, remedy or termination under the  
25 provisions of Article IX shall also serve a copy of such notice  
26 upon any mortgagee, and no such notice to Tenant shall be effective  
27 unless a copy of such notice is so served upon each mortgagee.

28 7.2.2 Any mortgagee may do any act or thing required of

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1 Tenant hereunder and shall have the right of entry (to the extent  
2 granted under its mortgage and permitted by law) upon the Premises  
3 for the purpose of performing any such act or doing any such thing.  
4 All such acts or things done and performed shall be accepted by  
5 Landlord and be as effective to prevent a forfeiture of Tenant's  
6 rights under this lease or the existence of a Default or Event of  
7 Default as if done or performed by Tenant.

8           7.2.3 In the event of a Default or Event of Default by  
9 Tenant in the payment of rent or other sum, any mortgagee may pay  
10 such rent or other sum to Landlord, and such rent payment alone,  
11 without further requirement, shall be sufficient to prevent a ter-  
12 mination or forfeiture of the leasehold estate; provided, however,  
13 that such right to prevent such termination or forfeiture shall  
14 exist only for a period of thirty (30) days after expiration of the  
15 period during which Tenant may cure an Event of Default in payment  
16 of rent, which Event of Default was the subject of a notice given  
17 by Landlord to Tenant and mortgagee as provided in paragraph 7.2.1.

18           7.2.5 Upon the occurrence of any Event of Default other  
19 than a rent Event of Default, Landlord shall take no action to  
20 effect a termination and forfeiture of this lease without first  
21 giving to a mortgagee reasonable time within which, at mortgagee's  
22 election, either (i) to commence proceeding to obtain possession of  
23 the Premises subject to the mortgage and cure such default or (ii)  
24 to institute foreclosure proceedings and thereafter proceed with  
25 reasonable diligence to prosecute and complete such foreclosure, or  
26 otherwise acquire the leasehold estate. Reasonable time, subject  
27 paragraph 7.2.6, shall mean up to one hundred twenty (120) days to  
28 commence such proceedings.

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1           7.2.6 The time available to any mortgagee entitled to  
2 such notice from Landlord to initiate proceedings to obtain posses-  
3 sion or foreclosure or power of sale proceedings shall be deemed  
4 extended by the number of days of delay occasioned by circumstances  
5 beyond the mortgagee's control (including without limitation any  
6 stay or other legal restriction arising out of or under the Federal  
7 Bankruptcy Code or any similar law, statute or regulation), but  
8 such extension shall not release mortgagee from the requirement  
9 that it cure rent Events of Default, to prevent Landlord's termina-  
10 tion of Tenant's leasehold estate.

11           7.2.7 During the period that any such mortgagee shall be  
12 in possession of the Premises or any portion thereof and/or during  
13 the pendency of any foreclosure proceedings instituted by any mort-  
14 gagee, as a condition to the Landlord's continued forbearance as  
15 required herein, the mortgagee shall pay or cause to be paid the  
16 base rent and all other charges of whatsoever nature payable by  
17 Tenant hereunder which have been accrued and are unpaid and which  
18 will thereafter accrue during said period subject to the notice  
19 and right to cure provision provided in Article IX which shall be  
20 applicable to any failure by such mortgagee to pay such sums. Fol-  
21 lowing the acquisition of the leasehold estate by the mortgagee,  
22 or its designee, or any third party either as a result of judicial  
23 foreclosure or trustee's sale proceedings or acceptance of an  
24 assignment in lieu of foreclosure, the mortgagee or party acquiring  
25 title to the leasehold estate, as a condition to the Landlord's  
26 continued forbearance as required herein, shall commence within  
27 thirty (30) days, to cure all Events of Default hereunder to be  
28 cured by such mortgagee or purchaser and thereafter diligently

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1 process such cure to completion, except an Event of Default which  
2 cannot, in the exercise of reasonable diligence, be cured or per-  
3 formed by the mortgagee or party acquiring title to the leasehold  
4 estate, whereupon Landlord's right to effect a termination of this  
5 lease based upon the Event of Default in question shall be deemed  
6 waived. Any Event of Default referred to in paragraphs 9.1.4,  
7 9.1.5, 9.1.6, 9.1.7 and 9.1.8 and any other Event of Default not  
8 susceptible of being cured by the mortgagee or party acquiring  
9 title to the leasehold estate shall be, and shall be deemed to have  
10 been, waived by Landlord upon completion of the foregoing proceed-  
11 ings or acquisition of the leasehold estate by any purchaser (who  
12 may, but need not be, the mortgagee) at the foreclosure or trus-  
13 tee's sale, or who otherwise acquires the leasehold estate by vir-  
14 tue of the mortgagee's exercise of its remedies. Provided however,  
15 if the Event of Default is curable by action of the Landlord,  
16 Landlord may, upon thirty (30) days' prior written notice to Tenant  
17 at Landlord's sole option, enter into the property if such can be  
18 peacefully done and cure the Event of Default and charge any cost  
19 of such action to Tenant (but not the mortgagee or any purchaser or  
20 any transferee at a foreclosure or trustee's sale or by deed in  
21 lieu of foreclosure or their successors). Notwithstanding the  
22 foregoing, any Event of Default by Tenant in the performance of its  
23 indemnification and hold-harmless covenants under this lease shall  
24 be deemed to be an Event of Default not susceptible of being cured  
25 by the mortgagee or party acquiring title to Tenant's leasehold  
26 estate and Landlord may not cure any such Event of Default and  
27 charge the cost of such action to any such mortgagee or other party  
28 acquiring title through judicial or trustee's sale proceedings or

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1 by deed in lieu of assignment, their successors or assigns, or  
2 acquiring a new leasehold under paragraph 7.3, but may recover said  
3 costs from any of the parties liable hereunder.

4           7.2.8 If a Default or Event of Default is cured by  
5 Tenant or mortgagee, this lease shall continue in full force and  
6 effect as if there had been no such Event of Default, unless mort-  
7 gagee forecloses or otherwise obtains title in which case the  
8 provisions of this lease relating to mortgagees and purchasers are  
9 applicable.

10           7.2.9 Any assignment, sale or transfer of the leasehold  
11 estate in foreclosure proceedings or by deed or other instrument  
12 in writing in lieu of foreclosure shall not be an Event of Default  
13 and shall be deemed a permitted transfer subject to the provisions  
14 of paragraph 7.2.10.

15           7.2.10 The leasehold estate may be sold, transferred  
16 and assigned by foreclosure, trustee's sale or other proceedings  
17 enforcing a mortgage or by deed or assignment-in-lieu thereof. In  
18 the event the leasehold estate shall be acquired by foreclosure,  
19 trustee's sale or deed or assignment in lieu of foreclosure of a  
20 mortgage, the purchaser at such sale or the transferee by such  
21 assignment and its successors as holders of the leasehold estate  
22 shall be liable for the payment of all base rent, percentage rent  
23 and additional rent becoming due with respect to the period during  
24 which such purchaser, transferee or other successor is the holder  
25 of the leasehold estate.

26           7.2.11 Landlord shall give notice within ten (10) busi-  
27 ness days to mortgagee of the receipt by Landlord of any notice  
28 of rejection under the Federal Bankruptcy Code or any similar law,

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1 rule or regulation, by Tenant or on Tenant's behalf of this lease.

2       7.3 New Lease: In the event that the leasehold estate is  
3 terminated or cancelled in the entirety for any reason or is  
4 rejected by Tenant or its trustee under the provisions of the Fed-  
5 eral Bankruptcy Code, or any similar law, statute or regulation,  
6 the mortgagee holding a first senior lien upon the leasehold estate  
7 shall have the right, within sixty (60) days of receipt by  
8 mortgagee of notice of such termination or rejection, to demand a  
9 new lease to replace this lease covering the Premises for a term to  
10 commence on the date of procurement by Landlord of possession of  
11 the Premises and to expire on the same date as this lease would  
12 have expired if it had otherwise continued uninterrupted until its  
13 scheduled date of termination, and containing all of the same  
14 rights, terms, unexpired options, covenants, considerations and  
15 obligations as set forth in this lease. Such new lease shall be  
16 executed and delivered by Landlord to such mortgagee or its desig-  
17 nee within ninety (90) days after (i) receipt by Landlord of writ-  
18 ten notice from the mortgagee of such election and the adoption by  
19 Landlord's Board of Harbor Commissioners of an ordinance authoriz-  
20 ing the execution thereof, whichever event occurs last and (ii)  
21 upon payment by such mortgagee of all sums owing by Tenant under  
22 the provisions of this lease (less the rent and other income actu-  
23 ally collected by Landlord in the meantime from any subtenants or  
24 other occupants of the Premises) and subject to paragraph 7.6 and  
25 (iii) upon performance by the mortgagee of all other obligations  
26 of Tenant under the provisions of this lease with respect to which  
27 performance is then due and which are susceptible of being cured  
28 by the mortgagee. Following any such election to obtain such a new

1 lease, Landlord shall refrain from terminating any existing sub-  
2 lease and from executing any new subleases or otherwise encumbering  
3 the Premises without the prior written consent of the mortgagee.  
4 Landlord shall account to the mortgagee for all rent collected from  
5 subtenants during such period. Any new lease granted shall enjoy  
6 the same priority in time and in right as this lease over any lien,  
7 encumbrance or other interest created by Landlord before or after  
8 the date of such new lease and shall have the benefit of and vest  
9 in the mortgagee all right, title, interest, power and privileges  
10 of Tenant under this lease in and to the Premises, including speci-  
11 fically without written limitation, the assignment of Tenant's  
12 interest in and to all then existing subleases and sublease rentals  
13 and, the automatic vesting of title to all buildings, improvements  
14 and appurtenances as well as to all equipment, fixtures and machin-  
15 ery therein until the expiration or termination of the term. Such  
16 new lease shall provide with respect to each and every sublease  
17 which immediately prior to the termination of the term of this  
18 lease was superior to the lien of the mortgagee executing the new  
19 lease as Tenant, or as to which the mortgagee has executed a non-  
20 disturbance agreement, that such Tenant thereunder shall be deemed  
21 to have recognized the subtenant under the sublease pursuant to  
22 the terms of the sublease, as modified by any applicable nondistur-  
23 bance or attornment agreement, as though the sublease had never  
24 terminated, but had continued in full force and effect after the  
25 termination of the term of this lease, and to have assumed all of  
26 the obligations of the sublessor under the sublease accruing from  
27 and after the termination of the term of this lease, except that  
28 the obligation of the new tenant, as sublessor, under any covenant

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1 of quiet enjoyment, express or implied, contained in any such sub-  
2 lease, shall be limited to the acts of such tenant and those claim-  
3 ing by, under and through such tenant.

4       7.4 Consent of Mortgagee: Subject to the provisions of Arti-  
5 cle VII, this lease shall not be surrendered, cancelled, terminated  
6 or amended (except with respect to termination pursuant to any  
7 eminent domain proceedings concerning the whole of the parcel being  
8 condemned, or as provided in Articles VIII and IX) without the  
9 prior consent of the mortgagee having given Landlord notice of its  
10 interest in the Premises under paragraph 7.2 above which consent  
11 shall not be unreasonably withheld. No agreement purporting to  
12 surrender, cancel, terminate, or amend this lease shall be valid or  
13 effective unless such mortgagee shall first have consented thereto.  
14 In order to facilitate any financing or refinancing by Tenant which  
15 involves the hypothecation of the Tenant's leasehold estate, Land-  
16 lord, if requested so to do by Tenant, agrees to join in executing  
17 any and all instruments for any mortgagee which is or may become  
18 the holder of a lien that is a first lien and charge upon the  
19 leasehold estate may reasonably require in order: (i) to grant to  
20 the mortgagee or prospective mortgagee the right to act for Tenant  
21 in enforcing or exercising any of Tenant's rights, options or  
22 remedies under this lease; provided that in no event shall Landlord  
23 be required to incur any personal liability for the repayment of  
24 any obligations secured by any such hypothecation of the leasehold  
25 estate nor to subordinate the Landlord's rights and reversionary  
26 interests in and to the Premises to any such hypothecation.

27       7.5 No Merger: No merger of the leasehold estate into Land-  
28 lord's fee title shall result by reason of the ownership of



1 Landlord's or Tenant's estates by the same party or by reason of  
2 any other circumstances, without the prior consent of any and all  
3 mortgagees on the security of the leasehold estate.

4         7.6 Estoppel Certificate: Landlord shall, from time to time,  
5 upon not less than fifteen (15) days' prior written request by  
6 Tenant or mortgagee, execute, acknowledge and deliver to mortgagee  
7 or anyone designated by mortgagee or Tenant a statement in writing  
8 certifying to mortgagee or to an independent third party that this  
9 lease is unmodified and in full force and effect and that Landlord  
10 has no knowledge of any uncured Defaults or Events of Default of  
11 Tenant under this lease (or, if there have been any modifications  
12 that the same are in full force and effect as modified and stating  
13 the modifications and, if there are any Defaults or Events of  
14 Default, setting them forth in reasonable detail), the commencement  
15 date and the dates to which the rent and other charges under this  
16 lease have been paid. Any such statement delivered pursuant to  
17 this paragraph may be relied upon by any prospective mortgagee or  
18 any prospective purchaser of or from Tenant.

19                                   ARTICLE VIII

20                                   Casualty and Eminent Domain

21         8.1 Tenant to Give Notice: In case of any material damage to  
22 or destruction of the improvements on the Premises, Tenant shall  
23 within ten (10) days give written notice thereof to Landlord gener-  
24 ally describing the nature and extent of such damage or destruc-  
25 tion.

26         8.2 Restoration: In the event of any damage to or destruc-  
27 tion of improvements constructed on the Premises and if the insur-  
28 ance proceeds, if any, payable on account of such damage or

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1 destruction are sufficient for the purpose, Tenant shall within  
2 a reasonable period of time commence and complete the restoration,  
3 replacement or rebuilding of the damaged improvements with such  
4 alterations and additions as may be made at Tenant's election pur-  
5 suant to and subject to the terms of paragraph 5.3. Such restora-  
6 tion, replacement, or rebuilding, together with any temporary  
7 repairs and property protection pending completion of the work is  
8 referred to herein as "restoration". If the improvements are  
9 damaged during the last ten (10) years of the term of this lease or  
10 if the insurance proceeds are not sufficient to complete restora-  
11 tion or if there are no insurance proceeds (other than by reason  
12 of Tenant's being a self-insurer as to such a casualty as provided  
13 in paragraph 5.9.4), or if in Tenant's opinion it is economically  
14 unfeasible to undertake restoration, Tenant shall promptly as  
15 practicable either:

- 16           a. commence and complete restoration of all or a  
17           portion of the damaged improvements; or  
18           b. remove any rubble and cause the portion of the  
19           Premises occupied by the damaged improvements as to  
20           which Tenant has not elected to undertake restor-  
21           ation to be returned to a safe condition and this  
22           lease shall terminate as to such portion of the  
23           Premises and the base rent shall be reduced as the  
24           parties shall either agree upon or as is determined  
25           by arbitration under paragraph 10.1.

26           8.3 Application of Insurance Proceeds: Proceeds of insurance  
27 policies required to be carried under paragraph 5.8.1.c. payable to  
28 Tenant or any mortgagee, which are received on account of any

1 damage to or destruction of improvements, if Tenant shall not make  
2 the election permitted in paragraph 8.2.b. above, shall be applied  
3 as follows:

- 4 a. Tenant shall furnish to Landlord and any mortgagee  
5 evidence satisfactory to Landlord and the mortgagee  
6 of the total cost of restoration pursuant to para-  
7 graph 8.2 and that Tenant has or will have available  
8 the total amount of money which, when added to the  
9 insurance proceeds received, shall be sufficient to  
10 pay the cost of such restoration.
- 11 b. After the conditions of subparagraph a. above have  
12 been complied with, the insurance proceeds payable  
13 to Tenant or a mortgagee on account of any damaged  
14 improvements shall (subject to paragraph d. below)  
15 be paid to a depository designated by Tenant, and  
16 from time to time as restoration progresses, the  
17 depository shall pay (or reimburse Tenant for) the  
18 cost of restoration. Such payment shall be made only  
19 (i) upon written request of Tenant to the depository  
20 accompanied by a certificate of an independent archi-  
21 tect to the effect that the amount requested has been  
22 paid or is then due and payable and is properly a  
23 part of such cost; (ii) upon submission of evidence  
24 satisfactory to Landlord and mortgagee that there are  
25 no mechanic's or similar liens for labor or materials  
26 supplied in connection with such restoration to date  
27 or that such have been adequately provided for; and  
28 (iii) upon submission of evidence satisfactory to

1 Landlord and mortgagee that the balance of said  
2 proceeds after making the payment requested will be  
3 sufficient to pay the balance of the cost of restora-  
4 tion. Upon receipt by Landlord and mortgagee of  
5 evidence satisfactory to them that restoration has  
6 been completed and the cost thereof paid in full or  
7 has been adequately provided for, and that there are  
8 no mechanic's or similar liens for labor or materials  
9 supplied in connection therewith which have not been  
10 adequately provided for, the balance, if any, of such  
11 proceeds shall be paid to Tenant or as Tenant may  
12 have agreed in the mortgage.

13 c. Any insurance proceeds payable or held at the termi-  
14 nation of the term of this lease and not required to  
15 be paid to Tenant pursuant to subparagraphs a. or b.  
16 above shall be paid first to the mortgagee to the  
17 extent of its lien, next to the expenses of clearing  
18 any rubble, next to Tenant for the value of its unex-  
19 pired leasehold estate determined immediately prior  
20 to such casualty and the balance to Landlord.

21 d. If there exists a default under a mortgage, the mort-  
22 gagee with the first priority may, at its option,  
23 cause insurance proceeds to be held and retained by  
24 the insurance carrier until either (i) the default  
25 is cured or (ii) Tenant's interest in this lease and  
26 the improvements therein is acquired by foreclosure,  
27 trustee's sale, or deed or assignment in lieu of  
28 foreclosure or (iii) this lease is terminated. Upon

1 the release of the insurance proceeds by mortgagee,  
2 the insurance proceeds shall be paid and distributed  
3 to Landlord and Tenant in accordance with their  
4 respective interest therein.

5 8.4 Insurance Proceeds Less Than \$500,000. If insurance  
6 proceeds are less than Five Hundred Thousand Dollars (\$500,000),  
7 such proceeds shall be paid to Tenant to be applied either to  
8 restoration or to the cost of removal of rubble with any excess to  
9 be the property of Tenant (subject to the provisions of any mort-  
10 gage).

11 8.5 Total Taking. If, after the commencement date (as  
12 defined in paragraph 2.2), the whole of the Premises, including the  
13 improvements thereon made by Tenant shall be subject to condemna-  
14 tion then, when possession shall be taken thereunder by the con-  
15 demnor, or the Tenant is deprived of its practical use of the Prem-  
16 ises and the improvements thereon, whichever date is earlier, this  
17 lease and all rights of Landlord and Tenant under this lease as to  
18 the Premises condemned shall terminate and any rent and all other  
19 payments required of Tenant shall be apportioned between the par-  
20 ties. In the event of a partial taking, as a result of which the  
21 remaining portion of the Premises or the improvements thereon can-  
22 not be restored to economically viable facility of a comparable  
23 kind and quality to the facility existing prior to the taking with  
24 the condemnation award payable to Tenant, then this lease, at Ten-  
25 ant's option, shall terminate as of the time when possession of the  
26 Premises shall be taken by the condemnor or Tenant is deprived of  
27 its practical use thereof, whichever is earlier. The takings  
28 referred to in this paragraph are total takings.

1           8.6 Partial Taking: If a part of the Premises or any  
2 improvements thereon shall be subject to a taking and the remaining  
3 portion of the Premises and improvements can be restored by Tenant  
4 to an economically viable facility of comparable kind and quality  
5 to the facility existing prior to the taking, then this lease shall  
6 not be affected and Tenant shall retain the remaining portion of  
7 the Premises; provided, however, the base rent for the portion  
8 taken shall be reduced by an amount that is in the same ratio to  
9 the base rent prior to the taking as the total number of square  
10 feet in the Premises taken bears to the total number of square feet  
11 of the portion remaining after the date of taking.

12           8.7 Eminent Domain Award: If there is a taking, the rights  
13 and obligations of the parties with reference to the award and the  
14 distribution thereof shall be determined in accordance with the  
15 provisions of this paragraph. The award shall belong to and be  
16 paid to Landlord, except that the following portion thereof shall  
17 belong to and be paid to Tenant (or if there be a mortgagee shall  
18 be paid to the mortgagee, as the case may be):

- 19           a. The sum representing the value of the leasehold  
20 estate, including Tenant's equipment determined  
21 immediately prior to the taking, which sum shall be  
22 first applied toward any outstanding balance due a  
23 mortgagee;
- 24           b. A sum attributable to severance damages to be used  
25 in the manner provided in paragraphs 8.2 and 8.3; and
- 26           c. A sum attributable to loss of goodwill.

27           Notwithstanding the foregoing, Tenant shall have the right to  
28 appear in any eminent domain proceeding and to independently seek

1 consequential damages.

2 ARTICLE IX

3 Default

4 9.1 Tenant's Default: The occurrence of any one of the  
5 following shall constitute an Event of Default under this lease by  
6 Tenant:

7 9.1.1 Failure to pay rent when due if the failure  
8 continues for a period of ten (10) days after written notice by  
9 Landlord has been given to Tenant.

10 9.1.2 Abandonment of the Premises or any portion thereof  
11 (failure to operate the improvements for thirty [30] consecutive  
12 days shall be deemed an abandonment) except in the event of an  
13 occurrence described in Article VIII and except for such period of  
14 time not to exceed six (6) months during construction of Tenant's  
15 Plan (as defined in paragraph 4.1), during which period, Tenant  
16 shall be entitled to an abatement of base rent.

17 9.1.3 Failure to perform any other provision of this  
18 lease if the failure to perform is not cured within thirty (30)  
19 days after written notice has been given by Landlord to Tenant.  
20 If the failure cannot reasonably be cured within thirty (30) days,  
21 then it shall not be deemed an Event of Default if Tenant commences  
22 to cure the failure within said thirty (30) day period and there-  
23 after diligently and in good faith continues to cure the failure.

24 9.1.4 The leasehold estate of Tenant under this lease  
25 shall be transferred to, passed to or devolve upon, by operation of  
26 law, any person, firm or corporation except pursuant to or as per-  
27 mitted under Articles VI and VII.

28 9.1.5 The levy of any attachment or execution or the

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1 appointment of any receiver or the execution of any other process  
2 of any court which directly or indirectly substantially interferes  
3 with Tenant's operations under this lease and which attachment,  
4 execution, receivership, or other process of such court (or the  
5 effect thereof) is not vacated, dismissed or set aside within a  
6 period of one hundred twenty (120) days.

7           9.1.6 Tenant shall become insolvent and shall take the  
8 benefit of any present or future insolvency statute by making a  
9 general assignment for the benefit of creditors, or filing a  
10 voluntary petition in bankruptcy or a petition or answer seeking an  
11 arrangement for reorganization or the readjustment of indebtedness  
12 under the Federal bankruptcy laws or under any other law or statute  
13 of the United States or of any state law, or consent to the  
14 appointment of a receiver, trustee or liquidator of all or substan-  
15 tially all of their property, if same is not vacated, dismissed or  
16 set aside within a period of thirty (30) days.

17           9.1.7 By order or decree of a court, Tenant shall be  
18 adjudged bankrupt, or an order be made approving a petition filed  
19 by any of the creditors, seeking the readjustment of its indebted-  
20 ness under Federal bankruptcy laws, or any laws or statutes of the  
21 United States, or any state thereof, if same is not vacated, dis-  
22 missed or set aside within a period of sixty (60) days.

23           9.1.8 A petition under any part of the Federal bank-  
24 ruptcy laws or an action under any present or future insolvency law  
25 or statute shall be filed against Tenant and shall not be dismissed  
26 within one hundred twenty (120) days after the filing thereof.

27           9.1.9 Any lien is filed against the Landlord's interest  
28 in the Premises because of any act or omission of Tenant and is not



1 removed within one hundred twenty (120) days except as expressly  
2 provided in Article VII.

3       9.2 Notice of Default: Notices given under this Article  
4 shall specify the alleged Default and the applicable lease provi-  
5 sions and shall demand that Tenant perform such provisions or pay  
6 the rent or other sum that is in arrears, as the case may be,  
7 within the applicable period of time, or quit the Premises or  
8 portion thereof affected by the default. No such notice shall be  
9 deemed a forfeiture or termination of this lease except as pro-  
10 vided in paragraph 9.3.

11       9.3 Landlord's Remedies: Subject to the provisions of Arti-  
12 cle VII, Landlord shall have the following remedies if Tenant com-  
13 mits an Event of Default. These remedies are not exclusive; they  
14 are cumulative in addition to any remedies now or later allowed by  
15 law but no such remedy shall be undertaken until there is an Event  
16 of Default.

17       9.3.1 Landlord may continue this lease in full force and  
18 effect and Landlord shall have the right to collect any rent pay-  
19 able to Tenant when due. During the period there is an Event of  
20 Default, Landlord may enter the Premises or any part thereof and  
21 relet them to third parties for Tenant's account. Tenant shall be  
22 liable immediately to Landlord for all costs Landlord incurs in  
23 reletting. Reletting can be for a period shorter or longer than  
24 the remaining term of this lease. Tenant shall pay to Landlord  
25 the rent due under this lease on the date such rent is due which  
26 payment shall be adjusted by the amount of rent Landlord receives  
27 from any reletting. No act of malfeasance, effort to relet or any  
28 other act by Landlord allowed by this paragraph shall terminate

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1 this lease unless Landlord notifies Tenant that Landlord elects to  
2 terminate this lease.

3           9.3.2 Subject to the provisions of Article VII, Land-  
4 lord may terminate Tenant's right to possession of the Premises or  
5 any part thereof to which the default is applicable at any time  
6 while an Event of Default is outstanding by giving notice to Tenant  
7 (with a copy to the mortgagee whose name and address Landlord shall  
8 have been given notice) specifying the Event of Default and a date  
9 on which Tenant's leasehold interest in the Premises or portion  
10 thereof shall terminate, and unless mortgagee shall cure such Event  
11 of Default within periods of time allowed therefor, Tenant's lease-  
12 hold interest shall terminate on the date specified therein as  
13 fully and completely as if such date were the date originally fixed  
14 for the expiration of the term and Tenant shall then quit and sur-  
15 render the affected Premises. No act by Landlord other than giving  
16 such notice to Tenant shall terminate this lease. On termination,  
17 Landlord shall have the rights described in paragraph 9.4.

18           9.3.3 Subject to the provisions of Article VII, Land-  
19 lord shall have the right to have a receiver appointed to collect  
20 rent and operate the leasehold estate while an Event of Default is  
21 outstanding. Neither the filing of a petition for the appointment  
22 of a receiver nor the appointment thereof shall constitute an  
23 election by Landlord to terminate this lease.

24           9.3.4 Subject to the provisions of Article VII, Land-  
25 lord may, at any time after an Event of Default exists, cure such  
26 default at Tenant's expense. If Landlord at any time, by reason  
27 of an Event of Default, pays any sum or does any act that requires  
28 the payment of any sum, the sum paid by Landlord shall be due

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1 immediately from Tenant to Landlord at the time the sum is paid,  
2 and if paid at a later date, shall bear interest as provided in  
3 paragraph 3.2.9.b. from the date the sum is paid by Landlord  
4 until Landlord is reimbursed by Tenant.

5       9.4 Termination Rights: On termination of Tenant's leasehold  
6 interest in the Premises or any portion thereof under the provi-  
7 sions of paragraph 9.3, Landlord has the right to receive from  
8 Tenant:

9           9.4.1 The worth, at the time of the award, of the unpaid  
10 rent that has been earned at the time of termination.

11           9.4.2 The worth, at the time of the award, of the amount  
12 by which the unpaid rent that would have been earned after the date  
13 of termination until the time of award, exceeds the amount of the  
14 loss of rent that Tenant proves could have been reasonably avoided.

15           9.4.3 The worth, at the time of the award, of the amount  
16 by which the unpaid rent for a period of five (5) years after the  
17 time of the award or the balance of the term after the time of the  
18 award, whichever is less, exceeds the amount of the loss of rent  
19 that Tenant proves could have been reasonably avoided.

20           9.4.4 Any other amount and court costs necessary to  
21 compensate Landlord for all detriment proximately caused by Ten-  
22 ant's default.

23           9.4.5 "The worth, at the time of the award" as used in  
24 paragraphs 9.4.1 and 9.4.2 is to be computed by allowing interest  
25 at the rate of ten percent (10%) per year. "The worth, at the time  
26 of the award", as referred to in paragraph 9.4.3 above is to be  
27 computed by discounting the amount in accordance with accepted  
28 financial practice at the discount rate of the Federal Reserve Bank

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Long Beach, California 90802  
Telephone (213) 590-6061

1 of San Francisco at the time of the award, plus one percent (1%)  
2 per year.

3       9.5 Landlord's Default: Landlord shall be in default of this  
4 lease if it fails or refuses to perform any provision of this lease  
5 that Landlord is obligated to perform if the failure to perform is  
6 not cured within thirty (30) days after notice of default has been  
7 given by Tenant to Landlord. If such default cannot be reasonably  
8 cured within thirty (30) days, Landlord shall not be in default of  
9 this lease if Landlord commences to cure the default within the  
10 thirty (30) day period and thereafter diligently and in good faith  
11 continues to cure the default. Tenant at any time after Landlord  
12 commits a default can cure the default at Landlord's expense. If  
13 Tenant at any time by reason of Landlord's default pays any sum or  
14 does any act that requires payment of any sum, the sum paid by Ten-  
15 ant shall be due immediately from Landlord to Tenant at the time  
16 the sum is paid, and shall bear interest as provided in paragraph  
17 3.2.8.b. from the date the sum is paid by Tenant until Tenant is  
18 reimbursed by Landlord.

19       9.6 Effect of Waiver of Default: No consent or waiver  
20 express or implied by Landlord to or of any breach of any covenant,  
21 condition or duty of Tenant shall be construed as a consent or  
22 waiver to or of any other breach of the same or any other covenant,  
23 condition or duty unless in writing signed by Landlord. No delay  
24 or omission in the exercise of any right or remedy of Landlord on  
25 any Event of Default by Tenant shall impair such right or remedy  
26 or be construed as a waiver. The receipt and acceptance by  
27 Landlord of delinquent rent shall not constitute a waiver of any  
28 other default but shall constitute only a waiver of timely payments

1 for that particular rent payment involved.

2 ARTICLE X

3 Arbitration

4 10.1 Arbitration: Whenever in this lease it is provided that  
5 a dispute shall be determined by arbitration or if the parties  
6 shall otherwise agree to arbitration, the arbitration shall be  
7 conducted as provided in this paragraph. The party desiring such  
8 arbitration shall give written notice thereof to the other specify-  
9 ing the dispute to be arbitrated. Within twenty (20) days after  
10 the date on which the arbitration procedure is invoked as provided  
11 in this lease, each party shall appoint an experienced arbitrator  
12 and notify the other party of the arbitrator's name and address.  
13 The two arbitrators so appointed shall appoint a third experienced  
14 arbitrator. If the third arbitrator to be so appointed is not  
15 appointed within thirty (30) days of the date the arbitration pro-  
16 cedure is invoked as provided in this lease, then either Landlord  
17 or Tenant shall be entitled to apply to the Presiding Judge of the  
18 Superior Court of the County of Los Angeles for the selection of a  
19 third arbitrator who shall then participate in the arbitration,  
20 and who shall be selected from a list of names of experienced  
21 arbitrators submitted by Landlord or from a list of names submitted  
22 by Tenant. The arbitrator or arbitrators so selected shall furnish  
23 Landlord and Tenant with a written decision within thirty (30)  
24 days of the date of selection of the last of the arbitrators to  
25 be so selected. Any decision so submitted shall be signed by a  
26 majority of the arbitrators if more than two have been selected.  
27 In designating arbitrators and in deciding the dispute, the arbi-  
28 trators shall act in accordance with the rules then in force of

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1 the American Arbitration Association, subject, however, to such  
2 limitations as may be placed upon them by the provisions of this  
3 lease. The obligation of Landlord and Tenant to submit a dispute  
4 to arbitration is limited to disputes arising under those provi-  
5 sions of this lease which specifically provide for arbitration pur-  
6 suant to this paragraph.

7 ARTICLE XI

8 Miscellaneous Provisions

9 11.1 Notice: Any notice, demand, request, consent, approval  
10 or communication that either party desires or is required to give  
11 to the other party shall be in writing addressed to the other  
12 party at the addresses as follows:

13 TO LANDLORD: c/o Executive Director  
14 Long Beach Harbor Department  
15 City of Long Beach  
925 Harbor Plaza  
Long Beach, California 90802

16 TO TENANT: Quiet Cannon Long Beach, Inc.  
17 600 Queensway Drive  
Long Beach, California 90802

18 WITH COPIES TO: Quiet Cannon Long Beach, Inc.  
19 1072 Southeast Bristol, Suite 105  
Santa Ana, California 92707

20 and

21 Wyman, Bautzer, Christensen,  
22 Kuchel & Silbert  
Attorneys at Law  
23 4100 MacArthur Boulevard  
Newport Beach, California 92660

24 Attention: Gilbert N. Kruger, P.C.

25 or such address as may have been specified by notifying the other  
26 party of the change of address. Notice shall be deemed served on  
27 the date of actual delivery or the first attempted delivery as  
28 shown on the return receipt if mailed with the United States Postal

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City Attorney of Long Beach  
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1 Service by certified mail, return receipt requested.

2 11.2 Consent and Approval: Except as otherwise specifically  
3 provided herein, Landlord's consent or approval of any act by Ten-  
4 ant requiring Landlord's consent or approval shall not be unreason-  
5 ably withheld or delayed by Landlord and if given shall not be  
6 deemed to waive or render unnecessary Landlord's consent to, or  
7 approval of, any subsequent act by Tenant.

8 11.3 Time of Essence: Time is of the essence of each provi-  
9 sion of this lease.

10 11.4 Municipal Powers: Nothing contained herein shall be con-  
11 strued as a limitation upon powers of Landlord as a chartered city  
12 of the State of California or upon the powers of the Board of  
13 Harbor Commissioners.

14 11.5 Covenants and Conditions: All provisions hereof  
15 expressed as either covenants or conditions on the part of Tenant  
16 or Landlord to be performed or observed shall be deemed to be both  
17 covenants and conditions.

18 11.6 Successors: This lease shall be binding on and inure to  
19 the benefit of the parties and their successors except as may  
20 otherwise be provided herein.

21 11.7 California Law: This lease will be construed and inter-  
22 preted in accordance with the laws of the State of California.  
23 Tenant covenants and agrees to submit to the personal jurisdiction  
24 of any State court in the State of California for any dispute,  
25 claim or matter arising out of or related hereto.

26 11.8 Integrated Agreement: This lease contains or refers to  
27 all of the agreements of the parties and cannot be amended or  
28 modified except by written agreement. No amendment to this lease

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1 entered into without the consent of mortgagee shall be binding upon  
2 mortgagee or its successors, assigns or nominees.

3 11.9 Interpretation: The captions and the Table of Contents  
4 shall have no effect on the interpretation of this lease. When  
5 required by the context of this lease, the singular shall include  
6 the plural.

7 11.10 Severability: The unenforceability, invalidity or  
8 illegality of any provision shall not render the other provisions  
9 unenforceable, invalid or illegal.

10 11.11 Attorneys' Fees: If either party commences an action  
11 against the other party arising out of or in connection with this  
12 lease, the prevailing party shall be entitled to request the court  
13 for an award of reasonable attorneys' fees and costs of suit from  
14 the losing party.

15 11.12 Extraordinary Events: In any case where either party  
16 hereto is required to do any act, delays caused by or resulting  
17 from acts of God, war, civil commotion, fire, flood, earthquake or  
18 other casualty, strikes or other extraordinary labor, difficulties,  
19 shortages of labor or materials or equipment in the ordinary course  
20 of trade, government regulations, litigation, unavailability of  
21 financing due to government restriction of the availability of  
22 credit or the international transfer of funds, the order of any  
23 court or regulatory body, or other causes not reasonably within  
24 such party's control and not due to the fault or neglect of such  
25 party shall not be counted in determining the time during which  
26 such act shall be completed, whether such time be designated by a  
27 fixed date, a fixed time or "a reasonable time", and such time  
28 shall be deemed to be extended by the period of such delay. Except



1 as provided above and elsewhere in this lease, financial inability  
2 of either party shall not be considered to be a circumstance or  
3 cause beyond the reasonable control of that party.

4 11.13 Nondiscrimination: In the performance of this lease,  
5 Tenant shall not discriminate against any employee or applicant  
6 for employment because of age, race, color, religion, ancestry or  
7 national origin. Tenant will take affirmative action to ensure  
8 that applicants are employed, and that employees are treated during  
9 employment without regard to their age, race, color, religion, sex,  
10 ancestry or national origin. Such action shall include, but not be  
11 limited to, the following: employment, upgrading, demotion or  
12 transfer; recruitment or recruitment advertising; layoff or  
13 termination; rates of pay or other forms of compensation, and  
14 selection for training, including apprenticeship. Tenant shall  
15 post in conspicuous places, available to employees and applicants  
16 for employment, notices setting forth the provisions of this para-  
17 graph.

18 11.14 Mutual Termination of Sublease: The parties agree that,  
19 as of the commencement date (as defined in paragraph 2.2), the Sub-  
20 lease (as defined in paragraph 1.1) shall be terminated and of no  
21 further force or effect; provided, however, Tenant's obligations

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City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802  
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1 under paragraphs 4, 9.A. and 10.B. shall survive the termination of  
2 the Sublease.

3  
4 QUIET CANNON LONG BEACH, INC.,  
5 a California corporation

6 Dated: 3-25, 1987 By David Perrin  
7 President

8  
(Corporation)

STATE OF CALIFORNIA }  
COUNTY OF ORANGE } ss.

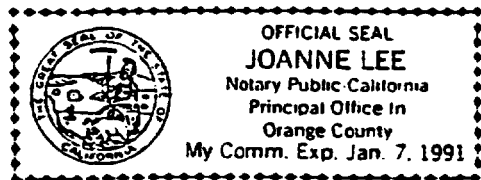
On March 25, 1987 before me, the undersigned, a Notary Public in and for said  
State, personally appeared David Perrin  
and Brad Perrin

( X ) personally known to me or ( ) proved to me on the basis  
of satisfactory evidence to be the person(s) who executed the within  
instrument as \_\_\_\_\_ President and \_\_\_\_\_  
Secretary on behalf of the corporation therein named and acknowl-  
edged to me that the corporation executed it.

WITNESS my hand and official seal.

Signature Joanne Lee  
Joanne Lee  
Name ( Typed or Printed )

STAPLE HERE ↑ ↓



(This area for official notarial seal)

L-10 (8/82)

22 1987.

JOHN R. CALHOUN, City Attorney

23  
24  
25 By Lincoln  
Senior Deputy

26  
27 ECP:dmp  
3/24/87  
28 Q-9

LANDLORD'S CONSENT TO SUBLEASE AND AGREEMENT

THIS LANDLORD'S CONSENT TO SUBLEASE AND AGREEMENT ("Agreement") is made as of this 12th day of November 1996, by and between LONG BEACH GROUP INC., a California corporation ("Sublandlord") , and CITY OF LONG BEACH, a municipal corporation ("Landlord").

WITNESSETH:

A. Sublandlord is the tenant under that certain lease dated as of May 7, 1987 ("Master Lease"), pursuant to which Landlord leased to Sublandlord (which was formerly known as Quiet Cannon Long Beach, Inc., a California corporation) the real property located in the City of Long Beach, County of Los Angeles, State of California, described as approximately 2.34 acres, commonly known as 600 Queensway Drive, Long Beach, California, as more particularly described in Exhibit "A" attached hereto and incorporated by this reference hereby ("Master Lease Premises") .

B. Pursuant to the terms and conditions of the Master Lease, Sublandlord has constructed on the Master Lease Premises and Sublandlord does own in fee, subject to the reversionary rights of Landlord set forth in the Master Lease, those certain improvements consisting of a bar and restaurant consisting of approximately 11,000 square feet, certain fixtures and appurtenances relating thereto (collectively "Improvements") The Master Lease Premises and the Improvements are hereinafter collectively referred to as the "Premises."

C. Pursuant to that certain Sublease dated as of October 14, 1996 ("Sublease"), and subject to certain conditions, including, without limitation, Landlord's consent to the Sublease and the execution of this Agreement, Sublandlord has subleased to T. TERRI SIM-IENG, an individual, ("Subtenant"), the Premises, together with certain personal property, furniture, fixtures and equipment as more particularly described in the Sublease.

D. In accordance with Section 6.4 of the Master Lease, Sublandlord has requested Landlord's consent to the Sublease. Landlord has consented to the Sublease upon and subject to the terms and provisions set forth herein.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree as follows:

1. Landlord hereby consents to the sublease of the Premises by Subtenant and approves all of the provisions of the Sublease.

2. Landlord hereby represents that (a) the Master Lease is unmodified and in full force and effect; (b) the base rental payable under the Master Lease is \$2,705 per month, subject to annual adjustment in accordance with Section 3.2.8 of the Master Lease; (c) that all rents and other sums payable by Sublandlord under the Master Lease have been paid through November, 1996; (d) that the term of the Master Lease expires on May 31, 2033; and (e) that Sublandlord is not in default under any of the terms, covenants or conditions contained in the Master Lease nor has any event occurred which would, with the passage of time,

or giving of notice, or both, constitute a default under any of the terms, covenants or conditions contained in the Master Lease.

3. Landlord hereby agrees that the business conducted on the Premises may be temporarily closed or otherwise suspended for all or part of the period commencing with the date hereof, through and including the thirtieth (30th) day immediately following the Commencement Date, as that term is defined in the Sublease ("Temporary Closure"). During such period of Temporary Closure, Sublandlord shall not be deemed to be in default of any term, covenant, condition or agreement on Subtenant's part to be performed under the Master Lease as a result of the Temporary Closure, other than the payment of any monetary obligation thereunder, and Landlord shall not serve a notice of election to terminate the Master Lease, or otherwise terminate the leasehold estate of Sublandlord thereunder by reason of such Temporary Closure.

4. Landlord hereby agrees that during the term of the Sublease, including any extended term as provided for in the Sublease:

A. Provided Sublandlord is not in default under any of the terms, covenants or conditions contained in the Master Lease, no cancellation, surrender, acceptance of surrender, or modification of the Sublease shall cause the cancellation, surrender or modification of the Master Lease.

B. Any notice, demand, election or other communication required or permitted under the Master Lease to be given by Landlord to Sublandlord but which is given to Subtenant shall not be binding upon or affect Sublandlord, unless a copy of said notice shall be given to Sublandlord within the time when such notice shall be required or permitted to be given to Sublandlord under the Master Lease.

C. In the event of a default by Subtenant in the performance or observance of any term, covenant, condition or agreement on Subtenant's part to be performed under the Sublease that also constitutes a default under the Master Lease, other than a term, covenant, condition or agreement requiring the payment of a sum of money, if such default is of such a nature that the same cannot practicably be cured by Sublandlord without taking possession of the Premises, or if such default is of such a nature that the same cannot be cured by Sublandlord, then Landlord shall not serve a notice of election to terminate the Master Lease, or otherwise terminate the leasehold estate of Sublandlord thereunder by reason of such default, if and so long as:

(i) in the case of a default which cannot practicably be cured by Sublandlord without taking possession of the Premises, Sublandlord shall deliver to Landlord, within thirty (30) days after notice from Landlord, a written instrument wherein Sublandlord agrees that it will cure such default ("Sublandlord's Notice"); and

(ii) in the case of a default which cannot practicably be cured by Sublandlord without taking possession of the Premises, Sublandlord shall, if practicable in Sublandlord's discretion, proceed to obtain possession of the Premises. Sublandlord shall have one hundred fifty (150) days from the date of the Sublandlord's Notice to obtain possession of the Premises, which one hundred and fifty (150) day period the parties acknowledge and agree shall be tolled during the term of any bankruptcy of Subtenant. Upon obtaining possession, Sublandlord shall promptly commence and duly prosecute to completion such action as may be necessary to cure such default. Notwithstanding anything in the foregoing to the contrary, provided all payment obligations under the Master Lease have been and continue to be performed by Sublandlord, the business conducted on the Premises may be temporarily closed or otherwise suspended during Sublandlord's possession of the Premises until the date which

is ten (10) days following Sublandlord's procurement of an Alcoholic Beverage License Type 47 without restrictions relating to the Premises ("Additional Temporary Closure"), and during the period of such Additional Temporary Closure, Landlord shall not serve a notice of election to terminate the Master Lease, or otherwise terminate the leasehold estate of Sublandlord thereunder by reason of such Additional Temporary Closure.

Sublandlord shall not be required to continue to proceed to obtain Possession, or to continue in Possession of the Premises pursuant to clause (ii) above if and when such default shall be cured. Nothing herein shall preclude Landlord from exercising any of its rights or remedies with respect to any other default by Sublandlord during any period when Landlord shall be forbearing termination of the Master Lease as above provided, but in such event Sublandlord shall have all of the rights and protections herein above provided for.

5. Except as expressly provided for herein, the parties understand and agree that nothing contained in this Consent shall change any of Sublandlord's duties and obligations to Landlord under the Master Lease.

6. Any notice to be given or other document to be delivered by either party to the other hereunder may be delivered in person to either party or may be deposited in the United States mail in the State of California, duly certified, return receipt requested, with postage prepaid, and addressed to the party for whom intended as follows:

TO SUBLANDLORD:

c/o Long Beach Group, Inc.  
17622 Irvine Boulevard, Suite 4  
Tustin, California 92680

with a copy to:

Hill, Farrer & Burrill  
445 S. Figueroa St., 34th Floor  
Los Angeles, California 90071  
Attn: Alfred M. Clark, III, Esq.

TO LANDLORD:

City of Long Beach  
Department of Community Development 333 W. Ocean Boulevard  
Long Beach, California 90802  
Attn.: Vincent Coughlin

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

APPROVED AS TO FORM  
Oct 29, 1996  
JOHN R. CALHOUN, City Attorney  
By [Signature]  
Deputy City Attorney

"LANDLORD"

CITY OF LONG BEACH, a municipal corporation

By: [Signature]  
Assistant City Manager  
Its Authorized Signatory

"SUBLANDLORD "

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

LONG BEACH GROUP, INC. , a California corporation

BY: [Signature]  
Its: President

[Handwritten mark]

**EXHIBIT B**

**Legal Description of Property**

[DESCRIPTION OF PROPERTY ATTACHED]

## MASTER LEASE PREMISES

### Parcel I

That certain parcel of land containing approximately 94,503 square feet situate in the Harbor District of the City of Long Beach, County of Los Angeles, State of California, more particularly described as follows:

Commencing at Monument L.B.H.D. "A-11 Aux.", as recorded in Book 81, Page 50, Record of Surveys of said county; thence North 980.50 feet; thence East 1,216.30 feet to the true point of beginning, said point of beginning having Coordinates N 4,024,567.85; E 4,227,436.99 of Zone 7 of the California Coordinate System; thence N 59 38'50" W 344.79 feet; thence S 43 38'53" W 309.58 feet; thence S 63 01'50" E 250.85 feet to the beginning of a tangent curve concave northerly and having a radius of 90.67 feet; thence along said curve 136.44 feet; thence N 30 44'57" E 22.21 feet to the beginning of a tangent curve concave southerly and having a radius of 90.00 feet; thence along said curve 128.16 feet; thence S 67 39'40" E 11.45 feet; thence N 24 28'38" E 84.74 feet to the true point of beginning.

### Parcel II

That certain parcel of land containing approximately 7,559 square feet, situate in the Harbor District of the City of Long Beach, County of Los Angeles, State of California, more particularly described as follows:

Commencing at Monument L.B.H.D. "A-11 Aux.", as recorded in Book 81, Page 50, Record of Surveys of said county; thence North 980.50 feet; thence East 1,216.30 feet to the true point of beginning, said point of beginning having Coordinates N 4,024,567.85; E 4,227,436.99 of Zone 7 of the California Coordinate System; thence S 24'28 38" W 84.74 feet; thence S 67 39 40" E 100.07 feet; thence N 24 28'38" E 64.11 feet; thence N 52 38'26" W 53.90 feet; thence N 59'38'50" W 47.71 feet to the true point of beginning.

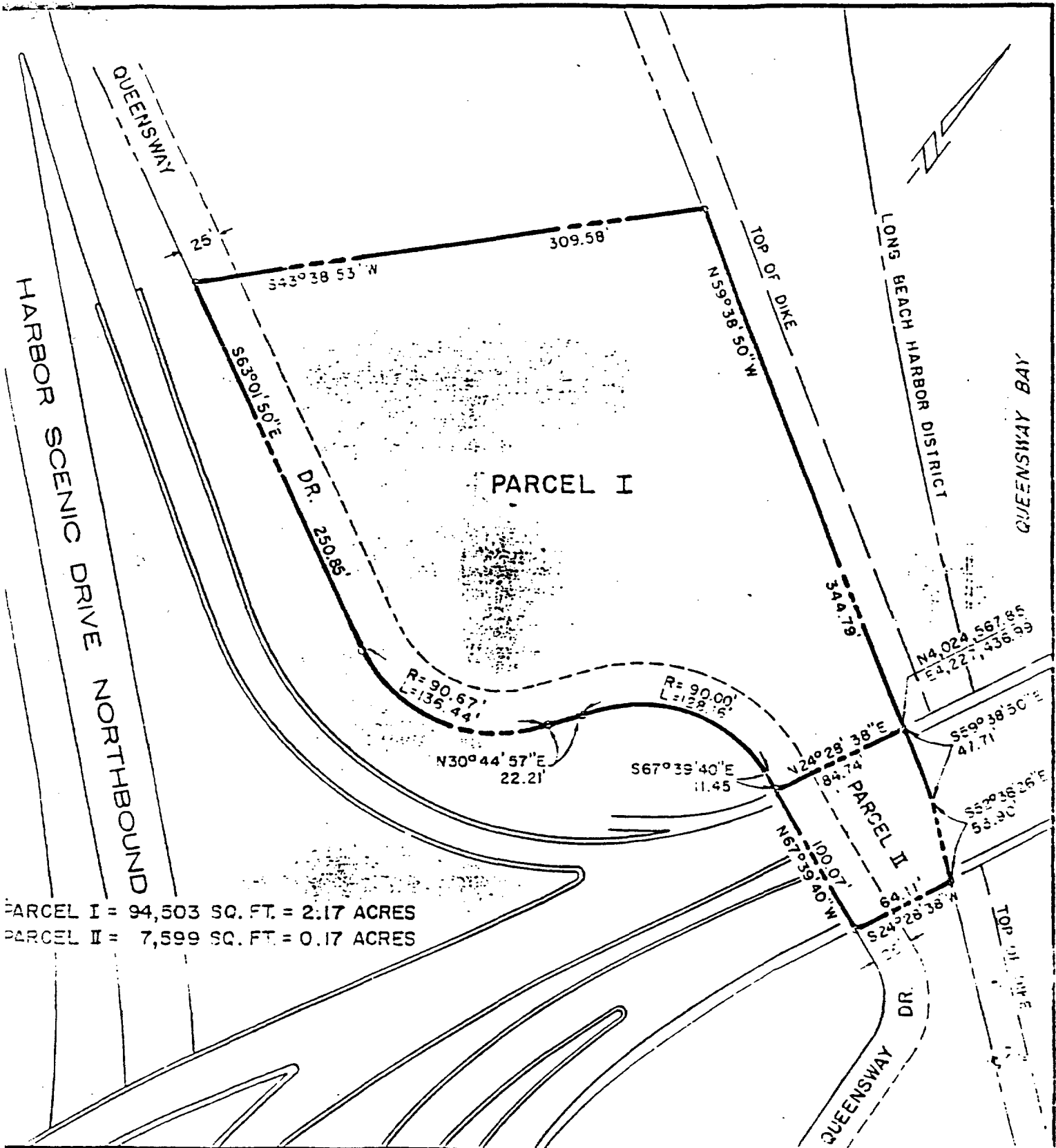
Excluding all air rights above an elevation of plus thirty (+.30) feet, Mean Lower Low Water datum.

### Roadway Easement

That certain parcel of land situate in the Harbor District of the City of Long Beach, County of Los Angeles, State of California, more particularly described as follows:

Commencing at Monument L.B.H.D. "A-11 Aux.", as recorded in Book 81, Page 50, Record of Surveys of said county; thence North 865.34 feet; thence East 1273.75 feet to the true point of beginning, said point of beginning having Coordinates N 4,024,452.69; E 4,227,494.44 of Zone 7 of the California Coordinate System, said point also being the southeast corner of Parcel II of the lease between the City of Long Beach Harbor Department and Quiet Cannon Long Beach, Inc., as shown on Harbor Department Drawing No. HD 2-683, dated 12-30-86; thence along the southeasterly line of said Parcel II N 24 28'38" E 25.02 feet; thence N 67 39'40" W 112.45 feet to the beginning of a tangent curve concave southerly and having a radius of 115.00 feet; thence along said curve 163.76 feet; thence S 30 44'57" W 22.21 feet to the beginning of a tangent curve concave northerly and having a radius of 65.67 feet; thence along said curve 98.82 feet; thence N 63 01'50" W 243.36 feet to a point on the northwesterly line of Parcel I of said Quiet Cannon Long Beach, Inc. Lease Area, said point being N 43'38'53" E 26.10 feet from the most westerly corner of said PARCEL I; thence along said northwesterly line S 43 38'53" W 26.10 feet to said most westerly corner of said Parcel I; thence S 63 01'50" E 250.85 feet to the beginning of a tangent curve concave northerly and having a radius of 90.67 feet; thence along said curve 136.44 feet; thence N 30'44'57" E 22.21 feet to the beginning of a tangent curve concave southerly and having a radius of 90.00 feet; thence along said curve 128.16 feet; thence S 67 39'40" E 111.52 feet to the true point of beginning.





PARCEL I = 94,503 SQ. FT. = 2.17 ACRES  
 PARCEL II = 7,599 SQ. FT. = 0.17 ACRES

PORT OF LONG BEACH - CALIFORNIA  
 OFFICE OF THE EXECUTIVE DIRECTOR

SCALE 1" = 50' DATE 12-30-46  
 DESIGNED \_\_\_\_\_  
 DRAWN A.A.A. \_\_\_\_\_  
 CHECKED M.L.S. \_\_\_\_\_  
 L.S. 358

600 QUEENSWAY DRIVE  
 QUIET CANNON LONG BEACH INC.  
 LEASE AREA

**EXHIBIT B**

HD 2 - 683