LEASE

This Lease is made as of December 1, 2018, between the CITY OF LONG BEACH, a municipal corporation, and trust grantee of the State of California of certain tide and submerged lands within the limits of said City (hereinafter "Lessor" or "City"), pursuant to a minute order adopted by the Long Beach City Council on February 5, 2019, and the NAVY YACHT CLUB - LONG BEACH, a California nonprofit corporation (hereinafter "Lessee"), who agree as follows:

- 1. <u>RECITALS</u>. This Lease is made with reference to the following facts and objectives:
- A. Lessor and Lessee have previously executed that certain Lease No. 30620 ("Original Lease"), the term of which expired on November 30, 2018 and is of no further force or effect, except for such terms as expressly survive termination.
- B. Lessor and Lessee have negotiated the terms and conditions of this Lease, intending to replace the Original Lease in its entirety.
- Lessor real property and improvements thereon located in the City of Long Beach, County of Los Angeles, State of California, commonly known as 223 Marina Drive, Long Beach, California 90803 and shown on Exhibit "A" (hereinafter "Premises"), upon the terms and conditions expressed herein. Exhibit "A" is by this reference made a part hereof. The Premises does not include the use and occupancy, including access to, a storage shed (approximately 180 square feet) located on the Premises. The City Council of the City of Long Beach granted the Little Ships Fleet Yacht Club permission to access and use this storage shed pursuant to Permit No. 28228. The permitted use of this storage shed is limited to storage of boating equipment and supplies and for no other purpose without the prior written consent of the Director of the Department of Parks, Recreation and Marine ("Director"). Lessee may apply to Lessor for a day-to-day, week-to-week or month-to-month vessel permit for dock space adjacent to or near the

Premises, subject to availability. Any such permit, if granted to Lessee, shall be subject to all terms and conditions contained in the Long Beach Municipal Code, any and all rules and regulations, and current commercial dock space rental rates. Notwithstanding the foregoing, Lessor reserves the right to allow others to use all dock space adjacent to the Premises not under permit to Lessee.

3. <u>LIMITATION OF LEASEHOLD</u>. Lessor is the trust grantee of the

- State of California of certain tide and submerged lands upon which the Premises are situated. The terms, conditions and restrictions of the trust are expressed in Chapter 676, Statutes of 1911, Chapter 102, Statutes of 1925 and Chapter 158, Statutes of 1935. Said trust conditions and grants were amended by Chapter 29, Statutes of 1956, First Extraordinary Session and Chapter 138, Statutes of 1964, First Extraordinary Session. Neither this Lease nor the rights and privileges granted Lessee in and to the Premises shall be construed to imply the conveyance to Lessee of any right or interest in the Premises except which may be created pursuant to said statutory grants and the Constitution of the State of California. This Lease and the leasehold estate created thereby shall be subject and subordinate to said statutory grants and the limitations imposed by the Constitution of the State of California.
- 4. TERM. The term of this Lease shall be five (5) years commencing on December 1, 2018, and ending at midnight on November 30, 2023 ("Initial Term"). Lessee shall have the option to exercise two (2), five-year options for renewal (the first such option, if exercised, the "First Renewal Option Term"). The City Manager or his designee shall be authorized to execute the renewal options. Lessee shall give notice to Lessor that Lessee is exercising an option at least ninety (90) days prior to the expiration of the Initial Term or any extended term. This Lease is revocable by either party for any reason upon ninety (90) days' written notice to the other party; provided, however, that if City exercises the termination option provided for hereunder, it shall promptly thereafter pay Lessee the Termination Fee. The "Termination Fee" shall be an amount equal to the total amount of money actually expended by Lessee on Capital Improvements as

required under Section 11.B, reduced by straight line depreciation over fifteen (15) years from the date that such money, or portions thereof, were actually expended. Upon termination of this Lease, Lessee shall quit and surrender possession of the Premises and remove its personal property therefrom.

- 5. <u>USES</u>. Lessee, during the term, shall use the Premises for the operation of a yacht club office, including use for meetings and social events, but for no other use or uses without the prior written consent of the Director.
- 6. RENT. Lessee shall pay to Lessor rent for each month during the Initial Term and the extended term, if applicable, in the amount of Nine Hundred Dollars (\$900) due on the 1st of each month. Rent payments shall be delivered on the first day of each month to the Department of Parks, Recreation and Marine, 2760 Studebaker Road, Long Beach, California 90815. The designated place of payment and filing may be changed at any time by Lessor upon written notice to Lessee. Rentals may be paid by check made payable to the City of Long Beach. Rent not paid on or before the date which is five (5) days after the due date shall bear interest at the rate of 10% per annum from the date due until paid.
- 7. NOTICE. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first class mail. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below:

TO: Lessor

TO: <u>Lessee</u>

City of Long Beach Attention: City Manager 333 W. Ocean Blvd. Long Beach, CA 90802 NAVY YACHT CLUB - LONG BEACH 223 Marina Drive Long Beach, CA 90803

Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours

from the time of mailing, if mailed as provided in this paragraph.

- 8. <u>UTILITIES</u>. Lessee shall make all arrangements for, and pay for, all water, electric, refuse and other utility services to the Premises.
- 9. <u>SIGNS</u>. Lessee shall not place or install on the exterior of the Premises any sign advertising its business; provided, however, Lessee, with the prior written approval of the Director, and in compliance with the provisions of the Long Beach Municipal Code pertaining to signs and billboards, may place lettering or signs on or about the Premises.
- 10. <u>DESTRUCTION</u>. If, during the term, any of the structures or improvements on the Premises are destroyed from any cause or in the event said structures or improvements are declared unsafe or unfit for use and occupancy by any public agency having jurisdiction, either party may terminate this Lease upon (30) days' written notice to the other.

11. MAINTENANCE, IMPROVEMENTS AND ALTERATIONS.

- A. Lessee shall, to the satisfaction of Lessor, keep and maintain the entire Premises, including the plate glass windows, interior and exterior paint, electrical systems, and window and floor coverings in good condition and in substantial repair as acceptable to Lessor. It shall be Lessee's responsibility to take all steps necessary or appropriate to maintain such a standard of condition and repair. Lessee expressly agrees to maintain the Premises, the areas adjacent thereto, including the landscaping within 75 feet of the Premises, and said furniture, furnishings, and equipment in a safe, clean, wholesome and sanitary condition and to keep the Premises free and clear of rubbish and litter in compliance with all applicable laws. Lessee shall make no alterations to the Premises without the prior written consent and approval of the Director. Lessor shall have the right to enter upon and inspect the Premises at any time for cleanliness and safety. Lessee has occupied the Premises immediately prior to the term of this Lease and accepts same in an "AS IS" condition, with all faults.
 - B. Lessee shall be required to spend certain amounts on capital

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improvements to the Premises approved by Lessor ("Capital Improvements"). Capital Improvements shall include those improvements which add additional capacity or function to the Premises and/or which extend the useful life of the Premises for at least five (5) years. Lessee shall be required to expend at least Thirty Thousand Dollars (\$30,000) during the Initial Term, and at least an additional Fifteen Thousand Dollars (\$15,000) during the First Renewal Option Term, on Capital Improvements. Lessee shall obtain prior written approval from Lessor for all Capital Improvements, and shall thereafter provide Lessor with documentation evidencing such expenditures as reasonably required by Lessor, included without limitation invoices and cancelled checks. Capital Improvements shall not include maintenance costs and routine repairs. After the expiration of the First Renewal Option Term, Lessee shall have no further Capital Improvement obligations.

- If Lessee fails to maintain or make repairs or replacements as C. required herein, Lessor may notify Lessee in writing of said failure. Should Lessee fail to correct the situation within a reasonable time thereafter, as established by Lessor, Lessor may, but shall not be required to do so, make the necessary correction and the cost thereof, including, but not limited to, the cost of labor, materials, and equipment and administration, shall be deemed additional rent to be paid by Lessee within ten (10) days of receipt of a statement of said cost from Lessor. Lessor may, at its option, choose other remedies available herein, or by law.
- INSURANCE. Concurrent with the execution of this Lease and in 12. partial performance of Lessee's obligations hereunder, Lessee shall procure and maintain, at its cost, during the term of this Lease and any extensions or renewals thereof, from an insurer admitted in California or having a minimum rating of or equivalent to A:VIII in Best's Insurance Guide:
- Comprehensive General Liability insurance including products, watercraft, and fire legal liability with a combined single limit of at least \$1,000,000 for each occurrence or Two Million Dollars (\$2,000,000) general aggregate. City, its officials,

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employees and agents shall be covered as additional insureds with respect to liability arising from activities performed by or on behalf of Lessee. Said insurance shall be primary insurance with respect to City and shall contain a cross-liability endorsement.

- "All Risk" property insurance in an amount sufficient to cover the full replacement value of Lessee's personal property, improvements and equipment on the Premises.
- Upon the execution of this Lease, Lessee shall deliver to City C. certificates of insurance with original endorsements evidencing the coverage required by this Lease. The certificates and endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. City reserves the right to require complete certified copies of all policies at any time.
- Said insurance shall contain an endorsement requiring thirty (30) d. days' prior written notice from insurers to City before cancellation or change of coverage.
- Said insurances may provide for such deductibles or self-insured retention as may be acceptable to the City Manager or his designee. In the event such insurance does provide for deductibles or self-insured retention, Lessee agrees that it will fully protect City, its officials, and employees in the same manner as these interests would have been protected had the policy or policies not contained a deductible or retention provisions. With respect to damage to property, City and Lessee hereby waive all rights of subrogation, one against the other, but only to the extent that collectible commercial insurance is available for said damage.
- Not more frequently than every two (2) years, if, in the opinion of f. City, or of an insurance broker retained by City, the amount of the foregoing insurance coverages is not adequate, Lessee shall increase the insurance coverage as required by City.
- The procuring of said retention shall not be construed as a limitation q. on Lessee's liability or as full performance on Lessee's part of the indemnification and hold harmless provisions of this Lease; and Lessee understands and agrees that,

notwithstanding any insurance, Lessee's obligation to defend, indemnify and hold City, its officials and employees harmless hereunder is for the full and total amount of any damage, injuries, loss, expense, costs or liabilities caused by the condition of the Premises or in any manner connected with or attributed to the acts or omissions of Lessee, its officers, agents, employees, subtenants, licensees, patrons or visitors, or the operations conducted by Lessee, or the Lessee's use, misuse or neglect of the Premises.

h. Any modification or waiver of the insurance requirements herein shall only be made with the written approval of the City's Risk Manager or designee.

13. INDEMNITY.

A. Lessor, its boards, commissions, officials and employees shall not be liable for and Lessee hereby waives all claims against them for loss, theft, or damage to equipment, furniture, trade fixtures, furnishings, records, and other personal property in, or at the Premises, for loss or damage to Lessee's business, or injury to or death of persons in, on or at the Premises from any cause except to the extent caused by the gross negligence or willful misconduct of Lessor, its Board, commissions, officials and employees.

B. Lessee shall defend, indemnify and hold harmless, the City of Long Beach, its Boards and Commissioners, its officials, employees (for purposes of this Section, collectively "City") and agents, from and against any and all liability, claims, demands, damage, loss, causes of action, proceedings, penalties, costs, and expenses (including attorneys' fees, court costs, and expert and witness fees) (collectively "Claims" or individually "Claim"). Claims include, by way of example, but are not limited to: Claims for prevailing wage, property damage, personal injury or death arising in whole or in part from the negligence act or omission of Lessee, its officers, employees, agents, contractors or anyone under Lessee's control (collectively "Indemnitor"); Lessee's breach of this Lease; misrepresentation; willful misconduct; and Claims by any employee of Indemnitor relating to workers' compensation. Independent of the duty to indemnify and as a free-standing duty on the part of Lessee, Lessee shall defend the City and shall

continue such defense until the Claim (including allegations in a Claim) is resolved, whether by settlement, judgment or otherwise. No finding or judgment of negligence, fault, breach, or the like on the part of Indemnitor shall be required for the duty to defend to arise. Lessee shall notify the City of any Claim within ten (10) days. Likewise, City shall notify Lessee of any Claim and shall assist Lessee, as may be reasonably requested, in such defense.

14. DAMAGE TO PREMISES. With the exception of ordinary wear and

- 14. <u>DAMAGE TO PREMISES</u>. With the exception of ordinary wear and tear, Lessee shall be liable for and shall pay the cost of any and all loss, injury or damage to the Premises or any equipment on the Premises, by or on account of any act or omission by Lessee, Lessee's employees, agents, invitees, or licenses.
- that this Lease may create a possessory interest subject to property taxation and that the Lessee may be subject to the payment of property taxes levied on such interest. All taxes and assessments which become due and payable upon the Premises or upon fixtures, equipment, or other property installed or constructed thereon, shall be the full responsibility of Lessee, and Lessee shall cause said taxes and assessments to be paid promptly.
- 16. <u>UNLAWFUL USE</u>. Lessee agrees that no improvements shall be erected, placed upon, operated, nor maintained upon the Premises, nor any business conducted or carried on therein or therefrom, in violation of the terms of this Lease, or of any regulation, order, law, statute, or ordinance of a governmental agency having jurisdiction.
- 17. LESSEE'S PERSONAL PROPERTY. Upon the termination of this Lease (whether by lapse of time or otherwise), Lessee shall promptly remove all of its inventory, furniture, fixtures, and equipment and restore the Premises to the condition existing at the commencement date of this Lease, except for Capital Improvements made to the Premises, and reasonable wear and tear excepted. If Lessee abandons the Premises, is dispossessed thereof by process of law, or otherwise vacates the property,

title to any personal property belonging to Lessee and left on the Premises forty-five (45) days after such abandonment, dispossession, or vacation shall be deemed to have been transferred to Lessor. Lessor shall have the right to remove and to dispose of such property without liability therefor to Lessee or to any person claiming under Lessee, and shall have no need to account therefor. Lessee hereby designates Lessor's City Manager as its attorney-in-fact to execute and deliver such documents as may be reasonably required to dispose of such abandoned property and transfer title thereto.

- 18. <u>HOLDING OVER</u>. In the event Lessee shall continue in possession of the Premises after the expiration of the lease term, such possession shall not be considered a renewal of this Lease but a tenancy from month to month and shall be governed by the conditions and covenants contained in this Lease.
- 19. ASSIGNING, SUBLETTING, AND ENCUMBERING. Lessee shall not voluntarily transfer, assign, sublet, or encumber its interests in this Lease without Lessor's prior written approval, which consent shall not be unreasonably withheld. Any transfer, assignment, subletting, or encumbering, whether voluntary or involuntary, without Lessor's consent shall constitute a default and shall be voidable at Lessor's election. No consent to any transfer, assignment, subletting, or encumbering shall constitute a further waiver of the provisions of this paragraph. Any assignee of Lessee shall execute an agreement running to Lessor assuming Lessee's obligations under this Lease. Lessee shall remain fully obligated to Lessor under this Lease notwithstanding any transfer, assignment, subletting, or encumbering of any indulgence granted by Lessor to Lessee or to any transferee, assignee, sublessee, or secured lender unless released in writing by Lessor.
- 20. <u>SUCCESSORS IN INTEREST</u>. Unless otherwise provided in this Lease, the terms, covenants and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the parties hereto.
- 21. <u>LESSEE'S DEFAULT</u>. The occurrence of any of the following shall constitute a default by Lessee

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B. Failure to perform any of the provisions of this Lease, if the failure to perform is not cured within thirty (30) days after notice has been given to Lessee.

Notices given under this paragraph shall specify the alleged default and the applicable Lease provisions, and shall demand that Lessee perform the provisions of the Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

LESSOR'S REMEDIES. Lessor shall have the following remedies if 22. Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law. Lessor can continue this Lease in full force and effect, and the Lease will continue in effect as long as Lessor does not terminate Lessee's right to possession, and Lessor shall have the right to collect rent when due. During the period Lessee is in default, Lessor can enter the Premises and relet them, or any part of them, to third parties for Lessee's account. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in reletting the Premises, including, without limitation, broker's commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. Lessee shall pay to Lessor the rent due out of this Lease on the dates the rent is due, less the rent Lessor receives from any reletting. No act by Lessor allowed by this paragraph shall terminate this Lease unless Lessor notifies Lessee that Lessor elects to terminate this Lease. After Lessee's default, and for as long as Lessor does not terminate Lessee's right to possession of the Premises, if Lessee obtains Lessor's consent, Lessee shall have the right to assign or sublet its interests in this Lease, but Lessee shall not be released from liability. Lessor can terminate Lessee's right to possession of the Premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this Lease. Acts of maintenance, efforts to relet the

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Premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this Lease shall not constitute a termination of Lessee's right to possession. Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor, at any time, by reason of Lessee's default pays any sum or does any act that requires the payment of any sum, the sum paid by Lessor shall be immediately due from Lessee to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the rate of 10% per annum from the date the sum is paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with the interest on it, shall be deemed additional rent.

- LESSOR'S DEFAULT. Lessor shall be in default of this Lease if it 23. fails or refuses to perform any provision of this Lease that it is obligated to perform if the failure to perform is not cured within sixty (60) days after notice of the default has been given by Lessee to Lessor. If the default cannot be reasonably cured within sixty (60) days, Lessor shall not be in default of this Lease if Lessor commences to cure the default within the sixty (60) day period and diligently and in good faith continues to cure the default.
- QUITCLAIM OF LESSEE'S INTERESTS UPON TERMINATION. 24. Upon termination of this Lease for any reason, including, but not limited to, termination because of default by Lessee, Lessee shall execute, acknowledge and deliver to Lessor within thirty (30) days after receipt of written demand therefor, a good and sufficient deed whereby all right, title and interests of Lessee in the Premises is quitclaimed to Lessor.
- If, after the effective date, the whole of the 25. TOTAL TAKING. Premises, or other improvements to be made by Lessee shall be taken by right of eminent domain or otherwise for any public or quasi-public use, then, when possession shall be taken thereunder by the condemner, or the Lessee is deprived of its practical use of the Premises, and other improvements, whichever date is earlier, this Lease and all rights of Lessor and Lessee hereunder, shall terminate and any rent and all other payments required of Lessee shall be apportioned between the parties. In the event of a

partial taking, as a result of which the remaining portion of the Premises, or any other improvements on the Premises cannot be restored to an economically operable facility of a comparable kind and quality to the facility existing prior to the taking with the condemnation awards received by Lessee, then this Lease, at Lessee's option, shall terminate as of the time when possession of the Premises shall be taken by the condemner or Lessee is deprived of its practical use thereof, whichever date is earlier.

- Premises or any other improvements shall be taken by right of eminent domain or otherwise for any public or quasi-public use and the remaining portion of the Premises and improvements can be restored by Lessee to an economically operable facility of comparable kind and quality to the facility existing prior to the taking, then this Lease shall not be affected and Lessee shall retain the remaining portion of the Premises; provided, however, the fixed minimum rent as the total amount that is in the same ratio to the fixed minimum rent as the total number of square feet in the Premises taken bears to the total number of square feet in the Premises immediately before the date of taking.
- 27. <u>EMINENT DOMAIN AWARD</u>. If there is a taking by right of eminent domain, the rights and obligations of the parties with reference to the award and the distribution thereof shall be determined in accordance with the provisions of this section. The award shall belong to and be paid to Lessor, except that Lessee shall receive from the award the following:
- A. A sum attributable to the value of Lessee's leasehold estate including improvements, which sum shall be first applied toward any outstanding balance due a Lessee's lender.
- B. A sum attributable to severance damages to be used solely for the restoration of the other improvements upon the Premises.
 - C. A sum attributable to loss of goodwill.
- 28. <u>AMENDMENTS</u>. This Lease sets forth all of the agreements and understandings of the parties and any modification must be in writing duly executed by

both parties.

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- CAPTIONS. The captions and the table of contents of this Lease 29. shall have no effect on its interpretation.
- PROVISIONS ARE COVENANTS AND CONDITIONS. All 30. provisions, whether covenants or conditions, on the part of Lessee shall be deemed to be both covenants and conditions.
- CALIFORNIA LAW. This Lease shall be construed and interpreted 31. in accordance with the laws of the State of California.
- ATTORNEYS' FEES. In any action or proceeding relating to this 32. Lease, the prevailing party shall be entitled to its costs, including reasonable attorneys' fees.
- 33. No delay or omission in the exercise of any right or WAIVER. remedy of Lessor on any default by Lessee shall impair such a right or remedy or be construed as a waiver. The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other defaults; it shall constitute only a waiver of timely payment for the rent payment involved. No act or conduct of Lessor, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall constitute an acceptance of the surrender of the Premises and accomplish a termination of the Lease. Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent act by Lessee. Any waiver by Lessor of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of the Lease.
- NONDISCRIMINATION. In the performance of this Lease, Lessee 34. agrees not to discriminate against any employee or applicant for employment or service on the basis of race, color, religion, ancestry, sex, sexual orientation, AIDS, AIDS related condition, national origin, age, marital status, disability, handicap or veteran status.

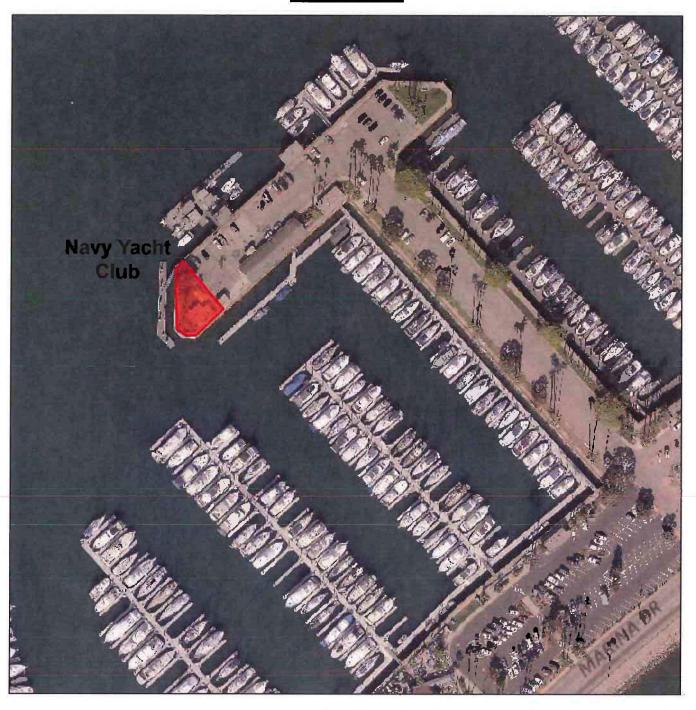
OFFICE OF THE CITY ATTORNEY CHARLES PARKIN, City Attorney 333 West Ocean Boulevard, 11th Floor Long Beach, CA 90802-4664

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	1	The foregoing Lease is hereby approved as to form this day of
	2	April 2019.
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	4	CHARLES PARKIN, City Attorney
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Exhibit A Site Map



223 Marina Drive 3,500 square feet