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SECOND AMENDMENT OF AGREEMENT

By and Between

MARINA PACIFICA LLC

"Developer,"

and

CITY OF LONG BEACH,

"City"

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ATTACHMENTS

SECOND AMENDMENT OF AGREEMENT

THIS SECOND AMENDMENT OF AGREEMENT (the "Amendment"), dated as of July 10, 1997, is entered into by and between MARINA PACIFICA LLC, a California limited liability company ("Developer"), and the CITY OF LONG BEACH, a municipal corporation (the "City").

RECITALS

A. Developer is a real estate development and shopping center management company.

B. Developer is the ground lessee of certain property within the City of Long Beach commonly known as 6270 - 6382 Pacific Coast Highway, and as shown on the attached Site Map, Attachment No. 1 (the "Site").

C. Developer and City are parties to that certain Agreement dated March 14, 1995, amended on October 29, 1996 (as amended, the "Agreement") and to that certain Lease and Sublease, both dated as of October 29, 1996. Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless expressly defined otherwise herein.

D. Developer developed the retail shopping center known as the Marina Pacifica Mall (the "Project") in accordance with the Agreement, and the Improvements are being operated as the Marina Pacifica Mall, a retail shopping center.

E. Developer has applied to City for assistance in order to demolish an existing building (the "Buffum's Building") and to construct additional improvements to accommodate a "Loehmann's" specialty retail store (the "Demised Premises").

F. Developer and the City entered into that certain Memorandum of Understanding ("MOU") dated April 25, 1997, which sets forth an outline of the agreement between the parties and upon which this Amendment is based.

G. Based upon the MOU, Developer entered into a 15 year lease (the "Retail Lease") with Loehmann's for the Demised Premises.

H. At a regular meeting of the City Council, City adopted a resolution directing the City Attorney to prepare, and authorizing the City Manager to execute, this Amendment which provides certain assistance as outlined in the MOU in order to implement large scale retail development, to improve retail sales

tax productivity, and to stimulate private investment in the retail sector of the City's economy.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Developer and City agree as follows:

1. DEFINITIONS

In addition to the terms defined in the Agreement, the following terms have the meaning set forth in this Section 1.

"C.F.R." means the Code of Federal Regulations.

"Executive Director" means the Executive Director for the Community Development Department of the City.

"Low and moderate income persons" means persons with an annual income equal to or less than HUD Section 8 (of the United States Housing Act of 1937) income limits. HUD Section 8 income limits for the Los Angeles County PMSA define the maximum family income for low and moderate income households. In addition, and as provided by CDBG regulations, the following clientele categories qualify for service regardless of income: abused children, battered spouses, illiterate persons, and migrant farm workers.

"Opening Date" shall be the date Loehmann's opens the Demised Premises for business to the general public.

"Program Income" means gross income received by Developer directly generated from the use of CDBG funds. When such income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. See Attachment No. 2 attached hereto and 24 C.F.R. § 570.500(a) for a fuller description of Program Income.

"Project Costs" shall be the lesser of (i) $2,875,000 or (ii) 103½% (the 3½% addition to 100% represents a developer's fee, and no other fees or charges for general overhead of Developer or for pre-opening charges, supervision or administration performed by employees of or independent on-site construction superintendents or managers hired by, Developer shall be included) of the following costs, expenses or fees paid or incurred by the Developer under this Agreement:

1. Costs, expenses or fees incurred after January 1, 1997, including without limitation, all costs, expenses or fees for attorneys, architects, design professionals, engineers, soils analysts, environmental consultants, surveyors, cost

estimators, economists, marketing and leasing professionals, and other consultants in connection with the:

a. Negotiation and execution of the Retail Lease, the MOU, this Agreement, the negotiation of all related exhibits or documents required, contemplated or in furtherance thereof, including contracts with engineers, architects, contractors, consultants, analysts, inspectors and other similar professionals, and legal fees, hereinafter collectively referred to as the "Project Documents");

b. Investigation of the Project and the Site including all studies, surveys, statistical and marketing analyses and projections, soils, toxics and building reports and inspections;

c. Investigation and development of conceptual plans, schematics, working drawings, and preliminary plans and specifications for the Project;

2. Costs, expenses or fees related to the development, design and construction of the improvements, as the case may be, including without limitation:

a. All direct costs of construction of on-site and off-site improvements including but not limited to contractor fees, grading, excavation, soil removal, fill and site preparation, buildings, plumbing, on-site and off-site utility installation, foundations, landscaping, fencing, sidewalks, street improvements and other required governmental improvements; and

b. All indirect development, design and construction costs including:

(i) Construction, short term, interim and permanent lenders' commitment fees, origination fees, processing fees, construction fund disbursement fees, borrower's and lender's legal fees, survey and appraisal fees, and so called "points" (including all fees, points and interest paid) related to the Demised Premises;

(ii) Architectural fees, costs of preparing plans and specifications, surveyors' fees and soils and other engineering fees;

(iii) Attorneys', economists' and other consultants' fees not otherwise described above relating to the negotiation, execution

and documentation of the development, construction and design of the Project;

(iv) Hazard, liability and other insurance premiums (including Builders All-Risk and payment and performance bond premiums);

(v) Construction, progress and inspection fees, appraisal fees, construction cost analysts' fees, building permit fees, plan check fees, connection fees, subdivision fees, school fees, traffic fees, zoning fees and related application fees, area fees, clean up costs, and compliance fees and costs, and all other fees and costs required by the requisite governmental agencies to cause construction of, or allow occupancy of, the Demised Premises;

(vi) On-site superintendent and construction management salaries paid by contractors or subcontractors to their employees or independent contractors consistent with industry standards;

(vii) Real estate taxes and assessments on the Demised Premises through the completion of construction;

(viii) Construction related casualty losses and expenses not compensated by insurance;

(ix) All related development and construction costs including compliance with and payments by Developer required by the Retail Lease not otherwise described above including, but not limited to, Developer's costs for demolition, grading, utility relocation and other necessary or appropriate items; and

(x) All other costs and expenses customarily funded through a construction loan by an institutional lender or institutional investor.

3. All costs, expenses or fees paid or incurred by Developer to design, prepare, equip and open the Demised Premises for business including:

a. architectural and design services, graphic consultants, lighting consultants, archaeological

consultants, acoustics, landscape, parking, elevator, energy, and audio-visual consultants;

b. on-site accounting, word and data processing equipment, telephone, security and communication systems;

c. Initially installed fixtures, furnishings and equipment;

d. All costs, expenses or fees related to the implementation of and compliance with this Agreement, and the execution and implementation of and compliance with the Project Documents;

4. Interest on the foregoing Project Costs, from the date expended through the Opening Date, at the rate of interest charged by Developer's construction lender.

2. AMENDMENT OF LEASE AND SUBLEASE

2.1 Lease and Sublease to be Amended. Upon the satisfaction of those conditions precedent set forth below at Section 2.2, the Lease will be amended and restated as attached hereto as Attachment No. 3A (the "Amended and Restated Lease"), and the Sublease will be amended and restated as attached hereto as Attachment No. 3B. Until the execution of the Amended and Restated Lease and the Amended and Restated Sublease by both parties, both the Lease and the Sublease shall remain in effect.

2.2 Conditions Precedent. City will execute and deliver the Amended and Restated Lease and the Amended and Restated Sublease at such time as the following conditions precedent are satisfied:

2.2.1 Developer has constructed the Demised Premises including interior improvements in accordance with the Retail Lease and plans approved by City, and obtained a certificate of occupancy therefore.

2.2.2 Developer has submitted to City evidence reasonably satisfactory to City of the Project Costs to construct the Demised Premises.

2.2.3 Loehmann's has occupied the Demised Premises and opened for business to the public as a "Loehmann's" women's clothing and furnishings store. If the Demised Premises are not so opened by July 1, 1998, the Lease shall not be amended.

3. GUARANTEE OF THE RETAIL LEASE

City shall guarantee the minimum annual rent plus certain related costs pursuant to the Retail Lease for the first five years. Such guarantee shall be in the form of the Guarantee and Agreement to Lease, Attachment No. 4 hereto.

4. THE CITY LOAN

4.1 Amount and Purpose. Subject to the terms of this Amendment, City agrees to make, and Developer agrees to take, a loan in the principal amount of up to $750,000.00 (the "City Loan"), evidenced by the City Note, in form as attached hereto as Attachment No. 5. The proceeds of the City Loan shall be used to pay for the "soft costs" incurred to develop the Demised Premises. "Soft costs" are those costs incurred in the development of improvements other than direct construction costs, such as architect, engineer, consultant, professional, and design fees, permit fees, surveys, legal fees, leasing charges, and the costs to acquire financing. The funds used to make the City Loan are CDBG funds, and as such there are certain requirements imposed on the use of these funds. It is the intention of the parties that the proceeds of the City Loan be used for purposes which will not result in the imposition of the federal reporting requirements imposed by the Davis-Bacon Act.

4.2 Payment. Developer shall repay the City Loan in accordance with and subject to the provisions of the City Note.

4.3 First Advance of the City Loan.

4.3.1 City shall advance funds pursuant to this Amendment (i) at such time as the conditions set forth in Section 4.5 hereof have been satisfied, and (ii) within five (5) days of City's receipt of the Developer's Disbursement Request.

4.3.2 Commencing with the date of the initial Disbursement Request, and continuing until the proceeds of the City Loan have been entirely spent, Developer shall submit to City a written request for payment in the form attached hereto as Attachment No. 6 ("Disbursement Request") showing all costs for which Developer requests reimbursement since the date of the last Disbursement Request submitted to City, itemized in such detail as City may reasonably require, accompanied in each case by (i) invoices reasonably satisfactory to City for the costs to be reimbursed, (ii) amounts of the City Loan previously disbursed, and (iii) all other documents and information reasonably required by City.

4.4 Disbursement Procedures.

4.4.1 Disbursement Requests. The City Loan shall be disbursed in accordance with the Budget (as defined below at Section 4.4.3) and subject to the conditions in Article 4.5. In

no event shall City have any obligation to disburse any amount for any item in excess of the amount allocated to such item in the Budget. Disbursements shall be made only upon Developer's written Disbursement Request showing all costs which Developer intends to fund with such disbursement, itemized in such detail as City may reasonably require, and accompanied in each case by (a) invoices satisfactory to City, and (b) all other documents and information reasonably required by City. Disbursement Requests shall be submitted to the Executive Director or her designee in duplicate no less than five (5) days prior to the date of the requested Disbursement, and shall not be submitted more often than monthly.

4.4.2 Manner of Disbursement. City may make any Disbursement by check payable to Developer or by wire transfer as instructed by Developer, or, following the occurrence of any Event of Default or other event or condition which, with the giving of notice or the passage of time, or both, could constitute an Event of Default, on a voucher basis, or by check payable jointly to Developer and any vendor or other claimant, or directly to any such claimant, or by any other means reasonably selected by City.

4.4.3 Budget. The Budget (attached hereto as Attachment No. 7) represents Developer's itemization of the costs to be paid for with the proceeds of the City Loan, which costs are, as set forth in the Budget, $750,000.

4.4.4 Waiver of Disbursement Conditions. Unless City otherwise agrees in writing, the making by City of any Disbursement with the knowledge that any condition to such Disbursement is not fulfilled shall constitute a waiver of such condition only with respect to the particular Disbursement made, and such condition shall be a condition to all further Disbursements until fulfilled.

4.5 Conditions to Disbursement.

4.5.1 First Disbursement from the City Loan. City's obligation to make the first Disbursement from the City Loan is subject to the satisfaction, or waiver by City, of the following conditions precedent:

a. The Retail Lease shall be in full force and effect, and no Event of Default shall remain uncured and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default under the Retail Lease.

b. City has approved the Plans for the Demised Premises, which approval shall not be unreasonably withheld.

c. Developer has submitted and City has approved Developer's budget (the "Construction Budget") to construct the Demised Premises.

d. Developer has submitted and City has approved evidence that Developer has obtained sufficient equity capital and firm and binding commitments for financing necessary for the development of the Demised Premises in accordance with the Construction Budget and this Agreement.

e. Developer has submitted and City has approved evidence that Developer has entered into a construction contract indicating that the Demised Premises will be constructed in accordance with the Construction Budget. Such construction contract shall require that the contractor obtain at least three bids for each major trade required to construct the Demised Premises.

f. City has in its possession a signed original of the City Note, and the Developer's Estoppel Certificate (attached hereto as Attachment No. 8);

4.5.2 Any Disbursement. City's obligation to make any Disbursement (including the first Disbursement pursuant to the City Note) is subject to the satisfaction, or waiver by City, of the following conditions precedent:

a. The representations and warranties contained in this Amendment shall be correct as of the date of the Disbursement as though made on and as of that date, and City shall have received a certificate to that effect signed by Developer.

b. No Event of Default shall remain uncured and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default hereunder or under the Retail Lease, and City shall have received a certificate to that effect signed by Developer.

c. The development of the Demised Premises is proceeding substantially in accordance with the Construction Budget.

5. OBLIGATIONS OF MARINA PACIFICA

In addition to those obligations of Developer as set forth in the attachments to this Amendment, Developer shall accomplish the following in accordance with the Schedule of Performance, Attachment No. 9 hereto.

5.1 Amended Lease and Amended Sublease. Developer shall execute and deliver the Amended and Restated Lease and the Amended and Restated Sublease.

5.2 City Note. Developer shall execute and deliver the City Note.

5.3 Demised Premises. Developer shall construct the Demised Premises including interior improvements in accordance with the Retail Lease and in accordance with Article 5 of the Agreement, "OBLIGATIONS OF MARINA PACIFICA".

5.4 Records. Developer shall maintain records documenting the Project Costs and shall submit such documents to City as proof of the cost to construct the Demised Premises.

5.5 Continuous Operation. Subject to Section 5.6, Developer shall use its best efforts to cause the Demised Premises to be continuously operated during the fifteen year term commencing with the "Rent Commencement Date" (as defined in the Retail Lease) (the "Term") as a well maintained and well run retail sales facility used for retail sales tax generating uses, and for no other uses.

5.6 Replacement Tenant. If at any time during the Term, the Demised Premises are either not used, or are used for other than as a retail sales facility generating retail sales tax, Developer shall use its best efforts to obtain a suitable tenant who will operate the Demised Premises as a retail sales facility.

5.7 Representations and Warranties. As a material inducement to City's entry into this Amendment, Developer represents and warrants to City that:

5.7.1 Formation, Qualification and Compliance. Developer (a) is a limited liability company validly existing and in good standing under the laws of the State of California, (b) has all requisite authority to conduct its business and own and lease its properties, and (c) is qualified and in good standing in every jurisdiction in which the nature of its business makes qualification necessary or where failure to qualify could have a material adverse effect on its financial condition or the performance of its obligations under the Agreement and this Amendment. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with, any governmental agency that are necessary for the transaction of its business.

5.7.2 Execution and Performance of Amendment.

a. Developer has all requisite authority to execute and perform its obligations under this Amendment and the attachments hereto.

b. The execution and delivery by Developer of, and the performance by Developer of its obligations under, this Amendment and the attachments hereto has been authorized by all necessary action and do not and will not:

i. require any consent or approval not heretofore obtained of any person having any interest in Developer;

ii. violate any provision of, or require any consent or approval not heretofore obtained under, any partnership agreement, operating agreement, by-laws or other governing document applicable to Developer, or any member.

iii. violate any provision of any law presently in effect; or

iv. constitute a breach or default under, or permit the acceleration of obligations owed under, any contract, loan agreement, lease or other agreement or document affecting this project to or by which Developer is a party or is bound.

c. To Developer's best knowledge, Developer is not in default, in any respect that is materially adverse to City's interests under this Amendment, or that would have any material adverse effect on the financial condition of Developer or the Project, under any law, contract, lease or other agreement or document described in subparagraph iv. of the previous Subsection.

d. No approval, license, exemption or other authorization from, or filing, registration or qualification with, any governmental agency (other than obtaining building permits and related requirements to construct the Demised Premises) is required which has not been previously obtained in connection with the execution by Developer of, and the performance by Developer of its obligations under, this Amendment.

5.7.3 No Material Adverse Change. There has been no material adverse change in the condition, financial or otherwise, of Developer since the dates of the latest financial statements furnished to City.

5.7.4 Tax Liability. Developer has filed all required federal, state and local tax returns and has paid all

taxes due (including interest and penalties, but subject to lawful extensions disclosed to City in writing) other than taxes being promptly and actively contested in good faith and by appropriate proceedings.

5.7.5 Construction Budget. The Construction Budget is based on information deemed reliable by Developer and represents Developer's best estimate of all costs required to construct the Demised Premises.

5.7.6 Litigation. There are no material actions or proceedings pending or, to the best of Developer's knowledge, threatened against or affecting Developer or any property of Developer affecting the Project before any governmental agency, except as disclosed to City in writing prior to the execution of this Amendment.

5.8 Employment.

5.8.1 Federal Community Development Block Grant (CDBG) regulations require the creation of 1 job for every $35,000 spent on an economic development activity. to assure compliance with that Federal requirement, City's Department of Community Development will provide, at no cost, to Developer and/or Loehmann's staff assistance to pre-screen and qualify all potential job applicants. Services will include assisting Developer and/or Loehmann's with outreach to recruit qualified applicants and conducting pre-screening sessions to determine the most qualified applicants for the jobs. City will also provide reimbursements for up to 240 hours of on-the-job training if the employee is determined to need such training and he or she meets Job Training Partnership Act Program eligibility.

5.8.2 Developer expects that approximately 45 full time positions will be created within two years of opening the Demised Premises as a retail store. Developer shall use its best efforts to require that Loehmann's create a minimum of 45 positions in order to meet HUD requirements. All 45 positions must be offered to low to moderate income persons, and a majority of these positions must be filled by individuals from low to moderate income households.

5.8.3 In reference to all jobs created, Developer shall, and shall use its best efforts to ensure that Loehmann's shall:

a. Contact Rachel Morales, or her successor, Job Development Consultant, Economic Development Bureau of the Department of Community Development of the city at (562) 570-3757 announcing job opportunities by position and pay rate.

b. Make every attempt to employ persons residing in the City.

c. Post notices in conspicuous places announcing job opportunities.

d. Contact Rachel Morales or her successor, Job Development Consultant, when these positions have been filled.

6. FEDERAL FUNDS.

Developer acknowledges that the Loan funds are federal funds and, accordingly, Developer covenants and agrees as follows:

6.1 Audits. Developer is required to arrange for an independent financial and compliance audit annually for each fiscal year Federal funds are received under the City Loan. Audits must be in compliance with O.M.B. Circular No. A-133. An audit may be conducted by Federal, State, or local funding source agencies as part of City's audit responsibilities. The results of the independent audit must be submitted to City within thirty (30) days of completion. Within thirty (30) days of the submittal of said audit report, Developer shall provide a written response to all conditions of findings reported in said audit report. The response must examine each condition or finding and explain a proposed resolution, including a schedule for correcting any deficiency. All conditions or corrective actions shall take place within six (6) months after receipt of the audit report. City and its authorized representatives shall at all times have access for the purpose of audit or inspection to any and all books, documents, papers, records, property, and premises of Developer. Developer's staff will cooperate fully with authorized auditors when they conduct audits and examinations of Developer's program.

If indications of misappropriation or misapplication of the funds granted under this Agreement cause City to require a special audit, the cost of the audit will be encumbered and deducted from the City Loan. Should City subsequently determine that the special audit was not warranted, the amount encumbered will be restored to the City Loan. Should the special audit confirm misappropriation or misapplication of funds, Developer shall promptly reimburse City the amount of misappropriation or misapplication. In the event City uses the judicial system to recover misappropriated or misapplied funds, Developer shall reimburse City for legal fees and court costs incurred in obtaining the recovery.

City shall include an audit of the account maintained by Developer pursuant to this Section in City's annual audit of all CDBG funds pursuant to Federal regulations found in Title 24 of the Code of Federal Regulations and other applicable Federal laws and regulations.

6.2 Protection Against Claims Arising Out of the Agreement.

6.2.1 Insurance. Without limiting City's right to indemnification, Developer shall maintain insurance as required by the Agreement.

6.2.2 Indemnity. Developer agrees to indemnify, defend (at City's option) and hold harmless City, its officers, agents, employees, representatives and volunteers from and against any and all suits, actions, legal or administrative proceedings, claims, demands, liabilities, obligations, liens, encumbrances, costs, expenses, penalties, actual damages, punitive damages and losses, whether direct, contingent or consequential, including, without limitation, reasonable attorneys' fees and costs based on, arising out of, related to, or in any way connected directly or indirectly with Developer's performance or failure to perform, under the terms of this Agreement. Provided, however, that Developer shall not be responsible for (and such indemnity shall not apply to) any negligence or wilful misconduct of City or its agents, servants, employees, or contractors. The provisions of this Section 6.2.2 shall survive the termination of this Agreement.

6.3 Non-Discrimination.

6.3.1 Development of the Demised Premises.

(1) a. Developer shall not on the grounds of race, color, national origin or sex, exclude any person from participation in, deny any person the benefits of, or subject any person to discrimination under any program or activity funded in whole or in part with CDBG funds.

b. Developer shall comply with Title II of the Americans with Disabilities Act, (42 USC §12101, et seq.) as it relates to public accommodations.

(2) Developer shall not under any program or activity funded in whole or in part with CDBG funds, on the grounds of race, color, national origin, or sex:

a. Deny any facilities, services, financial aid or other benefits provided under the program or activity.

b. Provide any facilities, services, financial aid or other benefits which are different or are provided in a different form from that provided to others under the program or activity.

c. Subject to segregated or separate treatment in any facility in, or in any matter or process related to receipt of any service or benefit under the program or activity.

d. Restrict in any way access to, or in the enjoyment of any advantage or privilege enjoyed by others in

connection with facilities, services, financial aid or other benefits under the program or activity.

e. Treat an individual differently from others in determining whether the individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which the individual must meet in order to be provided any facilities, services or other benefit provided under the program or activity.

f. Deny an opportunity to participate in a program or activity as an employee.

(3) Developer may not utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination on the basis of race, color, national origin, or sex, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity with respect to individuals of a particular race, color, national origin, or sex.

(4) Developer, in determining the site or location of housing or facilities provided in whole or in part with CDBG funds, may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the grounds of race, color, national origin, or sex, or which have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Civil Rights Act of 1964 and amendments thereto.

(5) a. In administering a program or activity funded in whole or in part with CDBG funds regarding which Developer has previously discriminated against persons on the grounds of race, color, national origin or sex, Developer must take affirmative action to overcome the effects of prior discrimination.

b. Even in the absence of such prior discrimination a Developer in administering a program or activity funded in whole or in part with CDBG funds should take affirmative action to overcome the effects of conditions which would otherwise result in limiting participation by persons of a particular race, color, national origin or sex. Where previous discriminatory practice or usage tends, on the grounds of race, color, national origin, or sex, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which CDBG funding applies, Developer has an obligation to take reasonable action to remove or overcome the

consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the Civil Rights Act of 1964.

c. Developer shall not be prohibited by this part from taking any eligible action to ameliorate an imbalance in services or facilities provided to any geographic area or specific group of persons within its jurisdiction where the purpose of such action is to overcome prior discriminatory practice or usage.

(6) Notwithstanding anything to the contrary in Sections 6.3.1 (1)-(5), nothing contained herein shall be construed to prohibit any Developer from maintaining or constructing separate living facilities or rest room facilities for the different sexes. Furthermore, selectivity on the basis of sex is not prohibited when institutional or custodial services can properly be performed only by a member of the same sex as the recipients of the services.

a. Employment Discrimination

(1) Developer shall not discriminate against any employee or application for employment because of race, color, religion, sex, national origin, age or handicap. Developer shall take affirmative action to insure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, age or handicap. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training including apprenticeship. Developer agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(2) Developer shall, in all solicitations or advertisements for employees placed by or on behalf of Developer, state that all qualified applications will receive consideration for employment without regard to race, color, religion, sex, national origin, age or handicap.

(3) Developer shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by City's contracting officers advising the labor union or workers' representative or Developer commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of

the notices in conspicuous places available to employees and applicants for employment.

(4) Developer shall comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) Developer shall furnish to City all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the related rules, regulations, and orders.

(6) In the event of Developer's failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, City may cancel, terminate, or suspend in whole or in part its performance and Developer may be declared ineligible for further government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions as may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) Developer shall include the provisions of Section 6.3.1, "Development of the Demised Premises," Paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Developer shall take such action with respect to any subcontract or purchase order as City may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event Developer becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by City, Developer may request the United States to enter into such litigation to protect the interests of the United States.

(8) Developer shall not discriminate on the basis of age in violation of any provision of the Age Discrimination Act of 1975 (42 USC §6101 et seq.) Or with respect to any otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973 (29 USC §794) and the Americans With Disabilities Act of 1990 (42 USC §12101 et seq.). Developer shall also provide ready access to and use of all CDBG fund assisted buildings to physically handicapped persons in compliance with the standards established in the Architectural Barriers Act of

1968 (42 USC §4151 et seq.) And the Americans With Disabilities Act of 1990 (42 USC §12101 et seq.).

b. Remedies.

In the event of Developer's failure to comply with any rules, regulations, or orders required to be complied with pursuant to this Agreement, City may cancel, terminate, or suspend in whole or in part its performance and Developer may be declared ineligible for further government contracts and any such other sanctions as may be imposed and remedies invoked as provided by law.

6.4 Civil Rights Act. Developer shall comply with the Civil Rights Act of 1964, as amended, and all regulations applicable thereto.

6.5 Reversion of Assets. If the Property developed in part with the Loan is not used in accordance with the Agreement during the term of the Agreement, then the Property must be disposed of, within five (5) years after the date of breach of the Agreement in a manner which results in City being reimbursed in the amount of the then current fair market value of the Property less any portion thereof attributable to expenditure of non-CDBG funds for said acquisition.

6.6 Program Income. Developer agrees that it shall not use CDBG funds in any manner (other than to fund the soft costs of developing the Project) which shall provide income to Developer. Any earned interest income on funds received from this Agreement shall be cause, at the discretion of City, for recapture of such income and/or the full amount of funds originally granted to Developer. Any Program Income received by Developer shall be returned to City. Any Program Income received after the expiration of this Agreement shall be paid to City as required by 24 C.F.R. 570.503(8).

6.7 Americans with Disabilities. Developer shall not discriminate against handicapped persons in the performance of this Agreement and shall provide accessibility for handicapped persons to the Demised Premises. Developer shall comply with all applicable requirements of the Americans with Disabilities Act of 1990 and implementing regulations (28 C.F.R. Parts 35-36), in order to provide handicapped accessibility to the extent readily achievable.

6.8 Conflicts of Interest. In the procurement of supplies, equipment, construction, and services by Developer, the conflict of interest provisions in Attachment "O" of OMB Circular No. A-110 and 24 C.F.R. 570.611 shall apply.

Developer agrees that no officer, employee, agent or assignee of City having direct or indirect control of CDBG funds granted to City shall serve as an officer of Developer. Further, any conflict or potential conflict of interest of any officer of Developer shall be fully disclosed prior to the execution of this Agreement and shall be attached to and become a part hereof.

6.9 Compliance With Law. Developer agrees to comply fully with all applicable Federal, State and local laws, ordinances, regulations, and permits, including but not limited to Federal CDBG financial and contractual procedures, and OMB Circular Nos. A-87, A-122, and A-110 with Attachments A, B, C, F, H, N, and O, as set forth in 24 C.F.R. 570.502(b). Said Federal documents are on file with the City, and are incorporated herein by reference. Developer shall secure any new permits required by authorities herein with jurisdiction over the project, and shall maintain all presently required permits. Developer shall ensure that the requirements of the California Environmental Quality Act are met for any permits or other entitlement required to carry out the terms of this Agreement.

6.10 Certification Regarding Lobbying. Developer certifies, to the best of its knowledge and belief, that:

(1) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence any officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Developer shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) Developer shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants, loans, and cooperative agreements), and that all Subrecipient's shall certify and disclose accordingly.

6.11 Privacy. Developer agrees and shall ensure that no information about or obtained from any person receiving services hereunder shall be voluntarily disclosed in any form identifiable

with such person without first obtaining the written consent of such person.

6.12 Drug-Free Work Place Policy. Developer, upon notification of contract award, shall establish a Drug-Free Awareness Program to inform employees of the dangers of drug abuse in the work place, the penalties that may be imposed upon employees for drug abuse violations occurring in the work place, and the employee assistance programs available to employees. Each employee engaged in the performance of a Developer contract must be notified of this Drug-Free Awareness Program, and must abide by its terms. Failure to establish a program, notify employees, or inform City of a drug-related work place conviction will constitute a material breach of contract and cause for immediate termination of the contract by City.

7. DEFAULTS AND REMEDIES

7.1 Events of Default. The occurrence of any of the following, whatever the reason therefor, and thirty (30) days after receipt of written notice from City of such occurrence, shall constitute an Event of Default; provided that if the Event of Default cannot reasonably be cured within such thirty (30)-day cure period, Developer shall not be in default of this Amendment if Developer commences to cure the default within said thirty (30)-day period and diligently and in good faith continues to prosecute such cure to completion:

7.1.1 Developer fails to perform any material obligation for the payment of money under this Amendment, the Lease or the City Note; or

7.1.2 Developer fails to perform any material obligation (other than obligations described in Section 7.1.1 above) under this Amendment, the Lease or the City Note; or

7.1.3 Any material representation or warranty by Developer, its officers or employees in this Amendment proves to have been incorrect in any material respect when made; or

7.1.4 Developer is the subject of an order for relief by a bankruptcy court, or is unable or admits its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; or Developer applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or any part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of Developer, and the appointment continues undischarged or unstayed for 90 days; or Developer institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt,

dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to it or any part of its property; or any similar proceeding is instituted without the consent of Developer, and continues undismissed or unstayed for 90 days; or any judgment, writ, warrant of attachment or execution, or similar process is issued or levied against any property of Developer and is not released, vacated or fully bonded within 90 days after its issue or levy.

7.2 City's Remedies Upon Default. Upon the occurrence of any Event of Default, and thirty (30) days after written notice of default (ten (10) days after written notice of default pursuant to Section 7.1.1), and after a reasonable opportunity to cure such default, City may at its option do any or all of the following:

7.2.1 Suspend or terminate the disbursement of the City Loan, and declare a default under the City Note; and

7.2.2 Suspend or terminate payment of the Rent pursuant to the Lease and apply all or any part of such proceeds as City reasonably deems appropriate to fulfill obligations pursuant to this Amendment which Developer does not timely perform and/or to protect City's interests under this Amendment; and

7.2.3 Exercise any of its rights under this Amendment and any rights provided by Law.

7.3 Developer's Remedies Upon Default. Upon the breach by City of any of its duties pursuant to this Amendment, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, Developer may at its option exercise any of its rights under this Amendment and any rights provided by Law.

7.4 Cumulative Remedies; No Waiver. Developer's and City's rights and remedies under this Amendment are cumulative and in addition to all rights and remedies provided by the Agreement or by Law from time to time. The exercise by either party of any right or remedy shall not constitute a cure or waiver of any default, nor invalidate any notice of default or any act done pursuant to any such notice, nor prejudice that party in the exercise of any other right or remedy. No waiver of any default shall be implied from any omission by either party to take action on account of such default if such default persists or is repeated. No waiver of any default shall affect any default other than the default expressly waived, and any such waiver shall be operative only for the time and to the extent stated. No waiver of any provision of this Amendment shall be construed as a waiver of any subsequent breach of the same provision. One party's consent to or approval of any act by the other requiring

further consent or approval shall not be deemed to waive or render unnecessary such party's consent to or approval of any subsequent act. One party's acceptance of the late performance of any obligation shall not constitute a waiver by that party of the right to require prompt performance of all further obligations; a party's acceptance of any performance following the sending or filing of any notice of default shall not constitute a waiver of its right to proceed with the exercise of its remedies for any unfulfilled obligations; and a party's acceptance of any partial performance shall not constitute a waiver by such party of any rights relating to the unfulfilled portion of the applicable obligation.

8. SCHEDULE OF PERFORMANCE

Pursuant to Article 4 of the Agreement, it was determined that the Schedule of Performance, to be attached to the Agreement as Attachment No. 5, was not required, and so it was not prepared or attached to the Agreement.

9. TERMINATION

This Agreement shall terminate on the fifteenth (15th) anniversary of the "Rent Commencement Date" (as defined in the Retail Lease), unless terminated earlier as provided herein.

10. AGREEMENT OTHERWISE NOT AFFECTED

Except as expressly amended by this Amendment, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the dates hereinafter respectively set forth.

"Developer"

MARINA PACIFICA LLC, a California limited liability company

Date: 7-8-97

By: _____

Its: Co-Chief Executive Officer

(signatures continued)

"CITY"

THE CITY OF LONG BEACH, a municipal corporation

Date: July 16, 1997 By: _____

Its: ASSISTANT CITY MANAGER

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

Approved as to form this 11th day of July, 1997.

JOHN R. CALHOUN, City Attorney of the City of Long Beach.

By: _____
Deputy

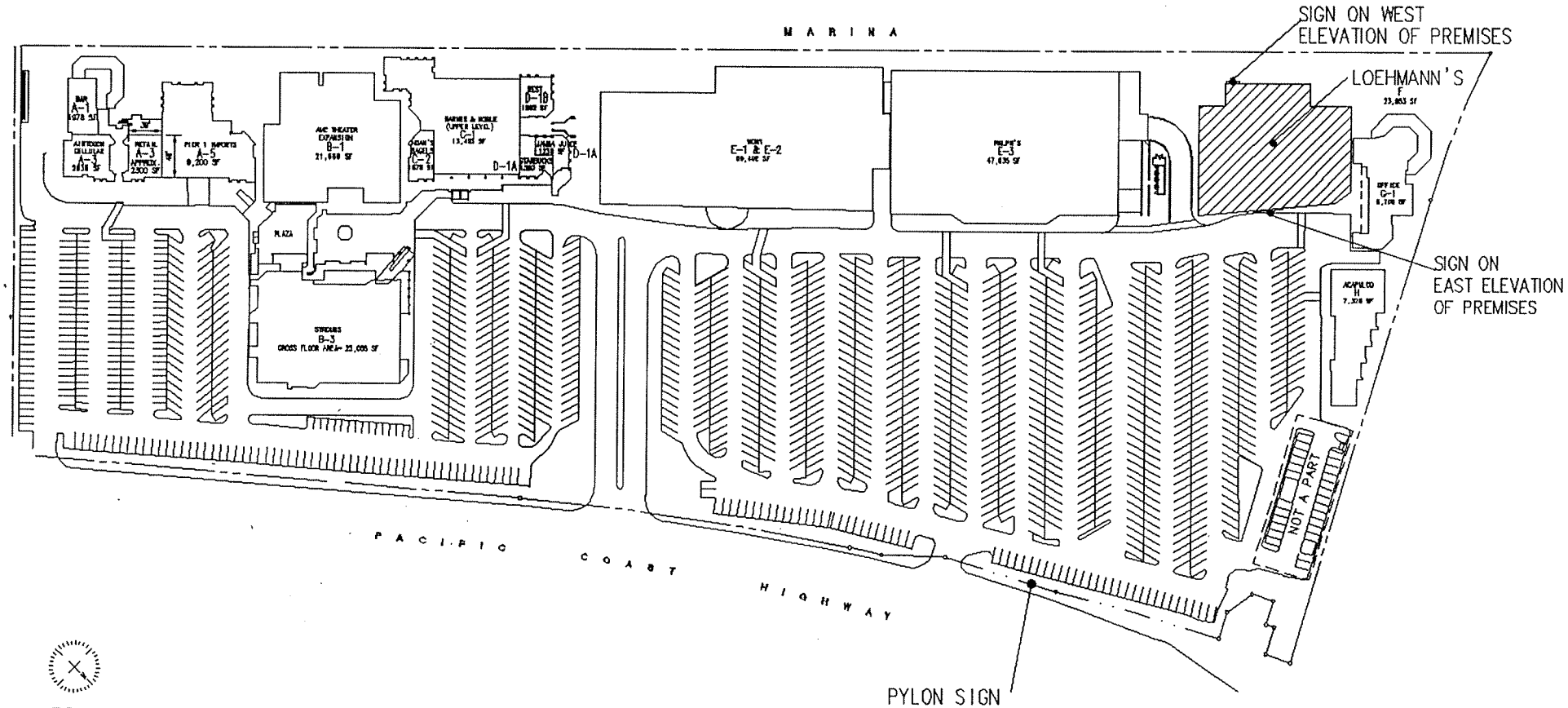
Approved as to form:

KING, WEISER, EDELMAN & BAZAR
Special Counsel

By: _____

Attachment No. 1

Site Map



Site Plan - Sign Locations

0 10 30 60 120

SCALE: 1" = 60'-0"

Attachment No. 2

Program Income

"Program Income" means gross income received by the recipient or a sub-recipient directly generated from the use of CDBG funds. When such income is generated by an activity that is only partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.

(1) Program income includes, but is not limited to the following:

(a) Proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;

(b) Proceeds from the disposition of equipment purchased with CDBG funds.

(c) Gross income from the use or rental of real or personal property acquired by the recipient or a sub-recipient with CDBG funds, less the costs incidental to the generation of such income;

(d) Gross income from the use or rental of real property owned by the recipient or a sub-recipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of such income.

(e) Payment of principal and interest on loans made using CDBG funds;

(f) Proceeds from the sale of loans made with CDBG funds;

(g) Proceeds from the sale of obligations secured by loans made with CDBG funds;

(h) Interest earned on funds held in a revolving fund account;

(i) Interest earned on program income pending disposition of such income; and

(j) Funds collected through special assessments made against properties owned and occupied by households <u>not</u> of low and moderate income, where such assessments are used to recover all or part of the CDBG portion of a public improvement.

(2) Program income does not include interest earned (except for interest described in 570.513) on cash advances from the U.S. Treasury. Such interest shall be remitted to HUD for transmittal to the U.S. Treasury and will not be reallocated under section 106© or (d) of the Act. Examples of other receipts that are not considered program income are proceeds from fund-raising activities carried out by sub-recipients receiving CDBG assistance; funds collected through special assessments used to recover the non-CDBG portion of a public improvement; and proceeds from the disposition of real property acquired or improved with CDBG funds when such disposition occurs after the applicable time period specified in 570.503(b)(8) for sub-recipient controlled property or 570.505 from recipient controlled property.

ATTACHMENT NO. 3A

AMENDED AND RESTATED LEASE

THIS AMENDED AND RESTATED LEASE (the "Lease"), dated as of October 29, 1996 (the "Commencement Date"), and amended and restated as of _____, 1997, is entered into by and between MARINA PACIFICA, LLC, a California limited liability company ("Owner"), as lessor, and the CITY OF LONG BEACH, a municipal corporation (the "City"), as lessee.

RECITALS

A. Owner owns and operates certain property within the City of Long Beach commonly known as Marina Pacifica Mall, located at 6272 - 6378 Pacific Coast Highway in Long Beach, as shown on the attached Site Map, Exhibit "A" (the "Site").

B. Owner and City entered into that certain Agreement dated as of March 14, 1996, and amended on October 29, 1996 (as amended, the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may develop and operate on the Site a retail shopping center.

C. Pursuant to the Agreement, Owner and City entered into a Lease and a Sublease, both dated October 29, 1996 (the "1996 Lease" and the "1996 Sublease").

D. The Agreement was amended by a Second Amendment to Agreement dated July ___, 1997 (the "Second Amendment"), pursuant to which City agreed to provide additional assistance to Owner in order that Owner may develop and Loehmann's Inc. may operate a "Loehmann's" women's apparel and furnishings retail store on the Site. This Lease is entered into pursuant to the Second Amendment. Capitalized terms when used herein shall have the same meanings ascribed to them in the Second Amendment unless otherwise defined herein.

E. The assistance provided by the Second Amendment is to reimburse Owner for its costs to construct the Demised Premises. The cost to construct the Demised Premises is expected to be $2,875,000; and the amounts which City will reimburse shall not exceed $2,875,000. The assistance provided by the Second Amendment is (1) a loan of up to $750,000 (evidenced by the "City Note") and (2) reimbursement of the remaining amount of the Project Costs as provided below by payment of Rent hereunder.

F. The additional assistance provided by this Amended and Restated Lease is conditioned upon (1) construction of the

Demised Premises and (2) opening of the "Loehmann's" retail store (the "Conditions Precedent").

G. Owner entered into a lease with Loehmann's dated April 25, 1997 (the "Retail Lease"), is contractually obligated to construct the Demised Premises, and upon completion of construction of the Demised Premises, Loehmann's will open and operate a "Loehmann's" women's apparel and furnishings retail store in the Demised Premises.

H. Owner and City are entering into an Amended and Restated Sublease concurrently herewith.

I. This Lease amends and restates the 1996 Lease.

WITNESSETH

1. Lease of Premises

Owner does hereby lease, and City does hereby rent, the Premises (which Premises are the common areas shown on the Site Plan, attached as Exhibit A) with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on the Commencement Date, and ending on the Termination Date (as defined in Section 5 below).

2. Rent

So long as Owner is not in default under this Lease, and after the "Rent Commencement Date" (as defined in the next sentence), City, as "tenant," shall pay annual rent (the "Rent") in an amount as calculated in this Section 2 and until the Termination Date. "Rent Commencement Date" means January 1, 1997, (which date is the first day of the calendar quarter following the first calendar quarter during which there was Excess Sales Tax Increment). Rent shall be payable quarterly sixty days after the calendar quarter in which City has actually received such Excess Sales Tax Increment as confirmed by City, and shall be adjusted within 60 days of Rent Year end, such adjustment to be made for each Rent Year to the final quarter's Rent payment. City's obligation to pay the Rent may be suspended as provided below at Section 3.

2.1 Calculation of Rent. For each Rent Year or portion thereof, City shall pay Rent equal to fifty percent (50%) of the Excess Sales Tax Increment. City shall not pay any Rent in any Rent Year until City has received notice from Owner that the amount of Sales Taxes owed and paid by Owner or the Occupancy Tenants equal or exceed the Excess Sales Tax Increment.

2.2 No Obligation Until Sales Tax Increment Received. City shall have no obligation to pay Rent unless and until City has confirmed that Sales Tax Increment has been received by City. City may confirm that Sales Tax Increment has been received in one of several ways, as described below at Section 2.6.

2.3 Unsecured, Special Obligation of City. Owner acknowledges and agrees that the Rent is an unsecured, special obligation of City payable only out of the Excess Sales Tax Increment from the Site from and after commencement of this Lease.

Notwithstanding anything contained in this Lease to the contrary, Owner acknowledges and agrees that neither the Sales Tax Increment from the Site, nor any revenues of the City are, have been, or will be pledged or hypothecated by City to or for payment of the Rent. If and when requested by City, Owner agrees to execute and deliver to City, within five (5) business days after receipt, a certificate acknowledging for the benefit of any and all third parties that the Rent is an unsecured obligation of City for which neither Sales Tax Increment, nor any revenues of City are, have been, or will be pledged or hypothecated to or for payment.

2.4 Definitions Applicable to Determination of Rent

2.4.1 "Base Year" is the 1995 calendar year.

2.4.2 "Base Year Sales Tax Increment." The Base Year Sales Tax Increment shall be the Sales Tax Increment generated from taxable retail sales on the Site during the Base Year. The Base Year Sales Tax Increment is $52,615.

2.4.3 "Excess Sales Tax Increment" shall mean the remainder resulting from the following computation: Sales Tax Increment for that Rent Year, less the sum of the following: (a) Penalty Assessments for that Rent Year (to the extent included in Sales Tax Increment), and (b) the Base Year Sales Tax Increment (which is $52,615). In any calendar quarter or Rent Year, or portion thereof, in which the Lease is in effect, the Base Year Sales Tax Increment threshold shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or Rent Year.

2.4.4 "Occupancy Tenant" shall mean a tenant occupying space on the Site pursuant to a lease with Owner as landlord.

2.4.5 "Penalty Assessments" shall mean penalties, assessments, collection costs and other costs, fees or

charges resulting from late or delinquent payment of Sales Taxes and which are levied, assessed or otherwise collected from the business on the Site owing or obligated to pay Sales Tax.

2.4.6 "Rent Commencement Date" means the first day of the calendar quarter following the first calendar quarter during which there is Excess Sales Tax Increment.

2.4.7 "Rent Year" refers to each 12 month period commencing on the Rent Commencement Date and each anniversary of the Rent Commencement Date.

2.4.8 "Sales Tax" means all taxes levied under the authority of the California Sales and Use Tax Law, Part 1 of Division 2 of the California Revenue and Taxation Code commencing at Section 6001, or any successor law thereto.

2.4.9 "Sales Tax Increment" shall mean that portion of the Sales Taxes, if any, levied by City upon taxable sales and uses on the Site attributable to the operations on the Site after the Rent Commencement Date (except for purposes of determining the Base Year Sales Tax Increment) pursuant to an ordinance adopted by City, which Sales Taxes, when collected, are allocated and paid to, and actually received by, City, less any amounts received earlier by City which are to be refunded to Owner because of an overpayment of Sales Taxes. Sales Tax Increment shall not include Sales Taxes generated at any location other than the Site, Penalty Assessments, any Sales Taxes levied by, collected for or allocated to the State of California, the County of Los Angeles, a district or any other entity, or any funds paid, granted or allocated to City by the State of California, the County of Los Angeles, a district or any other entity, notwithstanding that such funds received by City are derived or measured by such other entity based upon Sales Taxes.

2.4.10 "Site" refers to the property commonly known as Marina Pacifica Mall, located at 6272 - 6378 Pacific Coast Highway in Long Beach, California, and as shown on the attached Site Map, Exhibit A.

2.5 Principles Regarding Calculation of Rent. The calculation and payment of Rent shall be performed in light of the following principles:

2.5.1 Rent shall be paid in arrears quarterly and adjusted on a Rent Year basis, and shall be applied to the calendar quarter in which the Sales Tax Increment upon which the Rent was calculated was received by the City.

2.5.2 The Base Year Sales Tax Increment threshold of Sales Tax Increment to be paid per annum to City shall be calculated, and adjustments shall be made, on a Rent Year basis.

2.5.3 The Base Year Sales Tax Increment threshold amount and other adjustments for any period which is less than a calendar quarter or Rent Year shall be prorated on a per diem basis using the actual number of days elapsed and the actual number of days in that calendar quarter or Rent Year.

2.5.4 In any Rent Year, no Rent shall be payable on account of the Base Year Sales Tax Increment of Sales Tax Increment.

2.5.5 When the Reimbursement Amount plus interest as provided below at Section 5.1, has been reimbursed, City's obligation to pay Rent shall cease and this Lease shall terminate.

2.6 Confirmation that Sales Tax Increment Has Been Received. City may confirm that Sales Tax Increment has been received in one of several ways. First, Owner may provide City with copies of the quarterly (or, if applicable, monthly) Board of Equalization reports filed by its Occupancy Tenants together with a copy of their canceled check or other proof of payment of Sales Taxes reasonably satisfactory to City. In the alternative, City may rely upon the Board of Equalization report which follows payment to City setting forth the sources of City's portion of the Sales Tax; provided, however, that this alternative shall only be available for Occupancy Tenants which either (i) have no other place of business in the City other than on the Site, or (ii) have a Board of Equalization tax identification number for reporting Sales Tax generated by its business on the Site only. If the Board of Equalization report is relied upon, City shall include relevant portions of such report in correspondence forwarding the Rent. Finally, Owner may offer confirmation that Sales Tax Increment has been received by other means satisfactory to City in City's sole discretion. In any event, no Rent shall be payable until the Sales Tax payment by an Occupancy Tenant upon which the Rent is calculated has been confirmed. Owner acknowledges that unless an Occupancy Tenant has no other place of business in the City other than on the Site, or has a separate Board of Equalization tax identification number for its business on the Site only, City will have no independent means to determine Sales Tax paid by that Occupancy Tenant, and that it will be Owner's responsibility to provide proof to the City of the amounts of any such payments.

3. Exoneration of Obligation to Pay Rent. City's obligation to pay Rent shall be exonerated at any time after thirty (30) days after written notice of an Event of Default under this Lease; provided that if an Event of Default cannot reasonably be cured within a thirty (30)-day cure period, City shall not discontinue payment of the Rent during the time that Owner commences to cure the default and diligently and in good faith continues to cure the default. If City has discontinued its payment of Rent in accordance with the terms of the Lease, then upon cure of such Event of Default, City shall resume its payment of the Rent due from the date of such cure, but shall have no obligation to pay Rent payments for any calendar quarter or portion thereof during which City's obligation to pay the Rent was exonerated in accordance with the Lease.

4. Assignment. Owner may assign this Lease without the consent of City. Upon transfer of ownership to the Site to any person or any interest in the ownership entity, whether by assignment, foreclosure or deed-in-lieu of foreclosure, City shall attorn to such new owner provided that such new owner assumes in writing all of Owner's obligations pursuant to this Lease, and executes and delivers to City a lease and sublease in form identical to the Lease and Sublease except for the identity of the "Owner".

5. Termination. This Lease and any obligation of City pursuant to this Lease shall terminate upon the earlier of: (i) the fifteenth anniversary of the "Rent Commencement Date" (as that term is defined in Section 2 above); or (ii) the date that the "Reimbursement Amount" has been paid (as provided below at Section 5.1); or (iii) thirty (30) days after an Event of Default (or ten (10) days after a financial Event of Default) under this Lease; provided that if such Event of Default cannot reasonably be cured within such thirty (30)-day or ten (10)-day cure period, as applicable, Owner shall not be in default of this Lease if Owner commences to cure the default within the cure period and diligently and in good faith continues to cure the default (the "Termination Date").

5.1 Reimbursement of the Reimbursement Amount. During the first three Rent Years, no amounts of Rent less than or equal to $300,000 per year shall be applied towards the reimbursement of the Reimbursement Amount (as defined below); during the first three Rent Years all amounts of Rent in excess of $300,000 per year shall be applied towards reimbursement of the Reimbursement Amount; and beginning in the fourth Rent Year and continuing until the Termination Date, all amounts of Rent shall be applied towards reimbursement of the Reimbursement Amount.

5.1.1 The Reimbursement Amount. The original principal amount of the Reimbursement Amount is the Project Costs in excess of the original principal amount of the City

Note; provided, however, that the original principal amount of the Project Costs shall not exceed $2,875,000. Commencing on the Opening Date, the unreimbursed portion of the Reimbursement Amount shall bear interest at the lower of 10% per annum simple interest, or the interest rate (the "Bank Rate") as of the Opening Date of Owner's permanent financing secured by a deed of trust encumbering the Site or the Demised Premises. If such Bank Rate is variable, the interest rate for a Rent Year shall be the Bank Rate determined as of the first day of that Rent Year. The formula for the Bank Rate shall remain constant even though Owner may have refinanced the Site or the Demised Premises, or repaid such permanent financing.

a. Rent is applied first against the accrued and unpaid interest on the balance of the Reimbursement Amount, then against the balance of the Reimbursement Amount as and when the Rent is paid.

b. In determining the remaining balance of the Reimbursement Amount, the Rent attributable to the first three Rent Years in excess of $300,000, if any, and all Rent attributable to the fourth Rent Year through the Termination Date shall be applied first to accrued and unpaid interest, then to the balance of the Reimbursement Amount.

c. Any interest which has not been paid as of the end of a Rent Year is to be added to the principal amount of the Reimbursement Amount.

d. From and after the Termination Date no Rent is payable, regardless of whether all amounts of the Reimbursement Amount have been paid.

5.2 Suspension of Obligation to Pay Rent

City's obligation to pay rent shall be suspended at any time during which an Event of Default remains uncured, and Owner is not diligently prosecuting a cure of such Event of Default. Upon cure of such Event of Default, City shall resume its payment of the Rent, but shall have no obligation to pay Rent for any calendar quarter or portion thereof during which Rent was suspended.

6. No Right of Possession

City acknowledges that it shall have no right to take possession of the Premises, or any portion thereof.

7. Right to Lease or Assign

Concurrent with the execution and delivery of this Lease, City has entered into the Sublease pursuant to which City has subleased the Premises to Owner, and Owner has subleased the Premises from City. Except for such Sublease, City shall not enter into any other agreement for the sublease of the Premises or any portion thereof during the term of this Lease, without the prior written consent of Owner.

8. Further Covenants

Owner and City further stipulate, covenant, and agree as follows:

8.1 Title. Owner covenants that it has lawful title and right to make this Lease for the term aforesaid.

8.2 Indemnification. Owner will protect, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City, or the Site, unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury to or death of persons or loss of or damage to property occurring on or about the Site, the Site, or any part thereof, (b) any and all obligations of Owner pursuant to the Sublease, (c) any failure on the part of Owner to perform or comply with any of the terms of this Lease, (d) any negligent or tortious act on the part of Owner or any of its agents, contractors, subtenants, licensees or invitees, or (e) the condition of the Site, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Lease; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents, or for which Owner would not otherwise be legally responsible. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel reasonably acceptable to City.

8.3 No Obligation to Pay Costs. City shall have no obligation to pay any costs, fees, rents, utilities, maintenance fees, taxes, assessments, impositions and the like imposed upon Owner or an Affiliated Entity as owner of the Site, or imposed

upon Owner under the Sublease. City's only payment obligation under this Lease is the Rent.

8.4 Cooperation of Owner. Owner shall cooperate fully with City as more specifically set forth in the Agreement.

8.5 Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Lease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Clerk
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

with copies to (which shall not constitute notice):

City Attorney
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

If to Owner: Marina Pacifica, LLC
6272 D East Pacific Coast Highway
Long Beach, California 90803
Attn: Mr. Avi Lerner

with copies to (which shall not constitute notice):

Martin Blank, Jr., Esq.
11755 Wilshire Boulevard
Suite 1400
Los Angeles, California 90025-1520

Either City or Owner may change its respective address by giving written notice to the others in accordance with the provisions of this Section.

8.6 Successors. The provisions of this Lease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

9. City Events of Default

The occurrence of any of the following, whatever the reason therefor, shall constitute a City Event of Default:

9.1 Failure by the City to pay any Rent when due and payable hereunder.

9.2 Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and failure of City to remedy or to commence to remedy such failure within thirty (30) days after receipt by City of written notice specifying the failure and requesting that it be remedied.

10. Owner's Remedies Upon City's Default.

Upon the occurrence of any City Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, Owner may pursue an action for breach of contract or any other remedy available at law or in equity.

11. Owner Events of Default

The occurrence of any of the following, whatever the reason therefor, shall constitute an Event of Default:

11.1 Default by Owner pursuant to this Lease; or

11.2 Default by Owner pursuant to the Sublease; or

11.3 Default by Owner pursuant to the Second Amendment.

11.4 Default by Owner pursuant to the Agreement.

12. City's Remedies Upon an Event of Default.

Upon the occurrence of any Event of Default, and thirty (30) days after written notice of default, and after a reasonable opportunity to cure such default, City may, at its option, either:

12.1 Terminate this Lease;

12.2 pursue an action for breach of contract or any other remedy available at law or in equity;

12.3 offset amounts owing to City under the Agreement against the Rent; or

12.4 suspend or terminate the payment of Rent.

Except as expressly provided elsewhere in this Lease, termination of this Lease under this Article shall not relieve Owner from any obligation incurred pursuant to this Lease with respect to the period prior to the date of such termination including, without limitation, the obligation to pay any sum due to City or from any claim for damages against Owner.

13. Institution of Legal Actions; Applicable Law.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Lease.

14. Automatic Termination of Lease

This Lease shall immediately and automatically, without further action of the City, terminate upon termination of the Sublease.

15. Amendment of Lease

This Lease may only be amended by a writing signed by all parties.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

MARINA PACIFIC, LLC, a California limited liability company

Date: _____ By: _____

Its: _____

"City"

THE CITY OF LONG BEACH, a municipal corporation

Date: _____ By: _____
Its: _____

Approved as to form this ____ day of _____, 1997.

JOHN R. CALHOUN, City Attorney of the City of Long Beach.

By:_____
Deputy

ATTACHMENT NO. 3B

AMENDED AND RESTATED SUBLEASE

THIS AMENDED AND RESTATED SUBLEASE (the "Sublease"), dated as of October 29, 1996 (the "Commencement Date"), and amended and restated as of _____, 1997, is entered into by and between the CITY OF LONG BEACH, a municipal corporation (the "City"), as Sublessor and MARINA PACIFICA, LLC, a California limited liability company ("Owner"), as Sublessee.

RECITALS

A. Owner owns and operates certain property within the City of Long Beach commonly known as Marina Pacifica Mall, located at 6272 - 6378 Pacific Coast Highway in Long Beach, as shown on the attached Site Map, Exhibit "A" (the "Site").

B. Owner and City entered into that certain Agreement dated as of March 14, 1996, and amended on October 29, 1996 (as amended, the "Agreement"), pursuant to which City agreed to provide certain assistance to Owner in order that Owner may develop and operate on the Site a retail shopping center.

C. Pursuant to the Agreement, Owner and City entered into a Lease and a Sublease, both dated October 29, 1996 (the "1996 Lease" and the "1996 Sublease").

D. The Agreement was amended by a Second Amendment to Agreement dated July ___, 1997 (the "Second Amendment"), pursuant to which City agreed to provide additional assistance to Owner in order that Owner may develop and Loehmann's Inc. may operate a "Loehmann's" women's apparel and furnishings retail store on the Site.

E. Pursuant to the Second Amendment, Owner and City entered into that certain Amended and Restated Lease of even date herewith.

F. This Sublease is entered into pursuant to the Second Amendment. Capitalized terms when used herein shall have the same meanings ascribed to them in the Second Amendment unless otherwise defined herein.

G. This Sublease amends and restates the 1996 Sublease.

WITNESSETH

1. Lease of Premises

City does hereby lease, and Owner does hereby rent, the Premises, more particularly described in Exhibit A, with all appurtenances, areas, approaches, and rights-of-way incident thereto, commencing on October 29, 1996 (the "Commencement Date"), and ending on the date upon which the Lease is terminated (the "Termination Date").

2. Rent

Owner shall pay rent (the "Sublease Rent") in advance each Rent Year of one dollar ($1). City hereby acknowledges receipt of payment and prepayment of all Sublease Rent due hereunder.

3. Possession

Upon and after the Commencement Date, Owner shall have the right to take possession of the Premises.

4. Owner's Covenants

4.1 Continuous Operation. Owner shall continuously operate the Site, or make the Site available for operation by retail tenants, throughout the term commencing on the Commencement Date and until the third anniversary of the Rent Commencement Date (the "Operating Term").

4.2 Maintenance and Repair of the Site. Owner shall keep, replace, replenish, repair and maintain the Site, and every part thereof including, but not limited to, the Improvements and all of Owner's personal property, in good and sanitary condition and repair and in compliance with all laws and regulations applicable thereto and the Plans, unless legally prohibited, at all times during the term of this Sublease at its sole expense. Owner shall do such reasonable periodic painting of the exterior of the Improvements as may be reasonably necessary and also maintain in good order and condition all landscaping on the Site. City shall be under no obligation to make any repairs, alterations or improvements to or upon the Site or the Improvements, or any part of each at any time.

4.3 Maximize Sales Tax.

4.3.1 Retail Uses. Owner covenants and agrees to operate the Site as a well maintained and well run retail sales

facility, within which a substantial portion of the Site (but in no event less than 270,000 square feet) are used or to be used as retail sales tax generating uses and ancillary retail uses, and not more than 20,000 square feet of the Site are used or to be used for commercial office space, and with on-site parking facilities, and for no other uses.

4.3.2 Point of Sale. During the term of the Lease, M-P shall use its commercially reasonable efforts, consistent with the requirements of law, to cause any transaction or activity subject to the California Sales and Use Tax Law (i.e., sale, storage, use or other consumption in California of tangible personal property) which occurs on the Site to be attributed to the Site when reporting taxable sales to the Franchise Tax Board.

4.3.3 Confirmation that Sales Tax Increment Has Been Received. City may confirm that Sales Tax Increment has been received in one of several ways, as more specifically provided in the Lease.

4.4 Property Taxes, Sales Taxes and Assessments. Owner shall pay prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and special real property taxes and assessments imposed on the Site; (b) all other taxes and assessments and charges of every kind that are assessed upon the Site and that create or may create a lien upon the Site (or upon any personal property or fixtures used in connection with the Site), including without limitation non-governmental levies and assessments pursuant to applicable covenants, conditions or restrictions; (c) all Sales Taxes; and (d) all license fees, taxes and assessments imposed on Owner. If permitted by law, Owner may pay any Imposition in installments (together with any accrued interest).

In addition, Owner shall cooperate with the City in all matters relating to taxation and the collection of taxes, particularly with respect to the self accrual of use tax. Additional information regarding self accrual is available from the City upon request.

4.5 Job Training. The City of Long Beach has been designated a "Service Delivery Area" pursuant to the Job Training Partnership Act (the "Act"). The City's Training and Employment Development Division (the "Division") administers a Job Training Program (the "Program") pursuant to the Act. Owner shall utilize the services of the Division in their first source hiring program for all employee referral, assessment and hiring under this Lease in good faith and as practicable.

4.6 Occupancy Leases. Owner shall use commercially reasonable efforts to include in each Occupancy Lease provisions

substantially in form as set forth in Attachment No. 2, "Provisions to be included in Occupancy Leases," which imposes upon each Occupancy Tenant (i) the obligation to maximize Sales Taxes as set forth above at Section 4.3, (ii) the obligation to cooperate with City to provide information regarding its filings with the Franchise Tax Board for the computation of Excess Sales Tax Increment as set forth above at Sections 4.3 and 4.4, and (iii) the obligation to reasonably cooperate with the Division as set forth above at Section 4.5.

5. General

5.1 Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Sublease shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to City: City Clerk
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

with copies to (which shall not constitute notice):

City Attorney
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

If to Owner: Marina Pacifica, LLC
6272 D East Pacific Coast Highway
Long Beach, California 90803
Attn: Mr. Avi Lerner

with copies to (which shall not constitute notice):

Martin Blank, Jr., Esq.
11755 Wilshire Boulevard
Suite 1400
Los Angeles, California 90025-1520

Either City or Owner may change its respective address by giving written notice to the others in accordance with the provisions of this Section.

5.2 Non-Discrimination. Owner shall not discriminate in the hiring of the personnel, contractors and subcontractors to complete the improvement of the Site on the basis of race, color, religion, sex, age, national origin, or ancestry.

5.3 Successors. The provisions of this Sublease shall bind and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns.

5.4 No Assignment. Owner expressly acknowledges and agrees that City has only agreed to enter into this Sublease as a means by which to induce the improvement and the specific occupancy of Owner in, and operation by Owner of its business on, the Site throughout the Operating Periods. Accordingly, Owner further expressly acknowledges and agrees that this Sublease is neither transferable nor assignable except as expressly permitted in the Agreement.

6. Indemnification; Bodily Injury and Property Damage Insurance

Owner will protect, defend, indemnify and save City and its officers, employees and agents, harmless from and against all liabilities, obligations, claims, damages, penalties, causes of action, judgments, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against City or the Site unless caused by the acts, errors or omissions of City, by reason of (a) any accident or injury, or alleged accident or injury, to or death of persons or loss of or damage to property occurring on or about the Site, or any part thereof, (b) any failure or alleged failure on the part of Owner to perform or comply with any of the terms of this Agreement, or (c) any negligence or tortious act or alleged negligence or tortious act on the part of Owner or any of its agents, contractors, tenants, subtenants, licensees or invitees. Further, from and after the execution of this Agreement by City, Owner shall defend, release, hold harmless and indemnify the City and any officer, employee, agent or contractor, for an unlimited period, from and against all liability, loss, damage, (including consequential damages), costs and/or expense (including attorneys' fees and court costs) arising out of or in any way connected with the development of the Site by Owner, or condition of the Site while Owner owns or occupies the Site, including but not limited to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Site, or any part thereof, whether such condition, liability, loss, damage, costs and/or expense shall accrue or be discovered before or after any termination of this Agreement; provided however that Owner shall not be required to indemnify, defend or hold the City harmless from liability, loss, damage, costs or expenses arising out of the acts of City's officers, employees or agents, or for which Owner would not otherwise be legally responsible. In the event that any action, suit or proceeding is brought against City by reason of any such occurrence, Owner, upon City's request, will, at Owner's expense, defend such action, suit or proceeding with counsel acceptable to City. This Agreement does not, and shall not be deemed to, confer any additional liability not otherwise imposed by local, state or federal laws upon Owner with respect to the existence of any hazardous and/or toxic substance(s), other kinds of soil or other water contamination, or pollutants of any kind located on or within the Site, or any part thereof.

This indemnification provision supplements and in no way limits the scope of the indemnifications set out in any other provisions of this Agreement. The indemnity obligation of Owner under this Section as it pertains to an occurrence during the term of this Agreement shall survive the expiration or termination, for any reason, of this Agreement.

Without in any way limiting the foregoing indemnification or any other indemnification contained in this Agreement, Owner or its contractor shall take out and maintain for the duration of this Agreement, at Owner's sole cost and expense, the following insurance in the amounts specified and in the forms provided below:

6.1 Commercial General Liability in an amount not less than five million dollars ($5,000,000) combined single limit for each occurrence for bodily injury, personal injury and property damage including contractual liability. City and its officials, employees and volunteers shall be covered as additional insureds with respect to liability arising out of activities by or on behalf of Owner or in connection with the use or occupancy of the Site. Coverage shall be in a form acceptable to the City Risk Manager and shall be primary as to any insurance or self-insurance maintained by City.

6.2 "All Risk" property insurance, including builder's risk protection during the course of construction, covering the full replacement value of the Improvements constructed on or about the Site. Said insurance shall include debris removal and shall provide coverage for earthquake and flood if this protection is available from responsible carriers at reasonable cost. Said insurance shall be maintained as long as Developer shall own said Improvements.

6.3 Such other insurance and in such amounts as may from time to time be reasonably required by City against the same or other insurable hazards which at the time are commonly insured against in the case of premises similarly situated, due regard being given to the type of improvements thereon and their use and occupancy.

6.4 Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California, or carriers with a rating of or equivalent (as reasonably determined by City's risk manager) to A-:VIII by A. M. Best & Company. Any deviation from this rule shall require specific approval in writing from the City's Risk Manager. Any deductibles or self-insured retentions must be declared to and approved by City, which approval may not be unreasonably withheld. In the event such insurance does provide for deductibles or self insurance, Developer agrees that it will protect the City, its agents, officers and employees in the same manner as these interests would have been protected had full commercial insurance been in effect. Coverage under each policy shall not be suspended, avoided or canceled by either party except after 30 days (or 10 days in the case of non-payment of premiums) prior written notice to City. Owner shall furnish City with certificates of insurance and with original endorsements effecting coverage as required

under this section. The certificates and endorsements for each insurance policy 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 insurance policies at any time. If required by City, Owner shall, from time to time, increase the limits of its general and automobile liability insurance to reasonable amounts customary for owners of improvements similar to those on the Property.

6.5 As between City and Owner, Owner shall be solely responsible for the clean-up and/or characterization of any hazardous and/or toxic substance(s), other kinds of soil or water contamination, or pollutants of any kind located on or within the Site, unless such contamination was caused by City or its agents.

7. Events of Default

The occurrence of any of the following, whatever the reason therefor, shall constitute an Event of Default:

7.1 Owner is in material breach of its obligations pursuant to this Sublease;

7.2 Owner defaults or otherwise fails to perform any of its duties or obligations under or in connection with the Lease (subject to any applicable cure rights); or

7.3 Owner defaults or otherwise fails to perform any of its duties or obligations under or in connection with the Agreement (subject to any applicable cure rights).

8. Remedies Upon Default.

If any Event of Default has not been cured or remedied within thirty (30) days after written notice from City that an Event of Default has occurred (the "First Default Notice"), City may serve a second written notice (the "Second Default Notice") on Owner stating that the Event of Default described in the First Default Notice has not been cured or remedied, and advising Owner that the Sublease may be terminated. Such Notice by City shall expressly state that an Event of Default has occurred. Thirty (30) days after the receipt of the Second Default Notice by Owner (or, if it is not practicable to cure or remedy such Event of Default within such thirty-day period, and if Owner has not commenced and is not diligently prosecuting to completion the curing or remedying of such Event of Default at the time of the Second Default Notice, after a reasonable time); then, in such event, City may, at its option and in addition to any other remedy provided for in this Sublease, terminate this Sublease by written notice to Owner of termination.

Notwithstanding the foregoing, in the event that Owner disputes City's determination that an Event of Default has occurred and delivers notice of such dispute to City within twenty (20) days after either the First Default Notice or the Second Default Notice, and if such dispute is made in good faith, then no such termination of this Sublease by City shall be permitted during the pendency of any action or proceeding or good faith negotiation to resolve such dispute; provided, however, that City may suspend the payment of Rent pursuant to the Sublease pending resolution of the dispute. Termination of this Sublease shall not relieve or release Owner from any obligation incurred pursuant to this Sublease prior to the date of such termination.

9. Institution of Legal Actions; Applicable Law.

In addition to any other rights or remedies, either party may institute legal action to cure, correct, or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Sublease. Such legal actions must be instituted in the County of Los Angeles, State of California, or in the Federal District Court in the Central District of California. The laws of the State of California shall govern the interpretation and enforcement of this Sublease.

10. Amendment of Sublease

This Sublease may only be amended by a writing signed by all parties.

IN WITNESS WHEREOF, said parties have hereunto set their hands and seals.

"Owner"

MARINA PACIFICA, LLC, a California limited liability company

Date: _____ By: _____

Its: _____

(Signatures continue)

"City"

THE CITY OF LONG BEACH, a municipal corporation

Date: _____ By: _____

Its: _____

Approved as to form this ____ day of _____, 1996.

JOHN R. CALHOUN, City Attorney of the City of Long Beach.

By: _____

Deputy

ATTACHMENT NO. 4

GUARANTEE AND AGREEMENT TO LEASE

RECITALS

A. Marina Pacifica, LLC ("Landlord") and the City of Long Beach, a municipal corporation ("Guarantor") are parties to that certain Agreement dated March 14, 1995, amended on October 29, 1996, and on July ____, 1997 (as amended, the "Agreement"). Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless expressly defined otherwise herein.

B. This Guarantee and Agreement to Lease ("Guarantee") is made pursuant to the Agreement, and is the "Guarantee and Agreement to Lease" referred to in the Second Amendment of Agreement dated July ___, 1997 (the "Amendment").

NOW THEREFORE, in order to induce Landlord to enter into the Marina Pacifica Shopping Center Lease dated April 25, 1997, with Loehmann's, Inc. (the "Retail Lease"), and for valuable consideration, Guarantor and Landlord agree as follows:

1. Guarantee. Guarantor hereby unconditionally (a) guarantees to the Landlord, its successors and assigns, the payment, when due, whether by demand, acceleration or otherwise, of the obligation of Loehmann's, Inc., and its successors ("Tenant") to pay the minimum annual rent, Taxes and tenant's proportionate share of Landlord's taxes, insurance and common area operating Costs, payable pursuant to the Retail Lease up to a maximum total amount of $500,000 per year, from the Rent Commencement Date (as defined in the Retail Lease) until the fifth anniversary of the Rent Commencement Date ("Guarantee Termination Date"). This Guarantee shall terminate on the fifth anniversary of the Rent Commencement Date.

2. Subrogation. Upon and after the payment of any amounts owing hereunder, Guarantor shall be subrogated to the rights of Landlord as against Tenant pursuant to the Retail Lease. Guarantor may enforce any remedy which Landlord now has or may hereafter have against Tenant for the payment of minimum annual rent, and shall have the benefit of, and the right to participate in, any security now or hereafter held by Landlord.

3. Agreement to Lease.

a. To Guarantor. Should Tenant at any time during the term of this Guarantee vacate the Demised Premises, Guarantor may, at Guarantor's option, elect to become the Tenant pursuant to the Retail Lease effective sixty (60) days after delivery to Landlord of written notice of such election. Upon such election Landlord shall terminate the Retail Lease (if it has not already done so) and enter into a new lease with Guarantor upon the same terms and conditions as contained in the Retail Lease except that such new lease shall terminate upon the earlier to occur of: (i) the fifth anniversary of the Rent Commencement Date under the original , or (ii) the of the Demised Premises to a third party tenant. If Guarantor has possession of the Demised Premises pursuant to such , Guarantor shall vacate the Demised Premises within ten (10) days after receipt of written notice from Landlord to vacate because a suitable tenant has been obtained. Nothing contained in this Guarantee shall be construed to lessen Landlord's obligation to use its best efforts to secure a suitable retail tenant for the Demised Premises.

b. To Third Party. Should Tenant vacate the Demised Premises, Landlord shall use its best efforts to secure a suitable tenant for the Demised Premises, which tenant shall be engaged in the business of selling goods subject to sales tax at retail. Landlord shall report to Guarantor on a regular basis, but no less often than one time each month, of potential suitable tenants for the Demised Premises, and its efforts to secure such a tenant. Landlord shall submit any proposed with a third party to Guarantor for its review at least thirty (30) days prior to the signing of such by Landlord. Guarantor shall approve or disapprove such within twenty (20) days after its receipt, and shall state with specificity any reasons for disapproval. Any such not disapproved with such twenty (20) day period shall be deemed approved. Guarantor's approval shall not be unreasonably withheld.

4. Claim Against Guarantor. Landlord may proceed against Guarantor only after Tenant is in default under the Retail Lease with respect to payment of the minimum annual rent (or a monthly portion thereof) or other amounts owing as may be guaranteed by this Guarantee as set forth at paragraph 1 above, and Tenant has failed to cure such default after written notice thereof as provided in the Retail Lease. The cessation of liability of Tenant because of its exercise of its rights pursuant to Article 20 of the , Early Termination, shall in no way affect or reduce Guarantor's liability hereunder.

5. No Notice of Extension. All extensions of time for payment of the Rent or for performance of other obligations pursuant to the for whatever period or periods may be made without notice to or the further consent of Guarantor.

6. Independent Investigation. Guarantor has made an independent investigation of the financial condition of Tenant and its ability to perform the obligations hereby guaranteed prior to making this Guarantee, Landlord has disclosed to Guarantor relevant facts Landlord now knows about Tenant's creditworthiness, and Guarantor hereby waives any defense based on any duty on the part of Landlord to disclose to Guarantor any facts Landlord may hereafter know

about Tenant, regardless of whether Landlord has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, it being understood and Guarantor agrees that it is fully responsible for keeping informed of the financial condition of Tenant and of all circumstances bearing on the risk of non-performance of any obligation or non-payment of any indebtedness hereby guaranteed.

7. Covenants of Guarantor. Until the Guarantee Termination Date, Guarantor will observe, perform and fulfill each and every covenant, term and provision contained in this Guarantee.

Guarantor further agrees that, until the Guarantee Termination Date, Guarantor shall assume the responsibility for being and keeping itself informed of the financial condition of Tenant and of all other circumstances bearing upon the risk of nonpayment of the indebtedness or nonperformance of the other obligations pursuant to the which diligent inquiry would reveal. Landlord shall have no duty to advise the undersigned of information known to it regarding such condition of any such circumstance.

Guarantor further agrees that if all or any portion of the obligations guaranteed hereunder are paid or performed, its obligations hereunder shall continue and remain in full force and effect in the event that all or any part of such payment or performance is avoided or recovered directly or indirectly from Landlord as a preference, fraudulent transfer or otherwise, irrespective of (a) any notice of revocation given by Guarantor prior to such avoidance or recovery, and (b) payment in full of amounts owed.

8. Waiver of Suretyship Rights and Defenses. Guarantor waives all rights and defenses arising out of an election of remedies by the creditor, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

9. Events of Default. Each of the following events, acts or occurrences shall be an Event of Default hereunder:

(a) Default by Guarantor after demand therefor by the Landlord in the payment when due (and after the expiration of applicable grace periods, if any, provided in the Retail Lease) of any amount owing by Guarantor hereunder; or

(b) Default by Guarantor in any material respect in the performance or observance of any other term, covenant, condition or agreement on its part to be performed or observed hereunder (and not constituting an Event of Default under any other clause of this

Section) and such default shall continue unremedied for thirty (30) days after written notice thereof shall have been given to Guarantor by Landlord.

10. Attorney's Fees. Should any action be commenced between the parties hereto or their personal representatives concerning any provision of this Guarantee or the rights and duties of any person in relation thereto, the prevailing party shall be entitled, in addition to such other relief as may be granted, to reasonable attorneys' fees.

11. Amendments, Etc. No amendment or waiver of any provision of this Guarantee nor consent to any departure by Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed or approved in writing by Landlord, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12. Notices. Any notice, approval, demand or other communication required or desired to be given pursuant to this Guarantee shall be in writing and shall be personally served (including by means of professional messenger service) or, in lieu of personal service, deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or by Federal Express or other similar reputable overnight delivery service, and shall be effective upon receipt and shall be addressed as set forth below:

If to Guarantor: City Clerk
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

with copies to (which shall not constitute notice):

City Attorney
City of Long Beach
333 West Ocean Blvd.
Long Beach, California 90802

If to Landlord: Marina Pacifica LLC
6272 D East Pacific Coast Highway
Long Beach, California 90803
Attn: Mr. Avi Lerner

with copies to (which shall not constitute notice):

Attachment No. 4

Martin Blank, Jr., Esq.
11755 Wilshire Boulevard
Suite 1400
Los Angeles, California 90025-1520

Either Guarantor or Landlord may change its respective address by giving written notice to the others in accordance with the provisions of this Section.

13. No Waiver; Remedies. No failure on the part of Landlord to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

14. Survival of Guarantee. This Guarantee shall (a) remain in full force and effect until the Guarantee Termination Date, (b) be binding upon Guarantor, its successors and assigns, and (c) inure to the benefit of and be enforceable by Landlord and its successors and assigns. Separate suits may be brought hereunder as causes of action accrue, and suit or suits upon one or more causes of action shall not prejudice or bar subsequent suits, whether theretofore or thereafter accruing.

15. Governing Law. This Guarantee shall be governed by, and construed in accordance with, the laws of the State of California.

16. Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

17. Successors and Assigns. This Guarantee shall inure to the benefit of Landlord and its successors and assigns and shall bind us and our respective heirs, executors, administrators, successors and assigns.

GUARANTOR:

THE CITY OF LONG BEACH, a municipal corporation

Date: _____

By: _____
Its: _____

Approved as to form this ____ day of _____, 1997.

JOHN R. CALHOUN, City Attorney of the City of Long Beach.

By:_____
Deputy

Approved as to form:

KING, WEISER, EDELMAN & BAZAR
Special Counsel

By: _____

LANDLORD:

MARINA PACIFICA LLC, a California limited liability company

Date: _____

By: _____
Its: _____

Attachment No. 4

ATTACHMENT NO. 5

CITY NOTE

not to exceed $750,000

_____, 1997
Long Beach, California

CITY NOTE

RECITALS

A. Maker and the City of Long Beach are parties to that certain Agreement dated March 14, 1995, amended on October 29, 1996, and on July ____, 1997 (as amended, the "Agreement"). Capitalized terms when used herein shall have the same meanings ascribed to them in the Agreement, unless expressly defined otherwise herein.

B. This Note is made pursuant to the Agreement, and is the "City Note" referred to in the Second Amendment of Agreement dated July ___, 1997 (the "Amendment").

FOR VALUE RECEIVED, MARINA PACIFICA LLC, a California limited liability company ("Maker"), hereby promises to pay to the CITY OF LONG BEACH, a municipal corporation ("Payee"), at 333 West Ocean Boulevard, Third Floor, Long Beach, California 90802, Attn: City Treasurer, or at such other place as the Payee hereof may from time to time designate in writing, the principal sum not to exceed SEVEN HUNDRED FIFTY and NO/100 DOLLARS ($750,000), or as much thereof as has been advanced to Maker pursuant to the terms of the Second Amendment of Agreement executed by Maker in favor of Payee concurrently herewith (the "Amendment"), together with interest on the amount advanced and outstanding hereunder from time to time, plus all costs and expenses payable hereunder. Capitalized terms used herein and not otherwise defined shall have the meanings set forth for them in the Amendment.

1. Advances. Each advance of the principal sum hereunder by Payee to Maker shall be made in accordance with and pursuant to the terms and conditions of the Amendment.

2. Interest. Interest on the unpaid principal balance shall accrue at the rate of 10% per annum compounded annually from the date of each advance. Interest shall be due and payable in arrears on the fifteenth anniversary of the "Rent Commencement Date" (as that term is defined in the Retail Lease) (the "Maturity Date").

3. Repayment of Principal. The outstanding principal balance of this Note, together with all accrued and unpaid interest and other accrued and unpaid fees, costs and expenses, shall be due and payable on the Maturity Date. All amounts due hereunder are payable in immediately available funds and lawful monies of the United States of America; provided, however, that if there is no outstanding Event of Default as of the Maturity Date, Payee shall grant to Maker value equal in amount to the principal and all accrued and unpaid interest owing hereunder, and thereafter no amounts shall be owing on this Note.

4. Application of Payments. All payments shall be applied first to costs and fees owing hereunder, second to the payment of accrued interest and third to the payment of principal.

5. Prepayment. Maker may prepay in whole or in part the outstanding principal balance under this Note, together with all accrued and unpaid interest, fees, costs and expenses payable hereunder, without penalty.

6. Event of Default. The occurrence of any of the following, whatever the reason therefor, and thirty (30) days after receipt of written notice from Payee of such occurrence, shall constitute an Event of Default; provided that if the Event of Default cannot reasonably be cured within such thirty (30)-day cure period, Maker shall not be in default of this Note if Maker commences to cure the default within said thirty (30)-day period and diligently and in good faith continues to prosecute such cure to completion:

a. Maker fails to perform any material obligation for the payment of money under this Note; or

b. Maker fails to open the Demised Premises for business to the public as a "Loehmann's" women's apparel and furnishings retail store on or before July 1, 1998; or

c. Maker is in default under any of the Agreement, the Lease or the Sublease.

7. Acceleration and Other Remedies. Upon the occurrence of an Event of Default, Payee may, at Payee's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable upon Maker's receipt of written notice; provided, however, that if the Event of Default is Maker's failure to open the Demised Premises for business to the public as a "Loehmann's" women's apparel and furnishings retail store on or before July 1, 1998, then all principal and accrued

interest owing hereunder shall be due and payable on July 1, 1999. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with collection of this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Any delay or omission on the part of the Payee in exercising any right hereunder or under the Amendment shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Payee's right to either require prompt payment when due of all other sums payable hereunder or to declare an Event of Default for failure to make prompt or complete payment.

8. Waivers. Maker and all endorsers, guarantors and sureties hereof jointly and severally waive presentment, protest, notice of protest, notice of dishonor, diligence in collection, and the benefit of any exemption under any homestead exemption laws, if applicable.

9. Consents. Maker and all endorsers, guarantors and sureties consent to: (a) any renewal, extension or modification (whether one or more) of the terms of the Amendment or the terms or time of payment under this Note, and (b) the granting of any other indulgences to Maker. Any such renewal, extension, modification, release, or surrender may be made without notice to Maker or to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

10. Successors and Assigns. Whenever "Payee" is referred to in this Note, such reference shall be deemed to include Payee and its successors and assigns. All covenants, provisions and agreements by or on behalf of Maker, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Payee and Payee's successors and assigns.

11. Usury. It is the intention of Maker and Payee to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable

to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents relating hereto, then, in such event:

(a) the provisions of this paragraph shall govern and control;

(b) neither Maker nor Maker's heirs, legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;

(c) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by Payee or, if this Note shall have been paid in full, refunded to Maker; and

(d) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to Payee for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that Payee may from time to time charge Maker, and under which Maker would have no claim or defense of usury under the Interest Law.

12. Costs of Enforcement. Maker agrees to pay upon demand all reasonable costs and expenses, including attorneys' fees and disbursements (including appeals), incurred by the Payee of this Note to enforce the terms hereof.

13. Miscellaneous. Time is of the essence hereof. If this Note is now, or hereafter shall be, signed by more than one party or person, it shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns. This Note shall be governed by and construed under the laws of the State of California. Maker irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Los Angeles or the United States District Court of the Central District of California, as Payee

hereof may deem appropriate, or, if required, the Municipal Court of the State of California for the County of Los Angeles, in connection with any legal action or proceeding arising out of or relating to this Note. Maker also waives any objection regarding personal or in rem jurisdiction or venue.

"Maker":

MARINA PACIFICA LLC, a California limited liability company

By: _____
Its: _____

ATTACHMENT NO. 6

DISBURSEMENT REQUEST

Disbursement No. _____

The undersigned, on behalf of Developer, hereby requests a Disbursement in the amount, and on the date, set forth below, pursuant to that certain Second Amendment of Agreement (the "Amendment") dated _____, 1997, between MARINA PACIFICA LLC, a California limited liability company ("Developer"), and the CITY OF LONG BEACH, a municipal corporation ("City"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth for them in the Amendment.

REQUESTED AMOUNT: _____

REQUESTED DATE: _____

Developer hereby represents and warrants to City that:

1. The requested Disbursement shall be applied to pay Project Costs in accordance with the itemized Payment Request attached hereto.

2. All costs shown in all prior Disbursement Requests (and Payment Requests) have been paid in full, Developer has received valid lien releases or waivers from all contractors, subcontractors and materialmen with respect to all payments made for work and materials, and Developer has no knowledge of any mechanic's lien claims against the Property.

3. The Project is being constructed in substantial accordance with the Plans, all recommendations in the approved soils report, and all applicable governmental requirements, and work on the Project has progressed to the point indicated on the attached Payment Request.

4. The attached Payment Request is an accurate and complete statement of all amounts previously paid or now due and all amounts expected to be incurred in connection with the completion of the Project.

5. All changes in the Plans, if any, have been made in accordance with the Amendment.

6. All representations and warranties in the Amendment are true and correct as of the date of this request as if made on and as of the date of this request. No Event of Default remains uncured, and no event has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default.

DATE: _____

_____
Designated Representative

PAYMENT APPROVED:

_____
City Inspector

_____
Loan Officer

APPROVED CHANGE ORDERS:

Order No.	Work Item	Amount	Approved Date

Attachment No. 7

Budget

MARINA PACIFICA LLC Confidential

PRELIMINARY BUDGET
LOEHMANN'S - FEDERAL FUNDS
13-May-97

SOFT COSTS		AMOUNT
Architect/Engineers		
Core & Shell		$ 130,000
T.I.		54,800
Civil Engineer		33,000
Soils Engineer		8,000
Testing/Inspections	(Piles, Concrete, Steel, Soils)	35,000
Permits		20,000
Traffic Impact Fees		71,652
Leasing Commissions		96,000
Legal Fees		20,000
MP LLC Project Management		50,000
Total		518,452

EQUIPMENT & FURNISHINGS	AMOUNT
HVAC Equipment only (no distribution)	80,000
Light Fixtures (no installation)	100,000
Carpet (material only)	30,000
Pylon Sign (no installation)	15,000
Cabinetry	150,000
Awnings	9,000
Miscellaneous	10,000
Total	394,000
Grand Total	912,452

ATTACHMENT NO. 8

DEVELOPER'S ESTOPPEL CERTIFICATE

To: The City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802
Attn: _____

Re: Second Amendment of Agreement, First Disbursement of City Loan

Ladies and Gentlemen:

The undersigned hereby certifies to the City of Long Beach as of the date hereof as follows:

1. The undersigned is the "Developer" under the above-referenced Second Amendment of Agreement ("Amendment"). Capitalized terms when used herein shall have the same meanings ascribed to them in the Amendment unless otherwise defined herein.

2. The Retail Lease is in full force and effect, and no Event of Default remains uncured and no event has occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default under the Retail Lease.

3. City has approved the Plans for the Demised Premises.

4. Developer has submitted and City has approved Developer's budget (the "Construction Budget") to construct the Demised Premises.

5. Developer has submitted and City has approved evidence that Developer has obtained sufficient equity capital and firm and binding commitments for financing necessary for the development of the Demised Premises in accordance with the Construction Budget and the Amendment.

6. Developer has submitted and City has approved evidence that Developer has entered into a construction contract indicating that the Demised Premises will be constructed in accordance with the Construction Budget. Such construction contract requires that the contractor obtain at least three bids for each major trade required to construct the Demised Premises.

7. Developer has signed and delivered to City the City Note.

8. There exists no breach or default, nor state of facts nor condition which, with notice, the passage of time, or both, would

result in a breach or default under the Amendment on the part of Developer.

9. There has not been filed by or against Developer a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States, or any state thereof, or any other action brought under said bankruptcy laws with respect to Developer.

MARINA PACIFICA LLC, a California limited liability company

By: _____

Its: _____

ATTACHMENT NO. 9

SCHEDULE OF PERFORMANCE

1.	Execution of Second Amendment, City Note and Guarantee and Agreement to Lease. This Second Amendment, the City Note, and the Guarantee and Agreement to Lease shall be executed and delivered by City and Developer.	Not later than August 1, 1997.
2.	Execution of the Loehmann's Lease. Developer shall execute the Loehmann's lease.	Executed.
3.	Evidence of Financing. Developer shall submit evidence of financing.	Prior to commencement of construction.
4.	Submittal of the Plans for the Demised Premises. Developer shall submit the construction Plans for the Demised Premises.	Submitted.
5.	Submittal of the Construction Budget. Developer shall submit the construction Budget.	Prior to commencement of construction.
6.	Submittal of the Contract to construct the Demised Premises. Developer shall submit for City's approval the construction contract for the Demised Premises.	Prior to commencement of construction.
7.	Approval, Evidence of Financing, Plans, Construction Budget and Construction Contract. City shall approve Developer's evidence of Financing, the Plans and the Construction Budget.	Within 60 days of submittal.

8.	First Advance under the City Note. City shall advance funds pursuant to the City Note.	Within 30 days after City's receipt of Developer's Estoppel Certificate.
9.	Commencement of Construction of the Demised Premises. Developer shall commence construction of the Demised Premises.	Within 60 days after receipt of building permits.
10.	Completion of Construction of the Demised Premises. Developer shall have completed the construction of the Demised Premises.	By July, 1998.
11.	Execution of the Amended Lease and the Amended Sublease. Developer shall execute and deliver the Amended Lease and the Amended Sublease.	Within 60 days after the completion of construction of the Demised Premises.