

PROMISSORY NOTE MODIFICATION AGREEMENT

THIS PROMISSORY NOTE MODIFICATION AGREEMENT (this "Modification") is made and entered into as of January 1, 2012, for reference purposes only, by and between MARINA PACIFICA LLC, a California limited liability company ("Borrower"), and the CITY OF LONG BEACH, a municipal corporation ("Lender"), pursuant to minute orders adopted at meetings of the Long Beach City Council held on January 24, 2012, and July 24, 2012, respectively.

RECITALS

This Modification is made in reference to that certain City Note (the "Note") in the face principal amount of \$750,000, executed by Borrower in favor of Lender, evidencing a loan made by Lender to Borrower in the amount of the Note ("Loan"). The Note was executed by Borrower in connection with that certain Second Amendment of Agreement dated as of July 10, 1997 (the "Second Amendment"), executed by and between Lender and Borrower, which Second Amendment amended that certain Agreement (City Contract No. 24440) dated as of March 14, 1996 (as amended, the "Agreement"), executed by and between Borrower and Lender. The Loan has been fully disbursed by City and City shall have no further disbursement obligations thereunder.

AGREEMENT

1. Borrower and Lender desire to amend the Note as follows: Section 2 of the Note is hereby amended so that the word "fifteenth" is replaced with "twenty-fifth", it being the intention of the parties that the current Maturity Date (as such term is defined in the Note) be extended for a period of ten years. Notwithstanding anything to the contrary in the Note, interest shall not accrue on the unpaid principal balance of the Note from and after January 1, 2012.

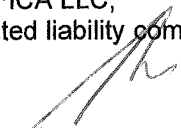
2. Borrower hereby covenants to use its best efforts to cause the Demised Premises (as defined in the Second Amendment) to be continuously operated during the twenty-five year term commencing with the Rent Commencement Date (as defined in the Second Amendment) as a well-maintained and well-run retail sales facility used for retail sales tax generating uses, and for no other uses. Failure by Borrower to comply with this Section 2 shall constitute a default under Section 6 of the Note, notwithstanding the expiration or termination of the term of the Agreement, the Second Amendment, or any other document executed by and between Borrower and Lender in connection therewith.

The Note is hereby confirmed and ratified by Borrower as though fully set forth herein. Except as modified herein, all of the terms, conditions and provisions of the Note are ratified and confirmed and shall remain unchanged and in full force and effect.

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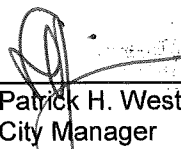
"Borrower"

MARINA PACIFICA LLC,
a California limited liability company

By: 
Name: AVI LERNER
Title: President

"Lender"

CITY OF LONG BEACH,
a municipal corporation

By:  **Assistant City Manager**
Patrick H. West
City Manager

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

Approved as to form this 10 day of September, 2012.

ROBERT E. SHANNON, City Attorney

By: 
Deputy

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