

CONTRACT  
23509

MASTER LEASE

between the

CITY OF LONG BEACH

as Lessor

and

BANCAP MARINA CENTER, INC.

as Master Lessee

John R. Calhoun  
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Long Beach, California 90802-4664  
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1 MASTER LEASE

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3 This Master Lease (the "Lease") is made and entered, in  
4 duplicate, this 29th day of June, 1994, pursuant  
5 to minute order adopted by the City Council of the City of Long  
6 Beach at its meeting held on the February 1, 1994, by and  
7 between the CITY OF LONG BEACH, a municipal corporation and trust  
8 grantee of the State of California of certain tide and submerged  
9 lands within said City ("Lessor"), and BANCAP MARINA CENTER, INC.,  
10 a California corporation, doing business as ALAMITOS BAY MARINA  
11 CENTER, with a place of business at 6265 East Second Street, Long  
12 Beach, California 90803 ("Master Lessee").

13  
14 Article I

15 Preliminary Statement. Lessor is the owner of certain  
16 tide and submerged lands conveyed to it by the State of California,  
17 which lands were granted and are held upon certain trusts and  
18 conditions set forth in Chapter 676, Statutes of 1911, Chapter 102,  
19 Statutes of 1925, Chapter 158, Statutes of 1935, Chapter 29,  
20 Statutes of 1959 and Chapter 138, Statutes of 1964, First  
21 Extraordinary Session.

22 As of the date of execution of this Lease, Lessor has  
23 executed leases for space in the Marine Bazaar Complex hereinafter  
24 referred to as the Alamitos Bay Marina Center with the tenants  
25 listed in Exhibit "A" attached hereto and incorporated herein by  
26 this reference.

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Article II

2.1 Leased Premises. In consideration of the faithful performance of the terms, covenants and conditions contained herein, Lessor does hereby lease to and Master Lessee does hereby lease from and accept the following described premises ("Leased Premises") consisting of approximately 68,920 square feet of land as shown on Exhibit "B" attached hereto and made a part hereof by this reference, and described in Exhibit "C" attached hereto and made a part hereof by this reference. The Leased Premises are improved with a group of structures consisting of approximately 21,656 square feet and known collectively as the "Alamitos Bay Marina Center". However, all subleases for the Leased Premises refer to the Marine Bazaar Complex. Master Lessee acknowledges that it has not received and Lessor has not made any warranty with respect to the Leased Premises except that Lessor warrants the Alamitos Bay Marina Center (excluding the Project and any conditions caused by or resulting from Master Lessee's maintenance and management of the Leased Premises) against latent defects. The Lessor's responsibility for latent defects is defined in Paragraph 3.5.

2.2 Term. The term of this Lease shall commence at 12:01 a.m. on July 1, 1994, and shall terminate at midnight on June 30, 2019, unless sooner terminated as provided herein. Master Lessee shall have the right to terminate this Lease, after Master Lessee has fully paid the Development Costs, by giving sixty (60) days' notice to Lessor.

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1 Article III

2 3.1 Definitions.

3 A. Development Costs. The term "Development Costs" shall  
4 mean the direct and indirect costs that Master Lessee incurs in  
5 constructing the Common Area improvements, office and retail space  
6 on the Leased Premises, expansion of subtenant West Marine Products,  
7 Inc., and tenant improvements and expanded retail space beneath  
8 subtenant Seal Beach Yacht Club, as well as capital costs and  
9 allowance for tenant improvements on "spec" area. Said costs are  
10 detailed in Exhibit "D", attached hereto and incorporated herein by  
11 this reference. Development Costs shall also mean any costs  
12 associated with asbestos removal, repair of sewer lines, or repair  
13 of other latent defects by Master Lessee. Any costs to be included  
14 as Development Costs for purposes of this Lease that exceed these  
15 Development Costs shall have the prior written approval of Lessor  
16 acting through the Manager of its Property Services Bureau.

17 B. Net Operating Income. The term "Net Operating Income"  
18 shall mean the total of Base Rent plus Percentage Rent collected by  
19 Master Lessee as a result of leasing space in, on or at the Leased  
20 Premises less a) management fees not to exceed 6% of all rents  
21 collected as a result of leasing space in, on or at the Leased  
22 Premises; b) legal fees (relating to review and drafting of  
23 documents for current and future persons or entities leasing space  
24 in, on or at the Leased Premises); c) accounting fees (relating to  
25 review, audits or reports for the Leased Premises); d) lease  
26 commissions for space in, on, or at the Leased Premises; e) Master  
27 Lessee's contributions to the Reserve Account; f) taxes, insurance  
28 premiums, utilities and maintenance costs (to the extent not

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1 reimbursed or paid by subtenants and not deduced from the Reserve  
2 Account); and g) any other costs of operating the Leased Premises  
3 as approved by Lessor.

4 C. Repayment of Financing. The term "Repayment of  
5 Financing" shall mean the principal and accrued interest on a loan  
6 or loans having a term of ten (10) years and equal in principal  
7 amount to the Development Costs. The principal amount, interest  
8 rate, and payment schedule shall be described in Exhibit "E" which  
9 will be attached and incorporated herein by this reference  
10 subsequent to execution of this Lease.

11 3.2 Base Rent. Beginning on the first day of the month  
12 following the month in which construction of improvements is  
13 completed as described in Section 3.4 (the "anniversary date") and  
14 continuing for twelve (12) months thereafter, the Base Rent for the  
15 Leased Premises shall be \$50,000. Base Rent shall be \$100,000 per  
16 year for each subsequent year of this Lease until the Development  
17 Costs are fully amortized (i.e., principal and interest and equity  
18 contributions to finance construction are fully repaid). Base Rent  
19 for each year of the Lease after the Development Costs are fully  
20 amortized shall be the amounts shown in Exhibit "F", attached hereto  
21 and incorporated herein by this reference, and shall be increased  
22 annually on the anniversary date by the percentage increase in net  
23 operating income for the prior Lease year. If, on the anniversary  
24 date, net operating income for the prior Lease year has declined or  
25 remained the same, then the Base Rent shall remain the same for the  
26 following Lease year. Until said full amortization, Master Lessee  
27 may defer Base Rent if insufficient funds exist after Master Lessee  
28 pays the monthly operating expenses for the Leased Premises and the

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1 payments to amortize financing of the Development Costs. Master  
2 Lessee may continue said deferral until sufficient funds exist as  
3 described above, but Master Lessee shall pay interest on the  
4 deferred Base Rent at the average monthly interest rate earned by  
5 Lessor on its investment portfolio. Except as provided in Section  
6 3.5, Base Rent shall be payable in advance without setoff,  
7 deduction, notice, or demand in twelve (12) equal, successive  
8 monthly installments on the tenth day of each calendar month.  
9 Monthly installments payable to the "City of Long Beach" shall be  
10 made at or sent to the Department of Parks, Recreation and Marine,  
11 2760 Studebaker Road, Long Beach, CA 90815, except as provided in  
12 Sections 3.4 and 3.6 below.

13           3.3 Percentage Rent. In addition to payments of Base  
14 Rent, Master Lessee shall pay to Lessor as Percentage Rent seventy  
15 percent (70%) of Master Lessee's Net Operating Income from the  
16 Leased Premises, less Base Rent and Repayment of Financing (in  
17 effect subordinating Percentage Rent to said Repayment of  
18 Financing). Percentage Rent shall be paid within thirty (30) days  
19 after the end of each calendar quarter. Master Lessee shall submit  
20 with its payment of Percentage Rent a statement signed by an officer  
21 or duly authorized representative of Master Lessee giving reasonable  
22 detail relating to the basis on which Percentage Rent was calculated  
23 including but not limited to the income from business conducted in,  
24 on or from the Leased Premises, the management, accounting and legal  
25 fees, taxes, insurance costs, unreimbursed maintenance and utility  
26 costs attributable to the Leased Premises, and quarterly costs  
27 relating to the financing of construction of improvements to the  
28 Alamitos Bay Marina Center. Master Lessee shall reconcile its

1 relating to the financing of construction of improvements to the  
2 Alamitos Bay Marina Center. Master Lessee shall reconcile its  
3 quarterly payments of Percentage Rent by filing appropriate  
4 documentation with Lessor within thirty (30) days after the end of  
5 each Lease year.

6           3.4 Construction Rent. Upon execution of this Lease and  
7 assignment of leases with tenants identified in Appendix 1 and until  
8 the date that construction of improvements to the Alamitos Bay  
9 Marina Center (as evidenced by the recordation of a Notice of  
10 Completion or the issuance of a Certificate of Occupancy, or other  
11 evidence satisfactory to the Lessor) is completed, Master Lessee  
12 shall deliver Percentage Rent, additional rent, and all other rents  
13 in any form that Master Lessee receives from subtenants less a six  
14 percent (6%) management fee and the cost of taxes and insurance  
15 (which cost is not paid by subtenants through their Common Area  
16 Maintenance fees) ("Construction Rent") to Guardian Bank (the  
17 "Financial Institution") to be deposited in an interest-bearing  
18 account titled as necessary so that Lessor owns or has the  
19 beneficial interest in the funds and interest thereon in said  
20 account. Subject to Lessor's prior written approval, Master Lessee  
21 may also deduct (prior to deposit) costs attributable to change  
22 orders (approved by Lessor) that exceed Development Costs as  
23 described in Section 3.2 hereof. Master Lessee may also deduct one  
24 time only the sum of \$5,000 which will be expended in consideration  
25 of relocation of an outdoor refrigerator, or construction of  
26 screening for said refrigeration, which refrigeration serves  
27 subtenant Schooner or Later, Inc. Master Lessee may also deduct the  
28 interest related to its financing of Development Costs if Master

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1 completion, Lessor acting through the City Manager's designee shall  
2 notify the Financial Institution to transfer all or a portion of the  
3 balance in said account to Lessor's account at the Bank of America.  
4 If said designee does not notify the Financial Institution within  
5 sixty (60) days after Master Lessee files a Notice of Completion or  
6 if the entire balance in said account has not been transferred to  
7 Lessor's account at the Bank of America, then said designee shall  
8 notify the Financial Institution that the funds in said account  
9 shall be paid (as a buy back credit) to Master Lessee's construction  
10 lender to reduce the construction loan(s) for the construction of  
11 improvements to the Leased Premises.

12 If Master Lessee uses all or any portion of Construction  
13 Rent to reduce the principal balance of its construction loan, then  
14 Exhibit "E" shall be revised and replaced.

15 3.5 Rent Credits. A. During the Construction Rent  
16 period as described in Section 3.4, Master Lessee shall be entitled  
17 to rent credits equal to the amount of any change orders requested  
18 or authorized by Lessor.

19 B. At any time during the term of this Lease, Master  
20 Lessee shall be entitled to rent credits for changed conditions on  
21 the Leased Premises, as described below, provided that Master Lessee  
22 notifies Lessor's representative promptly upon discovery of the  
23 changed conditions and before they are disturbed. Changed conditions  
24 include:

25 1) Subsurface or latent physical conditions.

26 Latent physical conditions are those conditions that  
27 differ materially from those described in the Archiplan  
28 drawings dated September 1992, or Dwight Bennett's

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1 drawings dated April, 1994; or

2 2) Unknown physical conditions of an unusual nature  
3 differing materially from those ordinarily encountered and  
4 generally recognized as inherent in work of the character  
5 being performed; or

6 3) Discovery of the existence of material that may  
7 be hazardous waste, as defined in Section 25117 of the  
8 Health and Safety Code, that is required to be removed to  
9 a Class I, Class II or Class III disposal site in  
10 accordance with provisions of existing law, or the  
11 discovery of asbestos.

12 The City's representative will promptly investigate  
13 conditions which appear to be changed conditions. If the City's  
14 representative determines that the conditions are changed conditions  
15 and that they will materially increase or decrease costs of any  
16 portion of the remodel and expansion of the Alamitos Bay Marina  
17 Center, City will notify Master Lessee.

18 C. Master Lessee shall also be entitled to rent credits  
19 for emergency repairs to the extent sufficient funding is not  
20 available in Master Lessee's reserve fund or common area maintenance  
21 account.

22 3.6 Deposit after Construction Rent Period. Subsequent  
23 to the Construction Rent period as described in Section 3.4 Master  
24 Lessee shall deliver to the Financial Institution to be deposited  
25 in an interest-bearing account titled as necessary so that Lessor  
26 owns or has the beneficial interest in the funds and interest  
27 thereon in said account Base Rent, Percentage Rent and additional  
28 rent due hereunder. Lessor intends or may transfer from said

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1 interest-bearing account at the Financial Institution all or a  
2 portion of said account to Lessor's account at Bank of America, or  
3 another financial institution, as Lessor may designate from time to  
4 time. The entire balance remaining after such exercise (if any)  
5 shall be transferred by the Financial Institution to reduce the  
6 indebtedness of Master Lessee to the Financial Institution relating  
7 to the Financial Institution's loan to Master Lessee for the  
8 Development Costs and shall constitute a buy back credit toward  
9 enabling Lessor to buy back the Lease pursuant to Article XX hereof.

10 3.7 Rent Statements. Within thirty (30) days after the  
11 end of each calendar quarter, Master Lessee shall deliver to Lessor  
12 a statement identifying the amount of Base Rent and Percentage Rent  
13 and additional rent deposited with the Financial Institution, and  
14 the basis for computing the amount of Percentage Rent so deposited.  
15 Master Lessee shall require that the Financial Institution deliver  
16 to Lessor a statement which shows that the financial Institution  
17 applied an amount equal to said deposits to Master Lessee's indebt-  
18 edness (as described in Section 3.1.C above) and the outstanding  
19 balance of said indebtedness as of the date of the statement.

#### 21 Article IV

22 Reserve Account. Master Lessee shall make monthly  
23 deposits equal to one percent (1%) of all rents collected by Master  
24 Lessee as a result of leasing of space in, on or at the Leased  
25 Premises to an account ("Reserve Account") established and reserved  
26 for replacement and repair of those elements and portions of the  
27 Leased Premises described in Exhibit "G" attached hereto and  
28 incorporated herein by this reference. Master Lessee shall submit

1 annual reports on or before January 15 each year and within ten (10)  
2 days following expiration or termination of this Lease to Lessor  
3 showing deposits, withdrawals, and balances in the Reserve Account.  
4 Master Lessee shall transfer funds or assign the Reserve Account to  
5 Lessor upon termination or expiration of this Lease.

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Article V

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5.1 Uses. The Leased Premises shall be used only and exclusively for uses permitted by the Tidelands trusts: Commerce, navigation, recreation, and fisheries. In addition, the Leased Premises lie within the Coastal Zone. Uses of the Leased Premises are, therefore, limited by the Local Coastal Program adopted by the California Coastal Commission. The Local Coastal Program allows marina-supporting uses.

5.2 Continuous Use. Master Lessee shall use its diligent efforts, consistent with good retail management practices for comparable retail developments in Los Angeles County, to sublease the Alamitos Bay Marina Center to tenants for the uses specified in this Lease, and to keep it continuously leased.

5.3 Nondiscrimination. Subject to applicable laws, rules, and regulations, Master Lessee shall not discriminate on the basis of race, color, creed, religion, sex, sexual orientation, AIDS, AIDS related condition, age, disability, handicap, Vietnam Era veteran status, marital status, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Leased Premises or the improvements thereon, or any part thereof.

5.4 Use Prohibitions. Master Lessee shall, in connection

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1 with the use and operation of the Leased Premises, maintain first  
2 class standards comparable to those maintained for first class  
3 retail centers. Specifically (but not exclusively) Master Lessee  
4 shall not:

5 a. Cause or permit obnoxious odors to emanate or be  
6 dispelled from the Leased Premises or improvements thereon;

7 b. Permit accumulations of garbage, trash, rubbish or any  
8 other refuse outside of trash enclosures;

9 c. Create, cause, maintain or permit any nuisance in, on  
10 or about the Leased Premises or improvements thereon;

11 d. Commit or suffer to be committed any waste in, on or  
12 about the Leased Premises or improvements thereon;

13 e. Use or allow the Leased Premises or improvements  
14 thereon to be used for any unlawful purpose, or for any purpose  
15 which violates the terms of any recorded instrument affecting the  
16 Leased Premises, violates any provisions of the Tidelands Trust, or  
17 conflicts with the Local Coastal program;

18 f. Cause or permit any insurance coverage on the Leased  
19 Premises or improvements thereon to become void or voidable or do  
20 anything to make it impossible to obtain any required insurance at  
21 commercially feasible rates; or

22 g. Cause or permit any structural damage to the Leased  
23 Premises or improvements thereon or to any adjacent public or  
24 private property; or

25 h. Permit any subtenant or sub-subtenant to use the  
26 Leased Premises without a current, valid permit or license if  
27 required by any governmental or quasi-governmental agency or entity  
28 having jurisdiction thereof.



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1           5.5    Hazardous Substances.    No goods, merchandise,  
2 supplies or materials which are explosive or hazardous shall be  
3 kept, stored or sold in or on the Leased Premises, and Master Lessee  
4 shall comply with California Health and Safety Code Section 25359.7  
5 or its successor statute.

6           A.    "Hazardous Material" means any hazardous or toxic  
7 substance, material or waste which is or becomes regulated by any  
8 local governmental authority, the State of California, or the United  
9 States government.    The term includes without limitation any  
10 material or substance which is (i) defined as a hazardous waste,  
11 extremely hazardous waste, or restricted hazardous waste under  
12 Section 25115, 25117 or 25122.7, or is listed pursuant to Section  
13 25140 of the California Health and Safety Code (Hazardous Waste  
14 Control Law), (ii) defined as a hazardous substance under Section  
15 25316 of the California Health and Safety Code (Carpenter-Presley-  
16 Tanner Hazardous Substance Account Act), (iii) defined as a  
17 Hazardous Material, hazardous substance, or hazardous waste under  
18 Section 25501 of the California Health and Safety Code (Hazardous  
19 Materials Release Response Plans and Inventory), (iv) defined as a  
20 hazardous substance under Section 25281 of the California Health and  
21 Safety Code (Underground Storage of Hazardous Substances), (v)  
22 petroleum, (vi) asbestos, (vii) listed under Article 9 or defined  
23 as hazardous or extremely hazardous pursuant to Title 22, Article  
24 9 of the California Code of Regulations, (viii) designated as a  
25 hazardous substance pursuant to Section 300 of the Water Pollution  
26 Control Act (33 U.S.C. Sec. 1317 et seq.), (ix) defined as a  
27 hazardous waste pursuant to Section 1004 of the Resource  
28 Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq., or (x)

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1 defined as a hazardous substance pursuant to Section 101 of the  
2 Comprehensive Environmental Response, Compensation and Liability  
3 Act, 42 U.S.C. Sec. 9601 et seq.

4 B. Master Lessee shall not cause or permit any Hazardous  
5 Material to be brought on, treated, kept, used, stored, disposed of,  
6 discharged, released, produced, or generated in, on, under or about  
7 the Leased Premises by Master Lessee, its agents, employees,  
8 contractors, sublessees, assignees, or invitees without the prior  
9 written consent of Lessor (which Lessor shall not unreasonably  
10 withhold as long as Master Lessee demonstrates to Lessor's  
11 satisfaction that such Hazardous Material is necessary to Master  
12 Lessee's business and will be brought on, treated, kept, used,  
13 stored, disposed of, discharged, released, produced, or generated  
14 in a manner that complies with all laws regulating such Hazardous  
15 Material).

16 C. Master Lessee shall on demand of Lessor and at Master  
17 Lessee's sole cost and expense promptly take all action to remove  
18 Hazardous Materials from the Leased Premises caused by Master  
19 Lessee's occupancy or use of the Leased Premises.

20 D. As of the date of execution of this Lease, Lessor has  
21 received a Phase I Site Assessment dated July 7, 1993, by WPM  
22 Construction Technology which indicates that the Leased Premises  
23 "does not appear to have any present or historical environmental  
24 liabilities."

25 5.6 Governmental Requirements. Master Lessee shall at  
26 all times, at its sole cost, comply with any and all laws, statutes,  
27 ordinances, rules and regulations (collectively "law" or "laws")  
28 which apply to the operation and use of the Leased Premises,

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1 including those requiring alterations or additions to be made to,  
2 or safety appliances and devices to be maintained or installed in,  
3 on, or about the Leased Premises under any law now or hereafter  
4 adopted, enacted or made and applicable to the Leased Premises, and  
5 payment of any fees, charges or assessments arising out of or in any  
6 way related to the Leased Premises as a source of adverse  
7 environmental impacts or effects.

8 Without limiting the generality of the foregoing, Master  
9 Lessee shall conform to and abide by all laws of the City of Long  
10 Beach, County of Los Angeles, State of California, and the federal  
11 government and, where permits, licenses, certificates or the like  
12 are required for such operation and use, the same must be obtained  
13 from the regulatory body or governing authority having jurisdiction  
14 over the Leased Premises and uses thereof or operation thereon  
15 before any operation or use on the Leased Premises is undertaken.  
16 Notwithstanding the foregoing, Master Lessee may contest, by  
17 appropriate legal proceedings conducted in good faith and with due  
18 diligence, the validity or application of any such laws and, where  
19 required by law, Lessor shall join in any such contest (as a nominal  
20 party only), provided that Master Lessee defend, indemnify and hold  
21 Lessor harmless against all costs and other expenses, including  
22 attorney's fees of Lessor.

23  
24 Article VI

25 6.1 Maintenance. A. Master Lessee shall maintain and  
26 operate the Leased Premises, including but not limited to general  
27 cleaning, gardening, and landscaping in the Common Area, in first  
28 class condition, in good repair, in a safe, clean, sanitary

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1 condition, and in accordance with applicable laws, ordinances and  
2 regulations. The duty to maintain includes the duty to repair and  
3 replace, as needed. If Master Lessee fails to maintain the Leased  
4 Premises as required herein, Lessor may notify Master Lessee of said  
5 failure. If Master Lessee does not correct the failure within (30)  
6 thirty days after notice or such longer period as may be established  
7 by Lessor, Lessor may make the correction and the cost thereof shall  
8 be paid by Master Lessee within (10) ten days after receipt of a  
9 statement from Lessor. If said statement is not paid, the cost  
10 shall become additional rent. Lessor shall have no duty to maintain  
11 the Leased Premises.

12 B. Master Lessee shall submit to Lessor by July 1 each  
13 year an annual maintenance budget in a form similar to that shown  
14 in Exhibit "H" attached hereto, for Lessor's approval. If Master  
15 Lessee anticipates that it will exceed the annual maintenance budget  
16 which it has submitted, then Master Lessee shall provide to Lessor  
17 a written explanation and a request for approval of the excess.

18 6.2 Common Areas. A. The term "Common Area" or "Common  
19 Areas" shall mean those portions of the Leased Premises that exist  
20 for the non-exclusive use of any subtenant of the Alamitos Bay  
21 Marina Center in common with other authorized users and include but  
22 are not limited to walkways and sidewalks; landscaped or planted  
23 areas; structural parts of buildings in the Alamitos Bay Marina  
24 Center; foundations, roofs (excluding skylights); bearing and  
25 exterior walls; plumbing, sewage, gas and electrical systems, and  
26 heating, ventilating and air-conditioning systems installed or  
27 furnished by Lessor; service areas; exterior doors and windows  
28 (unless said doors, windows and exterior or bearing walls are

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1 damaged due to the fault or negligence of a subtenant); areas  
2 containing buildings or structures used in connection with  
3 maintenance of the Leased Premises; delivery areas; exterior  
4 lighting; public restrooms; and all other similar facilities  
5 provided for the convenience of authorized users but shall not  
6 include any portion of the Leased Premises subleased to subtenants.  
7 Lessor reserves the right to issue permits for use of the Common  
8 Area.

9 B. As part of its responsibility for maintenance, Master  
10 Lessee shall arrange and pay for connections, equipment and  
11 facilities necessary to get utilities to the premises of subtenants.

#### 12 Article VII

##### 13 7.1 Remodel and Expansion of Alamitos Bay Marina Center.

14 Master Lessee shall remodel and expand the Alamitos Bay Marina  
15 Center (the "Project") in accordance with drawings dated April, 1994  
16 and plans and specifications approved by Lessor's Property Services  
17 Bureau Manager. Any departure from either the drawings or plans and  
18 specifications must be approved by Lessor's Property Services Bureau  
19 Manager.  
20

21 7.2 Construction. Master Lessee shall take all  
22 reasonable steps necessary to commence construction of the Project  
23 and shall diligently proceed to completion. Notwithstanding the  
24 foregoing, if Master Lessee has not commenced construction on or  
25 before the expiration of six (6) months from the execution of this  
26 Lease, then Lessor shall have the option to terminate this Lease by  
27 giving Master Lessee notice that it is exercising its option to  
28 terminate, and this Lease shall terminate on the thirty-fifth (35th)

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1 day after the date such option was exercised unless within such  
2 thirty-five (35) day period Master Lessee commences construction,  
3 in which event this Lease shall not terminate.

4 Master Lessee shall complete construction of the Project  
5 on or before the expiration of twelve (12) months from the  
6 commencement of construction. Failure to file or cause to be filed  
7 a Notice of Completion within said period shall be a default under  
8 this Lease, provided that the time for completion shall be extended  
9 for as long as Master Lessee is prevented from completing  
10 construction by delays beyond Master Lessee's control. But, failure  
11 to complete construction and file a Notice of Completion,  
12 regardless of cause, within eighteen (18) months from the execution  
13 of this Lease shall, at Lessor's option as exercised above,  
14 terminate this Lease.

15 7.3 Construction Fund. Subtenant Seal Beach Yacht Club  
16 requires or desires expansion of its premises or desires or requires  
17 work to the exterior of its premises. In order to accomplish this  
18 expansion and exterior work in a manner consistent with construction  
19 of improvements by Master Lessee, Lessor has caused preliminary  
20 plans to be designed and costs to be established and have given same  
21 to Master Lessee. Seal Beach Yacht Club has agreed to contribute  
22 the sum of \$95,000 ("Construction Fund") for said expansion and  
23 exterior work relating to its separate premises to an escrow company  
24 selected by Lessor within fifteen (15) days after receipt of notice  
25 from Master Lessee to do so. Lessor will give to said escrow  
26 company instructions to disburse funds to Master Lessee only after  
27 approval of construction work and authorization by Lessor, and  
28 Master Lessee shall not seek to draw monies from the Construction

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1 Fund until such approval and authorization by Lessor.

2 Said expansion and exterior work includes construction of  
3 bathrooms accessible to the handicapped and an outdoor deck  
4 consisting of approximately 1,219 square feet, installation of a  
5 lift for the handicapped, reconfiguration of interior space, and  
6 upgrading electrical service.

7 The Project includes said expansion and exterior work, and  
8 Master Lessee, by executing this Master Lease, acknowledges its  
9 obligation and shall perform or cause to be performed said expansion  
10 and exterior work. Master Lessee further acknowledges and agrees  
11 that any monies remaining in the Construction Fund after completion  
12 of said expansion and exterior work shall be returned to Seal Beach  
13 Yacht Club.

14 7.4 Minimal Disruption. All construction, alteration or  
15 repair work permitted herein shall be accomplished expeditiously and  
16 diligently. Master Lessee shall take all reasonable measures to  
17 minimize any damage, disruption or inconvenience caused by such work  
18 and make adequate provision for the safety and convenience of all  
19 persons affected thereby.

20 7.5 Performance Bond. Prior to commencement of work on  
21 the Project, Master Lessee shall file with Lessor a Performance Bond  
22 in the amount of one hundred percent (100%) of the estimated cost  
23 of work, conditioned on faithful performance of the work and a Labor  
24 and Material Bond (also known as a Payment Bond) in the amount of  
25 fifty percent (50%) of the estimated cost of work, conditioned on  
26 payment of all claimants for labor and materials used or required  
27 in the performance of the work, executed by Master Lessee or Master  
28 Lessee's contractor, as Principal, and by a surety authorized to do

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1 business in California as Surety. Said bonds shall name Lessor as  
2 a joint obligee with Master Lessee. Nothing contained herein shall  
3 be deemed to release Master Lessee from the duty of keeping the  
4 Leased Premises free of labor and material liens. The Performance  
5 Bond shall remain in effect until completion of the work to the  
6 reasonable satisfaction of Lessor. The Payment Bond shall remain  
7 in effect until the expiration of the statutory period for liens or  
8 stop notices or until the Leased Premises are free from the effect  
9 of same, if filed.

10           7.6 Notice of Commencement of Work. Master Lessee shall  
11 notify Lessor twenty (20) days prior to commencement of work to  
12 enable Lessor to post and record notices of non-responsibility.

13           7.7 Mechanic's Liens. Master Lessee shall keep the  
14 Leased Premises free of any mechanic's, materialman's or similar  
15 lien for any work done, labor performed or material furnished by or  
16 for Master Lessee, and Master Lessee shall defend, indemnify and  
17 hold Lessor, its officials and employees harmless from and against  
18 all claims, liens, demands, causes of action, liability, loss,  
19 costs, and expenses (including reasonable attorney's fees) of  
20 whatever kind or nature for any work done, labor performed, or  
21 materials furnished on the Leased Premises or to Master Lessee. In  
22 addition, if a lien is imposed on the Leased Premises, Master Lessee  
23 shall promptly notify Lessor, record a valid release of lien within  
24 thirty (30) days after the date of filing of said lien, or deposit  
25 with Lessor cash in an amount equal to 125% of the amount of said  
26 lien and authorize payment to the extent of said deposit to any  
27 subsequent judgment holder with regard to said lien.

28           7.8 Notice of Completion. On completion of work, Master



1 Lessee shall file a Notice of Completion in the Official Records of  
2 the County Recorder of Los Angeles County.

3 7.9 Ownership of Improvements. On expiration or sooner  
4 termination of this Lease, all improvements to the Leased Premises  
5 shall become the property of Lessor at no cost to Lessor, unless  
6 Lessor requires Master Lessee to remove said improvements. If  
7 Lessor requires Master Lessee to remove said improvements, Master  
8 Lessee shall do so within sixty (60) days following the date of  
9 expiration or sooner termination.

10 7.10 Inspection. In addition to its right to enter the  
11 Leased Premises in accordance with Section 16.3 of this Lease in its  
12 capacity as a lessor of the land, Lessor shall have the right to  
13 enter the Leased Premises to inspect same in its capacity as a  
14 regulatory body. Lessor's inspection in its capacity as a  
15 regulatory body shall not relieve Master Lessee from its obligations  
16 to comply with all laws, rules and regulations or with the  
17 provisions of this Lease and any waiver by Lessor in its regulatory  
18 capacity shall not constitute nor be deemed a waiver by Lessor in  
19 its capacity as a lessor of land of the provisions of this Lease.

20  
21 Article VIII

22 Taxes. Master Lessee acknowledges that this Lease may  
23 create a possessory interest subject to taxation and that Master  
24 Lessee may be subject to payment of taxes levied on such interest.  
25 Master Lessee shall pay before they become delinquent all taxes  
26 levied against the Leased Premises and provide proof of payment to  
27 Lessor within ten (10) days of Lessor's request therefor. Master  
28 Lessee shall pay before they become delinquent all taxes,

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1 assessments, license fees, and other charges levied on Master  
2 Lessee's personal property, equipment, furnishings or trade fixtures  
3 installed or located on the Leased Premises and provide proof of  
4 payment to Lessor within ten (10) days of Lessor's request therefor.  
5

6 Article IX

7 9.1 Insurance. Concurrent with the execution of this  
8 Lease and without limiting Master Lessee's indemnification of Lessor  
9 hereunder, Master Lessee shall procure and maintain, at its cost,  
10 during the term of this Lease and any extensions hereof, from any  
11 insurer admitted in California or having a minimum rating or of  
12 equivalent to A:VIII in Best's Insurance Guide:

13 (a) Comprehensive General Liability insurance including  
14 products, and fire legal liability with a combined single limit of  
15 at least Three Million Dollars (\$3,000,000.00) for each occurrence,  
16 and liquor liability of at least One Million Dollars (\$1,000,000).  
17 Lessor, its officials, employees, and agents shall be covered as  
18 additional insureds with respect to liability arising from the use  
19 of the Leased Premises and from activities performed hereunder by  
20 or on behalf of Master Lessee. Said insurance shall be primary  
21 insurance with respect to Lessor and shall contain a cross liability  
22 endorsement. Master Lessee may meet its obligation for products and  
23 liquor liability coverage by submitting evidence of insurance  
24 carried by sublessees.

25 (b) "All Risk" property insurance in an amount sufficient  
26 to cover the full replacement value of Master Lessee's property,  
27 improvements and equipment on the Leased Premises.

28 (c) Business interruption insurance insuring that the

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1 Base Rent due Lessor shall be paid for a period at least twelve (12)  
2 months if the Leased Premises and improvements thereon are destroyed  
3 or rendered inaccessible.

4 9.2 Certificates. Upon the execution of this Lease,  
5 Master Lessee shall deliver to Lessor certificates of insurance with  
6 original endorsements evidencing the coverage required hereunder.  
7 The certificates and endorsements shall be signed by a person  
8 authorized by the insurer to bind coverage on its behalf. Lessor  
9 reserves the right to require complete certified copies of all  
10 policies at any time. Said insurance shall contain an endorsement  
11 requiring thirty (30) days' written notice from insurers to Lessor  
12 before cancellation or change of coverage.

13 9.3 Deductibles or Self-Insurance. Said insurance may  
14 provide for such deductibles or self-insurance as may be acceptable  
15 to Lessor's Risk Manager. In the event such insurance does provide  
16 for deductibles or self-insurance, Master Lessee shall fully protect  
17 Lessor, its officials, and employees in the same manner as these  
18 interests would have been protected had the policy not contain a  
19 deductible or self-insurance provisions. With respect to damage to  
20 property, Lessor and Master Lessee hereby waive all rights of  
21 subrogation, one against the other, but only to the extent that  
22 collectible commercial insurance is available for said damage.

23 9.4 Increase in Coverage. Not more frequently than every  
24 five (5) years, if in the opinion of Lessor or an insurance broker  
25 retained by Lessor, the amount of the foregoing insurance is not  
26 adequate, Master Lessee shall increase the insurance as required by  
27 Lessor.

28 9.5 No Limit on Liability. The procuring of said

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1 insurance shall not be construed as a limitation on Master Lessee's  
2 liability or as full performance on Master Lessee's part of the  
3 indemnification provisions of this Lease. Master Lessee understands  
4 and agrees that, notwithstanding said insurance, Master Lessee's  
5 obligation to defend, indemnify, and hold Lessor, its officials and  
6 employees harmless hereunder is for the full amount of any damage,  
7 loss, expense, cost, or liability caused by the condition of the  
8 Leased Premises or in any manner connected with or attributed to the  
9 acts or omissions of Master Lessee, its officers, agents, employees,  
10 licensees, patrons, or visitors, or the business conducted by Master  
11 Lessee, or Master Lessee's use, misuse or neglect of the Leased  
12 Premises.

13           9.6    Waiver.    Any modification or waiver of these  
14 insurance requirements shall only be made with the written approval  
15 of the Lessor's Risk Manager or designee.

16  
17                                    Article X

18           10.1   Assignment or Sublease.    Except as provided in  
19 Article X and Article XI, Master Lessee shall not assign or transfer  
20 this Lease or any interest herein nor sublease the Leased Premises  
21 or any part thereof (collectively in this Article X "transfer")  
22 without the prior approval of Lessor, which shall not be  
23 unreasonably withheld. The approval of Lessor to any transfer shall  
24 not relieve Master Lessee of the obligation to obtain such approval  
25 to any further transfer. Furthermore, neither this Lease nor any  
26 interest herein shall be subject to transfer by attachment,  
27 execution, proceedings in insolvency or bankruptcy (either  
28 voluntary or involuntary), or receivership (unless said receivership

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1 is sought by Lessor). In the event of transfer, whether voluntarily  
2 or involuntarily or by operation of law, without the prior approval  
3 of Lessor, such transfer shall be voidable at Lessor's election and,  
4 if avoided by Lessor, shall convey no interest and shall constitute  
5 a default of this Lease.

6           10.2 Sale of Leasehold Interest. Notwithstanding the  
7 preceding Section 10.1, Master Lessee may sell additional shares,  
8 merge, consolidate or otherwise change its corporate form without  
9 Lessor's consent if the change is not related to a transaction  
10 involving only this Lease, and if the sale of shares, merger, or  
11 consolidation of Master Lessee does not result in a change of  
12 control. For example, if the corporation controlling Master Lessee  
13 is merged or consolidated into or with a parent corporation, or if  
14 the corporation offers its shares to the public in a transaction  
15 registered under the Securities Act of 1933, where the ultimate  
16 control of Master Lessee remains with its existing shareholders,  
17 Lessor's consent shall not be required unless Master Lessee makes  
18 such change or enters such transaction solely to facilitate the  
19 transfer of this Lease, in which case Lessor's written consent shall  
20 be required.

21           10.3 Transfer. If Master Lessee desires a transfer, then  
22 at least ninety (90) days prior to the date when Master Lessee  
23 desires the transfer to be effective ("Transfer Date"), Master  
24 Lessee shall notify Lessor stating the Transfer Date, the name,  
25 street address, telephone number, and business of the proposed  
26 transferee (including details of its business experience), the terms  
27 and conditions of the proposed transfer, a statement whether the  
28 proposed transferee is an individual, partnership or corporation,

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1 and if a partnership the names and addresses of the general  
2 partners, and if a corporation the names and addresses of the  
3 officers and directors and the State of incorporation. Master  
4 Lessee shall demonstrate that the proposed transferee is financially  
5 responsible, capable of meeting its credit obligations including  
6 rent payments, and experienced in operating the proposed business,  
7 to Lessor's satisfaction as determined in Lessor's good faith  
8 judgment, by providing audited financial statements, bank references  
9 and such supplemental information as Lessor may thereafter request.  
10 Lessor's approval of the transfer shall not release Master Lessee  
11 from performance by it of the covenants herein.

12 Lessor and Master Lessee agree (by way of example and  
13 without limitation) that it shall be reasonable for Lessor to  
14 withhold Lessor's consent if any of the following conditions exist  
15 or may exist: (i) The proposed transferee's use of the Leased  
16 Premises conflicts with or is inconsistent with the use of the  
17 Leased Premises as set forth in Section 5.1, or with any Tidelands  
18 trust requirement, or with the Local Coastal Program; (ii) In  
19 Lessor's reasonable business judgment, the proposed transferee lacks  
20 sufficient business reputation or experience or management  
21 experience to operate or manage a business or property like the  
22 Leased Premises; (iii) Master Lessee is in default under this Lease;  
23 (iv) The proposed transferee has a net worth of less than two times  
24 the Base Rent plus twenty-five (25%) percent of the Percentage Rent  
25 paid by Master Lessee in the immediately preceding full Lease Year;  
26 (v) The business of the proposed transferee will result in a  
27 material increase in the demands on available parking; or (vi)  
28 Lessor has a reasonable belief that the Percentage Rent will decline

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1 substantially.

2 Each permitted transferee shall assume and be deemed to  
3 have assumed this Lease and shall be jointly and severally liable  
4 with Master Lessee for the payment of rent and for the performance  
5 of the terms, covenants, and conditions of this Lease. No permitted  
6 transfer shall be binding on Lessor until the transferee shall  
7 deliver to Lessor a counterpart of the transfer documents which  
8 contain a covenant of assumption by transferee. But, the failure  
9 or refusal to execute such instrument of assumption shall not  
10 release transferee from liability as set forth herein.

11 Lessor shall notify Master Lessee fifteen (15) days prior  
12 to the Transfer Date whether Lessor approves or disapproves the  
13 proposed transfer.

14 10.4 Assignment by Lessor. Lessor shall have the  
15 absolute right to assign this Lease. In addition, Lessor shall  
16 assign its interest in leases with the tenants identified in Exhibit  
17 "A" to Master Lessee as promptly as possible after execution of this  
18 Lease.

19 Notwithstanding anything to the contrary herein, at the  
20 termination or expiration of this Lease, Master Lessee shall assign  
21 or otherwise transfer to Lessor Master Lessee's interest in the  
22 leases of the tenants identified in Exhibit "A" as well as Master  
23 Lessee's interest in the leases or subleases of all other subtenants  
24 in the Alamitos Bay Marina Center.

25  
26 Article XI

27 Encumbrances. Master Lessee may encumber its leasehold  
28 estate, or any portion thereof, by deeds of trust or mortgages as

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1 security for payment of money loaned to Master Lessee for the  
2 purpose of the Project. The encumbrances shall be subject to the  
3 terms, covenants, and conditions of this Lease, none of which is or  
4 shall be waived by Lessor in consenting to the encumbrances. In the  
5 event there is a conflict between this Lease and any deed of trust  
6 or mortgage, this Lease shall control. If the lender is a person  
7 or entity other than a savings bank, savings and loan association,  
8 commercial bank, trust company, or other similar lending  
9 institution, the lender shall be subject to the approval of Lessor's  
10 City Manager.

11 Master Lessee shall furnish Lessor with a copy of any deed  
12 of trust or mortgage encumbering the Leased Premises together with  
13 the name and address of the holder of same. Immediately after the  
14 recording of a deed of trust or mortgage, Master Lessee shall record  
15 a written request, as provided in the California Civil Code  
16 requiring service upon Lessor of any delinquency notice, notice of  
17 default, and notice of sale.

18  
19 Article XII

20 Signs. Master Lessee at its cost, shall have the right  
21 to place, construct, and maintain an exterior sign at the Alamitos  
22 Bay Marina Center as shown in the preliminary drawings and working  
23 plans approved by Lessor subject to the provisions of the Long Beach  
24 Municipal Code. Master Lessee shall not have the right to place,  
25 construct, or maintain any other sign, advertisement, awning, banner  
26 or exterior decoration without Lessor's consent. Any sign not so  
27 approved may be removed by Lessor at Master Lessee's cost, and the  
28 cost of removal shall be additional rent.



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1 Article XIII

2 Indemnification. A. Master Lessee shall protect, defend,  
3 indemnify and hold Lessor, its officials, and employees harmless  
4 from all claims, demands, damages, causes of action, losses,  
5 liability, costs, or expenses (including reasonable attorney's fees  
6 and court costs) of any kind or nature whatsoever (collectively  
7 referred to in this Lease as "claim" or "claims") which Lessor, its  
8 officials, or employees may incur for injury to or death of persons  
9 or damage to or loss of property occurring in, on, or about the  
10 Leased Premises arising from the condition of the Leased Premises,  
11 the alleged acts or omissions of Master Lessee, its officers,  
12 agents, or employees, the occupancy, use, or misuse of the Leased  
13 Premises by Master Lessee, its officers, agents, employees,  
14 licensees, patrons, or visitors, or any breach of this Lease. If  
15 it is necessary for Lessor to incur or to pay any cost or expense,  
16 including attorney's fees, for the purpose of resisting, adjusting,  
17 compromising, settling, or defending any claim, Master Lessee shall  
18 pay same or reimburse Lessor for same promptly on demand by Lessor.  
19 Master Lessee shall pay any settlement and satisfy any judgment that  
20 may be rendered against either Master Lessee or Lessor as a result  
21 of any claims.

22 B. Lessor shall indemnify Master Lessee for damages,  
23 losses, liability, costs or expenses incurred by Master Lessee and  
24 arising from the abatement of asbestos, if any, on the Premises by  
25 Master Lessee provided, however, that Master Lessee shall require  
26 that any contractor engaged by Master Lessee for the abatement of  
27 asbestos 1) have insurance coverage for asbestos abatement, and name  
28 Lessor, its officials and employees as additional insureds under

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1 that coverage, 2) be licensed, certified and registered by the State  
2 of California for abatement and disposal of asbestos, 3) be approved  
3 by Lessor, 4) provide copies of notices for and from the  
4 Environmental Protection Agency, Cal/OSHA, OSHA, SCAQMD, DOHS, and  
5 NESHAPS, monitoring reports, hauling and disposal information and  
6 permits, and final air monitoring report to Master Lessee and, upon  
7 request, to Lessor, and provided further that any contract between  
8 Master Lessee and a contractor for asbestos abatement shall contain  
9 the following clauses: "Nothing in the Master Lease between Bancap  
10 Marina Center, Inc. and the City of Long Beach is intended or  
11 designed for the purpose of creating any benefit or right, including  
12 but not limited to indemnity, for any person or entity of any kind  
13 who is not a party to said Lease. The Contractor shall defend,  
14 indemnify and hold harmless Bancap Marina Center, Inc. and the City  
15 of Long Beach, its officials and employees from and against all  
16 claims, causes of action, damages, losses, liabilities, costs and  
17 expenses (including but not limited to attorneys' fees), arising  
18 from the performance of asbestos abatement by Contractor."  
19

#### 20 Article XIV

21 14.1 Condemnation. If the Leased Premises or any portion  
22 thereof are taken by power of eminent domain or sold under threat  
23 of the exercise of said power ("condemnation"), this Lease shall  
24 terminate as to the part taken as of the date the condemning  
25 authority takes title or possession, whichever first occurs.

26 If only a portion of the Leased Premises are taken and,  
27 as a result of the taking, the remainder of the Leased Premises  
28 cannot be restored to an economically operable business of a

1 comparable kind and quality to the business existing prior to the  
2 taking, then Master Lessee may at its option terminate this Lease  
3 by giving notice to Lessor ten (10) days after the date the  
4 condemning authority takes title or possession, whichever first  
5 occurs, which termination shall be effective as of the date the  
6 condemning authority takes title or possession, whichever first  
7 occurs. If Master Lessee fails to give said notice, Master Lessee  
8 shall be deemed to have elected to stay in possession.

9 If only a portion of the Leased Premises is taken and the  
10 remainder of the Leased Premises can be restored to an economically  
11 operable business of a comparable kind and quality to the business  
12 existing prior to the taking, then this Lease shall remain in full  
13 force and effect as to the remaining Leased Premises, except that  
14 Base Rent shall be reduced in the proportion that the portion taken  
15 bears to the total Leased Premises immediately before the date of  
16 taking.

17 14.2 Condemnation Award. Any condemnation award shall  
18 belong to and be paid to Lessor, except that Master Lessee shall  
19 receive from the award the following: 1) A sum attributable to the  
20 value of Master Lessee's leasehold estate, which sum shall be first  
21 applied to any outstanding balance due Master Lessee's lender; 2)  
22 A sum attributable to severance damages to be used solely for the  
23 restoration of the Leased Premises; and 3) A sum attributable to  
24 loss of Master Lessee's personal property.

25 14.3 Waiver of Code of Civil Procedure. Both parties  
26 waive the provisions of the Code of Civil Procedure Section 1265.130  
27 allowing either party to petition the Superior Court to terminate  
28 this Lease in the event of a partial condemnation, and the parties

1 agree to be bound by this Article with respect thereto.

2  
3 Article XV

4 Relocation. Master Lessee agrees that nothing contained  
5 in this Lease shall create any right in Master Lessee for any  
6 relocation assistance or payment pursuant to the provisions of Title  
7 1, Division 7, Chapter 16 of the California Government Code, from  
8 the City of Long Beach upon termination of this Lease (whether by  
9 lapse of time or otherwise) and waives any claims thereunder.

10  
11 Article XVI

12 16.1 Default. The occurrence of any of the following  
13 acts shall constitute a default by Master Lessee:

14 (a) Failure to pay any rent when due if the failure  
15 continues for thirty (30) days after the due date, even if no notice  
16 of said failure is given.

17 (b) Abandonment or vacation of the Leased Premises,  
18 provided that failure to occupy or operate the Leased Premises for  
19 ten (10) consecutive days shall be deemed an abandonment except for  
20 closures due to conditions beyond Master Lessee's reasonable  
21 control. Temporary or other closures shall not relieve Master  
22 Lessee of its duty to maintain the Leased Premises as required  
23 hereunder.

24 (c) Failure to perform any of the terms, covenants, or  
25 conditions of this Lease if said failure is not cured within thirty  
26 (30) days after notice to Master Lessee of said failure. If the  
27 default cannot reasonably be cured in thirty (30) days, Master  
28 Lessee shall not be in default if Master Lessee begins to cure

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1 within the thirty-day period and diligently proceeds to cure to  
2 completion.

3 (d) Any attempted assignment, transfer, or sublease  
4 except as approved by Lessor pursuant to Article X and XI.

5 (e) Default of Master Lessee in its obligations to any  
6 lender.

7 (f) Except as allowed in subsection 16.1(b), Master  
8 Lessee's abandonment or substantial suspension of construction prior  
9 to completion and issuance of a Notice of Completion therefor for  
10 a period of thirty (30) days or more.

11 (g) Any of the following events: (i) the making by  
12 Master Lessee of any general arrangement or assignment for the  
13 benefit of creditors; (ii) Master Lessee becomes a "debtor" as  
14 defined under the federal bankruptcy laws then in effect; (iii) the  
15 appointment of a trustee or receiver to take possession of  
16 substantially all of Master Lessee's assets located at the Leased  
17 Premises or of Master Lessee's interest in this Lease; (iv) the  
18 attachment, execution or other judicial seizure of substantially all  
19 of Master Lessee's assets located at the Leased Premises or of  
20 Master Lessee's interest in this Lease.

21 (h) Failure to maintain all necessary permits and  
22 business licenses required by the City of Long Beach for operation  
23 of the businesses located upon the Leased Premises, or failure to  
24 pay all fees for permits and licenses to the City of Long Beach when  
25 due.

26 (i) Failure to timely pay when due all gas, water, sewer,  
27 refuse and other services provided by the City of Long Beach.

28 (j) Failure to report or pay the City of Long Beach all

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1 applicable sales taxes, transient occupancy taxes, utility use tax,  
2 or other excise taxes when due, if applicable.

3 No notice of default hereunder shall be deemed a  
4 forfeiture or termination of this Lease unless Lessor so elects in  
5 the notice.

6 16.2 Remedies. Upon the occurrence of any default, in  
7 addition to any other rights or remedies of Lessor hereunder, by law  
8 or in equity, Lessor shall have the following rights and remedies:

9 (a) Lessor may terminate this Lease by giving Master  
10 Lessee notice of termination, and Master Lessee shall immediately  
11 surrender possession of the Leased Premises, leaving them in good  
12 repair and condition subject to reasonable wear and tear.  
13 Termination hereunder shall not relieve Master Lessee from the  
14 payment of any sum due Lessor or any claim for damages. Lessor  
15 shall be entitled to recover from Master Lessee all damages incurred  
16 by Lessor including but not limited to the cost of recovering  
17 possession, expenses of reletting including renovation and  
18 alteration, reasonable attorney's fees, real estate commissions  
19 paid, the worth at the time of award of the unpaid rent which had  
20 been earned at the time of termination, the worth at the time of  
21 award of the amount by which the unpaid rent which would have been  
22 earned after termination until the time of award exceeds the amount  
23 of such rent loss that the Master Lessee proves could have been  
24 reasonably avoided, and the worth at the time of award of the amount  
25 by which the unpaid rent for the balance of the Lease term after the  
26 time of award exceeds the amount of such rent loss that the Master  
27 Lessee proves could be reasonably avoided. The "worth at the time  
28 of award" is computed by discounting such amount at the discount

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1 rate of the Federal Reserve Bank of San Francisco at the time of  
2 award plus one percent (1%), or is computed by allowing interest at  
3 the maximum rate allowed by law.

4 (b) Without terminating this Lease, Lessor may re-enter  
5 and relet the Leased Premises or any part thereof for the account  
6 and in the name of Master Lessee or otherwise. Any reletting may  
7 be for the remainder of the term or for a longer or shorter period.  
8 Lessor may execute leases under this provision either in its name  
9 or in Master Lessee's name, and shall be entitled to the rent from  
10 the Leased Premises. Master Lessee hereby appoints Lessor its  
11 attorney-in-fact for the purpose of such reletting. Master Lessee  
12 shall nevertheless pay to Lessor when due all sums required  
13 hereunder, plus Lessor's expenses, including but not limited to  
14 remodeling, commissions, advertising, less the sum received by  
15 Lessor from any reletting. No act by Lessor under this provision  
16 shall constitute termination of this Lease unless and until Lessor  
17 gives to Master Lessee notice of termination.

18 (c) Lessor shall have the right to have a receiver  
19 appointed to collect rent and to conduct Master Lessee's business  
20 hereunder. Neither the filing of a petition for the appointment  
21 of a receiver nor the appointment itself shall constitute an  
22 election by Lessor to terminate this Lease.

23 (d) Lessor, after Master Lessee defaults, may cure the  
24 default at Master Lessee's cost, provided that the default is not  
25 a failure to pay any rent. If Lessor does cure Master Lessee's  
26 default by paying any sum (except any rent) or doing any act that  
27 requires the payment of any sum, the sum paid by Lessor shall be  
28 immediately due and payable to Lessor by Master Lessee as additional

1 rent.

2 (e) These remedies are not exclusive but cumulative to  
3 other remedies provided by law in the event of Master Lessee's  
4 default, and the exercise by Lessor of one or more rights and  
5 remedies shall not preclude Lessor's exercise of additional or  
6 different remedies for the same or any other default by Master  
7 Lessee.

8 16.3 Right to Enter Leased Premises. Lessor, its  
9 employees, agents, and representatives shall have the right to enter  
10 the Leased Premises at all reasonable times to determine whether the  
11 Leased Premises are in good condition and whether Master Lessee is  
12 complying with its obligations under this Lease; to do any  
13 maintenance or restoration to the Leased Premises; to serve or post  
14 any notices; to post "for rent" or "for lease" signs; to show the  
15 Leased Premises to prospective brokers, agents, buyers, tenants or  
16 otherwise; to do any act or thing necessary for the safety or  
17 preservation of the Leased Premises; and to take any reasonable or  
18 necessary action to protect the Leased Premises. Lessor shall not  
19 be liable for inconvenience, disturbance, loss of business, nuisance  
20 or other damage arising from its entry. Master Lessee shall not be  
21 entitled to an abatement or reduction of rent if Lessor exercises  
22 its right of entry hereunder.

23 16.4 Right to Re-Enter. Master Lessee shall peaceably  
24 deliver possession of the Leased Premises to Lessor on the date of  
25 termination of this Lease. On giving notice of termination to  
26 Master Lessee, Lessor shall have the right to re-enter and take  
27 possession of the Leased Premises on the date termination becomes  
28 effective without further notice of any kind and without instituting

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1 summary or regular legal proceedings. Termination of this Lease and  
2 re-entry by Lessor shall in no way alter or diminish any obligation  
3 of Master Lessee under this Lease and shall not constitute an  
4 acceptance or surrender. Master Lessee hereby waives any right of  
5 redemption under any existing or future law in the event of eviction  
6 or dispossession from the Leased Premises for any reason or in the  
7 event Lessor re-enters and takes possession of the Leased Premises  
8 in a lawful manner. Master Lessee agrees that should the manner or  
9 method used by Lessor in re-entering or taking possession of the  
10 Leased Premises give Master Lessee a cause of action for damages or  
11 in forcible entry and detainer, the total amount of damages to which  
12 Master Lessee shall be entitled in such action shall be One Dollar  
13 (\$1.00). Master Lessee agrees that this Section may be filed in  
14 such action and that when filed it shall be a stipulation of Master  
15 Lessee fixing the total damages to which Master Lessee is entitled  
16 in such action.

17           16.5 Waiver. Any waiver by Lessor of any breach of any  
18 one or more of the terms, covenants, or conditions of this Lease  
19 shall be in writing and shall not be construed to be a waiver of any  
20 subsequent or other breach of the same or of any other term,  
21 covenant, or condition of this Lease, nor shall failure on the part  
22 of Lessor to require exact, full and complete compliance with any  
23 of the terms, covenants, or conditions of this Lease be construed  
24 as in any manner changing the terms, covenants, or conditions hereof  
25 or preventing Lessor from enforcing the provisions hereof, nor shall  
26 the conduct of the parties be deemed to change or modify the terms,  
27 covenants, or conditions of this Lease. No delay, failure or  
28 omission of Lessor to re-enter the Leased Premises to insist on

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1 strict enforcement of any term, covenant, or condition or to  
2 exercise any right, power, privilege or option arising from any  
3 default shall impair any such right, power, privilege or option to  
4 be construed as a waiver of or acquiescence in such default or as  
5 a relinquishment of any right. The receipt and acceptance by Lessor  
6 of any delinquent rent shall not constitute a waiver of any other  
7 default but shall only constitute waiver of timely payment for the  
8 particular rent payment involved. No notice to Master Lessee shall  
9 be required to restore "time is of the essence" after the waiver by  
10 Lessor of any default. No option, right, power, remedy or privilege  
11 of Lessor shall be construed as being exhausted by the exercise  
12 thereof in one or more instances.

13           16.6 Exculpation. Lessor shall not be liable for and,  
14 to the extent permitted by law, Master Lessee hereby waives all  
15 claims against Lessor, its officials, employees and agents for loss,  
16 theft, or damage to equipment, furnishings, trade fixtures, records,  
17 and other property on or about the Leased Premises, for loss or  
18 damage to Tenant's business, or injury to or death of persons on or  
19 about the Leased Premises from any cause except to the extent caused  
20 by the gross negligence or willful misconduct of Lessor, its  
21 officials, employees, or agents.

22           16.7 Abandoned Personal Property. If Master Lessee  
23 abandons the Leased Premises or is dispossessed thereof by process  
24 of law or otherwise, Master Lessee shall be deemed to have abandoned  
25 any personal property belonging to Master Lessee left on the Leased  
26 Premises forty-five (45) days after the date of abandonment or  
27 dispossession, and title to said personal property shall be deemed  
28 to have been transferred to Lessor. Lessor shall have the right to

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1 remove and to dispose of said personal property without liability  
2 therefor to Master Lessee or to any person claiming under Master  
3 Lessee, and shall not need to account for its disposal. Master  
4 Lessee hereby designates Lessor's City Manager as its attorney-in-  
5 fact to execute and deliver any documents that are required to  
6 dispose of said personal property and transfer title thereto.

7  
8 Article XVII

9 Notices. Any notice or approval required by this Lease  
10 shall be in writing and either personally delivered or deposited in  
11 the U.S. Postal Service, first-class, postage prepaid. Notices  
12 shall be effective on the date of mailing or on the date personal  
13 delivery is made, whichever first occurs. Notices shall be  
14 addressed as follows:

15 To Lessor: City of Long Beach  
16 333 West Ocean Boulevard  
17 Long Beach, CA 90802

18 Attn: City Manager

19 with copy to: Department of Parks, Recreation  
20 and Marine  
21 205 Marina Drive  
22 Long Beach, CA 90803

23 Attn: Director

24 To Master Lessee: As first stated herein.

25 Either party may from time to time by notice given as  
26 prescribed herein designate a different address which shall be  
27 substituted for the one above.

28 Article XVIII

Holding Over. If Master Lessee holds over after the

1 expiration of this Lease, with or without the express or implied  
2 consent of Lessor, such tenancy shall be from month-to-month only,  
3 and not a renewal hereof or an extension for any further term. Such  
4 month-to-month tenancy shall be subject to the terms, covenants, and  
5 conditions herein. Nothing in this Section shall be construed as  
6 a consent by Lessor to any holding over by Master Lessee, and Lessor  
7 expressly reserves the right to require Master Lessee to surrender  
8 possession of the Leased Premises on the expiration of the term or  
9 on sooner termination as provided herein.

10  
11 Article XIX

12 19.1 Damage or Destruction. If the Leased Premises or  
13 improvements thereon are damaged or destroyed, in whole or in part,  
14 by fire or other perils covered by fire and extended coverage  
15 insurance at any time during the term of this Lease so that the same  
16 cannot be repaired within one hundred eighty (180) days after the  
17 date of such casualty to substantially the same condition in which  
18 they existed immediately prior to the casualty, then either Lessor  
19 or Master Lessee may, within said one hundred eighty-day period,  
20 terminate this Lease as of the date of said casualty by giving  
21 thirty (30) days' notice of termination. In the event of  
22 termination under this Section, Master Lessee shall immediately  
23 surrender the Leased Premises to Lessor.

24 If substantial damage affecting the Leased Premises is due  
25 to any cause other than one covered by fire and extended coverage  
26 insurance, then either party may terminate this Lease by giving  
27 thirty (30) days' notice of termination.

28 19.2 Restoration. Master Lessee shall promptly notify

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1 Lessor of damage or destruction to the Leased Premises and the date  
2 of same. Master Lessee shall promptly make proof of loss and  
3 proceed to collect all valid claims that Master Lessee may have  
4 against insurers or others based on such damage or destruction. All  
5 amounts recovered as a result of said claims shall be used first for  
6 the restoration of the Leased Premises, which Master Lessee shall  
7 promptly begin and diligently pursue so that the Leased Premises are  
8 restored to substantially the same condition as they were in  
9 immediately before such damage or destruction. If existing laws do  
10 not permit restoration, then Master Lessee may terminate this Lease  
11 by notice to Lessor. Restoration shall proceed in accordance with  
12 the construction provisions of this Lease.

13 19.3 Waiver. The provisions of this Article XIX shall  
14 govern the rights of the parties in the event of any total or  
15 partial damage or destruction of the Leased Premises. Master Lessee  
16 hereby waives the provisions of California Civil Code Section  
17 1932(c) and Section 1933(4) and any similar successor statute with  
18 respect to any destruction of the Leased Premises or improvements  
19 thereon.

20  
21 Article XX

22 20.1 Buy Back by Lessor. Lessor shall have the right and  
23 option in accordance with the provisions of this Article XX to buy  
24 back Master Lessee's right to possession and control of the Leased  
25 Premises under this Lease (the "buy back"). Lessor requires such  
26 right and option in order to facilitate any future sale of the  
27 Leased Premises.

28 20.2 Buy Back Notice. At any time after Master Lessee

1 has fully amortized the Development Costs for the Common Area  
2 improvements shown in Exhibit "D", Lessor shall have the right and  
3 option to give to Master Lessee sixty (60) days' prior notice to buy  
4 back the Lease in accordance with the schedule in Exhibit "I"  
5 attached hereto and incorporated herein by this reference.

6           20.3 Payment of Buy Back Sum. Lessor shall pay to Master  
7 Lessee the buy back sum as set in Exhibit "I" in exchange for which  
8 Master Lessee shall immediately execute and deliver to Lessor a  
9 Quitclaim Deed transferring Master Lessee's interest hereunder to  
10 Lessor and assignments for all leases or subleases with all  
11 subtenants or sub-subtenants renting space in the Leased Premises.  
12 Lessor shall be entitled to any buy back credits accumulated during  
13 the term of this Lease.

14           20.4 Buy Back on Termination. Notwithstanding anything  
15 to the contrary herein, Lessor shall not be required to and Master  
16 Lessee shall not request or demand buy back or the payment of any  
17 buy back sum if Lessor terminates this Lease due to Master Lessee's  
18 default or if Master Lessee terminates this Lease prior to its  
19 expiration.

20  
21                           Article XXI

22           Books and Audit. Within sixty (60) days after the end of  
23 a lease year (including a partial lease year at the beginning and  
24 at the end of the term or any extension thereof), Master Lessee  
25 shall prepare and deliver or cause to be prepared and delivered to  
26 Lessor a complete annual financial statement for the Leased  
27 Premises, certified to be correct by Master Lessee and prepared and  
28 audited by a certified public accountant in accordance with

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1 generally accepted accounting principles containing a statement of  
2 rents and any credits, setoffs, discounts and the like as well as  
3 amortization.

4 If Master Lessee fails to prepare and deliver or cause to  
5 be prepared and delivered the statements as and when required above  
6 and such failure continues after thirty (30) days' notice thereof  
7 by Lessor to Master Lessee, Lessor may audit or cause an audit to  
8 be made of all books, records and accounts pertaining to the Leased  
9 Premises and may prepare the statement or statements which Master  
10 Lessee failed to prepare and deliver. Master Lessee shall pay to  
11 Lessor on demand all expenses of such audit and the preparation of  
12 any such statements and all sums as may be shown by such audit to  
13 be due as additional rent together with interest thereon at the rate  
14 of ten percent (10%) per annum from the date of Lessor's demand.

15 Master Lessee shall keep or cause to be kept complete  
16 books of account and other records pertaining to the Leased  
17 Premises. Master Lessee's books of account and records shall  
18 include but not be limited to such other accounting records as  
19 Lessor, in its sole discretion, deems necessary. Master Lessee's  
20 records and books of account shall reflect only those matters  
21 pertaining to the Leased Premises and shall not be maintained on a  
22 consolidated basis with other activities of Master Lessee or with  
23 any other entity including without limitation any parent corporation  
24 or other wholly-owned subsidiary or affiliate of Master Lessee.  
25 Said records and books of account shall be kept and maintained in  
26 accordance with generally accepted accounting principles. Lessor  
27 shall have access to said records and books of account at all  
28 reasonable times for the purpose of examining and auditing them.

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1 Article XXII

2 Americans with Disabilities Act. Master Lessee shall have  
3 and be allocated the sole responsibility to comply with the American  
4 with Disabilities Act ("ADA") with respect to the Leased Premises  
5 and Master Lessee shall defend, indemnify and hold harmless Lessor,  
6 its officials and employees harmless from the against all claims of  
7 failure to comply with or violation of the ADA.

8  
9 Article XXIII

10 Miscellaneous. A. The headings and numbers of this Lease  
11 are not a part of the Lease and the grouping of the provisions of  
12 this Lease into separate sections, paragraphs and clauses are for  
13 convenience only and shall have no effect on the construction or  
14 interpretation of this Lease.

15 B. Each provision of this Lease to be performed by Master  
16 Lessee shall be construed as both a covenant and a condition of this  
17 Lease.

18 C. If any term, covenant, or condition of this Lease is  
19 found to be invalid, void, ineffective, or unenforceable for any  
20 reason, the remaining terms, covenants, and conditions shall remain  
21 in full force and effect.

22 D. This Lease shall not be modified or amended except in  
23 writing duly executed by the parties.

24 E. The neuter gender includes the feminine and masculine,  
25 the masculine includes the feminine and neuter, and the feminine  
26 includes the masculine and neuter, and each includes corporation,  
27 partnership, or other legal entity when the context so requires.  
28 The singular includes the plural when the context so requires.



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1 F. Both Lessor and Master Lessee represent and warrant  
2 that there are no claims for broker's commissions in connection with  
3 the execution of this Lease, and each of the parties agrees to and  
4 shall indemnify the other against any such claims, including  
5 attorney's fees.

6 G. This Lease represents and constitutes the entire  
7 understanding between the parties and supersedes all other  
8 agreements and communications between the parties, whether oral or  
9 written, concerning the subject matter herein.

10 H. This Lease shall not be recorded, except that if  
11 either party requests the other to do so, the parties shall execute  
12 a memorandum of lease in recordable form. If a Memorandum of Lease  
13 is recorded, and subject to Article XX, Master Lessee shall execute  
14 and deliver to Lessor on the expiration or sooner termination of  
15 this Lease, immediately on Lessor's request, a quitclaim deed to the  
16 Leased Premises designating Lessor as transferee for which no  
17 consideration shall be paid by Lessor.

18 I. Time is of the essence in this Lease.

19 J. In any action or proceeding relating to this Lease,  
20 the prevailing party shall be entitled to its costs, including  
21 reasonable attorney's fees.

22 K. This Lease shall be binding on and inure to the  
23 benefit of the parties and their successors, heirs, personal  
24 representatives, transferees, and assignees (except as provided in  
25 Article X), and all of the parties hereto shall be jointly and  
26 severally liable hereunder.

27 L. Base Rent, Percentage Rent, Construction Rent, or  
28 additional rent not paid when due shall bear interest at the rate

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1 of ten percent (10%) per annum from the date due until paid provided  
2 that Base Rent deferred pursuant to Section 3.2 shall bear interest  
3 at the rate stated in said Section.

4 M. This Lease shall be construed in accordance with and  
5 governed by the laws of the State of California, except those  
6 provisions of California law pertaining to conflicts of laws  
7 (because this Lease shall govern).

8 N. This Lease is created as a joint effort between the  
9 parties and fully negotiated as to its terms, covenants, and  
10 conditions. This Lease shall not be construed against either party  
11 as the drafter.

12 O. No specific parking spaces are assigned to or reserved  
13 to Master Lessee or its patrons, current tenants, sublessees, or  
14 invitees. The Coastal Commission of the State of California shall  
15 determine the number of parking spaces required for the total number  
16 of tenants in the Alamitos Bay Marina Center. The total number of  
17 parking spaces determined by the Coastal Commission will be provided  
18 by Lessor on a "first come, first served" basis for all tenants or  
19 sublessees of the Alamitos Bay Marina Center. Within the areas  
20 shown on Exhibit "J" attached hereto there are at least 148  
21 unreserved parking spaces to the north of the Alamitos Bay Marina  
22 Center and 93 unreserved parking spaces to the south thereof.

23 P. This Lease constitutes the entire understanding  
24 between the parties and supersedes all other agreements and  
25 communications between them, oral or written, concerning the subject  
26 matter herein.

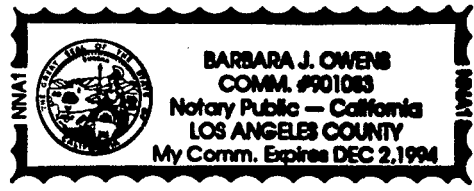
27 IN WITNESS WHEREOF, the parties hereto have caused these

28 //

State of California  
County of Los Angeles

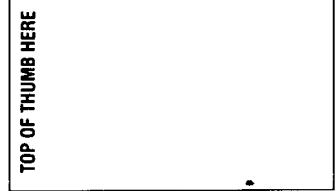
On 6-29-94 before me, Barbara J. Owens, Notary Public  
(DATE) (NAME, TITLE OF OFFICER - I.E., "JANE DOE, NOTARY PUBLIC")  
personally appeared John W. Hancock, President  
(NAME(S) OF SIGNER(S))

personally known to me - OR -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.  
Barbara J. Owens  
(SIGNATURE OF NOTARY)

RIGHT THUMBPRINT (OPTIONAL)



CAPACITY CLAIMED BY SIGNER(S)  
 INDIVIDUAL(S)  
 CORPORATE BANCAP  
OFFICER(S) President  
(TITLE(S))  
 PARTNER(S)  
 ATTORNEY IN FACT  
 TRUSTEE(S)  
 GUARDIAN/CONSERVATOR  
 OTHER: \_\_\_\_\_

SIGNER IS REPRESENTING:  
(NAME OF PERSON(S) OR ENTITY(IES))

ATTENTION NOTARY: The information requested below is OPTIONAL. It could, however, prevent fraudulent attachment of this certificate to any unauthorized document.

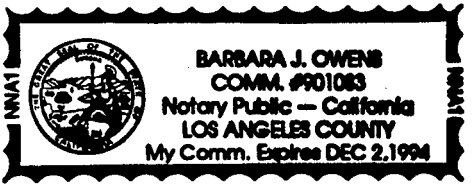
THIS CERTIFICATE  
MUST BE ATTACHED  
TO THE DOCUMENT  
DESCRIBED AT RIGHT:

Title or Type of Document Master Lease  
Number of Pages \_\_\_\_\_ Date of Document 6-29-94  
Signer(s) Other Than Named Above \_\_\_\_\_

State of California  
County of Los Angeles

On 7-1-94 before me, Barbara J. Owens, Notary Public  
(DATE) (NAME, TITLE OF OFFICER - I.E., "JANE DOE, NOTARY PUBLIC")  
personally appeared Robert Whitney Latimer, Secretary  
(NAME(S) OF SIGNER(S))

personally known to me - OR -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.  
Barbara J. Owens  
(SIGNATURE OF NOTARY)

RIGHT THUMBPRINT (OPTIONAL)



CAPACITY CLAIMED BY SIGNER(S)  
 INDIVIDUAL(S)  
 CORPORATE BANCAP  
OFFICER(S) Secretary  
(TITLE(S))  
 PARTNER(S)  
 ATTORNEY IN FACT  
 TRUSTEE(S)  
 GUARDIAN/CONSERVATOR  
 OTHER: \_\_\_\_\_

SIGNER IS REPRESENTING:  
(NAME OF PERSON(S) OR ENTITY(IES))

ATTENTION NOTARY: The information requested below is OPTIONAL. It could, however, prevent fraudulent attachment of this certificate to any unauthorized document.

THIS CERTIFICATE  
MUST BE ATTACHED  
TO THE DOCUMENT  
DESCRIBED AT RIGHT:

Title or Type of Document Master Lease  
Number of Pages \_\_\_\_\_ Date of Document 6-29-94  
Signer(s) Other Than Named Above \_\_\_\_\_

1 presents to be duly executed with all of the formalities required  
2 by law as of the date first stated above.

3 BANCAP MARINA CENTER, INC., a  
4 California Corporation, doing business  
as ALAMITOS BAY MARINA CENTER

5 June 29, 1994

By J. W. Hancock

Title: President

7 June 29, 1994

By R. Weff

Title: Secretary

"Master Lessee"

11 CITY OF LONG BEACH, a municipal  
12 corporation

13 June 30, 1994

By James C. Hankle  
City Manager

"Lessor"

16 This Master Lease is hereby approved as to form this

17 29th day of June, 1994.

18 JOHN R. CALHOUN, City Attorney

19  
20 By D. Swin

Deputy

27 DFG:ggw:rmb  
6-14-94  
28 a:gmdlse2.108

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
(310) 570-2200

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LIST OF EXHIBITS

- Exhibit "A" List of Current Tenants
- Exhibit "B" Map of Leased Premises
- Exhibit "C" Legal Description of Leased Premises
- Exhibit "D" Development Costs
- Exhibit "E" Description of Repayment of Financing
- Exhibit "F" Base Rent for Each Lease Year after Amortization
- Exhibit "G" Description of Portions of Leased Premises for which Reserve Account is Established
- Exhibit "H" Form of Annual Maintenance Budget
- Exhibit "I" List of Buy Back Amounts
- Exhibit "J" Map of Parking

EXHIBIT "A"

List of Current Tenants as of the Date of this Lease

and

Effective Date of each Lease

1. Alan V. Andrews dba Alan V. Andrews Yacht Design  
Effective: Month-to-Month lease currently in effect.  
Proposed long term lease out for signature.
2. Schooner or Later  
Effective: March 1, 1994
3. Scuba Duba Corporation  
Effective: Month-to-Month lease currently in effect.  
Proposed long term lease out for signature.
4. Seal Beach Yacht Club  
Effective: March 1, 1994
5. Stan Miller Yachts, Inc.  
Effective: March 1, 1994
6. West Marine Products, Inc.  
Effective: July 1, 1994

John R. Calhoun  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
(310) 570-2200

# MARINE BAZAAR LEASE AREA

C.L.B. SURVEY SECTION

TOTAL AREA OF PROPOSED LEASE = 68,920.3 sq. ft.



## LEGEND

- 1 S48°12'30"W, 5.80
- 2 S75°41'24"W, 1.16
- 3 S41°54'42"E, 9.81
- 4 S46°59'12"W, 1051
- 5 S41°44'32"E, 4.58
- 6 S52°26'52"W, 0.93
- 7 S88°34'04"E, 3.10
- 8 S39°10'31"E, 7.93
- 9 N49°45'05"E, 5.05

10' X 17.5' TRASH BIN AREA

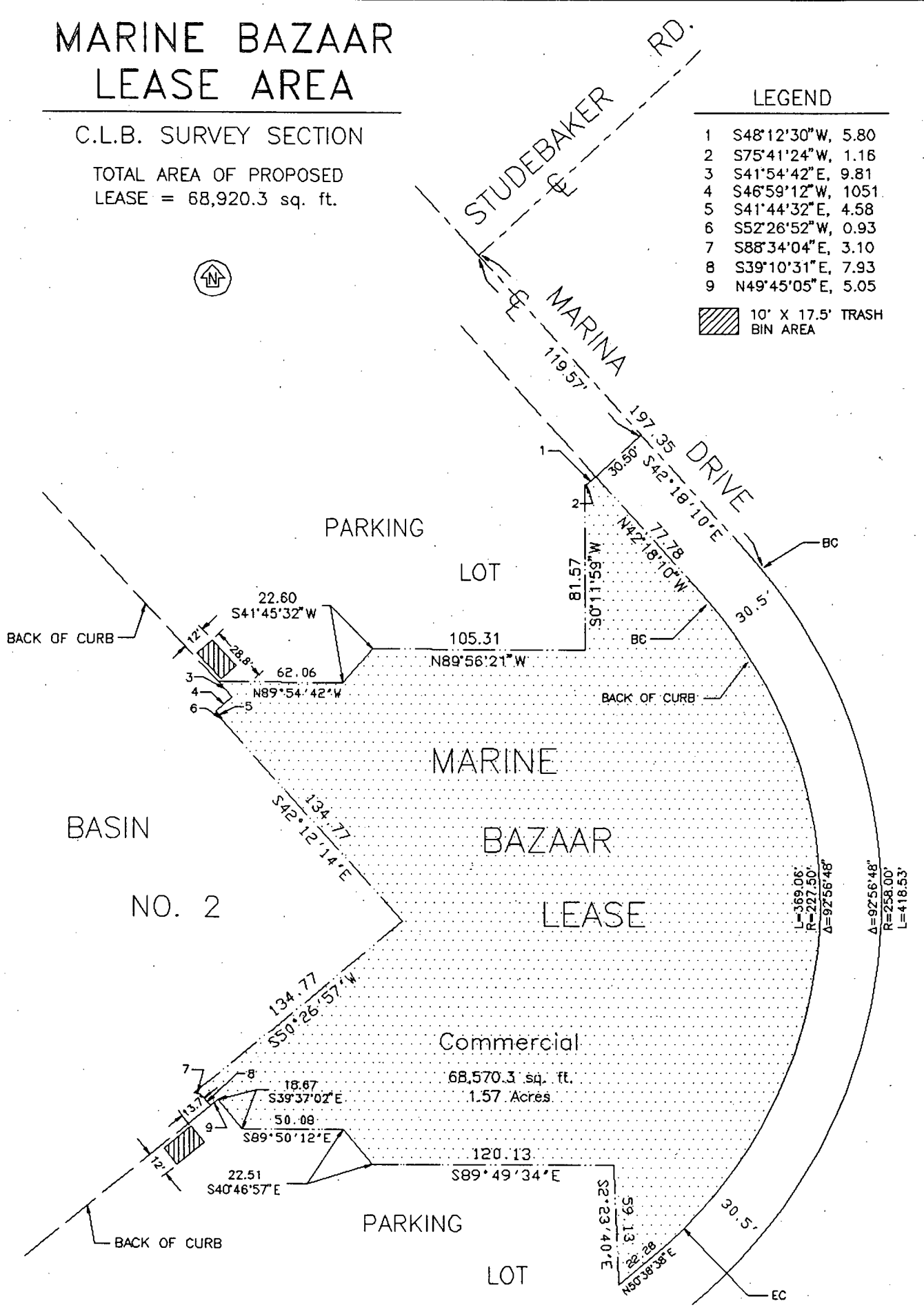


Exhibit "B"

## LEGAL DESCRIPTION

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### MARINE BAZAAR LEASE AREA

That portion of Lot 2, Tract No. 1077 in the City of Long Beach, County of Los Angeles, State of California, as recorded in Book 18, Page 195 of Maps in the office of the County Recorder of said County, described as follows:

Beginning at the intersection of the centerline of Marina Drive, varying in width, and the centerline of Studebaker Road, 100 feet in width, both as shown on Parcel Map 11290 recorded in Book 147, Pages 94 and 95 of Maps in the office of said County Recorder; thence South  $42^{\circ}18'10''$  East 119.57 feet along said centerline of Marina Drive; thence South  $47^{\circ}41'50''$  West 30.50 feet to the back of the westerly curb of said Marina Drive as shown on Drawing No. H-88, Sheet 2 on file in the office of the City Engineer of said City, said point being the TRUE POINT OF BEGINNING; thence South  $48^{\circ}12'30''$  West 5.80 feet; thence South  $75^{\circ}41'24''$  West 1.16 feet; thence South  $0^{\circ}11'59''$  West 81.57 feet to the back of the southerly curb of the northerly parking lot as shown on Drawing No. H-128, Sheet 16 on file in the office of the City Engineer of said City; thence North  $89^{\circ}56'21''$  West 105.31 feet along said back of curb to an angle point; thence South  $41^{\circ}45'32''$  West 22.60 feet along said back of curb to an angle point; thence North  $89^{\circ}54'42''$  West 62.06 feet along said back of curb to Point A, said point being on the back of the westerly curb



of said northerly parking lot; thence South  $41^{\circ}54'42''$  East 9.81 feet along the southeasterly prolongation of last said back of curb; thence South  $46^{\circ}59'12''$  West 10.51 feet; thence South  $41^{\circ}44'32''$  East 4.58 feet; thence South  $52^{\circ}26'52''$  West 0.93 feet to the westerly edge of the Marina retaining wall as shown on said Drawing No. H-88, Sheet 2; thence South  $42^{\circ}12'14''$  East 134.77 feet along said westerly edge to an angle point; thence South  $50^{\circ}26'57''$  West 134.77 feet along said westerly edge; thence South  $88^{\circ}34'04''$  East 3.10 feet; thence South  $39^{\circ}10'31''$  East 7.93 feet to Point B, said point being on the back of the westerly curb of the southerly parking lot as shown on Sheet 15 of said Drawing No. H-128; thence North  $49^{\circ}45'05''$  East 5.05 feet along last said back of curb to the back of the northerly curb of said southerly parking lot; thence South  $39^{\circ}37'02''$  East 18.67 feet along last said back of curb to an angle point; thence South  $89^{\circ}50'12''$  East 50.08 feet along last said back of curb to an angle point; thence South  $40^{\circ}46'57''$  East 22.51 feet along last said back of curb to an angle point; thence South  $89^{\circ}49'34''$  East 120.13 feet along last said back of curb; thence South  $2^{\circ}23'40''$  East 59.13 feet to the back of the westerly curb of said Marina Drive; thence North  $50^{\circ}38'38''$  East 22.28 feet along last said back of curb to the beginning of a tangent curve, concave to the west, having a radius of 227.50 feet; thence continuing northerly 369.05 feet along last said back of curb and said curve through a central angle of  $92^{\circ}56'48''$ ; thence North  $42^{\circ}18'10''$  West 77.78 feet along last said back of

curb to the TRUE POINT OF BEGINNING.

AND that portion of said Lot 2, described as follows:

Beginning at Point A; thence North  $41^{\circ}54'42''$  West 17.50 feet along the back of the westerly curb of said northerly parking lot; thence North  $48^{\circ}05'18''$  East 2.00 feet to a point on a line parallel with and northeasterly 2.00 feet from said back of curve, said point being the TRUE POINT OF BEGINNING; thence South  $41^{\circ}54'42''$  East 17.50 feet along said parallel line; thence North  $48^{\circ}05'18''$  East 10.00 feet to a line parallel with and northeasterly 12.00 feet from said back of curb; thence North  $41^{\circ}54'42''$  West 17.50 feet along last said parallel line; thence South  $48^{\circ}05'18''$  West 10.00 feet to the TRUE POINT OF BEGINNING.

ALSO AND that portion of said Lot 2, described as follows:

Beginning at Point B; thence South  $49^{\circ}45'05''$  West 13.70 feet along the back of the westerly curb of said southerly parking lot; thence South  $40^{\circ}14'15''$  East 2.00 feet to a point on a line parallel with and southeasterly 2.00 feet from said back of curb, said point being the TRUE POINT OF BEGINNING; thence South  $49^{\circ}45'05''$  West 17.50 feet along said parallel line; thence South  $40^{\circ}14'55''$  East 10.00 feet to a line parallel with and southeasterly 12.00 feet from said back of curb; thence North  $49^{\circ}45'05''$  East 17.50 feet

along last said parallel line; thence North 40°14'55"  
West 10.00 feet to the TRUE POINT OF BEGINNING.

EL:BB:bj

a:74-78.doc

PROJECT DEVELOPMENT COSTS  
(Exhibit D)

Direct Costs

Demolition  
Earthwork & Grading  
Landscape & Irrigation  
Asphalt Patching  
Striping/Bumpers/H.C. Signs  
Bollards (Removable)  
Concrete  
Brick Masonry  
Concrete Masonry Units  
Masonry Veneer  
Structural Steel/Misc  
Steel Sails  
Rough Carpentry  
Waterproof Masonry  
Insulation  
Deck Coating  
B.U. Roofing  
Flashing/Sheetmetal  
Roll-up Doors  
Doors/Frames/Hrdwr  
Glass & Glazing  
Drywall & Metal Studs  
Lath & Plaster  
Ceramic Tile  
Resilient Floor  
Painting/Sandblast  
Acoustical Ceilings  
Awnings  
Toilet Partitions/Accessories  
H.C. Lift  
Plumbing  
Electrical  
West Marine T.I.  
Subtotal  
General Conditions  
Fee  
Total

Indirect Costs

Architectural & Engineering  
City Permits & Fees  
Legal & Accounting  
Taxes & Insurance  
Construction Interest  
Financing Fees  
Development Fee  
Miscellaneous

Total Development Costs

\$1,750,000

EXHIBIT "E"

Principal Amount	-	\$1,750,000
Annual Interest Rate	-	10%
Payment Schedule	-	Monthly payments of \$23,126 for 120 months

Exhibit "F"

Base Rent for the initial year of the Lease after the Development Costs are fully amortized shall be \$400,000. The Base Rent will be annually adjusted by the percentage increased in Net Operating Income over the prior year. An example is shown on the following pages.

**MARINE BAZAAR BUILDING**  
**PRO FORMA CASH FLOW ANALYSIS**  
 (see ASSUMPTIONS at bottom of page)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Revenue (Forecasted):								
Fixed	\$317,136	\$340,676	\$346,676	\$351,576	\$367,976	\$382,695	\$398,003	\$413,923
Percentage	145,000	157,400	170,300	183,700	187,200	194,688	202,476	210,575
Total	462,136	498,076	516,976	535,276	555,176	577,383	600,478	624,497
Less: Operating Expenses	49,700	43,605	44,930	46,208	47,602	49,977	51,774	53,455
<b>Net Operating Income (NOI)</b>	<b>412,436</b>	<b>454,471</b>	<b>472,046</b>	<b>489,068</b>	<b>507,574</b>	<b>527,406</b>	<b>548,704</b>	<b>571,042</b>
Less: Debt Service Paid with ROI	277,517	277,517	277,517	277,517	277,517	277,517	277,517	277,517
Net Available for Rent and Projected Earnings	\$134,919	\$176,954	\$194,529	\$211,551	\$230,057	\$249,889	\$271,188	\$293,526
Lease Rental - City:								
Fixed	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Percentage (70%)	59,444	53,868	66,171	78,086	91,040	104,923	119,831	135,468
<b>Total Lease Rental To City</b>	<b>\$109,444</b>	<b>\$153,868</b>	<b>\$166,171</b>	<b>\$178,086</b>	<b>\$191,040</b>	<b>\$204,923</b>	<b>\$219,831</b>	<b>\$235,468</b>
<b>Project Earnings -Bancap (30%)</b>	<b>\$25,476</b>	<b>\$23,086</b>	<b>\$28,359</b>	<b>\$33,465</b>	<b>\$39,017</b>	<b>\$44,967</b>	<b>\$51,356</b>	<b>\$58,058</b>
Effective Return to the City:								
Rent Paid	\$109,444	\$153,868	\$166,171	\$178,086	\$191,040	\$204,923	\$219,831	\$235,468
Rent Credit - Financing Payment	277,517	277,517	277,517	277,517	277,517	277,517	277,517	277,517
<b>Total Return to the City</b>	<b>\$386,960</b>	<b>\$431,385</b>	<b>\$443,687</b>	<b>\$455,603</b>	<b>\$468,557</b>	<b>\$482,439</b>	<b>\$497,348</b>	<b>\$512,985</b>
Amount of Lease Rental To City Applied to Debt Service Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

<b>ASSUMPTIONS:</b>			
Loan Amount	\$1,750,000	Number of Years	10
Interest Rate	10%	Payments	Monthly
Source of Repayment:		CPI Adjustment	4%
NOI	YES		
CITY FIXED RENT	NO		
CITY PERCENTAGE RENT	NO		

**ASSUMPTIONS:**

Amount Borrowed **\$1,750,000**  
 Annual Interest Rate 10%  
 Number of Years 10  
 CPI 4%

Apply NOI to Debt Service? **YES**  
 Apply City Fixed to Debt Service? **NO**  
 Apply City % to Debt Service? **NO**

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
1		\$8,543	\$14,583	\$23,126	1,741,457			
2		8,614	14,512	23,126	1,732,843			
3		8,686	14,440	23,126	1,724,157			
4		8,758	14,368	23,126	1,715,398			
5		8,831	14,295	23,126	1,706,567			
6		8,905	14,221	23,126	1,697,662			
7		8,979	14,147	23,126	1,688,683			
8		9,054	14,072	23,126	1,679,629			
9		9,129	13,997	23,126	1,670,499			
10		9,206	13,921	23,126	1,661,294			
11		9,282	13,844	23,126	1,652,011			
12	0	9,360	13,767	23,126	1,642,652	\$277,517	\$170,168	\$107,348
13		9,438	13,689	23,126	1,633,214			
14		9,516	13,610	23,126	1,623,698			
15		9,596	13,531	23,126	1,614,102			
16		9,676	13,451	23,126	1,604,427			
17		9,756	13,370	23,126	1,594,671			
18		9,837	13,289	23,126	1,584,833			
19		9,919	13,207	23,126	1,574,914			
20		10,002	13,124	23,126	1,564,912			
21		10,085	13,041	23,126	1,554,826			
22		10,169	12,957	23,126	1,544,657			
23		10,254	12,872	23,126	1,534,402			
24	0	10,340	12,787	23,126	1,524,063	277,517	158,928	118,589
25		10,426	12,701	23,126	1,513,637			
26		10,513	12,614	23,126	1,503,124			
27		10,600	12,526	23,126	1,492,524			
28		10,689	12,438	23,126	1,481,835			
29		10,778	12,349	23,126	1,471,057			
30		10,868	12,259	23,126	1,460,190			
31		10,958	12,168	23,126	1,449,232			
32		11,049	12,077	23,126	1,438,182			
33		11,142	11,985	23,126	1,427,041			
34		11,234	11,892	23,126	1,415,806			
35		11,328	11,798	23,126	1,404,478			
36	0	11,422	11,704	23,126	1,393,056	277,517	146,510	131,007
37		11,518	11,609	23,126	1,381,538			
38		11,614	11,513	23,126	1,369,925			
39		11,710	11,416	23,126	1,358,215			
40		11,808	11,318	23,126	1,346,407			
41		11,906	11,220	23,126	1,334,500			
42		12,006	11,121	23,126	1,322,495			
43		12,106	11,021	23,126	1,310,389			
44		12,206	10,920	23,126	1,298,183			
45		12,308	10,818	23,126	1,285,874			
46		12,411	10,716	23,126	1,273,464			
47		12,514	10,612	23,126	1,260,950			
48	0	12,618	10,508	23,126	1,248,331	277,517	132,792	114,725



<b>ASSUMPTIONS:</b>		Apply NOI to Debt Service?	YES
Amount Borrowed	\$1,750,000	Apply City Fixed to Debt Service?	NO
Annual Interest Rate	10%	Apply City % to Debt Service?	NO
Number of Years	10		
CPI	4%		

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
49		12,724	10,403	23,126	1,235,607			
50		12,830	10,297	23,126	1,222,778			
51		12,937	10,190	23,126	1,209,841			
52		13,044	10,082	23,126	1,196,797			
53		13,153	9,973	23,126	1,183,644			
54		13,263	9,864	23,126	1,170,381			
55		13,373	9,753	23,126	1,157,008			
56		13,485	9,642	23,126	1,143,523			
57		13,597	9,529	23,126	1,129,926			
58		13,710	9,416	23,126	1,116,216			
59		13,825	9,302	23,126	1,102,391			
60	0	13,940	9,187	23,126	1,088,452	277,517	117,637	159,880
61		14,056	9,070	23,126	1,074,396			
62		14,173	8,953	23,126	1,060,223			
63		14,291	8,835	23,126	1,045,931			
64		14,410	8,716	23,126	1,031,521			
65		14,530	8,596	23,126	1,016,991			
66		14,651	8,475	23,126	1,002,339			
67		14,774	8,353	23,126	987,566			
68		14,897	8,230	23,126	972,669			
69		15,021	8,106	23,126	957,648			
70		15,146	7,980	23,126	942,502			
71		15,272	7,854	23,126	927,230			
72	0	15,399	7,727	23,126	911,831	277,517	100,896	176,621
73		15,528	7,599	23,126	896,303			
74		15,657	7,469	23,126	880,646			
75		15,788	7,339	23,126	864,858			
76		15,919	7,207	23,126	848,939			
77		16,052	7,074	23,126	832,887			
78		16,186	6,941	23,126	816,701			
79		16,321	6,806	23,126	800,381			
80		16,457	6,670	23,126	783,924			
81		16,594	6,533	23,126	767,330			
82		16,732	6,394	23,126	750,598			
83		16,871	6,255	23,126	733,727			
84	0	17,012	6,114	23,126	716,715	277,517	82,401	195,116
85		17,154	5,973	23,126	699,561			
86		17,297	5,830	23,126	682,265			
87		17,441	5,686	23,126	664,824			
88		17,586	5,540	23,126	647,238			
89		17,733	5,394	23,126	629,505			
90		17,881	5,246	23,126	611,624			
91		18,030	5,097	23,126	593,595			
92		18,180	4,947	23,126	575,415			
93		18,331	4,795	23,126	557,084			
94		18,484	4,642	23,126	538,600			
95		18,638	4,488	23,126	519,962			
96	0	18,793	4,333	23,126	501,168	277,517	61,970	215,547

<b>ASSUMPTIONS:</b>		Apply NOI to Debt Service?	<b>YES</b>
Amount Borrowed	<b>\$1,750,000</b>	Apply City Fixed to Debt Service?	<b>NO</b>
Annual Interest Rate	10%	Apply City % to Debt Service?	<b>NO</b>
Number of Years	10		
CPI	4%		

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
97		18,950	4,176	23,126	482,218			
98		19,108	4,018	23,126	463,111			
99		19,267	3,859	23,126	443,843			
100		19,428	3,699	23,126	424,416			
101		19,590	3,537	23,126	404,826			
102		19,753	3,374	23,126	385,073			
103		19,917	3,209	23,126	365,156			
104		20,083	3,043	23,126	345,072			
105		20,251	2,876	23,126	324,822			
106		20,420	2,707	23,126	304,402			
107		20,590	2,537	23,126	283,812			
108	0	20,761	2,365	23,126	263,051	277,517	39,399	238,117
109		20,934	2,192	23,126	242,117			
110		21,109	2,018	23,126	221,008			
111		21,285	1,842	23,126	199,724			
112		21,462	1,664	23,126	178,262			
113		21,641	1,486	23,126	156,621			
114		21,821	1,305	23,126	134,799			
115		22,003	1,123	23,126	112,796			
116		22,186	940	23,126	90,610			
117		22,371	755	23,126	68,239			
118		22,558	569	23,126	45,681			
119		22,746	381	23,126	22,935			
120	0	22,935	191	23,126	0	277,517	14,465	263,051
	\$0	\$1,750,000	\$1,025,165	\$2,775,165	\$121,269,857	\$2,775,165	\$1,025,165	\$1,750,000

**MARINE BAZAAR BUILDING**  
**PRO FORMA CASH FLOW ANALYSIS**  
(see ASSUMPTIONS at bottom of page)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Revenue (Forecasted):									
Fixed	\$317,136	\$340,676	\$346,676	\$351,576	\$367,976	\$382,695	\$398,003	\$413,923	\$429,843
Percentage	145,000	157,400	170,300	183,700	187,200	194,688	202,476	210,575	218,674
Total	462,136	498,076	516,976	535,276	555,176	577,383	600,478	624,497	648,517
Less: Operating Expenses	49,700	43,605	44,930	46,208	47,602	49,977	51,774	53,455	55,136
<b>Net Operating Income (NOI)</b>	412,436	454,471	472,046	489,068	507,574	527,406	548,704	571,042	593,381
Less: Debt Service Paid with ROI	277,517	272,517	262,517	252,517	242,517	232,517	222,517	212,517	202,517
<b>Net Available for Rent and Projected Earnings</b>	\$134,919	\$181,954	\$209,529	\$236,551	\$265,057	\$294,889	\$326,188	\$502,966	\$590,864
Lease Rental - City:									
Fixed	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Percentage (70%)	59,444	57,368	76,671	95,586	115,540	136,423	158,331	282,076	115,540
<b>Total Lease Rental To City</b>	\$109,444	\$157,368	\$176,671	\$195,586	\$215,540	\$236,423	\$258,331	\$382,076	\$215,540
<b>Project Earnings - Bancap (30%)</b>	\$25,476	\$24,586	\$32,859	\$40,965	\$49,517	\$58,467	\$67,856	\$120,890	\$115,540
Effective Return to the City:									
Rent Paid	\$109,444	\$157,368	\$176,671	\$195,586	\$215,540	\$236,423	\$258,331	\$382,076	\$215,540
Rent Credit - Financing Payment	277,517	272,517	262,517	252,517	242,517	232,517	222,517	212,517	202,517
<b>Total Return to the City</b>	\$386,960	\$429,885	\$439,187	\$448,103	\$458,057	\$468,939	\$480,848	\$450,153	\$418,023
Amount of Lease Rental To City Applied to Debt Service Payment	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0

<b>ASSUMPTIONS:</b>			
Loan Amount	\$1,750,000	Number of Years	10
Interest Rate	10%	Payments	Monthly
Source of Repayment:		CPI Adjustment	4%
NOI	YES		
CITY FIXED RENT	YES		
CITY PERCENTAGE RENT	NO		

BAAARIC.XLS

EXHIBIT F

<b>ASSUMPTIONS:</b>		Apply NOI to Debt Service?	YES
Amount Borrowed	\$1,750,000	Apply City Fixed to Debt Service?	YES
Annual Interest Rate	10%	Apply City % to Debt Service?	NO
Number of Years	10		
CPI	4%		

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
1		\$8,543	\$14,583	\$23,126	1,741,457			
2		8,614	14,512	23,126	1,732,843			
3		8,686	14,440	23,126	1,724,157			
4		8,758	14,368	23,126	1,715,398			
5		8,831	14,295	23,126	1,706,567			
6		8,905	14,221	23,126	1,697,662			
7		8,979	14,147	23,126	1,688,683			
8		9,054	14,072	23,126	1,679,629			
9		9,129	13,997	23,126	1,670,499			
10		9,206	13,921	23,126	1,661,294			
11		9,282	13,844	23,126	1,652,011			
12	50,000	9,360	13,767	73,126	1,592,652	\$327,517	\$170,168	\$157,348
13		9,438	13,272	22,710	1,583,214			
14		9,516	13,193	22,710	1,573,698			
15		9,596	13,114	22,710	1,564,102			
16		9,676	13,034	22,710	1,554,427			
17		9,756	12,954	22,710	1,544,671			
18		9,837	12,872	22,710	1,534,833			
19		9,919	12,790	22,710	1,524,914			
20		10,002	12,708	22,710	1,514,912			
21		10,085	12,624	22,710	1,504,826			
22		10,169	12,540	22,710	1,494,657			
23		10,254	12,455	22,710	1,484,402			
24	100,000	10,340	12,370	122,710	1,374,063	372,517	153,928	218,589
25		10,426	11,451	21,876	1,363,637			
26		10,513	11,364	21,876	1,353,124			
27		10,600	11,276	21,876	1,342,524			
28		10,689	11,188	21,876	1,331,835			
29		10,778	11,099	21,876	1,321,057			
30		10,868	11,009	21,876	1,310,190			
31		10,958	10,918	21,876	1,299,232			
32		11,049	10,827	21,876	1,288,182			
33		11,142	10,735	21,876	1,277,041			
34		11,234	10,642	21,876	1,265,806			
35		11,328	10,548	21,876	1,254,478			
36	100,000	11,422	10,454	121,876	1,143,056	362,517	131,510	231,007
37		11,518	9,525	21,043	1,131,538			
38		11,614	9,429	21,043	1,119,925			
39		11,710	9,333	21,043	1,108,215			
40		11,808	9,235	21,043	1,096,407			
41		11,906	9,137	21,043	1,084,500			
42		12,006	9,038	21,043	1,072,495			
43		12,106	8,937	21,043	1,060,389			
44		12,206	8,837	21,043	1,048,183			
45		12,308	8,735	21,043	1,035,874			
46		12,411	8,632	21,043	1,023,464			
47		12,514	8,529	21,043	1,010,950			
48	100,000	12,618	8,425	121,043	898,331	352,517	107,792	244,725

<b>ASSUMPTIONS:</b>		Apply NOI to Debt Service?	<b>YES</b>
Amount Borrowed	<b>\$1,750,000</b>	Apply City Fixed to Debt Service?	<b>YES</b>
Annual Interest Rate	10%	Apply City % to Debt Service?	<b>NO</b>
Number of Years	10		
CPI	4%		

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
49		12,724	7,486	20,210	885,607			
50		12,830	7,380	20,210	872,778			
51		12,937	7,273	20,210	859,841			
52		13,044	7,165	20,210	846,797			
53		13,153	7,057	20,210	833,644			
54		13,263	6,947	20,210	820,381			
55		13,373	6,837	20,210	807,008			
56		13,485	6,725	20,210	793,523			
57		13,597	6,613	20,210	779,926			
58		13,710	6,499	20,210	766,216			
59		13,825	6,385	20,210	752,391			
60	100,000	13,940	6,270	120,210	638,452	342,517	82,637	259,880
61		14,056	5,320	19,376	624,396			
62		14,173	5,203	19,376	610,223			
63		14,291	5,085	19,376	595,931			
64		14,410	4,966	19,376	581,521			
65		14,530	4,846	19,376	566,991			
66		14,651	4,725	19,376	552,339			
67		14,774	4,603	19,376	537,566			
68		14,897	4,480	19,376	522,669			
69		15,021	4,356	19,376	507,648			
70		15,146	4,230	19,376	492,502			
71		15,272	4,104	19,376	477,230			
72	100,000	15,399	3,977	119,376	361,831	332,517	55,896	276,621
73		15,528	3,015	18,543	346,303			
74		15,657	2,886	18,543	330,646			
75		15,788	2,755	18,543	314,858			
76		15,919	2,624	18,543	298,939			
77		16,052	2,491	18,543	282,887			
78		16,186	2,357	18,543	266,701			
79		16,321	2,223	18,543	250,381			
80		16,457	2,087	18,543	233,924			
81		16,594	1,949	18,543	217,330			
82		16,732	1,811	18,543	200,598			
83		16,871	1,672	18,543	183,727			
84	100,000	17,012	1,531	118,543	66,715	322,517	27,401	295,116
85		17,154	556	17,710	49,561			
86		17,297	413	17,710	32,265			
87		17,441	269	17,710	14,824			
88		14,824	124	14,947	0			
89		0	0	0	0			
90		0	0	0	0			
91		0	0	0	0			
92		0	0	0	0			
93		0	0	0	0			
94		0	0	0	0			
95		0	0	0	0			
96	0	0	0	0	0	68,076	1,300	66,715

<b>ASSUMPTIONS:</b>		Apply NOI to Debt Service?	<b>YES</b>
Amount Borrowed	<b>\$1,750,000</b>	Apply City Fixed to Debt Service?	<b>YES</b>
Annual Interest Rate	10%	Apply City % to Debt Service?	<b>NO</b>
Number of Years	10		
CPI	4%		

Month	Applied Rent(s)	Principal	Interest	Total Payment	O/S Principal	Annual Payment	Annual Interest	Annual Principal
Beginning Balance					\$1,750,000			
97		0	0	0	0			
98		0	0	0	0			
99		0	0	0	0			
100		0	0	0	0			
101		0	0	0	0			
102		0	0	0	0			
103		0	0	0	0			
104		0	0	0	0			
105		0	0	0	0			
106		0	0	0	0			
107		0	0	0	0			
108	0	0	0	0	0	0	0	0
109		0	0	0	0			
110		0	0	0	0			
111		0	0	0	0			
112		0	0	0	0			
113		0	0	0	0			
114		0	0	0	0			
115		0	0	0	0			
116		0	0	0	0			
117		0	0	0	0			
118		0	0	0	0			
119		0	0	0	0			
120	0	0	0	0	0	0	0	0
<b>\$650,000</b>		<b>\$1,100,000</b>	<b>\$730,692</b>	<b>\$2,480,692</b>	<b>\$85,933,072</b>	<b>\$2,480,692</b>	<b>\$730,692</b>	<b>\$1,750,000</b>

EXHIBIT "G"

Use of Reserve Account

The reserve account may be used for capital improvements in the following areas:

- Walkways
- Sidewalks
- Landscaping
- Planted areas
- Public Restrooms
- Structural parts of the building
- Foundation
- Roof
- Beaming and exterior walls
- Plumbing
- Sewage
- Gas and electrical systems installed or furnished by Landlord
- Service areas
- Windows
- Exterior doors

LONG BEACH MARINE BAZAAR  
COMMON AREA MAINTENANCE BUDGET FORMAT

<u>Account Category</u>	<u>Frequency</u> <u>(# of Times)</u>	<u>Estimated</u> <u>Cost</u>
<u>Annual Expenses</u>		
Non-Discretionary Expenses		
<u>Landscaping</u>		
Contract Service Expenses	12/yr	
Color Rotation	4/yr	
Tree Trimming	2/yr	
<u>Exterior Window Washing</u>		
Contract Service Expense	4/yr	
<u>Janitorial/Cleaning</u>		
Public Rest Room Cleaning	52/yr	
Public Rest Room Supplies	52/yr	
CAM Sweeping/Hosing/Pick Up	52/yr	
CAM Sweeping/Hosing Supplies	1/yr	
<u>Metal Maintenance</u>		
Storefront Mullions	1/yr	
Other Metal Features	1/yr	
<u>Electrical Maintenance</u>		
Lamps/Supplies	12/yr	
Repairs/Maintenance	1/yr	
<u>General Project</u>		
Plaza Steam Cleaning	3/yr	
Repairs/Maintenance/Painting	1/yr	
Exterminating	1/yr	
Awning Maintenance	2/yr	
Security		
HVAC Unit Maintenance		
Roof Maintenance		
<u>"Contingency Expenses"</u>		
<u>Electrical Maintenance</u>		
Repairs/Maintenance	1/yr	
Subtotal		
<u>General Project</u>		
Repairs/Maintenance/Painting	1/yr	
Subtotal		

TOTAL ANNUAL EXPENSES



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EXHIBIT "I"

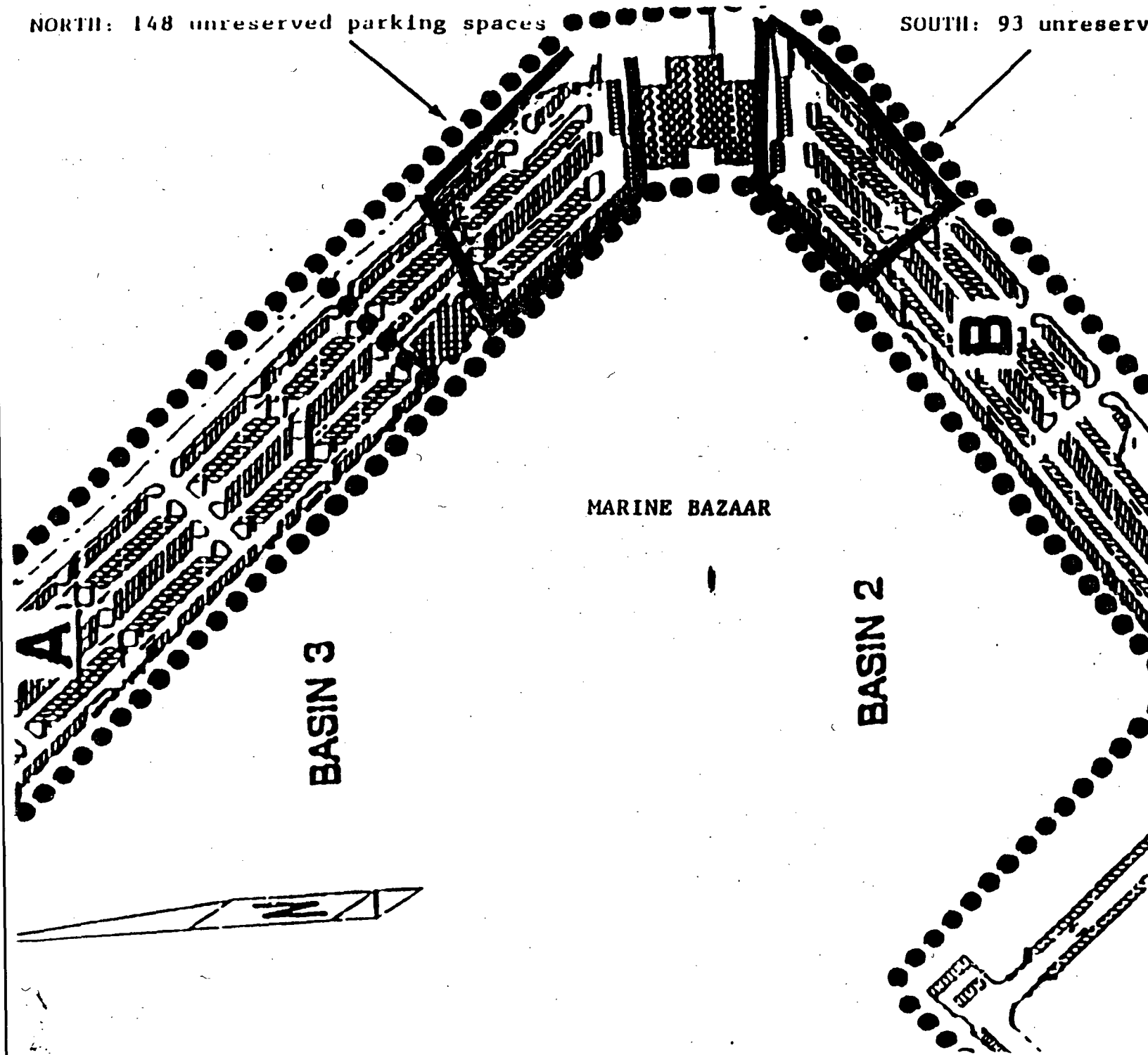
Year 1	\$100,000
Year 2	85,000
Year 3	70,000
Year 4	55,000
Year 5	40,000
All Subsequent Years . . . . .	40,000

(Year 1 means the first year after Master Lessee has fully amortized Development Costs.)

John R. Calhoun  
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Long Beach, California 90802-4664  
(310) 570-2200

NORTH: 148 unreserved parking spaces

SOUTH: 93 unreserved parking spaces



MARINE BAZAAR

BASIN 3

BASIN 2

N

RESTROOMS