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LEASE  
**29143**

THIS LEASE is made and entered, in duplicate, as of June 1, 2005 for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting held on May 24, 2005, by and between the CITY OF LONG BEACH, a municipal corporation ("Lessor"), and MALIBU CERAMIC WORKS, a California corporation, whose address is 275 North Topanga Canyon Boulevard, Topanga, California 90290 ("Lessee").

WHEREAS, Lessor is the owner of certain real property in the City of Long Beach, County of Los Angeles, State of California, which Lessor desires to lease to Lessee on the terms, covenants, and conditions stated in this Lease;

NOW, THEREFORE, in consideration of the terms, covenants and conditions stated herein, the parties agree as follows:

1. Premises. Lessor hereby leases to Lessee and Lessee hereby accepts "as is" and leases from Lessor the property shown on Exhibit "A", attached hereto and incorporated herein by this reference, commonly known as 903 Fairbanks Avenue, Long Beach, Los Angeles County, California 90813 ("Premises"), and consisting of approximately 53,140 square feet.

Lessee acknowledges that it has not received and Lessor has not made any warranty, express or implied, as to the condition of the Premises.

2. Term. The term of this Lease shall commence at midnight on June 1, 2005, and shall be month-to-month.

3. Rent. Lessee shall pay to Lessor as rent the sum of Seven Thousand Five Hundred Dollars (\$7,500) per month, in advance, without deduction, setoff, notice, or demand, on the first day of each month beginning on August 1, 2005, plus additional consideration in the form of classes and tours for the benefit of the City which shall have a total value of \$2,500. If Lessee fails to provide the classes and tours, this failure shall be a material default comparable to a failure to pay rent and Lessor may immediately terminate

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1 the Lease, notwithstanding anything to the contrary in Section 16 or the Lease shall be  
2 amended, in Lessor's sole discretion, to increase the rent to Ten Thousand Dollars  
3 (\$10,000) per month. A description of the classes and tours and their estimated value are  
4 shown on Exhibit "B" attached to this Lease.

5 Lessee shall pay rent at the address given herein for notice to Lessor.

6 4. Use. A. The Premises shall be used solely for the production of ceramics,  
7 tours and classes in ceramics. No other use is permitted.

8 B. Lessee shall not use the Premises or conduct its business on the Premises  
9 in any manner that will create a nuisance or unreasonable annoyance, or constitute waste.  
10 Lessee shall not make or permit any noise or odors that constitute a nuisance within the  
11 meaning of California Civil Code Section 3479 or California Penal Code Section 370.

12 C. Lessee shall use the Premises and operate its business on the Premises  
13 in compliance with all laws, ordinances, rules, and regulations of and obtain such permits,  
14 licenses, and certificates required by all federal, state, and local governmental authorities  
15 having jurisdiction over the Premises and Lessee's business on the Premises.

16 D. Lessee understands and agrees that this Lease covers only the surface  
17 of the Premises.

18 E. Lessee shall not grant any franchises, easements, rights of way, or permits  
19 in, on, under, across or through the Premises.

20 5. Lessee's Improvements. A. Lessee shall not construct any improvements  
21 to the Premises without the prior written approval of the City which may be withheld in the  
22 Lessor's sole discretion.

23 B. Prior to beginning any construction approved by the City, Lessee shall file  
24 with Lessor a Performance Bond in the amount of fifty percent (50%) of the estimated cost  
25 of the Work and a Labor and Material Bond (also known as a Payment Bond) in the amount  
26 of fifty percent (50%) of the estimated cost of the Work, both executed by Lessee or  
27 Lessee's contractor, as Principal, and by a surety authorized to do business in California  
28 as a Surety. Said bonds shall name Lessor as a joint obligee with Lessee. Nothing

1 contained herein shall be deemed to release Lessee from the duty to keep the Premises  
2 free of liens. The Performance Bond shall remain in effect until the expiration of the  
3 statutory period for filing liens or stop notices, or until the Premises are free from the effect  
4 of such liens or stop notices, if same have been filed.

5 C. Lessee shall notify Lessor at least ten (10) days prior to beginning the  
6 Work to enable Lessor to post and record a Notice of Nonresponsibility.

7 D. Lessor shall not be obligated to make any improvements or alterations in  
8 or about the Premises.

9 E. On the expiration or sooner termination of this Lease, all improvements to  
10 the Premises shall become the property of Lessor at no cost to Lessor unless Lessor  
11 requires that Lessee remove all improvements. Lessor reserves the right to require removal  
12 and, if Lessor requires Lessee to remove the improvements, then Lessee shall do so at no  
13 cost to Lessor within sixty (60) days after the termination or expiration of this Lease. Lessee  
14 shall execute any documents required by Lessor to evidence transfer of title to the  
15 improvements, if any, that remain.

16 6. Liens. A. Lessee shall keep the Premises free of all liens for any work  
17 done, labor performed, or material furnished by or for Lessee relating to the Premises.  
18 Lessee shall defend, indemnify and hold Lessor, its officials and employees harmless from  
19 and against all claims, demands, causes of action, liens, liability, proceedings, loss, costs,  
20 and expenses (including attorney's fees) of whatsoever kind for any such work done, labor  
21 performed, or materials furnished on the Premises.

22 B. In addition to Subsection 6(A), if a lien is imposed on the Premises as a  
23 result of work done, labor performed or materials furnished by or for Lessee for the  
24 Premises, then Lessee shall: (i) record a valid release of lien; or (ii) deposit with Lessor  
25 cash in an amount equal to 125% of the amount of the lien and authorize payment to the  
26 extent of said deposit to any subsequent judgment holder that may arise as a matter of  
27 public record from litigation with regard to lienholder's claim; or (iii) procure and record a lien  
28 release bond in accordance with California Civil Code Section 3143 issued by a surety

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1 authorized to do business in California.

2 C. On completion of the Work, Lessee shall file a Notice of Completion in the  
3 Official Records of the County Recorder of Los Angeles County.

4 D. All contracts entered by Lessee relating to the Premises or any work on  
5 the Premises shall contain the following provision:

6 "This contract shall in no way bind the City, its officials, employees  
7 or agents or obligate them for any costs whatsoever under this  
8 contract."

9 7. Taxes. A. Lessee acknowledges that this Lease may create a possessory  
10 interest subject to taxation and that Lessee may be subject to payment of taxes levied on  
11 such interest. Lessee shall pay before they become delinquent all taxes levied against the  
12 Premises and provide proof of payment to Lessor within ten (10) days after payment  
13 thereof.

14 B. Lessee shall pay before they become delinquent all taxes, assessments,  
15 license fees, and other charges levied on Lessee's personal property, equipment,  
16 furnishings or trade fixtures installed or located on the Premises and provide proof of  
17 payment to Lessor within ten (10) days after Lessor's request therefor.

18 8. Insurance. As a condition precedent to the effectiveness of this Lease and  
19 notwithstanding any stated commencement date, Lessee shall procure and maintain, at its  
20 cost, during the term of this Lease from insurance companies admitted to write insurance  
21 in California or from authorized non-admitted insurance companies that have ratings of or  
22 equivalent to A:VIII by A.M. Best Company the following insurance:

23 (a) Commercial general liability insurance (equivalent in scope to ISO form  
24 CG 00 01 11 85 or CG 00 01 11 88) One Million Dollars (\$1,000,000) for each occurrence  
25 and Two Million Dollars (\$2,000,000) general aggregate. Lessor, its officials, employees,  
26 and agents shall be named as additional insureds on Lessor's endorsement form or on an  
27 endorsement equivalent in scope to ISO form CG 20 10 11 85 or CG 20 26 11 85 and this  
28 insurance shall contain no special limitations on the scope of protection given to Lessor, its

1 officials, employees and agents.

2 (b) "All Risk" property insurance in an amount sufficient to cover the full  
3 replacement value of Lessee's personal property, if any, on the Premises.

4 (c) Workers' compensation insurance as required by the Labor Code of the  
5 State of California and employer's liability insurance in an amount not less than \$1,000,000.

6 Upon the execution of this Lease, Lessee shall deliver to Lessor certificates  
7 of insurance and required endorsements for approval as to sufficiency and form. The  
8 certificates and endorsements shall contain the original signature of a person authorized  
9 by the insurer to bind coverage on its behalf. In addition, Lessee shall within thirty (30) days  
10 prior to expiration of the insurance required herein, furnish to Lessor certificates and  
11 endorsements evidencing renewal of coverage. Lessor reserves the right to require  
12 complete certified copies of all policies at any time. Lessee shall make available to Lessor's  
13 Risk Manager or designee all books, records and other information relating to the insurance  
14 coverage required herein, during normal business hours.

15 Each policy shall be endorsed to state that coverage shall not be reduced,  
16 non-renewed, or canceled except after thirty (30) days prior written notice to Lessor, and  
17 shall be primary and not contributing to any other insurance or self-insurance maintained  
18 by Lessor. Lessee shall notify Lessor in writing within five (5) days after any insurance  
19 required herein has been voided by the insurer or canceled by Lessee.

20 Any deductibles, self-insured retention, or self-insurance program must be  
21 separately approved in writing by Lessor's Risk Manager or designee and shall protect  
22 Lessor, its officials and employees in the same manner and to the same extent as they  
23 would have been protected had the policy or policies not contained deductibles or retention.  
24 With respect to damage to property, Lessor and Lessee hereby waive all rights of  
25 subrogation, one against the other, but only to the extent that collectible commercial  
26 insurance is available for said damage.

27 The procuring or existence of insurance shall not be construed or deemed as  
28 a limitation on Lessee's liability or as full performance on Lessee's part of the

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1 indemnification provisions of this Lease.

2 Any modification or waiver of these insurance requirements shall only be  
3 made with the written approval of Lessor's Risk Manager or designee.

4 9. Utilities and Janitorial Services. Lessee shall arrange and pay for the  
5 installation and use of all utilities, including telephone service, for its operations on the  
6 Premises. Lessee shall also arrange for and pay for janitorial services to the Premises.

7 10. Maintenance. Lessee shall, at its cost and to the satisfaction of Lessor,  
8 maintain the Premises and improvements on the Premises, in good condition, in substantial  
9 repair, in a safe, clean, sanitary condition. Lessee shall remove graffiti within seventy-two  
10 (72) hours after it appears. Lessee's duty to maintain shall include but not be limited to the  
11 duty to repair and replace the improvements as needed. If Lessee fails to maintain the  
12 Premises, Lessor may notify Lessee of said failure. If Lessee fails to correct the situation  
13 within thirty (30) days thereafter or such longer period as may be established by Lessor,  
14 then Lessor may make the necessary correction and the cost thereof, including but not  
15 limited to the cost of labor, materials, equipment and administration, shall be paid by Lessee  
16 as additional rent within ten (10) days after receipt of a statement of said cost from Lessor.  
17 Lessor may, at its option, choose other remedies available herein or by law. Lessee hereby  
18 waives to the extent permitted by law any right to make repairs at the expense of Lessor or  
19 to vacate the Premises in lieu thereof as may be provided by law. Lessor shall have no  
20 obligation to perform any maintenance on the Premises. If the Premises require structural  
21 repairs or repairs to the roof, exterior walls, parking lot, or common area, Lessor at its sole  
22 option may make those repairs or may notify Lessee that Lessor has chosen not to make  
23 the repairs and Lessee shall have the right to terminate this Lease by giving at least fifteen  
24 (15) days notice of termination to Lessor.

25 11. Restoration. Lessee shall promptly notify Lessor of damage or  
26 destruction to the Premises and the date of same. Lessee shall promptly make proof of  
27 loss and proceed to collect all valid claims that Lessee may have against insurers or others  
28 based on such damage or destruction. All amounts recovered as a result of said claim shall

1 be used first for the restoration of the Premises, which Lessee shall promptly begin and  
2 diligently pursue so that the Premises are restored to substantially the same condition as  
3 they were in immediately before such damage or destruction. If existing laws do not permit  
4 restoration, then Lessee may terminate this Lease by giving prior notice to Lessor.  
5 Restoration is subject to Section 5 of this Lease.

6 If the repair, reconstruction or restoration requires longer than one hundred  
7 twenty (120) days or if the insurance proceeds will not be sufficient to cover the cost of  
8 repair, reconstruction or restoration, then Lessor may elect to repair, reconstruct or restore  
9 and the Lease shall continue in full force and effect or Lessor may elect not to repair,  
10 reconstruct or restore and the Lease shall terminate. If Lessor elects to repair, reconstruct  
11 or restore, then Lessor shall not be required to expend sums therefor in excess of insurance  
12 proceeds received by Lessor by reason of the casualty. If Lessor repairs, reconstructs or  
13 restores, then Lessee's rent under this Lease shall be abated proportionately as of the date  
14 of the casualty with the degree to which Lessee's use of the Premises is impaired during  
15 such repair, reconstruction or restoration. Lessee shall not be entitled to any compensation  
16 or damages for loss in the use of the whole or any part of the Premises and any  
17 inconvenience or annoyance occasioned by such damage, repair, reconstruction or  
18 restoration.

19 Notwithstanding the foregoing sentences of this paragraph, if the Premises  
20 are not fully restored within said 120-day period, then Lessee may terminate this Lease, at  
21 Lessee's option, by giving fifteen (15) days notice of termination to Lessor.

22 12. Nondiscrimination. Subject to applicable laws, rules, and regulations,  
23 Lessee shall not discriminate against anyone on the basis of age, sex, sexual orientation,  
24 AIDS, HIV status, marital status, race, religion, creed, ancestry, national origin, disability,  
25 or handicap in the use of the Premises.

26 13. No Relocation. Lessee agrees that nothing contained in this Lease  
27 creates any right in Lessee for any relocation assistance or payment pursuant to the  
28 provisions of Title 1, Division 7, Chapter 16 of the California Government Code from Lessor

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1 on the termination of this Lease.

2 14. Assignment or Sublease. Lessee shall not assign or transfer this Lease  
3 or any interest herein nor sublease the Premises or any part of the Premises to anyone.  
4 Further, neither this Lease nor any interest in it shall be subject to transfer by attachment,  
5 execution, proceedings in insolvency or bankruptcy, or receivership unless said receivership  
6 is sought by Lessor. In the event of assignment or transfer, voluntarily or involuntarily or by  
7 operation of law, such transfer shall be voidable at Lessor's election and, if avoided by  
8 Lessor, shall convey no interest and shall constitute a default of this Lease.

9 15. Indemnification. Lessee shall, with respect to the Lease and Lessee's  
10 use of the Premises, indemnify and hold harmless Lessor, its officials, employees and  
11 agents (collectively in this Section "City") from and against all liability, claims, demands,  
12 damage, causes of action, losses, proceedings, penalties, costs, and expenses (including  
13 attorney's fees, court costs, and expert and witness fees) (collectively "Claims" or  
14 individually "Claim"). Claims include allegations and by way of example but not limitation:  
15 Claims for property damage, personal injury or death arising in whole or in part from the  
16 condition of the Premises, any negligent act or omission of Lessee, its officers, employees,  
17 agents or anyone under Lessee's control a the Premises (collectively "Indemnitor");  
18 Lessee's breach of this Lease; misrepresentation; willful misconduct; and the occupancy,  
19 use or misuse of the Premises by Lessee, Lessee's employees, agents, licensees, patrons  
20 or visitors. Independent of the duty to indemnify and as a free-standing duty on the pat of  
21 Lessee, Lessee shall defend City and shall continue such defense until the Claim is  
22 resolved, whether by settlement, judgment or otherwise. No finding or judgment of  
23 negligence, fault, breach, or the like on the part of Indemnitor shall be required for the duty  
24 to defend to arise. Notwithstanding the foregoing sentences of this Section Lessee shall  
25 not be required to indemnify Lessor for Lessor's negligence or willful misconduct with  
26 respect to this Lease.

27 16. Default. The occurrence of any of the following acts shall constitute a  
28 default by Lessee:



1 (a) Failure to pay rent including additional rent, when due, if the failure  
2 continues after five (5) days' notice to Lessee;

3 (b) Abandonment of the Premises, providing that failure to occupy or operate  
4 the Premises for ten (10) consecutive business days shall be deemed an abandonment  
5 except for causes of force majeure as described in Section 27;

6 (c) Failure to perform any of the terms, covenants, or conditions of this Lease  
7 if said failure is not cured within thirty (30) days after notice to Lessee of said failure. If the  
8 default cannot reasonably be cured in thirty (30) days, Lessee shall not be in default if  
9 Lessee begins to cure within the thirty-day period and diligently proceeds to cure to  
10 completion;

11 (d) Any attempted assignment, transfer, or sublease;

12 (e) Failure to maintain or pay for all necessary permits and business licenses  
13 required by the City of Long Beach in its municipal or regulatory capacity;

14 (f) Failure to pay when due all fees and charges for refuse service, gas, water,  
15 sewer, or other utility or service provided by the City of Long Beach in its municipal capacity;

16 (g) Failure to report or pay when due to the City of Long Beach in its  
17 municipal or regulatory capacity all applicable sales tax, transient occupancy taxes, utility  
18 use taxes, or other excise taxes, if applicable.

19 If Lessee does not comply with the terms, covenants and conditions of this  
20 Lease, then Lessor may terminate this Lease and enter the Premises and take possession  
21 thereof provided, however, that these remedies are not exclusive but cumulative to other  
22 remedies provided by law or in equity in the event of Lessee's default, and the exercise by  
23 Lessor of one or more rights and remedies shall not preclude Lessor's exercise of additional  
24 or different remedies for the same or any other default by Lessee.

25 17. Re-entry. Lessee shall peaceably deliver possession of the Premises to  
26 Lessor on the date of termination of this Lease. On giving notice of termination to Lessee,  
27 Lessor shall have the right to re-enter and take possession of the Premises on the date  
28 termination becomes effective. Termination of this Lease and re-entry by Lessor shall in

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1 no way alter or diminish any obligation of Lessee under this Lease and shall not constitute  
2 an acceptance or surrender. Lessee hereby waives any right of redemption under any  
3 existing or future law in the event of eviction from or dispossession of the Premises for any  
4 reason or in the event Lessor re-enters and takes possession of the Premises in a lawful  
5 manner.

6 18. Waiver by Lessor. Any waiver by Lessor of any default or breach of any  
7 one or more of the terms, covenants, or conditions of this Lease shall be in writing and shall  
8 not be construed to be a waiver of any subsequent or other breach or default of the same  
9 or of any other term, covenant, or condition of this Lease, nor shall failure on the part of  
10 Lessor to require exact and complete compliance with any of the terms, covenants, or  
11 conditions of this Lease be construed as in any manner changing the terms, covenants, or  
12 conditions hereof or preventing Lessor from enforcing the provisions of this Lease, nor shall  
13 the conduct of the parties be deemed to change or modify the terms, covenants, or  
14 conditions of this Lease. No delay, failure, or omission of Lessor to re-enter the Premises,  
15 to insist on strict enforcement of any term, covenant, or condition, or to exercise any right,  
16 power, privilege or option arising from any breach or default shall impair any such right,  
17 power, privilege or option or be construed as a waiver of or acquiescence in such breach  
18 of default or as a relinquishment of any right, power, privilege or option. The acceptance  
19 of delinquent rent by Lessor shall not constitute a waiver of any other breach or default but  
20 shall only constitute a waiver of timely payment for the particular rent payment involved. No  
21 right, power, privilege, option or remedy of Lessor shall be construed as being exhausted  
22 by the exercise thereof in one or more instances. Lessor's consent to or approval of any  
23 act by Lessee requiring Lessor's consent or approval shall not be deemed to waive Lessor's  
24 consent or approval of any subsequent act of Lessee.

25 19. Waiver by Lessee. Lessor shall not be liable to Lessee for and Lessee  
26 hereby waives all claims against Lessor, its officials and employees for loss, theft, or any  
27 damage to Lessee or Lessee's personal property on the Premises, for loss or damage to  
28 Lessee's business, or injury to or death of persons on or about the Premises from any

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1 cause, except Lessor's negligence or willful misconduct.

2           20. Abandoned Personal Property. If Lessee abandons the Premises or is  
3 dispossessed thereof by process or law or otherwise, Lessee shall be deemed to have  
4 abandoned any personal property belonging to Lessee left on the Premises forty-five (45)  
5 days after the date of abandonment or dispossession, and title to said personal property  
6 shall be deemed to have been transferred to Lessor. Lessor shall have the right to remove  
7 and to dispose of said personal property without liability therefor to Lessee or to any person  
8 claiming under Lessee, and shall not need to account for its disposal. Lessee hereby  
9 designates Lessor's City Manager as its attorney-in-fact to execute and deliver any  
10 documents that are required to dispose of said personal property and transfer title thereto.

11           21. Right of Access. Lessor shall have the right of access to the Premises  
12 at all reasonable times and with reasonable notice and, in emergencies, at any time and,  
13 if Lessee is not present to give access during emergencies, then Lessor may forcibly enter  
14 the Premises and any such entry shall not in any circumstances be construed or deemed  
15 a forcible or unlawful entry of the Premises. Lessee shall not be entitled to compensation  
16 or abatement of rent for any nuisance or inconvenience caused if Lessor exercises its rights  
17 hereunder.

18           22. Signs. Lessee shall not place, affix, maintain, or permit any sign,  
19 advertisement, name, insignia, logo, descriptive material, or similar item (collectively "sign")  
20 on the Premises without the prior written approval of Lessor. Any sign so approved shall  
21 be maintained by Lessee, at its cost, in good condition. Any sign not approved by Lessor  
22 may be removed by Lessor at Lessee's cost and the cost of removal shall be additional rent.

23           23. Americans with Disabilities. Lessee shall have and be allocated the sole  
24 responsibility to comply with the Americans with Disabilities Act of 1990 ("ADA") with  
25 respect to the Premises and Lessee shall defend, indemnify and hold Lessor, its officials  
26 and employees harmless from and against any and all claims of failure to comply with or  
27 violation of the ADA. If the Premises require structural repairs or capital improvements  
28 required by ADA, then Lessor at its sole option may make those repairs or may notify

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1 Lessee that Lessor has chosen not to make the repairs and Lessee shall have the right to  
2 terminate this Lease by giving at least fifteen (15) days notice of termination to Lessor.

3 24. Brokers. Both parties represent that they have had no contacts or  
4 dealings regarding this Lease through a broker or agent or any other person who can claim  
5 a right to a commission or fee. Each party shall defend, indemnify and hold the other party  
6 harmless from all liability arising from any person claiming a commission or fee as a result  
7 of entering this Lease provided that the party so charged promptly notifies the other party  
8 regarding such claim.

9 26. Notice. Any notice or approval under this Lease shall be in writing and  
10 either personally delivered or deposited in the U.S. Postal Service, first class, postage  
11 prepaid and addressed to Lessee at 275 North Topanga Canyon Boulevard, Topanga,  
12 California 90290 Attn: Robert Harris and to Lessor at 333 West Ocean Boulevard, Long  
13 Beach, CA 90802 Attn: City Manager. Notice shall be effective on the date of mailing or  
14 on the date personal delivery is made, whichever occurs first. Notice of change of address  
15 shall be given in the same manner as other notices.

16 27. Force Majeure. The term "force majeure" in this Lease shall mean acts  
17 of God, strikes, civil disturbances, wars, explosions, or acts beyond the reasonable control  
18 of the party claiming inability to perform which, by the exercise of due diligence and  
19 foresight, that party could not reasonably control, but financial inability to perform shall not  
20 be considered a cause beyond the reasonable control of the party.

21 28. Surrender of Premises. On the termination of this Lease, Lessee shall  
22 deliver to Lessor possession of the Premises in the same or better condition that existed  
23 immediately prior to the date of execution hereof, reasonable wear and tear excepted.

24 29. Hazardous Materials. Lessee shall not keep or allow to be kept on the  
25 Premises any goods, merchandise, supplies, personal property, materials, or items of any  
26 kind which are in any way explosive or hazardous except those limited items which are  
27 necessary for Lessee to carry on its ceramic tile business provided that Lessee disposes  
28 of same as required by law. Lessee shall comply with California Health and Safety Code

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1 Section 25359.7 or its successor statute regarding notice to Lessor on discovery by Lessee  
2 of the presence or suspected presence of any hazardous substance on the Premises.  
3 "Hazardous material or substance" means anything which is or becomes regulated by the  
4 City of Long Beach, the County of Los Angeles, the State of California, or the United States  
5 government. Notwithstanding anything herein to the contrary, Lessor shall indemnify and  
6 hold harmless Lessee from all liability, damages, losses, claims, causes of action and costs  
7 (including reasonable attorney's fees) arising from the presence of asbestos, PCBs, or other  
8 hazardous materials in or under the Premises prior to the commencement of this Lease  
9 provided, however, that no action by Lessee has disturbed, displaced or exacerbated the  
10 presence of asbestos, PCBs, or other hazardous materials.

11 30. Quiet Enjoyment. If Lessee performs the terms, covenants, and  
12 conditions of this Lease, then Lessee shall peaceably and quietly hold and enjoy the  
13 Premises.

14 31. Damage or Destruction. Lessee shall promptly notify Lessor of damage  
15 or destruction to the Premises and the date of same. Lessee shall promptly make proof of  
16 loss and proceed to collect all valid claims that Lessee may have against insurers or others  
17 based on such damage or destruction. All amounts recovered as a result of said claims  
18 shall be used first for the restoration of the Premises, which Lessee shall promptly begin  
19 and diligently pursue so that the Premises are restored to substantially the same condition  
20 as they were in immediately before such damage or destruction. If existing laws do not  
21 permit restoration, then Lessee may terminate this Lease by notice to Lessor.

22 32. Laws. Lessee, at its sole cost, shall comply with all laws, ordinances,  
23 rules, and regulations of and obtain such permits, licenses, and certificates required by all  
24 federal, state, and local governmental authorities having jurisdiction over the Premises and  
25 Lessee's use of the Premises.

26 33. Miscellaneous. A. The headings and numbers of this Lease are not a  
27 part of it and the groupings of the provisions of it into separate sections, paragraphs, and  
28 clauses are for convenience only and shall have no effect on the construction or

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1 interpretation of it.

2 B. Each provision of this Lease to be performed by Lessee shall be construed  
3 as both a covenant and a condition of this Lease.

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

7 D. Time is of the essence in this Lease and its performance and no notice to  
8 Lessee shall be required to restore "time is of the essence" after waiver by Lessor of any  
9 breach of this Lease.

10 E. This Lease shall not be modified except in a written amendment signed  
11 by duly authorized representatives of the parties and authorized by Lessor's City Council.

12 F. This Lease represents and constitutes the entire understanding between  
13 the parties and supersedes all other agreements and communications between the parties,  
14 whether oral or written, concerning the subject matter herein.

15 G. This Lease shall not be recorded.

16 H. In any action or proceeding relating to this Lease, the prevailing party shall  
17 be entitled to its costs, including reasonable attorney's fees.

18 I. This Lease shall be binding on and inure to the benefit of the parties and  
19 their successors, heirs, transferees, and assignees except as provided in Section 14, and  
20 all of the parties hereto shall be jointly and severally liable hereunder.

21 J. Rent not paid when due shall bear interest at the rate of ten percent (10)%  
22 per annum.

23 K. This Lease shall be governed by and construed in accordance with the  
24 laws of the State of California except for principles of conflicts or choice of laws.

25 L. This Lease is created as a joint effort between the parties and fully  
26 negotiated as to its terms, covenants, and conditions. This Lease shall not be construed  
27 against either party as the drafter.

28 M. The relationship of the parties hereto is that of Lessor and Lessee, and

Robert E. Shannon  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 the parties agree that nothing contained in this Lease shall be deemed or construed as  
2 creating a partnership, joint venture, principal-agent, association, or employer-employee ///  
3 relationship between them or between Lessor and any third person or entity.

4 IN WITNESS WHEREOF, the parties have caused this document to be  
5 executed with all formalities required by law as of the date first stated above.

6 MALIBU CERAMIC WORKS, a California  
7 corporation

8 \_\_\_\_\_, 2005

By  5.23.05  
President

9 \_\_\_\_\_, 2005

By  5.23.05  
Secretary

11 "Lessee"

12 CITY OF LONG BEACH, a municipal corporation

13  
14 5.31., 2005

By   
City Manager

16 "Lessor"

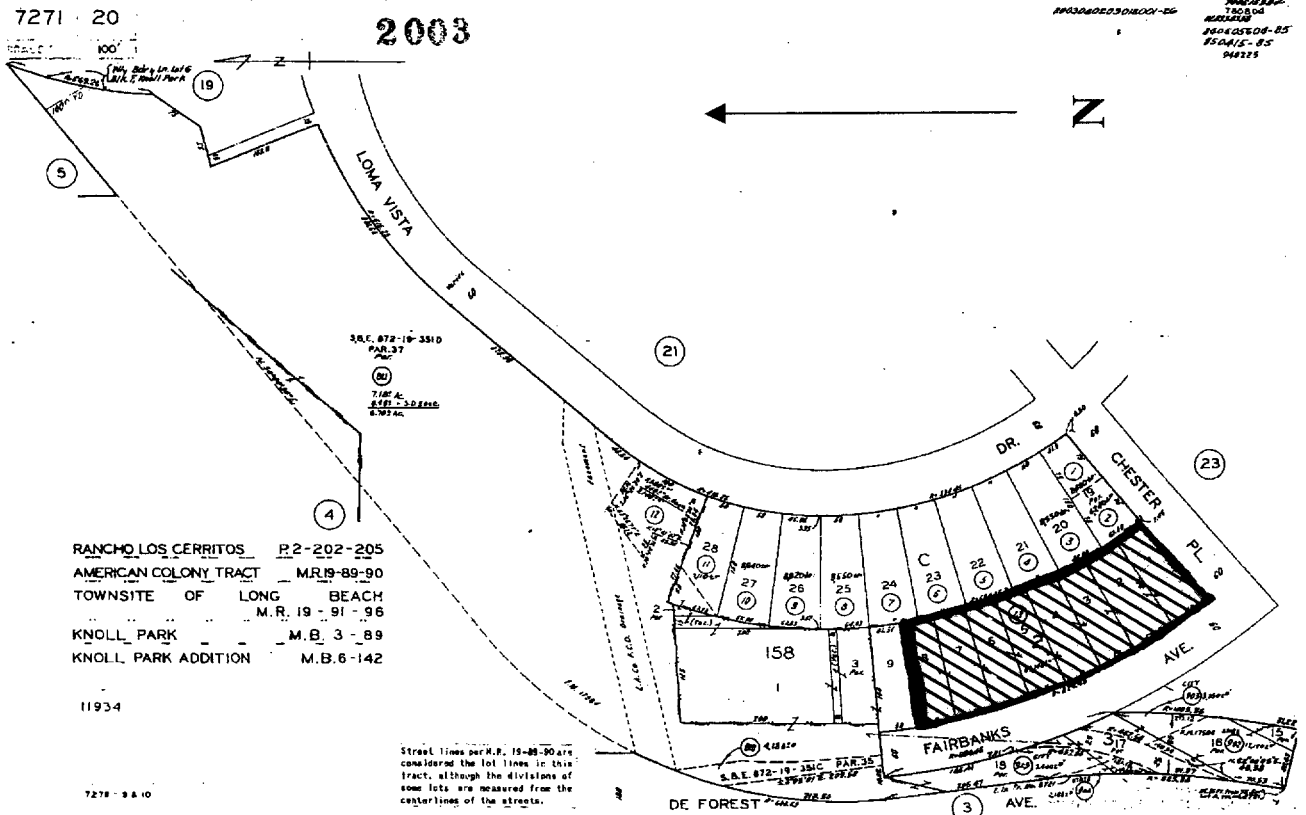
17 This Lease is approved as to form on 5/26, 2005.

18 ROBERT E. SHANNON, City Attorney

19 By   
20 Senior Deputy

# EXHIBIT "A"

County of Los Angeles: Rick Auerbach, Assessor



903 Fairbanks Avenue



## **EXHIBIT "B"**

### **MALIBU CERAMIC WORKS Proposal for Ceramics Classes and Tours**

Malibu Ceramic Works Inc. was founded by Robert Harris during the arts and crafts revival movement in the 1970's. In the tradition of local Southern California manufacturers who flourished during the early part of the 20<sup>th</sup> Century, Malibu Ceramic Works Inc. has reinvented the lost art of hand-made tile. Malibu Ceramic Works Inc. manufactures custom designed, hand-made decorative "art tile", murals, architectural details, and pottery.

Malibu Ceramic Works has become, in its own right, a local art treasure. Many of the "art tile" projects designed and manufactured by Malibu Ceramic Works adorn prominent commercial and residential structures such as the "Battistone Villa" in Santa Barbara, featured on the cover of the Rizzoli book of famous California architecture "Casa California", the Four Seasons "Biltmore Hotel" in Santa Barbara, and the "Los Fuentes Plaza" in Pasadena to name just a few. Celebrities such as Steven Spielberg, Ben Stiller, John Cusack, and Quincy Jones have also featured "art tile" manufactured by Malibu Ceramic Works in their personal residences.

The following are proposed programs including a breakdown of projected costs:

#### Guided Tours:

- One guided tour per month of the facility in Long Beach. Each tour will be limited to 25 people (\$300 per tour, includes administrative and staff costs).
- A souvenir tile will be given to each participant of the tour (\$10 per tile/up to \$250 per tour).

#### Ceramics Classes:

The ceramics classes will include an introduction to tile, pottery and ceramics, and will be offered on weekday evenings or weekends. Classes will be two hours and class size will be restricted to 15 students.

- Cost for facility, material and equipment per class (\$400 per class/\$1,600 per month).
- Cost per teacher each class (\$250 per class/\$1,000 per month).

The total estimated monthly cost of the combined programs is \$3,150. While we understand that the amount is greater than the \$2,500 in consideration per the lease agreement, we are excited and pleased to offer these programs.