RESTATED AND AMENDED BENICIA MARINA
LEASE AGREEMENT (MARINA PARCEL)

by and between

THE CITY OF BENICIA,
a California municipal corporation, Landlord

and

SOUTHERN CALIFORNIA FEDERAL
SAVINGS AND LOAN ASSOCIATION,
Tenant

Execution Date: April 22, 1990

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RESTATED AND AMENDED BENICIA MARINA
LEASE AGREEMENT (MARINA PARCEL)

THIS RESTATED AND AMENDED BENICIA MARINA LEASE AGREEMENT (MARINA PARCEL) ("Marina Master Lease" or "Lease") is entered as of this 22 day of ~~March~~, 1990 ("Execution Date") by and between THE CITY OF BENICIA, a California municipal corporation ("Landlord") and SOUTHERN CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION, a federally chartered savings and loan association, successor-in-interest to Southern California Savings and Loan Association (collectively, "Tenant").

R E C I T A L S

THE PARTIES ENTER THIS MARINA MASTER LEASE on the following facts, understandings and intentions:

A. By that certain lease dated June 10, 1982 ("Original Master Lease"), Landlord leased and demised to Old Capitol Marina, Ltd., a California limited partnership ("OCM") certain land and water area located in the City of Benicia, Solano County, California, consisting of approximately 1,652,833 square feet of area (the "Project Master Area"). Landlord and OCM executed a Shortform of the Original Master Lease dated August 31, 1982 and recorded the same in Solano County Official Records on December 29, 1982 in Book 1982, Page 86089, Series 48731.

B. By that certain Sublease dated June 10, 1982 ("Original Master Sublease"), OCM subleased the Project Master Area to Tenant. OCM and Tenant executed a Shortform of the Original Master Sublease dated August 31, 1982 and recorded the same in Solano County Official Records on December 29, 1982 in Book 1982, Page 86094, Series 48732.

C. Pursuant to the Original Master Lease and the Original Master Sublease, Tenant caused to be constructed in the Project Master Area, among other improvements, (i) a sixty-nine (69) unit residential condominium project (the "Phase I Condominium Project"); and (ii) a marina for recreational purposes, including public and private boatslips and berths, launching facilities, fuel dock, harbormaster's building and general store (the "Marina"). All of such improvements were constructed (w) under authority of Permit No. 5-77, as amended ("BCDC Permit"), issued to Landlord by the San Francisco Bay Conservation and Development Commission ("BCDC"), (x) pursuant to various agreements with and approvals granted by the California Department of Boating and Waterways ("Cal Boating"), (y) pursuant to various permits and approvals issued

by agencies and departments of Landlord having jurisdiction, and (z) under authority of various other governmental agencies having jurisdiction over the Project Master Area and the improvements constructed thereon.

D. From time to time since completion of construction of the Phase I Condominium Project, Tenant has entered certain forms of "Condominium Sublease, Agreement to Convey and Provision for Grant Deed to Interest in Improvements" (collectively "Phase I Condominium Subleases") with purchasers of the sixty-nine (69) condominium units in the Phase I Condominium Project, pursuant to which Tenant (i) has granted to such purchasers or their successors and assigns the "Condominium Estate" described and defined therein, and (ii) has agreed to grant to such purchasers or their successors and assigns certain other real property interests in the Phase I Condominium Project, described in, and on and subject to the terms of, the "Phase I Option to Purchase" and the "Phase I Notice of Exercise" defined below. The condominium plan for the Phase I Condominium Project was created of record by that certain Declaration of Covenants, Conditions and Restrictions of Benicia Marina Homeowners Association, recorded in Solano County Official Records on October 13, 1983 in Book 1983, Page 85483 (together with any amendments thereto, "Phase I CC&Rs"). The condominium plan is attached as Exhibit A to the Phase I CC&Rs and incorporated by reference therein beginning at Page 85522 of Book 1983, Solano County Official Records. The estates and interests granted by Tenant to such purchasers in the Phase I Condominium Subleases are further confirmed of record in those certain forms of "Memorandum of Condominium Sublease, Agreement to Convey and Grant Deed to Interest in Improvements" (collectively, "Memoranda of Condominium Subleases") which have been recorded in Solano County Official Records at the close of escrow of the initial sale of each condominium unit by Tenant to a purchaser of such unit. Pursuant to the "Phase I Notice of Exercise" defined below, Landlord has subjected and bound all of its right, title and interest in and to the land area covered by the Phase I CC&Rs to the Phase I CC&Rs and the condominium plan established thereby.

E. By that certain "Option to Purchase Fee Title to Real Property" dated September 13, 1984 and recorded on December 19, 1984 in Book 1984, Page 109799, Series No. 56451, Solano County Official Records ("Phase I Option to Purchase"), by and among Landlord, OCM and Tenant, Landlord granted to Tenant the exclusive right and option to purchase all of Landlord's right, title and interest in and to the land underlying the Phase I Condominium Project, upon payment of $4,500 at close of each escrow at the time of the initial sale by Tenant of each condominium unit in the Phase I Condominium Project. Tenant has made all payments due under the Phase I

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Option to Purchase. The Phase I Option to Purchase is to be exercised effective on or after the date Landlord pays to Cal Boating all principal and interest owing under a certain loan agreement between Landlord and Cal Boating ("Operative Date"), but no later than the period between December 31, 2028 and June 30, 2029 ("Option Exercise Period"). By that certain "Irrevocable Exercise and Acceptance of Exercise of Option to Purchase" dated December 12, 1984 and recorded on December 31, 1984 in Book 1984, Page 113515, Series 53274, Solano County Official Records ("Phase I Notice of Exercise"), by and among Landlord, OCM and Tenant, Tenant, for itself and its successors and assigns and all other interested parties, irrevocably exercised the Phase I Option to Purchase, and the City accepted the same. The effective date of such exercise is the Operative Date. Tenant has performed all obligations of Tenant under the Phase I Option to Purchase and the Phase I Notice of Exercise, and the conveyance by Landlord to unit owners in the Phase I Condominium Project of fee title to the land underlying the Phase I Condominium Project awaits only Landlord's payoff of its loan obligations to Cal Boating on or before the Operative Date.

F. From time to time since completion of construction of the Marina, Tenant has entered certain leases and other use and occupancy agreements for commercial purposes in the Marina, including a lease for the General Store, and certain "Licenses to Use Berthing Space" with boat owners wishing to hire boatslips and berthing spaces in the Marina.

G. By that certain Assignment, Settlement and Release Agreement dated December 31, 1987 ("Settlement Agreement"), OCM (and certain principals and affiliates of OCM) assigned and relinquished to Tenant (and an affiliate of Tenant) their entire right, title, and interest in and to the Original Master Lease, the Original Master Sublease, the Project Master Area, and all other matters in which they, or any of them, had an interest relating to any of the foregoing. To confirm such assignment and relinquishment, among other things, OCM (and its principals and affiliates) executed and delivered to Continental Development of California, Inc., a California corporation ("CDC"), an affiliate of Tenant: (i) a Memorandum of Assignment of Master Lease, recorded on March 29, 1988 in Book 1988, Page 33143, Series No. 16796, Solano County Official records, and (ii) a Memorandum of Assignment of Sublease, recorded on March 29, 1988 in Book 1988, Page 33152, Series 16797, Solano County Official Records. By that certain Consent and Release dated March 5, 1988, Landlord consented to the foregoing.

H. Among other reasons, given (i) the passage of time since the Original Master Lease and Original Master Sublease were entered, (ii) the exit of OCM as a participant in

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the Original Master Lease and Original Master Sublease, and (iii) the changing goals of Landlord and Tenant with regard to the further development of the Project Master Area, Landlord and Tenant wish to restructure the overall development plan for the Project Master Area as reflected in the Original Master Lease and to restate and amend the Original Master Lease so as to, among other things:

(i) restate and amend the Original Master Lease into four (4) separate master leases for the Project Master Area, consisting of this Marina Master Lease and three (3) other master leases, and separately and respectively covering (A) the Marina, (B) one or more parcels of land on which is to be built a second residential condominium project containing 116 residential units ("Phase II Condominium Project"), (C) the Phase I Condominium Project, and (D) one or more parcels of land on which is to be built certain commercial, office, retail and restaurant facilities altogether containing up to 70,000 gross square feet of space ("Commercial Project");

(ii) provide for the negotiation and execution of two (2) development agreements between Landlord and Tenant which will address various land use and development approvals and conditions granted and to be granted by Landlord to Tenant for the development and construction of the Phase II Condominium Project and the Commercial Project; and

(iii) address other features of the business and legal relationship between Landlord and Tenant going forward from the Effective Date of this Lease, as defined in Section 3 below.

I. Landlord and Tenant desire that Tenant's development and construction of the Phase II Condominium Project encompass certain land in the Project Master Area which has heretofore been used as a dry storage area for boats using the Marina. In order that Tenant's ownership and operation of the Marina shall continue henceforward to have dry boat storage facilities, Landlord and Tenant desire that Tenant's planning and development of the Phase II Condominium Project and use of the Marina include the grant of an option by Landlord to Tenant to lease certain land owned by Landlord adjacent to the Marina which shall be known hereinafter as the "New Dry Boat Storage Area," with the intention that if Tenant exercises such option, the New Dry Boat Storage Area will be leased to Tenant on the terms and conditions set forth in this Lease and be used and improved in connection with the operation of the Marina. Consistent with the foregoing, Landlord desires to grant to Tenant, and Tenant desires to accept, an option to lease the New Dry Boat Storage Area, on the terms and conditions set forth in this Lease.

NOW, THEREFORE, for and in consideration of (i) the foregoing Recitals (which are hereby incorporated into and shall be deemed part of this Lease), and (ii) the premises demised hereby and the faithful performance by the parties of the terms and conditions and the mutual covenants hereof, for other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, and effective upon the Effective Date (as defined in Section 3 below), the parties hereby agree as follows:

1. Restatement and Amendment of Original Master Lease.

a. Assignment by CDC; Merger of Estates. This Lease shall constitute a comprehensive restatement and amendment of the Original Master Lease. CDC hereby joins in the execution of this Lease (and the other three (3) master leases contemplated hereby) solely in order to confirm its contemporaneous complete and irrevocable assignment and relinquishment to Tenant of its entire right, title and interest in (a) the Original Master Lease, (b) the Original Master Sublease and (c) the Project Master Area. Landlord hereby consents to CDC's assignment and relinquishment as set forth herein and Tenant's assumption of CDC's rights and duties under the Original Master Lease and Original Master Sublease as carried forward in this Lease and the other three (3) master leases contemplated hereby, from this date forward, and Landlord hereby releases CDC from any and all obligations and liabilities of "Lessee" under the Original Master Lease", "Sublessor" under the Original Master Sublease, "Tenant" under this Lease and the Other Master Leases, and from all other obligations of every kind and nature with respect to the Project Master Area. CDC shall execute such other separate conveyances, assignments, instruments and agreements as Landlord and Tenant deem necessary to confirm of record and otherwise the assignments and relinquishments set forth herein. The separate estates and interests set forth in the Original Master Lease and the Original Master Sublease are hereby merged into a unitary master leasehold estate in the land area, rights and interests demised hereby, and Landlord hereby reconfirms in favor of Tenant Landlord's original grant of such leasehold estate as set forth in the Original Master Lease.

b. Rescission of Defaults; Confirmation of Effectiveness. Landlord hereby rescinds, cancels, waives, releases and terminates any and all notices of default, defaults and violations which Landlord may have previously declared under the terms of the Original Master Lease and Original Master Sublease, and declares that there are no outstanding defaults, events of default or other violations

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under the Original Master Lease and/or the Original Master Sublease, and that the same are in full force and effect. Landlord and Tenant hereby restate and amend the Original Master Lease to read in its entirety as set forth in this Marina Master Lease and three (3) separate master leases for (i) the Phase I Condominiums Project, (ii) the Phase II Condominiums Project, and (iii) the Commercial Project, respectively, which leases shall be entered into contemporaneously with this Marina Master Lease, and shall be referred to herein individually and respectively as the "Phase I Condominiums Master Lease", the "Phase II Condominiums Master Lease" and the "Commercial Project Master Lease" and collectively as the "Other Master Leases". The terms "Landlord" and "Tenant" as used in this Lease and the Other Master Leases are hereby deemed to have the same meanings as the terms "City" and "Lessee" respectively as used in the Original Master Lease.

2. Premises.

a. Lease and Demise. Landlord by these presents hereby does lease and demise unto Tenant, and Tenant by these presents does lease, hire and take from Landlord those certain parcels of land and water located in the City of Benicia, Solano County, California, and more particularly described in the legal description and site map attached hereto as Exhibit A attached hereto and incorporated by reference, together with any and all improvements, appurtenances, rights, privileges and easements benefitting, belonging or pertaining thereto, and any right, title and interest of Landlord in and to any land lying in the bed of any street, road or highway (open or proposed) to the center line thereof, in front of or adjoining said tract, piece or parcel of land and water, provided, that the demise to Tenant of a leasehold interest in such streets, roads and highways shall not prejudice or be exclusive of the rights of the public for travel, maintenance, and other use and enjoyment in, of and across such streets, roads and highways, and together with any strips and gores relating to said tract, piece or parcel of land and water (all the foregoing hereinafter sometimes referred to as the "Demised Premises" and sometimes referred to as the "Premises"). Tenant agrees that this Lease and all rights hereunder shall be subject to all exceptions, reservations, leases (except the Original Master Lease and Original Master Sublease), licenses, easements, and rights-of-way of record now existing in, to, over or affecting the Demised Premises.

b. Tenant Accepts Premises As-Is. Tenant acknowledges that Tenant is leasing the Demised Premises and entering into this Lease solely in reliance on Tenant's own investigation, and that no representations or warranties of any kind whatsoever, express or implied, have been made by

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Landlord, Landlord's agents, officers, employees or representatives. Tenant further acknowledges that as of the Effective Date, Tenant shall be fully aware of all conditions of the Demised Premises, above and below ground, including those which are not visible upon a casual inspection or observation of the Demised Premises. It is acknowledged by the parties that Tenant has enjoyed the right to possess and occupy the Demised Premises since June 10, 1982 and has had ample opportunity to investigate, explore, test and examine each and every condition of the Demised Premises, and Tenant hereby acknowledges that it has performed said investigations to its complete and total satisfaction. Tenant hereby acknowledges that it has been advised that the Demised Premises may consist of hydraulic dredge fill or other fill materials placed over low-lying, marshy ground, originally devoted to marginal uses including, but not necessarily limited to, agriculture and trash dumps. Tenant accepts the Demised Premises in its present condition notwithstanding the fact that there may be certain defects in the Demised Premises which may not be actually known to either party at the time of the execution of this Lease, and Tenant hereby acknowledges that it is familiar with the contents of any and all maps, engineering plans and soil reports on file with Landlord and relating to the Demised Premises and has been afforded an opportunity to examine same. Tenant acknowledges that the condition of the land may cause additional engineering or construction costs above and beyond those contemplated by either party to this Lease at the time of the execution thereof and Tenant agrees that it will make no demands upon Landlord for any construction, alterations of any kind or labor that may be necessitated by said conditions or any one of them. In addition, Tenant hereby waives, withdraws, releases and relinquishes any and all claims, suits, causes of action, rights of rescission, or charges against Landlord, its officers, agents, employees or representatives which Tenant now has or may have or asserts in the future which are based upon any defects in the physical condition of the Demised Premises and the soils thereon and thereunder, regardless of whether or not said conditions were known at the time of the execution of this Lease.

3. <u>Conditions Precedent: Amendment to Cal Boating Agreements and BCDC Permit; Adoption of Development Agreement; Effective Date of this Lease</u>. Landlord shall use its best efforts to amend (a) its loan and other agreements with Cal Boating affecting the Project Master Area ("Cal Boating Agreements") and the BCDC Permit so that the Cal Boating Agreements and the BCDC Permit will be consistent with the terms of this Lease and the Other Master Leases. Tenant agrees to cooperate in Landlord's efforts to amend the Cal Boating Agreements and the BCDC Permit, as aforesaid. Landlord's receipt on or before the date which is the last day of the month which is eighteen (18) months after the Execution Date

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("Conditions Date") of all consents and approvals required of Cal Boating and the BCDC to this Lease and the Other Master Leases, as evidenced in writings satisfactory to Tenant and Landlord, shall be a condition precedent to Tenant's and Landlord's obligations under this Lease and the Other Master Leases. In addition, the completion on or before the Conditions Date of any actions or receipt of any approvals necessary for this Lease and the Other Master Leases to comply with the California Subdivision Map Act and the Benicia subdivision ordinance shall be conditions precedent to each party's obligations under this Lease. Finally, the parties' execution on or before the Conditions Date of a development agreement pertaining to the development of the Phase II Condominium Project, adopted in compliance with the City of Benicia Development Agreement ordinance shall be a condition precedent to Landlord's and Tenant's obligations under this Lease. As, if and when the same have timely occurred, Landlord and Tenant shall evidence their agreement that the foregoing conditions have been satisfied by each delivering to the other a certificate to that effect. Notwithstanding anything to the contrary contained elsewhere in this Lease, the effective date of this Lease ("Effective Date") shall occur only when the foregoing conditions shall be timely satisfied as evidenced by the delivery of the certificates provided herein. Unless and until all of such conditions shall be timely satisfied, the Original Master Lease and Original Master Sublease shall remain in full force and effect.

4. Use of Premises.

a. Purpose. The Demised Premises shall be used for the sole purpose (and for no other purpose) of owning and operating the Marina in the Demised Premises, including activities such as wet boat berthing, dry boat storage and launching, boat repair, bait and tackle sales, marine fuel sales and operation of a general store, and in any manner consistent with (a) the Cal Boating Agreements and (b) the BCDC Permit. Landlord and Tenant acknowledge and agree that a primary purpose of this Lease is the convenience, accommodation and promotion of commerce, navigation and fishery in the City of Benicia for the benefit of the public without discrimination as to race or religion, and that an immediate and long-term goal of this Lease is to realize maximum revenue from the operation of the Demised Premises in accordance with this Lease.

5. Term. The remaining term ("Term") of this Marina Master Lease shall commence on the Effective Date and shall end June 10, 2042, unless sooner terminated.

6. Grant of Option to New Dry Boat Storage Area. For valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, Landlord does

hereby grant, bargain and sell to Tenant or its successors-in-interest or assigns, the sole and exclusive right and option ("Option") to lease the New Dry Boat Storage Area and all improvements located thereon, which property is more particularly described in Exhibit B attached hereto, and Tenant hereby accepts such Option, on all of the terms and conditions set forth in this Section 6.

a. Term of Option. The term of the Option shall commence on the Execution Date and shall continue for a period ending on the earlier to occur of (i) the Conditions Date, or (ii) the Effective Date.

b. Exercise of Option. Tenant shall exercise the Option by timely execution and delivery of the development agreement for the Phase II Condominiums Project referenced in Section 3 above. Tenant's execution of the development agreement (and concurrent adoption thereof by Landlord) shall be deemed Tenant's exercise of the Option, and no further action shall be required of Tenant to exercise the Option. Upon the occurrence of such event, the New Dry Boat Storage Area shall be deemed leased to Tenant by Landlord for a term ending June 10, 2042, and except as expressly set forth to the contrary elsewhere in this Lease, Tenant's use and operation of the New Dry Boat Storage Area shall thereafter be subject to all of the terms, covenants and conditions of this Lease, and the New Dry Boat Storage Area shall be deemed added to the Demised Premises.

c. Management by Landlord During Term. At all times prior to Tenant's exercise of the Option, Landlord shall retain possession, management and control of the New Dry Boat Storage Area and all improvements now or hereafter located thereon, and Tenant shall have no obligation or liability of any kind with respect to the physical condition of the New Dry Boat Storage Area or such improvements or any events or occurrences on or arising out of Landlord's or any third party's use or occupancy of the New Dry Boat Storage Area. Landlord shall indemnify, defend and save Tenant (and Tenant's officers, directors, agents, employees and representatives) harmless from and against any cost, loss, damage, claim, or liability, including reasonable attorneys' fees, which Tenant may suffer or incur arising from injury to persons or property sustained by anyone in and about the New Dry Boat Storage Area or acts or omissions of Landlord, or Landlord's officers, agents, employees, contractors or lessees, except as may result from the affirmative acts or negligence of Tenant or any of Tenant's officers, employees, agents, contractors and representatives.

7. Gross Receipts. As used in this Lease, the term "Lease Year" shall mean each period during the Term commencing

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on July 1 of a calendar year and ending on the next succeeding June 30. If the Effective Date occurs before July 1, 1990, the first Lease Year shall be deemed to have commenced on the Effective Date and to end on June 30, 1991. Similarly, if the Effective Date occurs on or after July 1, 1990, the first Lease Year shall be deemed to have commenced on the Effective Date and to end on June 30, 1991. Tenant shall close the books on the Original Master Lease and Original Master Sublease effective as of the Effective Date, and shall make appropriate allocations and prorations between the parties' respective accounts under the Original Master Lease and Original Master Sublease, on the one hand, and this Lease and the Other Master Leases, on the other hand. Within sixty (60) days after the close of each Lease Year during the term of this Lease, Tenant shall render to Landlord in a form satisfactory to Landlord an accounting, on a cash basis, of Tenant's "Gross Receipts," as hereinafter defined, received by Tenant in the use and operation of the Demised Premises during the preceding Lease Year, setting forth in particular the Gross Receipts for said Lease Year. Tenant shall keep true and accurate books and records showing Gross Receipts, and Landlord shall have the right through its representatives, and at all reasonable times, to inspect such books and records, and Tenant hereby agrees that all such records and instruments are available to Landlord and that it shall make the same available to Landlord. As used in this Lease, the phrase "Gross Receipts" means sales of items or services as shown on Exhibit C attached hereto (except as excluded below) made upon the Demised Premises by Tenant and Tenant's subtenants, licensees and concessionaires (collectively, "Marina Lessees") after deducting or excluding, as the case may be: returns, refunds and allowances as such terms are known and used by Marina Lessees in the preparation of Marina Lessees' profit and loss statements; service charges not included in the sale price of merchandise; amounts in excess of Marina Lessees' cash sales price charged on sales made on credit or under a time payment plan, excluding fees paid to third party credit card organizations; the amount of all sales, use, excise, retailer's occupation or other similar taxes imposed in a specific amount or percentage upon, or determined by, the amount of retail sales made on the Demised Premises; sales of departments or divisions not located on the Demised Premises; all receipts from pay telephones from which Marina Lessees do not earn any income; condemnation awards; insurance proceeds; proceeds of any bulk sale of any Marina Lessees' assets; and sales in which the buyer has defaulted on his obligation to pay. Unless otherwise specified in other provisions of this Lease, if any payment required under this Lease by Tenant or Landlord is not paid within thirty (30) days after it is due, the party owing such amount shall pay to the other party a late fee in an amount equal to one percent (1%) of the amount not timely paid for each month or portion thereof that such amount remains unpaid.

8. Minimum Annual Rent. Tenant shall pay to Landlord a minimum annual rental in twelve (12) equal monthly installments. Installments shall be payable on the first day of each month. If any installment is not paid within fifteen (15) days after it is due, Tenant shall pay to Landlord a late fee in an amount equal to one percent (1%) of the amount not timely paid for each month or portion thereof that such amount remains unpaid.

a. Demised Premises. From and after the Effective Date, and continuing through June 30, 1992, the minimum annual rental shall be $101,462.00. For the period from July 1, 1992 through June 30, 2002, the minimum annual rental shall be $123,742.00. From July 1, 2002 until the end of the term or this Lease is earlier terminated, the minimum annual rental shall be $167,200.00. The foregoing amounts are exclusive of amounts of minimum annual rental payable for the New Dry Boat Storage Area, from and after the Date of Tenant's exercise of the Option (if such exercise timely occurs), as set forth in Section 8.b below).

b. New Dry Boat Storage Area. If the Option is timely exercised, from and after the Effective Date, and continuing through June 30, 1992 the minimum annual rental for the New Dry Boat Storage Area shall be $3,632.00. For the period from July 1, 1992 through June 30, 2002, the minimum annual rental shall be $4,429.00. For the period from June 30, 2002 until the end of the Term or this Lease is earlier terminated, the minimum annual rental shall be $3,632.00.

9. Percentage Rental. Commencing thirty-six (36) months after the Effective Date, for the then-current and each subsequent Lease Year during the Term, Tenant shall pay to Landlord (i) an amount ("Percentage Rental") equal to a percentage of Gross Receipts, all in accordance with the percentage factors set forth in Exhibit C attached hereto, or (ii) the minimum annual rental set forth in Sections 8.a. and 8.b. above, if applicable, whichever is greater, as set forth in this Paragraph. As set forth on Exhibit C, if the Option is timely exercised and the New Dry Boat Storage Area is added to the Demised Premises, the applicable percentage factor for Gross Receipts earned from Tenant's operations in the New Dry Boat Storage Area shall be 100. If the Option is not timely exercised and the Effective Date does not timely occur, the applicable percentage factor for Gross Receipts earned from Tenant's dry boat storage operations shall be 10, as set forth in Exhibit C. If in any Lease Year during which Percentage Rental is payable, the Percentage Rental exceeds the minimum annual rental, the rental payable pursuant to this Lease for such Lease Year shall be deemed to be the Percentage Rental. Tenant shall pay to Landlord the difference between Percentage

Rental payable for any Lease Year and the minimum annual rental actually paid or payable for such Lease Year within sixty (60) days after the end of such Lease Year. If any Percentage Rental payable in any Lease Year is not paid within fifteen (15) days after it is due, Tenant shall pay to Landlord a late fee in an amount equal to one percent (1%) of the amount not timely paid for each month that such amount remains unpaid.

10. Improvements, Repairs, Additions, Replacements.

a. Maintenance and Repairs. Tenant shall, at all times during the Term, and at its own cost and expense, keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear excepted), all buildings and improvements at any time erected on the Demised Premises, and shall use all reasonable precautions to prevent waste, damage or injury. Tenant shall also maintain and keep in good repair, and at its own cost and expense, certain public facilities ("Public Facilities") located in and around the Demised Premises, specifically (i) public access facilities serving the Marina, including a marina green, waterfront trail and community center presently contemplated to be constructed concurrently with construction of the Phase II Condominiums Project, and (ii) parking lots and public restrooms serving the Marina. Tenant's compliance with the foregoing maintenance and repair covenant shall be to the reasonable satisfaction of Landlord. Any disputes as to Tenant's compliance shall be referred to arbitration in accordance with the provisions of this Lease. Landlord shall not be required to furnish any services or facilities (other than utilities and other services available to the general public on the terms and conditions upon which the same are made available to the general public) or to make any improvements, repairs, or alterations in or to the Demised Premises or the Public Facilities during the Term. If Tenant fails to make any such repairs or replacements as required, Landlord may notify Tenant of said default in writing, and should Tenant fail to commence to cure said default and commence to make said repairs or replacements within a reasonable time, Landlord may make such repairs or replacements, and the cost thereof, including, but not limited to, the cost of labor, materials and equipment, shall be charged to Tenant and shall be paid to Landlord by Tenant upon demand. Tenant waives the benefits and effect of Civil Code Sections 1941 and 1942.

b. Dredging of Water Area.

(i) By Tenant. Tenant shall conduct at its own cost and expense dredging activities from time to time in the water area of the Demised Premises, and shall maintain such water area to a depth of no less than (A) eight (8) feet below "mean low low water" ("MLLW") in the portion of the

Demised Premises designated as fuel dock area, and (B) six (6) feet below MLLW in the remainder of the water area of the Demised Premises.

(ii) By Landlord. Landlord shall conduct at its own cost and expense dredging activities from time to time in the water area comprising the entrance channel and certain other areas within the Marina basin adjacent to the Demised Premises (and as shown and described on Exhibit A attached hereto), and shall maintain such water area to a depth of (A) no less than ten (10) feet below MLLW in all areas of the entrance channel and (B) no less than eight (8) feet below MLLW in the balance of the water area located in the Marina basin which is not part of the Demised Premises.

(iii) Dredging Done Jointly Under One Contract. Landlord and Tenant shall conduct their respective dredging activities as required by this Lease at least once each calendar year, and shall jointly hire a mutually satisfactory dredging firm to perform such dredging, and each party shall pay directly to such firm such party's pro rata allocated share of such dredging firm's fees and charges, as set forth in a separate agreement between each party and such firm. Should either party fail to pay such party's share of such costs on a timely basis or otherwise fail to cooperate in the joint hiring of the dredging firm, the other party may notify such defaulting party of said default in writing, and should the defaulting party not comply with such obligation within a reasonable time, the other party may hire the dredging firm to conduct dredging for both Landlord and Tenant and pay the costs thereof, and the defaulting party's share of such costs (including the nondefaulting party's expenses and attorneys' fees incurred in performing on behalf of the defaulting party), shall be charged to the defaulting party and shall be paid by the defaulting party upon demand.

c. Maintenance of Breakwater. Landlord shall, at all times during the Term, and at its own cost and expense, keep and maintain or cause to be kept and maintained in repair and good condition (ordinary wear and tear excepted), the existing approximately 670 foot long breakwater located at the entrance to the Marina basin, and shall use all reasonable precautions to prevent waste, damage or injury thereto. Landlord's compliance with the foregoing maintenance and repair covenant shall be to the reasonable satisfaction of Tenant. Any disputes as to Landlord's compliance shall be referred to arbitration in accordance with the provisions of this Lease. Tenant shall not be required to furnish any services or to make any improvements, repairs, or alterations in or to the breakwater during the Term. If Landlord fails to make any such repairs or replacements as required, Tenant may notify Landlord of said default in writing, and should Landlord fail

to commence to cure said default and make said repairs or replacements within a reasonable time, Tenant may make such repairs or replacements, and the cost thereof, including, but not limited to, the cost of labor, materials and equipment, shall be charged to Landlord and shall be paid to Tenant by Landlord upon demand.

d. Installation of Floating Dock Adjacent to Boat Launching Area. Subject to the approval of Cal Boating and BCDC, and to the extent deemed feasible by Tenant in its reasonable business judgment, Tenant shall install within six (6) months after the Effective Date and thereafter maintain at its own cost and expense a floating dock walkway adjacent to the existing boat launching area in the Demised Premises to facilitate boat launching activities. If Landlord objects in writing to the reasonableness of Tenant's assessment of the feasibility of said floating dock walkway, and the parties are unable to resolve Landlord's objections to their mutual satisfaction within thirty (30) days after Landlord's written objection, the matter shall be referred to arbitration as provided in Section 45 of this Lease.

e. Relocation of Building on Existing Dry Boat Storage Area to New Dry Boat Storage Area. If the Option is timely exercised, Landlord may, at its own cost and expense and in its sole discretion, and to the extent feasible, relocate an existing building owned by Tenant and located on the portion of the Demised Premises presently used for dry boat storage to the New Dry Boat Storage Area. If Landlord does not move such building within ninety (90) days after Tenant's exercise of the Option, Tenant may thereafter demolish or move such building, in its sole discretion, and at its sole cost and expense.

f. On-Site Manager. Tenant shall at all times during the Term retain upon the Demised Premises during normal business hours a qualified and competent person or persons to act as manager or managers of Tenant's business activities in the Marina.

g. Rates and Charges; Service to the Public. Tenant shall operate the Marina located on the Demised Premises as a small-boat marina open and available to the public and shall furnish and maintain a standard of service at least equal to that of similar small-boat public marinas located in the San Francisco Bay Area during the Term. Tenant's (and Tenant's subtenants', licensees' and concessionaires') schedules of rates and fees for goods and services in the Marina as set forth in Exhibit C attached hereto and the hours during which such services are available shall be subject to the reasonable review and approval of Landlord. Landlord and Tenant shall be guided in their consideration as to appropriate schedules of

rates and fees and hours of service by their mutual understandings and intentions as to the same, as follows: (i) that the Demised Premises are intended to provide needed facilities for use by the boating public at fair and reasonable cost and during reasonable hours; and (ii) that Tenant (and Tenant's subtenants, licensees and concessionaires) are entitled to a fair and reasonable return upon their respective investments in the Demised Premises. Any dispute as to the reasonableness and fairness of Tenant's schedules of rates and fees or hours of business in the Marina which the parties are otherwise unable to resolve within thirty (30) days after Landlord's written notice of objection to such schedules or hours of business to Tenant shall be referred to arbitration as provided in Section 45 of this Lease.

h. Facilities for Water-Oriented Youth Activities. Tenant has agreed to provide a water berthing area, land and building (if appropriate), access and parking for water-oriented youth activity in the Demised Premises.

i. Alterations. Consistent with the other provisions of this Section 10, Tenant may, at its option and at its own cost and expense, at any time and from time to time, make such alterations, changes, replacements, improvements, and additions in and to the Demised Premises, and the buildings and improvements thereon, as it may deem desirable, including the demolition of any building(s) and/or structure(s) that now or hereafter may be situated or erected on the Demised Premises; provided that any such alterations, changes, replacements, improvements and additions shall not, when completed, substantially impair the value of the Demised Premises.

j. Personal Property. Tenant shall keep the Demised Premises furnished and equipped with such items of furniture, fixtures, equipment and other personal property (other than items of personal property which may be owned or installed or required to be provided by retail or other sublessees or licensees of boatslips or other occupants in the Marina) as are necessary or appropriate, in Tenant's reasonable business judgment, to operate and maintain a first-class small boat Marina in the Demised Premises. Tenant shall also keep such property in good condition and repair and provide replacements and renewals as appropriate. Any personal property furnished by Tenant pursuant to this Lease, including replacements and renewals, shall be referred to in this Lease as "Personal Property".

k. Maintenance Guidelines. Without limiting the generality of the maintenance and repair standards set forth in Section 10.a. above, Tenant agrees to:

(i) Maintain the surface of all pedestrian areas level, smooth and evenly covered with the type of surfacing material originally installed thereon or such substitute thereof as shall be in all respects equal thereto or better in quality, appearance and durability;

(ii) Remove all papers, debris, filth and refuse, and sweep, wash down and/or clean all hard surfaces, including brick, metal, concrete, glass, wood and other permanent poles, walls or structural members as required;

(iii) Maintain such appropriate entrance, exit and directional signs, markers and lights as shall be reasonably required and which are in accordance with the practices prevailing in the operation of similar developments;

(iv) Clean lighting fixtures and relamp and/or reballast as needed;

(v) Repaint striping, markers, directional signs, etc., as necessary to maintain in first-class condition;

(vi) Maintain landscaping as necessary to keep in a first-class, thriving condition;

(vii) Maintain signs, including relamping and/or reballasting and/or repairing as required;

(viii) Maintain and keep in good condition and repair all benches, shelters, planters, coverings, banners, furniture, trash containers, sculptures and other exterior elements;

(ix) Maintain and keep in sanitary condition public restrooms and other common-use facilities;

(x) Clean, repair and maintain all common utility systems to the extent that the same are not cleaned, repaired and maintained by public utilities;

(xi) Maintain all fountains and associated structures, drinking fountains, pumps and associated plumbing;

(xii) Provide adequate security lighting in all areas during periods of unrestricted public access, and maintain all security and decorative light fixtures and associated wiring systems;

(xiii) Maintain all surface and storm lateral drainage systems; and

(xiv) Maintain all sanitary sewer lateral connections.

1. Construction Standards.

(i) General Construction Standards. All construction, alteration or repair work undertaken pursuant to this Lease, once begun, shall be accomplished expeditiously and diligently in accordance with the terms of this Lease. Tenant shall take all reasonable measures to minimize any damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected thereby. Tenant shall repair, at its own cost and expense, any and all damage caused by such work, and shall restore the area upon which such work is performed to a conditions which is equal to or better than the condition which existed prior to the beginning of such work. Dust, noise and other effects of such work shall be controlled using the best accepted methods customarily utilized in order to control such deleterious effects associated with construction projects in a populated or developed area.

(ii) Utility Work. Any work performed by or on behalf of Tenant or any occupant or sublessee to connect to, repair, relocate, maintain or install any storm drain, sanitary sewer, water line, gas line, telephone conduit or any other public utility service shall be performed so as to minimize interference with the provisions of such services to occupants and other persons.

(iii) Compliance with Construction Documents and Laws; Issuance of Permits. All improvements on the Demised Premises shall be constructed in compliance with any construction documents approved by Landlord and also in compliance with all applicable local, state and federal laws and regulations.

(iv) Construction Safeguards. Tenant shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by Tenant, all necessary safeguards for the protection of workers and the public.

(v) Obtain Financing. Tenant covenants to obtain and assemble all financing and equity capital necessary for construction of improvements contemplated by Tenant prior to commencing construction of such improvements.

(vi) Architect's Plans. Tenant shall use best efforts to negotiate in any contract with any design architect hired in connection with any construction undertaken on the Demised Premises a provision to the effect that in the

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event Landlord succeeds to Tenant's rights under this Lease prior to completion of the construction which is the subject of such contract, the architect will permit Landlord to use the plans and designs prepared by the architect in order to complete construction. Landlord's rights in any such contract and plans shall in all cases be subject to the rights of Mortgagees.

(vii) Conditions of Commencement of Construction . In no event shall Tenant commence any substantial construction on the Demised Premises until the following conditions have been satisfied or waived by Landlord, in addition to other conditions and requirements imposed by applicable law or this Lease:

(A) Landlord has approved Tenant's final plans and specifications for the improvements;

(B) Tenant has obtained building permits and all other governmental approvals necessary for the construction of the improvements;

(C) Tenant has entered into complete and binding contracts with its contractor or contractors for the construction of the improvements; and

(D) Tenant has obtained a contractor's completion bond of a surety company licensed to do business in California, naming Landlord as an obligee and conditioned on the completion of the work in accordance with the plans and specifications approved by the Landlord. Such bond shall be in such amount and in such form, and issued by a surety, all as Landlord shall reasonably approve. The bond may also include as an obligee any leasehold Mortgagee acting as construction lender for the work. In lieu of a completion bond, Tenant may deliver to Landlord a performance and payment bond of a surety company as above-described, procured by Tenant's construction contractor as obligor, and naming Tenant, Landlord and any leasehold Mortgagee acting as construction lender as obligees, as their interests may appear. Such bonds shall be in the amount of the estimated cost of the construction of the work as set forth in the construction contract between Tenant and Tenant's construction contractor so long as Landlord approves said amount as a reasonable estimate of said construction costs. In lieu of any of the bonds above-described, Tenant may furnish to Landlord as security for Tenant's completion of construction of the work such other bond, letter of credit, undertaking, or financial instrument as Landlord shall find reasonably acceptable.

m. Bond or Undertaking Regarding Debris, Etc. Landlord hereby acknowledges its receipt and acceptance of that

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certain Performance, Labor and Demolition Guaranty and Set-Aside Agreement between Landlord and Tenant's predecessor in interest dated June 17, 1982 ("Undertaking") with respect to the matters set forth in Section (c) thereof, to wit: Tenant's guaranty of (i) the removal of all debris or submerged craft emanating from the Demised Premises or elsewhere, which may obstruct traffic or interfere in any way with the proper use of the navigable waters of the Marina, (ii) the removal, prior to the expiration or other termination of this Lease, of all mooring, anchorage and slip facilities, pilings and floats in the water area, and all improvements on the land portion of the Demised Premises owned, operated or maintained by Tenant, and (iii) the leaving of the ground in a level and usable condition and the removal of all facilities not designated by Landlord to be left in place. Landlord and Tenant acknowledge that the Undertaking is in full force and effect with respect to the matters set forth in Section C thereof and constitutes a lawful obligation of Tenant's to which Tenant is bound in accordance with its terms. Notwithstanding the above, in no way shall said Undertaking supplant or be deemed to satisfy any of Tenant's or its assignee's obligations elsewhere contained in this Lease (other than with respect to the matters set forth in Section C thereof) or in the Other Master Leases to provide to the Landlord bonds, surety instruments, instruments of credit or other financial instruments. In the event Tenant assigns this Lease, Landlord shall require that the assignee furnish a corporate surety bond (or other financial instrument or device reasonably satisfactory to Landlord), in the amount of $100,000.00 guaranteeing the matters set forth in Section (c) of the Undertaking. Upon assignment of this Lease by Tenant, the Undertaking shall be deemed canceled and of no further force or effect as of the date of assignment. Landlord agrees to provide at least thirty (30) days' notice to Tenant or any successor or assign of Tenant under this Lease of Landlord's exercise of its rights under the Undertaking or any financial instrument or device given in lieu thereof.

11. Requirements of Public Authority.

a. Compliance with Laws. During the term of this Lease, Tenant shall, at its own cost and expense, promptly observe and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of all governmental authorities affecting the Demised Premises or appurtenances thereto or any part thereof whether the same are in force on the Effective Date or may in the future be passed, enacted, or directed, and Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees, that may in any manner arise out of or be imposed because of the failure of Tenant to comply with the covenants of this Section 11.

b. Right of Contest. Tenant shall have the right to contest by appropriate legal proceedings diligently conducted in good faith, in the name of the Tenant, or Landlord (if legally required) (or both if legally required), without cost or expense to Landlord, the validity or application of any law, ordinance, rule, regulation, or requirement of the nature referred to in Section 11a. and, if by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Tenant may delay such compliance therewith until the final determination of such proceeding.

c. Landlord to Cooperate. Landlord agrees to execute and deliver any appropriate papers or other instruments which may be necessary or proper to permit Tenant so to contest the validity or application of any such law, ordinance, order, rule, regulation or requirement and to fully cooperate with Tenant in such contest.

13. Covenant Against Liens.

a. Protection of Landlord. Nothing in this Lease shall be construed as constituting the consent of Landlord, expressed or implied, to the performance of any labor or the furnishing of any materials or any specific improvements, alterations or repairs to the Demised Premises or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving Tenant or any other person any right, power or authority to act as agent of or to contract for, or permit the rendering of, any services, or give rise to the filing of mechanics' liens or other claims against Landlord's fee interest in the portion of the Project Master Area underlying the Demised Premises. Landlord shall have the right at all reasonable times to post, and keep posted, on the Demised Premises any notices which Landlord may deem necessary for the protection of Landlord from mechanics' liens or other claims. Tenant shall give Landlord ten (10) days prior written notice of the commencement of any work to be done on the Demised Premises to enable Landlord to post such notices. In addition, Tenant shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons doing any work or furnishing any materials or supplies to Tenant or any of its contractors or subcontractors in connection with the Demised Premises and the improvements thereon. Tenant shall keep the Demised Premises and such improvements free and clear of all mechanics' liens and other liens on account of work done for Tenant or persons claiming under it. Tenant shall indemnify and save Landlord harmless against liability, loss, damages, costs, reasonable attorneys' fees, and all other reasonable expenses incurred by Landlord on

account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under it. In the event any lien is recorded and is not expunged or has expired on or before ninety (90) days of recording, Tenant shall, upon demand, furnish the bond described in California Civil Code Section 3143, or successor statute, which results in the removal of such lien from the Demised Premises.

b. Notice. Should any claims of lien be filed against the Demised Premises or the improvements thereon, or any action affecting the title to the Demised Premises be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

13. Assignment and Subletting. Tenant may assign, sublease (in whole or in part or parts), mortgage, or otherwise encumber this Lease (in whole or in part or parts) or any sublease of all or any part of the Demised Premises and may permit its subtenant or subtenants to assign, sublease (in whole or in part or parts), mortgage or otherwise encumber this Lease or any sublease of all or any part of the Demised Premises, without requiring Landlord's consent therefor. Tenant agrees to furnish to Landlord written notice of the assignment of this Lease within thirty (30) days thereafter, together with the name and address of the assignee. Upon any such assignment, Tenant shall be relieved of all further obligations hereunder and shall no longer have any liability under this Lease or with respect to the Demised Premises, provided that each assignee or subtenant shall assume all obligations (and agree to cure all outstanding defaults, if any, on terms satisfactory to Landlord) of Tenant under this Lease with respect to the portion of the Demised Premises assigned or sublet and Tenant shall deliver to Landlord a counterpart of the assignment or sublease, together with an instrument in recordable form that contains a covenant of assumption by the assignee or subtenant consistent with this Section 13. Nothing in this Section 13 shall impair or be deemed to affect the rights of leasehold Mortgagees under Section 26 hereof. Without limiting the generality of the foregoing, upon any default or acceleration of a leasehold Mortgage, the leasehold Mortgagee or its nominee may acquire and succeed to the Demised Premises and assign this Lease to any other person without requiring Landlord's consent therefor. Any assignment of the Demised Premises by a leasehold Mortgagee shall be effective only upon the assignee's delivery to Landlord of a document evidencing the assignee's agreement to be bound by all of the terms of this Lease. Upon request of such assignee, Landlord shall enter into a new lease with the assignee on terms identical to the terms of this Lease, for a term coterminous with the remaining Term of this Lease, all in accordance with Section 26.f. below.

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14. Indemnity.

a. Acts of Tenant and Third Parties. Tenant shall indemnify and save harmless Landlord from and against any and all cost, expense (including reasonable attorneys' fees), liability, damage, penalties or judgments arising from injury to person or property sustained by anyone in and about the Demised Premises resulting from or connected with the use or occupancy of the Demised Premises by Tenant, the physical condition of the Demised Premises, including soil conditions and the condition of improvements constructed or installed on the Demised Premises, and the existence, disposal, handling, leaching and/or managing of "hazardous materials," as defined in Section 22 of this Lease, or any act or acts or omission or omissions of Tenant, or Tenant's officers, agents, servants, employees, contractors, or sublessees, or any other cause whatsoever (including the concurrent negligence of third parties and Landlord) other than as set forth in Section 14.b. below. Tenant shall, at it own cost and expense, defend any and all suits or actions (just or unjust) which may be brought against Landlord or in which Landlord may be impleaded with others upon any such above-mentioned matter, claim or claims, except as may result from the acts set forth in Section 14.b. below.

b. Acts of Landlord. Except for its active negligence or active negligence of its officers, agents, servants, employees, or contractors, Landlord shall not be responsible or liable for any damage or injury to any property, fixtures, buildings, or other improvements, or to any person or persons, at any time on the Demised Premises, including any damage or injury to Tenant or to any of Tenant's officers, agents, servants, employees, contractors, customers, or sublessees.

c. Approval of Lease. Tenant shall indemnify, defend and hold Landlord harmless from and against any suits, claims, judgments, damages, losses, costs and liabilities, including reasonable attorneys' fees and court costs (collectively "Claims") Landlord may incur arising from any claim, litigation or action based on Landlord's approval and execution of this Lease, excepting only Claims arising from violations of (i) the Open Meeting Law, Government Code Section 54950 et seq., (ii) other laws governing Landlord's deliberative procedures, to the extent Landlord has exclusive control of such procedures, (iii) the Political Reform Act, Government Code Section 87100 et seq., (iv) constructive or actual fraud by Landlord or any of Landlord's elected officials, employees, attorneys or other agents, or (v) any other instance or pattern of intentional wrongdoing or willful

misconduct by Landlord or any of Landlord's elected officials, employees, attorneys or other agents.

15. Insurance.

a. Liability Insurance. Tenant shall provide at its expense, and keep in force during the term of this Lease, general liability insurance in a good and solvent insurance company or companies licensed to do business in the State of California, selected by Tenant, and reasonably satisfactory to the holder of any mortgage permitted pursuant to the provisions of Section 26 hereof (all of such mortgages being hereinafter collectively referred to as "Mortgages" and the holder(s) thereof as "Mortgagee(s)"), and to Landlord, in the amount of at least Five Million Dollars ($5,000,000.00) with respect to injury or death to any one person and Five Million Dollars ($5,000,000.00) with respect to injury or death to more than one person in any one accident or other occurrence, and One Million Dollars ($1,000,000.00) with respect to damages to property by any one person in any one occurrence and $1,000,000.00 with respect to damages to property sustained by two or more persons in any one occurrence. Such policy or policies shall include Landlord and Landlord's city council members, officers, agents and employees and each such Mortgagee as assureds. Tenant agrees to deliver certificates of such insurance to Landlord on the Effective Date and thereafter not less than ten (10) days prior to the expiration of any such policy.

b. Property Insurance. During the term of this Lease, Tenant shall keep all buildings and improvements erected by Tenant on the Demised Premises at any time insured for the benefit of Landlord and Tenant and the holder of any such Mortgage as their respective interests may appear against loss or damage by fire and customary extended coverage in an amount equal to the full replacement cost of all such buildings and improvements. Before commencement of any demolition or construction on the Demised Premises, Tenant shall procure, and shall maintain in force until completion of the work, (i) worker's compensation insurance covering all persons employed by Tenant or by Tenant's contractors and subcontractors in connection with such work and with respect to whom death or injury claims could be asserted against any Mortgagee, Landlord, Tenant or the Demised Premises, and with Landlord, Tenant and any Mortgagee named as insureds, and (ii) "all-risks" builder's risk insurance, including vandalism and malicious mischief, in form and with a company reasonably acceptable to any Mortgagee, covering improvements in place and all material and equipment at the job site furnished under contract, in amounts equal to the value upon completion of the improvements which are the subject of the work (exclusive of items which are customarily excluded from such coverage), and

with Landlord, Tenant and any mortgagee named as loss payees, as their respective interests appear. In addition, as and to the extent Tenant has any employees performing services in or on the Demised Premises from and after completion of construction, Tenant shall maintain workers' compensation insurance as described above for such employees. All such policies or certificates thereof, shall be held by the holder of any such Mortgage, if any, or by Landlord, so long as there shall be no such Mortgages. All proceeds payable at any time and from time to time by any insurance company under such policies shall be payable to such Mortgagee, if any or, if none, to Tenant. If any such proceeds are paid to such Mortgagee, Tenant shall be entitled to receive the full amount thereof in accordance with the terms of such Mortgage, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Tenant agrees to use best efforts to secure the agreement of Mortgagees to commit the proceeds of casualty insurance received by such Mortgagees upon a casualty to the restoration and repair of the Demised Premises, subject to the requirements of applicable law. Any proceeds paid directly to Tenant shall be retained by Tenant, and Landlord shall not be entitled to, and shall have no interest in, such proceeds or any part thereof. Landlord shall, at Tenant's cost and expense, cooperate fully with Tenant in order to obtain the largest possible recovery and execute any and all consents and other instruments and take all other actions necessary or desirable in order to effectuate the same and to cause such proceeds to be paid as hereinbefore provided and Landlord shall not carry any insurance concurrent in coverage and contributing in the event of loss with any insurance required to be furnished by Tenant hereunder if the effect of such separate insurance would be to reduce this protection or the payment to be made under Tenant's insurance.

c. Blanket Policy Coverage. Any insurance required to be provided by Tenant pursuant to this Lease may be provided by blanket insurance covering the Demised Premises and other locations of Tenant, provided such blanket insurance complies with all of the other requirements of this Lease with respect to the insurance involved and such blanket insurance is acceptable to any Mortgagee.

d. Failure to Procure Insurance. In the event of Tenant's failure to procure or renew insurance as required by this Section 15, Landlord may, at its discretion, procure or renew such insurance and pay all premiums in connection therewith and all monies so paid by Landlord shall be repaid by Tenant to Landlord upon demand.

e. Waiver of Subrogation. All insurance policies carried by either party covering the Demised Premises, including but not limited to contents, fire, and casualty

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insurance, shall expressly waive any right on the part of the insurer against the other party. The parties hereto agree that their policies will include such waiver clause or indorsement so long as the same shall be obtainable without extra cost, or if extra cost shall be charged therefor, so long as the other party pays such extra cost. If extra cost shall be chargeable therefor, each party shall advise the other thereof and of the amount of the extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so.

f. No Limitation on Indemnity. The insurance coverage required under this Section 15 shall not operate to limit Tenant's obligation to indemnify Landlord as provided in Section 14 of this Lease, but such insurance may be applied towards satisfaction of such indemnity obligations.

g. Proof of Coverage; Coverage Satisfactory to Landlord. All insurance policies required under this Section 15 shall be satisfactory to Landlord in its reasonable discretion and shall be provided by companies having a Best's rating of "AA" or better (and if Best's no longer provides such ratings, an equivalent rating, if available). Certificates or duplicate originals of all policies shall be delivered to Landlord as soon as available, and shall be in full force and effect on or before the Effective Date. As often as any such policies shall expire or terminate, renewal or additional policies shall be procured and maintained in like manner and to like extent during the term of this Lease. All policies of insurance shall provide that the same shall be noncancellable or subject to reduction in the amounts of coverage without thirty (30) days' written notice to Landlord, and to each Mortgagee.

h. Periodic Review of Coverage Amounts. The amounts and extent of coverage of property insurance and general liability insurance policies shall be subject to adjustment every five (5) years during the Term, based on the parties' review of such amounts and extent of coverage in consultation with their respective insurance advisors, and based on then-customary insurance requirements for facilities of size, value and operation similar to the Demised Premises and its improvements. If the parties are unable to agree upon adjustments to the amounts of insurance or extent of coverage within thirty (30) days after a written request by one party to the other for an adjustment, the determination of appropriate amounts of coverage or extent of coverage made by an independent insurance advisor jointly selected by the parties' insurance advisors shall be binding upon the parties.

16. Damage and Destruction.

a. Insured Casualty. If the Demised Premises or the improvements constructed or installed thereon ("Improvements") are damaged or destroyed due to any cause substantially within the scope of any policy of insurance required to be maintained by Tenant under this Lease, Tenant shall, to the extent permitted by law, promptly commence and diligently complete the restoration of the improvements as nearly as possible to their condition prior to the damage or destruction (with such changes, alterations and modifications as may be desired by Tenant and as will not materially impair the value or character of the Demised Premises). In the event Tenant is obligated or elects to restore the Demised Premises, all proceeds of any policy of insurance maintained by Tenant under this Lease shall, to the extent necessary, be used by Tenant for that purpose. Landlord shall cooperate with Tenant and assist Tenant to the extent necessary or desirable in the process of adjusting and settling insurance claims. In the event Tenant is obligated or elects to restore the Demised Premises and the Improvements, Tenant shall advance any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof; and any excess insurance proceeds shall belong to Tenant.

b. Uninsured Casualty. In the event that the Demised Premises, the Improvements or any portion thereof are damaged or destroyed from any cause not substantially covered under insurance required to be carried by Tenant under this Lease, then:

(i) If the cost of such repair and restoration is less than twenty-five percent (25%) of the replacement cost of the entire Improvements prior to such damage or destruction (or, if the cost of such repair and restoration is twenty-five percent (25%) or more of the replacement cost of the entire Improvements prior to such damage or destruction, but Tenant nonetheless, at its sole option, elects to restore the Improvements), then Tenant shall, to the extent permitted by law, perform the work required to restore the Improvements to their condition prior to the damage or destruction as provided in Section 16.a, and this Lease shall remain in full force and effect.

(ii) In the event that subparagraph 16.b(i) does not apply and Tenant elects not to restore, Tenant shall have the right to terminate this Lease (provided Tenant first obtains the approval of any leasehold Mortgagee whose approval is required by the terms of its leasehold Mortgage) by notice given to Landlord within ninety (90) days after the date of such damage or destruction, which termination shall be effective thirty (30) days after the date

of such notice, and rent and other charges shall be apportioned as of the date of termination. Upon termination, Tenant shall deliver possession of the Demised Premises and any remaining Improvements to Landlord and quitclaim to Landlord all of Tenant's right, title and interest in and to Demised Premises and any remaining Improvements therein. Tenant shall also remove all debris and put the Demised Premises and remaining Improvements in a safe condition. Thereupon, this Lease shall terminate and the parties shall have no further obligations to each other excepting those previously accrued but theretofore unsatisfied.

(iii) The foregoing subparagraphs 16.b(i) and (ii) notwithstanding, in the event of damage or destruction to the Improvements from any cause (insured or uninsured) during the last ten (10) years of the Term where the cost of repair and replacement is twenty-five percent (25%) or more of the replacement cost of the entire Improvements prior to such damage, then Tenant shall have the right to terminate this Lease (provided Tenant first obtains the approval of any leasehold Mortgagee who approval is required by the terms of its leasehold Mortgage) by notice given to Landlord within ninety (90) days of the date of such damage or destruction, said termination to be effective thirty (30) days from the date of the notice, and rent and other charges shall be apportioned as of the date of termination. Upon termination, Tenant shall deliver possession of the Demised Premises and any remaining Improvements to Landlord and quitclaim to Landlord all of Tenant's right, title and interest in and to Demised Premises and any remaining Improvements therein. Tenant shall also remove all debris and put the Demised Premises and remaining Improvements in a safe condition. Thereupon, this Lease shall terminate and the parties shall have no further obligations to each other excepting those previously accrued but theretofore unsatisfied. If a dispute arises under this Section 16 as to the extent of damage, destruction or insurance coverage, either Landlord or Tenant may initiate arbitration to resolve such dispute in accordance with the provisions of Section 45 hereof.

c. Distribution of Insurance Proceeds. In the event of an election by Tenant to terminate and surrender as provided in Section 16.b, the priority and manner for distribution of the proceeds of any insurance policies required by this Lease to be maintained by Tenant shall be as follows:

(i) First, to pay the reasonable expenses of Landlord, Tenant and any Mortgagees in obtaining such proceeds;

(ii) Second, to pay for the cost of removal of all debris from the Demised Premises and for the cost of any work or service required by applicable law for the

protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

(iii) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the fee interest in the Demised Premises as unimproved land caused by or arising from the damage or destruction (other than damage or destruction neither required to be, nor actually, insured against under this Lease); and

(iv) Fourth, the balance of the proceeds to Tenant (or to any leasehold Mortgagee if its leasehold Mortgage so provides) to compensate Tenant for the loss of ownership and use of the Demised Premises for the remainder of the Term.

d. Rent. In the event of damage or destruction, Tenant shall remain obligated to pay the rent and other charges to be paid or discharged under this Lease until the date whereon Tenant notifies Landlord of its election to exercise its right, if any, to terminate this Lease as a consequence of the damage or destruction, and such rent and other charges shall be apportioned as of the date of termination.

e. Determination of Extent of Destruction; Interference with Use. For the purposes of Section 16.b(i), the extent of destruction of the Improvements shall be determined by dividing the established cost of replacement or restoration as evidenced by estimates prepared by licensed general contractors hired by Tenant and reasonably acceptable to Landlord by the full replacement cost of the Improvements, applying thereto the percentage change in construction cost for the applicable period based upon the Engineering News Record average construction cost index for such period, applicable to the San Francisco-Oakland Area, or in the absence of such index, a similar index prepared for such area.

f. Waiver. The provisions of this Section 16 shall govern the rights of the parties in the event of any full or partial destruction of the Improvements. Tenant hereby waives the provisions of Civil Code Section 1932(2) and Civil Code Section 1933(4) and any similar successor statue or law with respect to any destruction of the Demised Premises or the Improvements.

17. Taxes and Assessments. Tenant agrees to pay before delinquency all lawful taxes, assessments, fees, or charges which at any time may be levied by the State, County, City, or any tax or assessment levying body upon any interest in this Lease or any possessory right which Tenant may have in

or to the Demised Premises or to the improvements thereon by reason of its use or occupancy thereof or otherwise, as well as all taxes, assessments, fees, and charges on goods, merchandise, fixtures, appliances, equipment, and property owned by it in, on, or about the Demised Premises. Landlord agrees to cause the tax assessor of Solano County to make such changes to the County's tax rolls as may be necessary to conform such records to the terms of this Lease and the Other Master Leases.

18. Accounting and Records. In order to determine the amount of and provide for the payment of the rental due hereunder, Tenant shall at all times during the term of this Lease, and for twelve (12) months thereafter, keep, or cause to be kept to the satisfaction of Landlord, true, accurate, and complete records and double-entry books of account, such records to show all transactions relative to the conduct of operations, and to be supported by documents of original entry where available or kept in the ordinary course of Tenant's business, but Tenant shall be obligated to keep books, records and other materials described above pertaining to any Lease Year only for a period of five (5) years following the end of such Lease Year.

No later than the 60th day following the end of each Lease Year, Tenant shall render to Landlord a detailed statement showing Gross Receipts for such Lease Year, together with the amount payable to Landlord under Section 9 hereof, if any, and shall accompany same with remittance of amounts so shown to be due.

Books of account and records hereinabove required shall be kept or made available at Tenant's principal place of business, and Landlord shall have the right at any and all reasonable times to examine and audit said books and records without restriction for the purpose of determining the accuracy thereof and of the monthly statements of gross receipts derived from occupancy of the Demised Premises. Landlord shall pay all costs of such audits, provided that if Landlord's audit shows a variance in Landlord's favor between amounts payable under the Lease for the period audited and amounts actually paid by Tenant during such period in amounts equal to five percent (5%) or greater of the amounts determined by the audit to be payable, Tenant shall pay the costs of such audit, plus the amount of any variance. If Tenant disputes the methodology or conclusion of Landlord's audit, such dispute shall be settled by arbitration in accordance with the requirements of this Lease.

19. Entry by Landlord. Lender and its duly authorized representatives or agents may enter upon the Demised Premises at any and all reasonable times during the term of

this Lease for the purpose of determining whether or not Tenant is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of Landlord; provided that Landlord shall at no time interfere with the business activities and quiet enjoyment of Tenant and Tenant's sublessees on the Demised Premises.

20. Utilities. In addition to the rental charges as herein provided, Tenant shall pay all service charges for furnishing water, power, sewage disposal, light, telephone service, garbage, and trash collection, and all other utilities, to the Demised Premises.

21. Signs and Awnings. No signs or awnings shall be erected or maintained upon the Demised Premises other than inside any buildings constructed by Tenant or a subtenant, except such signs as show the business or profession of Tenant or such subtenant. All such signs shall be consistent with the Benicia sign ordinance and the design guidelines adopted for the Project Master Area by Landlord as set forth in the Phase II Development Agreement described above.

22. Hazardous Substances. No goods, merchandise, or material shall be kept, stored, generated, produced, disposed of, transported to or from, used or sold in or on the Demised Premises which constitute "hazardous materials" (as hereinafter defined); and no offensive or dangerous trade, business, or occupation shall be carried on therein or thereon, and nothing shall be done on the Demised Premises which will cause an increase in the rate of or cause a suspension or cancellation of the insurance upon said or other premises and the improvements thereon. No machinery or apparatus shall be used or operated on the Demised Premises which will in any way injure said premises, or improvements thereon, or adjacent or other premises, or improvements thereon. Notwithstanding the foregoing, Tenant shall be permitted to bring, keep or use on or about the Demised Premises such materials, supplies, equipment, and machinery (including "hazardous materials," as hereinafter defined) as are appropriate or customary in making any necessary repairs or in carrying on its business in all usual respects so long as all such activities of Tenant are in compliance with applicable law and regulation. For purposes of this Lease, "hazardous materials" are defined as (but shall not be limited to) flammable explosives, asbestos, radioactive materials, hazardous waste, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials, substances defined as "hazardous substances", "hazardous materials", or "toxic substances", in the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act 49 U.S.C. Section 1801, et seq.; the Resource Conservation

and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted and publications promulgated pursuant to said laws. Tenant acknowledges that Tenant is not looking to or relying upon Landlord to disclose any matters which Landlord might be required to disclose under California Health & Safety Code § 25359.7, and that all such matters have been investigated by Tenant to Tenant's satisfaction as provided in Section 2.b. of this Lease.

23. Eminent Domain.

a. Definitions. The following definitions apply in construing provisions of this Lease relating to the taking of or damage to all or any part of the Demised Premises or improvements or any interest in them by eminent domain or inverse condemnation:

(1) Taking means the taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be considered to take place as of the later of (1) the date actual physical possession is taken by the condemner or (2) the date on which the right to compensation and damages accrues under the law applicable to the premises;

(2) Total taking means the taking of the fee title to all the Demised Premises and the improvements on the Demised Premises, which shall be considered to include any off-site improvements effected by Tenant to serve the Demised Premises or the improvements on the Demised Premises;

(3) Substantial taking means the taking of so much of the Demised Premises or improvements or both that the following condition results: A reasonable amount of reconstruction would not make the land and improvements a practical improvement and reasonably suited for Tenant's continued occupancy for the uses and purposes for which the Demised Premises are leased;

(4) Partial taking means any taking of the fee title that is not either a total or a substantial taking;

(5) Improvements means all products of skill, artifice, plan or design for construction on, modification of, or planned use of existing structures, natural or cultivated, or earth contours on the Demised Premises, including but not limited to: buildings, structures, fixtures, fences, utility installations, excavations, surfacing, water banks or channels and grading; ornamental trees, bushes and vines, whether occurring on the Demised Premises naturally or implicate by human design or effort, and whether coming into being on the Demised Premises before or after commencement of the term; landscaping, ground cover, crops, planting, and earth contours forming part of a landscaping design; and artistic and ornamental components of any of the above;

(6) Notice of intended taking means any notice or notification on which a reasonably prudent man would rely and which he would interpret as expressing an existing intention of taking as distinguished from a mere preliminary inquiry or proposal. It includes, but is not limited to, a resolution of necessity and condemnation complaint on a party to this Lease. The notice is considered to have been received when a party to this Lease receives from the condemning agency or entity a notice of intent to take in writing, containing a description or a map of the taking reasonably defining the extent of the taking; and

(7) Award means compensation paid for the taking whether pursuant to judgment or by agreement or otherwise.

b. Notice to Other Party. The party receiving any notice of the kinds specified below shall promptly give the other party notice of the receipt, contents and date of the notice received:

(1) Notice of intended taking;

(2) Service of any legal process relating to condemnation of the Demised Premises or improvements;

(3) Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

(4) Notice of intent or willingness to make or negotiate a private purchase, sale or transfer in lieu of condemnation.

c. Representative of Each Party; Effectuation. Landlord, Tenant and all persons and entities holding under Tenant shall each have the right to represent his or its respective interest in each proceeding or negotiation with

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respect to a taking or intended taking and to make full proof of his or its claims. No agreement, settlement, sale or transfer to or with the condemning authority shall be made without the consent of Landlord and Tenant. Landlord and Tenant each agrees to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

d. Total or Substantial Taking; Effect on Rent and Term:

(1) Total Taking. On a total taking, Tenant's obligation to pay rent shall terminate on the date of taking, but Tenant's interest in the leasehold estate shall continue until the taking is completed by deed, contract or order of final condemnation.

(2) Substantial Taking. If the taking is substantial under the definition appearing in Section 23.a(3) hereof, Tenant may, by notice to Landlord given within thirty (30) days after Tenant receives notice of intended taking, elect to treat the taking as a substantial taking. If Tenant does not so notify Landlord, the taking shall be deemed a partial taking. If Tenant gives such notice and Landlord gives Tenant notice disputing Tenant's contention within sixty (60) days following Tenant's notice, the dispute shall be promptly determined by arbitration as provided in Section 45 of this Lease. A substantial taking shall be treated as a total taking if (i) Tenant delivers possession to Landlord within ninety (90) days after determination that the taking was a substantial taking, and (ii) Tenant is not in default under this Lease and has complied with all Lease provisions concerning apportionment of the award. If these conditions are not met, the taking shall be treated as a partial taking.

e. Early Delivery of Possession. Tenant may continue to occupy the Demised Premises and improvements until the condemner takes physical possession. However, at any time following notice of intended total taking, or within the time limit specified for delivering possession in the provision on substantial taking, Tenant may elect to deliver possession of the Demised Premises to Landlord before the actual taking. The election shall be made by notice declaring the election and covenanting to pay all rents required under this Lease to the date of taking. Tenant's right to apportionment of or compensation from the award shall then accrue as of the date that Tenant goes out of possession.

f. Apportionment, Distribution of Award for Total Taking. On a total taking, all sums, including damages and interest awarded for the fee, shall be promptly deposited with an escrow agent, acceptable to Landlord and Tenant, and

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shall be distributed and disbursed by it in the following order of priority:

First: To discharge all real and personal property taxes and assessments constituting a lien on the Demised Premises and improvements, less such prorata share thereof allocable by State law to the condemner cancelable upon consummation of said taking; all such amounts so paid to be charged against and deducted from Tenant's share of said award.

Second: To Landlord, a sum equal to the value of the leased lands taken, valued exclusive of improvements as unimproved land, but subject to this Lease any subleases, boat berthing licenses and other agreements entered pursuant to this Lease which affect the Demised Premises; and, in case of a partial taking, treated as a substantial taking as defined in Section 23.a(3) hereof, plus the resulting or consequential (severance) damages, if any, to the remaining part of the leased lands, considered as vacant, unencumbered and unleased lands.

Third: To Landlord and to Tenant their respective expenses or disbursements reasonably and necessarily paid or incurred for or in connection with the condemnation proceedings.

Fourth: To any leasehold Mortgagee, the balance owing on the note secured by such leasehold Mortgage.

Fifth: The balance of the total award shall be paid to Tenant.

g. Partial Taking; Effect on Lease and Term. On a partial taking, this Lease shall remain in full force and effect, covering the remaining property, except that the minimum annual rental shall be reduced in the same ratio as the value of the portion of the Demised Premises taken (after deducting expenses of collection, including any attorneys' fees and restoration costs) bears to the value of the entire Demised Premises as of the date of taking possession, excluding improvements then in existence.

h. Restoration of Improvements. Promptly after a partial taking, at Tenant's expense and in the manner specified in provisions of this Lease relating to maintenance, repairs and alterations, Tenant shall repair, alter, modify or reconstruct the improvements (hereinafter referred to as "restoring") so as to make them reasonably suitable for Tenant's continued occupancy for the uses and purposes for

which the Demised Premises are leased. If the reasonably estimated cost of the work represents more than twenty-five percent (25%) of the then fair market value of the leasehold improvements before the taking, Tenant may, in the manner provided for a substantial taking, elect to treat the taking as substantial. If Tenant does not repair, alter, modify or reconstruct if required as above (herein called "repair"), the cost of such repair shall be deducted from Tenant's share of the award and paid to any leasehold Mortgagee demanding it, and otherwise to Landlord. If Landlord disputes Tenant's good faith business judgment or the reasonableness of Tenant's estimates, as provided herein, such dispute shall be settled by arbitration in accordance with Section 45 of this Lease.

i. Apportionment, Distribution of Award for Partial Taking. On a partial taking, all sums, including damages and interest, awarded for the fee title or the leasehold or both, shall be deposited promptly with an escrow agent, acceptable to Landlord and Tenant, and shall be distributed and disbursed in the following order of priority:

First: To the cost of restoring the leasehold improvements, plus any amount assessed, awarded, paid or incurred to remove or relocate subtenants, plus any amount awarded for detriment to business.

Second: To Landlord a sum equal to the fair market value of the lands taken, valued as unimproved land, exclusive of improvements, but subject to this Lease and any subleases, boat berthing licenses or other agreements respecting the use and operation of any part of the Demised Premises, plus the resulting or consequential (severance) damages, if any, to the remaining part of the leased lands, considered as vacant, unencumbered and unleased lands. Landlord may, at Landlord's election, direct disbursement of this portion to Cal Boating.

Third: To Landlord and to Tenant their respective expenses or disbursements reasonably and necessarily paid or incurred for or in connection with the condemnation proceedings.

Fourth: To a leasehold Mortgagee a sum equal to any decrease in its security resulting from the taking.

Fifth: To Tenant the balance thereof.

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j. Taking of Less Than Fee Title. On the taking, other than a fee title interest in the Demised Premises or improvements or both, the question whether the taking is total, substantial or partial, and the effects on term, rent and apportionment of award shall be determined by arbitration as provided in Section 45 of this Lease or by the court hearing the condemnation if it goes to trial.

k. Waivers. Landlord and Tenant expressly waive the provisions of CCP Sections 1265.110 through 1265.160 to the extent the same are inconsistent with the terms of this Section 23.

24. Sublease. If for any reason this Lease and the leasehold estate of Tenant hereunder is terminated by Landlord by summary proceedings or otherwise in accordance with the terms of this Lease, Landlord covenants and agrees that, provided that all obligations of Tenant which have been delegated to the sublessees under subleases in accordance with Section 27 hereof are not then in default, such termination of this Lease shall not result in a termination of any sublease affecting the Demised Premises and that all such subleases shall continue for the duration of their respective terms and any extensions thereof as direct leases between Landlord hereunder and the sublessees thereunder, with the same force and effect as if Landlord hereunder had originally entered into such sublease as Landlord thereunder (subject, however, to the prior right of the holder of any leasehold Mortgage) and Landlord shall recognize the rights of such sublessees under such subleases, and such sublessees shall attorn to Landlord with respect to the same. Any such sublessee which is named or joined in any action or proceeding by Landlord under this Lease to recover possession of the Demised Premises or for any other relief shall not be required to appear in or defend its interests, unless the matters complained of involve acts of sublessees relating to obligations under this Lease which Tenant has delegated and passed through to such sublessees pursuant to Section 27 of this Lease. Landlord shall, upon request, execute, acknowledge, and deliver such agreements evidencing and agreeing to the foregoing as each sublessee shall require. Notwithstanding the foregoing, upon any termination of this Lease by reason of an election to do so by Tenant pursuant to a right granted Tenant under this Lease (or by any one or more subtenants to whom Tenant has delegated its rights of termination pursuant to Section 27 of this Lease), the termination of this Lease shall result in the termination of all subleases as well.

25. No Mortgages of Fee Interest. Landlord hereby covenants and agrees that during the term of this Lease, Landlord shall not have the right or power to mortgage or otherwise create any security or other liens or encumbrances

upon or affecting the fee interest in the Demised Premises, or buildings, improvements, fixtures, equipment or other property thereon, or any part thereof, at any time and from time to time.

26. Leasehold Mortgages. Tenant and every successor and assign of Tenant (including, but not limited to, any sublessee of Tenant, but only with Tenant's prior consent) is hereby given the right by Landlord in addition to any other rights herein granted, without Landlord's prior written consent, to mortgage its interests in this Lease, or any part or parts thereof, and any sublease(s) under one or more first leasehold Mortgage(s) and/or under a purchase money first or second leasehold Mortgage(s) in connection with any sale of such interest, and assign this Lease, or any part or parts thereof, and any sublease(s) as collateral security for such Mortgage(s), upon the condition that all rights acquired under such Mortgage(s) shall be subject to each and all of the covenants, conditions, and restrictions set forth in this Lease, and to all rights and interests of Landlord herein, none of which covenants, conditions, or restrictions is or shall be waived by Landlord by reason of the right given so to mortgage such interest in this Lease, except as expressly provided herein. If Tenant and/or Tenant's successors and assigns (including, but not limited to, any sublessee of Tenant, but only with Tenant's prior consent) shall mortgage this leasehold, or any part or parts thereof, and if the holder(s) of such mortgage(s) shall, within thirty (30) days of its execution, send to Landlord a true copy thereof, together with written notice specifying the name and address of the Mortgagee and the pertinent recording date with respect to such Mortgage(s), Landlord agrees that so long as any such leasehold Mortgage(s) shall remain unsatisfied of record or until written notice of satisfaction is given by the holder(s) to Landlord, the following provisions shall apply:

a. No Cancellation. There shall be no cancellation, surrender, or modification of this Lease by joint action of Landlord and Tenant without the prior consent in writing of the leasehold Mortgagee(s), if such consent is required.

b. Notices. Landlord shall, upon serving Tenant with any notice of default, simultaneously serve a copy of such notice upon the holder(s) of such leasehold Mortgage(s). The leasehold Mortgagee(s) shall thereupon have a period of time, after service of such notice upon it, equal to the time provided to Tenant under this Lease to cure or remedy such defaults, plus ninety (90) days, to remedy or cause to be remedied the defaults complained of, and Landlord shall accept such performance by or at the instigation of such leasehold Mortgagee(s) as if the same had been done by Tenant or any subtenant to whom Tenant has delegated such performance.

c. Cure of Defaults. Anything herein contained notwithstanding, while such leasehold Mortgage(s) remains unsatisfied of record, or until written notice of satisfaction is given by the holder(s) to Landlord, if any default shall occur which, pursuant to any provision of this Lease, entitles Landlord to terminate this Lease, and if, before the expiration of ten (10) days from the date of service of notice of termination upon such leasehold Mortgagee(s), such leasehold Mortgagee(s) shall have notified Landlord of its desire to nullify such notice and shall have paid to Landlord all rent and additional rent and other payments herein provided for, and then in default, and shall have complied or shall commence the work of complying with all of the other requirements of this Lease, if any are then in default, and shall prosecute the same to completion with reasonable diligence, then in such event Landlord shall not be entitled to terminate this Lease and any notice of termination theretofore given shall be void and of no effect.

d. Extensions. If the Landlord shall elect to terminate this Lease by reason of any default of Tenant, the leasehold Mortgagee(s) shall not only have the right to nullify any notice of termination by curing such default, as aforesaid, but shall also have the right to postpone and extend the specified date for the termination of this Lease as fixed by Landlord in its notice of termination, for a period of not more than six (6) months, provided that such leasehold Mortgagee(s) shall cure or cause to be cured any then existing money defaults and meanwhile pay the rent, additional rent and comply with and perform all of the other terms, conditions, and provisions of this Lease on Tenant's part to be complied with and performed, other than past nonmonetary defaults, and provided further that the leasehold Mortgagee(s) shall forthwith take steps to acquire or sell Tenant's interest in this Lease by foreclosure of the Mortgage(s) or otherwise and shall prosecute the same to completion with all due diligence. If, at the end of said six (6) month period, the leasehold Mortgagee(s) shall be actively engaged in steps to acquire or sell Tenant's interest herein, the time of said leasehold Mortgagee to comply with the provisions of this Section 26 shall be extended for such period as shall be reasonably necessary to complete such steps with reasonable diligence and continuity.

e. Insurance. Landlord agrees that the name of the leasehold Mortgagee(s) may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Tenant hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Lease and that the leasehold Mortgage(s) or collateral document shall so provide.

f. New Lease. Landlord agrees that in the event of termination of this Lease by reason of any default by Tenant other than for nonpayment of rent or additional rent and other payments herein provided for, that Landlord will enter into a new lease of the Demised Premises with the leasehold Mortgagee(s) or its nominee(s), for the remainder of the term, effective as of the date of such termination, at the rent and additional rent and upon the terms, provisions, covenants, and agreements as herein contained and subject only to the same conditions of title as this Lease is subject to on the date of the execution hereof, and to the rights, if any, of any parties then in possession of any part of the Demised Premises, provided:

(1) Said Mortgagee(s) or its nominee(s) shall make written request upon Landlord for such new lease within fifteen (15) days after the date of such termination and such written request is accompanied by payment to Landlord of sums then due to Landlord under the Lease.

(2) Said Mortgagee(s) or its nominee(s) shall pay to Landlord at the time of the execution and delivery of said new lease, any and all sums which would at the time of execution and delivery thereof, be due pursuant to this Lease but for such termination, and in addition thereto, any expenses, including reasonable attorneys' fees, to which Landlord shall have been subjected by reason of such default.

(3) Said Mortgagee(s) or its nominee(s) shall perform and observe all covenants herein contained on Tenant's part to be performed and shall further remedy any other conditions which Tenant under the terminated Lease was obligated to perform under the terms of this Lease; and upon execution and delivery of such new lease, any subleases which may have theretofore been assigned and transferred by Tenant to Landlord, as security under this Lease, shall thereupon be deemed to be held by Landlord as security for the performance of all the obligations of tenant under the new lease.

(4) Landlord shall not warrant possession of the Demised Premises to tenant under the new lease.

(5) Such new lease shall be expressly made subject to the rights, if any of Tenant under the terminated Lease.

(6) The tenant under such new lease shall have the same right, title, and interest in and to the buildings and improvements on the Demised Premises as Tenant had under the terminated Lease.

(7) Landlord's execution and delivery of such new lease for the Demised Premises shall be made without representation or warranty of any kind or nature whatsoever, either express or implied, including, without limitation, any representation or warranty regarding title to the Demised Premises or any improvements or the priority of such new lease.

(8) If more than one leasehold Mortgagee requests a new lease, Landlord shall have no duty or obligation to determine the relative priority of the underlying leasehold Mortgages, and Landlord shall not be required to enter a new lease with any claimant until the dispute is resolved and Landlord is presented with satisfactory evidence of the same and the prevailing Mortgagee's right to enter such new lease. During the period of any such dispute, any leasehold Mortgagee who desires to avail itself of the rights provided to Mortgagees under this Lease (including the right to enter new leases following default and foreclosure of Tenant's interests in the Demised Premises) shall continue to pay the rent and perform all other obligations of Tenant under this Lease, provided that any time periods in this Lease applicable to the rights of leasehold Mortgagees shall be tolled until the dispute is resolved, so long as rent is paid and other obligations of Tenant under the Lease are performed.

(9) The leasehold Mortgagee pays all costs and expenses of Landlord, including, without limitation, reasonable attorneys' fees, real property transfer taxes and any escrow fees and recording charges, incurred in connection with the preparation and execution of such new lease and any conveyances related thereto.

g. No Obligation to Cure. Nothing herein contained which entitles Mortgagees or their nominees to certain benefits upon agreeing to cure defaults of Tenant arising under Section 29 shall be construed to require such Mortgagee(s) or its nominee(s) to cure any such default of Tenant when such benefits are not desired by such Mortgagee(s) or its nominee(s).

h. Modifications. Landlord agrees promptly after submission to execute, acknowledge, and deliver any agreements modifying this Lease requested by any leasehold Mortgagee(s) for the purposes of implementing the Mortgagee-protection provisions contained in this Section 26 and in other provisions of this Lease (whether or not specifically identified as such), provided that such modification does not decrease Tenant's obligations, decrease Landlord's rights pursuant to this Lease, or have a material adverse effect on Landlord's rights under this Lease.

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i. Proceeds of Insurance and Condemnation. The proceeds from any insurance policies or arising from a condemnation are to be held by any leasehold Mortgagee(s) and distributed pursuant to the provisions of this Lease, but the leasehold Mortgagee(s) may reserve its rights to apply to the mortgage debt all, or any part, of Tenant's share of such proceeds only if pursuant to such Mortgage(s).

j. Notice of Arbitration. The leasehold Mortgagee(s) shall be given notice of any arbitration proceedings by the parties hereto, and shall have the right to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that the leasehold Mortgagee(s) shall not elect to intervene or become a party to such proceedings, the leasehold Mortgagee(s) shall receive notice of, and a copy of any award or decision made in said arbitration proceedings.

k. Agreements. Landlord shall, upon request, execute, acknowledge, and deliver to each leasehold Mortgagee(s), an agreement prepared at the sole cost and expense of Tenant, in form satisfactory to such leasehold Mortgagee(s), between Landlord, Tenant and leasehold Mortgagee(s), agreeing to all of the provisions of this Section 26. The term "Mortgage", whenever used herein, shall include all security instruments used in the State of California such as, without limitation, deeds of trust, financing statements, security agreements, and other documentation required pursuant to the Uniform Commercial Code. The term "Mortgage," whenever used herein, shall also include any instruments required in connection with a sale-leaseback transaction.

l. Requests for Notice. Contemporaneously with Tenant's entering into any Mortgage, Tenant shall notify Landlord of such Mortgage so that Landlord may prepare and record a request for a copy of any notice of default under such Mortgage in accordance with Civil Code Section 2924b.

m. Cure of Tenant's Defaults. Tenant will use its best efforts to procure an agreement from each Mortgagee for the benefit of Landlord that Landlord shall be given notice of each default or event of default by Tenant under such Mortgagee's Mortgage at the same time as Tenant is provided with such notice and a reasonable time in addition to the time available to Tenant to cure such default or event of default.

n. Unsubordinated Fee. Landlord's fee interest in the land underlying the Demised Premises shall not be subordinated to or otherwise encumbered by or subject to any leasehold Mortgage. Notwithstanding the foregoing, Landlord's

fee interest shall be and is hereby made subject to this Lease and all provisions hereof.

27. Performance by Sublessees. Any act required to be performed by Tenant pursuant to the terms of this Lease may be performed by any sublessee of Tenant occupying all of any part of the Demised Premises and the performance of such act shall be deemed to be performance by Tenant and shall be acceptable as Tenant's act by Landlord. Without limiting the generality of the foregoing, Tenant shall have the right to delegate and pass through to any sublessee Tenant's obligations under Sections 10, 11, 14, 15, 16, 17, 18, 20 and 23 of this Lease. Notwithstanding the foregoing, subject to the provisions of Sections 13 and 31 of this Lease, Tenant shall remain jointly and severally liable with any sublessee to whom Tenant delegates and passes through any of Tenant's obligations under this Lease.

28. Quiet Enjoyment. Tenant, upon paying the rent and additional rent and all other sums and charges to be paid by it as herein provided, and observing and keeping all covenants, warranties, agreements, and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Demised Premises during the term of this Lease, without hindrance or molestation by anyone.

29. Defaults.

a. Enumeration of Tenant's Defaults. In the event any one or more of the following events shall have occurred and shall not have been remedied as hereinafter provided: (1) Tenant's failure to pay any installment of minimum annual rent or percentage rent when the same shall be due and payable and the continuance of such failure for a period of twenty (20) days after receipt by Tenant of notice in writing from Landlord specifying the nature of such failure; or (2) Tenant's failure to perform any of the other covenants, conditions, and agreements herein contained on Tenant's part to be kept or performed and the continuance of such failure without the curing of same for a period of thirty-five (35) days after receipt by Tenant of notice in writing from Landlord specifying in detail the nature of such failure and provided Tenant shall not cure said failure as provided in Section 29.b. below, or (3) the abandonment or vacation by Tenant of the Demised Premises, or any substantial portion thereof, for a period of thirty-five (35) days after written notice from Landlord calling attention to such abandonment or vacation, except for abandonment or vacation occasioned by a temporary taking as provided in Section 23, or by an act or event of "force majeure" set forth in Section 32, and provided Tenant shall not cure said failure as provided in Section 29.b. below, then, Landlord may, at its option, give to Tenant a notice of

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election to end the term of this Lease upon a date specified in such notice, which date shall be no less than ten (10) business days (Saturdays, Sundays, and legal holidays excluded) after the date of receipt by Tenant of such notice from Landlord, and upon the date specified in said notice, the term and estate hereby vested in Tenant shall cease and any and all other right, title, and interest of Tenant hereunder shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire term of this Lease had elapsed, but Tenant shall continue to be liable to Landlord as hereinafter provided. Simultaneously with the sending of the notice to Tenant hereinabove provided for, Landlord shall send a copy of such notice to any sublessee(s) of the Demised Premises or portions thereof that Tenant may select in writing, from time to time, and any additional persons or parties having an interest in the Demised Premises that Tenant may select, in writing from time to time. The curing of any default(s) within the above time limits by any of the aforesaid parties or combination thereof, shall constitute a curing of any default(s) hereunder with like effect as if Tenant had cured same hereunder.

b. Cure of Defaults. In the event that Landlord gives notice of a default under Section 29.a.(2) or (3) above of such a nature that it cannot be cured within such thirty-five (35) day period, such default shall not be deemed to continue so long as Tenant, after receiving such notice, proceeds to cure the default as soon as reasonably possible and continues to take all steps necessary to complete the same within a period of time which under all prevailing circumstances, shall be reasonable. No default shall be deemed to continue if and so long as Tenant shall be so proceeding to cure the same in good faith or be delayed in or prevented from curing the same by any event specified in Section 32 hereof. In addition, no act or failure to act shall be deemed to be a default under this Lease if the cure thereof is impossible to effect.

c. Effect of Cure. Notwithstanding anything to the contrary contained in this Section 29, in the event that any default(s) of Tenant shall be cured in any manner hereinabove provided, such default(s) shall be deemed never to have occurred and Tenant's rights hereunder shall continue unaffected by such default(s).

d. Remedies Upon Default. Upon any default not timely cured, Landlord may, in addition to and without prejudice to any other rights and remedies Landlord shall have at law or in equity, but subject to the rights of leasehold Mortgagees under Section 26 and the provisions of Sections 24 and 27 exercise any one or more of the following remedies:

(i) Landlord may terminate this Lease, in which event Tenant shall promptly surrender possession of the Demised Premises and the improvements thereon to Landlord. If Tenant does not so promptly surrender the Demised Premises and the improvements thereon, Landlord shall have the immediate right to re-enter the Demised Premises and take possession thereof and dispossess all persons therefrom, and Tenant shall have no further claim thereon or thereunder;

(ii) Landlord may, without terminating this Lease, (A) enter the Demised Premises and the improvements thereon and re-let the whole or any part thereof for and on account of Tenant and to collect rent payable under this Lease, and (B) refuse (notwithstanding any other term or provision of this Lease) to permit, and, to deny the right of Tenant to remove any or all of Tenant's movable furniture, trade fixtures, equipment, or personal property located in, on or upon the Demised Premises and the improvements thereon, and use and take exclusive possession of same without payment to Tenant or cost to Landlord for so long as Landlord occupies the Demised Premises and the improvements thereon or until this Lease is terminated pursuant to subsection (iii) below; and

(iii) Landlord may, even though it may have re-entered and re-let the Demised Premises and the improvements thereon pursuant to subsection (ii) above, thereafter elect to terminate this Lease in accordance with Section 29.d.(i) above.

e. Right Upon Re-entry.

(i) In the event Landlord re-enters the Demised Premises and the improvements thereon pursuant to the provisions of subsection 29.d.(ii) above, Landlord shall not be deemed to have terminated this Lease, and the liability of Tenant thereafter to pay rent and all other sums payable hereunder shall continue until the earlier of either the expiration of the Term or the date specified in a written notice by Landlord to Tenant that Landlord has elected to terminate this Lease pursuant to subsection 29.d.(iii), above. Notwithstanding the foregoing, under no circumstances shall Tenant's obligations be terminated until Tenant surrenders possession and control of the Demised Premises and the improvements thereon to Landlord. Tenant further acknowledges and agrees that the commencement by Landlord of unlawful detainer proceedings shall not be deemed an election to terminate this Lease. Tenant hereby waives all claims for damages that may be caused by Landlord's re-entering and taking possession of the Demised Premises and the improvements thereon or removing and storing furniture and personal property as hereinafter provided, and will compensate Landlord for costs, losses and damages occasioned thereby, provided that the foregoing waiver and obligation to compensate shall not extend

to damages caused by Landlord's or Landlord's officers', agents', or employees' actively negligent or intentionally wrongful acts or omissions. No re-entry permitted by this Lease shall be deemed a forcible entry as defined under applicable California law.

(ii) In the event Landlord re-enters the Demised Premises, Landlord may re-let the Demised Premises or any part or parts thereof, either in the name of Landlord or otherwise, for a term or terms which may, at Landlord's option, be less than or exceed the period which would otherwise have constituted the balance of the Term and under terms and conditions as Landlord may determine, and Landlord may grant reasonable concessions.

(iii) Tenant shall be liable to Landlord for any deficiency between the rentals so procured by Landlord for the period of said letting or re-letting (not to exceed, however, the balance of the term hereof), after deducting therefrom the cost of such letting or re-letting (including the cost of any alterations or other changes as described in subsection 29.e.(iv) below), and the rental herein reserved for a period or periods identical with the term of said letting, or re-letting, and Landlord may institute action for the whole of such deficiency immediately upon effecting any letting or re-letting and shall not thereafter be precluded from further like action in the event such letting or re-letting shall not embrace the whole unexpired portion of the term hereof, or Landlord may monthly, or at such greater intervals as it may see fit, demand payment of said deficiency then existing, and Tenant agrees to pay said deficiency then existing to Landlord from time to time when called upon by Landlord so to do.

(iv) Landlord, at Landlord's option, may make such alterations, repairs, replacements, and/or decorations in the Demised Premises as Landlord, in Landlord's sole judgment, considers advisable and necessary for the purpose of re-letting the Demised Premises; and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Landlord agrees to use its best efforts to mitigate all damages and to re-let the Demised Premises in the event of any defaults specified herein.

f. <u>Calculation of Damages</u>. Should Landlord elect to terminate this Lease pursuant to the provisions of this Section 29, Landlord may recover from Tenant, as damages:

(i) The worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

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(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

As used in subsections 29.f.(i) and f.(ii) above, the term "worth at the time of award" is computed by allowing interest from the date such amount becomes due and payable at one percent (1%) per annum above the rate which the Bank of America announces publicly at it San Francisco or Los Angeles executive offices as its "prime rate" for unsecured commercial loans.

As used in subsection 29.f.(iii), above, the term "worth at the time of award" is computed by discounting the amount determined pursuant to subsection 29.f.(iii) at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

g. Personal Property. Consistent with Section 48 of this Lease, if there occurs a default which is not timely cured and Landlord re-enters the Demised Premises and improvements thereon pursuant to subsection 29.d.(ii), above, all Personal Property shall remain on the Demised Premises, and in that event and continuing during the length of said default, Landlord shall have the right to take the exclusive possession of same without payment to Tenant or any other party. Landlord shall also have the right to remove any and all Personal Property whatsoever situated upon the Demised Premises and the improvements thereon, and to place such Personal Property in storage for the account of and at the expense of Tenant. Tenant shall be obligated to pay the costs of such storage. In the event that the cost of such storage shall not have been paid by or on behalf of Tenant on or before ninety (90) days after storage commenced, Landlord may, at its discretion, sell any or all of such Personal Property at public or private sale in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant or any demand upon Tenant. If Landlord so elects to sell such Personal Property, Landlord

shall apply the proceeds of such sale: first, to the cost and expenses of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs of or charge for removing and storing any such Personal Property; third, to the payment of any other sums of money which may then or thereafter be due to Landlord from Tenant under any of the terms of this Lease; and fourth, the balance, if any, to Tenant. Landlord's rights under this Section 29.g. shall in all cases be subject to the rights of Mortgagees.

h. Remedies Not Exclusive; Limitation. No right or remedy herein conferred upon or reserved to Landlord or Tenant is intended to be exclusive of any other right or remedy, by law, in equity, or by this Lease, conferred upon or reserved to Landlord or Tenant. In particular, all rights and remedies of Landlord under this Section 29 shall be subject in all cases to the provisions of Section 31 hereof.

i. No Waiver. No delay, failure or omission of Landlord to re-enter the Demised Premises or to exercise any right, power, privilege or option, arising from any default, nor any subsequent acceptance of rent then or thereafter accrued shall impair any such right, power, privilege or option or be construed as a waiver of or acquiescence in such default or as a relinquishment of such right; provided, that nothing in this Section 29.i. shall restrain or limit Tenant's or any Mortgagee's rights elsewhere set forth in this Lease to cure defaults by Tenant under this Lease.

30. Waivers. Failure of Landlord or Tenant to complain of any act or omission on the part of the other party no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by Landlord or Tenant at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. No acceptance by Landlord of any partial payment shall constitute an accord or satisfaction but shall only be deemed a part payment on account.

31. Limited Recourse. Subject to Section 13 hereof, and notwithstanding anything to the contrary provided in Section 29 hereof, this Lease shall be non-recourse to Tenant or any successor in interest of Tenant, such that there shall be absolutely no personal liability on the part of Tenant, such successor in interest, or any individual, or the members, officers or directors of any firm, partnership or joint venture with respect to any of the terms, covenants and conditions of this Lease, and Landlord shall look solely to the equity of Tenant or such successor in interest in the leasehold estate of Tenant in the Demised Premises for the satisfaction of each and

every remedy of Landlord in the event of any breach by Tenant or by such successor in interest of any of the terms, covenants and conditions of this Lease to be performed by Tenant, such exculpation of personal liability to be absolute and without any exception whatsoever. If Tenant or any successor in interest of Tenant shall be a Mortgagee, it is specifically understood and agreed that there shall be absolutely no personal liability on the part of such Mortgagee with respect or any of the terms, covenants, and conditions of this Lease, and Landlord shall look solely to the equity of Tenant or such successor in interest in the leasehold estate of Tenant in the Demised Premises for the satisfaction of each and every remedy of Landlord in the event of any breach by Tenant or by such successor in interest of any of the terms, covenants, and conditions of this Lease to be performed by Tenant, such exculpation of personal liability to be absolute and without any exception whatsoever.

32. Force Majeure. In the event that Landlord or Tenant shall be delayed, hindered in, or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, soils conditions, or the act, failure to act, or default of the other party, or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, if the delay, hindrance or prevention is caused by soils conditions, then the period of excused delay shall be limited to twenty-four (24) months after Tenant learns of the event of soils conditions. For purposes of this Section 32, the phrase "soils conditions" shall mean substantial subsidence of the soils in the Demised Premises which prevents Tenant's performance of acts under this Lease which are deemed excused by the force and effect of this Section 32. The acts of "force majeure" described in this Section 32 shall not serve to excuse lack of timely performance of any covenant or obligation of Landlord or Tenant set forth in Sections 3, 5, 6, 7, 8 or 9 of this Lease.

33. Nondiscrimination. Tenant and Tenant's employees shall not discriminate because of race, religion, color or national origin against any person by refusing to furnish such person any facility, service or privilege offered to or enjoyed by the general public, nor shall Tenant or Tenant's employees publicize the facilities, services or privileges in any manner that would directly or inferentially reflect upon or question the acceptability of the patronage of any person because of race, religion, color or national origin.

In the performance of this Lease, Tenant will not discriminate against any employee or applicant for employment because of race, sex, color, religion, ancestry or national origin. Tenant will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, or national origin. Such action shall include but not be limited to the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship.

Tenant will permit access to Tenant's records of employment relating to the Demised Premises, employment advertisements, application forms and other pertinent data and records by the State of California Fair Employment Practices Commission, or any other agency of the State of California designated by Landlord for the purpose of investigations to ascertain compliance with this Section 33.

34. Notices.

a. Definition of Notice; Application of Provision. As used in this Lease, notice includes, but is not limited to, the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. No notice of election is required unless the provision giving the election expressly requires notice.

b. Writing. All notices must be in writing.

c. Delivery. Notice is considered given either (a) when delivered in person to the recipient named as below or (b) on the date shown on the return receipt after deposit in the United States mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed by name and address to the party or person intended as follows:

Notice to Landlord: City of Benicia
City Hall
250 East L Street
Benicia, California 94510
Attention: City Council
City Attorney
City Manager
Planning Director

Notice to Tenant: Southern California Federal
Savings and Loan Association
9100 Wilshire Boulevard
Beverly Hills, California 90212
Attention: Mr. John M. Yunker
President
Ms. Doreen J. Blauschild
General Counsel

Worthington Advisory Group
201 California Street
San Francisco, California 94111
Attention: Mr. William A. Worthington
President
Mr. George B. Brewster
Principal

d. Change of Recipient or Address. Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

e. Recipient Named. Each recipient named must be an individual person. If more than one recipient is named, delivery of notice to any one such recipient is sufficient. If none of the recipients named in the latest designation of recipient is available for delivery in person, and if the notice addressed by mail to each recipient named in the latest designation of recipient is returned to the sender undelivered, notice shall be sufficient if sent by mail as above to the party as named in this Lease, unless the name or identity of the party has changed as permitted in this Lease and proper notice of the change has been given, in which event the notice shall be sufficient if sent by mail as above to the party named in the latest notice designating the party, and the notice shall be considered correct when the first attempt to give notice was properly made. The provisions of this Section 34 shall apply to all notices required to be given to any leasehold Mortgagee in this Lease.

35. Entire Lease. This Lease contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either party. Each party has relied on his own examination of this Lease, the counsel of his own advisors, and the warranties, representations and covenants in the Lease itself. The failure or refusal of either party to inspect the Demised Premises, or improvements, to read the Lease, or other documents, or to obtain legal or other advice relevant to this

transaction constitutes a waiver of any objection, contention or claim that might have been based on such reading, inspection or advice.

36. Severability. The invalidity or illegality of any provision of this Lease shall not affect the remainder of this Lease.

37. Successors. Subject to the other provisions of this Lease, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns and personal representatives of the respective parties.

38. Recordation of Memorandum Only. This Lease shall not be recorded; only a memorandum of this Lease shall be recorded. In addition, a memorandum of Landlord's grant to Tenant of the Option shall be recorded against the New Dry Boat Storage Area. The parties shall execute the memorandums in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any leasehold Mortgagee(s), and sufficient to give constructive notice of this Lease and of the Option to subsequent purchasers and Mortgagees. If Tenant exercises the Option, the parties shall execute and record an amended memorandum of this Lease to denote such exercise.

39. Attorneys' Fees. If either party brings any action or proceeding to enforce, protect or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorney's fees. Arbitration is not an action or proceeding for the purpose of this provision.

40. Time of Essence. Time is of the essence of each and every provision of this Lease.

41. Certificates. Either party shall, without charge, at any time and from time to time hereafter, within ten (10) days after written request of the other, certify by written instrument duly executed and acknowledged to any Mortgagee or purchaser, or proposed mortgagee or proposed purchaser, or any other person firm or corporation specified in such request: (a) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) as to the validity and force and effect of this Lease, in accordance with its tenor as then constituted; (c) as to the existence of any default thereunder; (d) as to the existence of any offsets, counterclaims or defenses thereto on the part of such other party; (e) as to the commencement and expiration dates of the term of this Lease; and (f) as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the

party requesting it and any other person, firm, or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing same.

42. Governing Law. This Lease and the performance thereof shall be governed, interpreted, construed, and regulated by the laws of the State of California.

43. Interpretation. Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. The terms "Landlord" and "Tenant" whenever used herein shall mean only the owner at the time of Landlord's or Tenant's interest herein, and upon any sale or assignment of the interest of either Landlord or Tenant herein, their respective successors in interest and/or assigns shall, during the term of their ownership of their respective estates herein, be deemed to be Landlord or Tenant, as the case may be.

44. No Third Parties Benefited. This Lease is made and entered into for the protection and benefit of the parties hereto and their successors and assigns, and no other person or entity not specifically mentioned herein as a beneficiary shall be a direct or indirect beneficiary of or have any direct or indirect cause of action or claim in connection with this Lease or any of the other documents required under this Lease.

45. Arbitration of Disputes.

a. Location. Any dispute between the parties arising under or relating to this Lease shall be settled by arbitration in San Francisco, California, or such other place as the arbitrators agree upon, in accordance with the procedures set forth below and the rules of the American Arbitration Association, to the extent not inconsistent with such procedures; provided, however, with respect to any dispute arising from events which, in either party's reasonable judgment, create an emergency condition requiring immediate and decisive action by one or both of the parties for its resolution, then either Landlord or Tenant may take such action, including filing court actions, as either of them deems reasonably necessary to preserve such party's rights in the Demised Premises and under this Lease, without first subjecting such dispute to arbitration under this Section 45, so long as, in the case of Landlord, Landlord's actions in response to such emergency condition do not have as their purpose Landlord's

taking permanent possession of the Demised Premises or terminating this Lease. During the pendency of any arbitration proceeding, the time for (i) performance of any obligation, (ii) exercise of any right and (iii) cure of any default, arising under or by virtue of this Lease, which is the subject of or directly relates to the matter being arbitrated in such proceeding, shall be tolled, and extended for a period equal to the amount of time consumed by the arbitration process, and ending ten (10) business days after the rendering of the written final decision in the arbitration proceeding as to such matter, as described in this Section 45.

b. Triggering of Arbitration Procedure; Appointment of Arbitrators. With respect to any dispute subject to arbitration under this Section 45, before commencing the arbitration procedure described herein, each party shall be obligated to meet in person with the other party within five (5) days after notice of the dispute from the other party and negotiate in good faith in an effort to resolve such dispute without arbitration. If within the later to occur of (i) five (5) days after such meeting or (ii) ten (10) days after the initial notice of dispute (if the parties have been unwilling or unable to meet in person to discuss the matter), the dispute remains unresolved, either party ("Initiating Party") may give notice of such party's demand for arbitration of such dispute to the other party ("Other Party"), stating in such notice the Initiating Party's appointment of an arbitrator to serve in such arbitration proceeding. The Other Party shall appoint a second arbitrator and notify the Initiating Party of such appointment within fourteen (14) days after receipt of the Initiating Party's notice of demand and appointment. Within ten (10) days after the Initiating Party's receipt of the Other Party's notice of appointment, the two (2) arbitrators so selected shall appoint a third arbitrator from a list of persons supplied by the American Arbitration Association.

c. Awards; Time for Decisions. The three (3) arbitrators appointed and selected as described above shall render their decision and make an award as to the matter in dispute within sixty (60) days after the date of selection of the third arbitrator, and any such decision and award shall be made according to the agreement of any two (2) of the three (3) arbitrators.

d. Limited Discovery. In any arbitration proceeding conducted under this Section 45, each party shall have the right to the following limited discovery from any other party to the proceeding: (i) one (1) deposition, (ii) thirty-five (35) interrogatories, whether "specially prepared" or in "official form", as such terms are used in California Code of Civil Procedure ("CCP") Section 2030, and (iii) the right to obtain and review any documents relevant to

the subject matter of the arbitration proceeding held by any other party which are not subject to a claim of attorney-client or attorney work-product privilege. The parties' other rights and obligations with respect to the discovery process shall be governed by CCP §§2016 to 2036, as from time to time amended, provided, that nothing in such sections shall apply to expand or increase any party's limited rights of discovery as set forth in this Section 45.d.

e. Arbitrators' Powers. The arbitrators appointed and selected pursuant to this Section 45 shall have the rights and powers set forth in CCP Sections 1283.05(b) and (c), and CCP Section 1283.05(d) shall be applicable to any disputes arbitrated pursuant to this Lease.

f. Conclusiveness. Any award shall be a conclusive determination of the matter and shall be binding upon Landlord and Tenant and shall not be contested by either of them. Upon receipt of an award in writing by the arbitrators the losing party shall make payment in the amount, if any, set forth in such award to the prevailing party.

g. Fees and Expenses. Landlord and Tenant each shall bear its own costs (including the fees and expenses of its appointed arbitrator and its respective attorneys) incurred in connection with the resolution of disputes under this Section 45, and each shall each bear one-half (1/2) of the fees and expenses of any third arbitrator.

NOTICE: BY INITIALLING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALLING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.

CITY OF BENICIA	SOUTHERN CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION
_____	_____

46. Conflict of Interest. Tenant represents and warrants that to the best of Tenant's knowledge, Tenant has not employed, retained or solicited aid from any official or employee of Landlord in the negotiation of this Lease. Tenant agrees that it will not in the future knowingly employ any officer or employee of Landlord (or any business entity in which any such official or employee is interested) in the performance of this Lease without prompt written notice thereof to Landlord. In the event Landlord determines that such employment of such official, employee or business entity is not compatible with such official's or employee's duties as an official or employee of Landlord, Tenant upon request of Landlord shall terminate such employment immediately.

47. Holding Over. If Tenant shall hold over in the Demised Premises after the expiration of the Term with the consent of Landlord, either express or implied, such holding over shall be construed to be only a tenancy from month-to-month, subject to all covenants, conditions and obligations contained in this Lease. Tenant hereby agrees to pay Landlord as monthly rental one-twelfth (1/12) of all monetary sums denominated as rent hereunder which are the Tenant's obligation to pay under this Lease until, upon thirty (30) days' advance written notice, Landlord, at its sole discretion, adjusts said monthly rental obligation, which obligation Tenant shall honor and fulfill thereafter.

48. Ownership of Improvements and Personal Property. All Improvements and Personal Property located, constructed, installed and placed on the Demised Premises during the Term shall be and remain the property of Tenant and Tenant's successors and assigns. If for any reason this Lease terminates upon default by Tenant, and a Mortgagee or its nominee does not enter a new lease with Landlord, or upon any other termination of this Lease then title to all improvements located on the Demised Premises shall revert to Landlord. As to Personal Property, upon the expiration or sooner termination of the Term, Landlord may, at Landlord's election, require the removal from the Demised Premises, at Tenant's (or Tenant's sublessees') sole cost and expense, of all Personal Property (other than fixtures), or of certain Personal Property (other than fixtures). Any Personal Property not removed within forty-five (45) days following Landlord's request shall be deemed abandoned by Tenant and such sublessees, as the case may be, and shall, without compensation to Tenant, then become Landlord's property, free and clear of all claims to or against it by Tenant or any

other person. Landlord's rights under this Section 48 shall in all cases be subject to the rights of Mortgagees.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

"Landlord"

THE CITY OF BENICIA,
a California municipal corporation

By: _____
Mayor

By: _____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

"Tenant"

SOUTHERN CALIFORNIA FEDERAL
SAVINGS AND LOAN ASSOCIATION,
a federally chartered savings
and loan association

By: _____
Name: JOHN M. VUNKER, JR
Title: PRES

By: _____
Name: Doreen J Blumenfeld
Title: Vice President

APPROVED AS TO FORM:

_____
Name: Robert A. Crooks
Counsel to Tenant
Spears, Lubersky, Bledsoe,
Anderson, Young & Hilliard

CONFIRMATION BY CDC

The undersigned Continental Development of California, Inc., a California corporation, executes this Lease solely for purposes of confirming to Landlord and Tenant that the undersigned has assigned and relinquished to Tenant all of the undersigned's, right, title and interest in and to the Original Master Lease, the Original Master Sublease and the Project Master Area.

CONTINENTAL DEVELOPMENT OF CALIFORNIA, INC., a California corporation

By: _____

Name: John M. Vunker, Jr.

Title: Pres.

By: _____

Name: [illegible]

Title: Vice President

JAB LDOR

EXHIBIT A

Legal Description of Demised Premises and Site Map

[To be Attached]

PARCEL M1

BEING ALL OF LOTS 2, 4 AND 5 INCLUSIVE AS SHOWN ON "PARCEL MAP MARINA BASIN SUBLEASING" (27 PM 64), LOCATED IN THE CITY OF BENICIA, SOLANO COUNTY, CALIFORNIA.

COMMENCING AT A POINT THAT IS THE SOUTHWEST CORNER OF LOT 3 AS DESIGNATED ON "PARCEL MAP-MARINA BASIN SUBLEASING" (27 PM 64); THENCE NORTH 04° 10'00" EAST, 19.70 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 04° 10'00" EAST, 212.39 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 49.00 FEET, THROUGH A CENTRAL ANGLE OF 38° 10'00", AN ARC LENGTH OF 32.64 FEET; THENCE NORTH 34 00'00" WEST, 159.92 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 63° 59'49", AN ARC LENGTH OF 83.77 FEET; THENCE NORTH 29° 59'49" EAST, 208.21 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 90° 00'00", AN ARC LENGTH OF 117.81 FEET; THENCE SOUTH 60° 00'11" EAST, 259.00 FEET; THENCE NORTH 29° 59'49" EAST, 190.00 FEET; THENCE SOUTH 60° 00'11" EAST, 910.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 90° 00'00", AN ARC LENGTH OF 117.81 FEET; THENCE SOUTH 29° 59'49" WEST, 237.37 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 100.00 FEET, THROUGH A CENTRAL ANGLE OF 63° 18'24", AN ARC LENGTH OF 110.49 FEET; THENCE NORTH 86° 41'48" WEST, 681.78 FEET; THENCE SOUTH 03° 18'12" WEST, 77.00 FEET; THENCE SOUTH 86° 41'48" EAST, 150.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45° 00'00", AN ARC LENGTH OF 13.41 FEET; TO A POINT OF REVERSE CURVATURE; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 13.41 FEET; THENCE SOUTH 86°41'48" EAST, 70.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 13.41 FEET; TO A POINT OF REVERSE CURVATURE; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 13.41 FEET; THENCE SOUTH 86°41'48" EAST, 115.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 13.41 FEET; TO A POINT OF REVERSE CURVATURE; THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 17.07 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 13.41 FEET; THENCE SOUTH 86°41'48" EAST, 70.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 30°00'00", AN ARC LENGTH OF 20.94 FEET; THENCE NORTH 63°18'12" EAST, 50.56 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 30°00'00", AN ARC LENGTH OF 20.94 FEET; THENCE SOUTH 86°41'48" EAST, 50.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 61.46 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF

48.27 FEET; TO A POINT OF REVERSE CURVATURE; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 61.46 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 48.27 FEET; THENCE SOUTH 86°41'48" EAST, 50.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS 50.00 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 39.27 FEET; THENCE NORTH 03°18'12" EAST, 72.36 FEET; THENCE SOUTH 85°34'55" EAST, 18.26 FEET; THENCE NORTH 48°18'12" EAST, 28.60 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 150.00 FEET, THROUGH A CENTRAL ANGLE OF 45°00'00", AN ARC LENGTH OF 117.81 FEET; THENCE SOUTH 86°41'48" EAST, 111.70 FEET; THENCE NORTH 03°18'12" EAST, 44.91 FEET; THENCE NORTH 60°00'11" WEST, 175.89 FEET; THENCE NORTH 29°59'49" EAST, 68.79 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 115.00 FEET, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 180.64 FEET; THENCE NORTH 60°00'11" WEST, 397.50 FEET; THENCE NORTH 29°59'49" EAST, 104.00 FEET; THENCE NORTH 60°00'11" WEST, 395.00 FEET; THENCE SOUTH 29°59'49" WEST, 104.00 FEET; THENCE NORTH 60°00'11" WEST, 157.50 FEET; THENCE SOUTH 29°59'49" WEST, 190.00 FEET; THENCE NORTH 60°00'11" WEST, 306.38 FEET; THENCE SOUTH 29°59'49" WEST, 126.46 FEET; THENCE NORTH 60°00'11" WEST, 166.12 FEET; THENCE SOUTH 29°59'49" WEST, 87.00 FEET; THENCE SOUTH 60°00'11" EAST, 121.52 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTHWEST, WITH A RADIUS OF 25.00 FEET THROUGH WHICH A RADIAL LINE BEARS NORTH 61°59'28" EAST, SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 82°03'35", AN ARC LENGTH OF 35.81 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 35°56'57" EAST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 38°37'42", AN ARC LENGTH OF 26.97 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS NORTH 74°34'39" WEST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 50.00 FEET, THROUGH A CENTRAL ANGLE OF 31°40'57", AN ARC LENGTH OF 27.65 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 42°53'42" EAST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 26°37'15", AN ARC LENGTH OF 18.58 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS NORTH 69°30'57" WEST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 200.00 FEET, THROUGH A CENTRAL ANGLE OF 15°11'50", AN ARC LENGTH OF 53.05 FEET TO A POINT OF REVERSE CURVATURE, THROUGH WHICH A RADIAL LINE BEARS SOUTH 54°19'07" EAST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 22.00 FEET, THROUGH A CENTRAL ANGLE OF 75°56'37", AN ARC LENGTH OF 29.16 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 49°44'16" WEST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 28.00 FEET THROUGH A CENTRAL ANGLE OF 88°27'54", AN ARC LENGTH OF 43.23 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 41°47'50" EAST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 42.00 FEET, THROUGH A CENTRAL ANGLE OF 68°02'35", AN ARC LENGTH OF 49.88 FEET, TO A POINT OF TANGENCY; THENCE SOUTH 19°50'25" EAST, 40.09 FEET TO THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE NORTH WITH A RADIUS OF 60.00 FEET THROUGH WHICH A

RADIAL LINE BEARS NORTH 01°19'44" WEST; THENCE EASTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 14°39'39", AN ARC LENGTH OF 15.35 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 15°59'23" EAST; THENCE EASTERLY ALONG SAID CURVE HAVING A RADIUS OF 30.00 FEET THROUGH A CENTRAL ANGLE OF 114°49'22", AN ARC LENGTH OF 60.12 FEET TO A POINT OF TANGENCY; THENCE SOUTH 08°50'00" WEST, 28.24 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 26.00 FEET, THROUGH A CENTRAL ANGLE OF 80°15'45", AN ARC LENGTH OF 36.42 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 18°34'15" WEST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 31.00 FEET THROUGH A CENTRAL ANGLE OF 97°28'58", AN ARC LENGTH OF 52.74 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 63°56'48" EAST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 60.00 FEET THROUGH A CENTRAL ANGLE OF 32°45'00", AN ARC LENGTH OF 34.30 FEET TO A POINT OF REVERSE CURVATURE THROUGH WHICH A RADIAL LINE BEARS SOUTH 83°18'12" WEST; THENCE SOUTHERLY ALONG SAID CURVE HAVING A RADIUS OF 24.00 FEET, THROUGH A CENTRAL ANGLE OF 96°00'00", AN ARC LENGTH OF 40.21 FEET TO A POINT OF TANGENCY; THENCE SOUTH 89°18'12" WEST, 14.00 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST WITH A RADIUS OF 21.00 FEET, THROUGH WHICH A RADIAL LINE BEARS SOUTH 00°41'48" EAST, SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 87°04'36", AN ARC LENGTH OF 31.92 FEET TO A POINT OF TANGENCY; THENCE SOUTH 02°13'36" WEST, 41.09 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE SOUTH HAVING A RADIUS OF 38.50 FEET, THROUGH A CENTRAL ANGLE 137°52'38", AN ARC LENGTH OF 92.65 FEET; THENCE SOUTH 85°50'00" EAST, 68.52 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL M2

BEING ALL OF LOTS 8, 15, 16 AS SHOWN ON "PARCEL MAP-MARINA BASIN SUBLEASING" (27 PM 64), LOCATED IN THE CITY OF BENICIA, SOLANO COUNTY, CALIFORNIA.

COMMENCING AT A POINT THAT IS THE SOUTHWEST CORNER OF LOT 3 AS DESIGNATED ON "PARCEL MAP-MARINA BASIN SUBLEASING" (27 PM 64); THENCE NORTH 04°10'00" EAST, 232.09 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 49.00 FEET, THROUGH A CENTRAL ANGLE OF 38°10'00", AN ARC LENGTH OF 32.64 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 34°00'00" WEST, 159.92 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 63°59'49", AN ARC LENGTH OF 83.77 FEET; THENCE NORTH 29°59'49" EAST, 208.21 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 117.81 FEET; THENCE SOUTH 60 00'11" EAST, 259.00 FEET; THENCE NORTH 29°59'49" E, 190.00 FEET; THENCE SOUTH 60 00'11" EAST, 910.00 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 75.00 FEET, THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 117.81 FEET; THENCE SOUTH 29°59'49" WEST, 237.37 FEET; THENCE THROUGH A TANGENT CURVE TO THE RIGHT WITH A RADIUS OF 100.00 FEET, THROUGH A CENTRAL ANGLE OF 63°18'24", AN ARC LENGTH OF 110.49 FEET; THENCE NORTH 86°41'48" WEST, 782.75 FEET; THENCE NORTH 03°18'12" EAST, 83.63 FEET; THENCE NORTH 29°59'49" EAST, 120.30 FEET; THENCE NORTH 60°00'11" WEST, 34.00 FEET; THENCE NORTH 29°59'49" EAST, 148.05 FEET; THENCE SOUTH 74°25'52" EAST, 718.67 FEET; THENCE NORTH 29°59'49" EAST, 77.44 FEET; THENCE NORTH 74°25'52" WEST, 807.47 FEET; THENCE SOUTH 29°59'49" WEST, 199.03 FEET; THENCE NORTH 60°00'11" WEST, 46.00 FEET; THENCE NORTH 29°59'49" EAST, 78.50 FEET; THENCE NORTH 60°00'11" WEST, 345.96 FEET TO THE BEGINNING OF A NON-TANGENT CURVE TO THE SOUTH WITH A RADIUS OF 60.00 FEET, THROUGH WHICH A RADIAL LINE BEARS SOUTH 62°11'10" EAST, SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 61°48'50", AN ARC LENGTH OF 64.73 FEET; THENCE SOUTH 34°00'00" EAST, 159.92 FEET; THENCE SOUTH 56°00'00" WEST, 15.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL M3

BEING THE SAME AS LOT 3 AS SHOWN ON "PARCEL MAP-MARINA BASIN SUBLEASING" (27 PM 64), LOCATED IN THE CITY OF BENICIA, SOLANO COUNTY, CALIFORNIA.

COMMENCING AT A POINT THAT IS THE SOUTHWEST CORNER OF LOT 3; THENCE NORTH 04°10'00" EAST, 232.09 FEET; THENCE THROUGH A TANGENT CURVE TO THE LEFT WITH A RADIUS OF 49.00 FEET, THROUGH A CENTRAL ANGLE OF 38°10'00", AN ARC LENGTH OF 32.64 FEET; THENCE NORTH 56°00'00" EAST, 15.00 FEET; THENCE NORTH 86°30'00" EAST, 80.00 FEET; THENCE SOUTH 04°00'00" EAST, 129.39 FEET; THENCE SOUTH 07°30'00" WEST, 154.49 FEET; THENCE NORTH 85°50'00" WEST, 75.00 FEET; THENCE NORTH 85°50'00" WEST, 15.00 FEET TO THE POINT OF BEGINNING.

EXHIBIT B

Legal Description of New Dry Boat Storage Area

[To be Attached]

PARCEL M4

DRY BOAT STORAGE YARD

BEING THE SAME AS PARCEL 4 AS SHOWN ON "PARCEL MAP" (3 PM 29) LOCATED IN THE CITY OF BENICIA, SOLANO COUNTY, CALIFORNIA.

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