

MASTER GROUND LEASE AGREEMENT

DRY STACK COMPONENT

by and between

COUNTY OF ORANGE

and

DANA POINT HARBOR PARTNERS DRYSTACK, LLC

Dated as of _____, 2026

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MASTER GROUND LEASE AGREEMENT DANA POINT HARBOR

(Dry Stack Component)

THIS MASTER GROUND LEASE AGREEMENT (“**Lease**”) is made and entered into as of the _____ day of _____, 2026 (“**Effective Date**”), by and between the COUNTY OF ORANGE, a political subdivision of the State of California (“**County**”), as lessor, and DANA POINT HARBOR PARTNERS DRYSTACK, LLC, a California limited liability company (together with its permitted successors and assigns, “**Lessee**”), as lessee. County and Lessee may be referred to herein each, individually, as a “**Party**” and collectively as the “**Parties**”.

RECITALS

WHEREAS, County is the fee owner of that certain real property (the “**Property**”) located in the City of Dana Point and comprised of the land described on Exhibit A-1 attached hereto and depicted on Exhibit A-2 attached hereto, together with all the Improvements (as defined below) located thereon;

WHEREAS, County and Lessee have entered into that certain Option to Lease dated as of July 30, 2018 (the “**Option Agreement**”), pursuant to which County granted Lessee an option (the “**Option**”) to lease the Property in its entirety, upon the terms and conditions more specifically provided herein, including, without limitation, the redevelopment and renovation of the Property, all in accordance with the terms and provisions hereof;

WHEREAS, Lessee has exercised the Option in accordance with the terms and provisions of the Option Agreement;

WHEREAS, County and Lessee have entered into that certain Master Ground Lease Agreement dated as of October 29, 2018 (the “**Original Effective Date**”), amended by that certain Tolling Amendment to Master Ground Lease Agreement dated as of April 30, 2020 (“**First Amendment**”) and that certain Second Amendment to Master Ground Lease Agreement dated March 9, 2022 (“**Second Amendment**”) (collectively, the “**Existing Lease**”), pursuant to which County leased the Property to Lessee in its entirety, upon the terms and conditions more specifically provided therein;

WHEREAS, in order to facilitate the financing of the development of the Property, Lessee has requested that the County agree to enter into a new lease for the Property as defined in the Existing Lease.

NOW, THEREFORE, in reliance on the foregoing and in consideration of the mutual covenants, agreements and conditions set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Lessee agree as follows:

1. DEFINITIONS AND GENERAL.

1.1 Definitions. The defined terms in this Lease shall have the following meanings:

1.1.1 “AAA” shall have the meaning set forth in Subsection 0.

1.1.2 “ABATEMENT PERIOD” shall have the meaning set forth in Subsection 4.2.1(a).

1.1.3 “ACCOUNTING YEAR” shall have the meaning set forth in Section 15.7.

1.1.4 “ACTUAL COST” shall mean (a) the out-of-pocket costs and expenses actually incurred by County with respect to a particular activity or procedure, including without limitation, expenditures to third party legal counsel, financial consultants and advisors (including the use of County’s environmental consultant), (b) costs incurred in connection with appraisals, (c) the reasonable value of services actually provided by County’s in-house counsel, and (d) the reasonable value of services actually provided by County’s lead lease negotiator/administrator and any other lease auditors and other County administrative staff below the level of deputy director (the administrative level which is two levels below County department head) required by the lead lease negotiator/administrator for technical expertise or assistance. In those instances in which Lessee is obligated to reimburse County for its Actual Costs incurred in performing obligations required to be performed by Lessee under this Lease which Lessee fails to perform within the applicable cure period, if any, provided under this Lease, Actual Costs shall also include a reasonable allocation of County overhead and administrative costs to compensate County for performing such obligations on behalf of Lessee.

1.1.5 “ADJUSTMENT DATE” shall have the meaning set forth in Subsection 4.2.1(b).

1.1.6 “ADMINISTRATIVE CHARGE” shall have the meaning set forth in Subsection 4.3.

1.1.7 “AFFILIATE” means, with respect to any person (which is used herein includes an individual, trust or entity), which directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such person.

1.1.8 “AGGREGATE TRANSFER” shall have the meaning set forth in Subsection 4.3.1(a).

1.1.9 “ALTERATIONS” means the construction of any alterations or modifications to the Improvements located on the Property or the construction of any new Improvements on the Property, at any time during the Term, excluding the Redevelopment Work and Subsequent Renovation.

1.1.10 “ANTENNAE” shall have the meaning set forth in Subsection 3.2.2(d).

1.1.11 “ANNUAL MINIMUM RENT” shall have the meaning set forth in Subsection 4.2.1(a).

1.1.12 “ANNUAL RENT” shall have the meaning set forth in Subsection 4.2.

1.1.13 “APPLICABLE LAWS” shall have the meaning set forth in Subsection 1.2.1.

1.1.14 “APPLICABLE RATE” shall mean an annually compounded rate of interest equal to the Prime Rate plus three percent (3%) per annum; provided, however, that the Applicable Rate shall in no event exceed the maximum rate of interest which may be charged pursuant to Applicable Laws.

1.1.15 “APPLICABLE REDEVELOPMENT COSTS” mean all reasonable market standard out-of-pocket Hard Costs paid to third parties for the construction of the Redevelopment Work, including the profit, overhead and general conditions paid to the general contractor that is responsible for the construction of the Redevelopment Work; provided, however, if such general contractor or other third party is an Affiliate of Lessee, then Lessee must be able to demonstrate to County’s reasonable satisfaction (which may entail, for example and without limitation, providing County with competitive pricing from unaffiliated third parties, if requested by County), that such amounts are not in excess of then-current competitive market-based rates for comparable quality of work. Notwithstanding the above, Bellingham Marine, an Affiliate of Lessee, utilizes dock materials and systems that are proprietary to Bellingham Marine and unique within the industry for dock construction. As such, if Lessee uses Bellingham Marine to perform the dock construction work as part of the Redevelopment Work, Lessee shall demonstrate that it has received competitive market rate pricing for such work by providing County with evidence reasonably satisfactory to County of the pricing that Bellingham Marine has charged unrelated third party customers for comparable work that has been recently completed (i.e., within 18 months of performing such work within the Harbor). Evidence of such pricing shall include, without limitation, copies of paid invoices from Bellingham Marine for said unrelated third party work. If County determines that Lessee paid any of its Affiliates any amount in excess of the foregoing limitations, then 120% of such excess shall be deducted from Applicable Redevelopment Costs. For example, if Lessee paid an Affiliated general contractor \$2,500,000 for work that it is determined could have been performed, if competitively priced, for \$2,000,000, then the Applicable Redevelopment Cost associated with such work shall be \$1,900,000 (i.e., the difference of \$2,500,000 - \$2,000,000 = \$500,000, plus an additional 20% of such \$500,000 = \$100,000, for a total of \$600,000 which amount is then subtracted from the original \$2,500,000).

1.1.16 “APPROVED PROPOSAL SUBMITTALS” shall have the meaning set forth in Section 5.1.

1.1.17 “APPROVED RETAIL SUBLEASE” shall have the meaning set forth in Subsection 12.1.3.

1.1.18 “ARCHITECT” shall have the meaning set forth in Exhibit J.

1.1.19 “AS-BUILT PLANS” shall have the meaning set forth in Subsection 5.8.7.

1.1.20 “ASSIGNMENT STANDARDS” shall have the meaning set forth in Section 12.2.

1.1.21 “AUDITOR-CONTROLLER” shall mean the Auditor-Controller of the County of Orange, California, or its designee.

1.1.22 “AWARD” shall have the meaning set forth in Subsection 6.1.3.

1.1.23 “BASE PERIOD” shall have the meaning set forth in **Exhibit F**.

1.1.24 “BENEFICIAL INTEREST” shall have the meaning set forth in Subsection 4.3.1(b).

1.1.25 “BMP FACT SHEETS” shall have the meaning set forth in Subsection 10.2.2(b)(4).

1.1.26 “BMPs” shall have the meaning set forth in Subsection 10.2.2(b)(4).

1.1.27 “BOARD” shall mean the Board of Supervisors for the County of Orange.

1.1.28 “BREAKWATER” shall have the meaning set forth in Section 3.2.2(f).

1.1.29 “BUSINESS DAY” shall have the meaning set forth in Section 16.6.

1.1.30 “CAD Files” shall have the meaning set forth in Subsection 5.8.7.

1.1.31 “CALCULATION NOTICE” shall have the meaning set forth in Subsection 4.3.6(b)

1.1.32 “CAPITAL IMPROVEMENT FUND” shall have the meaning set forth in Section 5.16.

1.1.33 “CASp” shall have the meaning set forth in Section 10.11.

1.1.34 “CASp REPORT” shall have the meaning set forth in Section 10.11.

1.1.35 “CDP” shall mean the Dana Point Harbor Revitalization, Commercial Core Project, Coastal Development Permit (CDP13-0018), as amended from time to time.

1.1.36 “CERTIFICATE OF OCCUPANCY” means a certificate of occupancy (whether temporary or permanent) or other applicable governmental certificate or approval required for legal use and occupancy of any of the Improvements.

1.1.37 “CHANGE OF OWNERSHIP” shall have the meaning set forth in Subsection 4.3.1(c).

1.1.38 “CHANGE OF CONTROL” shall have the meaning set forth in Subsection 4.3.1(d).

1.1.39 “CHIEF REAL ESTATE OFFICER” shall mean the Chief Real Estate Officer, County Executive Office, County of Orange, or designee, or upon written notice to Lessee, such other person as may be designated by the Board.

1.1.40 “CITY” shall mean the City of Dana Point, California.

1.1.41 “CLAIMS” shall have the meaning set forth in Subsection 8.1.

1.1.42 “CO DATE” means the date the last of the Dry Stack Improvements has been completed in accordance with the building permit issued therefor as reasonably determined by the Governmental Authority that issued such building permit.

1.1.43 “COASTAL ACT” shall mean the California Coastal Act of 1976, as codified in Public Resources Code, Section 30000 et seq., as amended from time to time.

1.1.44 “COMMENCEMENT OF CONSTRUCTION” shall have the meaning set forth in Subsection 4.2.1(a).

1.1.45 “CONDEMNATION” shall have the meaning set forth in Subsection 6.1.1.

1.1.46 “CONDEMNOR” shall have the meaning set forth in Subsection 6.1.4.

1.1.47 “CONSUMER PRICE INDEX” shall mean the Consumer Price Index for Long Beach-Anaheim, California [All Urban Consumers-All Items, not seasonally adjusted (Base Period 1982-84=100)], as published from time to time by the U.S. Bureau of Labor Statistics or, in the event such index is no longer published or otherwise available, such replacement index as is published by the U.S. Government shall be used, and if none is so published, then another index generally recognized and authoritative shall be substituted by the Chief Real Estate Officer.

1.1.48 “CONSTRUCTION CHANGE DIRECTIVE” shall have the meaning set forth in Subsection 5.7.3.

1.1.49 “CONSTRUCTION DISBURSEMENT RIDER” shall have the meaning set forth in Section 5.19.

1.1.50 “CONSTRUCTION SCHEDULE” shall have the meaning set forth in Subsection 5.3.2.

1.1.51 “CONTRACTOR” shall have the meaning set forth in **Exhibit J**.

1.1.52 “CONTROLLING INTEREST” shall have the meaning set forth in Subsection 12.2.4.

1.1.53 “COST” shall have the meaning set forth in Subsection 1.1.85(b)(13).

1.1.54 “COUNTY” shall have the meaning set forth in the preamble to this Lease. Any reference to the County herein, unless expressly stated to the contrary, shall refer to the County solely in its capacity as owner of the Property and not the County in its capacity as a land use or other governmental approval authority.

1.1.55 “COUNTY DOCUMENTS” shall mean those certain documents, materials and other information relating to the Property provided by the County to Lessee prior to the Effective Date pursuant to the Option Agreement, including without limitation, the documents, materials and other information described on **Exhibit L** attached hereto.

1.1.56 “COUNTY INDEMNIFIED PARTY” and “COUNTY INDEMNIFIED PARTIES” shall have the meaning set forth in Section 8.1.

1.1.57 “COUNTY OPTION” shall have the meaning set forth in Subsection 12.2.4.

1.1.58 “COUNTY OPTION PRICE” shall have the meaning set forth in Subsection 12.2.4.

1.1.59 “COUNTY PARTIES” shall have the meaning set forth in Subsection 10.2.2(b)(3).

1.1.60 “CREO OFFICE” shall mean the Office of the Chief Real Estate Officer, County Executive Office, Orange County.

1.1.61 “DAMP” shall have the meaning set forth in Subsection 10.2.2(b)(4).

1.1.62 “DATE OF TAKING” shall have the meaning set forth in Subsection 6.1.2.

1.1.63 “DRB SPECIFICATION” shall have the meaning set forth in Subsection 5.18.

1.1.64 “DRY STACK IMPROVEMENTS” shall mean the dry stack storage racks, dry storage area and related Improvements and day boater storage/parking area, all as depicted on **Exhibit A-2**.

1.1.65 “EFFECTIVE DATE” shall have the meaning set forth in the preamble to this Lease.

1.1.66 “ENCUMBRANCE” shall have the meaning set forth in Subsection 13.1.1(2).

1.1.67 “ENCUMBRANCE HOLDER” shall have the meaning set forth in Subsection 13.1.1(2) and 13.1.1(3).

1.1.68 “ENR INDEX” shall mean the Engineering News Record (ENR) Construction Cost Index for the Los Angeles Area, or, in the event such index is no longer

published or otherwise available, such substitute index that is generally recognized and authoritative shall be substituted by the Chief Real Estate Officer.

1.1.69 “EQUITY ENCUMBRANCE HOLDER” shall have the meaning set forth in Subsection 13.1.1(4).

1.1.70 “EQUITY FORECLOSURE TRANSFEREE” shall have the meaning set forth in Subsection 13.2.1(c).

1.1.71 “EVENT(S) OF DEFAULT” shall have the meaning set forth in Section 14.1.

1.1.72 “EXCESS PERCENTAGE RENT PAYMENT” shall have the meaning set forth in Subsection 4.2.3(c).

1.1.73 “EXCLUDED DEFAULTS” shall have the meaning set forth in Subsection 13.3.3.

1.1.74 “EXCLUDED IMPROVEMENTS” shall have the meaning set forth in Subsection 1.2.5.

1.1.75 “EXCLUDED TRANSFERS” shall have the meaning set forth in Subsection 4.3.1(e).

1.1.76 “EXISTING EIR” shall have the meaning set forth in Subsection 5.5.7.

1.1.77 “EXISTING LEASE” shall have the meaning set forth in the Recitals to this Lease.

1.1.78 “EXTENDED TIME” shall have the meaning set forth in Section 16.8.

1.1.79 “FINAL CO DATE” shall have the meaning set forth in Section 7.1.

1.1.80 “FINAL PLANS AND SPECIFICATIONS” shall have the meaning set forth in Subsection 5.4.3.

1.1.81 “FINAL RETENTION” shall have the meaning set forth in **Exhibit J**.

1.1.82 “FINANCING EVENT” shall have the meaning set forth in Subsection 13.1.1(1).

1.1.83 “FIRST ADJUSTMENT DATE” shall have the meaning set forth in Subsection 4.2.1(b).

1.1.84 “FORCE MAJEURE” shall mean any inability of a Party to perform any non-monetary obligation under this Lease due to fire or other casualty, earthquake, flood, tornado or other natural disaster, civil disturbance, war, organized labor dispute (if unrelated to the specific business practices of Lessee or its Sublessees, or its or their respective contractors, agents, representatives, or consultants), freight embargo, financial crisis, governmental order or

other unforeseeable event beyond the reasonable control of the Party required to perform the subject obligation, including, in the case of a delay in the commencement or completion by Lessee of the Redevelopment Work for the Property or the Subsequent Renovation thereof, a delay in such construction caused by an unforeseen financial crisis, or by a hidden and unforeseeable condition, including without limitation environmental contamination, relating to the foundation, substructure or subsurface of the Property which Lessee was unaware of and could not reasonably have foreseen as of the commencement of such construction activity, although Lessee shall, to the extent possible, commence and complete the portions, if any, of the work not impacted by such delay within the timeframes set forth in this Lease. In addition, in the case of the construction of the Redevelopment Work or Subsequent Renovation, Force Majeure shall also include (a) Unreasonable County Action, as defined in and subject to the terms and conditions of Section 5.7 of this Lease; (b) unforeseen financial crisis that results in an inability to obtain appropriate financing in the reasonable discretion of Lessee; and (c) any delays resulting from legal challenges under the California Environmental Quality Act or otherwise that are brought by third parties that challenge or appeal any governmental approvals or entitlements that are required to be obtained by Lessee before Lessee can commence the Redevelopment Work or Subsequent Renovation, as applicable, an injunction or restraining order against the performance of the Redevelopment Work or Subsequent Renovation issued pursuant to a court action, or a delay in processing any approvals or permits by the California Coastal Commission resulting from the failure of the California Coastal Commission to timely respond to a submittal or application or to take action in connection therewith; provided that (i) the plaintiff seeking such injunction or restraining order is not Lessee or any Affiliate of Lessee, (ii) the injunction or restraining order is not being sought as a result of any act or omission which would be a default by Lessee under this Agreement, (iii) Lessee shall diligently pursue and shall exhaust all commercially reasonable efforts to accomplish (x) the defense of such legal challenge to a final, non-appealable judgment regardless of whether Lessee is a named party in the action, (y) the removal of any such restraining order or injunction, as applicable, and/or (z) the response or other action required of the California Coastal Commission, and (iv) in no event shall any delay or series of delays resulting from the circumstances described in this clause (b) result in a delay, when taken in the aggregate, of more than three (3) years.

1.1.85 “FORECLOSURE TRANSFER” shall have the meaning set forth in Subsection 13.2.1(a).

1.1.86 “FORECLOSURE TRANSFEREE” shall have the meaning set forth in Subsection 13.2.1(b).

1.1.87 “GOVERNMENTAL AUTHORITIES” or “GOVERNMENTAL AUTHORITY” shall mean the City, County, State, United States of America, California Coastal Commission and/or any other local, state or federal governmental or quasi-governmental entity with jurisdiction over the Property.

1.1.88 “GROSS RECEIPTS” shall mean the aggregate of (A) for any portion of the Property which is subject to an arms-length Sublease to a person or entity which is not an Affiliate of Lessee, all money (including, without limitation, “alternative” currencies, such as cryptocurrency and its equivalent to the extent accepted as payment), cash receipts, or other things of value received by Lessee, whether for cash or credit, including but not limited to gross

charges, sales, rentals, common area maintenance payments, operating expense or real property tax reimbursements, percentage rent payments, lease payments and fees and commissions made or earned by Lessee, and (B) for any portion of the Property on which Lessee or an Affiliate of Lessee operates a business or enterprise, or generates income from any business, use, occupation or any combination thereof, originating, transacted, or performed in whole or in part, on the Property, whether delivery of items sold is made from the property or not, whether services are actually performed or not, all money, cash receipts, or other things of value received by Lessee, including but not limited to sales, fees and commissions made or earned by Lessee, from rentals (other than rentals generated from Subleases and covered under Subsection 1.1.88(A) above) and the rendering or supplying of services and the sale of goods, wares or merchandise, each of which shall be calculated in accordance with the accounting method described in the penultimate sentence of Section 15.1 except as herein otherwise provided and subject to County's reasonable verification rights (such operation described within this Subsection 1.1.88(B) being referred to herein as a "**Lessee Business Operation**"). There shall be no deduction from Gross Receipts for any overhead or cost or expense of operation, such as, without limitation, salaries, wages, costs of goods, interest, debt amortization, rent credit (but the value of any free rent period shall not be imputed as Gross Receipts), collection costs, discounts from credit card operations (except as provided in Subsection 1.1.88(b)(11) below), insurance and taxes, except as otherwise set forth herein. Notwithstanding the foregoing, and for the avoidance of doubt:

- (a) Gross Receipts shall include, among other things, the following items:
 - (1) entry, rental, license and other fees of any nature or kind charged by Lessee (including but not limited to deposits accepted by Lessee upon the application of such deposit to a transaction or the forfeit of such deposit and excluding any deposit under a Sublease to the extent addressed in (b)(2) below);
 - (2) sales of merchandise, goods, wares, products, food, beverages and services;
 - (3) gift certificates at the time sold;
 - (4) any sums deposited into any coin-operated vending machine or other device maintained on the Property, regardless of the ownership of the machine or device, or whether such sums are removed and counted by Lessee or others, and regardless of what percentage thereof Lessee is entitled to receive except for pay telephones and newspaper racks;
 - (5) any commission or surcharge received by Lessee from the operation of any automatic teller machines on the Property;
 - (6) if pay telephones are owned by Lessee, gross receipts shall be the gross amount deposited or charged for use of the telephones or if pay telephones are owned and operated by a third party, gross receipts shall be the commission or payment received by Lessee;
 - (7) for newspaper racks gross receipts shall be the commission or payment received by Lessee from racks owned and operated by a third party;

(8) all sums received for officer and employee meals, including meals, snacks and drinks from vending machines provided solely for use by employees, the actual charge, if any, paid by officers or employees for food and beverage while on duty;

(9) all rentals, license fees and similar sums received in connection with any advertising on the Property via signage, billboards, and similar;

(10) all rebates, kickbacks, credits (hidden or otherwise), and similar received by Lessee in consideration for granting rights in the Property or any portion thereof; and

(11) all other funds received by Lessee from sales by any Sublessee, concessionaire or licensee of Lessee on the Property, subject to the exclusions set forth hereinbelow.

(b) Gross Receipts shall not include any of the following items (provided, however, that excluding the amount of the following items from Gross Receipts may not be double counted as a credit towards or offset against the amount of items that are to be included in Gross Receipts):

(1) direct taxes imposed upon the consumer and collected therefrom by Lessee such as, without limitation, retail sales taxes, excise taxes, transient occupancy taxes, or related direct taxes paid periodically by Lessee to a governmental agency accompanied by a tax return statement;

(2) security deposits paid by a Sublessee to Lessee to be held by Lessee as security for Sublessee's obligations under its Sublease, license or permit, except to the extent Lessee allocates or applies any portion of such security deposit to unpaid rent or other amounts owed by such Sublessee to Lessee, in which event the sum so allocated or applied shall be included in Gross Receipts as of the date of such allocation or application;

(3) goods returned to suppliers or which are delivered for resale (as opposed to delivery) to another retail location or to a warehouse or to any retailers without profit to Lessee, where such returns or deliveries are made solely for the convenient operation of the business of Lessee or Sublessee and not for the purpose of consummating a sale made in, about or from the Property;

(4) an amount equal to the cash refunded or credit allowed on merchandise returned by customers and accepted by Lessee, or the amount of cash refunded or credit allowed thereon in lieu of Lessee's acceptance thereof, but only to the extent that the sales relating to such merchandise were made in, about or from the Property; provided that whenever Lessee accepts a credit slip as payment for goods or services, the amount of credit shall be included in Gross Receipts;

(5) sales of fixtures, equipment or property which are not Lessee's stock in trade;

(6) receipts from insurance claims other than rental interruption or business interruption insurance related to the replacement of Gross Receipts;

(7) interest earned by Lessee on funds arising from the Property or the use thereof, deposited or maintained by Lessee in banks or similar financial institutions;

(8) tips and gratuities paid to employees;

(9) receipts from vending machines used solely by employees of the business operation;

(10) fees or charges paid to credit card companies in connection with customer purchases made by use of a credit card; provided, however, that the amounts excluded under this Subsection 1.1.88(a)(10) in connection with a particular business operation shall not exceed the actual charges for such matters;

(11) interest or other charges paid by customers of Sublessees for the extension of credit; or

(12) payments received by Lessee from a Sublessee for the Cost of such Sublessee's submetered, actual or estimated allocation of electricity provided (A) each Sublessee's obligation to reimburse Lessee for such Sublessee's electrical charges is separate and apart from such Sublessee's obligation to pay rent for its occupancy of the Property; (B) the reimbursed sum is in an amount equal to the Cost of the Sublessee's electricity; and (C) the amount received is actually credited against the cost of the Sublessee's electricity (i.e. the Sublessee is not also separately charged for electricity paid for hereunder). For the purpose of this Subsection (12), the "Cost" of a Sublessee's electricity shall mean the actual out-of-pocket costs incurred by Lessee, exclusive of overhead and general and administrative expenses, in paying the portion of the respective utility's bill that is allocable to the Sublessee based on such Sublessee's submetered, actual or estimated consumption of electricity, and in paying the portion of any third party meter or submeter reading and service charge to each meter or submeter that is actually read and a direct allocation of the meter or submeter service charge to each such submeter that is serviced. County shall have the right to reasonably challenge the legitimacy or amount of any Cost. The terms and provisions of this Subsection (12) shall also be applicable to other submetered or estimated utility charges, such as water, gas, telephone, internet, sewer and trash, to the extent that it is customary for Sublessees to be responsible for such other utility charges.

(13) Bad debt losses shall not be deducted from Gross Receipts unless the obligation being converted to a bad debt loss was previously included in Gross Receipts.

(c) Chief Real Estate Officer, with the reasonable consent of Lessee, Auditor-Controller and County Counsel may further reasonably interpret the definition of Gross Receipts from time to time, provided that Lessee's consent shall not unreasonably

prevent County from verifying, auditing, or enforcing the proper calculation of Gross Receipts, with such interpretations to be a guideline in implementing Subsection 4.2.2(a) of this Lease.

1.1.89 “GROSS TRANSFER PROCEEDS” shall have the meaning set forth in Subsection 4.3.1(f).

1.1.90 “HARD COSTS” means those costs listed in Classifications 01 through 16 of the Construction Specifications Institute (1995 edition), together with contingency earned or awarded to the general contractor, insurance, contractor fees and bonds, but in no event may such amounts be duplicative.

1.1.91 “HAZARDOUS SUBSTANCES” shall mean any hazardous or toxic substance, material, product, byproduct, or waste, which is or shall become regulated by any governmental entity, including without limitation, the County acting in its governmental capacity, the State, or the United States government, including, without limitation, the following:

- (a) petroleum, any petroleum by-products, waste oil, crude oil or natural gas;
- (b) any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive, flammable or explosive; and
- (c) any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “solid waste” or similarly defined substance pursuant to any Applicable Laws.

1.1.92 “IMMEDIATE FAMILY” shall have the meaning set forth in Subsection 4.3.1(e)(4).

1.1.93 “IMPROVEMENT PROJECT” shall have the meaning set forth in Subsection 5.4.4.

1.1.94 “IMPROVEMENTS” means all buildings, structures, fixtures, fences, fountains, walls, paving, parking areas, driveways, walkways, plazas, landscaping, permanently affixed utility systems (including, without limitation, all utility lines, transformer vaults and other utility facilities constructed or installed by Lessee upon the Property, to the extent not owned by a utility company or other third party provider), docks, slips, end-ties and other anchorage improvements, and other improvements now or hereafter located on the Property, whether existing as of the Effective Date or as constructed by Lessee, any Sublessee, or otherwise, as the case may be.

1.1.95 “IMPROVEMENT COSTS” shall mean the total actual out-of-pocket cost to the Lessee of planning, designing, financing and constructing the Redevelopment Work in accordance with the Final Plans and Specifications, as of the applicable calculation date. The Improvement Costs shall include all Hard Costs and Soft Costs (without duplication) incurred in connection with the Redevelopment Work, including but not limited to: costs of grading and site preparation; costs of construction and required onsite and offsite improvements, including

architectural, engineering and design fees, reproduction costs, and development, permit, and inspection fees charged by any public agency incurred and paid by the lessee; general contractor's fee; premium for performance or completion bonds; title insurance premiums and endorsement costs; survey costs; hazardous materials remediation costs; construction loan interest; consulting and professional fees (including without limitation legal, accounting, environmental and financial consulting fees) paid to third parties with respect to the design and construction of the Redevelopment Work; all ad valorem property taxes and assessments imposed with respect to the Property; insurance premiums; and costs of securing the Redevelopment Work. Notwithstanding the foregoing, Improvement Costs shall (i) exclude any such costs to the extent such costs are reimbursable by tenants under Subleases, and (ii) be reduced by any monetary contributions from the County including without limitation contributions towards the cost of constructing parking structures or other improvements included in the Redevelopment Work.

1.1.96 "INCOME APPROACH" shall have the meaning set forth in Section 6.5.

1.1.97 "INITIAL CURE PERIOD" shall have the meaning set forth in Subsection 13.6.3(b)(1).

1.1.98 "INSTITUTIONAL LENDER" shall mean: (a) a bank, savings bank, investment bank, savings and loan association, mortgage company, insurance company, trust company, commercial credit corporation, real estate investment trust, pension trust or real estate mortgage investment conduit; or (b) some other type of lender engaged in the business of making commercial loans, provided that such other type of lender has total assets of at least \$2,000,000,000 and capital/statutory surplus or shareholder's equity of at least \$500,000,000 (or a substantially similar financial capacity if the foregoing tests are not applicable to such type of lender). Institutional Lender shall mean and include the Affiliates of such Institutional Lender without regard to such Affiliate's total assets or shareholder equity. Institutional Lender shall not include any so-called "sovereign wealth funds" unless otherwise approved by County in its sole discretion.

1.1.99 "INTERIM MILESTONE(S)" shall have the meaning set forth in Subsection 5.3.2.

1.1.100 "INTERIM MILESTONE DATE" shall have the meaning set forth in Subsection 5.3.1.

1.1.101 "LATE FEE" shall have the meaning set forth in Subsection 4.2.3(e).

1.1.102 "LCP" means the Dana Point Local Coastal Program Amendment 1-08, as amended from time to time.

1.1.103 "LEASE" shall have the meaning set forth in the preamble above.

1.1.104 "LEASE YEAR" shall have the meaning set forth in Section 2.1.

1.1.105 "LESSEE" shall have the meaning set forth in the preamble to this Lease and Subsection 16.5.

1.1.106 “LESSEE BUSINESS OPERATION” shall have the meaning set forth in Subsection 1.1.88(B).

1.1.107 “LESSEE SALE PRICE” shall have the meaning set forth in Subsection 12.2.4.

1.1.108 “LESSEE’S AGENTS” shall have the meaning set forth in Exhibit J.

1.1.109 “LESSEE’S DELIVERABLES” shall have the meaning set forth in Subsection 5.4.1.

1.1.110 “LESSEE’S RESPONSIBLE PORTION” shall have the meaning set forth in Exhibit J.

1.1.111 “LESSEE’S FINAL SUBMITTALS” shall have the meaning set forth in Subsection 5.4.3.

1.1.112 “LIP” shall have the meaning set forth in Subsection 10.2.2(b)(4).

1.1.113 “LOAN AMOUNT” shall have the meaning set forth in Subsection 4.3.1(g).

1.1.114 “MAJOR SUBLEASE” shall have the meaning set forth in Subsection 12.1.1.

1.1.115 “MAJOR SUBLESSEE” shall have the meaning set forth in Subsection 12.1.1.

1.1.116 “MATERIAL MODIFICATION” shall mean an Alteration or any modification, revision or other change to the Redevelopment Work or Subsequent Renovation, as applicable, with respect to which any one of the following applies: (a) for purposes of the Redevelopment Work or Subsequent Renovation, the modification(s), individually or in the aggregate, result in a decrease in the previously approved Budget by more than ten percent (10%) (provided any decreases to the Required Cost Amount shall require the County’s prior written consent, in its sole and absolute discretion); (b) for purposes of Alterations, the total estimated cost of the same, taken individually or in the aggregate with other modifications or Alterations over any consecutive eighteen (18) month period of time, exceeds ten percent (10%) of the Improvement Costs, adjusted to reflect the percentage change in the ENR Index from the date on which the Redevelopment Work was substantially complete until the date on which Lessee calculates the total estimated cost of the Alterations; (c) the proposed Alteration or modification is structural in nature; (d) the proposed Alteration or modification is not in compliance with the Permitted Uses under this Lease; (e) the proposed Alteration or modification, taken individually or in the aggregate with other modifications or Alterations over any consecutive eighteen (18) month period of time, (i) reduces the total interior square footage of the Improvements by more than five percent (5%), or (ii) reduces the number of parking spaces by more than five percent (5%), except for a corresponding reduction in the number of parking spaces required for the Improvements (based on parking ratios required under Applicable Law, without variance) resulting from a reduction in the interior square footage of the

Improvements or changes in the Applicable Law regarding the number of parking spaces required for the Improvements (without variance); (f) for purposes of the Redevelopment Work and Subsequent Renovation, the proposed modification would, by itself or when taken with other proposed modifications, result in a delay to the Construction Schedule therefor by more than one hundred eighty (180) days in the aggregate; and (g) the proposed Alteration is a new building, structure, dock, anchorage facility, parking area or roadway, other than those contemplated by the Redevelopment Work or Subsequent Renovation. Notwithstanding anything to the contrary contained in this Lease: (1) Material Modifications under subsections (a) and (f) above shall be subject to the County's review and approval in the sole and absolute discretion of the Chief Real Estate Officer, and otherwise in accordance with the procedures and timeframes for such approval as may be specified in this Lease, and (2) all other Material Modifications to the Redevelopment Work, Subsequent Renovation or Alterations, as applicable, shall, in all instances in this Lease, be subject to the County's review and approval of the Chief Real Estate Officer, which approval shall not be unreasonably withheld, conditioned or delayed, and shall otherwise in accordance with the procedures and timeframes for such approval as may be specified in this Lease.

1.1.117 "MEMORANDUM" shall have the meaning set forth in Section 17.15.

1.1.118 "MINIMUM STANDARDS" shall mean the requirements set forth on **Exhibit G** attached hereto, as modified by County or the CREO Office from time to time in a manner consistent with commercially reasonable standards applicable to other comparable commercial and/or public marina or harbor projects (as applicable) in the County.

1.1.119 "MONTHLY MINIMUM RENT" shall have the meaning set forth in Subsection 4.2.1(a).

1.1.120 "MS4" shall have the meaning set forth in Subsection 10.2.2(a)(4).

1.1.121 "NET AWARDS AND PAYMENTS" shall have the meaning set forth in Section 6.7.

1.1.122 "NPDES" shall have the meaning set forth in Subsection 10.2.2(b)(3).

1.1.123 "NOTICE OF COMPLETION" shall have the meaning set forth in Subsection 5.8.7.

1.1.124 "OPERATING COVENANT EXCEPTIONS" shall have the meaning set forth in Section 3.3.

1.1.125 "OPTION" shall have the meaning set forth in the Recitals to this Lease.

1.1.126 "OPTION AGREEMENT" shall have the meaning set forth in the Recitals to this Lease.

1.1.127 "ORIGINAL EFFECTIVE DATE" shall have the meaning set forth in the recitals to this Lease.

1.1.128 “OUTSIDE AGREEMENT DATE” shall have the meaning set forth in Subsection 4.3.3(b).

1.1.129 “OWNERSHIP INTERESTS” shall have the meaning set forth in Subsection 13.1.1(1).

1.1.130 “PA/DSS” shall have the meaning set forth in Section 11.10.

1.1.131 “PARTIAL TAKING” shall have the meaning set forth in Section 6.5.

1.1.132 “PAYMENT BOND” shall have the meaning set forth in Subsection 5.5.4(b).

1.1.133 “PCI/DSS” shall have the meaning set forth in Section 11.10.

1.1.134 “PERCENTAGE RENT” shall have the meaning set forth in Subsection 4.2.2.

1.1.135 “PERCENTAGE SHARE” shall have the meaning set forth in Subsection 4.3.1(h), 4.3.4(a) and 4.3.4(b).

1.1.136 “PERFORMANCE BOND” shall have the meaning set forth in Subsection 5.5.4(a).

1.1.137 “PERMITTED BOAT BROKERAGE BUSINESS” shall have the meaning set forth in Subsection 3.2.2(g).

1.1.138 “PERMITTED CAPITAL EXPENDITURES” shall have the meaning set forth in Section 5.16.2.

1.1.139 “PERMITTED USES” shall have the meaning set forth in Section 3.1.

1.1.140 “POST TERM PERSONAL PROPERTY REMOVAL PERIOD” shall have the meaning set forth in Subsection 2.3.2.

1.1.141 “PRELIMINARY PLANS” shall have the meaning set forth in Subsection 5.4.2.

1.1.142 “PRIMARY COVERAGE” shall have the meaning set forth in Subsection 9.1.1.

1.1.143 “PRIME RATE” shall mean the prime or reference rate announced from time to time by Bank of America, N.A. or its successor, or if Bank of America, N.A. or its successor ceases to exist or no longer publishes a prime or reference rate, then “Prime Rate” shall mean the prime or reference rate announced from time to time by the largest state chartered bank in California in term of deposits.

1.1.144 “PROPERTY” shall have the meaning set forth in the recitals to this Lease.

1.1.145 “PROPERTY MANAGER” shall have the meaning set forth in Section 11.2.

1.1.146 “PROPOSED TRANSFER” shall have the meaning set forth in Subsection 12.2.4.

1.1.147 “PURCHASE MONEY NOTE” shall have the meaning set forth in Subsection 4.3.2(c).

1.1.148 “RECEIVING WATERS” shall have the meaning set forth in Subsection 10.2.2(a)(4).

1.1.149 “RECORDS” shall have the meaning set forth in Subsection 15.1.

1.1.150 “RECOVERY PLAN” means a detailed narrative explanation clearly stating the scope and extent of any and all resource loading, activity re-sequencing and other acceleration activities required for all affected elements of the Redevelopment Work in order to enable Contractor to: (a) achieve an Interim Milestone by the applicable Interim Milestone Date, as proposed in the Recovery Plan; and/or (b) achieve the CO Date on or before the Required Construction Completion Date.

1.1.151 “RECOVERY PLAN NOTICE” shall have the meaning set forth in Subsection 5.7.3 of this Lease.

1.1.152 “REDEVELOPMENT ALLOWANCE” shall have the meaning set forth in Exhibit J.

1.1.153 “REDEVELOPMENT WORK” shall have the meaning set forth in Section 5.1.

1.1.154 “REQUIRED CONSTRUCTION COMMENCEMENT DATE” means July 5, 2028.

1.1.155 “REQUIRED CONSTRUCTION COMPLETION DATE” means January 5, 2030.

1.1.156 “REQUIRED COST AMOUNT” means Twenty-Five Million One Hundred Thirty-Seven Thousand One Hundred Seventy-Seven and No/100 Dollars (\$25,137,177.00).

1.1.157 “REQUIRED COST ADJUSTMENT DATE” shall have the meaning set forth in Section 5.2.

1.1.158 “SECURITY DEPOSIT” shall have the meaning set forth in Section 7.1.

1.1.159 “SOFT COSTS” means architectural, engineering and other predevelopment consulting and professional fees, a developer fee of not to exceed five percent (5%) of Hard Costs, permits and fees, testing and inspection costs, financing costs, interest

reserves or interest accrual required by or in connection with Lessee's initial construction financing, legal, accounting and insurance (including title insurance) relating to the Redevelopment Work, but in no event may such amounts be duplicative.

1.1.160 "STATE" shall mean the State of California.

1.1.161 "STORMWATER PERMITS" shall have the meaning set forth in Subsection 10.2.2(b)(3).

1.1.162 "SUBLEASE" shall have the meaning set forth in Subsection 12.1.1.

1.1.163 "SUBLESSEE" shall have the meaning set forth in Subsection 12.1.1.

1.1.164 "SUBSEQUENT RENOVATION" shall have the meaning set forth in Subsection 5.15.1.

1.1.165 "SUBSEQUENT RENOVATION FUND" shall have the meaning set forth in Subsection 5.15.3.

1.1.166 "SUBSEQUENT RENOVATION PLAN" shall have the meaning set forth in Section 5.15.2.

1.1.167 "SUBSTANTIAL COMPLETION" means the completion of the Redevelopment Work, Subsequent Renovation or other work of Improvement (as applicable), including without limitation, the receipt of a certificate of occupancy (whether temporary or permanent) or other applicable governmental certificate or approval for legal use and occupancy of the subject Improvements (if applicable with respect to the particular work), subject only to minor punch-list items that do not interfere with the use and occupancy of the subject Improvements, provided that any such minor punch-list items are completed in a diligent manner as soon as reasonably possible thereafter.

1.1.168 "TERM" shall have the meaning set forth in Section 2.1.

1.1.169 "TIDELANDS GRANT" shall have the meaning set forth in Subsection 1.2.2.

1.1.170 "TIME OF THE ESSENCE" shall have the meaning set forth in Section 17.3.

1.1.171 "UMBRELLA COVERAGE" shall have the meaning set forth in Subsection 9.1.1.

1.1.172 "UNAUTHORIZED BOAT BROKERAGE" shall have the meaning set forth in Subsection 3.2.2(g).

1.1.173 "UNINSURED LOSS" shall have the meaning set forth in Section 10.4.

1.1.174 “UNREASONABLE COUNTY ACTION” shall have the meaning set forth in Subsection 5.7.2(a).

1.1.175 “UTILITY EASEMENT” shall have the meaning set forth in Subsection 1.2.4.

1.2 Lease. For and in consideration of the payment of rentals and the performance of all the covenants and conditions of this Lease, County hereby leases to Lessee, and Lessee hereby leases and hires from County, an exclusive right to possess and use, as tenant, the Property for the Term and upon the terms and conditions and subject to the requirements set forth herein.

1.2.1 As-Is. Except as provided in Subsection 1.2.3, Lessee accepted the Property in its present condition notwithstanding the fact that there may have been certain defects in the Property, whether or not known to either Party as of the Effective Date. Lessee represents that, pursuant to the Option Agreement, it was afforded a reasonable opportunity to conduct a thorough due diligence investigation of the Property prior to its exercise of the Option and that, prior to the Original Effective Date, it performed all investigations of the Property that it deemed necessary or appropriate in order to evaluate the condition of the Property and the viability of the Property for Lessee’s intended purposes. Lessee accepted the Property on an “AS-IS, WHERE-IS, WITH ALL FAULTS” basis and, except as expressly set forth in this Lease, Lessee is not relying on any representation or warranty of any kind whatsoever, express or implied, from County or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the Property, including without limitation: (a) the quality, nature, adequacy and physical condition and aspects of the Property, including, but not limited to, the structural elements, foundation, roof, protections against ocean damage, erosion, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, heating, ventilating and air conditioning, plumbing, sewage and utility systems, facilities and appliances, and the square footage of the land or Improvements, (b) the quality, nature, adequacy and physical condition of soils, geology and any groundwater, (c) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (d) the development potential of the Property, and the use, habitability, merchantability or fitness, or the suitability, value or adequacy, of the Property for any particular purpose, (e) the zoning, entitlements or other legal status of the Property, and any public or private restrictions affecting use or occupancy of the Property, (f) the compliance of the Property with any applicable codes, rules, regulations, statutes, resolutions, ordinances, covenants, conditions and restrictions or laws of the applicable Governmental Authorities (“**Applicable Laws**”), including, without limitation, the Coastal Act and relevant provisions of the Americans with Disabilities Act, (g) the presence of any underground storage tank or Hazardous Substances on, in, under or about the Property, the adjoining or neighboring properties, or ground or other subsurface waters, (h) the quality of any labor and materials used in any Improvements, (i) the condition of title to the Property, and (j) the economics of the operation of the Property.

1.2.2 Tidelands Grant. This Lease and the rights and privileges granted Lessee in and to the Property are subject to all covenants, conditions, restrictions, and exceptions of record or apparent, including those which are set out in the Tidelands Grant by the State of California to the County of Orange (Chapter 321, Statutes of 1961, State of California) as

amended from time to time (“**Tidelands Grant**”). Nothing contained in this Lease or in any document related hereto shall be construed to imply (a) the conveyance to Lessee of rights in the Property which exceed those owned by the County, or (b) any representation or warranty, either express or implied, relating to the nature or condition of the Property, or County’s interest therein.

1.2.3 Title. Subject to the limitations set forth in this Section 1.2, County represents that County owns fee title to the Property and that County has authority to enter into this Lease. Lessee hereby acknowledges the title of County in and to the Property, and covenants and agrees never to contest or challenge the extent of said title, except as is necessary to ensure that Lessee may occupy the Property pursuant to the terms and conditions of this Lease.

1.2.4 Reservations. Lessee and County expressly agree that this Lease and all of Lessee’s rights hereunder shall be subject to: (a) all encumbrances, reservations, licenses, easements and rights of way existing as of the Original Effective Date and disclosed to Lessee, whether in the County Documents, referenced in this Lease or otherwise, in, to, over or affecting the Property for any purpose whatsoever; (b) any other encumbrances, reservations, licenses, leases, easements and rights of way consented to by Lessee in writing; (c) all matters of record (including, without limitation, the Tidelands Grant); and (d) the right of County and/or City to install, construct, maintain, service and operate such existing or new sanitary sewers, public roads and sidewalks, fire access roads, storm drains, drainage facilities, electric power lines, telephone lines and access and utility easements (each, a “**Utility Easement**”) as may be reasonably required across, upon or under the Property, together with the right of County and/or City to convey such easements and transfer such rights to others; provided, however, that no new Utility Easement shall be located within the Project without the prior written consent of Lessee, which consent shall not be unreasonably withheld, unless the same is necessary for County to comply with its obligations under this Lease, in which case Lessee’s consent shall not be required (and in such case, no such Utility Easement shall be located within the footprint of any then-existing building located on the Property). Furthermore, for the avoidance of doubt, County hereby reserves for itself, its invitees, licensees, tenants and the general public, and Lessee shall not prevent, obstruct or materially interfere in any way with, the free flow and passage of: (i) vehicles upon and across all streets and roadways as the same may exist from time to time at the Property, (ii) pedestrians upon and across all sidewalks, walkways, pathways and other access ways as the same may exist from time to time at the Property, and (iii) vessels within the waterways of the Property, excluding temporary obstructions or interference that are necessary for construction, operational, or development activities being conducted by Lessee pursuant to, and in accordance with, the terms and conditions of this Lease; provided that any such temporary obstructions or interference shall not pose a health, safety, or security threat to the public, nor shall the same be permitted to remain in place longer than the permitted duration of the underlying construction, operational, or development activity to which it relates as required under this Lease.

1.2.5 Excluded Improvements. Notwithstanding anything to the contrary set forth in this Lease, the “Property” shall not include the MS4 (including, without limitation, any sewer or storm drain) or other improvements, whether existing as of the Original Effective Date or installed thereafter, which have been dedicated to (and such dedication has been accepted by)

the City or County (“**Excluded Improvements**”); provided, however, that this Lease (as opposed to any separate dedication acceptance or other contractual or legal obligation) shall not create any obligation or liability on the part of County with respect to such Excluded Improvements, if any.

1.2.6 Original Lease. It is mutually agreed by the Parties that this Lease shall replace and supersede the Original Lease for the purposes of the Property, and that the Original Lease shall be terminated as of the Effective Date of this Lease, except for continuing obligations related to rent, indemnification and other matters occurring during the term of the Original Lease.

1.2.7 Quarterly Reporting. Lessee will submit to the County a quarterly written report continuing through the term of the Lease, as more fully outlined below ("**Quarterly Report**"). Each Quarterly Report shall cover operations and redevelopment activities for both Components of the Property for the applicable quarter and shall be prepared in a clear and reasonably detailed format.

Each Quarterly Report shall include, at a minimum, updates regarding: (a) leasing and licensing activity, including material changes in occupancy; (b) revenues and expenditures for each Component in a reasonable summary form, including identification and explanation of any material changes compared to the prior quarter and/or the corresponding quarter in the prior year; (c) progress of development and capital improvement activities, including schedule status, entitlements, substantial compliance, permitting, construction, and approvals; and (d) any other additional information reasonable requested by the Chief Real Estate Officer relating to the operation or redevelopment of the Property.

The Quarterly Report will be submitted to the Chief Real Estate Officer prior to the end of the months of April, July, October and January, delivered via email in a single consolidated document.

2. TERM; OWNERSHIP OF IMPROVEMENTS.

2.1 Term. The term of the Lease (“**Term**”) commenced on the Effective Date. Unless terminated sooner in accordance with the provisions of this Lease, the Term shall expire at 11:59 p.m. on the sixty-sixth (66th) anniversary of the Effective Date. For purposes of this Lease, “**Lease Year**” shall mean each calendar year (or partial calendar) during the Term of this Lease. For the avoidance of doubt, and by way of example, Lease Year 1 as used in this Lease shall mean and refer to the calendar year in which the Original Effective Date occurred, with the following calendar year being Lease Year 2 and so on.

2.1.1 In the event that the lessee under the Hotel Component Lease, of even date herewith between DPHP Hotels, LLC, and the County, pursues the Alternative Hotel Component pursuant to Subsection 5.3.6 of the Hotel Component Lease, the Term of this Lease shall automatically revert to the Term of the Original Existing Lease, and the Effective Date of this Lease shall automatically revert to the Original Effective Date, without further action of the Parties. This reversion may be documented by the Parties in an amendment to this Lease, executed by the Chief Real Estate Officer on behalf of the County.

2.2 Ownership of Improvements During Term. Until the expiration of the Term or sooner termination of this Lease, and except as specifically provided herein, Lessee shall own all Improvements now existing, or hereafter constructed by Lessee, upon the Property, and all alterations, additions or modifications made thereto by Lessee.

2.3 Reversion of Improvements. Upon the expiration of the Term or sooner termination of this Lease, whether by cancellation, forfeiture or otherwise:

2.3.1 County's Election to Receive Improvements. All Improvements located on, in, or under the Property (including all fixtures or equipment affixed thereto) shall remain upon and be surrendered with the Property as part thereof, and title to such Improvements shall vest in County without any compensation to Lessee upon the expiration of the Term or earlier termination of this Lease. Nothing contained herein shall be construed to deny or abrogate the right of Lessee, prior to the expiration of the Term or termination of this Lease, to (a) receive any and all proceeds which are attributable to the Condemnation of Improvements belonging to Lessee immediately prior to the taking of possession by the Condemnor, to the extent provided in Article 6 of this Lease, (b) permit a Sublessee to exercise a right under its Sublease to remove any so-called Sublessee "trade-dress" items installed in or on the interior of space subleased to such Sublessee, provided that Lessee shall be responsible for repairing (or causing its Sublessee to repair) any damage to the Improvements incurred in connection with the removal of such items; or (c) remove any furniture or equipment that is neither permanently affixed to, or reasonably necessary for the operation of, the Property, any signage identifying Lessee (as opposed to other signage used in the operation of the Property and Improvements), or any personal property, upon the expiration of the Term or earlier termination of this Lease or at any time during the Term, subject to Lessee's obligations under this Lease to use the Property for the Permitted Uses.

2.3.2 Duty to Remove Personal Property. No later than the expiration of the Term or sooner termination of this Lease (subject to Lessee's rights with respect to the Post Term Personal Property Removal Period described below), Lessee shall remove, at its sole cost and expense, all furniture, equipment and other personal property that is not affixed to the Improvements or reasonably necessary for the orderly operation of the Property or Improvements. Should Lessee fail to remove such furniture, equipment and other personal property prior to the expiration of the Term, and said failure continues for ten (10) days after written notice from County to Lessee, Lessee shall lose all right, title and interest therein, and County may elect to keep the same upon the Property or to sell, remove, or demolish the same, in which event Lessee shall reimburse County for its Actual Costs incurred in connection with any such sale, removal or demolition in excess of any consideration received by County as a result thereof. County shall be under no obligation to Lessee to effectuate any such sale of furniture, equipment and other personal property, or, in the case of a sale, to obtain any required level of compensation therefor. Notwithstanding the foregoing, (i) Lessee shall have the right, exercisable by delivering written notice to County not later than thirty (30) days prior to the scheduled expiration date of the Term, to extend the date by which Lessee must complete the removal of the personal property and surrender the Property to County pursuant to Lessee's obligations under this Subsection 2.3.2 to a date not more than one hundred twenty (120) days after the expiration of the Term (the "**Post Term Personal Property Removal Period**"); and (ii) all of Lessee's obligations and liabilities under the Lease (other than the obligation to

affirmatively operate the Property) shall be applicable during the Post Term Personal Property Removal Period, including without limitation, Lessee's obligations with respect to insurance and indemnification, and Lessee's obligation to pay County compensation for the Post Term Personal Property Removal Period in an amount equal to the Monthly Minimum Rent rate in effect immediately prior to the expiration of the Term multiplied by the number of months in the Post Term Personal Property Removal Period. Such Monthly Minimum Rent amount for the entire Post Term Personal Property Removal Period shall be paid by Lessee, in one lump sum prior to the commencement of the Post Term Personal Property Removal Period.

3. USE OF PROPERTY.

3.1 Specific Primary Use. Subject to Subsection 3.2.2(h) below, the Property and the Improvements located thereon shall be used by Lessee solely for the operation and management of: (a) retail, restaurant space; administrative offices; institutional uses or educational facilities; filming or other television or motion picture activities; a boat ramp, dry boat storage or storage for other water recreational equipment and marine vessels; dry stack storage; mast-up storage; boat repair facilities; the rental of dry or landside storage facilities; the rental of boats, motors, tackle, or recreational equipment (including, without limitation, wave-runners, paddle boards, kayaks, bicycles, cycles carriages, scooters etc.); the sale or rental of boat related tools and equipment; the sale of bait and boat and fishing supplies; boat cleaning and other boater related services including the launch and retrieval of small boats; lockers for boaters; fuel and oil sales; Permitted Boat Brokerage Business; subject to the limitations in Subsection 3.2.2(h) below, automobile rental; the sale of marine insurance where the sale of insurance is conducted in conjunction with boat sales and/or boat brokerage; boat launch day parking and miscellaneous boater services and boater related services; (b) parking associated with each the foregoing, subject to the terms, conditions and limitations set forth in this Lease; (c) such other related and incidental uses as are specifically approved in writing by the Chief Real Estate Officer from time to time, in such Chief Real Estate Officer's reasonable discretion; and (d) such other unrelated and non-incidental uses as are specifically approved in writing by the Chief Real Estate Officer from time to time, in such Chief Real Estate Officer's sole and absolute discretion. All of the aforementioned uses shall be referred to herein as the "**Permitted Uses**". Except as specifically provided herein, the Property shall not, without the prior written consent of the Chief Real Estate Officer in the Chief Real Estate Officer's sole and absolute discretion, be used for any purpose other than the Permitted Uses. County makes no representation or warranty regarding the continued legality of the Permitted Uses or any of them, and Lessee bears all risk of an adverse change in Applicable Laws.

3.2 Prohibited Uses. Notwithstanding the foregoing:

3.2.1 Nuisance. Lessee shall not conduct or permit to be conducted any private or public nuisance on or about the Property, nor commit any waste thereon. No rubbish, trash, waste, residue, brush, weeds or undergrowth or debris of any kind or character shall ever be placed or permitted to accumulate upon any portion of the Property, except for trash collected in appropriate receptacles intended for such purposes, nor shall any portion of the Property be permitted to be operated or maintained in a manner that renders the Property or any part thereof a fire hazard.

3.2.2 Restrictions and Prohibited Uses. Without expanding upon or enlarging the Permitted Uses of the Property and Improvements as set forth in this Lease, the following uses of the Property are expressly prohibited:

(a) The Property shall not be used or developed in any way which violates any Applicable Law, the CDP, the LCP or the Tidelands Grant.

(b) The Property shall not be used or developed in any way in a manner inconsistent with the Permitted Uses.

(c) No condition shall be permitted to exist upon the Property which induces, breeds or harbors infectious plant diseases, rodents or noxious insects, and Lessee shall take such measures as are appropriate to prevent any conditions from existing on the Property which create a danger to the health or safety of any persons occupying, using, working at, or patronizing the Property.

(d) Without the prior written reasonable approval of Chief Real Estate Officer, no antennae or other device for the transmission or reception of television signals or any other form of electromagnetic radiation (collectively, “**antennae**”) shall be erected, used or maintained by Lessee outdoors above ground on any portion of the Property, whether attached to an Improvement or otherwise; provided that the foregoing requirement to obtain Chief Real Estate Officer’s approval as to any antennae shall be inapplicable to the extent that such requirement violates Applicable Law; and provided, further that the prior approval by the Chief Real Estate Officer shall not be required for (i) any satellite dish or communication antennae installed as an incident to the use of subleased space for purposes other than the operation of a satellite or communications business, and that is not greater than eighteen inches (18”) in diameter and is screened from general view and (ii) the erection of cellular towers by Lessee or its designees provided it is approved by the City and is screened from general view or incorporated into an architectural element of the Improvements.

(e) No tools, equipment, or other structure designed for use in boring for water, oil, gas or other subterranean minerals or other substances, or designed for use in any mining operation or exploration, shall hereafter be erected or placed upon or adjacent to the Property, except (i) as is necessary to allow Lessee to perform its maintenance and repair obligations pursuant to this Lease, and (ii) for such boring or drilling as may be

necessary to perform water testing or monitoring, or any dewatering program to relieve soil water pressure.

(f) No adverse environmental condition in violation of Applicable Laws shall be permitted to exist on or in any portion of the Property, nor shall any Hazardous Substances be permitted to be generated, treated, stored, released, disposed of, or otherwise deposited in or on, or allowed to emanate from, the Property, including, without limitation, into subsurface waters, provided, however, (i) Hazardous Substances may be stored or used on the Property, so long as such storage and use is of a type and quantity, and conducted in a manner (a) in the ordinary course of business of an otherwise Permitted Use, (b) in accordance with standard industry practices for such Permitted Use, and (c) in compliance with all Applicable Laws, and (ii) Lessee shall have no responsibility for Hazardous Substances released on or under the Property as a result of defects or deficiencies in the Excluded Improvements or the existing breakwater adjacent to the Property identified on **Exhibit H** attached hereto (the “**Breakwater**”), or drainage from the existing drainage channel which empties into the harbor that does not originate from the Property (except to the extent caused by the acts or omissions of Lessee or its Sublessees, or its or their respective contractors, employees, agents, representatives, consultants, customers, visitors, permittees or licensees) boat products (including paint and its components such as lead, copper, and zinc) emanating from boats in the harbor, except those emanating from Lessee’s Sublessees. This Subsection 3.2.2(f) shall not impose liability upon Lessee to County for any Hazardous Substances that might be present in seawater passing over, under, through or around any portion of the Property or any Improvement as long as (I) such Hazardous Substances did not originate at or from the Property, and (II) with respect to Hazardous Substances that did not originate at or from the Property, were not caused by the acts or omissions of Lessee or its Sublessees, or its or their respective contractors, employees, agents, representatives, consultants, customers, visitors, permittees or licensees (collectively, the “**Lessee Parties**”).

(g) Except for (i) a Permitted Boat Brokerage Business, or (ii) the sale or lease, or display for sale or lease, of small watercraft by a tenant of interior retail space in the Property, whether in such retail space or from an adjacent sidewalk or other hardscape area (such activity under this clause (ii) is hereby confirmed to constitute retail use under Percentage Rent category (4) of Subsection 4.2.2(a) below), no portion of the Property shall be used for the sale or lease, or for the display, storage or exhibition for sale or lease, of new or used boats or watercraft (“**Unauthorized Boat Brokerage**”). A “**Permitted Boat Brokerage Business**” means the sale or lease, or the display, storage or exhibition for sale or lease, of new or used boats or watercraft by a Sublessee that leases office space for the legitimate operation of such business at the Property. Each Permitted Boat Brokerage shall display exterior business identification signage.

(h) In addition to the foregoing restrictions, and without limiting the same, notwithstanding anything in this Lease to the contrary, Lessee shall not lease or permit the use of any portion of the Property for the following: (i) any dumping, disposing, incineration or reduction of garbage (exclusive of appropriately screened dumpsters located in the rear of any building); (ii) any fire sale, bankruptcy sale (unless pursuant to

a court order) or auction house operation, (iii) any mortuary; (iv) any establishment selling or exhibiting pornographic materials (except for so-called "adult" material customarily offered on an incidental basis only in first-class bookstores and/or video stores normally found in first class shopping centers); (v) any massage parlor (which shall not include therapeutic massage normally found in first class shopping centers, such as Massage Envy), topless club or "strip joint"; (vi) any heavy manufacturing, refining, smelting, agricultural or mining operation; (vii) any automobile repair business; (viii) any automobile rental business or automobile dealership which maintains its automobile inventory on-site; (ix) any use which is a public or private nuisance, or (x) any uses prohibited under County ordinances.

3.3 Active Public Use.

3.3.1 The Parties acknowledge that County's objective in entering into this Lease is the complete and continuous use of the facilities and amenities located in Dana Point Harbor by and for the benefit of the public, without discrimination as to race, gender, religion, or sexual orientation, and for the generation and realization by County of revenue therefrom. Accordingly, Lessee agrees and covenants that it will (a) operate the Property and Improvements located thereon fully and continuously (except to the extent that Lessee is prevented from doing so due to Force Majeure, temporary interruption as necessary for maintenance and repair, or temporary interruption as necessary to accommodate renovation, alteration or other improvement work required or permitted to be performed by Lessee under this Lease (collectively, **"Operating Covenant Exceptions"**)) to accomplish these objectives and consistent with the operation of other comparable facilities or businesses within the County, (b) not to abandon or vacate the Property at any time, and (c) use commercially reasonable efforts so that County may obtain maximum revenue therefrom as contemplated by this Lease. In the event of any dispute or controversy relating hereto, this Lease shall be construed with due regard to the aforementioned objectives.

3.3.2 Notwithstanding anything in this Lease to the contrary, the fishing pier identified on **Exhibit A-2** shall at all times remain a fishing pier that is open and available to the general public for fishing and associated recreational uses, subject to only those temporary closures as may be necessary from time to time for the limited duration of any required maintenance to be performed by Lessee as and to the extent set forth in this Lease.

3.4 Days and Hours of Operation. All Improvements on the Property shall be open every day of the year for at least the operating hours applicable to such Improvements as set forth on **Exhibit G** attached hereto, or, if not specified therein, then for at least the operating hours typical for institutional grade retail projects and marinas, as applicable, in the Southern California area, subject to (a) the Operating Covenant Exceptions and except for such holidays, if any, during which similar businesses in Dana Point Harbor are customarily closed, and (b) Lessee's right to temporarily close portions of the Property while such portions of the Property are under construction in accordance with the Redevelopment Work or Subsequent Renovation.

3.5 Signs and Awnings. Any and all art, displays, identifications, monuments, awnings, advertising signs, billboards, flags and banners which are placed on, or are visible from, the exterior of any Improvements shall be consistent with the Permitted Uses, comply with

the Dana Point Harbor Sign Program, Dana Point Harbor Revitalization District Regulations, Part II, Chapter 15 (Sign Standards and Regulations), and the Local Coastal Program (Section 8.5.3), including requirements for size, placement, style, illumination, materials, and protection of scenic views and shall be only of such size, design, wording and color as shall have been specifically submitted to and approved in writing in advance by the City through the applicable entitlements for the Improvement Project. Signs, banners, flags, etc., that are not consistent with the Permitted Uses or that are not approved as set forth herein or consistent with the sign criteria or sign program approved by the City with respect to the Improvement Project may be removed by the CREO Office, at Lessee's sole cost and expense, in the event Lessee fails to remove the same within thirty (30) days following delivery of written notice to Lessee.

3.6 Compliance with Agreements and Regulations. Lessee shall comply with all Applicable Laws and shall pay for and maintain any and all required licenses, permits, or approvals related to or affecting the use, operation, maintenance, repair or improvement of the Property and/or Improvements. Without limitation of the foregoing, Lessee shall comply with (a) all conditions and requirements of the CDP, LCP and Tidelands Grant, (b) all conditions and requirements set forth in any development agreement(s) entered into by and between Lessee and the City and/or other public agencies with respect to the Redevelopment Work, and (c) all public access requirements of the LCP. Subject to the terms and conditions set forth in Subsection 5.6 below, County shall timely cooperate with Lessee in connection with Lessee's efforts to obtain governmental approvals required in connection with this Lease and the Redevelopment Work.

3.7 Rules and Regulations. Lessee agrees to comply with such other reasonable rules and regulations governing the use and occupancy of the Property and Improvements as may be promulgated by County from time to time for general applicability on a non-discriminatory basis to other retail, commercial, restaurant and marina facilities in Orange County, and delivered in writing to Lessee, provided such rules and regulations do not materially and adversely impact Lessee's operations or materially increase Lessee's expenses.

4. PAYMENTS TO COUNTY.

4.1 Net Lease. The Parties acknowledge that the rent to be paid by Lessee under this Lease is intended to be absolutely net to County, except as set forth in Subsection 10.7 below. The rent and other sums to be paid to County hereunder are not subject to any credit, demand, set-off or other withholding. Lessee shall be solely responsible for all capital costs (including, without limitation, all structural and roof repairs or replacements) and operating expenses attributable to the operation and maintenance of the Property and Improvements, including without limitation the parking areas included within the Property.

4.1.1 Utilities. In addition to the rental charges as herein provided, Lessee shall pay or cause to be paid prior to delinquency, directly to the applicable utility providers, all utility and service charges for furnishing water, power, sewage disposal, light, telephone service, garbage and trash collection and all other utilities and services, to the Property.

4.1.2 Taxes and Assessments. Lessee shall pay before delinquency all lawful taxes, assessments, fees, and 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 Lessee may have in or to the Property for any reason, 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 Property. Lessee's obligation to pay taxes and assessments hereunder shall include but is not limited to the obligation to pay any taxes and/or assessments, or increases in taxes and/or assessments arising as a result of the grant to Lessee of the Option, Lessee's exercise thereof, or the execution of this Lease. Lessee shall have the right to contest the amount of any assessment imposed against the Property or the possessory interest therein; provided, however, the entire expense of any such contest (including interest and penalties which may accrue in respect of such taxes) shall be the responsibility of Lessee; and provided further, Lessee shall pay under protest such assessment pending the outcome of such proceedings so long as neither the tax parcel nor the Property are in danger of being forfeited. County shall not be required to join in any proceedings to contest any assessment unless the provisions of any law, rule or regulation require such proceedings to be brought by or in the name of the County, in which event the County shall join in such proceedings or permit the same to be brought in its name. Lessee will defend, indemnify and save harmless County from any Claims related to such proceedings in accordance with Section 8.1 below. **In accordance with Section 107.6 of the California Revenue and Taxation Code, Lessee is specifically informed, and hereby acknowledges and agrees, that the Property and any fixtures, equipment, or other improvements installed or constructed thereon shall be subject to possessory interest taxes and assessments, and that such taxes and assessments shall be paid by Lessee prior to delinquency. Lessee shall include a statement in all Subleases to the effect that the interests created therein are derived from the Lessee's interest under this Lease and that Lessee's interest requires the payment of a possessory interest tax.**

4.1.3 No Right of Offset. Lessee acknowledges that the rent provided for in this Lease has been agreed upon in light of Lessee's construction, maintenance and repair obligations set forth herein, and, notwithstanding anything to the contrary provided in this Lease or by Applicable Law, Lessee hereby waives any and all rights, if any, to make repairs at the expense of County and to deduct or offset the cost thereof from the Annual Minimum Rent, Monthly Minimum Rent, Percentage Rent or any other sums due County hereunder.

4.2 Rental Payments; Payment; Adjustments. Throughout the Term, Lessee shall pay to County (a) the Annual Minimum Rent described in Subsection 4.2.1 below, and (b) the Percentage Rent described in Subsection 4.2.2 below. For purposes of this Lease "**Annual Rent**" shall mean the aggregate of the Annual Minimum Rent and Percentage Rent.

4.2.1 Annual Minimum Rent and Monthly Minimum Rent.

(a) Initial Annual Minimum Rent; Payment. During the Term, Lessee shall pay to County the minimum rent set forth on Exhibit F attached hereto (subject to adjustment pursuant to Subsection 4.2.1(b) below) (the "**Annual Minimum Rent**"). Provided that Tenant faithfully performs all of the terms and conditions of this Lease and there is no Event of Default, the Annual Minimum Rent will be abated during the period (the "**Abatement Period**") that the Redevelopment Work is commenced through and until the earlier of (i) the CO Date, or (ii) the Required Construction Completion Date. Notwithstanding the foregoing, and for the avoidance of doubt, the Annual Minimum Rent shall continue to adjust as set forth in Subsection 4.2.1(b) below during the

Abatement Period. For purposes hereof, the date upon which the commencement of the Redevelopment Work has occurred will be the first date that visible construction activity (as opposed to the delivery of goods and materials or erection of fencing) has occurred (“**Commencement of Construction**”). Lessee shall provide written notice to County of the Commencement of Construction and the CO Date promptly upon the occurrence thereof. Annual Minimum Rent for each Lease Year shall be payable by Lessee to County on a monthly basis in equal installments of one-twelfth (1/12th) of the Annual Minimum Rent for such Lease Year (the “**Monthly Minimum Rent**”); provided, however, if any period during which the Annual Minimum Rent is calculated is less than a full calendar year, then the Annual Minimum Rent for such period shall be calculated on a pro rata basis based on the number of days in the applicable period as compared to 365, and Monthly Minimum Rent shall be payable in equal monthly installments of such pro rata Annual Minimum Rent.

(b) Adjustments to Annual Minimum Rent. Commencing on January 1, 2028 (the “**First Adjustment Date**”) and recurring every five (5) years thereafter upon the commencement of every fifth (5th) Lease Year (in each instance, an “**Adjustment Date**”) as set forth on **Exhibit E** attached hereto, the Annual Minimum Rent shall be adjusted as set forth on **Exhibit F** attached hereto.

4.2.2 Percentage Rent. Commencing on the Original Effective Date, Lessee shall pay to County, an amount (“**Percentage Rent**”) for any given month equal to (i) the aggregate of all amounts set forth below in Subsection 4.2.2(a), to the extent Gross Receipts are generated from the Property, less (ii) (A) the Annual Minimum Rent payable by Lessee during such month, and (B) all amounts required to be paid by Lessee to reimburse to any tenant at the Property whose tenancy predates the Effective Date a security deposit, to the extent the required amounts are not transferred to Lessee by County as of the Effective Date.

(a) Categories of Percentage Rent. Gross Receipts from each transaction, sale or activity of Lessee (or from any Sublessee pursuant to Subsection 4.2.2(c)) on, from or within the Property, or as a result of operations from the Property (including online or remote sales initiated from the Property or otherwise attributable to the Property or operations conducted therefrom), shall be reported under one or more of the following percentage categories, as applicable:

- (1) Intentionally omitted;
- (2) TEN PERCENT (10%) of Gross Receipts from dry stack storage or mast-up storage;
- (3) TWENTY PERCENT (20%) of Gross Receipts from overnight trailer storage located within the designated overnight storage surface parking lot;
- (4) FIVE PERCENT (5%) of Gross Receipts from (i) any other dry or landside storage facilities, (ii) the rental or other fees for boats, motors, tackle, recreational equipment (including, without limitation, wave- runners, paddle boards, kayaks, etc.), tools, equipment, (iii) launch and retrieval of small boats,

(iv) the sale of live bait, (v) the sale of fuel or oil, or (vi) miscellaneous boater services;

(5) THREE AND SEVEN-TENTHS PERCENT (3.7%) of Gross Receipts commencing on the Original Effective Date through the fifteenth (15th) anniversary of the Original Effective Date and FIVE AND SEVEN-TENTHS PERCENT (5.7%) thereafter from the lease, use or occupancy of space for (a) office (including boat brokerage), administrative offices, institutional uses or educational facilities (including a sailing school as described below); (b) retail sales, service and ancillary uses; (c) the operation of restaurants, restaurant/cocktail lounge combination, coffee shops, beach food facilities, take-out food operations and (e) facilities featuring entertainment;

(6) FIVE PERCENT (5%) of Gross Receipts from the lease, use or occupancy of space used for the display of new or used boats, recreational vehicles, trailers or trailer cabanas, or for filming or other television or motion picture activities;

(7) FOUR PERCENT (4%) from the Gross Receipts for the lease, use or occupancy of the boat repair shop;

(8) With respect to services such as car rental, the sale of marine insurance where the sale of insurance is conducted in conjunction with boat sales and/or boat brokerage, and other similar activities where earnings are normally on a commission basis, FIVE PERCENT (5%) of the Gross Receipts therefrom;

(9) Intentionally omitted;

(10) With respect to service enterprises, including, without limitation, cable television, internet, satellite, telecommunication or other antennae fees, telephone and other utility services, and valet parking services, FIVE PERCENT (5%) of the Gross Receipts therefrom;

(11) TEN PERCENT (10%) of Gross Receipts generated from parking operations;

(12) FIVE PERCENT (5%) of the Gross Receipts from the rental of boats or from other commercial boating activities including, but not limited to, charter boats, bareboat charters and sport fishing, or from the rental of bicycles, cycles carriages, scooters or other similar equipment;

(13) FIVE PERCENT (5%) of the Gross Receipts from the installation or operation of coin-operated vending or service machines;

(14) FIVE PERCENT (5%) of Gross Receipts from club dues, initiation fees, and assessments received by Lessee, except that separate assessments for capital improvements may be exempted;

(15) FIVE PERCENT (5%) of Gross Receipts from the operation of excursion, sightseeing or tour boats, or any water taxi; and

(16) FIVE PERCENT (5%) of Gross Receipts from boat haul-out or for boat repair, including maintenance, repair, painting, tugboat, salvage and boat pump-out services and similar activities, except that this subsection is subject to Subsection 4.2.2(a)(7) above with respect to the operation of the boat repair shop.

In the event Gross Receipts from a transaction, activity, or revenue stream may reasonably be classified under more than one category in this Subsection 4.2.2(a), Chief Real Estate Officer and Lessee shall negotiate in good faith to establish the specific Percentage Rent to be applied to such use.

(b) Interest, Service Fees or Late Charges. Interest, service fees or late charges collected in conjunction with a transaction, sale or activity of Lessee or Sublessee shall be included in the calculation of Gross Receipts.

(c) Effect of Sublessees Doing Business. Subject to Subsection 1.1.88(b)(13) above, if a Sublessee directly pays any common area maintenance payments, common area operating expense or real property tax reimbursements in lieu of reimbursement of such expenses under its lease for the space it occupies, then such costs and expenses shall be added to and included in the Gross Receipts under the applicable provision in Subsection 4.2.2(a) above.

(d) No Expansion of Permitted Uses. Lessee acknowledges that (i) Article 3 of this Lease provides for the Permitted Uses of the Property and that the Percentage Rent categories listed in Subsection 4.2.2(a) above may not all be applicable to this Lease and are in no way intended to expand or modify the Permitted Uses, and (ii) the Percentage Rent categories set forth in Subsection 4.2.2(a) above are intended merely as a guideline in determining the appropriate categories for charging Percentage Rent.

(e) New Categories of Percentage Rent.

(1) If, with the prior written approval of County or Chief Real Estate Officer, Lessee or Sublessee engages in a use that is not currently a Permitted Use and as to which there is no specific Percentage Rent category set forth in Subsection 4.2.2(a) above applicable to such additional or related use, then concurrent with the approval by County or Chief Real Estate Officer of such specific additional use, Chief Real Estate Officer and Lessee shall negotiate in good faith to establish the specific Percentage Rent to be applied to such use.

(2) If, without the prior written approval of Chief Real Estate Officer, Lessee or Sublessee engages in a use that is not currently permitted under this Lease, then Lessee shall pay to County SEVENTY-FIVE PERCENT (75%) of Gross Receipts generated by such non-permitted use as Percentage Rent therefor.

4.2.3 Payment and Late Fees.

(a) Monthly Minimum Rent Payment. Monthly Minimum Rent shall be paid by Lessee to County in advance on or before the first (1st) day of each calendar month during the Term. Concurrently with each payment of Monthly Minimum Rent, Lessee shall deliver to County a statement setting forth the amount of Monthly Minimum Rent being paid.

(b) Percentage Rent; Reporting and Payment. On the last business day of each month during the Term, Lessee shall: (i) deliver to the County a separate report (in a form acceptable to County, and signed by Lessee) summarizing (A) the total Gross Receipts generated from operations on the Property during the preceding calendar month (including Gross Receipts generated by Sublessees, if reported under its Sublease, and Gross Receipts generated in connection with any Lessee Business Operation), including such backup as County may reasonably require from time to time, and (B) the amount of Percentage Rent resulting therefrom; and (ii) concurrently with its delivery of such report to the County, pay to County a sum equal to the total of the percentages listed in Subsection 4.2.2 above generated from operations on the Property for such previous month, less the installment of Monthly Minimum Rent paid to County for such previous month. Percentage Rent payments shall be reconciled annually at the end of each Lease Year, with any Excess Percentage Rent Payments credited as provided in Subsection 4.2.3(c) below. Lessee agrees to and shall comply with, and shall cause all Sublessees (other than those described in Subsection 4.2.2(c)) to agree to and comply with, the recordkeeping and accounting procedures, as well as the inspection and audit rights granted to County, set forth in Article 15 of this Lease.

(c) Excess Payments Credit. If payments of Monthly Minimum Rent and Percentage Rent actually made by Lessee in a particular Lease Year exceed the total Annual Minimum Rent and Percentage Rent that would have been due for such Lease Year if computed on an annual basis at the end of such Lease Year, Lessee shall be permitted to credit that excess amount (“**Excess Percentage Rent Payment**”) against the succeeding monthly installments of Annual Minimum Rent otherwise due under this Subsection 4.2.3 until such time as the entire Excess Percentage Rent Payment has been recouped. If Lessee makes an Excess Percentage Rent Payment in the final Lease Year of the Term, County shall refund such amount to Lessee within thirty (30) days after County’s verification of such overpayment, which County agrees to use its reasonable efforts to diligently complete after receipt by County of all information required for County to calculate the Excess Percentage Rent Payment and to resolve any audits of Percentage Rent.

(d) Delivery of Payments; No Statements. All payments under this Lease shall be made via wire transfer to the following:

Bank Name:	Wells Fargo Bank
Account Name:	OCCR Dana Point Harbor
Routing / ABA:	121000248
Account #:	4121802219
Lease Name:	Dana Point Harbor

The designated place of payment and filing may be changed at any time by the Chief Real Estate Officer upon ten (10) days' written notice to Lessee. Lessee acknowledges that County shall have no obligation to issue monthly rental statements, invoices or other demands for payment, and that the rental payments required herein shall be payable notwithstanding the fact that Lessee has received no such statement, invoice or demand.

(e) Late Fees; Interest. In the event any payment under this Lease is not received by County by the date due, Lessee acknowledges that County will experience additional management, administrative and other costs that are impracticable or extremely difficult to determine. Therefore, a fee ("**Late Fee**") equal to five percent (5%) of the delinquent amount shall be added to any amount that remains unpaid five (5) days after such amount was due and payable hereunder; provided, however, with regard to the first such failure in any twelve (12) month period, such late charge shall be waived to the extent Lessee cures such failure within five (5) business days following Lessee's receipt of written notice from County that the same was not received when due. Any unpaid rent due, together with any Late Fees thereon, shall bear interest at an annual rate equal to the Applicable Rate, computed from the date when such amounts were due and payable, compounded monthly, until paid. Lessee acknowledges that such Late Fee and interest shall be applicable to all identified monetary deficiencies under this Lease, whether identified by audit or otherwise, and that interest on such amounts shall accrue from and after the date when such amounts were due and payable as provided herein (as opposed to the date when such deficiencies are identified by County); provided, however, with respect to any obligation of an Encumbrance Holder in connection with the exercise of its cure rights under Article 13 below, interest accrual on any particular obligation for periods prior to the Encumbrance Holder's acquisition of leasehold title to the Property shall be limited to a maximum of three (3) years.

4.3 Payment Upon Changes of Ownership & Financing Events. Except as otherwise provided in this Subsection 4.3, each time Lessee proposes either (a) a Change of Ownership (that is not an Excluded Transfer), or (b) a Financing Event, Lessee shall pay to County (i) an administrative charge equal to the Actual Cost incurred by County in connection with its review and processing of said Change of Ownership or Financing Event ("**Administrative Charge**"), plus (ii) in the event the proposed Change of Ownership or Financing Event is consummated, a Percentage Share, subject to the remaining provisions of this Section 4.3. Notwithstanding anything herein to the contrary, Excluded Transfers shall not be deemed to create an obligation to pay County a Percentage Share and no Percentage Share shall be payable in connection with (A) the initial construction financing obtained in connection with the Redevelopment Work, (B) the initial capitalization of Lessee for purposes of performing the Redevelopment Work (Initial capitalization means the one-time equity contributions and direct funding made by Lessee or its Affiliates solely in connection with, and on or before the closing of, the initial Construction Financing for purposes of completing the Redevelopment Work, and shall not include any equity recapitalizations, related-party loans, refinancings, or recapitalizations occurring after the closing of the Construction Financing), or (C) in the event that all or any portion of the proceeds of a Financing Event are reinvested in the Property and Improvements, in which case Lessee shall provide all documentation of the use of such proceeds to the County for review and audit, if deemed necessary in the reasonable discretion of the County and such reinvestment shall be

limited to Improvements previously approved by the County (which approval shall not be unreasonably withheld, conditioned, or delayed)), or (D) in the event that the Loan Amount is equal to or less than the amount of (i) existing loans being paid off in connection with such Financing Event, plus (ii) reasonable and customary costs, fees and expenses of an Institutional Lender incurred by Lessee attributable solely to such Financing Event, excluding Lessee's internal and administrative costs and fees related to the Financing Event, which shall be documented and provided to the County in advance of the Financing Event as a condition to such Financing Event being considered an Excluded Transfer. In the event only a portion of the proceeds from a Financing Event are reinvested pursuant to part (C) of the preceding sentence, only such portion of the proceeds shall be exempt from Percentage Share. For any portion of Financing Event proceeds that Lessee asserts are reinvested in the Property and Improvements, Lessee shall: (a) reinvest such proceeds within twelve (12) months after the closing of the Financing Event; (b) provide the County, within sixty (60) days of each expenditure, with documentation reasonably acceptable to the County verifying such reinvestment, including invoices, contracts, and proof of payment; and (c) identify the total reinvested amount so the exempt portion may be calculated. Only amounts actually reinvested in County-approved Improvements shall be excluded from the Percentage Share. The provisions of this Section 4.3 shall apply to all transfers of Beneficial Interests in this Lease or a Major Sublease which constitute a Change of Ownership, unless such transfers are otherwise excluded pursuant to this Lease. Furthermore, the provisions of this Section 4.3, and the principles set forth herein, shall apply to any transfer or series of transfers primarily structured for the purpose of avoiding the obligation to pay a Percentage Share set forth in this Section 4.3 and which, when viewed together, would otherwise constitute a Change of Ownership.

4.3.1 Definitions. For purposes of this Lease:

(a) **“Aggregate Transfer”** shall mean the total percentage of the shares of stock, partnership interests, membership interests or any other equity interests (which constitute Beneficial Interests in Lessee or a Major Sublessee, as applicable) transferred or assigned in one transaction or a series of related transactions (other than Excluded Transfers) occurring since the later of (i) the Original Effective Date, or (ii) the most recent Change of Ownership upon which an Administrative Charge was paid to County; provided, however, that there shall be no double counting of successive transfers of the same interest in the case of a transaction or series of related transactions involving successive transfers of the same interest. Isolated and unrelated transfers shall not be treated as a series of related transactions for purposes of the definition of Aggregate Transfer.

(b) **“Beneficial Interest”** shall mean the ultimate direct or indirect ownership interests in Lessee (or a Major Sublessee, as applicable), regardless of the form of ownership and regardless of whether such interests are owned directly or through one or more layers of constituent partnerships, corporations, limited liability companies or trusts. Except as otherwise provided herein, an interest in Lessee, this Lease or a Major Sublease held or owned by a partnership, limited liability company, corporation or other entity shall be treated as owned by the partners, members, shareholders or other equity holders of such entity in proportion to their respective equity interests, determined by reference to the relative values of the interests of all partners, members, shareholders or

other equity holders in such entity. Where more than one layer of entities exists between Lessee or a Major Sublessee, as applicable, and the ultimate owners, then the foregoing sentence shall be applied successively to each such entity in order to determine the ownership of the Beneficial Interests in Lessee, this Lease or a Major Sublease, as appropriate, and any transfers thereof. Notwithstanding any contrary provision hereof, no limited partner, member or shareholder having a direct or indirect ownership interest in Lessee or a Major Sublease shall have any liability to County under this Lease.

(c) **“Change of Ownership”** shall mean (i) any transfer by Lessee of a thirty-two percent (32%) or greater direct ownership interest in the Lessee’s leasehold estate under this Lease, (ii) the execution by Lessee of a Major Sublease or the transfer by the Major Sublessee under a Major Sublease of a thirty-two percent (32%) or greater direct ownership interest in such Major Sublease, (iii) any transaction or series of related transactions not described in Subsections 4.3.1(c)(i) or (ii) which constitute an Aggregate Transfer of thirty-two percent (32%) or more of the Beneficial Interests in Lessee or a Major Sublessee, and/or (iv) a Change of Control of Lessee or a Major Sublessee.

(d) **“Change of Control”** shall mean any transaction whereby person(s) or entity(ies) in the aggregate acquire(s): (i) a Beneficial Interest in Lessee or a Major Sublessee possessing the voting power (other than voting rights accruing only in the event of a default, breach or event of noncompliance) holding the majority of the voting control of Lessee (whether by merger, consolidation, reorganization, combination, sale or transfer of the Lessee’s equity interests (such as membership, stock or partnership interests), voting agreement, proxy, power of attorney or otherwise); or (ii) all or substantially all of the Lessee’s assets determined on a consolidated basis.

(e) **“Excluded Transfers”** shall mean Changes of Ownership resulting from the following:

(1) those transactions listed in Section 4.3 (A), (B), (C), and (D);

(2) a transfer by any direct or indirect partner, shareholder or member of Lessee (or of a limited partnership, corporation or limited liability company that is a direct or indirect owner in Lessee’s ownership structure) as of the Original Effective Date, to any other direct or indirect partner, shareholder or member of Lessee (or to a limited partnership, corporation or limited liability company that is a direct or indirect owner in Lessee’s ownership structure), including transfers to such transferring partner, shareholder or member of Lessee (or of a limited partnership, corporation or limited liability company that is a direct or indirect owner in Lessee’s ownership structure) as of the Original Effective Date, including in each case to or from a trust for the benefit of the immediate family (as defined in Subsection 4.3.1(e)(4) below) of any direct or indirect partner, shareholder or member of Lessee who is an individual;

(3) a transfer to a spouse (or to a domestic partner if domestic partners are afforded property rights under then-existing Applicable Laws) in connection

with a property settlement agreement or decree of dissolution of marriage or legal separation;

(4) a transfer of ownership interests in Lessee or in constituent entities of Lessee (A) to a member of the “**immediate family**” of the transferor (which for purposes of this Lease shall be limited to the transferor’s spouse, children, parents, siblings and grandchildren), (B) to a trust for the benefit of a member of the immediate family of the transferor, or (C) from such a trust or any trust that is an owner in a constituent entity of Lessee as of the Original Effective Date, to the settlor or beneficiaries of such trust or to one or more other trusts created by or for the benefit of any of the foregoing persons, whether any such transfer described in this Subsection 4.3.1(e)(4) is the result of gift, devise, intestate succession or operation of law, but expressly excluding any such transfers that are the result of a sale of such ownership interest.

(5) a transfer of a Beneficial Interest resulting from public trading in the stock or securities of an entity, where such entity is a corporation or other entity whose stock (or securities) is (are) traded publicly on a national stock exchange or traded in the over-the-counter market and whose price is regularly quoted in recognized national quotation services;

(6) a mere change in the form, method or status of ownership, as long as there is no change in the actual beneficial ownership of this Lease, Lessee or a Major Sublease, and such transfer does not involve an intent to avoid Lessee’s obligations under this Lease with respect to a Change of Ownership;

(7) any transfer to the County resulting from a Condemnation by County;

(8) any assignment of the Lease by Lessee to a parent, or wholly-owned subsidiary or Affiliate of Lessee in which there is no change to the direct and indirect beneficial ownership of the leasehold interest or Change of Control of Lessee;

(9) the first Financing Event that occurs to refinance the initial construction loan; or

(10) the entering into this Lease by County and Lessee.

(f) “**Gross Transfer Proceeds**” shall mean an amount equal to the gross sale or transfer proceeds and other consideration given for the interests transferred (without deduction for costs or any other amounts), but in the case of a transfer to a party affiliated with or otherwise related to the transferor which constitutes a Change of Ownership that is not an Excluded Transfer, such consideration shall in no event be deemed to be less than the fair market value of the interests transferred; provided, if Lessee and County are unable to agree upon such fair market value, then the matter shall be resolved by arbitration in the manner prescribed in Subsection 4.3.3.

(g) **“Loan Amount”** shall mean the gross principal amount of any Financing Event after the Original Effective Date.

(h) **“Percentage Share”** shall mean the applicable amount determined pursuant to Subsection 4.3.4 of this Lease.

4.3.2 Determining Value of Changes of Ownership and Financing Events Under Certain Scenarios.

(a) Changes of Ownership Involving Multiple Assets. For purposes of determining the Gross Transfer Proceeds from a transaction or event that involves both a Change of Ownership and also the transfer of other assets or interests unrelated to this Lease, a Major Sublease or Beneficial Interests in Lessee or a Major Sublessee (as applicable), the proceeds of such transaction or event shall be apportioned to this Lease, a Major Sublease and/or Beneficial Interests in Lessee or a Major Sublessee (as applicable), on the one hand, and to the other unrelated assets or interests, on the other hand, in proportion to the ratio of the fair market value of the Beneficial Interest in the Lease being transferred relative to the value of the total consideration payable for all the assets being transferred. If there is any dispute regarding such valuation, then the matter shall be resolved by arbitration in the manner prescribed in Subsection 4.3.3.

(b) Financing Events Involving Multiple Assets. For purposes of determining the Percentage Share from a financing transaction that involves both a Financing Event under this Lease and a financing in which other assets or interests unrelated to this Lease, a Major Sublease or Beneficial Interests in Lessee or a Major Sublessee secure the financing, the principal amount of such financing transaction shall be apportioned to this Lease, a Major Sublease and/or Beneficial Interests in Lessee or a Major Sublessee (as applicable), on the one hand, and to the other unrelated assets or interests that also secure the financing, on the other hand, in proportion to the ratio of (i) the fair market value of the Beneficial Interest in the Lease, to (ii) the aggregate fair market value of the assets securing such financing, including the Beneficial Interest in the Lease. The fair market value of such Beneficial Interest in the Lease will be the value attributable to such fair market value by the lender involved in such Financing Event, or, failing any such lender valuation, then in accordance with the procedure set forth in Subsection 4.3.3.

(c) Purchase Money Notes. If the transferor of an interest accepts a note made by the transferee of such interest in payment of all or a portion of the acquisition cost (a **“Purchase Money Note”**), such note shall be valued at its face amount; provided that if the interest rate on such Purchase Money Note is in excess of a market rate, then the value of such note shall be increased to reflect such above-market rate. Any disputes between County and Lessee as to whether the interest rate on a Purchase Money Note is in excess of a market rate or with respect to the valuation of a Purchase Money Note with an above-market rate of interest, shall be settled by arbitration in the manner prescribed in Subsection 4.3.3.

4.3.3 Determination of Fair Market Value.

(a) Agreement on Fair Market Rental Value; Amendment. In the event the County and Lessee are required to determine the fair market value hereunder and the County and Lessee are unable to agree upon the fair market value within thirty (30) days from the end of the applicable response period, if any, or from the date that such fair market value determination is required to be made hereunder if no response period is specified (the “**Outside Agreement Date**”) using their best good-faith efforts, then fair market rental value shall be determined in accordance with Subsection 4.3.3(b) below. During the period of negotiation, Lessee shall abide by all of the terms and conditions of this Lease, including but not limited to the obligation to continue to pay to County Annual Minimum Rent and Percentage Rent at the then-existing levels.

(b) Disagreement on Fair Market Rental Value; Arbitration. If County and Lessee fail to reach agreement on or prior to the Outside Agreement Date, then, unless the Parties agree otherwise in writing, the determination of fair market value shall be arbitrated as follows:

(1) Within ten (10) days after the Outside Agreement Date, each Party, at its own cost and by giving notice to the other Party, shall appoint an independent California MAI licensed real estate appraiser and a member of the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers, who has no financial interest in County or Lessee, who has no ongoing relationship with County or Lessee and who has at least ten (10) years’ experience in appraising fair market values of comparable facilities or businesses within the County and, to the extent available, within the Dana Point and neighboring beach-city sub-market, to appraise and determine the fair market value. If, in the time provided, only one (1) Party shall give notice of appointment of such an appraiser, the single appraiser appointed shall determine the fair market value.

(2) If each Party appoints an appraiser within the allotted timeframe, the two (2) appraisers shall independently, and without consultation, prepare a written determination of the fair market value within thirty (30) days after their appointment taking into consideration the terms and provisions applicable to the calculation of the fair market value set forth in Subsection 4.3.3(a) above. Each appraiser shall seal its respective determination after completion. After both determinations are completed, the resulting estimates of fair market value shall be opened simultaneously and compared. If, in the time provided, only one (1) appraiser shall submit a written determination of fair market value, the fair market value shall be the fair market value determined by said single appraiser.

(3) If the values of the two appraisers appointed by the Parties differ, and the Parties do not otherwise then agree as to the determination of fair market value within ten (10) days following the opening of the appraisals, then the two (2) appraisers shall designate a single appraiser, who shall be qualified under the same criteria as set forth hereinabove for qualification of the initial two (2) appraisers, except that the third appraiser shall not have been previously engaged by County or Lessee for any purpose. If the two (2) appraisers have not agreed on

the appraiser after ten (10) days, either County or Lessee, by giving ten (10) days' written notice to the other Party, may apply to the then Presiding Judge of the Superior Court of Orange County, acting in his or her private and nonjudicial capacity, for the selection of a single appraiser who meets the qualifications set forth in this subsection above. The third appraiser shall make an appraisal of the fair market value, taking into account into consideration the terms and provisions applicable to the calculation of the fair market value set forth in Subsection 4.3.3(a) above. Within thirty (30) days after selection and without consultation with the first two (2) appraisers, the third party appraiser shall select the fair market value of one of the initial two (2) appraisers that the third appraiser determines is closest, on a dollar basis, to the fair market value determined by the third appraiser. Each Party may submit written material to the third appraiser, with a copy to the other Party, on the issue of fair market value. Such third appraiser shall provide written notice to County and Lessee of its determination of fair market value, and such determination shall be binding upon County and Lessee.

(4) Each Party shall pay the fees and expenses of its own appraiser, and fifty percent (50%) of the fee of the third appraiser, if applicable.

(5) The appraisers shall have no power to modify the provisions of the Lease, and their sole function shall be to determine the fair market rental value in accordance with this subsection.

4.3.4 Determining Percentage Share.

(a) Upon a Change of Ownership. In the event of a Change of Ownership, the **"Percentage Share"** shall be one percent (1%) of the Gross Transfer Proceeds from such Change of Ownership.

(b) Upon a Financing Event. With respect to a Financing Event, the **"Percentage Share"** shall be an amount equal to one percent (1%) of the Loan Amount of such Financing Event.

(c) Limitations; No Duplication. Notwithstanding any contrary provision of this Subsection 4.3.4, in the calculation of Gross Transfer Proceeds and Loan Amount derived from a Financing Event taking place concurrently with a Change of Ownership, the Percentage Share shall be based on the greater of the Gross Transfer Proceeds and the Loan Amount.

(d) Calculating Percentage Share. Before any Change of Ownership or Financing Event for which Percentage Share may be due, Lessee shall provide County with its detailed calculation of the Percentage Share. No Change of Ownership or Financing Event shall occur until agreement is reached on the calculation of Percentage Share; provided, however, that a Change of Ownership or Financing Event shall be permitted to occur without such agreement as long as County and Lessee make mutually acceptable arrangements for the preservation of any additional Percentage Share (plus

interest at the Interest Rate) that might be due to County over and above that reflected in the Lessee's calculation should any such dispute be resolved in favor of County. Percentage Share shall be due and payable concurrently with the Change of Ownership or Financing Event giving rise to the obligation to pay Percentage Share (or, with respect to any disputed amount, upon resolution of the dispute) and, in the situation of a Change of Ownership, shall be the joint and several obligation of the transferee and transferor.

4.3.5 Determining Gross Transfer Proceeds.

(a) Transfers of Major Sublessee's Interest. With respect to any Change of Ownership described in Subsection 4.3.1(c)(ii), Subsections 4.3.4(a) and 4.3.4(b) shall apply (as applicable), except that any rents or other amounts received by Lessee from the Major Sublessee, a percentage of which is passed through to County under any provision of this Lease (other than payment of Percentage Share), shall be disregarded in the computation of Gross Transfer Proceeds.

(b) Other Transfers. With respect to any Change of Ownership that is not an Excluded Transfer and is not described in Subsections 4.3.4(a) through 4.3.4(c) above (e.g., a transfer of a Beneficial Interest in Lessee or a Major Sublessee), Subsections 4.3.4(a) through 4.3.4(c) shall apply to such Change of Ownership (as applicable).

4.3.6 Payment of Administrative Charge and Percentage Share.

(a) Deposit Towards Administrative Charge. A deposit of Ten Thousand Dollars (\$10,000) toward the Administrative Charge shall be due and payable by Lessee to County upon Lessee's notification to County of the proposed Change of Ownership (other than an Excluded Transfer) or Financing Event and request for County's approval thereof. If the transaction is approved, the balance of the Administrative Charge, if any, and the Percentage Share shall be due and payable in accordance with Subsection 4.3.6(d) below. If County disapproves the proposed transaction then, within thirty (30) days after notice of its disapproval, County shall deliver to Lessee a written notice setting forth the amount of the Administrative Charge (including documentation in support of the calculation of the Administrative Charge), together with a refund of the amount, if any, of the deposit in excess of the Administrative Charge otherwise allowable under this Section 4.3. In the event that the Administrative Charge exceeds the deposit, then Lessee shall pay to County the balance of the Administrative Charge otherwise allowable under Section 4.3 within thirty (30) days after receipt of the notice from County setting forth the amount of the Administrative Charge (including documentation in support of the calculation of the Administrative Charge) and any additional supporting documentation reasonably requested by Lessee within five (5) business days after its receipt of such notice.

(b) Calculation of Payment. At the time of Lessee's request for County approval of the proposed transaction (or in the case of a transaction, if any, as to which a Percentage Share is payable but County's approval is not required, then at the time of Lessee's notice to County of the transaction, but in no event later than the consummation of the transaction), Lessee shall present (or cause to be presented) to County its

calculation of the Percentage Share (if any) anticipated to be derived therefrom (“**Calculation Notice**”). Each Calculation Notice shall contain such detail as may be reasonably requested by County to verify the calculation of the Percentage Share. Within sixty (60) days after the receipt of the Calculation Notice and all information or data reasonably necessary for County to verify the calculations within the Calculation Notice, County shall notify the party giving the Calculation Notice as to County’s agreement or disagreement with the amount of the Percentage Share set forth therein. If County disagrees with the amounts set forth in the Calculation Notice, County shall provide Lessee with the reason or reasons for such disagreement. In the event County approves a Change of Ownership or Financing Event but a dispute exists as to the amount of the Percentage Share in respect thereof, then the transaction may be consummated after County has disapproved Lessee’s Calculation Notice; provided, however, that, at the closing of the transaction (i) Lessee shall remit to County as otherwise required hereunder the undisputed portion of the Percentage Share, and (ii) Lessee shall deposit the disputed portion of the Percentage Share into an interest bearing escrow account for the mutual benefit of Lessee and County (or deliver to County a letter of credit or other security reasonably acceptable to County in the amount of the disputed portion), which disputed portion shall be distributed to the Party entitled thereto following the final resolution of the dispute by a court of competent jurisdiction, or earlier settlement of the dispute by the Parties.

(c) Party Responsible for Payment. With respect to a Change of Ownership giving rise to the Administrative Charge and Percentage Share, the obligation to pay the Administrative Charge and Percentage Share shall be the joint and several obligation of the transferee and transferor.

(d) Timing for Payment. The Percentage Share and the balance of the Administrative Charge not already deposited with the County in accordance with Subsection 4.3.6(a) above, if any, shall be due and payable concurrently with the consummation of the transaction constituting the Change of Ownership (other than an Excluded Transfer) or Financing Event giving rise to the obligation to pay such amounts, regardless of whether or not money is transferred by the parties in connection with such consummation.

(e) Remedies Upon Failure to Make Timely Payment. Any Percentage Share, or part thereof, not paid when due shall be subject to a late fee of five percent (5%) of the amount due, together with interest on such Percentage Share at the Applicable Rate from the date due until paid; provided, however, that in the case of a good faith dispute as to the correct amount of the Percentage Share there shall be no late fee payable as long as Lessee timely pays to County the undisputed portion of the Percentage Share and, at the closing of the transaction, deposits the disputed portion thereof in an interest bearing escrow account with an escrow holder reasonably acceptable to both Parties and in an escrow opened for the mutual benefit of Lessee and County (or delivers to County a letter of credit or other security reasonably acceptable to County in the amount of such disputed portion) to secure payment thereof. In the event that the proceeds of the transaction giving rise to the obligation to pay Percentage Share are comprised, in whole or in part, of assets other than cash, then the cash payment of the Percentage Share shall reflect the

fair market value of such non-cash assets as of the date of the Change of Ownership, which shall be set forth in the Calculation Notice. Notwithstanding the foregoing, in the case of a Change of Ownership described in Subsection 4.3.1(c)(ii) above, the Percentage Share shall be payable to County as and when the Lessee's proceeds from the Gross Transfer Proceeds (or the value thereof) are received by Lessee. In the event that the Administrative Charge or Percentage Share is not paid when due with respect to the Beneficial Interest in this Lease, then such failure shall constitute an Event of Default under this Lease and the County shall have the remedies set forth in Subsection 14 hereof in addition to the remedies provided in this Subsection 4.3.6(e).

4.4 Shareholder, Partner, Member, Trustee and Beneficiary List. As part of the submission for approval of a Change of Ownership or Financing Event, and upon the request of County, Lessee shall provide County with an updated schedule listing the names and mailing addresses of (a) all shareholders, partners, members and other holders of equity or Beneficial Interests in Lessee, this Lease or the Major Sublessee under any Major Sublease, and (b) all shareholders, partners, members and other holders of equity or Beneficial Interests in any of the constituent shareholders, partners, members or other holders of equity or Beneficial Interests in Lessee or any Major Sublessee under any Major Sublease, if such interest exceeds a ten percent (10%) or greater Beneficial Interest in Lessee or the Major Sublessee under a Major Sublease. In the event that such shareholder, partner, member or other interest holder is a trust, Lessee shall include in such schedule the name and mailing address of each trustee of said trust, together with the names and mailing addresses of each beneficiary of said trust with greater than a ten percent (10%) actuarial interest in distributions from, or the corpus of, said trust; provided, however, that to the extent that Lessee is prevented by Applicable Laws from obtaining such information regarding the beneficiaries of said trust(s), Lessee shall have complied with this provision if Lessee uses its best efforts to obtain such information voluntarily and provides County with the opportunity to review all such information so obtained. Lessee agrees to use its commercially reasonable and diligent efforts to provide County with any additional information reasonably requested by County in order to determine the identities of the holders of ten percent (10%) or greater Beneficial Interests in Lessee or a Major Sublessee.

5. REDEVELOPMENT WORK; ALTERATIONS.

5.1 Redevelopment Work. Following the Original Effective Date, Lessee shall perform certain redevelopment and renovation work (collectively, the “**Redevelopment Work**”) with respect to the Property as set forth in the County-approved Conceptual Plans, Budget, Construction Schedule, Marketing Plan, Financial Plan and Management Plan attached to this Lease as Exhibit B (collectively, the “**Approved Proposal Submittals**”). Lessee shall perform the Redevelopment Work for the Property in accordance with (a) the Approved Proposal Submittals, as same may be revised from time to time in accordance with this Lease, (b) the Final Plans and Specifications, as same may be revised from time to time in accordance with this Lease, (c) all governmental permits and conditions for approval thereof including, without limitation, the LCP and CDP, (d) Lessee's obligations under this Lease, (e) all Applicable Laws, and (f) consistent with the Permitted Uses set forth in Article 3 above.

5.2 Cost of Redevelopment Work. Lessee shall be solely responsible for all costs and expenses incurred in connection with the performance of the Redevelopment Work (including all

design, engineering, entitlement and construction activities). Lessee shall expend on the Redevelopment Work for the Property not less than the Required Cost Amount; provided, however, only Applicable Redevelopment Costs will apply towards the Required Cost Amount. Lessee acknowledges and agrees that (a) the Required Cost Amount is not the maximum amount that Lessee is required to expend for Applicable Redevelopment Costs, and (b) Lessee shall be required to perform the Redevelopment Work in accordance with the requirements and standards set forth in this Article 5 even if the Applicable Redevelopment Costs necessary to do so exceed the Required Cost Amount. Applicable Redevelopment Costs shall not include any soft costs, including without limitation: (i) architectural, design and engineering fees; (ii) governmental permit fees; (iii) project oversight and management fees; (iv) costs for furniture, fixtures and equipment; (v) accounting, legal and insurance costs incurred in connection with the Redevelopment Work; or (v) construction loan fees, costs or interest. The Applicable Redevelopment Costs shall also exclude the Option Price and Extension Fee (as such terms are defined in the Option Agreement), syndication fees and costs, and any imputed cost or value of the existing Improvements as of the Original Effective Date. As the Parties anticipate that a significant period of time will elapse between the Original Effective Date and the commencement of the Redevelopment Work on the Property, the Required Cost Amount will be increased as of the date that construction of the Redevelopment Work commences (each, a **“Required Cost Adjustment Date”**) by the same percentage increase in the Consumer Price Index during the period from the Original Effective Date through and until the month during which a Required Cost Adjustment Date occurs. In the event that the Lessee seeks to amend the CDP applicable to the Property, the period of time from the submission of the application for such CDP amendment to the granting or denial of such application by the California Coastal Commission or the City, as applicable, shall be excluded from the calculation in the preceding sentence (*i.e.*, the period from the Original Effective Date through the Required Cost Adjustment Date).

5.3 Schedule of Redevelopment Work.

5.3.1 Subject to Sections 5.3.2 and 5.7 below, Lessee shall: (a) commence the Redevelopment Work no later than the Required Construction Commencement Date, (b) achieve each Interim Milestone by the date (the **“Interim Milestone Date”**) set forth for the same in the Construction Schedule, and (c) achieve the CO Date no later than the Required Construction Completion Date. Following Commencement of Construction of the Redevelopment Work, Lessee shall diligently continue performance of such Redevelopment Work through completion thereof in accordance with the Construction Schedule, as same may be amended from time to time with the approval of Chief Real Estate Officer pursuant to Subsection 5.3.2 below.

5.3.2 A schedule for the commencement, performance and completion of the Redevelopment Work (each, a **“Construction Schedule”**) is included in the Approved Proposal Submittals. The Construction Schedule includes: (a) the Required Construction Commencement Date, (b) the anticipated CO Date, (c) the Required Construction Completion Date, and (d) all interim milestones between the Required Construction Commencement Date and Required Construction Completion Date (collectively, **“Interim Milestones”** and each, an **“Interim Milestone”**) that Lessee and County reasonably agree are relevant to tracking the likelihood that the Redevelopment Work will be completed by the anticipated CO Date. Lessee shall not make any Material Modifications to the Construction Schedule without the prior written approval of

Chief Real Estate Officer obtained in accordance with the procedure set forth below in this Subsection 5.3.2. Chief Real Estate Officer shall have thirty (30) days following receipt of any requested Material Modifications to the Construction Schedule within which to approve or disapprove such submission in writing. If Chief Real Estate Officer fails to approve or disapprove such submission within such thirty (30) day period, Lessee shall thereafter deliver a transmittal letter to the CREO Office containing the following text prominently displayed in bold-faced type on the first page:

“PURSUANT TO SUBSECTION 5.3.2 OF THE LEASE, YOU HAVE TWENTY (20) DAYS AFTER RECEIPT OF THIS LETTER TO APPROVE OR DISAPPROVE LESSEE’S PROPOSED CHANGE(S) TO THE CONSTRUCTION SCHEDULE. YOUR FAILURE TO DISAPPROVE THE SAME IN WRITING WITHIN TWENTY (20) DAYS OF YOUR RECEIPT OF THIS LETTER WILL CONSTITUTE YOUR APPROVAL OF SUCH CHANGE(S) TO THE CONSTRUCTION SCHEDULE.”

Failure of Chief Real Estate Officer to approve or disapprove such requested change to the Construction Schedule in writing within said additional twenty (20) day period shall be deemed approval of the same. Concurrently with any disapproval of such proposed change by Chief Real Estate Officer, Chief Real Estate Officer shall disclose to Lessee in writing Chief Real Estate Officer’s objections to the proposed change together with its proposed modification that will be necessary to obtain Chief Real Estate Officer’s approval. Chief Real Estate Officer’s approval of any changes to the Construction Schedule shall not relieve or otherwise affect Lessee’s obligations under this Lease with respect to the commencement and completion of the Redevelopment Work on or before the respective required dates for such commencement and completion set forth in Subsection 5.3.1 above.

5.3.3 Lessee acknowledges that the principal inducement to County to enter into this Lease is the timely commencement, performance and completion by Lessee of the Redevelopment Work. If Lessee fails to comply with its obligations under this Article 5 to commence and complete the Redevelopment Work by the Required Construction Commencement Date and Required Construction Completion Date, respectively (as such dates may be extended pursuant to the provisions of this Article 5 or Section 5.7 below), then such failure shall be deemed an Event of Default giving rise to County’s remedies under Section 14.3 below.

5.3.4 Lessee acknowledges that certain private enterprises operating on property leased from County adjacent to the Property may require access to their properties via the Property at all times during the course of the Redevelopment Work. Lessee shall schedule the Redevelopment Work in such a way as to minimize interruption with such private business enterprises and in compliance with all requirements for notices.

5.4 Plans and Specifications.

5.4.1 Schematics and Narrative. Within one hundred eighty (180) days following the Effective Date, Lessee shall submit to Chief Real Estate Officer six (6) sets of schematic plans together with a narrative description and construction cost estimate summary clearly delineating the nature, size, configuration and layout of the Improvements to be constructed by Lessee on the Property (collectively, “**Lessee’s Deliverables**”). The Lessee’s Deliverables shall (a) identify and illustrate all boundaries of the Property, and all affected rights-of-way or other areas reserved to County or third parties which are located thereon, (b) clearly delineate the architectural theme or motif of the Improvements, (c) include references to the size of each Improvement in terms of height and interior square feet, and (d) be consistent, in all material respects, with the Approved Proposal Submittals previously approved by Chief Real Estate Officer, or otherwise include a detailed explanation of the reasons for any material deviations from the Approved Proposal Submittals. After receipt of the Lessee’s Deliverables, Chief Real Estate Officer shall have sixty (60) days within which to approve or disapprove such submission in writing. If Chief Real Estate Officer fails to approve or disapprove such submission within such sixty (60) day period, Lessee shall thereafter deliver a transmittal letter to the CREO Office containing the following text prominently displayed in bold-faced type on the first page:

“PURSUANT TO SUBSECTION 5.4.1 OF THE LEASE, YOU HAVE TWENTY (20) DAYS AFTER RECEIPT OF THIS LETTER TO APPROVE OR DISAPPROVE LESSEE’S DELIVERABLES. YOUR FAILURE TO DISAPPROVE THESE MATERIALS IN WRITING WITHIN TWENTY (20) DAYS OF YOUR RECEIPT OF THIS LETTER WILL CONSTITUTE YOUR APPROVAL OF THEM.”

Failure of Chief Real Estate Officer to approve or disapprove Lessee’s Deliverables in writing within said additional twenty (20) day period shall be deemed approval of the same. Chief Real Estate Officer’s approval shall not be unreasonably withheld, conditioned or delayed. Concurrently with any disapproval of Lessee’s Deliverables by Chief Real Estate Officer, Chief Real Estate Officer shall disclose to Lessee in writing Chief Real Estate Officer’s objections to Lessee’s Deliverables together with its proposed modifications that will be necessary to obtain Chief Real Estate Officer’s approval. Any subsequent Material Modifications to Lessee’s Deliverables previously approved by Chief Real Estate Officer shall require the prior written approval of Chief Real Estate Officer in accordance with the procedure set forth in this Subsection 5.4.1.

5.4.2 Preliminary Plans and Specifications. As soon as reasonably practicable after Chief Real Estate Officer’s approval of the Lessee’s Deliverables pursuant to Subsection 5.4.1 and in accordance with the deliverables schedule set forth in the Construction Schedule, Lessee shall submit to Chief Real Estate Officer one (1) physical set and one (1) digital set of preliminary plans, outline specifications and construction cost estimates for the Redevelopment Work on the Property (collectively, the “**Preliminary Plans**”). The Preliminary Plans shall conform to, expand upon and reflect a natural evolution from the descriptions and estimates set forth in the Lessee’s Deliverables previously approved by Chief Real Estate Officer and be consistent, in all material respects, with the Lessee’s Deliverables, the Approved Proposal Submittals previously approved by Chief Real Estate Officer, or otherwise include a detailed

explanation of the reasons for all material deviations from the Approved Proposal Submittals. Lessee shall identify on all documents submitted with the Preliminary Plans to the CREO Office, all Material Modifications and other difference in the scope, size, configuration, arrangement or motif of the designed Improvements from those described in the previously approved Lessee's Deliverables. The Preliminary Plans shall be of a detail and scope that is typically associated with design development drawings. Chief Real Estate Officer shall have thirty (30) days from receipt within which to approve or reasonably disapprove the Preliminary Plans submitted for the Property, provided that it shall be reasonable for the Chief Real Estate Officer to disapprove said preliminary plans on the grounds that, among other things, they include Material Modifications to Lessee's Deliverables, Construction Schedule or Construction Budget previously approved by Chief Real Estate Officer in accordance with this Section 5.4, or otherwise do not reflect a natural evolution from the previously approved Lessee's Deliverables. Chief Real Estate Officer shall have thirty (30) days following receipt of Preliminary Plans or any subsequent change to the Preliminary Plans, within which to approve or disapprove such Preliminary Plans or Material Modification in writing. If Chief Real Estate Officer fails to approve or disapprove such submission within such thirty (30) day period, Lessee shall thereafter deliver a transmittal letter to the CREO Office containing the following text prominently displayed in bold-faced type on the first page:

“PURSUANT TO SUBSECTION 5.4.2 OF THE LEASE, YOU HAVE TWENTY (20) DAYS AFTER RECEIPT OF THIS LETTER TO APPROVE OR DISAPPROVE LESSEE'S PRELIMINARY PLANS OR ANY MATERIAL MODIFICATIONS TO THE PRELIMINARY PLANS. YOUR FAILURE TO DISAPPROVE THE SAME IN WRITING WITHIN TWENTY (20) DAYS OF YOUR RECEIPT OF THIS LETTER WILL CONSTITUTE YOUR APPROVAL OF SUCH PRELIMINARY PLANS OR ANY SUBSEQUENT CHANGE TO THE PRELIMINARY PLANS, AS APPLICABLE.”

Failure of Chief Real Estate Officer to approve or disapprove such submitted Preliminary Plans or any such submitted change to the Preliminary Plans in writing within said additional twenty (20) day period shall be deemed approval of the same. Any subsequent Material Modifications to the Preliminary Plans previously approved by Chief Real Estate Officer shall require the prior written approval of Chief Real Estate Officer in accordance with the procedure set forth in this Subsection 5.4.2.

5.4.3 Final Plans and Specifications. As soon as reasonably practicable after Chief Real Estate Officer's approval of the Preliminary Plans for the Property, Lessee shall submit for approval by Chief Real Estate Officer one (1) physical set and one (1) digital set of final plans, detailed specifications and a construction cost estimate for the Redevelopment Work, together with one (1) set of appropriate structural computations, identical to those requested or required by the Chief Real Estate Officer incident to the issuance of building permits under the relevant provisions of the Orange County Building Code (collectively, “**Lessee's Final Submittals**”). Lessee shall file duplicate copies of Lessee's Final Submittals with the CREO Office, together with the necessary and appropriate applications for building permits. Lessee shall clearly identify in the Lessee's Final Submittals all differences in the scope, size,

configuration, arrangement or motif of the Redevelopment Work from those described in Lessee's Preliminary Plans previously approved. Chief Real Estate Officer shall have thirty (30) days after receipt of Lessee's Final Submittals within which to approve or disapprove such submission, and Chief Real Estate Officer may disapprove such submission only on the grounds that (a) they do not reflect a natural evolution from or that they materially differ from Lessee's Preliminary Plans previously approved, or (b) any new, different or additional specifications for the Improvements not expressly set forth in, and approved by Chief Real Estate Officer as a part of the previously approved Lessee's Preliminary Plans do not meet the requirements for the Improvements set forth in this Article 5. If Chief Real Estate Officer fails to approve or disapprove such submission within such thirty (30) day period, Lessee shall thereafter deliver a transmittal letter to the CREO Office containing the following text prominently displayed in bold-faced type on the first page:

“PURSUANT TO SUBSECTION 5.4.3 OF THE LEASE, YOU HAVE TWENTY (20) DAYS AFTER RECEIPT OF THIS LETTER TO APPROVE OR DISAPPROVE LESSEE'S FINAL SUBMITTALS. YOUR FAILURE TO DISAPPROVE THE SAME IN WRITING WITHIN TWENTY (20) DAYS OF YOUR RECEIPT OF THIS LETTER WILL CONSTITUTE YOUR APPROVAL OF LESSEE'S FINAL SUBMITTALS.”

Failure of Chief Real Estate Officer to approve or disapprove such requested change to Lessee's Final Submittals in writing within said additional twenty (20) day period shall be deemed approval of the same.

Concurrently with any disapproval by Chief Real Estate Officer of Lessee's Final Submittals or any subsequent Material Modification thereto, County shall, within thirty (30) days after receipt of a written request from Lessee, disclose to Lessee in writing Chief Real Estate Officer's reasons for objecting Lessee's Final Submittals or Material Modifications thereto. Chief Real Estate Officer's approval shall not be required of any non-Material Modification. Any subsequent Material Modifications to any previously approved Lessee's Final Submittals (the “**Final Plans and Specifications**”) shall require the prior written approval of Chief Real Estate Officer in accordance with the procedure set forth in this Subsection 5.4.3.

5.4.4 Lot Line Adjustments.

(a) County and Lessee acknowledge that Lessee is processing a lot line adjustment, parcel map or similar subdivision to align the legal descriptions of the various legal parcels within the Property with the areas of each Component (the “**Lot Line Adjustment(s)**”).

(b) County, in its proprietary and not governmental capacity, hereby acknowledges and agrees to reasonably cooperate with Lessee, at no cost or expense to County, in processing and recording the Lot Line Adjustment including, without limitation, signing any applications and documentation for the Lot Line Adjustment within ten (10) business days of Lessee's request. Lessee's request for such Lot Line Adjustments shall be in writing to the Chief Real Estate Officer and shall include the

reason for such Lot Line Adjustment along with any and all relevant documents and a statement of whether the Lot Line Adjustment being requested has a material adverse effect on the Property.

(c) Lessee shall have the right, but not the obligation, to record the Lot Line Adjustment against the Property upon written approval of the Chief Real Estate Officer.

(d) County shall have the right to approve any conditions of approval imposed on the Property in connection with the processing of the Lot Line Adjustment, which consent shall not be unreasonably withheld and Lessee at its sole cost and expense shall cause such conditions of approval to be satisfied (except in the event that the conditions have a material adverse effect on the Property, in which case County may approve or reject in its sole discretion). Lessee shall use commercially reasonable efforts to prevent any conditions of approval from being imposed on the Property as a result of the Lot Line Adjustment that would have a material adverse effect on the Property.

(e) Lessee shall pay all costs, expenses, and fees associated with the preparation, processing and approval of the Lot Line Adjustment. Any and all costs related to Lot Line Adjustment conditions or any impacts on the Property will be the sole responsibility and cost of the Lessee.

(f) Lessee shall keep County apprised of any conditions of approval relating to the Lot Line Adjustment and any changes required by the City to the configuration of the Components, if any. Lessee shall also have the right to modify the configuration of the Components if approved by County, which approval shall not be unreasonably withheld, conditioned or delayed.

5.4.5 Signage. Lessee's Final Submittals shall include a signage plan for each Component for approval by the Chief Real Estate Officer (approval of such plans by the County's planning department for compliance with the Building Code shall not constitute such approval). In the event approval of the signage plan for any Component was not previously received, such signage plans shall be submitted for approval within fifteen (15) days of the Effective Date.

5.5 Conditions Precedent to the Commencement of Construction. Lessee shall not commence any Redevelopment Work, Subsequent Renovation or Alterations (including, without limitation, grading or other construction-related activities) (each, an "**Improvement Project**") until each and all of the following conditions have been satisfied; provided, however, County acknowledges that the Redevelopment Work may be performed in phases and, accordingly, Lessee may commence with the Redevelopment Work on one sub-component of the Redevelopment Work upon satisfaction of all such conditions applicable to such sub-component, even if all conditions to the commencement of Redevelopment Work on the other sub-components have not yet been satisfied:

5.5.1 Permits and Other Approvals. Lessee shall have (a) provided the CREO Office with satisfactory evidence that Lessee has met all requirements of applicable Governmental Authorities for the commencement of the applicable Improvement Project, and

(b) obtained, and furnished the CREO Office with copies of, all permits, licenses, clearances and other approvals from the applicable Governmental Authorities for the commencement of such Improvement Project. With respect to the Redevelopment Work, commencing on the Original Effective Date and continuing on or before the fifteenth (15th) day of each calendar month thereafter until the commencement of such work, Lessee shall provide County with a written status report documenting Lessee's efforts to obtain all required permits, licenses, clearances and other approvals from the applicable Governmental Authorities for the Redevelopment Work. Subject to the terms and conditions set forth in Subsection 5.6 below, County shall timely cooperate with Lessee in connection with Lessee's efforts to obtain governmental approvals required in connection with this Lease and the Redevelopment Work.

5.5.2 Selection of Improvement Project Professionals. Chief Real Estate Officer shall have provided Lessee with written approval of (a) Lessee's choice of general contractor(s), architect(s) of record and licensed civil and structural engineers of record for the Improvement Project, and (b) the terms and conditions of the form contracts to be entered into by and between Lessee and such contractors, architects and engineers with respect to the Improvement Project.

5.5.3 Approval of Improvement Project Contracts. Chief Real Estate Officer shall have provided Lessee with written approval of all contracts to be entered into between Lessee and all general contractor(s), architect(s) licensed civil and structural engineer(s) of record approved pursuant to Subsection 5.5.2 above.

5.5.4 Performance and Payment Bonds. Lessee shall, at its own cost and expense, have purchased and furnished County with copies of the following corporate surety bonds (or with the substitute security set forth below) not less than ten (10) days prior to the Commencement of Construction of the Improvement Project, which bonds (or other security) must be in form and content reasonably satisfactory to County or provide evidence of construction financing and cash deposits in an amount equal to not less than one hundred percent (100%) of the amount of all Hard Costs set forth in the most recently updated Construction Budget for the applicable Improvement Project approved by County as set forth above:

(a) A corporate surety performance bond ("**Performance Bond**") issued by a surety company licensed to transact business as such in the State, with a coverage limit of not less than one hundred percent (100%) of the amount of all Hard Costs set forth in the most recently updated Construction Budget for the applicable Improvement Project approved by County as set forth above. The Performance Bond and its issuer shall be subject to the prior approval of County, which approval may not be unreasonably withheld. The Performance Bond shall name Lessee as principal, said issuer as surety, County as obligee and any Encumbrance Holder as additional obligee, assuring full and satisfactory performance by Lessee of Lessee's obligations herein to build, construct and otherwise complete the Improvement Project.

(b) A corporate surety payment bond, issued by a surety company licensed to transact business as such in the State, with Lessee as principal, said company as surety, County as obligee and any Encumbrance Holder as additional obligee, with a coverage limit of not less than one hundred percent (100%) of the total construction cost

anticipated to be incurred in connection the Improvement Project, guaranteeing payment for all materials, provisions, supplies and equipment used in, upon, for or about the construction of the Improvement Project or for labor used thereon of any kind whatsoever and protecting County from any and all liability, loss or damages arising out of or in connection with any failure to make such payment (the “**Payment Bond**”). The Payment Bond and its issuer shall be subject to the prior approval of County, which approval may not be unreasonably withheld.

In the event that construction is performed by a licensed general contractor on behalf of Lessee in accordance with this Lease, and provided that such contractor provides County with a bond or bonds compliant with this Subsection and are in all material respects reasonably satisfactory to County and otherwise compliant with this Subsection, County will accept such contractor’s bonds in lieu of the Performance Bond and/or Payment Bond by Lessee required above.

5.5.5 Alternative Security. If Lessee elects not to provide the Payment Bonds and/or the Performance Bonds as set forth above, then Lessee shall provide County any of the following alternative security: (a) a completion guaranty, in form and substance acceptable to Chief Real Estate Officer, made by an individual or entity with a sufficient net worth and liquidity, in the sole discretion of Chief Real Estate Officer, to comply with the terms of such guaranty in view of the potential financial responsibility involved, or (b) a letter of credit on such terms and issued by such bank as Chief Real Estate Officer may approve in Chief Real Estate Officer’s sole discretion, in an amount equal to one hundred percent (100%) of the anticipated construction costs for the Improvement Project, and allowing County to draw thereon to complete construction of the Improvement Project if (i) same is not completed by Lessee prior to the required completion date set forth in the applicable construction contract, or (ii) an Event of Default has occurred under this Lease and remains uncured following the expiration of any applicable cure periods under this Lease; or any combination of the above and the bonds described in Subsection 5.5.4 above. In addition, Chief Real Estate Officer shall have the authority to accept in lieu of the Payment Bonds, so- called “Subguard” insurance in such amount, on such terms and issued by such carrier as Chief Real Estate Officer may require in Chief Real Estate Officer’s sole discretion. Any alternative security provided by Lessee pursuant to this subsection may name County and Lessee’s construction lender as co- beneficiaries. A condition precedent to Lessee’s right to provide the alternate security described in this Subsection 5.5.5 shall be delivery by Lessee to County of an opinion of counsel from a law firm and in a form acceptable to County and opining that the applicable Improvement Project does not constitute a public work of improvement requiring the delivery of the bonds described in Subsection 5.5.4 above.

5.5.6 Evidence of Financing. Lessee shall have provided County with evidence that it has access to sufficient financial resources, whether in the form of debt or equity, to complete construction of the Improvement Project within the applicable time periods approved for such construction and such evidence shall be subject to the approval of Chief Real Estate Officer in Chief Real Estate Officer’s reasonable discretion. Without limiting the generality of the foregoing, Lessee shall deliver to the CREO Office, for Chief Real Estate Officer’s review and approval, copies of all notes, guaranties, construction loan and/or permanent loan commitments, as applicable, evidence of equity commitments, documents creating and/or

perfecting security interests, and all documents and exhibits referred to in any of the foregoing, together with any and all recorded documents affecting an interest in the Property. With regard to the Redevelopment Work, Lessee acknowledges and agrees that, prior to commencing with the Redevelopment Work, it shall be required to satisfy this condition. Lessee shall keep County apprised of the status of its discussions and negotiations with the potential sources of Lessee's funding for the Improvement Project, including the identity of the sources (for both construction and permanent financing) that Lessee is considering from time to time.

5.5.7 Environmental Requirements. Concurrently with, or prior to the submission of the Preliminary Plans for the Redevelopment Work and for any subsequent development, redevelopment and/or renovation plans that significantly change the project outlined in the Preliminary Plans, Lessee shall submit to the CREO Office a preliminary analysis, prepared at Lessee's expense, of the effect that the Redevelopment Work may have on the environment and an analysis of whether additional or new environmental review, above and beyond the existing Dana Point Harbor Revitalization Final Environmental Impact Report (FEIR) 591 (the "**Existing EIR**"), is required. The analysis shall include all information and documentation that the applicable Governmental Authority requires in order to determine whether further environmental review, including a subsequent or supplement to the Existing EIR, or an addendum, or new documentation including a project-level Negative Declaration, Mitigated Negative Declaration or Environmental Impact Report will be necessary for the applicable work. At least sixty (60) days prior to the submission of any required further or new environmental documentation to the applicable Governmental Authority, Lessee shall submit to the CREO Office a draft of the environmental documentation for review and comment. Prior to Commencement of Construction, Lessee shall provide evidence that any required environmental documentation has been certified, approved, or adopted by the applicable Governmental Authority.

5.6 County Cooperation. County, in its proprietary capacity, shall cooperate with and assist Lessee, to the extent reasonably requested by Lessee, in Lessee's efforts to obtain the appropriate governmental approvals, consents, permits or variances which may be required in connection with the performance by Lessee of the Redevelopment Work, the Subsequent Renovation, and Alterations, as applicable. Such cooperative efforts may include the County's joinder in any application for such approval, consent, permit or variance, where joinder therein by the County is required or helpful; provided, however, that such cooperation by County shall be at Lessee's sole cost and expense, and Lessee shall reimburse County for the Actual Cost incurred by the County in connection with such joinder or cooperative efforts within two (2) business days after Lessee's receipt of written demand from County. Notwithstanding the foregoing, Lessee and County acknowledge that (a) the approvals given by County under this Lease are approvals pursuant to its authority under Sections 25536 and 25907 of the California Government Code, (b) such approvals in no way release Lessee from obtaining, at Lessee's expense, all permits, licenses and other approvals required by law for the Redevelopment Work, any Subsequent Renovation, and Alterations on the Property, or the operation and use of such Improvements, (c) the County's duty to cooperate and County's approvals under this Lease do not in any way modify or limit the exercise of County's governmental functions or decisions as distinct from its proprietary functions pursuant to this Lease, and (d) the County's duty to cooperate shall be limited to those items or matters that the County has otherwise approved or

consented to in accordance with the terms of the Lease, to the extent the County's approval or consent is required.

5.7 Delays in Commencement and Completion of Redevelopment Work.

5.7.1 Force Majeure. Following Commencement of Construction of the Redevelopment Work, Lessee shall thereafter diligently pursue the completion of the Redevelopment Work by the Required Construction Completion Date, subject to Force Majeure as set forth below. If Lessee is delayed in commencing construction, achieving an Interim Milestone by the applicable Interim Milestone Date, or completing the Redevelopment Work, and in each case such delay is due to Force Majeure, then the Required Construction Commencement Date, Interim Milestone Date and/or the CO Date, as applicable, shall be extended by the period of the delay caused by such Force Majeure, but only to the extent that a Force Majeure event actually causes a delay in the commencement and/or completion of construction (as applicable). Notwithstanding the foregoing, any extension of time in the Construction Schedule as a result of a Force Majeure event shall be limited to the period of the delay caused by the Force Majeure event and no such delay shall be considered to have commenced unless Lessee notifies Chief Real Estate Officer in writing of the commencement of such delay within ten (10) days after Lessee's discovery of the Force Majeure event. Lessee and Chief Real Estate Officer shall discuss and attempt to agree on the length of time of any entitled delay due to a Force Majeure event. If they are unable to agree within thirty (30) days after County's receipt of written notice from Lessee of the occurrence of a Force Majeure event, then the length of permitted change to the Construction Schedule shall be determined by arbitration pursuant to Section 5.18 below.

5.7.2 Unreasonable County Action.

(a) In the case of the Redevelopment Work and the Subsequent Renovation, the definition of Force Majeure shall also include delays in the commencement and completion of the Redevelopment Work or Subsequent Renovation (as applicable) due to Unreasonable County Action. For the purposes of this Lease, "**Unreasonable County Action**" means any of the following that occurs after the Effective Date: (i) the County's failure to provide required joinder, if any, as fee title owner of the Property, in Lessee's submittal to the applicable governmental agency of the Final Plans and Specifications for the Redevelopment Work or Subsequent Renovation (as applicable) after same have been approved by the CREO Office; or (ii) County's failure, within a reasonable time following receipt of written notice from Lessee requesting same, to take such actions, in its proprietary capacity and at no cost or expense to County, that are reasonably requested by Lessee and which are necessary for Lessee to proceed with the permitting and approval process for the Redevelopment Work or Subsequent Renovation (as applicable); or (iii) the taking by the County of actions in its proprietary capacity, without Lessee's consent, which are in conflict with County's obligations under this Lease and actually delay the receipt of any permits or approvals required for the Redevelopment Work or Subsequent Renovation (as applicable); or (iv) the County's failure to comply with the time periods imposed upon the County under Section 5.4 above. Nothing contained in Section 5.6 above, this Section 5.7 or any other provisions of this Lease shall be construed as obligating the County to support proposals, issue permits, or otherwise act in

a manner inconsistent with County's actions under its regulatory powers. County's failure to expedite County's customary regulatory permit or approval process shall not be deemed an Unreasonable County Action. Notwithstanding anything to the contrary in this Section, Unreasonable County Action will only entitle Lessee to an extension of time, if (A) within five (5) days following Lessee's discovery of the alleged Unreasonable County Action, Lessee notifies the CREO Office in writing of the specific conduct comprising the alleged Unreasonable County Action, and the next opportunity, if any, for County to rectify such alleged conduct, and (B) County fails to cure the alleged Unreasonable County Action by the cure date set forth in such notice. If Lessee fails to deliver such notice to the CREO Office, then notwithstanding any contrary provision of this Section 5.7, Lessee shall not be entitled to any extension for any delay caused by an alleged Unreasonable County Action that occurred prior to the date of Lessee's notice described in this Subsection (a).

(b) Within ten (10) business days following the CREO Office's receipt of a notice alleging Unreasonable County Action, Chief Real Estate Officer shall meet with Lessee or its authorized representative in order to determine whether any Unreasonable County Action has occurred and, if so, how such Unreasonable County Action can be rectified and the duration of the delay caused by such Unreasonable County Action. If Chief Real Estate Officer determines that Unreasonable County Action has occurred and that County can and will take rectifying action, then Lessee shall be entitled to an extension of the applicable Construction Schedule dates actually impacted by such Unreasonable County Action, subject to the length of such extension not exceeding the actual amount of delay directly caused by the Unreasonable County Action. If Chief Real Estate Officer determines that Unreasonable County Action has occurred, but that County cannot take rectifying action (or if the proposed rectifying action will not produce the results desired by Lessee), then Lessee and Chief Real Estate Officer shall establish the length of the delay likely to be caused by the Unreasonable County Action and the applicable Construction Schedule dates will be extended accordingly.

(c) If, within ten (10) business days following the CREO Office's receipt of Lessee's notice alleging Unreasonable County Action, Chief Real Estate Officer and Lessee have not agreed in writing as to whether delay due to Unreasonable County Action has occurred or the length of such delay, then the matter shall be determined by arbitration pursuant to Section 5.18 below.

5.7.3 Recovery Plans. If progress of the Redevelopment Work falls materially behind schedule and the Chief Real Estate Officer reasonably determines that Lessee is in jeopardy of not achieving the CO Date on or before the Required Construction Completion Date, then County may issue a written notice (each a "**Recovery Plan Notice**") to Lessee identifying areas of concern and requiring that Lessee provide a Recovery Plan detailing the measures to be implemented by Lessee in order to recover any lost time in the Construction Schedule. Lessee shall, within fifteen (15) days after receipt of a Recovery Plan Notice, provide a Recovery Plan to County. Within thirty (30) days after County's receipt of a Recovery Plan from Lessee, County shall instruct Lessee in writing whether or not to proceed with the Recovery Plan as submitted, or in accordance with reasonable revisions thereto required by County (a "**Construction Change Directive**"). Upon Lessee's receipt of the Construction Change

Directive, Lessee shall instruct its contractors to implement the Recovery Plan as soon as reasonably possible and any additional costs associated with implementation of the Recovery Plan shall be borne by Lessee. Lessee's failure (a) to provide a Recovery Plan within the time requirements provided for in this Subsection 5.7.3, or (b) to implement immediately a Recovery Plan upon receipt of a Construction Change Directive to do so, shall each be a material breach of this Agreement.

5.8 Manner of Construction.

5.8.1 General Construction Standards. All construction, alteration, modification or repairs permitted herein including, without limitation, the Redevelopment Work, the Subsequent Renovation and Alterations, shall be accomplished by Lessee with due diligence, in a first-class workmanlike matter, with good and sufficient materials and in compliance with all Applicable Laws and Lessee's obligations under this Lease. Lessee shall take all commercially reasonable steps to minimize any damage, disruption or inconvenience to the general public (including without limitation owners and tenants of neighboring properties) caused by such work and shall make adequate provisions for the safety and convenience of all persons affected thereby. Lessee 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 condition which is at least equal to or better than the condition which existed before such work was commenced. Additionally, Lessee shall pay or cause to be paid all costs and expenses associated therewith and shall indemnify, defend and hold County, its employees, contractors and agents harmless from and against all Claims arising out of or in connection with the performance of such work, except to the extent that such Claims are caused by the willful misconduct or active or sole gross negligence of County, its employees, contractors or agents. Lessee shall, during the course of such work, (a) utilize such measures customarily used in connection with commercial construction projects to control dust, noise and other undesirable consequences of construction work, and (b) use commercially reasonable efforts to minimize the materially adverse effects associated with construction projects in well populated and developed areas of Southern California.

5.8.2 Utility Work. Any work performed by or on behalf of Lessee or any occupant of the Property to connect to, repair, relocate, maintain or install any storm drain, sanitary sewer, water line, gas line, telephone conduit, or any other utility service shall be performed in a manner that minimizes interference with the provision of such services to the Property and other persons.

5.8.3 Construction Safeguards. Lessee shall erect and properly maintain at all times, as required by the conditions and the progress of work performed by or on behalf of Lessee, all necessary safeguards for the protection of workers and the public.

5.8.4 Compliance with Insurance, Construction Documents and Laws; Issuance of Permits. With respect to any and all construction work on the Property, including without limitation the Redevelopment Work, Subsequent Renovation and Alterations, Lessee shall (a) not commence such work until after satisfaction of the conditions set forth in Section 5.4.4 and providing County with evidence of its compliance with the insurance requirements for such work set forth in Article 8.3 below, (b) complete such work in substantial compliance with

applicable construction documents submitted to and approved by County in accordance with the review and approval procedures set forth in Sections 5.3 and 5.4, and (c) cause such work to be performed in compliance with all required permits and Applicable Laws then in effect, including, without limitation, the LCP and CDP. Lessee shall have the sole responsibility, at its sole cost and expense, for obtaining all necessary permits for such work and shall make application for such permits directly to the person or governmental agency having jurisdiction thereover.

5.8.5 Notice to Chief Real Estate Officer; Damage to County Improvements. Lessee further agrees to keep the CREO Office apprised of the progress of the Redevelopment Work, the Subsequent Renovation and any Alterations so that Chief Real Estate Officer may timely inspect the Property to assure proper safeguarding of any County-owned improvements existing on or around the Property, including but not limited to seawalls and neighboring properties. If any County-owned improvement is damaged in connection with said construction activity, Lessee agrees to repair such damage immediately at no cost or expense to County or, in the event that Lessee fails to effectuate such repair within five (5) business days after written notice from County (or such longer period as may be reasonably required to complete such repair so long as Lessee commences such repair within five (5) business days and thereafter diligently prosecutes same to completion), County may enter upon the Property to make such repairs at Lessee's sole cost and expense, in which event Lessee shall reimburse County for all Actual Costs incurred by County in making such repairs within two (2) business days after Lessee's receipt of written demand from County.

5.8.6 Rights of Access. Representatives of the County shall, following reasonable advance written notice to Lessee, have the right to access the Property and the Improvements thereon, for the purpose of ascertaining compliance with the terms and conditions of this Lease, including but not limited to the inspection of construction work being performed. Lessee shall have the right to have a representative present to accompany the representatives of County in connection with such access. In the event of any emergency which is life-threatening or which involves the threat of potential substantial damage to person or property, County shall have the right to enter upon the Property immediately and without notice to or accompaniment by Lessee. In addition, provided that neither Lessee nor any Lessee Parties is using meeting rooms, if any, at the Property for Lessee's or Lessee Parties activities or business operations, the County may request to use such rooms for County sponsored meetings consistent with any other applicable policies and procedures for Lessee's facility for meeting rooms. Such requests shall be made in writing no more than six (6) times per calendar year and shall be made no more than thirty (30) calendar days in advance, unless Lessee permits an earlier reservation in its reasonable discretion, but in no event shall such usage be on weekends, state/federal holidays, nor in June, July, August, or December. Lessee shall not unreasonably withhold or delay approval of County's request for use of rooms nor shall such use by County interrupt Lessee's use of the Property. County's access to and use of meeting rooms be at no cost to County for room usage, and County is responsible for other costs consistent with applicable policies for use of meeting rooms by others, unless otherwise negotiated between County and Lessee. If a paying third-party requests use of the room, after County's reservation, the Lessee shall notify the County and County shall move its use to an alternate time or location upon agreement of Lessee. Notwithstanding the above, the Lessee reserves the right to cancel, in its reasonable discretion, any County meeting room use if the Lessee determines that there is a negative impact to its business or Lessee Parties by such use. To the extent that an Encumbrance Holder objects

to this provision and provides such objection in writing, County's right to use meeting rooms under this provision shall be cancelled.

5.8.7 Notice of Completion; As-Built Drawings. Upon completion of the Redevelopment Work, the Subsequent Renovations, or any Alterations, Lessee shall file or cause to be filed in the Official Records of the County of Orange a Notice of Completion (the "**Notice of Completion**") with respect to the Improvements and Lessee shall deliver to County, at no cost to County final as-built plans and specifications of the Improvements (for such portions thereof as affected by the work and as to which plans would customarily be prepared in accordance with industry standards (e.g., excluding those components of interior renovations as to which plans are not applicable) or required by Applicable Law) (the "**As-Built Plans**"), delivered in a digital format on a digital storage device, disk or CD ROM usable by County, to County's reasonable satisfaction, on County's computer aided mapping and design equipment (CAD files are also to be converted to Acrobat Reader (*.pdf format), which shall be included on the digital storage device, disk or CD ROM) ("**CAD Files**"), and (c) a copy of the final construction costs for the construction of such Improvements, reasonably detailed by trade and major cost category, all of which may be accomplished by digital delivery.

5.9 Use of Plans. Contracts between Lessee and any architect, design professional or licensed contractor in connection with the Redevelopment Work, Subsequent Renovation, or Alterations shall provide, in form and content satisfactory to County, that (a) all plans and drawings prepared by such architects, design professionals or contractors relating to the Property will be deemed "work for hire" and owned by Lessee, (b) such plans and drawings are assigned by Lessee to County as security for Lessee's performance hereunder, and (c) upon the termination of this Lease for any reason, ownership of such plans and drawings will be deemed vested in County.

5.10 Alterations; Prior Approval Required. Lessee shall not make any Alterations that constitute a Material Modification without the prior written approval of Chief Real Estate Officer, the standard for which approval shall be as set forth in Subsection 1.1.116 above. Notwithstanding anything in this Article 5 to the contrary, all Alterations shall be made and performed by Lessee subject to the terms and conditions of Sections 5.4 through 5.6, inclusive, as well as Sections 5.8 through 5.14, inclusive. For the avoidance of doubt, prior to, and as a condition precedent to any rights under this Lease to commence construction of any Alterations, Lessee shall submit to the CREO Office, for Chief Real Estate Officer's approval, the plans, specifications, budget, schedule and other materials listed above in Section 5.4 pertaining to such Alterations.

5.11 Permitted Alterations. For the avoidance of doubt, no Alteration which is: (a) required by a Governmental Authority in connection with obtaining such Governmental Authority's approval of the applicable Alteration, (b) required to be performed by Lessee in order to comply with Applicable Laws, or (c) an interior tenant improvement made by Lessee to an existing Improvement in connection with a retail Sublease, shall require the prior approval of County unless the same would otherwise constitute a Material Modification as set forth in Subsection 1.1.116 above. Prior to commencing any Alteration involving an expenditure in excess of One Hundred Thousand Dollars (\$100,000.00), or where the aggregate cost of Alterations performed within any twelve (12) month period exceeds One Hundred Thousand

Dollars (\$100,000.00), Lessee shall (i) provide County with written notice of such anticipated Alteration(s) (including a description of the work to be done, the dollar amount of the Alterations already performed by Lessee during the immediately preceding twelve (12) month period, the estimated budget for the proposed Alterations, and copies of the permits obtained for such work), and (ii) upon completion of such work, furnish to County a copy of As-Built Plans and CAD Files reflecting the work performed.

5.12 Protection of County. Nothing in this Lease shall be construed as constituting the consent of County, express or implied, to the performance of any labor or the furnishing of any materials or any specific Improvements, alterations or repairs to the Property or any part thereof by any contractor, subcontractor, laborer or materialman, nor as giving Lessee 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 the furnishing of any materials, in any such manner as would give rise to the filing of mechanics' liens or other claims against the Property or County.

5.13 Posting Notices. County shall have the right at all reasonable times and places to post and, as appropriate, keep posted, on the Property any notices which County may deem necessary for the protection of County, the Property and the Improvements thereon from mechanics' liens or other claims. Lessee shall give County at least ten (10) business days' prior written notice of the commencement of any work to be done on the Property in order to enable County timely to post such notices.

5.14 Prompt Payment. Lessee shall make, or cause to be made, prompt payment (subject to reasonable dispute) of all monies due and owing to all persons doing any work or furnishing any materials or supplies to Lessee or any of its contractors or subcontractors in connection with the Property and the Improvements thereon. Lessee shall have the right to contest any such amount; provided, however, the entire expense of any such contest (including interest and penalties which may accrue) shall be the responsibility of Lessee. Subject to Lessee's rights to contest the same prior to payment, Lessee shall keep the Property and any Improvements thereon free and clear of all mechanics' liens and other liens arising out of or in connection with work done for Lessee and/or any parties claiming through Lessee. Lessee agrees to and shall indemnify, defend and hold County harmless from and against any Claims on account of claims of lien(s) of laborers or materialmen or others for work performed or materials or supplies furnished to Lessee or persons claiming under it. In the event any lien is recorded on the Property, Lessee shall, within twenty (20) days after receipt of notice thereof, furnish a bond which, in accordance with the provisions of Applicable Law, results in the removal of such lien from the Property.

5.15 Subsequent Renovation of Marina and Commercial Core.

5.15.1 Schedule for Completion of Subsequent Renovation. In addition to the Redevelopment Work, Lessee shall be required to complete an additional renovation of the Improvements during the remaining Term of the Lease in accordance with the terms and provisions of this Section 5.15 (the "**Subsequent Renovation**"). The construction of the Subsequent Renovation shall be commenced by Lessee by such date as will reasonably permit the completion of the Subsequent Renovation by not later than December 31, 2045; provided, however that Lessee shall not commence the Subsequent Renovation prior to January 1, 2042.

Lessee shall substantially complete the Subsequent Renovation by not later December 31, 2045. The Subsequent Renovation shall consist of such renovation and construction work as necessary to revitalize and upgrade the exterior, the common areas (both exterior and interior) and the landscaping of the Improvements for the Property to a condition and appearance at least equal to that of the Improvements as of the CO Date.

5.15.2 Subsequent Renovation Plan. Prior to the commencement of the Subsequent Renovation, Lessee shall submit to the CREO Office a renovation plan for the Subsequent Renovation (the “**Subsequent Renovation Plan**”), which renovation plan shall (a) describe the proposed renovation work in such detail as reasonably requested by Chief Real Estate Officer, (b) include a design, governmental approval and construction schedule for the work described therein, (c) include a budget for all work costs, and (d) address such other matters as Chief Real Estate Officer reasonably requests. The Subsequent Renovation Plan shall be submitted by Lessee to County not later than such date as, taking into consideration the approval periods described in this Section 5.15 and Section 5.4 above, and the estimated time required to obtain all necessary governmental approvals and permits, will reasonably be expected to allow Lessee to complete the Subsequent Renovation by the date required under this Section 5.15. Chief Real Estate Officer shall have sixty (60) days after receipt of the Subsequent Renovation Plan within which to reasonably approve or disapprove the Subsequent Renovation Plan, or to approve the Subsequent Renovation Plan subject to conditions imposed by Chief Real Estate Officer in Chief Real Estate Officer’s reasonable judgment. If Chief Real Estate Officer fails to approve or disapprove the Subsequent Renovation Plan within such sixty (60) day period, Lessee shall thereafter deliver a transmittal letter to the CREO Office containing the following text prominently displayed in bold-faced type on the first page:

“PURSUANT TO SUBSECTION 5.15.2 OF THE LEASE, YOU HAVE TWENTY (20) DAYS AFTER RECEIPT OF THIS LETTER TO APPROVE OR DISAPPROVE LESSEE’S SUBSEQUENT RENOVATION PLAN. YOUR FAILURE TO DISAPPROVE THE SAME IN WRITING WITHIN TWENTY (20) DAYS OF YOUR RECEIPT OF THIS LETTER WILL CONSTITUTE YOUR APPROVAL OF LESSEE’S SUBSEQUENT RENOVATION PLAN.”

Failure of Chief Real Estate Officer to approve or disapprove the Subsequent Renovation Plan in writing within said additional twenty (20) day period shall be deemed approval of the same. If Chief Real Estate Officer disapproves a proposed Subsequent Renovation Plan, he or she shall do so by written notice to Lessee stating the reasons for such disapproval. Upon Chief Real Estate Officer’s approval or deemed approval of the Subsequent Renovation Plan, Lessee shall proceed to satisfy all conditions in this Article 5 to the commencement of the Subsequent Renovation and to commence and complete the Subsequent Renovation in accordance with the Subsequent Renovation Plan and the terms and conditions of this Article 5. The plans, specifications, budgets and schedule for the Subsequent Renovation shall all be subject to the prior written approval of Chief Real Estate Officer and the procedure for obtaining such approval shall be the same as set forth above Section 5.4 with respect to Redevelopment Work.

5.15.3 Subsequent Renovation Fund. Commencing with the first January 15 that is ten (10) years after the earlier of the CO Date or the Required Construction Completion Date, and continuing until the completion of the Subsequent Renovation, Lessee shall establish and maintain a reserve fund (the “**Subsequent Renovation Fund**”) in accordance with the provisions of this Subsection 5.15.3 for the purpose of funding the cost of the Subsequent Renovation; provided, however, that Lessee’s obligation to perform the Subsequent Renovation shall not be limited to the funds available in the Subsequent Renovation Fund. The Subsequent Renovation Fund shall be held in an account established with a reputable financial institution reasonably acceptable to Chief Real Estate Officer (which shall include Lessee’s Encumbrance Holder) into which deposits shall be made by Lessee pursuant to this Subsection 5.15.3. Commencing on the first January 15 set forth hereinabove, and continuing on the 15th of each month thereafter during the period which the Subsequent Renovation Fund is required to be maintained by Lessee hereunder, Lessee shall make a monthly deposit to the Subsequent Renovation Fund in the following amount: one-half of one percent (0.5%) of Gross Receipts derived from the Property for the immediately preceding month. All interest and earnings on the Subsequent Renovation Fund shall be added to the Subsequent Renovation Fund, but shall not be treated as a credit against the Subsequent Renovation Fund deposits required to be made by Lessee pursuant to this Subsection 5.15.3. Upon thirty (30) days’ prior written notice from Chief Real Estate Officer to Lessee no more often than quarterly, Lessee shall deliver to the CREO Office evidence reasonably satisfactory to Chief Real Estate Officer of the account in which the Subsequent Renovation Fund exists and a report that details all deposits to, earnings on, withdrawals from and the balance of the Subsequent Renovation Fund. In lieu of monthly deposits to the Subsequent Renovation Fund, Lessee and Chief Real Estate Officer may mutually agree upon substitute arrangements satisfactory to Chief Real Estate Officer, in its sole discretion, for the establishment of an adequate security source for the performance of the Subsequent Renovation, such as a bonding mechanism or a letter of credit.

5.15.4 Disbursements from Renovation Fund. Disbursements shall be made from the Subsequent Renovation Fund only for costs for the design, permitting, entitlements and construction of the Subsequent Renovation which have been reasonably approved by Chief Real Estate Officer. Notwithstanding the foregoing, no more than ten percent (10%) of the total cost to complete the Subsequent Renovation shall be applied towards soft construction costs. Prior to the disbursement of any amounts from the Subsequent Renovation Fund, Lessee shall furnish to the CREO Office applicable invoices, mechanic lien waivers, evidence of payment and other back-up materials reasonably acceptable to Chief Real Estate Officer concerning the use of amounts from the Subsequent Renovation Fund. Chief Real Estate Officer shall have no obligation to approve the disbursement of amounts from the Subsequent Renovation Fund unless and until Chief Real Estate Officer has approved Lessee’s Subsequent Renovation Plan and Lessee has furnished to the CREO Office evidence reasonably satisfactory to Chief Real Estate Officer that Lessee has sufficient financial resources (taking into consideration the Subsequent Renovation Fund) to pay for all costs of such Subsequent Renovation. If this Lease is terminated for any reason prior to the completion of the Subsequent Renovation, then any funds remaining in the Subsequent Renovation Fund as of the date of termination shall be released to County in addition to any other rights or remedies that County may have with respect to such early termination of the Lease. Only after the Subsequent Renovation of all the Improvements has been completed in accordance with this Section 5.15 and paid for in full by Lessee shall the balance of any funds then remaining in the Subsequent Renovation Fund be released to Lessee.

5.15.5 Security Interest. Lessee hereby grants to County a lien and security interest in and to the Subsequent Renovation Fund to secure Lessee's payment of the Subsequent Renovation work pursuant to this Lease. Such lien and security interest shall be in addition to any landlord's lien provided by law. This Lease shall constitute a security agreement under the Commercial Code of California so that County shall have and may enforce a security interest in the Subsequent Renovation Fund. Lessee agrees to execute as debtor and deliver such financing statement or statements and any further documents as County may now or hereafter reasonably request to protect such security interest pursuant to such code. County may also at any time file a memorandum of this Lease as a financing statement. County, as secured party, shall be entitled to all rights and remedies afforded as secured party under such code, which rights and remedies shall be in addition to County's liens and rights provided by law or by the other terms and provisions of this Lease.

5.16 Capital Improvement Fund for Marina and Commercial Core.

5.16.1 Commencing with the first January 15 that is seven (7) years after the earlier of the CO Date or the Required Construction Completion Date, Lessee shall establish and maintain a reserve fund (the "**Capital Improvement Fund**") in accordance with the provisions of this Section 5.16 for the cost of Permitted Capital Expenditures for the Property. All Capital Improvement Fund deposits attributable to Gross Receipts derived from the Property shall be deposited into the Capital Improvement Fund, and amounts shall be dispersed from the Capital Improvement Fund only for Permitted Capital Expenditures. All interest and earnings on the Capital Improvement Fund shall be added to such fund, but shall not be treated as a credit against the Capital Improvement Fund deposits required to be made by Lessee pursuant to this Section 5.16. On or before the fifteenth (15th) day of each month during the Term and continuing until the time set forth in Subsection 5.16.5 below, Lessee shall make a monthly deposit to the Capital Improvement Fund in the following amounts: one-half of one percent (0.5%) of Gross Receipts derived from the Property for the immediately preceding month until the completion of the Subsequent Renovation, and then one percent (1%) of Gross Receipts derived from the Property for the immediately preceding month thereafter.

5.16.2 The Parties acknowledge and agree that the purpose of the Capital Improvement Fund shall be to provide funds for the costs of additions, replacements, renovations or significant upgrades of or to the Improvements on the Property, including building exteriors and major building systems (such as HVAC, mechanical, electrical, plumbing, vertical transportation, security, communications, structural or roof) that significantly increase the capacity, efficiency, useful life or economy of operation of the Improvements or their major systems after the completion of the Redevelopment Work ("**Permitted Capital Expenditures**"). Notwithstanding any contrary provision of this Lease, the Capital Improvement Fund shall not be used to fund any portion of the cost of the Redevelopment Work or the Subsequent Renovation. In addition, the Capital Improvement Fund shall not be used for building additions, new project amenities consisting of equipment (e.g., barbecues or fitness equipment) or new common area furniture. Permitted Capital Expenditures shall not include the cost of periodic, recurring or ordinary expenditures, repairs or replacements that keep the Improvements or their major systems in a good, operating condition, but that do not significantly add to their value or appreciably prolong their useful life. Permitted Capital Expenditures must constitute capital replacements, improvements or equipment under generally

accepted accounting principles consistently applied. Furthermore, Permitted Capital Expenditures shall not include costs for any necessary repairs to remedy any broken or damaged Improvements, all of which costs shall be separately funded by Lessee. By way of example, set forth on **Exhibit D** attached to this Lease are examples of categories of Permitted Capital Expenditures that qualify as proper costs to be funded from the Capital Improvement Fund, as well as categories of expenditures that do not qualify as proper costs to be funded from the Capital Improvement Fund. All specific purposes and costs for which Lessee desires to utilize amounts from the Capital Improvement Fund shall be subject to Chief Real Estate Officer's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

5.16.3 The Capital Improvement Fund shall be held in a separate account established with a reputable financial institution (including Lessee's Encumbrance Holder) reasonably acceptable to Chief Real Estate Officer into which deposits shall be made by Lessee (and/or into which Lessee's Encumbrance Holder shall provide funds) pursuant to this Section 5.16. The amounts to be added to the Capital Improvement Fund shall be inclusive of amounts required to be deposited with and held by an Encumbrance Holder for capital improvements, provided that such Encumbrance Holder acknowledges that such amounts shall be administered in accordance with, and shall be subject to, the terms and conditions of this Section 5.16. On or before January 15 and July 15 of each year (and at any other time within thirty (30) days prior written notice from Chief Real Estate Officer to Lessee) Lessee shall deliver to the CREO Office evidence reasonably satisfactory to Chief Real Estate Officer of the account in which the Capital Improvement Fund exists and a report that details all deposits to, earnings on, withdrawals from and the balance of the Capital Improvement Fund.

5.16.4 No disbursements shall be made from the Capital Improvement Fund to cure deficiencies arising from the failure of Lessee to maintain and repair the Improvements in accordance with the requirements of this Lease. Disbursements shall be made from the Capital Improvement Fund for costs reasonably approved by Chief Real Estate Officer and that satisfy the requirements of this Section 5.16. Capital Improvement Funds shall be used only after all other sources such as warranty proceeds and product insurance funds are exhausted (or determined to be unavailable). For the purpose of obtaining Chief Real Estate Officer's prior approval of any Capital Improvement Fund disbursements, Lessee shall submit to the CREO Office on an annual calendar year basis a capital expenditure plan for the upcoming year that details the amount and purpose of anticipated Capital Improvement Fund expenditures for which Lessee requests Chief Real Estate Officer's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Any anticipated expenditure set forth in such capital expenditure plan which is approved by Chief Real Estate Officer as an acceptable Capital Improvement Fund disbursement shall be considered pre-approved by Chief Real Estate Officer (but only up to the amount of such expenditure set forth in the annual capital expenditure plan) for the duration of the upcoming year. Lessee shall have the right during the course of each year to submit to the CREO Office for Chief Real Estate Officer's approval revisions to the then-current capital expenditure plan in effect for such year, or individual expenditures not noted on the previously submitted capital expenditure plan. Prior to the disbursement of any amounts from the Capital Improvement Fund, Lessee shall furnish to Chief Real Estate Officer applicable invoices, evidence of payment, mechanic lien waivers, and other back-up materials reasonably acceptable to Chief Real Estate Officer concerning the use of amounts from the Capital Improvement Fund.

5.16.5 No Capital Improvement Fund deposits shall be required to be made by Lessee during the final year of the Term of the Lease.

5.16.6 If this Lease is terminated for any reason prior to the end of the Term, then any funds remaining in the Capital Improvement Fund as of the date of termination shall be released to County in addition to any other rights or remedies that County may have with respect to such early termination of the Lease. Furthermore, the balance of any funds remaining in the Capital Improvement Fund upon the expiration of the Term of this Lease shall be delivered to County.

5.16.7 Lessee hereby grants to County a lien and security interest in and to the Capital Improvement Fund to secure Lessee's payment of the Permitted Capital Expenditures. Such lien and security interest shall be in addition to any landlord's lien provided by law. This Lease shall constitute a security agreement under the Commercial Code of California so that County shall have and may enforce a security interest in the Capital Improvement Fund. Lessee agrees to execute as debtor and deliver such financing statement or statements and any further documents as County may now or hereafter reasonably request to protect such security interest pursuant to such code. County may also at any time file a memorandum of this Lease as a financing statement. County, as secured party, shall be entitled to all rights and remedies afforded as secured party under such code, which rights and remedies shall be in addition to County's liens and rights provided by law or by the other terms and provisions of this Lease.

5.17 Intentionally omitted.

5.18 Expedited Arbitration. Given the importance of completing the Redevelopment Work in accordance with the Construction Schedule, the Parties acknowledge and agree that it will be in both Parties' best interests to submit to expedited binding arbitration in accordance with the procedures set forth in this Section 5.18, all disputes between the Parties concerning the reasonableness of the Chief Real Estate Officer's withholding of approvals required pursuant to this Article 5 with respect to the Redevelopment Work. Therefore, if Lessee delivers written notice to County disputing the reasons for any denial or withholding of such approvals, then either Party shall have the right to submit such dispute to expedited, binding arbitration before an arbitrator selected by the Parties in accordance with the American Arbitration Association's (the "AAA") Dispute Resolution Board Guideline Specification, Section 1.02 (D) (the "**DRB Specification**"), dated December 1, 2000. As soon as reasonably possible following the denial or withholding of an approval, the Parties shall initiate the procedure to nominate an arbitrator in accordance with the DRB Specification and with no direct or indirect affiliation with either Party, with the intention that such arbitrator shall, to the extent reasonably possible, be the arbitrator appointed to decide on all disputes between the Parties to be decided by arbitration pursuant to this Section 5.18. When evaluating claims regarding the reasonableness of the County's withholding any approval, the arbitrator shall be instructed to give primary consideration to the Parties' intent as reflected by the provisions set forth in this Lease and may consult with, or seek information from, either or both Parties, or any other persons with special knowledge or expertise relating to the dispute in question including, without limitation, any architect or contractor engaged to perform work at the Property. The arbitrator shall be instructed to adjudicate solely on the reasonableness of the County's denial of approval, and to deliver written notice of his/her findings to both Parties as soon as reasonably possible. The

arbitrator's determination as to the reasonableness of a denial of approval shall be final and binding on the Parties. Each Party shall be responsible for one-half (1/2) of (a) the Arbitrator's fees and costs, and (b) costs associated with renting a venue for the arbitration. If two or more disputes exist at the same time that are the subject of arbitration in accordance with this Section 5.18, then the Parties shall use their commercially reasonable best efforts to cause all such disputes to be arbitrated in one arbitration proceeding, rather than successive proceedings or concurrent but separate proceedings.

5.19 Allowance. Subject to the terms and conditions set forth herein, including without limitation on Exhibit J attached hereto (the "**Construction Disbursement Rider**"), County shall provide Tenant with the Redevelopment Allowance for the construction of the Redevelopment Work. The Allowance shall be applied by Lessee against the Applicable Redevelopment Costs incurred in the construction of the Redevelopment Work, and shall be disbursed in accordance with the provisions for disbursement set forth in the Construction Disbursement Rider. In no event shall any portion of the Allowance be used for any purpose other than Applicable Redevelopment Costs. Any and all costs in excess of the Allowance required to complete the construction of Redevelopment Work shall be the sole and exclusive obligation and responsibility of Lessee.

6. CONDEMNATION.

6.1 Definitions.

6.1.1 Condemnation. "**Condemnation**" means (a) the exercise by any governmental entity of the power of eminent domain, whether by legal proceedings or otherwise, and (b) a voluntary sale or transfer to any Condemnor (as hereafter defined), either under threat of Condemnation or while legal proceedings for Condemnation are pending.

6.1.2 Date of Taking. "**Date of Taking**" means the earliest of (a) the date that the Condemnor has the right of occupancy pursuant to an order for possession issued by a court asserting jurisdiction over the Property; (b) the date that the final order of Condemnation is issued in the event of a transfer by power of eminent domain; or (c) title is transferred to any Condemnor through voluntary sale or transfer, either under threat of Condemnation or while legal proceedings for Condemnation are pending.

6.1.3 Award. "**Award**" means all compensation, sums or anything of value awarded, paid or received from a total or partial Condemnation.

6.1.4 Condemnor. "**Condemnor**" means any public or quasi-public authority, or private corporation or individual, having the power of eminent domain.

6.2 Parties' Rights and Obligations to be Governed by Lease. If, during the Term of this Lease, there is any Condemnation of all or any part of the Property, any Improvements on the Property or any interest in this Lease by Condemnation, the rights and obligations of the Parties shall be determined pursuant to the provisions of this Article 6.

6.3 Total Taking. If the Property are totally taken by Condemnation, this Lease shall terminate on the Date of Taking.

6.4 Effect of Partial Taking. If a portion of the Property or the Improvements thereon are taken by Condemnation, this Lease shall remain in effect, except that Lessee may elect to terminate this Lease if the remaining portion of the Property is rendered unsuitable (as defined herein) for Lessee's continued use for the purposes contemplated by this Lease. The remaining portion of the Property shall be deemed unsuitable for Lessee's continued use if, following a reasonable amount of reconstruction, Lessee's business on the Property could not be operated at a commercially reasonable economic level taking into consideration the amount of funds, if any, in excess of the Award, necessary to continue such operation. Lessee must exercise its right to terminate by giving County written notice of its election within ninety (90) days after the Date of Taking. Such notice shall also specify the date of termination, which shall not be prior to the Date of Taking. Failure to properly exercise the election provided for in this Section 6.4 will result in this Lease continuing in full force and effect, except that Annual Minimum Rent shall be abated pursuant to Section 6.5 below.

In the event that Lessee does not elect to terminate this Lease as provided above, then Lessee, whether or not the Awards or payments, if any, on account of such Condemnation shall be sufficient for the purpose, shall, at its sole cost and expense, within a reasonable period of time, commence and complete restoration of the remainder of the Property as nearly as possible to its value, condition and character immediately prior to such Condemnation, taking into account, however, any necessary reduction in size or other change resulting from the Condemnation; provided, however, that in case of a Condemnation for temporary use, Lessee shall not be required to effect restoration until such Condemnation is terminated.

6.5 Effect of Partial Taking on Rent. If any portion of the Property is taken by Condemnation and this Lease remains in full force and effect as to the portion of the Property not so taken (a "**Partial Taking**"), the Annual Minimum Rent shall be reduced as of the date of the Partial Taking to an amount equal to the Annual Minimum Rent multiplied by the ratio of the fair market value of the portion of the Property not so taken to the fair market value of the entire Property immediately prior to the Partial Taking, but without regard to any diminution in value resulting from the imminent taking. Upon the next Adjustment Date, as described in Subsection 4.2.1(b) above, if any, for the purposes of adjusting the Annual Minimum Rent, all Annual Rent paid by Lessee to County prior to the Date of Taking shall be adjusted, for the purposes of this calculation only, to the proportion that the fair market value of the portion of the Property which remains after the Partial Taking bears to the fair market value of the entire Property immediately prior to the Partial Taking. If the Parties cannot agree upon the appropriate Annual Minimum Rent, the matter shall be resolved by arbitration in the manner prescribed in Subsection 4.3.3. Any determinations of fair market value made pursuant to this Section 6.5 in connection with any arbitration proceeding shall be predicated upon the "income approach" or "income capitalization approach" to property valuation, as defined in The Dictionary of Real Estate Appraisal and/or The Appraisal of Real Estate, published by the Appraisal Institute or any successor organization (the "**Income Approach**"). All other obligations of Lessee under this Lease, including but not limited to the obligation to pay Percentage Rent, shall remain in full force and effect.

6.6 Waivers. Each Party waives the provisions of Code of Civil Procedure Section 1265.130 allowing either Party to petition the Orange County Superior Court to terminate this Lease in the event of a Partial Taking of the Property.

6.7 Payment of Award. Awards and other payments on account of a Condemnation, less costs, fees and expenses incurred in the collection thereof (“**Net Awards and Payments**”), shall be applied as follows:

6.7.1 Partial Taking Without Termination. Net Awards and Payments received on account of a Condemnation, other than a total Condemnation or a Partial Taking which results in termination hereof or a taking for temporary use, shall be held by County and shall be paid out to Lessee or Lessee’s designee(s), in monthly installments equal to the sum set forth in Lessee’s written request for payment submitted to County together with supporting invoices and documentation demonstrating that the requested sums are for payments to contractors, consultants, architects, engineers, counsel, or materialmen engaged in the restoration of the Property and any Improvements. Such requested sums shall be paid by County to Lessee or its designee(s) within thirty (30) days after County has received such request in writing reasonably supported by accompanying invoices and documentation. In the event that County disputes any sum requested by Lessee pursuant to the preceding sentence, County shall promptly pay the undisputed portion and provide Lessee with a written notice detailing the reasons for County’s dispute. Thereafter, the Chief Real Estate Officer and Lessee shall promptly meet and negotiate in good faith to resolve any dispute. The balance, if any, shall be divided between County and Lessee pro rata, as nearly as practicable, based upon (a) the then value of County’s interest in the Property (including its interest hereunder), and (b) the then value of Lessee’s interest in the remainder of the Term of this Lease including bonus value (for such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4). Any determinations of fair market value made pursuant to this Section 6.7 shall be predicated upon the Income Approach. Notwithstanding the foregoing, if County is the condemning authority and the Condemnation pertains only to Lessee’s interest, then Lessee shall be entitled to the entire amount of the Net Awards and Payments. In case of a Condemnation described in this Subsection 6.7.1, Lessee shall furnish to County evidence satisfactory to County of the total cost of the restoration required by Section 6.4.

6.7.2 Taking For Temporary Use. Net Awards and Payments received on account of a taking for temporary use shall be paid to Lessee; provided, however, that if any portion of any such award or payment is paid by the Condemnor by reason of any damage to or destruction of the Improvements, such portion shall be held and applied as provided in the first sentence of Subsection 6.7.1 above.

6.7.3 Total Condemnation and Partial Taking with Termination. Net Awards and Payments received on account of a total Condemnation or a Partial Taking which results in the termination of this Lease shall be allocated in the following order:

First: There shall be paid to County an amount equal to the greater of (a) the sum of: (i) the present value of all Annual Rent and other sums which would become due through the expiration of the Term if it were not for the taking less, in the event of a Partial Taking, an amount equal to the present value of the fair rental value of the portion of the Property (with the Improvements thereon) not subject to the Partial Taking, from the date of the Partial Taking through the expiration of the Term, plus (ii) the present value of the portion of the Property (with the Improvements thereon) subject to the taking from and after the expiration of the Term, or (b) in the event of a Partial Taking, the present value of the fair market rental value

of the portion of the Property (with the Improvements thereon) subject to the Partial Taking, from and after the expiration of the Term; and then,

Second: There shall be paid to any Encumbrance Holder an amount equal to the sum of any unpaid principal amount of any Encumbrance secured by the Property plus costs, expenses, and other sums due pursuant the loan documents, if any, and any interest accrued thereon, all as of the date on which such payment is made; and then,

Third: There shall be paid to Lessee an amount equal to the value of Lessee's interest in the remainder of the Term of this Lease, including the value of the ownership interest in and use of the Improvements constructed on the Property, determined as of the date of such taking, less payments made under paragraph "Second" above. For such purposes, the Term of this Lease shall not be deemed to have terminated even if Lessee so elects under Section 6.4; and then,

Fourth: The balance shall be paid to County.

Notwithstanding the foregoing, in the event the Lease is encumbered by an Institutional Lender, any Net Awards and Payments to the Lessee or Encumbrance Holder shall be applied in accordance with the terms of the loan agreement or deed of trust with Lessee's Encumbrance Holder.

If County is the condemning authority in connection with a total Condemnation or a Partial Taking that results in the termination of the Lease, and such total Condemnation or Partial Taking pertains to only Lessee's interest, then Lessee's Encumbrance Holder shall be entitled to the entire amount of any Net Awards and Payments to be applied in accordance with the terms of the loan agreement or deed of trust with Lessee's Encumbrance Holder.

If County is the condemning authority in connection with a total Condemnation or a Partial Taking that results in the termination of the Lease, and such total Condemnation or Partial Taking pertains to only Lessee's interest, then Lessee shall be entitled to the entire amount of any Net Awards and Payments.

In the event of a total Condemnation or a Partial Taking that results in the termination of this Lease, County shall promptly pay or authorize the payment to Lessee of all sums held by County or third parties in the Capital Improvement Fund, the Subsequent Renovation Fund and the Security Deposit.

6.7.4 Disputes. Any dispute under this Article 6 concerning the fair market value of the Property or any portion thereof, computation of present value or the determination of the amount of Annual Minimum Rent or Percentage Rent or other sums which would have become due over the Term of this Lease which are not resolved by the Parties, shall be resolved by arbitration in the manner prescribed in Subsection 4.3.3. Such valuations, computations and determinations of value shall be made utilizing the Income Approach.

7. SECURITY DEPOSIT.

7.1 Amount and Use. If such has not occurred prior to the Effective Date pursuant to the Existing Lease, as soon as reasonably practicable after the Effective Date, Lessee shall deliver to and maintain with County a security deposit (the “**Security Deposit**”) in an amount equal to Fifty Thousand Dollars (\$50,000.00), until such time as the Redevelopment Work for the Property has been completed and the final CO Date for the same has occurred (the “**Final CO Date**”). Following the Final CO Date, such sum shall be reduced to Twenty-Five Thousand Dollars (\$25,000.00), and as long as no Event of Default by Lessee then exists under the Lease, shall be reduced to Zero Dollars (\$0.00) upon the date which is ten (10) years following the Final CO Date. The Security Deposit shall secure Lessee’s performance of all the terms, covenants, and conditions of this Lease, and may be drawn on by County, in whole or in part, to cover (a) delinquent rent not paid by Lessee within any applicable notice and cure period, (b) any other Events of Default of Lessee under this Lease, and (c) any other amounts or damages to which County is entitled under this Lease. The Security Deposit shall be applied at the discretion of County, and may be commingled by County with County’s other funds. Lessee shall have the right to maintain the Security Deposit in form of cash or in the form of a certificate of deposit, letter of credit or other approved investment instrument acceptable to County with respect to form, content and issuer, in County’s sole discretion. To the extent the Security Deposit is cash, a letter of credit or other non-interest bearing form, no interest shall accrue or be paid thereon. However, if the Security Deposit is in a form of a certificate of deposit, savings deposit, or is otherwise interest bearing, then as long as no Event of Default by Lessee exists under the Lease, Lessee shall be entitled to any interest or other earnings which are actually earned on any unapplied portions of the Security Deposit delivered to County in the form of a certificate of deposit or other approved investment instrument (as opposed to cash, on which Lessee shall not be entitled to interest). Provided that no Event of Default then exists under the Lease, at the end of each Lease Year Lessee shall be entitled to a credit for all unexpended interest accruing to Lessee’s benefit with respect to the Security Deposit during such Lease Year pursuant to the immediately preceding sentence. Notwithstanding any contrary provision hereof, County shall have the right at any time to apply any accrued but uncredited interest (which accrued during non-Event of Default periods) against delinquent rents and other amounts owed by Lessee under the Lease. Regardless of the form of the Security Deposit, all or any portion of the principal sum thereof shall be available unconditionally to Chief Real Estate Officer for correcting any default or breach of this Lease by Lessee and Lessee’s successors or assigns, or for payment of expenses incurred by County as a result of an Event of Default hereunder by Lessee or Lessee’s successors or assigns, as set forth herein.

7.2 Replacement. In the event that some or all of the Security Deposit is drawn against by County and applied against any delinquent rent not paid by Lessee within any applicable notice or cure period, or against other Events of Default of Lessee hereunder, Lessee shall, within ten (10) days after receipt of written notice of the amount so applied and the reasons for such application, deposit sufficient additional funds with County, or cause the issuer of any letter of credit to reinstate the letter of credit to its full face amount, so that at all times that this Lease is in effect (other than between the date of the application of funds by County and the expiration of said ten (10) day period), the full amount of the Security Deposit shall be available to County. Failure to maintain and replenish the Security Deposit, if not cured within the time period set forth in Subsection 14.1.2, shall constitute an Event of Default hereunder.

7.3 Renewal. Any letter of credit procured by Lessee and delivered to County shall provide for notice to County by the issuer thereof no less than sixty (60) days prior to the expiration of the term of such letter of credit in the event that the issuer thereof is not irrevocably committed to renew the term of such letter of credit. In the event that, thirty (30) days prior to the expiration of such letter of credit, Lessee has not provided County with satisfactory evidence of its renewal or replacement, or has not provided County with adequate replacement security, County may draw down upon the letter of credit and hold the funds as security for Lessee's obligations as set forth in this Lease and may apply the funds to cover delinquent rent not paid by Lessee within any applicable notice and cure period and/or any other Event of Default of Lessee under this Lease.

7.4 Waivers. Lessee hereby waives the provisions of California Civil Code Section 1950.7, and all other provisions of Applicable Law, now or hereinafter in force, which restricts the amount or types of claim that a landlord may make upon a security deposit or imposes upon a landlord (or its successors) any obligation with respect to the handling or return of security deposits.

8. INDEMNITY; RELEASE; LEASE CHALLENGE.

8.1 Indemnification. Except to the extent caused by the willful misconduct or active or sole gross negligence of any County Indemnified Party, Lessee shall at all times relieve, defend, indemnify, protect, and save harmless County, the Board, and their respective, officers, elected and appointed officials, representatives, agents, consultants, contractors, counsel, employees, volunteers, tenants, licensees, invitees, successors and assigns (collectively, "**County Indemnified Parties**") and each individually, "**County Indemnified Party**") and the Property, from any and all claims, costs, losses, demands, damages, expenses (including, without limitation, expenses and reasonable attorneys' fees incurred in defending against the same by an attorney selected by Lessee and reasonably satisfactory to County) or liability (collectively, "**Claims**"), to the extent arising from or caused by (a) the operation, maintenance, use, or occupation of the Property or the Improvements by Lessee or its agents, officers, employees, licensees, contractors, concessionaires, permittees or Sublessees, including any occurrence in or on the Property or Improvements, (b) the acts, omissions, or negligence of Lessee, its agents, officers, employees, licensees, contractors, concessionaires, permittees or Sublessees, (c) the failure of Lessee, its agents, officers, employees, licensees, contractors, concessionaires, permittees or Sublessees to observe and abide by any of the terms or conditions of this Lease or any Applicable Law, (d) the performance of the Redevelopment Work, the Renovation Work or any Alterations by Lessee or Lessee's agents, officers, employees, licensees, contractors, concessionaires, permittees or Sublessees, or (e) challenges to the approval this Lease brought by any party, including any agency with oversight of public tidelands ("**Lease Challenge**"). The obligation of Lessee to so relieve, defend, indemnify, protect, and save harmless the County Indemnified Parties shall continue during any periods of occupancy or of holding over by Lessee, its agents, officers, employees, licensees, concessionaires, permittees or Sublessees, beyond the expiration of the Term or other termination of this Lease. If any County Indemnified Party or the Property is named as co-defendant in a lawsuit that is the subject of this Article 8, Lessee shall immediately notify County of such fact in writing and shall represent such County Indemnified Party or Property in such legal action unless County undertakes to represent such County Indemnified Party or Property as co-defendant in such legal action, in which event,

Lessee shall pay to County its litigation costs, expenses, and attorneys' fees. If, in connection with any such lawsuit, judgment is entered against any County Indemnified Party or the Property and Lessee by a court of competent jurisdiction because of the concurrent liability of such County Indemnified Party and Lessee, County and Lessee agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

8.2 Release. Lessee hereby releases and waives all Claims and recourse against the County Indemnified Parties, including the right of contribution for loss or damage of persons or property, arising from, growing out of or in any way connected with or related to this Lease, except Claims arising from the willful misconduct or active or sole gross negligence of County Indemnified Parties. For the avoidance of doubt, and without limiting the foregoing, Lessee hereby waives, withdraws, releases, and relinquishes any and all Claims (other than a right to terminate as otherwise provided in this Lease), rights of rescission, or charges against County and the County Indemnified Parties which Lessee now has or may have or asserts in the future which are based upon any (a) defects in the physical condition of the Property and the soil thereon and thereunder, regardless of whether or not said conditions were known at the time of the execution of this instrument, or (b) injury or damage which may be sustained by the person, goods, wares, merchandise, or other property of Lessee, of Lessee's employees, invitees, customers, or of any other person in or about the Property or the Improvements caused by or resulting from any peril which may affect the Property or Improvements, including fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Property or the Improvements, whether such damage or injury results from conditions arising upon the Property or from other sources. Without limiting the generality of the waivers set forth in this subsection, and notwithstanding anything in this Lease to the contrary, at no time shall County be responsible or liable to Lessee for any lost profits, lost economic opportunities or any form of consequential, punitive or exemplary damages as the result of any actual or alleged breach by County of its obligations under this Lease. It is the intention of the Parties that the foregoing release shall be effective with respect to all matters, past and present, known and unknown, suspected and unsuspected. Lessee realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to losses, damages, liabilities, costs and expenses which are presently unknown, unanticipated and unsuspected, and Lessee further agrees that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Lessee nevertheless hereby intends to release, discharge and acquit County, the County Indemnified Parties and the Property from any such unknown losses, damages, liabilities, costs and expenses. In furtherance of this intention, Lessee hereby expressly waives any and all rights and benefits conferred upon it by the provisions of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

By initialing this subsection below, Lessee acknowledges that it has read, is familiar with, and waives all benefit of the provisions of California Civil Code Section 1542 set

forth above to the extent described in this subsection, and agrees to all of the provisions of Section 8.2 above.

Lessee's Initials

8.3 Lease Challenge. Notwithstanding anything to the contrary in this Lease, including without limitation Sections 8.1 and 8.2 hereof, in the event of a Lease Challenge (whether or not such Lease Challenge prevails), the terms and conditions of this Section 8.3 shall prevail. If any Claim is asserted by any third party challenging the validity, enforceability or effectiveness of the approval of this Lease or the authority to enter into this Lease for the Term set forth herein, County shall reasonably cooperate with Lessee, at Lessee's sole cost and expense, in defending, resolving or mooted such challenge, and, notwithstanding anything to the contrary in this Lease, before County may seek indemnification from Lessee arising from such challenge pursuant to the terms and conditions of this Lease, Lessee shall have the right, exercisable by written notice to County, to cause the Term of this Lease to be reduced, reformed, reverted or otherwise modified to the longest term then permitted by Applicable Law, including the Tidelands Grant. Upon Lessee's exercise of such right, County and Lessee shall promptly execute and record, if applicable, an amendment, memorandum, stipulation, corrective instrument, or other document reasonably necessary to evidence such reduced, reformed, reverted or modified terms to comply with Applicable Law, including the Tidelands Grant, or re-execute and record, if applicable, a lease to replace this Lease, in the same form of this Lease except for those terms necessary to comply with Applicable Law, including the Tidelands Grant. No such reformation, reversion, modification, termination or reinstatement shall constitute a default by Lessee, shall give rise to any termination right in favor of County, or shall otherwise affect the validity or enforceability of this Lease except solely with respect to the length of the Term as so reduced, reformed, reverted or modified or the reinstatement of the Original Existing Lease, as applicable. County shall not settle, compromise, confess judgment, or agree to any relief in connection with any such challenge without Lessee's prior written consent, which consent may be withheld in Lessee's reasonable discretion if such settlement, compromise, judgment, or relief would affect the Term, Lessee's leasehold estate, Lessee's use rights, Lessee's financing, or Lessee's rights or obligations under this Lease.

9. INSURANCE.

9.1 Lessee's Insurance. Without limiting Lessee's indemnification of County, during the Term of this Lease, Lessee shall provide and maintain the following insurance issued by companies authorized to transact business in the State by the Insurance Commissioner and having a "general policyholders rating" of at least A- and VIII (or such higher rating as may be required by an Encumbrance Holder) as set forth in the most current issue of "A.M. Best's Key Rating Guide" or an equivalent rating from another industry-accepted rating agency.

9.1.1 General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) and endorsed to name County as an additional insured, with limits of not less than the following:

General Aggregate:	\$20,000,000
Products/Completed Operations Aggregate:	\$20,000,000

Personal and Advertising Injury:	\$10,000,000
Each Occurrence:	\$10,000,000

Lessee may satisfy the above coverage limits with a combination of primary coverage (“**Primary Coverage**”) and excess liability coverage (“**Umbrella Coverage**”) (as long as (a) Lessee’s Primary Coverage is at least Two Million Dollars (\$2,000,000) per occurrence, Two Million Dollars (\$2,000,000) annual aggregate, (b) the combination of such Primary Coverage and Umbrella Coverage provides County with the same protection as if Lessee had carried primary coverage for the entire limits and coverages required under this Subsection 9.1.1 and (c) excess liability policies must “follow form” and afford no less coverage than the primary coverage.

9.1.2 Automobile Liability insurance (written on ISO form CA 00 01 or its equivalent) with a limit of liability of not less than Two Million Dollars (\$2,000,000) of Primary Coverage and One Million Dollars (\$1,000,000) of Umbrella Coverage, for each accident and providing coverage for all “owned”, “hired” and “non-owned” vehicles, or coverage for “any auto.” During any period of operation of valet parking facilities, Lessee also shall provide Garagekeeper’s Legal Liability coverage (written on ISO form CA 99 37 or its equivalent) with limits of not less than Three Million Dollars (\$3,000,000) for this location.

9.1.3 Workers Compensation and Employers’ Liability insurance providing workers compensation benefits, as required by the Labor Code of the State and for which Lessee is responsible (if applicable), and including Employers’ Liability coverage with limits of not less than the following:

Each Accident:	\$1,000,000
Disease - policy limit:	\$1,000,000
Disease - each employee:	\$1,000,000

9.1.4 Commercial Property insurance covering damage to the Property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30) or its equivalent, excluding earthquake, and including Ordinance or Law Coverage, written for the full replacement value of the Improvements, with a deductible no greater than \$250,000 or 5% of the property value, whichever is less, and also including business interruption, including loss of rent equal to eighteen (18) months of rent, with proceeds payable to Lessee and County as their interests may appear and utilized for repair and restoration of the Property and Improvements. Notwithstanding the foregoing, during any period during which no Improvements exist on the Property or all of the existing Improvements are being demolished in connection with the construction of Redevelopment Work, the obligation to provide insurance under this Subsection 9.1.4 shall not be applicable so long as the insurance coverage described in Subsection 9.1.5 below is carried.

9.1.5 For construction projects on the Property, including the Redevelopment Work, any other Alterations or restoration of the Improvements, Lessee or Lessee’s contractor or subcontractors will provide the following insurance (County reserves the right to determine the coverage and coverage limit required on a project by project basis):

(a) Builder's Risk Course of Construction. Such insurance shall insure against damage from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30) or equivalent. This insurance shall be endorsed to include ordinance or law coverage, coverage for temporary offsite storage, debris removal, pollutant cleanup and removal, testing, preservation of property, excavation costs, landscaping, shrubs and plants and full collapse coverage during construction (without restricting collapse coverage to specified perils). This insurance shall be written on a completed-value basis and cover the entire value of the construction project, against loss or damage until completion and acceptance by Lessee.

(b) General Liability. Such insurance shall be written on ISO policy form CG 00 01 or its equivalent with limits as reasonably required by the County for the Redevelopment Work or Alterations. The products/completed operations coverage shall continue to be maintained for the following periods: (i) in the case of the Redevelopment Work, three (3) years after the date the Redevelopment Work is completed and accepted by the Lessee, or (ii) in the case of Alterations after the completion of the Redevelopment Work, such period after the date such Alterations are completed and accepted by Lessee as reasonably determined by County, but not to exceed three (3) years after such completion and acceptance.

(c) Automobile Liability. Such coverage shall be written on ISO policy form CA 00 01 or its equivalent with a limit of liability as reasonably required by the County for the Redevelopment Work or Alterations. Such insurance shall include coverage for all "owned," "hired" and "non-owned" automobiles, or coverage for "any auto."

(d) Professional Liability. Such insurance shall cover liability arising from any error, omission, negligent or wrongful act of the contractor and/or licensed professional (i.e. architects, engineers, surveyors, etc.). This coverage shall also provide an extended two-year reporting period commencing upon termination or cancellation of the construction project. The limits of the coverage required under this Subsection 9.1.5(d) shall be (i) Three Million Dollars (\$3,000,000) with respect to the prime architect for the Redevelopment Work (or such lesser amount as required by Chief Real Estate Officer for the prime architect in connection with any subsequent Alterations), and (ii) One Million Dollars (\$1,000,000) with respect to each other contractor, subcontractor, architect, engineer, surveyor or other licensed professional rendering services in connection with the design or construction of the Redevelopment Work or subsequent Alterations, provided that Chief Real Estate Officer shall have the discretion to reduce the coverage limits under this clause (ii) if appropriate in the judgment of Chief Real Estate Officer based on the nature and scope of the services being provided.

(e) Asbestos Liability or Contractors Pollution Liability. Such insurance shall be required if construction requires remediation of asbestos or pollutants, and if such insurance is available. Such insurance shall cover liability for personal injury and property damage arising from the release, discharge, escape, dispersal or emission of asbestos or pollutants, whether gradual or sudden, and include coverage for the costs and expenses associated with voluntary clean-up, testing, monitoring and treatment of

asbestos in compliance with governmental mandate or order. If the asbestos or pollutant will be removed from the construction site, asbestos or pollution liability is also required under the contractor's or subcontractor's Automobile Liability Insurance. Contractor shall maintain limits as reasonably required by the County for the Redevelopment Work or Alterations.

(f) Marine-Specific Coverages. For any construction projects on the water or aboard any vessel on the water, Lessee agrees to maintain, or cause its contractors and subcontractors to maintain, in addition to the insurance described in this Subsection 9.1.5 above, the following types and amounts of insurance (County reserves the right to determine the coverage and minimum limits required on a project by project basis):

<u>Coverage</u>	<u>Minimum Limit(s)</u>
Protection & Indemnity (with Jones Act)	\$5,000,000 per occurrence \$10,000,000 aggregate
Marine General Liability	\$10,000,000 per occurrence \$20,000,000 aggregate
Longshore and Harbor Workers' Compensation	Statutory
Hull and Machinery	Actual Cash Value
Contractors' Pollution Liability (including coverage for NODS)	\$5,000,000 per occurrence \$10,000,000 aggregate

The Protection & Indemnity coverage shall apply to all crewmembers, and shall be written on Form SP23 or equivalent and be based on either a primary or excess layer. The Hull and Machinery coverage shall insure the replacement cost of the vessels and shall be written on a form using the American Institute Hull Clauses or equivalent. The Contractors' Pollution Liability coverage shall be written on a form underwritten by WQIS, EPG, Safe Harbor or equivalent.

9.1.6 If the use of the Property or Improvements involves any manufacture, distribution or service of alcoholic beverages, Liquor Liability insurance (written on ISO policy form CG 00 33 or 34 or their equivalent) with a liability limit of not less than Five Million Dollars (\$5,000,000) per occurrence and an annual aggregate of Ten Million Dollars (\$10,000,000), which limits may be covered by a combination of Primary Coverage and Umbrella Coverage. If written on a claims made form, the coverage shall also provide an extended two-year reporting period commencing upon the termination or cancellation of the Lease.

9.2 Provisions Pertaining to Property Insurance. The insurance coverage required in Subsections 9.1.4 and 9.1.5(a) shall name County as an additional insured and any Encumbrance Holder as loss payee. Subject to Section 13.8, upon the occurrence of any loss, the proceeds of property and builder's risk insurance shall be held by County in trust for the named insureds as

their interests appear, and shall be disbursed by County on a monthly basis to pay for work completed in accordance with then-prevailing industry custom and practice; provided, however, that if the insurance proceeds received with respect to a loss are less than \$500,000 (as adjusted to reflect any increase in the ENR Index during the period from the Effective Date through the date of the loss), the Encumbrance Holder shall have the right to hold and disburse such proceeds to pay the renovation and repair of Improvements in accordance with the terms of the loan agreement or deed of trust with Lessee's Encumbrance Holder. In the event of a loss, except as expressly provided to the contrary in this Lease, Lessee shall be obligated to use the insurance proceeds received by Lessee to rebuild or replace the destroyed or damaged buildings, structures, equipment, and Improvements, in accordance with the procedures set forth hereinabove for the initial construction, except as otherwise provided in Article 10 hereof. Subject to Section 13.8, any surplus or proceeds after said rebuilding or replacement shall be distributed to Lessee. Notwithstanding anything to the contrary contained in the Lease, the settlement, collection and application of casualty insurance proceeds shall be governed in accordance with the terms of the loan agreement or deed of trust with Lessee's Encumbrance Holder.

9.3 General Insurance Requirements. Subject to the immediately following grammatical paragraph, a duplicate policy or policies (or certificates of insurance) evidencing the insurance coverage required under this Article 8.3, in such form as shall be reasonably acceptable to County, has been filed with the CREO Office, and evidence of the insurance coverage required under Subsection 9.1.5 shall be required to be delivered by Lessee prior to the commencement of any Redevelopment Work or Alterations. All certificates of insurance shall (a) specifically identify the Lease; (b) clearly evidence all coverages required under the Lease; (c) identify any deductibles or self-insured retentions exceeding \$25,000 or such other commercially reasonable amount as approved by the Chief Real Estate Officer; and (d) evidence all other requirements under this Article 8.3. The policy or policies of insurance shall provide that such insurance coverage will not be canceled or reduced without at least thirty (30) days prior written notice to the CREO Office or ten (10) business days in case of cancellation for failure to pay the premium. At least ten (10) business days prior to the expiration of such policy, a certificate showing that such insurance coverage has been renewed shall be obtained by Lessee and filed with the CREO Office. Subject to the limitations set forth above in this Article 8.3, any insurance coverage may be issued in the form of a blanket policy insuring other properties, in form, amount and content reasonably satisfactory to County such that such coverage provides the same protection as required under this Article 8.3 as if the insurance had been procured on an individual property basis.

9.4 Additional Required Provisions. Lessee's insurance policies required by this Article 8.3 shall be for a term of not less than one year and shall additionally provide:

- (1) that County and its respective Board and members thereof, and County's officers, agents, employees and volunteers, shall be named as additional insureds under any liability insurance policy or policies;
- (2) that the full amount of any losses to the extent property insurance proceeds are available shall be payable to additional insureds notwithstanding any act, omission or negligence of Lessee which might otherwise result in forfeiture of such insurance;

(3) in any property insurance policy, a waiver of all right of subrogation against County and its respective Board and members thereof, and County's officers, agents, employees and volunteers with respect to losses payable under such policies;

(4) in any property insurance policy, that such policies shall not be invalidated should the insured waive, prior to a loss, any or all right of recovery against any party for losses covered by such policies;

(5) to the extent of the indemnification obligations of Lessee in favor of any additional insureds, the property and commercial general liability insurance policies shall provide coverage on a primary and non-contributory basis with respect to such additional insureds, regardless of any other insurance or self-insurance that such additional insureds may elect to purchase or maintain;

(6) that losses, if any, shall be adjusted with and payable to Lessee, County and Encumbrance Holders, if any, pursuant to a standard mortgagee clause;

(7) that such policies shall not be suspended, voided, canceled, reduced in coverage or in limits or materially changed without at least thirty (30) days prior written notice to County and all Encumbrance Holders or ten (10) business days in case of cancellation for failure to pay the premium;

(8) that the commercial general liability insurance shall apply separately to each insured against whom a claim is made, except with respect to the overall limits of said insurer's liability; and,

(9) that the property and commercial general liability insurance policies shall contain no special limitations on the scope of protection afforded to the additional insureds, and no failure to comply with the reporting provisions of such policies shall affect the coverage afforded to such additional insureds.

9.5 Failure to Procure Insurance. If Lessee fails to procure or renew the herein required insurance and does not cure such failure within five (5) business days after written notice from County, in addition to the other rights and remedies provided hereunder, County may, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith. All monies so paid by County shall be repaid by Lessee, with interest thereon at the Applicable Rate, to County within five (5) business days after Lessee's receipt of written demand therefor. In the event the coverage required hereunder becomes obsolete or unavailable from domestic insurance companies meeting the requirements of this Lease (excluding customized policies such as those from Lloyds of London), the parties shall reasonably cooperate to modify the coverage on commercially reasonable terms.

9.6 Adjustment to Amount of Liability Coverage. The amounts of liability insurance required under Subsections 9.1.1, 9.1.2 and 9.1.3 shall be subject to adjustment as of each fifth (5th) anniversary of the Original Effective Date, consistent with the amounts of such liability insurance then being required by County for other comparable facilities or businesses within the

County, including any adjustments then being approved by County (if any), based on differences in size, scope, uses or risks between the Property and such other developments. In no event shall the amounts of liability insurance be decreased as a result of such adjustment. Following such adjustment, the Parties shall execute an amendment to this Lease setting forth the adjusted insurance provisions.

9.7 Notification of Incidents, Claims or Suits. Lessee shall notify County of any accident or incident on or about the Property which involves injury or property damage over Fifty Thousand Dollars (\$50,000.00) in the aggregate and pursuant to which a claim against Lessee and/or County is made or threatened. Such notification shall be made in writing within seventy-two (72) hours after Lessee first becomes aware of the claim or threatened claim.

10. MAINTENANCE AND REPAIR; DAMAGE AND DESTRUCTION.

10.1 Lessee's Maintenance and Repair Obligations. Continuously throughout the Term, Lessee shall maintain the Property, including paved or unpaved ground surfaces and Improvements thereon (excluding the Excluded Improvements), in a safe, clean, wholesome and sanitary condition, in compliance with all Applicable Laws and in conformance with the Minimum Standards at Lessee's sole cost and expense; provided, however, prior to the earlier of the CO Date or the Required Construction Completion Date, Lessee shall (i) not be obligated to perform any capital improvements that would otherwise be required in order to comply with the Minimum Standards if (A) such capital improvements would need to be removed, replaced or substantially altered in connection with the Redevelopment Work, or (B) would be materially more expensive to construct or install as an isolated improvement relative to the cost to construct or install such improvement as a part of the Redevelopment Work as reasonably determined by County, provided that in either case, the capital improvement in question must be scheduled to be constructed or installed as part of the Redevelopment Work within twenty-four (24) months from the date such compliance obligation is first discovered by or disclosed to Lessee, and/or (ii) be entitled to close-off portions of the Property if such portions, in their then-existing condition, create a danger to the health or safety of any persons occupying, using, working at, or patronizing the Property. The Property shall be maintained commencing upon completion of the Redevelopment Work at a level commensurate with institutional grade retail and marina developments in the Southern California area and, at a minimum, in conformance with the Minimum Standards. Without limiting the foregoing, at Lessee's sole cost and expense, but subject to the terms and conditions of this Lease, Lessee shall keep and maintain the Property and all equipment, Improvements or physical structures of any kind which may exist or be erected, installed or made on the Property in good and substantial repair and condition, including without limitation capital improvements and structural and roof repairs and replacement, and shall make all necessary repairs and alterations and replacements thereto, except as otherwise provided in this Article 10 (except that during periods of construction of the Redevelopment Work or Alterations or reconstruction of damaged or destroyed Improvements, Lessee's obligations as to the areas of the Property under construction shall be controlled by Article 5 of this Lease). Lessee shall undertake such repairs, alterations or replacements in compliance with Applicable Laws, or as reasonably required in writing by Chief Real Estate Officer to Lessee incident to the provisions of this Article 10. For the avoidance of doubt, and by way of example, Lessee's responsibilities under this Section 10.1 shall include, without limitation, the obligation to maintain, repair, operate and (subject to the limitations set forth below) replace of each of the

following (the location of each of which is identified on **Exhibit H** attached hereto unless otherwise specified elsewhere in this Lease): (a) seawall (provided, however, that Lessee's replacement obligation for the seawall shall be limited to replacing specific segments or portions thereof on an as-needed basis, subject to and in compliance with all Applicable Laws because the same has been, for example, damaged beyond repair or is beyond its useful life, and such replacement obligation shall not require Lessee to perform the wholesale replacement of the entire seawall, unless Lessee's negligence, willful acts or failure to address replacement or repair of a segment causes the need for wholesale replacement or to replace the entire seawall in connection with any catastrophic events or casualty, and provided further that with respect to that portion of the seawall that is located outside the boundaries of the Property, Lessee shall have no obligation to repair or restore any damage to the seawall to the extent the same is caused by: (i) the actions of the County, its agents, employees, tenants or contractors working at the direction of the County or its tenants (other than Lessee or its Affiliates or Sublessees), or (ii) third parties that are not agents, employees or tenants of Lessee or its Affiliates or Sublessees, or contractors working at the direction of Lessee or its Affiliates or Sublessees); (b) streets, roadways and sidewalks within the Property; (c) shelters, restrooms and park-scape within the Property designated on **Exhibit A-2**; (d) all trees and parking lots within the Property boundaries, and (e) the dredging of that portion of the harbor designated on **Exhibit A-3**; provided this responsibility for dredging shall in no way affect or supplant any responsibility that the Army Corps of Engineers may have for dredging, to the extent such responsibility exists. To the extent any such items to be maintained are located outside of the Property boundaries, Lessee shall coordinate the timing and performance of such maintenance work with the County through the County Public Property Permit system.

Lessee shall, at its own cost and expense, install, maintain and replace landscaping between the streets abutting the Property and the building footprints on the Property at a level commensurate with the standards set forth above. Lessee specifically agrees to provide proper containers for trash and garbage which are screened from public view, to keep the Property free and clear of rubbish and litter. County in its proprietary capacity shall have the right with reasonable notice to enter upon and inspect the Property at any reasonable time for cleanliness, safety and compliance with this Section 10.1, as long as such entrance is not done in a manner which would unreasonably interfere with the operation of the Property. The exclusion of the Excluded Improvements from Lessee's maintenance obligations under this Section 10.1 shall not relieve Lessee from the obligation to repair and restore any damage to the Excluded Improvements caused by Lessee, its agents, employees, Sublessees or contractors, or by Improvements installed or constructed by or on behalf of Lessee, and Lessee hereby agrees to perform such repair or restoration work at Lessee's sole cost and expense.

10.2 Specific Maintenance Obligations. Without limiting the generality of Lessee's maintenance obligations in Section 10.1 above, the following provisions shall also apply during the Term:

10.2.1 Marina Maintenance. During the Term, Lessee shall complete float repair and replacement for the docks within the Property on an as-needed basis. Following the construction of the marina improvements within the Property pursuant to the Redevelopment Work, any requirement for subsequent repair of such marina improvements due to a deficiency notice issued by the CREO Office shall be accomplished with new materials and parts rather

than patching or other like method. Such required replacement of deficiency-cited items with wholly new parts and materials shall, however, be limited to the specific item in disrepair and shall not connote a requirement, for maintenance purposes, that areas or items surrounding the deficient item be replaced with new materials and/or parts.

10.2.2 Environmental Policies; Water Quality and MS4 Program.

(a) Protection of Environment. Without limiting Lessee's obligations elsewhere in this Lease, during the Term, Lessee shall take all reasonable measures available to:

(1) Avoid contributing any pollutants to the atmosphere or littering of land or water caused by or originating in, on, or about Lessee's facilities.

(2) Maintain a reasonable noise level on the Property so that persons in the general neighborhood will be able to comfortably enjoy the other facilities and amenities in the area.

(3) Ensure that lighting fixtures on the Property do not emit light in a manner that could negatively affect neighboring homeowners, or the safe operation of cars, boats, or airplanes in the area.

(4) Prevent all pollutants from Lessee's operations on the Property from being discharged, including petroleum products of any nature, except as may be permitted in accordance with any applicable permits, provided that (i) Lessee is in compliance with all applicable laws and permit conditions, (ii) any such permitted discharge does not result in a violation of Applicable Law or applicable permit conditions, and (iii) any required Landlord consent, if required, has been obtained. Lessee and all of Lessee's agents, employees and contractors shall conduct operations under this Lease so as to assure that pollutants emanating from the Property do not enter the Municipal Separate Storm Sewer System (including but not limited to curbs and gutters and drainage channel) (collectively, "**MS4**"), or directly impact "**Receiving Waters**", which include, but are not limited to, rivers, creeks, streams, estuaries, lakes, harbors, bays and the ocean.

(5) The County may enter the Property and/or review Lessee records at reasonable times and upon reasonable notice (except in emergency circumstances) to assure that activities conducted on the Property comply with the requirements of this Subsection.

(b) Water Quality and MS4. During the remaining Term of the Lease, Lessee shall comply with any water quality management requirements applicable to the Property that are adopted or implemented pursuant to National Pollutant Discharge Elimination System ("**NPDES**") permits, by the County, the Orange County Flood Control District and cities within the County, as co-permittees (hereinafter collectively referred to as "**County Parties**") as such requirements relate to the permits addressed in this subsection. Such requirements are imposed to comply with permitting or similar obligations imposed on the County Parties, and may be amended or modified from time

to time, provided such requirements are imposed on a non-discriminatory basis. Such requirements shall include, without limitation, the following:

(1) The Parties acknowledge that the Property is located within the jurisdiction of the County of Orange and may also be subject to the jurisdiction of the City or other applicable municipal agencies. The Parties further acknowledge that water quality and MS4 requirements applicable to the Property may be enforced by the County, the City, or other applicable regulatory agencies having jurisdiction over the Property, as authorized under applicable law. Enforcement of such requirements shall be administered by the applicable regulatory authority having jurisdiction over the subject matter.

(2) Lessee and all of Lessee's Sublessees, agents, employees and contractors shall use commercially reasonable and diligent efforts to conduct operations under this Lease so as to ensure that pollutants generated from the Property do not enter the MS4, and do not directly impact Receiving Waters.

(3) The San Diego Regional Water Quality Control Boards have issued NPDES permits ("**Stormwater Permits**") to the County Parties. The NPDES permits regulate the discharge of pollutants from areas within the County, including the Property leased under this Lease. The County Parties have enacted water quality ordinances that prohibit conditions and activities that may result in polluted runoff being discharged into the MS4 and/or Receiving Waters. For the avoidance of doubt, the County Parties shall retain the right to enter upon the Property to perform such actions as are necessary or desirable for the County Parties to comply with the terms, conditions and requirements of the NPDES, Stormwater Permits, and similar water quality rules and regulations promulgated from time to time by federal, state and/or local regulatory agencies.

(4) To ensure compliance with the Stormwater Permits and water quality ordinances, the County Parties have developed a Drainage Area Management Plan ("**DAMP**") which includes a Local Implementation Plan ("**LIP**") for each jurisdiction. The DAMP and LIP establish Best Management Practices ("**BMPs**") that must be implemented by parties using properties within the County. As used herein, a BMP is defined as a technique, measure, or structural control that is used under a given set of conditions to manage the quantity of stormwater and its quality in a cost effective manner. These BMPs are found within the County's LIP and BMP Fact Sheets (the Model Maintenance Procedures and BMP Fact Sheets contained in the DAMP/LIP shall be referred to hereinafter collectively as "**BMP Fact Sheets**", and contain pollution prevention and source control techniques to eliminate non-stormwater discharges and minimize the impact of pollutants on stormwater runoff.

(5) BMP Fact Sheets that apply to uses authorized under this Lease include, but are not limited to, the BMP Fact Sheets that are attached hereto as **Exhibit I**. These BMP Fact Sheets may be modified during the Term of the Lease, and Lessee shall be solely responsible for monitoring, obtaining, and

complying with any such modified BMP Fact Sheets, as updated from time to time by applicable regulatory authorities, regardless of whether notice is provided by County. Lessee, its agents, contractors, representatives and employees and all persons authorized by Lessee to conduct activities on the Property shall, comply throughout the Term of the Lease, with all applicable BMP Fact Sheets as they currently exist or as they may be modified. Lessee shall also comply with all requirements of the Stormwater Permits, whether those requirements exist at the time this Lease commences or as the Stormwater Permits may be modified. All BMPs applicable to uses authorized under this Lease must be implemented as described within all applicable BMP Fact Sheets.

(6) Lessee may propose alternative BMPs that meet or exceed the pollution prevention performance of the BMP Fact Sheets. Any such alternative BMPs shall be submitted to the CREO Office for review and approval prior to implementation.

(7) Chief Real Estate Officer or designed representative may enter the Property and/or review Lessee's records at any reasonable time during normal business hours to ensure that activities conducted on the Property comply with the requirements of this section. Lessee may be required to implement a self-evaluation program to demonstrate compliance with the requirements of this section.

(8) While Lessee is permitted to use the existing sewer and MS4 infrastructure on or serving the Property as permitted under Applicable Law, County reserves the right to require Lessee to participate in a water quality management plan to minimize impacts on harbor and ocean waters on a non-discriminatory basis similar to other retail, commercial, hospitality, restaurant, marina and public park facilities in the County if required in order to comply with permitting or similar obligations imposed on the County Parties.

10.3 Maintenance Deficiencies.

10.3.1 Notice; Time to Cure. If County provides written notice to Lessee of a deficiency or other breach in the performance by Lessee of the maintenance and repair obligations of Lessee under Sections 10.1 through 10.2.2 above, then Lessee shall promptly commence the cure thereof and shall complete such cure within the time period for such cure set forth in the County's deficiency notice, which cure period shall not be less than thirty (30) days except if the deficiency pertains to a condition that is a threat to health or safety or otherwise constitutes an emergency situation, in which case County shall have the right to immediately require Lessee to take all appropriate steps to avoid damage or injury. If Lessee fails to cure any such deficiency within the cure period set forth in County's written deficiency notice (which cure period shall comply with the requirements of the immediately preceding sentence of this Subsection 10.3.1), then in addition to, and not in lieu of, any rights or remedies that County may have under Article 14 of this Lease for defaults not cured within the applicable notice and cure periods set forth therein, Lessee shall pay to County an amount equal to One Hundred Dollars (\$100) per day per item of deficiency for each day after such cure period that the deficiency item

remains uncured. Notwithstanding the foregoing, if the nature of the deficiency is such that it is not capable of cure within the cure period specified in County's notice (for example, as a result of permitting requirements or construction material procurement delays beyond the control of Lessee), then as long as during the specified cure period Lessee commences the cure of the deficiency and thereafter continues the prosecution of the completion of such cure in a manner and with such diligence that will effectuate the cure in as short a period as reasonably possible, then the cure period specified in County's deficiency notice shall be extended for such additional time as necessary to complete the cure in as short a period as reasonably possible.

10.3.2 Determination of Deficiency Period. For purposes of determining the number of items of deficiency set forth in a deficiency notice received from County, County shall reasonably identify the separate deficiencies so as not to unfairly increase the daily amount payable under this Section 10.3 by separating the work into unreasonably particularized items (e.g., the requirement to paint the exterior of a building shall not be split into individual deficiency items for the painting of each individual door, window or other component of such building). If in the reasonable and good faith business judgment of Lessee the deficiency notice was erroneously issued by County, then Lessee shall have the right to contest such deficiency notice by written notice to the CREO Office within five (5) business days after the date the deficiency notice is received by Lessee. If Lessee files any such contest with the CREO Office, then Chief Real Estate Officer shall exercise Chief Real Estate Officer's reasonable discretion in considering Lessee's contest. If Lessee's contest is made on a reasonable and good faith basis, then, in cases that do not include health, safety or any emergency condition, the cure period for the deficiency notice shall be tolled during the period between the date the CREO Office receives written notice of such contest and continuing until Chief Real Estate Officer notifies Lessee in writing that Chief Real Estate Officer accepts or denies Lessee's contest. The One Hundred Dollars (\$100) per diem amount set forth in this Section 10.3 shall be adjusted every three (3) years during the remaining Lease Term on each third (3rd) anniversary of the Original Effective Date to reflect any change in the Consumer Price Index over the three (3) year period immediately preceding each such adjustment. If Lessee fails to pay any amounts payable by Lessee under this Section 10.3 within fifteen (15) days after written notice from County, then County shall have the right to draw on the Security Deposit to cover such unpaid amounts.

10.4 Option to Terminate for Uninsured Casualty. In the event of any damage to or destruction of the Property or any Improvements located thereon (other than the Excluded Improvements, except to the extent damage thereto is caused by the Lessee, its agents, employees, Sublessees or contractors, or to Improvements constructed by or on behalf of Lessee), Lessee shall, except as otherwise expressly provided in this Section 10.4, promptly (taking into consideration the necessity of obtaining approvals and permits for such reconstruction) repair and/or restore such Improvements to their condition existing prior to the damage or destruction. Except as otherwise expressly provided in this Section 10.4, such obligation to repair and restore is absolute, and is in no way dependent upon the existence or availability of insurance proceeds. Repair and restoration of any damage or destruction shall take place in accordance with the provisions of Article 5. Notwithstanding the foregoing, Lessee shall have the option to terminate this Lease and be relieved of the obligation to restore the Improvements on the Property where all or substantially all of the Improvements on the Property (other than the Excluded Improvements) are substantially damaged or destroyed and such

damage or destruction resulted from a cause not required to be insured against by this Lease (an “**Uninsured Loss**”), and where all of the following occur:

10.4.1 No more than one hundred (100) days following the Uninsured Loss, Lessee shall notify County of its election to terminate this Lease; to be effective, this notice must include both a copy of Lessee’s notification to the Encumbrance Holder, if any, of Lessee’s intention to exercise this option to terminate and Lessee’s certification that Lessee has delivered or mailed such notification to the Encumbrance Holder in accordance with this Subsection 10.4.1. County shall be entitled to rely upon the foregoing notice and certification as conclusive evidence that Lessee has notified the Encumbrance Holder regarding Lessee’s desire to terminate this Lease.

10.4.2 No more than sixty (60) days following the giving of the notice required by Subsection 10.4.1 or such longer time as may be reasonable under the circumstances, Lessee shall, at Lessee’s expense: remove all debris and other rubble from the Property; secure the Property against trespassers; and, at County’s election, remove all remaining Improvements on the Property.

10.4.3 No more than sixty (60) days following the giving of the notice required under Subsection 10.4.1, Lessee delivers to County a quitclaim deed to the Property in recordable form, in form and content satisfactory to County and/or with such other documentation as may be reasonably requested by County or any title company on behalf of County, terminating Lessee’s interest in the Property and reconveying such interest to County free and clear of any and all Encumbrances and Subleases.

10.4.4 Within fifteen (15) days following County’s receipt of the notice referred to in Subsection 10.4.1 County has not received both (a) written notice from any Encumbrance Holder objecting to such termination and (b) an agreement containing an effective assignment of Lessee’s interest in this Lease to such Encumbrance Holder whereby such Encumbrance Holder expressly assumes and agrees to be bound by and perform all of Lessee’s obligations under this Lease.

10.5 No Option to Terminate for Insured Casualty. Lessee shall have no option to terminate this Lease or otherwise be relieved of its obligation to restore the Improvements on the Property where the damage or destruction results from a cause required to be insured against by this Lease.

10.6 Repairs Not Performed by Lessee. If Lessee fails to make any repairs or replacements as required, Chief Real Estate Officer may notify Lessee of said failure in writing, and should Lessee fail to cure said failure and make repairs or replacements within a reasonable time as reasonably established by Chief Real Estate Officer, County may make such repairs or replacements and the cost thereof, including, but not limited to, the cost of labor, overhead, materials and equipment, shall be charged against Lessee as provided in Section 14.5.

10.7 County Obligation to Make Repairs; Breakwater. County shall have no obligation whatsoever to make any repairs or perform any maintenance on the Property; provided, however, that Chief Real Estate Officer shall in its good faith discretion consider the application of funds

toward the maintenance, repair and replacement of the Breakwater (which structure the Parties acknowledge and agree is not part of the Property) if and to the extent such funds are made available to Chief Real Estate Officer for such uses by County and its Board, or otherwise. Chief Real Estate Officer shall undertake such maintenance, repair and replacement, if any, with due diligence consistent with the funding provided. In the event the Breakwater is in imminent danger of collapse or has collapsed, Chief Real Estate Officer shall promptly request funding from the Board for repair or replacement as may be necessary to avoid or repair such collapse. Except as expressly provided in this Section 10.7, County shall have no obligation to maintain or repair the Breakwater. Furthermore, nothing herein shall relieve Lessee from liability for any damage to the Breakwater caused by Lessee, its agents, employees, Sublessees or contractors, or by the construction of the Improvements by or on behalf of Lessee.

10.8 Other Repairs. Although having no obligation to do so, County may, at its own cost and at its sole discretion, perform or permit others to perform any necessary dredging, filling, grading or repair of water systems, sewer facilities, roads, or other County facilities on or about the Property. Any entry by County onto the Property pursuant to this Section 10.8, and any entry onto the Property to perform work on the Breakwater pursuant to Section 10.7 above, shall be made in accordance with the following requirements: (a) prior to entry onto the Property, County shall cause each of its contractors to provide to Lessee evidence that such contractor has procured commercial general liability insurance coverage pertaining to such contractor's activities on the Property, which insurance coverage shall be consistent with County's insurance requirements generally applicable to County contractors, and shall name Lessee and any then-current Encumbrance Holder as an additional insured; (b) County's contractors shall comply with industry standard safety requirements; and (c) County shall repair, or cause its contractors to repair, any damage to the Property caused by the activities of County and/or its contractors on the Property pursuant to this Section 10.8 or Section 10.7. If repair of the Breakwater requires access to the Property, County and Lessee agree to cooperate to define a work and/or access area that is reasonably acceptable to both parties.

10.9 Notice of Damage. Lessee shall give prompt notice to County of any fire or damage affecting the Property or the Improvements from any cause whatsoever.

10.10 Waivers. The parties' rights shall be governed by this Lease in the event of damage or destruction. The parties hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a Lease with a right to abatement of rent or termination of this Lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

10.11 Accessibility Disclosure. In compliance with its disclosure obligations under Section 1938 of the California Civil Code, County hereby notifies Lessee that, as of the Effective Date, the Property has not been inspected by a Certified Access Specialist (as referred to in Section 1938 of the California Civil Code). As such, County hereby advises Lessee as follows:

“A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards

under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

If Lessee elects to have a Certified Access Specialist (“CASp”) inspect the Property, then Lessee shall: (a) provide County with prior written notice of such election and mutually agree with County on the arrangements for the time and manner of the CASp inspection, (b) promptly give County a copy of the resulting report (the “CASp Report”) upon receipt, (c) be responsible, at its sole cost and expense, for the cost of the CASp Report and for completing any repairs or modifications that are necessary to correct violations of construction-related accessibility standards noted in the CASp Report and any additional work necessitated thereby (all of which Lessee shall complete as expeditiously as possible following the issuance of the CASp Report and in compliance with this Lease (including without limitation Section 5), and (d) not disclose and cause its partners, members, officers, directors, managers, shareholders, employees, agents, brokers and attorneys to not disclose the CASp Report to any person other than County (and except as necessary for Lessee to complete the repairs and corrections of violations noted in the CASp Report) without first obtaining the prior written consent of County (which consent shall not be unreasonably withheld) or if disclosure is required by law. Lessee’s obligation to indemnify County and the County Indemnified Parties under Section 8.1 above shall apply equally to Claims arising out of any CASp investigation initiated by Lessee, including as a result of any violations discovered thereby.

11. OPERATIONAL OBLIGATIONS OF LESSEE.

11.1 Standards of Operation. Continuously throughout the Term, Lessee shall operate the Property in a manner reasonably comparable to other comparable facilities or businesses within the County, and in accordance with the Minimum Standards. The Minimum Standards shall not be modified without the prior written consent of the Chief Real Estate Officer, which consent may be granted or withheld in the Chief Real Estate Officer’s sole discretion.

11.2 Property Manager. Continuously throughout the Term, Lessee shall employ a competent manager for the Property (“**Property Manager**”), who shall be responsible for the day to day full-time management, operation, maintenance, cleanliness, and general order thereof. The Property Manager shall: (i) have the requisite skill, experience and expertise for the type of operation being conducted on the Property, (ii) be an experienced, professional management firm for the type of operation being conducted on the Property, and (iii) have executive management that has a minimum of ten (10) years’ experience in the successful management and operation of dry stack and marina operations of comparable quality to that which is to be operated and maintained on the Property. Concurrently with submitting its request for approval of a Property Manager, Lessee shall submit to Chief Real Estate Officer all information needed to demonstrate

compliance with the criteria set forth herein and thereafter, upon Chief Real Estate Officer's request, Lessee shall cooperate with County and provide such additional information as Chief Real Estate Officer may reasonably request relating to such criteria or other factors bearing upon Chief Real Estate Officer's approval of the Property Manager. If Chief Real Estate Officer disapproves a proposed Property Manager, he or she shall do so by written notice to Lessee stating the reasons for such disapproval. Each approved Property Manager shall be vested with the authority of Lessee with respect to the supervision over the operation and maintenance of the Property, including the authority to enforce compliance by Lessee's agents, employees, concessionaires, or licensees with the terms and conditions of this Lease and any and all rules and regulations adopted hereunder. Lessee shall provide County with the name and contact information for the Property Manager, and shall continuously throughout the Term update such information as changes occur. Lessee expressly agrees that any notice herein required to be served upon Lessee may, at the option of County or Chief Real Estate Officer, be personally served upon the Property Manager and that such service shall have the same force and effect as service upon Lessee. If during the Term in the reasonable judgment of Chief Real Estate Officer the then current Property Manager is performing in an unsatisfactory manner, then the Chief Real Estate Officer shall advise Lessee of the particular deficiencies in such operations and Lessee shall use commercially reasonable and diligent efforts to cause such manager to correct such behavior or shall replace such Property Manager with a new management firm with personnel experienced in managing institutional quality projects and which complies with the requirements above. If during the Term the then current Property Manager terminates its contract, then Lessee shall have the right to replace such Property Manager with another management firm which complies with the requirements above. Notwithstanding anything in this Lease to the contrary, and for the avoidance of doubt, Lessee shall be solely responsible to County for the continued operation of the Property in accordance with the terms and conditions of this Lease, and Lessee's employment of a Property Manager to assist Lessee with the same shall not relieve Lessee of liability for any breach of such obligations.

11.3 Intentionally omitted.

11.4 Intentionally omitted.

11.5 Intentionally omitted.

11.6 Right to Work and Minimum Wage Laws.

11.6.1 In accordance with the United States Immigration Reform and Control Act of 1986, Lessee shall require its employees that directly or indirectly service the Property, pursuant to the terms and conditions of this Lease, in any manner whatsoever, to verify their identity and eligibility for employment in the United States. Lessee shall also require and verify that its contractors or any other persons servicing the Property, pursuant to the terms and conditions of this Lease, in any manner whatsoever, verify the identity of their employees and their eligibility for employment in the United States.

11.6.2 Pursuant to the United States of America Fair Labor Standard Act of 1938, as amended, and California Labor Code Section 1178.5, Lessee shall pay no less than the greater of the Federal or California Minimum Wage to all its employees that directly or

indirectly service the Property, in any manner whatsoever. Lessee shall require and verify that all its contractors or other persons servicing the Property on behalf of the Lessee also pay their employees no less than the greater of the Federal or California Minimum Wage.

11.6.3 Lessee shall comply and verify that its contractors comply with all other Federal and State laws for minimum wage, overtime pay, record keeping, and child labor standards pursuant to the servicing of the Property or terms and conditions of this Lease.

11.6.4 Notwithstanding the minimum wage requirements provided for in this Section 11.6, Lessee, where applicable, shall comply or cause its contractors or subcontractors to comply with the prevailing wage and related requirements, as provided for in Subsection 11.7 below.

11.7 Labor Code Compliance.

11.7.1 Lessee acknowledges and agrees that all construction performed by or on behalf of Lessee per the terms of this Lease shall be governed by, and performed in accordance with, the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the California Labor Code (Sections 1770, et seq.). These provisions may be applicable to improvements or modifications costing more than \$1,000, unless an exception applies, including but not limited to the exception to the definition of public works under Section 1720.2 of the Labor Code.

11.7.2 Pursuant to the provisions of Section 1773 of the California Labor Code, the Board has obtained the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality applicable to this Lease for each craft, classification, or type of workman needed to execute the aforesaid improvements or modifications from the Director of the State Department of Industrial Relations. Copies of said prevailing wage rates may be obtained from the State of California, Department of Industrial Relations.

11.7.3 Lessee hereby agrees to pay or cause its contractors and/or subcontractors to pay said prevailing wage rates at all times for all construction or modifications to be completed within the Property to the extent required by Applicable Laws, and Lessee herein agrees that if applicable, Lessee shall post, or cause to be posted, a copy of the most current, applicable prevailing wage rates at the site where any such construction or modifications are performed.

11.7.4 When requested by Chief Real Estate Officer, Lessee shall require any contractor or subcontractor performing work on the Property to maintain certified payroll records for all workers assigned work on the Property and shall require said contractors or subcontractors to provide Chief Real Estate Officer with the applicable certified payroll records for all workers that will be assigned to work on the Property. Said payroll records shall contain, but not be limited to, the complete name, address, telephone number, social security number, job classification, and prevailing wage rate for each worker. At Chief Real Estate Officer's request, Lessee shall provide or cause Chief Real Estate Officer to be provided with bi-weekly updated, certified payroll records for all workers that include, but not be limited to, the weekly hours worked, prevailing hourly wage rates, and total wages paid.

11.7.5 If Lessee neglects, fails, or refuses to provide said payroll records to Chief Real Estate Officer, such occurrence shall constitute an Event of Default under this Lease.

11.8 Public Contract Code Compliance. To the extent required by Applicable Law, Lessee shall comply, and shall cause its Sublessees, contractors and subcontractors to comply, with all County ordinances and public contracting laws regarding public works contracts, including, but not limited to, the bidding requirements under the California Public Contracts Code.

11.9 Pricing. Lessee shall at all times maintain a complete list or schedule of the prices charged by Lessee for all goods or services, or combinations thereof, supplied to the public on or from the Property, whether the same are supplied by Lessee or by its Sublessees, assignees, concessionaires, permittees or licensees. The foregoing shall not be deemed a requirement for Lessee to maintain such lists or schedules of the prices charged by Sublessees. Said prices will be “market rate” pricing as reasonably determined by Lessee; provided, however, that in all events such prices shall be consistent with the limitations on pricing as mandated by the Tidelands Grant.

11.10 Payment Card Compliance. Should Lessee conduct credit/debit card transactions in conjunction with Lessee’s business with the County, on behalf of the County, or as part of the business that Lessee conducts on the Property, Lessee covenants and warrants that it will during the course of such activities be Payment Card Industry Data Security Standard (“**PCI/DSS**”) and Payment Application Data Security Standard (“**PA/DSS**”) compliant and will remain compliant with such standards, or any successor standards, during the entire duration of its conduct of such activities, provided such standards remain applicable. Lessee agrees to immediately notify County in the event Lessee should ever become non-compliant at a time when compliance is required hereunder, and will take all necessary steps to return to compliance and shall be compliant within ten (10) days after the commencement of any such interruption. Upon demand by County, Lessee shall provide to County written certification of Lessee’s PCI/DSS and/or PA/DSS compliance.

11.11 Administration of County Space. For the avoidance of doubt, County does not grant or delegate to Lessee any of County’s governmental powers (statutory, implied, administrative, or otherwise) with respect to the Property.

12. ASSIGNMENT AND SUBLEASE.

12.1 Subleases.

12.1.1 Definition. The term “**Sublease**” shall mean any lease, license, permit, concession, or other interest in the Property or the Improvements, or a right to use the Property or a portion thereof, which is conveyed or granted by Lessee to a third party, and which constitutes less than the unrestricted conveyance of the entire Lessee’s interest under this Lease. “**Sublessee**” shall be the person or entity to whom such right to use is conveyed by a Sublease. A Sublease which grants or conveys to the Sublessee the right to possess or use all or substantially all of the Property is sometimes referred to in this Lease as a “**Major Sublease**”

and the Sublessee under such agreement is sometimes referred to in this Lease as a “**Major Sublessee**”.

12.1.2 Approval Required. At least thirty (30) days prior to the proposed effective date of (a) any Sublease that is not a Major Sublease, Approved Retail Sublease, or Approved Storage Lease, or (b) any assignment or material amendment of such Sublease, Lessee shall submit a copy of such Sublease (or assignment or amendment thereof), to Chief Real Estate Officer for approval, which approval shall not be unreasonably withheld or conditioned. To the extent practical, Chief Real Estate Officer shall approve or disapprove said proposed Sublease, amendment or assignment within thirty (30) days after receipt thereof. In no event, however, shall any such Sublease, amendment or assignment be made or become effective without the prior approval of Chief Real Estate Officer. Each such Sublease shall specifically provide that the Sublessee shall comply with all of the terms, covenants, and conditions of this Lease applicable to the portion of the Property subject to the Sublease. If Chief Real Estate Officer disapproves a Sublease, Chief Real Estate Officer shall notify Lessee in writing of the reason or reasons for such disapproval.

12.1.3 No Approval Required. Notwithstanding any contrary provision of this Article 12, but subject to Section 3.1 of this Lease, Lessee shall not be required to obtain County’s approval of (a) any Sublease or license of retail space in the ordinary course, as long as such Sublease or license agreement pertains to no more than 10,000 rentable square feet of interior space in the Improvements (which threshold shall apply to the cumulative square footage leased by a particular Sublessee if such Sublessee has more than one Sublease), there are no substantive revisions to any of the required lease provisions described on Exhibit M attached hereto, and the term of such Sublease or license does not exceed one hundred twenty (120) months, inclusive of any option or renewal periods (each, an “**Approved Retail Sublease**”), or (b) any Sublease or license of an individual dry stack storage space in the ordinary course (but not the master lease of multiple units) to a person or persons, as long as such Sublease or license agreement is in the form of the standard dry stack storage lease hereafter submitted to and approved in writing by County (each, an “**Approved Storage Lease**”). The terms and provisions of Sections 12.2 and 12.3 of this Lease shall not be applicable to Approved Storage Leases. Upon request by County, Lessee shall furnish County with a current rent roll respecting the Approved Storage Leases and a copy of all of such Approved Storage Leases.

12.1.4 Non-Disturbance Agreements. With respect to any Sublease approved by County, County agrees, upon written request from Lessee, to execute and deliver a non-disturbance and attornment agreement using County’s standard form.

12.1.5 Major Sublease. Lessee shall enter into a Major Sublease only with a reputable entity of other comparable facilities or businesses. In light of the inherent detailed nature of a Major Sublease, Lessee shall deliver to County a copy of any proposed Major Sublease, or any sub-sublease or any other document pursuant to which an interest is proposed to be transferred in all or substantially all of the Property, not less than forty- five (45) days prior to the proposed effective date of such proposed Major Sublease or other document, for County’s review and approval pursuant to the procedures and requirements specified in Section 12.2.

12.2 Approval of Assignments and Major Subleases. Except as specifically provided in this Article 12, Lessee shall not, without the prior written consent of County (which consent shall be based upon factors including, without limitation, those described in Exhibit C hereto (“**Assignment Standards**”), which shall be applied in a commercially reasonable manner), either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Lease or any interest, right, or privilege herein, or enter into a Major Sublease affecting the Property, or license the use of all or substantially all of the Property. Any Change of Ownership that involves the transfer of only beneficial ownership interests in the constituent owners of Lessee (as opposed to an assignment of the Lease) shall not require County consent if it is an Excluded Transfer. If such Change of Ownership with respect to beneficial ownership interests is not an Excluded Transfer, then it shall require County’s consent as if it constituted an assignment of Lessee’s interest in this Lease. For the avoidance of doubt, any actual assignment of Lessee’s interest in this Lease shall require County’s consent even if it is an Excluded Transfer. In addition, for purposes of this provision, the following (except for Excluded Transfers) shall require the prior written consent of County to be effective: (1) the addition, removal or replacement of one or more general partners or managing members in a Lessee which is a limited partnership or limited liability entity, except (a) by death, insolvency, incapacity, resignation (except for a sole general partner, if any) or removal of a general partner or managing member and his replacement by a vote of the limited partners, the remaining general partners or remaining members, or (b) if any general partner or managing member owning at least one-third of the interests of the partnership or limited liability entity acquires the interest of another general partner or managing member; or (2) the sale, assignment, or transfer of fifty-percent (50%) or more of the stock, partnership interests or limited liability company interests in an entity which owns, or is a general partner or managing member of an entity which owns, an interest in this Lease. Lessee shall provide County with any information reasonably requested by County in order to determine whether or not to grant approval of the matters provided herein requiring County’s consent. These same limitations and approval requirements as to Lessee’s interest under the Lease shall also apply with respect to the Sublessee’s interest under a Major Sublease.

12.2.1 County’s Use of Discretion and Limitation on Permissible Assignees. Prior to the CO Date, County shall have the right to withhold its consent to any assignment or Major Sublease in County’s sole and absolute discretion. After the CO Date, County shall not unreasonably withhold or delay its consent to a proposed assignment or Major Sublease. If County withholds its consent to an assignment or Major Sublease after the CO Date, County shall notify Lessee in writing of the reason or reasons for such disapproval.

12.2.2 Involuntary Transfers Prohibited. Except as otherwise specifically provided in this Lease, neither this Lease nor any interest herein shall be assignable or transferable in proceedings in attachment, garnishment, or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any other process of law including, without limitation, bankruptcy proceedings.

12.2.3 Procedure. Requests for approval of any proposed assignment shall be processed in accordance with the following procedures:

(a) Prior to entering into any agreement requiring the approval of County pursuant to Sections 12.1 or 12.2, Lessee (or the entity seeking approval of such assignment) shall notify County and deliver to County all information reasonably relevant to the proposed assignment, including without limitation any term sheets, letters of intent, draft Major Sublease, and any other documents which set forth any proposed agreement regarding the Property and the information set forth in Subsection 12.2.3(e). County will evaluate the information provided to it and County may request additional information as may be reasonably necessary to act on the request.

(b) In completing its review of the proposal and granting or withholding its consent thereto, County will not be bound by any deadline contained in any proposed assignments, Major Subleases, escrow instructions or other agreements to which County is not a party.

(c) Lessee acknowledges that the time needed for County to review a proposed assignment depends on many factors, including without limitation the complexity of the proposed transaction, the financial and other information submitted for review, and the workload of County's personnel. Notwithstanding the foregoing, County shall act as promptly as governmental processes permit in processing and acting upon a requested approval of an assignment of Lessee's interest under this Article 12 and shall provide such response in no more than thirty (30) days.

(d) Lessee shall be required to reimburse County for its Actual Costs incurred in connection with the proposed assignment, whether or not County ultimately grants its approval to the proposed assignment (without any duplication with any Administrative Charge payable under Subsection 4.3).

(e) Lessee or the proposed assignee shall provide County with sufficient information for County to determine if the public interest will be served by approving the proposed transaction. The information that must be provided includes, but shall not be limited to, the following:

(1) Nature of the Assignee. Full disclosure is required in accordance with this Lease and County's applicant disclosure policy then in effect. Additionally, a flowchart identifying the chain of ownership of the assignee and its decision-making authority shall be provided to County. County shall be advised if the proposed assignee, or any other person or entity for whom disclosure is required pursuant to County's disclosure policy, has had any leasehold or concessionaire's interest canceled or terminated by the landlord due to the tenant or Lessee's breach or default thereunder.

(2) Financial Condition of Assignee. County shall be provided with current, certified financial statements, including balance sheets and profit and loss statements, demonstrating the proposed assignee's financial condition for the preceding five (5) years, or such shorter period that assignee has been in existence. This requirement shall also apply to any related person or entity which

will be responsible for or guarantee the obligations of the proposed assignee or provide any funds or credit to such proposed assignee.

(3) Financial Analysis. County shall be provided with the proposed assignee's financing plan for the operation of the Property (unless the assignment is pursuant to a Change of Ownership that is an Excluded Transfer or is pursuant to a Change of Ownership that involves the transfer of only Beneficial Interests in the constituent owners of Lessee, and following such transfer there is no intended change in the financing plan for the operation and improvement of the Property) and for any contemplated improvement thereof, demonstrating such proposed assignee's financial capability to so operate the Property and construct such improvements. Such financing plan shall include, but not be limited to, information detailing (a) equity capital; (b) sources and uses of funds; (c) terms of financing; (d) debt service coverage and ratio; and (e) loan to value ratio. The proposed assignee shall also provide County with documentation demonstrating such proposed assignee's financial viability, such as letters of commitment from financial institutions which demonstrate the availability of sufficient funds to complete any proposed construction or improvements on the Property. Further, such proposed assignee shall authorize the release of financial information to County from financial institutions relating to the proposed assignee or other information supplied in support of the proposed assignment.

(4) Business Plan. County shall be provided with the proposed assignee's business plan for the Property (unless the assignment is pursuant to a Change of Ownership that constitutes an Excluded Transfer or is pursuant to a Change of Ownership that involves the transfer of only beneficial ownership interests in the constituent owners of Lessee, and following such transfer there is no intended change in the business plan for the Property), including pro forma financial projections for the Property for the five (5) year period beginning upon the commencement of the proposed assignment. Such pro forma projections will include capital costs, income and expenses, as well as debt service and all other payments to providers of debt and equity, and will be accompanied by a statement of basic assumptions and an identification of the sources of the data used in the production of such projections.

(5) Assignor's Financial Statements. County shall be provided with certified financial statements, including balance sheets and profits and loss statements concerning the assignor Lessee and its operations for the three (3) most recent years prior to the proposed transaction.

(6) Cure of Defaults. County shall be provided with the proposed assignee's specific plans to cure any and all delinquencies under this Lease which may be identified by County, whether identified before or after the date of the proposed assignment.

(7) Prospectus Materials. County shall be provided with any materials distributed to third parties relating to the business of the proposed assignee to be conducted on, from or relating to the Property.

(8) Other Information. County shall be provided with a clear description of the terms and conditions of the proposed assignment, including a description of the proposed use of the Property and any proposed alterations or improvements to the Property. Additionally, County shall be provided with any and all other non-confidential information which it reasonably requests of Lessee in connection with its review of the proposed transaction, including without limitation materials pertinent to the issues noted in this Subsection to the extent that they exist, such as escrow instructions, security agreements, personal property schedules, appraisals, market reports, lien releases, UCC Statements, preliminary title reports, management agreements affecting the Property, contracts in excess of \$25,000 affecting the Property, schedules of pending or threatened litigation, and attorneys' closing opinions relating to Lessee, the proposed assignee or the Property. County shall endeavor to keep the foregoing materials confidential, subject to the Public Records Act and other Applicable Laws.

(f) Non-disturbance. Upon the written request of Lessee, County shall agree to execute a subordination, non-disturbance and attornment agreement and a ground lessor's estoppel certificate in favor of any Major Sublessee using County's standard form for the same.

(g) Final Documents. Prior to granting its approval over any proposed assignment, County shall be provided with an executed Assignment and Acceptance of Assignment in form and content as reasonably approved or supplied by County. Ten (10) copies of each must be submitted to County, of which five (5) shall be signed originals and properly acknowledged.

12.2.4 County Right to Recapture. If Lessee proposes to assign its interest in this Lease, proposes to enter into any Major Sublease affecting the Property or proposes to transfer a Controlling Interest in Lessee, in each case excluding any Excluded Transfer (with any such proposed transaction herein referred to as a "**Proposed Transfer**"), it shall provide County with written notice of such desire, which notice shall include the sale price ("**Lessee Sale Price**") at which it is willing to consummate the Proposed Transfer. For purposes hereof, a "**Controlling Interest**" in Lessee shall mean fifty percent (50%) or more of the direct or indirect Beneficial Interest in Lessee. Within thirty (30) days thereafter, County shall provide Lessee with written notification as to whether it has elected to acquire an option to purchase the interest subject to the Proposed Transfer. During said thirty (30) day period, Lessee may market the interest subject to the Proposed Transfer, provided that such interest is offered subject to County's rights as provided in this Subsection 12.2.4. In the event that, prior to the expiration of said thirty (30) day period, County has given notice to Lessee that it has elected to acquire said option, Lessee shall deliver to County an assignable option to purchase the interest subject to the Proposed Transfer ("**County Option**") at the Lessee Sale Price. Such County Option shall have a term of five (5) calendar months. During the term of the County Option, Lessee shall make the Property and its books and records reasonably available for inspection by County and third parties as

reasonably requested by County. At Lessee's request, any third party granted access to the Property or Lessee's books and records pursuant to this Subsection 12.2.4 shall be required to execute a right-of-entry and confidentiality agreement on commercially reasonable terms. In the event that County causes Lessee to issue the County Option and subsequently declines to purchase the interest subject to the Proposed Transfer at the Lessee Sale Price, County shall pay to Lessee at the expiration of the County Option period (or, at County's election, credit to Lessee against the next applicable installment(s) of Annual Minimum Rent and Percentage Rent), a sum (the "**County Option Price**") which represents (a) three percent (3%) of the Lessee Sale Price, plus (b) seven percent (7%) interest per annum on said three percent (3%) of the Lessee Sale Price, from the date Lessee received notice of County's election to receive the County Option through the date on which the County Option Price, together with interest thereon, is paid or credited in full. If County either (i) fails to elect to cause Lessee to issue the County Option within said thirty (30) day period, or (ii) gives notice that it has elected not to acquire the interest subject to the Proposed Transfer, then during the nine (9) month period following the later of (i) or (ii), Lessee shall be entitled to enter into an agreement to consummate the Proposed Transfer with a third party (subject to County's approval rights as otherwise set forth in this Lease) so long as (A) the actual price for the Proposed Transfer is equal to or greater than the Lessee Sale Price last offered to County and upon no more favorable material terms to the assignee, and (B) the transfer is consummated not later than twelve (12) months after the later of (i) or (ii) (which twelve (12) month period shall be extended to the extent the closing is delayed due to a delay by County in approving the transaction within sixty (60) days after County has received a notice from Lessee requesting County's approval of such transaction and all information required by County under this Lease to permit County to evaluate the transaction). In the event of a proposed Major Sublease, County's election shall pertain to such portion of the Property subject to the proposed Major Sublease or assignment and, in the event that County elects to acquire such portion of Lessee's interest in the Property, Lessee's obligation to pay Percentage Rent shall pertain only to the amounts derived from the portion of the Property retained by Lessee and Annual Minimum Rent shall be reduced as of the date of the acquisition to an amount equal to the Annual Minimum Rent multiplied by the ratio of the fair market value of the portion of the Property remaining with Lessee to the fair market value of the entire Property immediately prior to the Partial Taking, but without regard to any diminution in value resulting from the acquisition. Upon the next Adjustment Date, as described in Subsection 4.2.1(b) above, if any, for the purposes of adjusting the Annual Minimum Rent, all Annual Minimum Rent paid by Lessee to County prior to the date of such acquisition shall be adjusted, for the purposes of this calculation only, to the proportion that the fair market value of the portion of the Property which remains after such acquisition bears to the fair market value of the entire Property immediately prior to such acquisition. If the Parties cannot agree upon the appropriate Annual Minimum Rent, the matter shall be resolved by arbitration in the manner prescribed in Subsection 4.3.2. Any determinations of fair market value made pursuant to this Section 12.2.4 in connection with any arbitration proceeding shall be predicated upon the Income Approach. In the event that County elects to recapture all or any portion of the Property as provided herein, Lessee agrees to execute promptly a termination agreement and such other documentation as may be reasonably necessary to evidence the termination of this Lease, to set a termination date and to prorate rent and other charges with respect to the termination. County's rights pursuant to this Subsection 12.2.4 shall not apply to (I) Financing Events, or (II) those events identified in Subsection 4.3.1(e)(3) of this Lease.

12.2.5 County Credits Toward Purchase Price. In the event that County or its assignee elects to exercise the County Option, it shall receive the following credits toward the Lessee Sale Price: (1) the Percentage Share which would be payable to County in the event that a third party were to purchase the interest offered at the Lessee Sale Price, plus (2) an amount which represents unpaid Annual Minimum Rent, Percentage Rent, and all other amounts payable under the Lease, if any (including a provisional credit in an amount reasonably acceptable to County for any amounts that may arise from an audit by County, but that have not yet been determined as of that date), with late fees and interest as provided herein, from the end of the period most recently subject to County audit through the date of the purchase of the interest by County. In the case of any unpaid rental amounts that may be found to be owing to County in connection with any uncompleted audit by County, in lieu of a provisional credit for such amounts, Lessee may provide County with a letter of credit or other security satisfactory to County to secure the payment of such unpaid amounts when finally determined by County. During the term of the County Option, Lessee shall cause to be available to County all books and records reasonably necessary in order to determine the amount of such unpaid Annual Minimum Rent, Percentage Rent, and other amounts payable under the Lease. In the event that County or its assignee exercises the County Option, but the transaction fails to close due to a failure of the Parties to agree upon an appropriate allowance for such unpaid Annual Minimum Rent, Percentage Rent, and other amounts or appropriate security for the payment thereof, then County shall have no obligation to pay or credit to Lessee the County Option Price.

12.3 Terms Binding Upon Successors, Assigns and Sublessees. Except as otherwise specifically provided for in this Lease, each and all of the provisions, agreements, terms, covenants, and conditions of this Lease contained to be performed, fulfilled, observed, and kept by Lessee hereunder shall be binding upon the heirs, executors, administrators, successors, and assigns of Lessee, and all rights, privileges and benefits arising under this Lease in favor of Lessee shall be available in favor of Lessee's heirs, executors, administrators, successors and assigns. Notwithstanding the foregoing, no assignment or subletting by or through Lessee in violation of the provisions of this Lease shall vest any rights in any such assignee or Sublessee. Furthermore, any transferor of any interest in this Lease or the Property or Improvements shall remain primarily liable for all obligations hereunder and shall be subject to the terms and provisions of this Lease. County may proceed directly against the transferor in its sole and absolute discretion, with no obligation to exhaust its remedies against the transferee.

13. ENCUMBRANCES.

13.1 Financing Events.

13.1.1 Definitions. For the purposes of this Lease, including without limitation the provisions of Section 4.3:

(1) **“Financing Event”** shall mean any financing or refinancing consummated by Lessee or by the holders of partnership interests or other direct or indirect ownership interests in Lessee (collectively, **“Ownership Interests”**), whether with private or institutional investors or lenders, where such financing or refinancing is an Encumbrance; for purposes of Subsection 13.1.2 below and Subsections 4.2.4 through 4.3.1(e) above, a **“Financing Event”** shall also include

all of the foregoing actions involving the granting of a mortgage, deed of trust or other security interest in a Major Sublease. Notwithstanding the foregoing, the initial construction financing obtained in connection with the Redevelopment Work shall not be deemed a Financing Event.

(2) **“Encumbrance”** shall mean any direct or indirect grant, pledge, assignment, transfer, mortgage, hypothecation, grant of control, grant of security interest, or other encumbrance, of or in all or any portion of (i) Lessee’s interest under this Lease and the estate so created (including without limitation a direct or indirect assignment of Lessee’s right to receive rents from subtenants), or (ii) Ownership Interests if an absolute assignment from the holder of such Ownership Interests to the holder of the Encumbrance would have required County’s consent under this Lease, to a lender (upon County approval of the Encumbrance and consummation thereof, the **“Encumbrance Holder”**) as security for a loan.

(3) **“Encumbrance Holder”** shall also be deemed to include any and all Affiliates of such Encumbrance Holder which have succeeded by assignment or otherwise to any rights, interests or liabilities of the Encumbrance Holder with respect to the Encumbrance, or which have been designated by the Encumbrance Holder to exercise any rights or remedies under the Encumbrance or to take title to the leasehold estate under this Lease or to Ownership Interests, and such Affiliates shall enjoy all of the rights and protections given to Encumbrance Holders under this Lease.

(4) **“Equity Encumbrance Holder”** shall mean an Encumbrance Holder holding an Encumbrance with respect to Ownership Interests.

13.1.2 County Approval Required. Lessee may, with the prior written consent of Chief Real Estate Officer (except as set forth in Subsection 13.1.3 below), which shall not be unreasonably withheld, and subject to any specific conditions which may be reasonably imposed by Chief Real Estate Officer, consummate one or more Financing Event(s). Lessee shall submit to the Chief Real Estate Officer a preliminary loan package and thereafter a complete set of all proposed transaction documents in connection with each proposed Financing Event (collectively, the **“Financing Documents”**). The preliminary loan package shall include the loan commitment (or the so-called “loan application” if the loan commitment is styled as a loan application) and any other documents, materials or other information reasonably requested by Chief Real Estate Officer. Lessee shall have the right, but not the obligation, to include draft loan documents in the preliminary loan package. Chief Real Estate Officer shall have twenty (20) days to grant or withhold approval of the preliminary loan package and its preliminary approval or disapproval of the Financing Event, subject to confirmation that the substantially complete loan documents conform to the preliminary loan package. Chief Real Estate Officer shall have ten (10) days after receipt of substantially complete loan documents conforming to the approved preliminary loan package in which to grant or withhold final approval of the Financing Event. If not approved by Chief Real Estate Officer in writing within the foregoing periods, the proposed Financing Event shall be deemed disapproved by Chief Real Estate Officer and, if so requested in writing by Lessee, Chief Real Estate Officer shall within ten (10) days of such request deliver to Lessee a written description of Chief Real Estate Officer’s objections to said proposed

Financing Event. Lessee shall reimburse County for County's Actual Cost incurred in connection with its review of the proposed Financing Event. One (1) copy of any and all security devices or instruments as finally executed or recorded by the Parties in connection with any approved Encumbrance shall be filed with the Chief Real Estate Officer not later than fifteen (15) days after the effective date thereof. The same rights and obligations set forth above in this Subsection 13.1.2 shall inure to the benefit of and shall be binding upon any holder of Ownership Interests with respect to any proposed Financing Event involving Ownership Interests.

13.1.3 No County Approval Required. Notwithstanding anything to the contrary contained in Subsection 13.1.2 above, so long as: (i) any two of Burnham-Ward Properties, LLC, Bellwether Financial Group, Inc. or Olson Real Estate Group, Inc. remain members of Lessee and hold collectively not less than sixty-six percent (66%) of the membership interests of Lessee, and (ii) no transfer of the Beneficial Interest of either of such two remaining entities shall have occurred since the Effective Date, then Lessee may consummate one or more Financing Event(s) without with the prior written consent of Chief Real Estate Officer, subject to the following terms and conditions:

(a) As soon as reasonably practicable following Lessee's receipt of the Financing Documents (which may include draft documents), but in all cases no later than ten (10) Business Days prior to executing the same, Lessee shall submit the Financing Documents for each applicable Financing Event to the Chief Real Estate Officer for the Chief Real Estate Officer's review for the purpose of confirming the same comport with the requirements set forth in this Subsection 13.1.3. One (1) copy of any and all security devices or instruments as finally executed or recorded by the Parties in connection with any such approved Encumbrance shall be filed with the Chief Real Estate Officer not later than fifteen (15) days after the effective date thereof.

(b) The Encumbrance Holder shall be an Institutional Lender.

(c) The Encumbrance shall cover no interest in any real property other than Lessee's interest in the Property and Improvements or some portion thereof, and the leasehold estate of Lessee under this Lease. The Encumbrance shall be fully subordinate to Lessor's fee title in and to the Property and all of Lessor's rights set forth in this Lease and shall state on its face that it does not encumber in any way Lessor's fee interest in the Property or Lessor's rights set forth in this Lease.

(d) Prior to the completion of the Redevelopment Work, Encumbrances may be made only for the purposes of financing necessary and appropriate to pay Improvement Costs.

(e) Prior to completion of the Redevelopment Work, the total amount of all loans secured by Encumbrances recorded against the Property shall not exceed seventy-five percent (75%) of the budgeted Improvement Costs collectively, as the Budget for said Improvement Costs may be revised from time to time in accordance with this Lease.

(f) Subsequent to completion of the Redevelopment Work, the total amount of all loans secured by Encumbrances recorded against the Property shall not exceed

seventy-five percent (75%) of the fair market value of Lessee's leasehold interest in the Property collectively, as determined by either (i) the appraisal selected by the Institutional Lender to conduct the appraisal in connection with the Financing Event (provided such appraisal is actually relied upon by the applicable Encumbrance Holder in connection with Lessee's loan approval) or (ii) a licensed California appraiser retained at Lessee's sole cost and expense who is a member of the Appraisal Institute and who has a minimum of ten (10) years' experience appraising properties comparable to the Property and Improvements to be developed on the Property, with the Chief Real Estate Officer or his or her designee having the right of reasonable approval or disapproval of the appraisal in connection with this subsection (ii) alternative; provided, however, that Lessee shall not be deemed to be in default of this Subsection 13.1.3(f) if a loan or loans secured by Encumbrances recorded prior to completion of the Redevelopment Work in compliance with Subsection 13.1.3(e), including any amendment(s) or extension(s) of such loan(s) that do(es) not increase the total outstanding principal balance of such loan(s) and whether or not such amendment(s) or extension(s) occur(s) prior or subsequent to completion of the Redevelopment Work, exceed(s) seventy-five percent (75%) of the fair market value of Lessee's leasehold interest in the Property. In addition, it is understood and agreed that the loan-to-value ratio constraint in this Subsection 13.1.3(f) shall be made only at the time Lessor is determining whether to approve or disapprove the proposed Encumbrance and thereafter this Subsection 13.1.3(f) shall not limit, restrict, invalidate, or result in the disapproval of any such Encumbrance or any amendment or extension of any such Encumbrance that does not increase the total outstanding principal balance of the loan secured by such Encumbrance if the fair market value of Lessee's leasehold interest in the Property that was relied upon by Lessor in approving the Encumbrance declines.

(g) All rights acquired by an Encumbrance Holder under an Encumbrance shall be subject to each and all of the covenants, conditions, and restrictions set forth in this Lease, and to all rights of County hereunder, none of which covenants, conditions, and restrictions is or shall be waived by County by reason of the giving of such Encumbrance. Notwithstanding the foreclosure of any such Encumbrance, Lessee shall remain liable for the payment of the accrued but unpaid rent reserved in this Lease while Lessee remains in possession of the Property and Improvements.

(h) Promptly upon the recording of an Encumbrance, Lessee shall, at its own expense, cause to be recorded in the Official Records of Orange County a written request executed and acknowledged by County for a copy of all notices of default and all notices of sale under the Encumbrance as provided by Applicable Law to be provided to the Chief Real Estate Officer. Inclusion of a request for notice having the effect described above in the body of the recorded Encumbrance shall constitute compliance with this provision.

(i) County shall not be required to amend this Lease, nor undertake any additional obligations, nor be obligated to forego any rights under this Lease, in connection with any such Financing Event.

(j) The Encumbrance Holder shall acknowledge in the Encumbrance that any amounts in the Subsequent Renovation Fund and/or the Capital Improvement Fund, and any condemnation awards and/or insurance proceeds relating to the Property shall be administered in accordance with, and shall be subject to, the terms and conditions of this Lease.

13.2 Consent Requirements In The Event of a Foreclosure Transfer.

13.2.1 Definitions. For the purposes of this Lease:

(a) **“Foreclosure Transfer”** shall mean any transfer of the entire leasehold estate under this Lease or of all of the Ownership Interests in Lessee pursuant to any judicial or nonjudicial foreclosure or other enforcement of remedies under or with respect to an Encumbrance, or by voluntary deed or other transfer in lieu thereof.

(b) **“Foreclosure Transferee”** shall mean any transferee (including without limitation an Encumbrance Holder) which acquires title to the entire leasehold estate under this Lease or to all of the Ownership Interests in Lessee pursuant to a Foreclosure Transfer.

(c) **“Equity Foreclosure Transferee”** shall mean a Foreclosure Transferee whose acquired interest consists of all of the Ownership Interests in Lessee.

13.2.2 Foreclosure Transfer. The consent of County shall not be required with respect to any Foreclosure Transfer and no Percentage Share shall be payable in connection therewith.

13.2.3 Subsequent Transfer By Encumbrance Holder. For each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder, with respect to a single subsequent transfer of this Lease or the Ownership Interests (as applicable) by such Encumbrance Holder to any third party, (a) County’s consent to such transfer shall be required, but shall not be unreasonably withheld or delayed, and the scope of such consent (notwithstanding anything in this Lease to the contrary) shall be limited to County’s confirmation (which must be reasonable) that the Lessee following such transfer has sufficient financial capability to perform its remaining obligations under this Lease as they come due, along with any obligation of Lessee for which the Foreclosure Transferee from whom its receives such transfer is released under Subsection 13.3.1 below, and (b) such transferee (other than a transferee of Ownership Interests) shall expressly agree in writing to assume and to perform all of the obligations under this Lease, other than Excluded Defaults. For clarification purposes, the right to a single transfer under this Subsection shall apply to each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder, so that there may be more than one “single transfer” under this Subsection.

13.2.4 Bankruptcies. In the event that County becomes the subject of a case under the U.S. Bankruptcy Code (or any other law providing similar relief), and County or any trustee of County rejects or seeks authority to reject the Lease under 11 U.S.C. Section 365 (or any other or successor provision permitting any similar relief), County understands that Encumbrance Holder and Lessee have agreed that: (i) Lessee shall elect, without further act,

unless Encumbrance Holder consents in writing to any other election, to remain in possession for the balance of the term of the Lease and any renewal or extension thereof, pursuant to 11 U.S.C. Section 365(h) (and any other successor provision permitting a similar election); (ii) any purported election by the Lessee to treat the Lease as terminated shall be void and of no effect, unless Encumbrance Holder consents in writing thereto; and (iii) the lien of the Security Instrument shall not be impaired by such rejection. In the event that the Lessee becomes the subject of a case under the U.S. Bankruptcy Code (or any other law providing similar relief), County shall give prompt notice to Encumbrance Holder of any notice it receives of a request by the Lessee or any trustee of the Lessee for authority to reject the Lease. Should Encumbrance Holder and Lessee amend their agreement referenced in this Section 13.2.4, this section shall be amended by County and Lessee to conform to any such amendment to avoid any conflict between this Lease and the amendment.

13.3 Effect of Foreclosure. In the event of a Foreclosure Transfer, the Encumbrance Holder shall forthwith give notice to County in writing of such transfer setting forth the name and address of the Foreclosure Transferee and the effective date of such transfer, together with a copy of the document by which such transfer was made.

13.3.1 Any Encumbrance Holder which is an Institutional Lender, shall, upon becoming a Foreclosure Transferee (other than an Equity Foreclosure Transferee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults) accruing during its period of ownership of the leasehold. Upon a subsequent transfer of the leasehold in accordance with Subsection 13.2.3 above, such Institutional Lender shall be automatically released of any further liability with respect to this Lease, other than for (a) rent payments, property tax payments, reserve account payments and other monetary obligations under specific terms of the Lease that accrue solely during such Institutional Lender's period of ownership of the leasehold, and (b) Lessee's indemnification obligations under this Lease with respect to matters pertaining to or arising during such Institutional Lender's period of ownership of leasehold title.

13.3.2 Any other Foreclosure Transferee (i.e., other than an Institutional Lender as provided in Subsection 13.3.1 above) shall, upon becoming a Foreclosure Transferee (other than an Equity Foreclosure Transferee), become liable to perform the full obligations of Lessee under this Lease (other than Excluded Defaults).

13.3.3 Following any Foreclosure Transfer which is a transfer of the leasehold interest under the Lease, County shall recognize the Foreclosure Transferee as the Lessee under the Lease and shall not disturb its use and enjoyment of the Property, and the Foreclosure Transferee shall succeed to all rights of Lessee under this Lease as a direct lease between County and such Foreclosure Transferee, provided that the Foreclosure Transferee cures any pre-existing Event of Default other than any such pre-existing Event of Default that (a) is an incurable non-monetary default, (b) is a non-monetary default that can only be cured by a prior lessee, (c) is a non-monetary default that is not reasonably susceptible of being cured by such transferee, or (d) relates to any obligation of a prior lessee to pay any Percentage Share (collectively, "**Excluded Defaults**"), and thereafter performs the full obligations of Lessee under this Lease. Pursuant to Subsection 13.3.7 below, following any Foreclosure Transfer which is a transfer of Ownership

Interests, the foregoing rights under this Subsection 13.3.3 shall also inure to the benefit of the Lessee.

13.3.4 No Encumbrance Holder shall become liable for any of Lessee's obligations under this Lease unless and until such Encumbrance Holder becomes a Foreclosure Transferee with respect to Lessee's leasehold interest under the Lease.

13.3.5 No Foreclosure Transfer, and no single subsequent transfer by an Encumbrance Holder following a Foreclosure Transfer pursuant to Subsection 13.2.3, shall trigger (a) any obligation to pay an Administrative Charge nor any Percentage Share, (b) any acceleration of any financial obligation of Lessee under this Lease, (c) any recapture right on the part of County, or (d) any termination right under this Lease. Any Foreclosure Transfer, and any single subsequent transfer by an Encumbrance Holder following a Foreclosure Transfer pursuant to Subsection 13.2.3, shall be deemed to be excluded from the definition of "Change of Ownership" for all purposes of this Lease. For clarification purposes, the "single subsequent transfer" referred to above applies to each Foreclosure Transfer in which the Foreclosure Transferee is an Encumbrance Holder (as more fully explained in Subsection 13.2.3), so that there may be more than one "single subsequent transfer" benefited by this Subsection.

13.3.6 In the event that an Institutional Lender becomes a Foreclosure Transferee, all obligations with respect to the construction and Redevelopment Work described in Section 5.1 or Section 5.15 above (other than any obligations to make deposits into the Subsequent Renovation Fund) shall be tolled for a period of time, not to exceed twelve months, until such Institutional Lender completes a subsequent transfer of its foreclosed interest in the Lease or Ownership Interests, provided that such Institutional Lender is making commercially reasonable and diligent efforts to market and sell its foreclosed interest. Nothing in this Subsection 13.3.6 shall be construed as a limit or outside date on any cure periods provided to Encumbrance Holders under this Lease.

13.3.7 Following a Foreclosure Transfer with respect to all of the Ownership Interests in Lessee, (a) any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees in this Article 13 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease, and (b) if the Foreclosure Transferee was also an Equity Encumbrance Holder, then any and all rights, privileges and/or liability limitations afforded to Foreclosure Transferees who are Encumbrance Holders in this Article 13 or any other provision of this Lease shall also be afforded to Lessee from and after such Foreclosure Transfer, to the same extent as if the Foreclosure Transferee had acquired the leasehold interest of Lessee directly and became the Lessee under this Lease.

13.3.8 The occurrence of a default or event of default under an Encumbrance or related document or instrument evidencing or securing a loan shall not, in and of itself constitute a default or event of default under the Lease, provided, however, that the circumstances giving rise to such default or event of default under the Encumbrance or related document or instrument evidencing or securing the Loan may also constitute a default or event of default under the Lease. In such an event, except as expressly set forth herein or in the Lease, County shall not be

prohibited from exercising its rights or remedies to address any such default or event of default pursuant to the terms and conditions of the Lease.

13.3.9 Upon delivery by Encumbrance Holder of a written notice to County that Encumbrance Holder has commenced a Foreclosure (as defined herein) (such written notice to include a written notice of event of default delivered previously or contemporaneously to Lessee), any and all entitlement, permitting, construction and related obligations of Lessee under the Lease, including, without limitation, the Required Cost Amounts obligations (the “Construction Obligations”) shall be tolled. If Encumbrance Holder or an affiliate of Encumbrance Holder shall become Foreclosure Transferee upon completion of a Foreclosure, then such tolling of the Construction Obligations shall continue for two (2) years after the date of completion of such Foreclosure (the “**Tolling Period**”) so long as such Encumbrance Holder as Foreclosure Transferee is diligently pursuing a sale of the Leasehold interest of Lessee, including, without limitation, by engaging a nationally recognized broker or other broker with experience marketing and selling marinas and actively marketing the Property. The tolling of all Construction Obligations shall cease immediately upon either (i) a third party (unaffiliated with Encumbrance Holder) becoming a Foreclosure Transferee upon completion of a Foreclosure or (ii) Encumbrance Holder as Foreclosure Transferee completing a sale of the leasehold interest of Lessee to a third- party Foreclosure Transferee during the Tolling Period (each, a “Tolling Termination”). Upon a Tolling Termination, a third party Foreclosure Transferee shall be obligated to diligently pursue completion of the Construction Obligations pursuant to a reasonable construction schedule for such remaining Construction Obligations (and not any dates or time periods set forth in the Lease) as determined by an independent construction inspector agreed to between County and Foreclosure Transferee (a “Reset Construction Schedule”). Upon the expiration of the Tolling Period, so long as no Tolling Termination has occurred and so long as Encumbrance Holder is the Foreclosure Transferee, such Foreclosure Transferee shall diligently pursue completion of the Construction Obligations and shall not be subject to any Reset Construction Schedule or any dates or time periods set forth in the Lease, provided, however, that if Encumbrance Holder as Foreclosure Transferee assigns the leasehold interest of Lessee to a third party after expiration of the Tolling Period, then such third party Foreclosure Transferee shall be obligated to diligently pursue completion of the Construction Obligations pursuant to a Reset Construction Schedule.

13.3.10 County acknowledges that, if Encumbrance Holder or any other party succeeds to the interest of Lessee under the Lease as a result of foreclosure proceedings, the granting of a deed in lieu of foreclosure, or through any other means (a “**Foreclosure**”), the Foreclosure Transferee shall be deemed to have agreed to perform all of such Lessee’s obligations only for so long as such purchaser is the owner of the leasehold interest of Lessee. The Foreclosure Transferee shall, upon any assignment of the leasehold interest of Lessee, be relieved of all obligations under the Lease. The Foreclosure Transferee shall be entitled to exercise all rights of Lessee under the Lease. County’s approval or consent shall not be required in connection with any assignment of the leasehold interest of Lessee to a Foreclosure Transferee or to the first third party (unaffiliated with Encumbrance Holder) Foreclosure Transferee, including, without limitation, with respect to any secured or unsecured lender providing financing for such acquisition or as to such financing (including any underlying financing documents).

13.3.11 So long as any Foreclosure Transferee is the owner of the leasehold interest of Lessee, County shall look solely to the interest of such Foreclosure Transferee in the Property and the improvements located thereon in the event of the breach or default by such Foreclosure Transferee under the terms of the Lease and County hereby agrees that any judgment or decree to enforce the obligations of such Foreclosure Transferee shall be enforceable only to the extent of the interest of such Foreclosure Transferee in the Property and such improvements.

13.4 No Subordination. County's rights in the Property and this Lease, including without limitation County's right to receive Annual Minimum Rent and Percentage Rent, shall not be subordinated to the rights of any Encumbrance Holder. Notwithstanding the foregoing, an Encumbrance Holder shall have all of the rights set forth in the security instrument creating the Encumbrance, as approved by County in accordance with Subsection 13.1.2, to the extent that such rights are not inconsistent with the terms of this Lease, including the right to commence an action against Lessee for the appointment of a receiver and to obtain possession of the Property under and in accordance with the terms of said Encumbrance, provided that all obligations of Lessee hereunder shall be kept current, including but not limited to the payment of rent and curing of all defaults or Events of Default hereunder (other than Excluded Defaults or as otherwise provided herein).

13.5 Modification or Termination of Lease. This Lease shall not be modified or amended without the prior written consent in its sole discretion of each then existing Encumbrance Holder with respect to Lessee's entire leasehold interest in this Lease or all of the Ownership Interests in Lessee. Further, this Lease may not be surrendered or terminated (other than in accordance with the provisions of this Article 13) without the prior written consent of each such Encumbrance Holder in its sole discretion. No such modification, amendment, surrender or termination without the prior written consent of each such then existing Encumbrance Holder shall be binding on any such Encumbrance Holder or any other person who acquires title to its foreclosed interest pursuant to a Foreclosure Transfer.

13.6 Notice and Cure Rights of Encumbrance Holders and Major Sublessees.

13.6.1 Right to Cure. Each Encumbrance Holder and Major Sublessee shall have the right, at any time during the term of its Encumbrance, Major Sublease or property management agreement, as applicable, and in accordance with the provisions of this Article 13, to do any act or thing required of Lessee in order to prevent termination of Lessee's rights hereunder, and all such acts or things so done hereunder shall be treated by County the same as if performed by Lessee.

13.6.2 Notice of Default. County shall not exercise any remedy available to it upon the occurrence of an Event of Default (other than exercising County's self-help remedies pursuant to Section 14.5 or imposing the daily payment set forth in Section 10.3), and no such exercise shall be effective, unless it first shall have given written notice of such default to each and every then existing Encumbrance Holder and Major Sublessee which has notified Chief Real Estate Officer in writing of its interest in the Property or this Lease and the addresses to which such notice should be delivered. Such notice shall be sent simultaneously with the notice or notices to Lessee. An Encumbrance Holder and/or Major Sublessee shall have the right and the power to cure the Event of Default specified in such notice in the manner prescribed herein. If

such Event or Events of Default are so cured, this Lease shall remain in full force and effect. Notwithstanding any contrary provision hereof, the cure rights set forth in this Section 13.6 shall not delay or toll the County's right to impose the daily payment for Lessee breaches set forth in Section 10.3.

13.6.3 Manner of Curing Default. Events of Default may be cured by an Encumbrance Holder and Major Sublessee in the following manner:

(a) If the Event of Default is in the payment of rental, taxes, insurance premiums, utility charges or any other sum of money, an Encumbrance Holder and/or Major Sublessee may pay the same, together with any Late Fee or interest payable thereon, to County or other payee within thirty-five (35) days after its receipt of the aforesaid notice of default. If, after such payment to County, Lessee pays the same or any part thereof to County, County shall refund said payment (or portion thereof) to such Encumbrance Holder or Major Sublessee.

(b) If the Event of Default cannot be cured by the payment of money, but is otherwise curable, the default may be cured by an Encumbrance Holder or Major Sublessee as follows:

(1) The Encumbrance Holder or Major Sublessee may cure the default within sixty (60) days after the end of Lessee's cure period as provided in Section 14.1 hereof (or, if the default involves health, safety or sanitation issues, County may by written notice reduce such sixty (60) day period to thirty (30) days, such 60 or 30 day period, as applicable, being referred to herein as the "**initial cure period**"), provided, however, if the curing of such default reasonably requires activity over a longer period of time, the initial cure period shall be extended for such additional time as may be reasonably necessary to cure such default, so long as the Encumbrance Holder or Major Sublessee commences a cure within the initial cure period and thereafter continues to use due diligence to perform whatever acts may be required to cure the particular default. In the event Lessee commences to cure the default within Lessee's applicable cure period and thereafter fails or ceases to pursue the cure with due diligence, the Encumbrance Holder's and Major Sublessee's initial cure period shall commence upon the later of the end of Lessee's cure period or the date upon which County notifies the Encumbrance Holder and/or Major Sublessee that Lessee has failed or ceased to cure the default with due diligence. Notwithstanding anything in this Lease to the contrary, if any default by the Lessee is of such a nature that it reasonably cannot be cured by the Encumbrance Holder, or reasonably cannot be cured by the Encumbrance Holder without the Encumbrance Holder obtaining possession of the Property, County will not terminate the Lease as long as all rent payments are made and all other defaults which reasonably can be cured by the Encumbrance Holder without the Encumbrance Holder obtaining possession of the Property are so cured.

(2) With respect to an Encumbrance Holder, but not a Major Sublessee, if before the expiration of the initial cure period, said Encumbrance

Holder notifies County of its intent to commence foreclosure of its interest, and within sixty (60) days after the mailing of said notice, said Encumbrance Holder (i) actually commences foreclosure proceedings and prosecutes the same thereafter with due diligence, the initial cure period shall be extended by the time necessary to complete such foreclosure proceedings, or (ii) if said Encumbrance Holder is prevented from commencing or continuing foreclosure proceedings by any bankruptcy stay, or any order, judgment or decree of any court or regulatory body of competent jurisdiction, and said Encumbrance Holder diligently seeks release from or reversal of such stay, order, judgment or decree, the initial cure period shall be extended by the time necessary to obtain such release or reversal and thereafter to complete such foreclosure proceedings. Within thirty (30) days after a Foreclosure Transfer is completed, the Foreclosure Transferee shall (if such default has not been cured) commence to cure, remedy or correct the default and thereafter diligently pursue such cure until completed in the same manner as provided in Subsection 13.6.3(a) above. The Encumbrance Holder shall have the right to terminate its foreclosure proceeding, and the extension of any relevant cure period shall lapse, in the event of a cure by Lessee.

13.7 New Lease.

13.7.1 Obligation to Enter Into New Lease. In the event that this Lease is terminated by reasons of bankruptcy, assignment for the benefit of creditors, insolvency or any similar proceedings, operation of law, an Excluded Default or other event beyond the reasonable ability of an Encumbrance Holder to cure or remedy, or if the Lease otherwise terminates for any reason, County shall, upon the written request of any Encumbrance Holder with respect to Lessee's entire leasehold estate under this Lease or all of the Ownership Interests in Lessee (according to the priority described below if there are multiple Encumbrance Holders), enter into a new lease (which shall be effective as of the date of termination of this Lease) with the Encumbrance Holder or an affiliate thereof for the then remaining Term of this Lease on the same terms and conditions as shall then be contained in this Lease ("**New Lease**"), provided that the Encumbrance Holder cures all then existing monetary defaults under this Lease, and agrees to commence a cure of all then existing non-monetary Events of Default within sixty (60) days after the New Lease is entered into, and thereafter diligently pursues such cure until completion. In no event, however, shall the Encumbrance Holder be obligated to cure any Excluded Defaults. County shall notify the most junior Encumbrance Holder of a termination described in this Subsection 13.7.1 within thirty (30) days after the occurrence of such termination, which notice shall state (a) that the Lease has terminated in accordance with this Subsection 13.7.1, and (b) that such Encumbrance Holder has sixty (60) days following receipt of such notice within which to exercise its right to a New Lease under this Subsection 13.7.1, or else it will lose such right. An Encumbrance Holder's election shall be made by giving County written notice of such election within sixty (60) days after such Encumbrance Holder has received the above-described written notice from the County. Within a reasonable period after request therefor, County shall execute and return to the Encumbrance Holder any and all documents reasonably necessary to secure or evidence the Encumbrance Holder's interest in the New Lease or the Property. From and after the effective date of the New Lease, the Encumbrance Holder (or its Affiliate) shall have the same rights to a single transfer that are provided in Subsection 13.2.3 above, and shall enjoy all of the other rights and protections that are provided to a Foreclosure Transferee in this

Article 13. Any other subsequent transfer or assignment of such New Lease shall be subject to all of the requirements of Article 12 of this Lease. If there are multiple Encumbrance Holders, this right shall inure to the most junior Encumbrance Holder in order of priority; provided, however, if such junior Encumbrance Holder shall accept the New Lease, the priority of each of the more senior Encumbrance Holders shall be restored in accordance with all terms and conditions of such Encumbrances(s). If a junior Encumbrance Holder does not elect to accept the New Lease within thirty (30) days of receipt of notice from County, the right to enter into a New Lease shall be provided to the next most junior Encumbrance Holder, under the terms and conditions described herein, until an Encumbrance Holder either elects to accept a New Lease, or no Encumbrance Holder so elects.

In connection with Encumbrance Holder's right to a New Lease contained herein, Encumbrance Holder shall not be required to cure any existing non-monetary Event of Default that is personal to Lessee or otherwise not reasonably susceptible to cure by Encumbrance Holder. From and after any termination or rejection of the Lease after which Encumbrance Holder has a right to a New Lease, for so long as Encumbrance Holder has such right, County will not terminate any subleases or the rights of any sublessee except in the case of a default under any such sublease beyond any applicable notice and cure periods. During such period County shall receive all rent and other payments due from all sublessees as agent of the Encumbrance Holder, and shall deposit such amounts in a segregated account in trust for the Encumbrance Holder, and upon execution of a New Lease, shall account to the sublessees thereunder for such amounts. The collection of such amounts by County under this Section shall not be deemed an acceptance by County for its own account of the attornment of any sublessee unless County shall have agreed in writing with such sublessee that its tenancy shall be continued in the event that a New Lease is not entered into pursuant to this Section. In the event a New Lease is so entered into, County shall not object to any requirement that all sublessees under such subleases shall attorn to the new tenant thereunder.

13.7.2 Priority of New Lease. The New Lease made pursuant to Subsection 13.7.1 shall be prior to any mortgage or other lien, charge or encumbrance on County's fee interest in the Property first arising or attaching to the Property from and after the Effective Date, and any future fee mortgagee or other future holder of any lien on the fee interest in the Property is hereby given notice of the provisions hereof.

13.8 Holding of Funds. Any Encumbrance Holder with respect to Lessee's entire leasehold interest in this Lease or all of the Ownership Interests in Lessee that is an Institutional Lender shall have the right to hold and control the disbursement of (a) any insurance or condemnation proceeds to which Lessee is entitled under this Lease and that are required by the terms of this Lease to be applied to restoration of the Improvements on the Property (provided that such funds shall be used for such restoration in accordance with the requirements of the Lease), and (b) any funds required to be held in the Subsequent Renovation Fund and/or the Capital Improvement Fund (provided that such funds shall be used for the purposes required by this Lease). If more than one such Encumbrance Holder desires to exercise the foregoing right, the most senior Encumbrance Holder shall have priority in the exercise of such right.

13.9 Participation in Certain Proceedings and Decisions. Any Encumbrance Holder shall have the right to intervene and become a party in any arbitration, litigation, condemnation

or other proceeding affecting this Lease. Lessee's right to make any election or decision under this Lease with respect to any condemnation settlement, insurance settlement or restoration of the Property following a casualty or condemnation shall be subject to the prior written approval of each then existing Encumbrance Holder.

13.10 Fee Mortgages and Encumbrances. Any mortgage, deed of trust or other similar encumbrance granted by County upon its fee interest in the Property shall be subject and subordinate to all of the provisions of this Lease and to all Encumbrances. County shall require each such fee encumbrance holder to confirm the same in writing (in a form reasonably approved by each Encumbrance Holder or its title insurer) as a condition to granting such encumbrance, although the foregoing subordination shall be automatic and self-executing whether or not such written confirmation is obtained.

13.11 No Merger. Without the written consent of each Encumbrance Holder, the leasehold interest created by this Lease shall not merge with the fee interest in all or any portion of the Property, notwithstanding that the fee and leasehold interests are held at any time by the same person or entity.

13.12 No Amendment. Without the written consent of each Encumbrance Holder, this Lease shall not be amended, modified, cancelled or terminated by joint action of County and Lessee, and any attempted amendment, modification, cancellation or termination shall be of no force and effect. County shall not recognize any cancellation, surrender or termination by Lessee alone without in each case the prior written consent of the Encumbrance Holder, and any attempted cancellation, surrender or termination shall be of no force and effect.

14. DEFAULT.

14.1 Events of Default. The following are deemed to be "**Events of Default**" and, each an "**Event of Default**" hereunder:

14.1.1 Monetary Defaults. The failure of Lessee to pay the rentals due, or make any other monetary payments required under this Lease (including, without limitation, deposits to the Subsequent Renovation Fund and/or the Capital Improvement Fund), within ten (10) days after written notice that said payments are overdue. Lessee may cure such nonpayment by paying the amount overdue, with interest thereon at the Applicable Rate and the applicable Late Fee, within such ten (10) day period.

14.1.2 Maintenance of Security Deposit. The failure of Lessee to maintain and/or replenish the Security Deposit required pursuant to Article 7 of this Lease if not cured within ten (10) days after written notice of such failure.

14.1.3 Failure to Perform Other Obligations. The failure of Lessee to keep, perform, and observe any and all other non-monetary promises, covenants, conditions and agreements set forth in this Lease, including without limitation the obligation to maintain adequate accounting and financial records, within thirty (30) days after written notice of Lessee's failure to perform from Chief Real Estate Officer; provided, however, that where Lessee's performance of such non-monetary covenant, condition or agreement is not reasonably susceptible of completion within such thirty (30) day period and Lessee has in good faith

commenced and is continuing to perform the acts necessary to perform such covenant, condition or agreement within such thirty (30) day period, County will not exercise any remedy available to it hereunder for so long as Lessee uses reasonable due diligence in continuing to pursue to completion the performance such covenant, condition or agreement and so completes performance within a reasonable time. Notwithstanding any contrary provision of this Subsection 14.1.3, the proviso set forth in the immediately preceding sentence providing for an extension of the cure period beyond the thirty (30) day period shall not be applicable to any failure of Lessee to comply with the Required Construction Commencement Date or Required Construction Completion Date set forth in Section 5.1 (as such dates may be extended pursuant to Section 5.7).

14.1.4 Non-Use of Property. The abandonment (as defined in California Civil Code Section 1951.3), vacation, or discontinuance of use of the Property, or any substantial portion thereof, for a period of thirty (30) days after written notice by County, except when prevented by Force Majeure or when closed for renovations or repairs required or permitted to be made under this Lease; provided, however, if an individual Sublessee of retail, office or restaurant space on the Property fails to remain open for business to the public, then such failure to remain open for business shall not constitute an Event of Default under this Subsection 14.1.4 if Lessee uses its reasonable and diligent efforts to recover possession of the applicable space from the Sublessee and re-subleases such space to another Sublessee as soon as reasonably possible on terms acceptable to a prudent business person under then current market circumstances. In addition, notwithstanding any contrary provision of this Subsection 14.1.4, an Event of Default shall not be triggered under this Subsection 14.1.4 due to the termination of operations by a Sublessee as long as Lessee diligently attempts to re-sublease and re-open such Sublessee's space as soon as reasonably possible after Lessee obtains possession of the Sublessee's space.

Any notice required to be given by County pursuant to Section 14.1 shall be in addition to, and not in lieu of, any notice required under Section 1161 of the California Code of Civil Procedure.

14.2 Limitation on Events of Default. Except with respect to breaches or defaults with respect to the payment of money, Lessee shall not be considered in default as to any provision of this Lease (and no late fees or interest will be incurred) to the extent such default is the result of or pursuant to any process, order, or decree of any court or regulatory body with jurisdiction, or any other circumstances which are physically or legally impossible to cure provided Lessee uses due diligence in pursuing whatever is required to obtain release from or reversal of such process, order, or decree or is attempting to remedy such other circumstances preventing its performance.

14.3 Remedies. Upon the occurrence of an Event of Default, and subject to the rights of any Encumbrance Holder or Major Sublessee to cure such Event of Default as provided in Section 13.6 hereof, County shall have, in addition to any other remedies in law or equity, the following remedies which are cumulative:

14.3.1 Terminate Lease. County may terminate this Lease by giving Lessee written notice of termination effective thirty (30) days thereafter. Upon the expiration of such thirty (30) day period absent cure by Lessee, this Lease and all of Lessee's rights in the Property and in all Improvements shall terminate. Promptly after such termination, Lessee shall surrender

and vacate the Property and all Improvements in broom-clean condition, and County may re-enter and take possession of the Property and all remaining Improvements and, except as otherwise specifically provided in this Lease, eject all parties in possession or eject some and not others, or eject none. Termination under this Subsection shall not relieve Lessee from the payment of any sum then due to County or from any claim for damages against Lessee as set forth in Subsection 14.4.4. County agrees to use reasonable efforts to mitigate damages, and shall permit such access to the Property as is reasonably necessary to permit Lessee to comply with its removal obligations.

14.3.2 Keep Lease in Effect. Without terminating this Lease, so long as County does not deprive Lessee of legal possession of the Property and allows Lessee to assign or sublet subject only to County's rights set forth herein, County may continue this Lease in effect and bring suit from time to time for rent and other sums due, and for Lessee's breach of other covenants and agreements herein. No act by or on behalf of County under this provision shall constitute a termination of this Lease unless County gives Lessee written notice of termination. It is the intention of the Parties to incorporate the provisions of California Civil Code Section 1951.4 by means of this provision.

14.3.3 Termination Following Continuance. Even though it may have kept this Lease in effect pursuant to Subsection 14.3.2, thereafter County may elect to terminate this Lease and all of Lessee's rights in or to the Property unless prior to such termination Lessee shall have cured the Event of Default or shall have satisfied the provisions of Section 14.2, hereof. County agrees to use reasonable efforts to mitigate damages.

14.4 Damages. Should County elect to terminate this Lease under the provisions of the foregoing Section 14.3, County shall be entitled to recover from Lessee as damages:

14.4.1 The worth at the time of award of the unpaid rent and other charges, which had been earned as of the date of the termination hereof; plus

14.4.2 The worth at the time of award of the amount by which the unpaid rent and other charges which would have been earned after the date of the termination hereof until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; plus

14.4.3 The worth at the time of award of the amount by which the unpaid rent and other charges for the balance of the term hereof after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; plus

14.4.4 Any other amount necessary to compensate County for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Property, expenses of reletting, including necessary repair, renovation and alteration of the Property, those amounts of unpaid taxes, insurance premiums and utilities for the time preceding surrender of possession, the cost of removal of rubble, debris and other above-ground Improvements, attorney's fees, court costs, expert witness

costs, any unpaid Administrative Charges, Percentage Shares, and any other reasonable costs; plus

14.4.5 Any other amount which County may by law hereafter be permitted to recover from Lessee to compensate County for the detriment caused by Lessee's default.

The term "rent" as used herein shall be deemed to be and to mean the Annual Minimum Rent, Percentage Rent and all other sums required to be paid by Lessee pursuant to the terms of this Lease. All such sums, other than the Annual Minimum Rent, shall be computed on the basis of the average monthly amount thereof accruing during the 24-month period immediately prior to default, except that if it becomes necessary to compute such rental before such 24-month period has occurred, then such sums shall be computed on the basis of the average monthly amount during such shorter period. As used in Subsections 14.4.1 and 14.4.2 above, the "worth at the time of award" shall be computed by allowing interest at the maximum rate permitted by law. As used in Subsection 14.4.3 above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%), but not in excess of the Applicable Rate.

14.5 Others' Right to Cure Lessee's Default. County (and any Encumbrance Holder or Major Sublessee, as provided in the last sentence of this section), at any time after Lessee's failure to perform any covenant, condition or agreement contained herein beyond any applicable notice and cure period, may cure such failure at Lessee's cost and expense. If, after delivering to Lessee two (2) or more written notices with respect to any such default, County at any time, by reason of Lessee's continuing failure, pays or expends any sum, Lessee shall immediately pay to County the lesser of the following amounts: (a) one hundred ten percent (110%) of the amount expended by County to cure such default, and (b) the amount expended by County to cure such default, plus one thousand dollars (\$1,000). To the extent practicable, County shall give any Encumbrance Holders or Major Sublessees the reasonable opportunity to cure Lessee's default prior to County's expenditure of any amounts thereon. No such payment, performance or compliance shall constitute a waiver of default or of any remedy for default, or render County liable for any loss or damage resulting from the same.

14.6 Remedies Cumulative. The rights, powers, options, and remedies given County by this agreement shall be cumulative except as otherwise specifically provided for in this Lease. County's pursuit of any of the remedies provided for in this Lease shall not preclude its pursuit of any of the other remedies or relief available to County at law, in equity or otherwise (whether or not stated in this Lease), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any rental due to County hereunder or of any damages accruing to County by reason of the violation of any of the terms, provisions, and covenants herein contained (except as may otherwise be expressly provided herein).

14.7 No Waiver; Surrender. County's acceptance of rental following an Event of Default shall not be construed as County's waiver of such Event of Default. No waiver by County of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or default. No act or thing done by County or County's agents during the term of this Lease shall be deemed

an acceptance of a surrender of the Property, and no agreement to accept a surrender shall be valid unless in writing and signed by County.

14.8 Default by County. County shall be in default in the performance of any obligation required to be performed by County under this Lease if County has failed to perform such obligation within thirty (30) days after the receipt of notice from Lessee specifying in detail County's failure to perform; provided, however, that if the nature of County's obligation is such that more than thirty (30) days are required for its performance, County shall not be deemed in default if it shall commence such performance within thirty (30) days and thereafter diligently pursues the same to completion. Lessee shall have no rights as a result of any default by County until Lessee gives thirty (30) days' notice to any person having a recorded interest pertaining to County's interest in this Lease or the Property, provided County provides written notice to Lessee of the identity of such person and the address of such person prior to the delivery of the foregoing notice from Lessee specifying in detail County's failure to perform. Such person shall then have the right to cure such default, and County shall not be deemed in default if such person cures such default within thirty (30) days after receipt of notice of the default, or such longer time as may be reasonably necessary to cure the default. Notwithstanding anything to the contrary in this Lease, County's liability to Lessee for damages arising out of or in connection with County's breach of any provision or provisions of this Lease shall be limited to the value of County's equity interest in the Property and its right to insurance proceeds in connection with the policies required under Article 8.3 hereof, and nothing else. Any and all claims or actions against County accruing hereunder shall be absolutely barred unless such action is commenced within twelve (12) months of the event or action giving rise to the default.

14.9 Waiver. Lessee hereby waives any and all rights of reinstatement, redemption or relief from forfeiture granted under any present and future laws (including without limitation under California Civil Code Section 3275 or California Code of Civil Procedure Sections 1174 and 1179) in the event County obtains the right to possession of the Property by reason of the violation by Lessee of any of the covenants and conditions of this Lease or otherwise.

15. ACCOUNTING.

15.1 Maintenance of Records and Accounting Method. In order to determine the amount of and provide for the payment of the Annual Minimum Rent, Percentage Rent, Administrative Charge, Percentage Share and other sums due under this Lease, Lessee and all Sublessees in connection with any Lessee Business Operation shall at all times during the Term of this Lease, and for thirty six (36) months thereafter, keep, or cause to be kept, locally, to the reasonable satisfaction of Chief Real Estate Officer, true, accurate, and complete records (as defined herein below) and double-entry books of account for the current and five (5) prior Lease Years, such records to show all transactions relative to the conduct of operations, and to be supported by data of original entry. Such records shall detail transactions conducted on or from the Property separate and apart from those in connection with Lessee's (or an applicable Sublessee's, as applicable) other business operations, if any. With respect to the calculation of Gross Receipts and the preparation of the reports and maintenance of records required herein, Lessee shall the cash basis of accounting for both monthly Gross Receipts statements and the annual audited Supplemental Statement of Gross Receipts. If Lessee elects to use an alternative method, including an accrual or modified accrual method, Lessee shall utilize the same method

of accounting for both monthly Gross Receipts statements and the annual audited Supplemental Statement of Gross Receipts. For example, Lessee shall not utilize the cash basis for monthly Gross Receipts statements while also utilizing the accrual basis for the annual audited Supplemental Statement of Gross Receipts. For purposes hereof, “**records**” shall mean full and accurate books and accounts, records, cash receipts, and other pertinent data as necessary or appropriate for the purpose of this Lease as reasonably determined by the Auditor-Controller showing Lessee’s financial operations pertaining to this Lease and the Property. Such books and records shall be organized in a manner that separately itemizes each of the separate components of Gross Receipts.

15.2 Cash Registers. To the extent retail sales are conducted on the Property in connection with any Lessee Business Operation, or other cash or credit sales of goods or services are conducted in connection with any Lessee Business Operation, all such sales shall be recorded by means of cash registers, point-of-sale computers, or other comparable devices as reasonably determined by the Auditor-Controller which automatically issue a customer’s receipt or certify the amount recorded in a sales slip. Said cash registers shall in all cases have locked-in sales totals and transaction counters which are constantly accumulating and which cannot, in either case, be reset, and in addition thereto, a tape (or other equivalent security mechanism) located within the register on which transaction numbers and sales details are imprinted.

Lessee shall cause to be implemented point of sale systems which can accurately verify all sales for audit purposes and customer review purposes, which system shall be submitted to the CREO Office in advance of installation for Chief Real Estate Officer’s approval, which approval shall not be unreasonably withheld, conditioned or delayed.

Lessee’s obligations set forth in this Section 15.2 include Lessee’s obligation to insure that Lessee’s Sublessees in connection with any Lessee Business Operation (including licensees, permittees, concessionaires and any other occupants of any portion of the Property which constitute any Lessee Business Operation) keep records sufficient to permit County and County’s auditors to determine the proper levels of Percentage Rent and other sums due under this Lease.

15.3 Statement; Payment. No later than the last business day of each calendar month, Lessee shall deliver to County a detailed statement showing (a) the Gross Receipts during the preceding calendar month, (b) Lessee’s calculation of the amount payable to County under Section 4.2, and (c) Lessee’s calculation of the deposits required to be made into each of the Subsequent Renovation Fund and the Capital Improvement Fund, and accompany such statement with remittance of the amount so shown to be due. For the avoidance of doubt, such statement shall include all gross revenues prior to the permitted deductions under Section 1.1.88(b) so that County can verify the calculation of Gross Receipts.

15.4 Availability of Records; County’s Audit Right.

15.4.1 Retention of Records; Examination. Books of account and records for the then current and five (5) prior Lease Years as hereinabove required shall be kept or made available at the Property or at another location within the County, and County and other governmental authorities shall have the right at any reasonable times and on reasonable prior

notice to examine and audit said books and records for the previous five (5) year period, without restriction, for the purpose of determining the accuracy thereof and of the monthly statements of Gross Receipts derived from occupancy of the Property and the compliance of Lessee with the terms of this Lease and other governmental requirements. Except in the event of a dispute between the parties and otherwise except as required by Applicable Law, including without limitation the California Public Records Act (Government Code Sections 6250 *et seq.*), Lessee's books and records shall remain confidential. No contingency based auditor shall be permitted to participate in such audit.

15.4.2 Entry by County. Upon at least one (1) business day advance notice, County and its duly authorized representatives or agents may enter upon the Property at any and all reasonable times during the Term of this Lease for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of County.

15.4.3 Survival. This Section 15.4 shall survive the expiration of the Term or other termination of this Lease for thirty six (36) months after such expiration or termination.

15.5 Cost of Audit. In the event that, for any reason, Lessee does not make available its (or its Sublessee's in connection with any Lessee Business Operation) original records and books of account at the Property or at a location within the County, Lessee agrees to pay all expenses incurred by County in conducting any audit at the location where said records and books of account are maintained. In the event that any audit reveals an underpayment of more than two percent (2%) between the rent due as reported and paid by Lessee in accordance with this Lease and the rent due as determined by said audit, then Lessee shall pay the County's Actual Cost of County's audit, together with the amount of any identified deficiency, with interest thereon and Late Fee provided by Subsection 4.2.3.

15.6 Additional Accounting Methods. Upon written notice from County, County may require the installation of any additional accounting methods or machines which are typically used by major commercial real estate management companies and which County reasonably deems necessary if the system then being used by Lessee does not adequately verify sales for audit or customer receipt purposes.

15.7 Accounting Year. The term "**Accounting Year**" as used herein shall mean each calendar year during the Term.

15.8 Annual Financial Statements. Within ninety (90) days after the end of each Accounting Year, or at Lessee's election, after the completion of Lessee's fiscal year, Lessee shall furnish to County a set of audited and certified financial statements audited by category of Percentage Rent set forth in Subsection 4.2.2(a) (including, without limitation, an income statement showing profits and losses, as well as a balance sheet) prepared by a Certified Public Accountant who is a member of the American Institute of Certified Public Accountants and is satisfactory to County, setting forth Lessee's financial condition and the result of Lessee's operations for such Accounting Year and shall include a certification of and unqualified opinion concerning such financial statements and Gross Receipts (or other fair representation as approved by Auditor-Controller). All financial statements prepared by or on behalf of Lessee

shall be prepared in a manner that permits County to determine the financial results of operations in connection with Lessee's activities at, from or relating to the Property, notwithstanding that Lessee may have income and expenses from other activities unrelated to its activities on the Property.

15.9 Accounting Obligations of Sublessees. Lessee shall cause all Sublessees and others conducting business operations on or from the Property which constitute a Lessee Business Operation (and shall include language in all applicable Subleases requiring each applicable Sublessee) to comply with all terms of this Article 15 with respect to the maintenance, form, availability and methodology of accounting records and the delivery to County of audited certified financial statements (audited by category of Percentage Rent set forth in Subsection 4.2.2(a)) and unqualified opinions (or other fair representation as approved by Auditor-Controller) as to Gross Receipts. County shall provide written notice to Lessee of the failure of any Sublessee in connection with any Lessee Business Operation or other person or entity to comply with this Section after County's discovery of such failure, and provide Lessee with the right to cure any failure to so comply by payment to County of amounts which may be owing to County, as shown on an audit conducted by County, or on an audit supplied by Lessee or such Sublessee or other person or entity, and accepted by County, or as otherwise determined pursuant to Section 15.10. In such event County shall permit Lessee to subrogate to any right of County to enforce this provision against such Sublessee or other person or entity, to the extent Lessee does not have a direct right of enforcement against such Sublessee or other person or entity.

15.10 Inadequacy of Records. In the event that Lessee or applicable Sublessees (including applicable licensees or concessionaires) fail to keep the records required by this Article 15 such that a Certified Public Accountant or Auditor-Controller is unable to issue an unqualified opinion as to Gross Receipts (or other fair representation as approved by Auditor-Controller), such failure shall be deemed a breach of this Lease by Lessee. In addition to the other remedies available to County at law or equity as a result of such breach, County may prepare a calculation of the Percentage Rent payable by Lessee during the period in which the accounting records were inadequately maintained. Such calculation may be based on the past Gross Receipts levels on or from the Property, the past or present level of Gross Receipts experienced by tenants of comparable leaseholds in the County with comparable business operations, or any other method as reasonably determined by Chief Real Estate Officer and shall utilize such methodology as Chief Real Estate Officer deems reasonable. Within five (5) days after receipt of County's determination of Percentage Rent due, if any, Lessee shall pay such Percentage Rent, together with a late fee of five percent (5%) and interest to the date of payment at the Applicable Rate from the date upon which each unpaid installment of Percentage Rent was due, together with County's Actual Cost in connection with the attempted audit of the inadequate records and the reconstruction and estimation of Gross Receipts and the calculation of Percentage Rent due.

16. DEFINITION OF TERMS; INTERPRETATION.

16.1 Captions. The captions contained in this Lease are for informational purposes only, and are not to be used to interpret or explain the particular provisions of this Lease.

16.2 Meanings of Words Not Specifically Defined. Words and phrases contained herein shall be construed according to the context and the approved usage of the English language, but technical words and phrases, and such others as have acquired a peculiar and appropriate meaning by law, or are defined in Section 1.1, are to be construed according to such technical, peculiar, and appropriate meaning or definition.

16.3 Tense; Gender; Number; Person. Words used in this Lease in the present tense include the future as well as the present; words used in the masculine gender include the feminine and neuter and the neuter includes the masculine and feminine; the singular number includes the plural and the plural the singular; the word “person” includes a corporation, partnership, limited liability company or similar entity, as well as a natural person.

16.4 Parties Represented by Consultants, Counsel. Both County and Lessee have entered this Lease following advice from independent financial consultants and legal counsel of their own choosing. This document is the result of combined efforts of both parties and their consultants and attorneys. Thus, any rule of law or construction which provides that ambiguity in a term or provision shall be construed against the draftsman shall not apply to this Lease.

16.5 “County” and “Lessee”. In any provision relating to the conduct, acts or omissions of Lessee, the term “**Lessee**” shall include Lessee’s agents, employees, contractors, invitees, successors or others using the Property with Lessee’s expressed or implied permission. In any provision relating to the conduct, acts or omissions of County, the term “**County**” shall include County’s agents, employees, contractors, invitees, successors or others using the Property with County’s expressed or implied permission.

16.6 Business Days. For the purposes of this Lease, “**business day**” shall mean a business day as set forth in Section 9 of the California Civil Code, and shall include “Optional Bank Holidays” as defined in Section 7.1 of the California Civil Code.

16.7 Severability. If any term or provision of this Lease is held invalid or unenforceable to any extent under any Applicable Law by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, and each remaining term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

16.8 Time For Chief Real Estate Officer Approvals. Except where a different time period is specifically provided for in this Lease, whenever in this Lease the approval of Chief Real Estate Officer is required, approval shall be deemed not given unless within thirty (30) days after the date of the receipt of the written request for approval from Lessee, Chief Real Estate Officer either (a) approves such request in writing, or (b) notifies Lessee that it is not reasonably possible to complete such review within the thirty (30)-day period, provides a final date for approval or disapproval by Chief Real Estate Officer (the “**Extended Time**”) and approves such request in writing prior to such Extended Time. If Chief Real Estate Officer does not approve such request in writing within such Extended Time, the request shall be deemed to be disapproved.

16.9 Time For County Action. Notwithstanding anything to the contrary contained in this Lease, wherever Chief Real Estate Officer determines that a County action required

hereunder necessitates approval from or a vote of one or more of County's boards or commissions or the Board, the time period for County performance of such action shall be extended as is reasonably necessary in order to secure such approval or vote, and County shall not be deemed to be in default hereunder in the event that it fails to perform such action within the time periods otherwise set forth herein.

17. MISCELLANEOUS.

17.1 Integration. This Lease, along with any exhibits, attachments or other documents affixed hereto or referred to herein (all of which are incorporated herein by this reference), constitutes the entire agreement between County and Lessee relative to the leasing of the Property. County and Lessee hereby agree that no prior agreement, understanding or representation pertaining to any matter covered or mentioned in this Lease shall be effective for any purpose.

17.2 Quiet Enjoyment. Lessee, upon performing its obligations hereunder, shall have the quiet and undisturbed possession of the Property throughout the Term of this Lease, subject, however, to the terms and conditions of this Lease.

17.3 Time is of the Essence. Except as specifically otherwise provided for in this Lease, time is of the essence of this Lease and applies to all times, restrictions, conditions, and limitations contained herein.

17.4 Holding Over.

17.4.1 No Renewal or Extension of Term. If Lessee holds over after the expiration of the Term for any cause, with or without the express or implied consent of County, such holding over shall be deemed to be a tenancy from month-to-month only, and shall not constitute a renewal or extension of the Term. During any such holdover period, the Minimum Monthly Rent and Percentage Rent rates in effect at the end of the Term shall be increased to one hundred twenty-five percent (125%) of such previously effective amounts. Such holdover shall otherwise be subject to the same terms, conditions, restrictions and provisions as herein contained. Such holding over shall include any time employed by Lessee to remove machines, appliances and other equipment during the time periods herein provided for such removal, except as expressly provided with respect to any Post Term Personal Property Removal Period.

17.4.2 Failure to Surrender; No Consent. Nothing contained herein shall be construed as consent by County to any holding over by Lessee, and County expressly reserves the right to require Lessee to surrender possession of the Property to County as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 17.4 shall not be deemed to limit or constitute a waiver of any other rights or remedies of County provided at law or in equity. If Lessee fails to surrender the Property upon the termination or expiration of this Lease, in addition to any other liabilities to County accruing therefrom, Lessee shall protect, defend, indemnify and hold County harmless from all losses, costs (including reasonable attorneys' fees), damages, claims and liabilities resulting from such failure, including, without limitation, any claims made by any succeeding ground lessee (or subtenant) arising from such failure to surrender, and any lost profits to County resulting therefrom, provided that

County notifies Lessee that Lessee's failure to timely surrender the Property will cause County to incur such lost profits.

17.5 Waiver of Conditions or Covenants. Except as stated in writing by the waiving Party, any waiver by either Party of any breach of any one or more of the covenants, conditions, terms, and agreements of this Lease shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term, or agreement of this Lease, nor shall failure on the part of either Party to require exact full and complete compliance with any of the covenants, conditions, terms, or agreements of this Lease be construed as in any manner changing the terms hereof or estopping that Party from enforcing the full provisions hereof, nor shall the terms of this Lease be changed or altered in any manner whatsoever other than by written agreement of County and Lessee. No delay, failure, or omission of County to re-enter the Property or of either Party 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 any right. No notice to Lessee shall be required to restore or revive "time of the essence" after the waiver by County of any default. Except as specifically provided in this Lease, no option, right, power, remedy, or privilege of either Party shall be construed as being exhausted by the exercise thereof in one or more instances.

17.6 Authorized Right of Entry. In any and all cases in which provision is made herein for termination of this Lease, or for exercise by County of right of entry or re-entry upon the Property in the case of an Event of Default, or in case of abandonment or vacation of the Property by Lessee, Lessee hereby irrevocably authorizes County to enter upon the Property and remove any and all persons and property whatsoever situated upon the Property and place all or any portion of said property, except such property as may be forfeited to County, in storage for the account of and at the expense of Lessee. Except to the extent arising out of or caused by the gross negligence or willful misconduct of County, Lessee agrees to indemnify, defend and save harmless County from any cost, expense, loss or damage arising out of or caused by any such entry or re-entry upon the Property in the case of an Event of Default, including the removal of persons and property and storage of such property by County and its agents.

17.7 Notice and Service of Process.

17.7.1 Notice Requirement. Any notice required to be sent under this Lease shall be in compliance with and subject to this Section 17.7.

17.7.2 Service of Process. If Lessee is not a resident of the State, or is an association or partnership without a member or partner resident of said State, or is a foreign corporation, Lessee shall file with the CREO Office a designation of a natural person residing in the County, or a service company, such as CT Corporation, which is authorized to accept service, giving his or its name, residence, and business address, as the agent of Lessee for the service of process in any court action between Lessee and County, arising out of or based upon this Lease, and the delivery to such agent of written notice or a copy of any process in such action shall constitute a valid service upon Lessee. If for any reason service of such process upon such agent is not possible, then any officer of Lessee may be personally served with such process outside of the State and such service shall constitute valid service upon Lessee; and it is further expressly

agreed that Lessee is amenable to such process and submits to the jurisdiction of the court so acquired and waives any and all objection and protest thereto.

17.7.3 Method of Delivery. Written notice addressed to Lessee at the addresses below-described, or to such other address that Lessee may in writing file with the CREO Office, shall be deemed sufficient if said notice is delivered personally, by telecopy or facsimile transmission or, provided in all cases there is a return receipt requested (or other similar evidence of delivery by overnight delivery service) and postage or other delivery charges prepaid, by registered or certified mail posted in the County, Federal Express or DHL, or such other services as Lessee and County may mutually agree upon from time to time. Each notice shall be deemed received and the time period for which a response to any such notice must be given or any action taken with respect thereto (including cure of any prospective Event of Default) shall commence to run from the date of actual receipt of the notice by the addressee thereof in the case of personal delivery, telecopy or facsimile transmission if before 5:00 p.m. on regular business days, or upon the date of delivery or attempted delivery in the case of registered or certified mail, as evidenced by the mail receipt (but in any case not later than the date of actual receipt).

17.7.4 Required Additional Recipients. Copies of any written notice to Lessee shall also be simultaneously mailed to any Encumbrance Holder, Major Sublessee or encumbrancer of such Major Sublessee of which County has been given written notice and an address for service. Notice given to Lessee as provided for herein shall be effective as to Lessee notwithstanding the failure to send a copy to such Encumbrance Holder, Major Sublessee or encumbrancer.

17.7.5 Addresses. As of the date of execution hereof, the persons authorized to receive notice on behalf of County and Lessee are as follows:

COUNTY: County Executive Office
County Administration North
400 W. Civic Center Dr., 5th Floor
Santa Ana, California 92701
Attn: Chief Real Estate Officer
Fax: (714) 834-6166

With a Copy to: Office of County Counsel
County Administration North
400 W. Civic Center Dr., 2nd Floor
Santa Ana, California 92701
Attn: Michael Haubert, Senior Deputy
Fax: (714) 834-2359

and to: Director
OC Parks
13042 Old Myford Road
Irvine, California 92602
Fax: (714) 834-2359

LESSEE: Burnham-Ward Properties, LLC
860 Newport Center Drive, Suite 100
Newport Beach, California 92660
Attn: Scott Burnham and Bryon Ward
Fax: (949) 760-0430

and to: Bellwether Financial Group, Inc.
610 Newport Center Drive, Suite 490
Newport Beach, California 92660
Attn: Joe Ueberroth
Fax: (949) 723-7786

and to: Olson Real Estate Group, Inc.
c/o RD Olson Development
520 Newport Center Drive, Suite 600
Newport Beach, California 92660
Attn: Dustin Schmidt
Fax: (949) 271-1080

Either Party shall have the right to change its notice address by written notice to the other Party of such change in accordance with the provisions of this Section 17.7.

17.8 Brokers. If Lessee has engaged a broker in this transaction pursuant to a separate agreement, Lessee shall be solely responsible for the payment of any broker commission or similar fee payable pursuant to such separate agreement. Lessee hereby agrees to indemnify, defend and hold the County harmless from and against all costs, expenses or liabilities (including attorney fees and court costs, whether or not taxable and whether or not any action is prosecuted to judgment) incurred by County in connection with any Claim by a person or entity for any broker's, finder's or other commission or fee from the County in connection with the Lessee's entry into this Lease and the transactions contemplated hereby based upon any alleged statement or representation or agreement of the Lessee. No broker, finder or other agent of any Party hereto shall be a third-party beneficiary of this Lease.

17.9 No Partnership. This Lease shall not be construed to constitute any form of partnership or joint venture between County and Lessee. County and Lessee mutually acknowledge that no business or financial relationship exists between them other than as County and tenant, and that County is not responsible in any way for the debts of Lessee or any other party.

17.10 Interest. In any situation where County has advanced sums on behalf of Lessee pursuant to this Lease, such sums shall be due and payable within five (5) days after Lessee's receipt of written demand, together with interest at the Applicable Rate (unless another rate is specifically provided herein) from the date such sums were first advanced, until the time payment is received. In the event that Lessee repays sums advanced by County on Lessee's behalf with interest in excess of the maximum rate permitted by Applicable Laws, County shall either refund such excess payment or credit it against subsequent installments of Annual Minimum Rent and Percentage Rent.

17.11 Attorneys' Fees. In any action or proceeding brought to enforce or interpret any provision of this Lease, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees and costs.

17.12 Amendments. This Lease may only be amended in writing executed by duly authorized officials of Lessee and County.

17.13 Estoppel Certificates. Each Party agrees to execute, within ten (10) business days after the receipt of a written request therefor from the other Party, an estoppel certificate stating: (a) that this Lease is in full force and effect and is unmodified (or stating otherwise, if true); (b) that, to the best knowledge of such Party, the other Party is not then in default under the terms of this Lease (or stating the grounds for default if such be the case); and (c) if requested, the amount of the Security Deposit, Annual Minimum Rent, Percentage Rent and other material economic terms and conditions of this Lease. County shall provide its response to any request for an estoppel certificate using its standard form. Prospective purchasers, Major Sublessees and Encumbrance Holders may rely on such statements.

17.14 Indemnity Obligations. Whenever in this Lease there is an obligation to indemnify, hold harmless and/or defend, irrespective of whether or not the obligation so specifies, it shall include the obligation to defend and pay reasonable attorney's fees, reasonable expert fees and court costs.

17.15 Memorandum of Lease. This Lease itself shall not be recorded, but the Parties hereto shall execute and acknowledge a memorandum of lease ("**Memorandum**"), in recordable form and otherwise satisfactory to the Parties hereto, for recording as soon as is practicable on or following the Effective Date. Lessee shall be responsible for the payment of all charges imposed in connection with the recordation of the Memorandum, including, without limitation, any documentary transfer tax imposed in connection with this transaction and all recording fees and charges. The Memorandum recorded in connection with the Existing Lease shall be removed of record concurrently therewith by Lessee.

17.16 Governing Law. This Lease shall be governed by and interpreted in accordance with the laws of the State of California.

17.17 Venue. The Parties hereto agree that this Lease has been negotiated and executed in the State of California and shall be governed by and construed under the laws of California. In the event of any legal action to enforce or interpret this Lease, the sole and exclusive venue shall be a court of competent jurisdiction located in the County, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure Section 394. Furthermore, the Parties hereto specifically agree to waive any and all rights to request that an action be transferred for trial to another county.

17.18 Nondiscrimination. Lessee agrees not to discriminate against any person or class of persons by reason of sex, age, race, color, creed, physical handicap, or national origin in employment practices and in the activities conducted pursuant to this Lease.

17.19 Public Records. Lessee acknowledges that any written information submitted to and/or obtained by County from Lessee or any other person or entity having to do with or related

to this Lease and/or the Property, either pursuant to this Lease or otherwise is a public record open to inspection by the public pursuant to the California Records Act (Government Code §6250, *et seq.*) as now in force or hereafter amended, or any Applicable Laws in substitution thereof, or otherwise made available to the public, unless such information is exempt from disclosure pursuant to the applicable sections of the California Records Act. In the event that a public records act request is made for any financial statements and records (not including Gross Receipts Statements) and the County determines that the records must be turned over, the County will give Lessee fifteen (15) days' written notice prior to turning over such records so that Lessee can take any necessary action.

17.20 Compliance with Code. County and Lessee agree and acknowledge that this Lease satisfies the requirements of Sections 25536 and 25907 of the California Government Code as a result of various provisions contained herein.

17.21 Counterparts. This Lease may be executed in counterparts, each of which shall constitute an original and all of which shall collectively constitute one fully-executed document.

[SIGNATURES ON FOLLOWING PAGE]

Attachment C

IN WITNESS WHEREOF, County and Lessee have entered into this Lease as of the Effective Date.

**DANA POINT HARBOR PARTNERS
DRystack, LLC**, a California limited liability company

COUNTY OF ORANGE,
a political subdivision of the State of California

BURNHAM-WARD PROPERTIES, LLC,
a California limited liability company, Manager

By: _____
Name: _____
Title: _____

By: _____
Chief Real Estate Officer

BELLWETHER FINANCIAL GROUP, INC.,
a California corporation, Manager

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

County Counsel

OLSON REAL ESTATE GROUP, INC.,
a California corporation (dba RD Olson Development), Manager

Signed by:
By: Michael Haubert
135BE01AB0134AE...
Senior Deputy

By: _____
Name: _____
Title: _____

EXHIBIT A-1

LEGAL DESCRIPTION OF PROPERTY

[Attached hereto]

EXHIBIT "A-1"

**LEGAL DESCRIPTION (DRY STACK LEASE AREA)
FACILITY-PARCEL NO.: HA78H-156**

THOSE PORTIONS OF PARCELS 2, 4, 5 AND ALL OF PARCELS 3 AND 13 OF PARCEL MAP, IN THE CITY OF DANA POINT, COUNTY OF ORANGE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 32, PAGES 35 THROUGH 40, INCLUSIVE OF PARCEL MAPS, TOGETHER WITH THAT PORTION OVER AND ABOVE THE WATER WAY, AS SHOWN ON SAID MAP, DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST SOUTHERLY CORNER OF SAID PARCEL 4;

THENCE, ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL 4, NORTH $16^{\circ}21'05''$ EAST 200.44 FEET (SHOWN AS NORTH $15^{\circ}28'34''$ EAST PER SAID MAP) TO THE **TRUE POINT OF BEGINNING**;

THENCE, LEAVING SAID LINE, NORTH $73^{\circ}44'47''$ WEST 305.04 FEET;

THENCE, NORTH $03^{\circ}41'22''$ WEST 668.70 FEET;

THENCE, NORTH $01^{\circ}36'29''$ WEST 9.56 FEET TO THE NORTHERLY LINE OF SAID PARCEL 4;

THENCE, ALONG SAID LINE, NORTHERLY AND ALONG THE NORTHEASTERLY LINE OF PARCEL 3, EASTERLY LINES OF SAID PARCELS 2, 3 AND 13, THE FOLLOWING FIVE (5) COURSES:

- 1) NORTH $88^{\circ}23'32''$ EAST 516.15 FEET TO THE BEGINNING OF A TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 725.50 FEET;
- 2) NORTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF $23^{\circ}45'23''$ AN ARC LENGTH OF 300.81 FEET TO THE BEGINNING OF A REVERSE CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 30.00 FEET, A RADIAL BEARING TO SAID BEGINNING OF REVERSE CURVE BEARS NORTH $25^{\circ}21'51''$ WEST;
- 3) NORTHEASTERLY AND SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF $86^{\circ}20'22''$ AN ARC LENGTH OF 45.21 FEET TO THE BEGINNING OF A COMPOUND CURVE, CONCAVE WESTERLY AND HAVING A RADIUS OF 480.00 FEET, A RADIAL BEARING TO SAID BEGINNING OF COMPOUND CURVE BEARS NORTH $60^{\circ}58'31''$ EAST;
- 4) SOUTHEASTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE $33^{\circ}02'34''$ AN ARC LENGTH OF 276.82 FEET;
- 5) TANGENT TO SAID CURVE, SOUTH $04^{\circ}01'05''$ WEST 475.63 FEET;

THENCE, LEAVING SAID LINE, NORTH $87^{\circ}00'14''$ WEST 500.86 FEET TO SAID SOUTHEASTERLY LINE OF PARCEL 4;

THENCE, ALONG SAID LINE, SOUTH $16^{\circ}21'05''$ WEST 124.04 FEET TO THE **TRUE POINT OF BEGINNING**.

EXHIBIT "A-1"

**LEGAL DESCRIPTION (DRY STACK LEASE AREA)
FACILITY-PARCEL NO.: HA78H-156**

CONTAINING A TOTAL AREA OF 610,911 SQUARE FEET, MORE OR LESS.

ALSO SHOWN IN EXHIBIT "A-1.1", ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

THIS DESCRIPTION IS FOR LEASE PURPOSES ONLY.

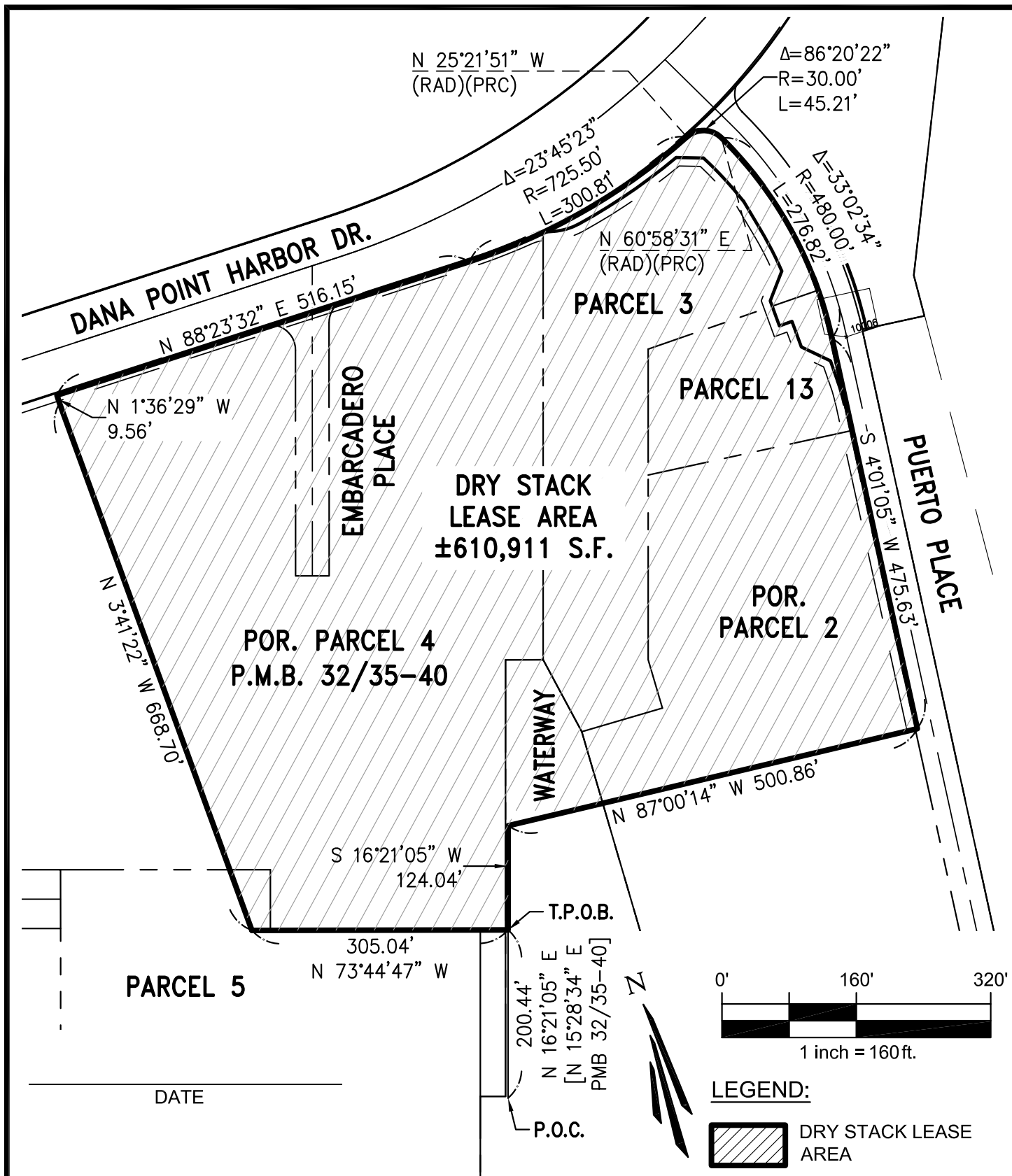
6/16/26

DATE



MICHAEL FURLONG, PLS 8899
LICENSE EXPIRES 12/31/2027





MICHAEL FURLONG, PLS 8899

P.O.C. POINT OF COMMENCEMENT
T.P.O.B. TRUE POINT OF BEGINNING

1 OF 1

EXHIBIT "A-1.1"
 LEGAL DESCRIPTION EXHIBIT
 DRY STACK LEASE AREA
 DANA POINT HARBOR

TAIT & ASSOCIATES INC.
 Engineering · Surveying · Environmental
 701 PARKCENTER DRIVE, SANTA ANA, CALIFORNIA 92705
 TEL. (714) 560-8200

EXHIBIT A-2

DEPICTION OF PROPERTY

[Attached hereto]



SEA WALL



DANA POINT HARBOR DRY STACK/ DAY-USE BOATER PARKING
& DRY STORAGE LEASE AREA - MASTER DEVELOPER



LEASE LINE

- (A) BREAKWATER - COUNTY
- (B) OCEAN INSTITUTE - COUNTY
- (C) BABY BEACH - COUNTY
- (D) OC SAILING & EVENT CENTER - COUNTY
- (E) SEA WALL - MASTER DEVELOPER
- (F) BRIDGE - COUNTY
- (G) NAVIGATION CHANNEL - MASTER DEVELOPER
- (H) HARBOR PATROL - COUNTY
- (I) FISHING PIER - MASTER DEVELOPER

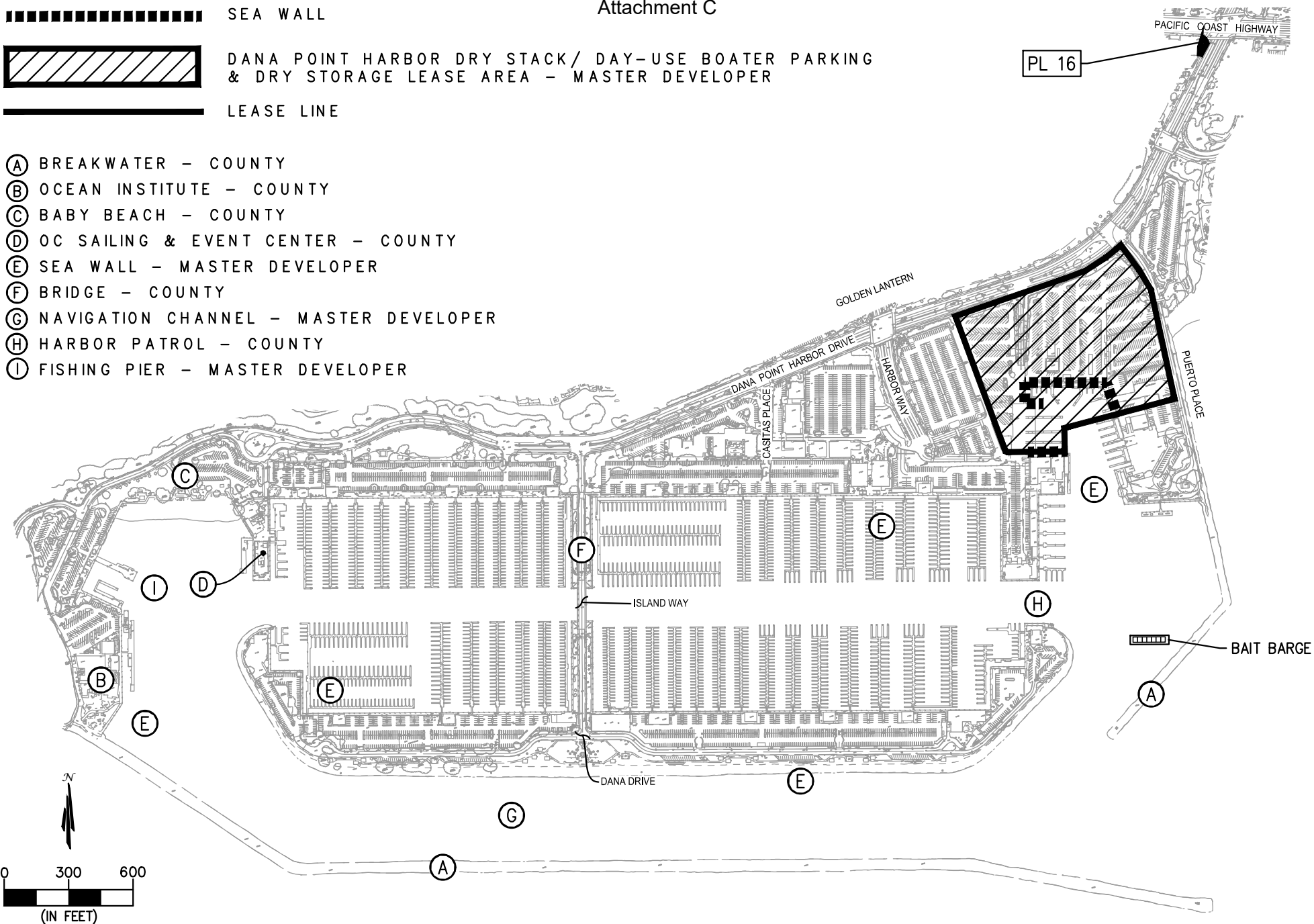
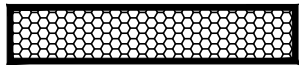


EXHIBIT A-3

DEPICTION OF DREDGING AREA

[Attached hereto]

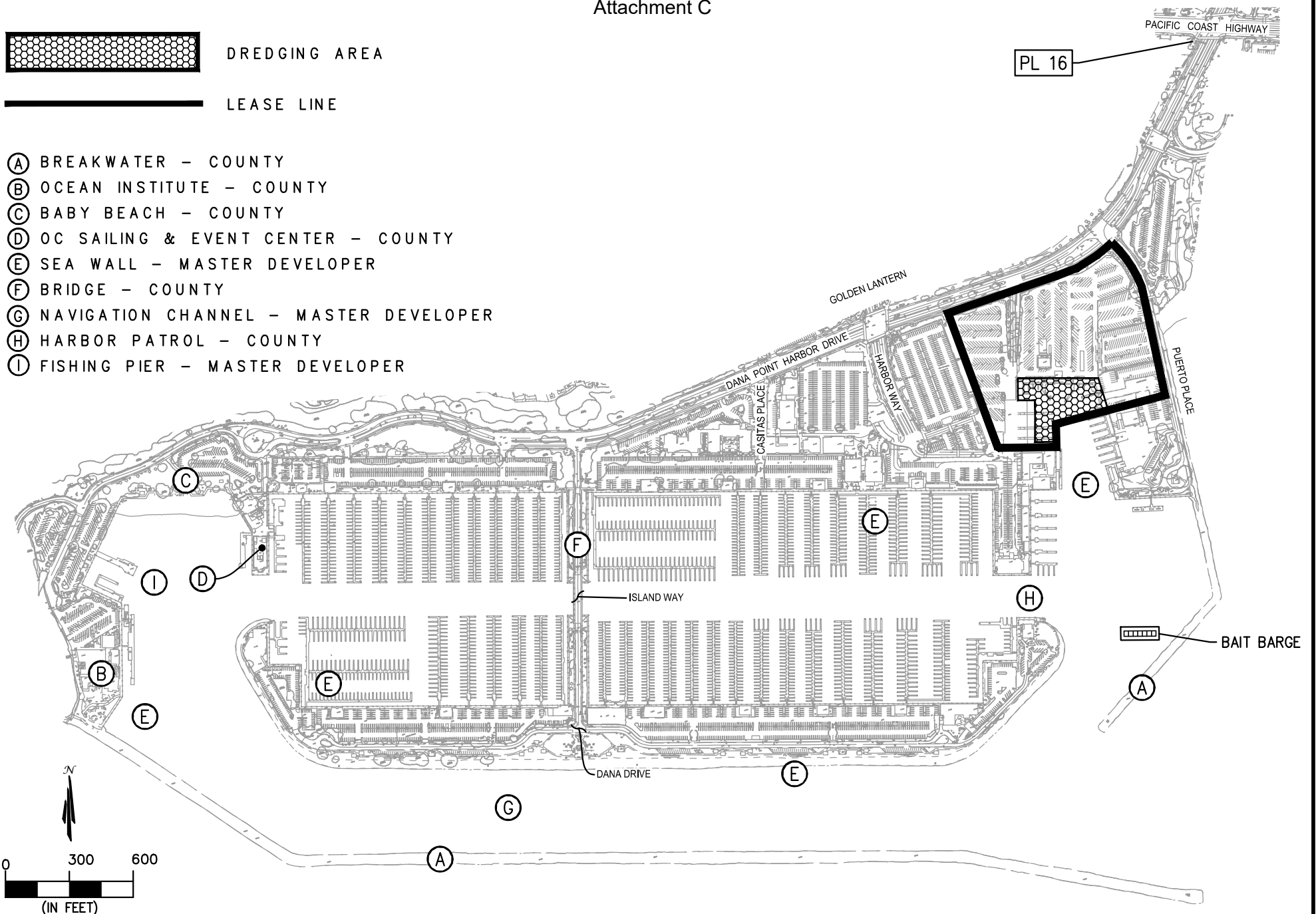


DREDGING AREA



LEASE LINE

- (A) BREAKWATER - COUNTY
- (B) OCEAN INSTITUTE - COUNTY
- (C) BABY BEACH - COUNTY
- (D) OC SAILING & EVENT CENTER - COUNTY
- (E) SEA WALL - MASTER DEVELOPER
- (F) BRIDGE - COUNTY
- (G) NAVIGATION CHANNEL - MASTER DEVELOPER
- (H) HARBOR PATROL - COUNTY
- (I) FISHING PIER - MASTER DEVELOPER

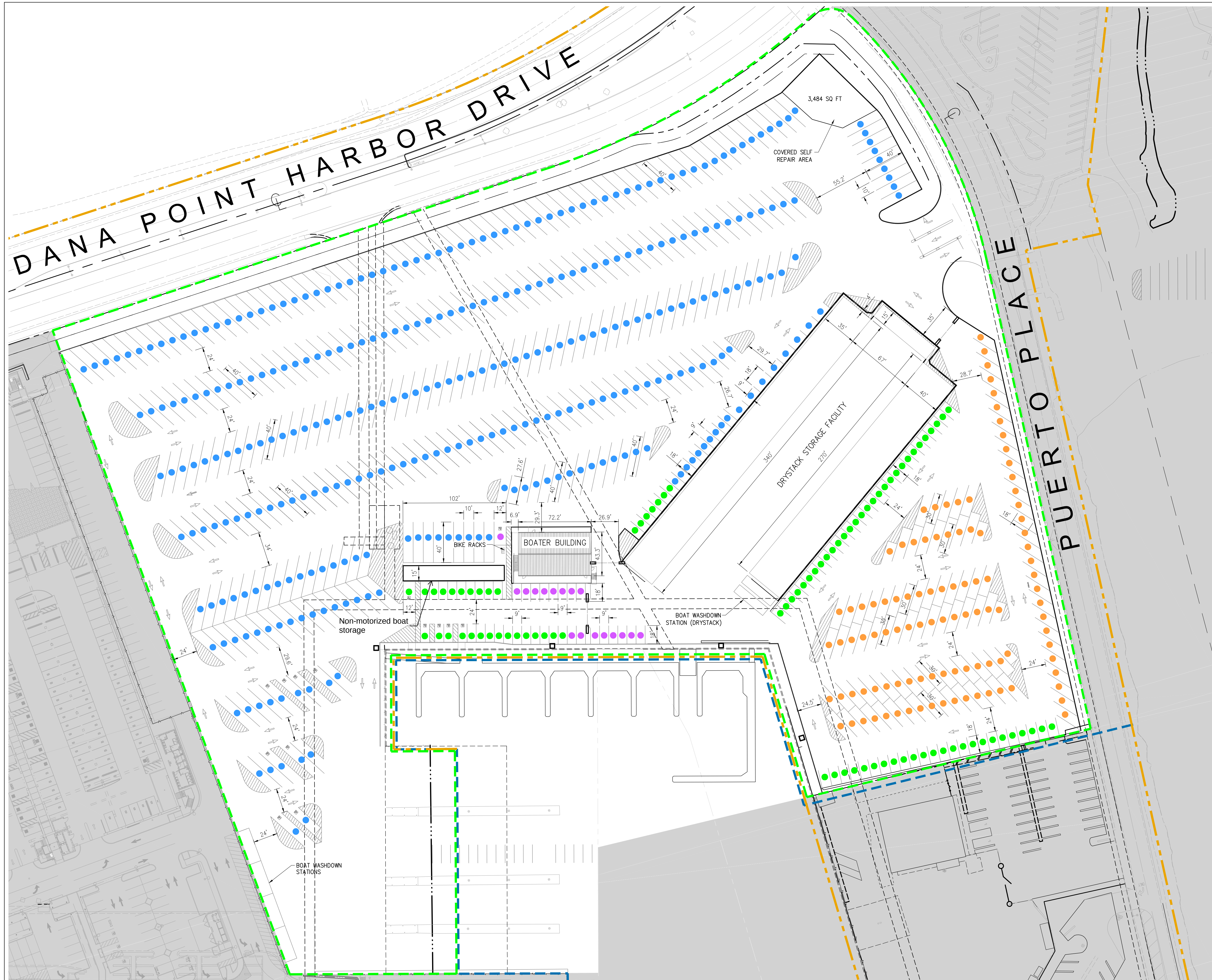


DANA POINT HARBOR
DRYSTACK EXHIBIT A-3
DEPICTION OF DREDGING AREA

EXHIBIT B

APPROVED PROPOSAL SUBMITTALS

[Each of the approved Budget, Conceptual Plans, Construction Schedule, Marketing Plan, Financial Plan and Management Plan are attached hereto]



Design Scheme

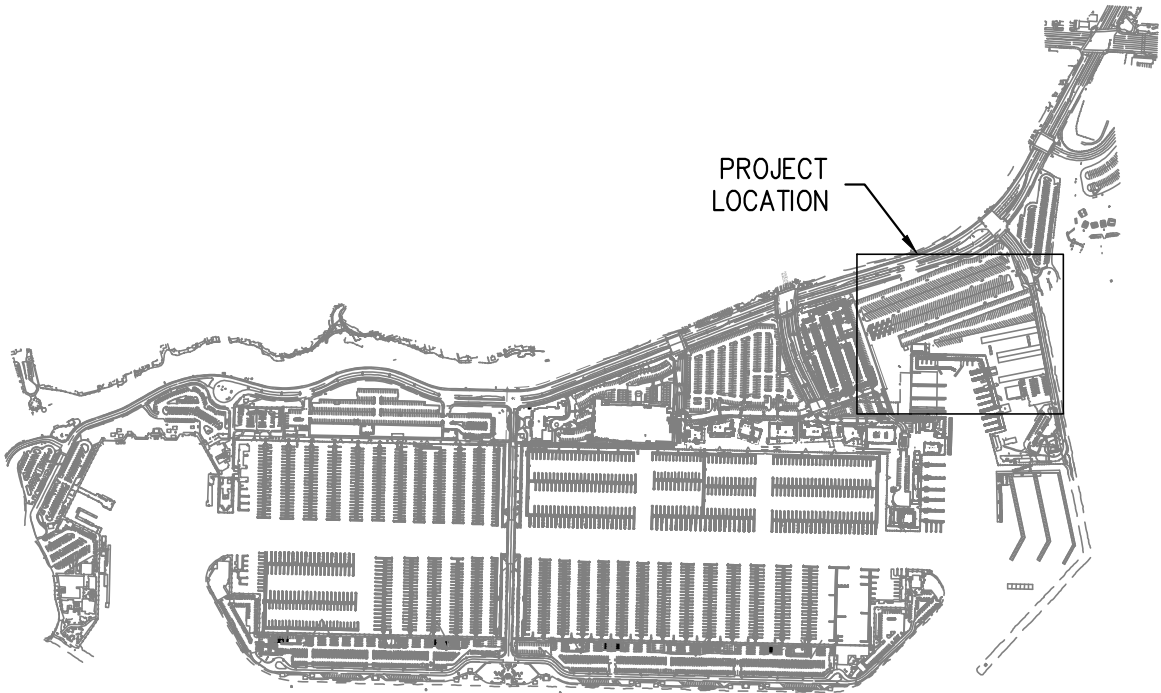
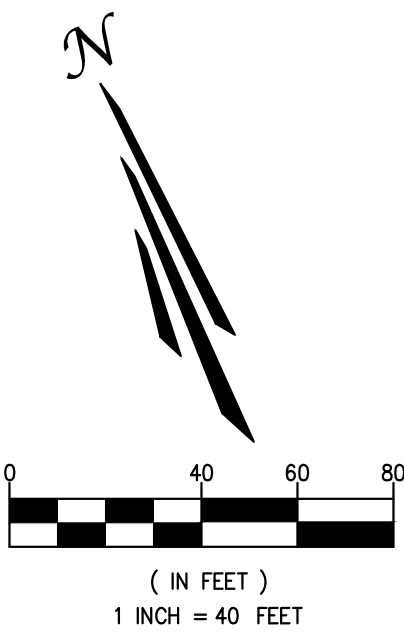
DRY STACK AREA

LEGEND

- LIMITS OF WORK
- PLANNING AREA BOUNDARY
- 2014 CDP 13-0018(I)

- DAY BOATER PARKING: 334 (304, 91%, MEET 10' X 40')
- DRY BOAT STORAGE AUTO PARKING: 86 (38 OVERFLOW SPACE IN PARKING STRUCTURE)
- BOATER BUILDING AUTO PARKING: 17
- DRY BOAT SURFACE STORAGE: 105

NOTE: 14 SPACES ADA (2 VAN)



KEYMAP
N.T.S.

7					
6					
5					
4					
3					
2					
1					
NO.	DATE	REVISIONS	ENGR.	APPROV.	DATE

PREPARED UNDER THE SUPERVISION OF:

TAIT
Since 1964

701 N. Parkcenter Drive
Santa Ana, CA 92705
p: 714/560/8200 f: 714/560/8211
www.tait.com

Los Angeles Ontario Sacramento San Francisco Dallas Phoenix
San Diego Boise Denver Portland

JACOB VANDERVIS R.C.E. No. C46301 4/9/26 DATE

DRAWN BY:	DATE
DESIGNED BY:	DATE
CHECKED BY:	DATE
RECOMMENDED BY:	DATE

GEOTECHNICAL
ENGINEER SEAL

GEOTECHNICAL ENGINEER
GMU GEOTECHNICAL, INC.

NAJIM T. SURNA, A.S.C.E. #4197
SENIOR GEOTECHNICAL ENGINEER

DANA POINT HARBOR REVITALIZATION
DANA POINT HARBOR PARTNERS DRY STACK, LLC

BELLWETHER
FINANCIAL GROUP

SITE PLAN EXHIBIT



Bellingham
Marine
Industries, Inc.

8810 Sparling Lane
Dixon, CA 95620

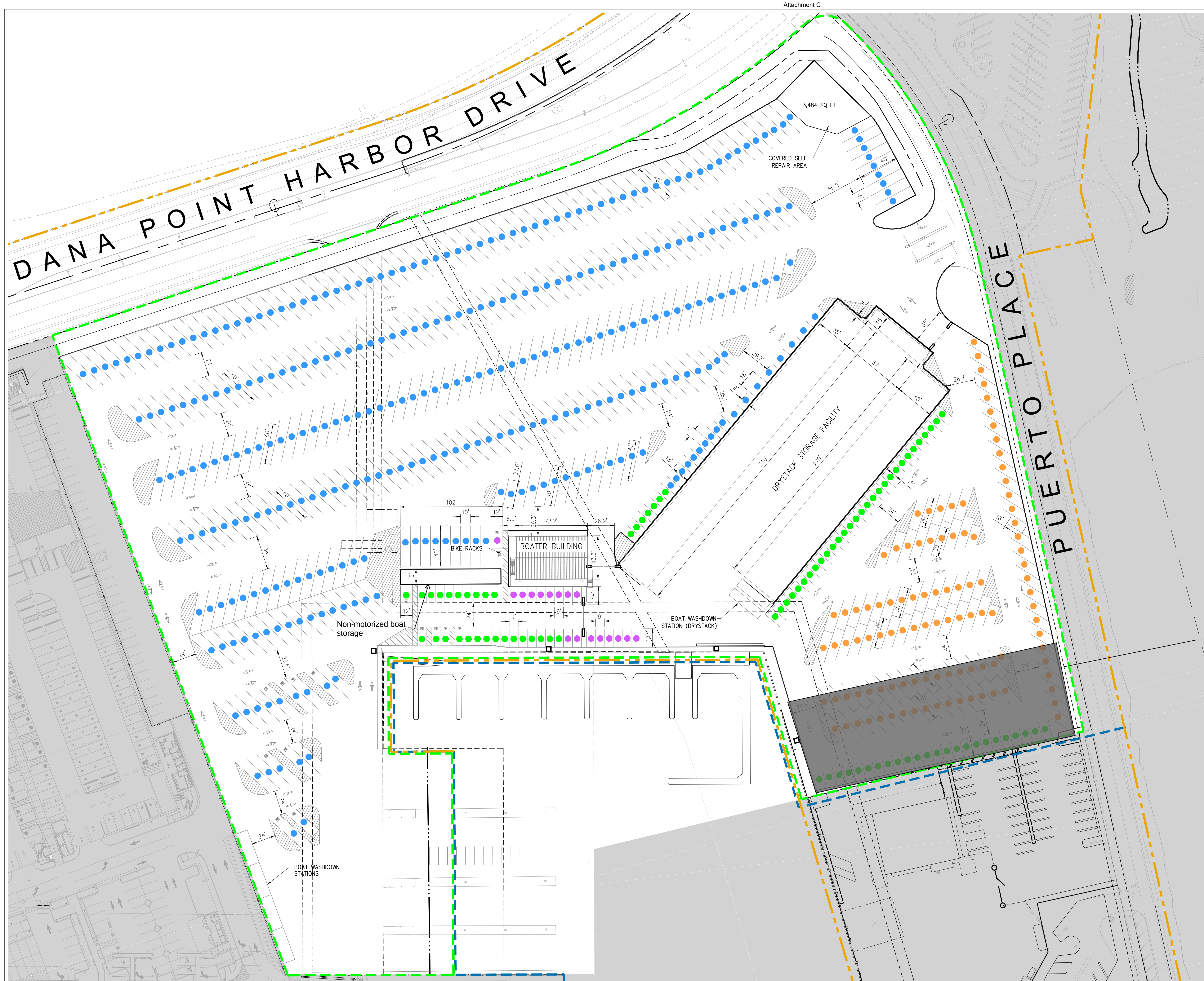
(707) 678-2385
FAX (707) 678-1760
CSL #442499

DANA POINT HARBOR REVITALIZATION

SECTION 8.1.2 SITE DEMOLITION AND REMOVAL PLAN

The following is a general procedure for demolition and removal of existing dock system. The following procedure may vary depending on final design, phasing, and final permit documents from governing agencies:

1. All existing docks indicated to be removed, as shown on the "Dock Phasing Plan" exhibit, shall be removed and properly disposed as indicated below.
2. Existing dock system will be disassembled by hand tools and work boat. The disassembled pieces will be rafted together with rope and floated to a location where docks can be removed out of the water by either a land based crane, forklift or waterside barge mounted crane. Removed docks will be hauled off to landfill or recycling facility by truck. Nearly all material, suitable for recycling, will be recycled which include copper piping, concrete pile, steel pile, recyclable plastics, metals, etc. The majority of the existing dock modules will not be suitable for recycling since materials include treated wood and foam which has been deteriorating in salt water.
3. All existing pilings will be pulled out with barge mounted crane. Jetting around the pile may be utilized to loosen the soil around the pile as necessary. In the event, pile cannot be removed by pulling, pile shall be cut at mudline and the portion of pile above the mudline will be removed. All removed pilings will be temporarily placed on the floating barge. The pilings will be transferred from barge to truck with barge mounted crane where truck shall deliver the removed pilings to landfill or recycling facility as applicable.
4. The following Best Management Practices shall be implemented during demolition and removal of existing dock system:
 - a. Silt curtains will be utilized to control turbidity during dock and pile removal.
 - b. Floating booms shall be maintained around the project site in order to capture floating debris during all demolition and construction phases.
 - c. Divers will recover non-buoyant debris discharged into coastal waters as soon as possible after loss.
 - d. Disturbance to the ocean bottom and intertidal areas shall be minimized.
 - e. Measures shall be taken to ensure that eelgrass beds (if any) are not impacted through anchoring, grounding, propeller damage, or other activities that may disturb the sea floor.
 - f. Contractor shall ensure no debris, soil, silt, sand, sawdust, rubbish, cement or concrete washings thereof, oil or petroleum products, from construction shall be allowed to enter into or placed where it may be washed by rainfall or runoff into waters of the United States.
 - g. Spills of construction equipment fluids or other hazardous materials shall be immediately contained on-site and disposed of in environmentally safe manner as soon as possible.
 - h. All floatable debris and trash generated by construction activities within the project area shall be disposed of as soon as possible or at the end of each day.
 - i. At the end of the construction period, the permittee shall inspect the project area and ensure that no debris, trash or construction materials has been left on the shore or in the water, and that the project has not created any hazard to navigation.



DRY STACK
AREA

LEGEND

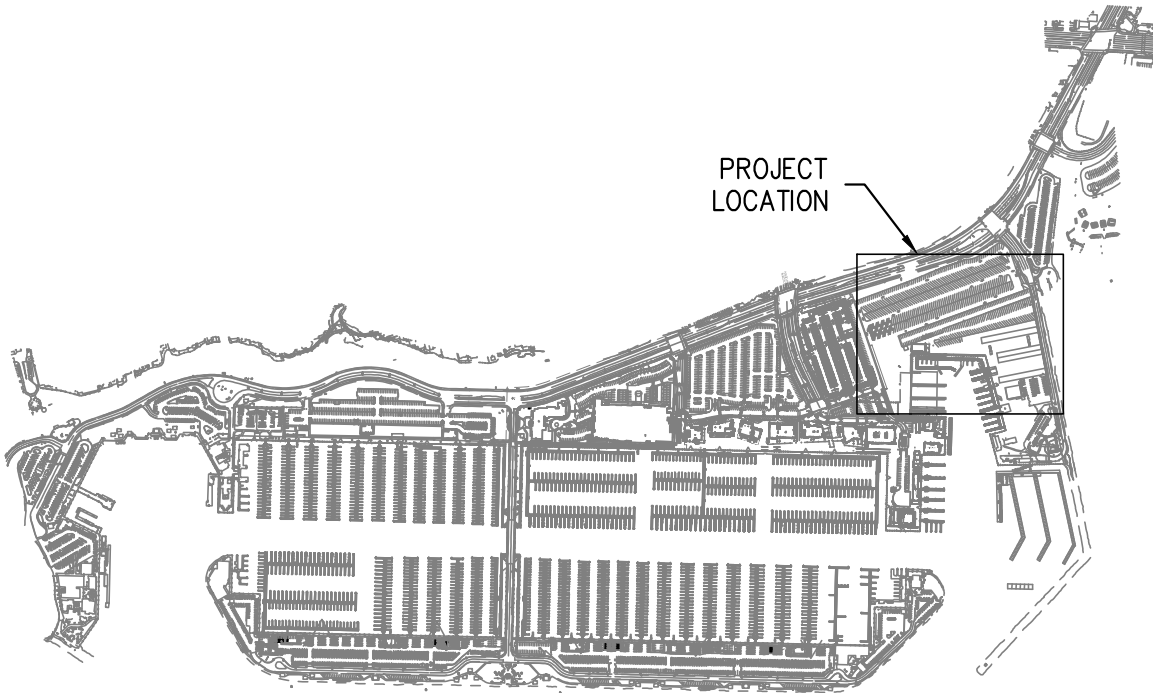
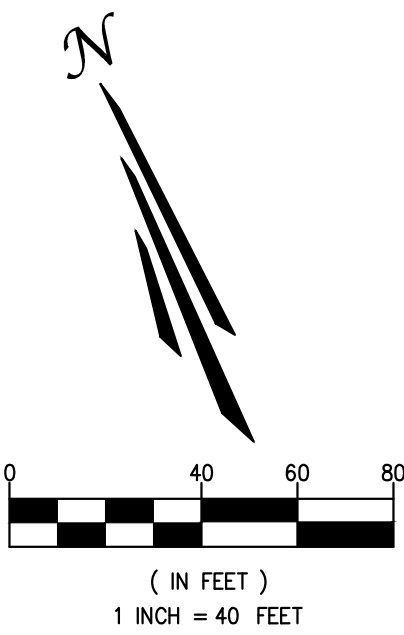
- LIMITS OF WORK
- PLANNING AREA BOUNDARY
- 2014 CDP 13-0018(I)

- DAY BOATER PARKING: 334 (304, 91%, MEET 10' X 40')
- DRY BOAT STORAGE AUTO PARKING: 86 (38 OVERFLOW SPACE IN PARKING STRUCTURE)
- BOATER BUILDING AUTO PARKING: 17
- DRY BOAT SURFACE STORAGE: 105

NOTE: 14 SPACES ADA (2 VAN)

Construction Staging Area

Note
Construction of dry storage site improvements, infrastructure, and storage racks shall be phased to minimize disruption to existing dry storage. All best management practices shall be implemented.



KEYMAP
N.T.S.

7					
6					
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4					
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2					
1					
NO.	DATE	REVISIONS	ENGR.	APPROV.	DATE

PREPARED UNDER THE SUPERVISION OF:

TAIT
Since 1964

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p: 714/560/8200 f: 714/560/8211
www.tait.com

Los Angeles Sacramento San Francisco Dallas Phoenix
Ontario San Diego Boise Denver Portland

JACOB VANDERVIS R.C.E. No. C46301 4/9/26 DATE

DRAWN BY: DATE: 04/09/26
DESIGNED BY: DATE:
CHECKED BY: DATE:
RECOMMENDED BY: DATE:
GEOTECHNICAL ENGINEER SEAL
GEOTECHNICAL ENGINEER
GMU GEOTECHNICAL, INC.
NADIM T. SURNA, AISC, PE, 84197
SENIOR GEOTECHNICAL ENGINEER

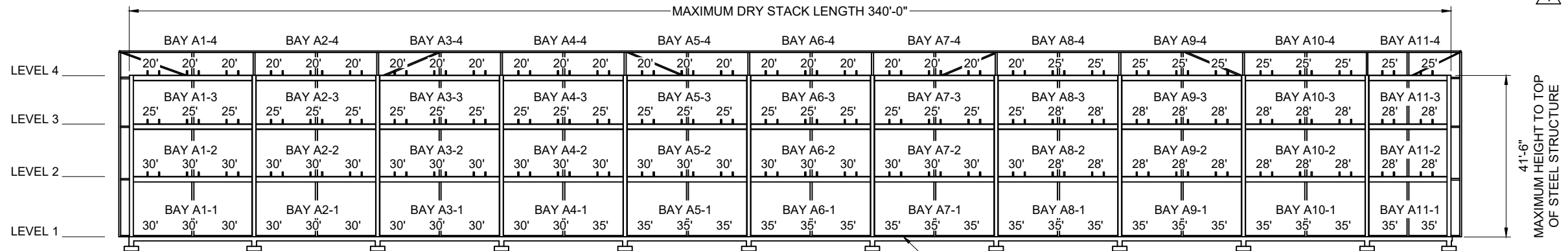
DANA POINT HARBOR REVITALIZATION
DANA POINT HARBOR PARTNERS DRY STACK, LLC

BELLWETHER
FINANCIAL GROUP

SITE PLAN EXHIBIT

Attachment C

2

 $\triangle 1$ 

GROUND STANDS WILL SET ON
A CONCRETE OR GRAVEL BASE

 $\triangle 1$

SLIP MATRIX - SECTION A		
VESSEL LENGTH (FT)	VESSEL QTY.	VESSEL WEIGHT (LBS)
20	22	10000
25	32	12000
28	20	24000
30	33	24000
35	21	GROUND STAND
TOTAL	128	-

35'-0" MAX WIDTH WITH CURTAIN WALL

34'-6" LOA FOR SLIP

14'-0" (CL)

5'-0"

15'-0" CLEAR TO CURTAIN WALL

DRY RACKS SHALL BE PLACED ON
A REINFORCED FOUNDATION

1	11/20/24	UPDATE LENGTH OF RACK A & SLIP COUNT	JWM
2	10/07/25	UPDATE RACK DIMENSIONS	MRA
NO.	DATE	DESCRIPTION	BY
REVISIONS			



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PROJECT NUMBER:	7182/1324-815
ENGINEER / DESIGNER:	CF
PROJECT MANAGER:	JWM
CHECKED BY:	EN

Page 136 of 180

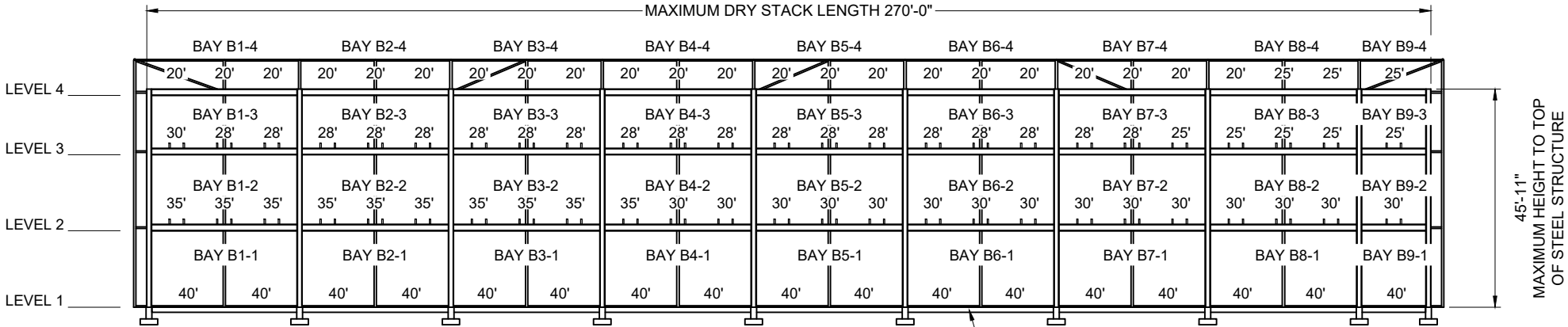
SECTION A ELEVATIONS

THE GENERAL LAYOUT AND DETAILS OF THE MARINE COMPONENTS PRESENTED IN THESE DRAWINGS HAS BEEN DESIGNED BY BELLINGHAM MARINE ENGINEERING UNDER MY SUPERVISION. THIS REVIEW IS LIMITED TO THE ABOVEMENTIONED ASPECTS AND DOES NOT EXTEND TO OTHER DESIGN CONSIDERATIONS, INCLUDING BUT NOT LIMITED TO, STRUCTURAL ENGINEERING, SUITABILITY FOR USE, SAFETY, MECHANICAL AND ELECTRICAL SYSTEMS, QUANTITIES, CUT LENGTHS, AND RELATED FACTORS. BELLINGHAM MARINE ENGINEERING'S DISCLAIMERS ANY RESPONSIBILITY FOR THE ACCURACY OF INFORMATION PROVIDED BY EXTERNAL SOURCES.

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PERMIT DRAWING

2



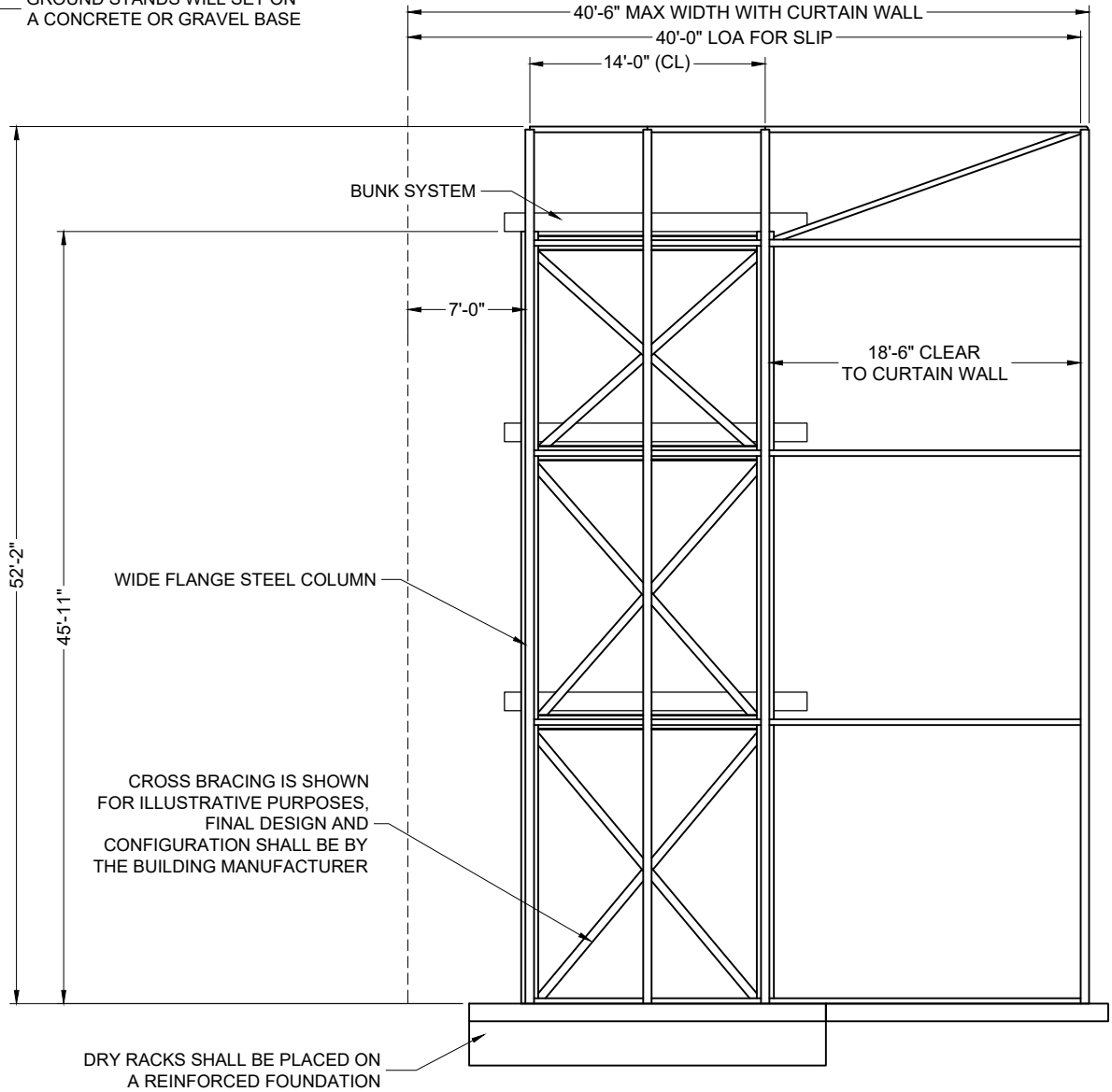
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GROUND STANDS WILL SET ON A CONCRETE OR GRAVEL BASE

SLIP MATRIX - SECTION B

VESSEL LENGTH (FT)	VESSEL QTY.	VESSEL WEIGHT (LBS)
20	6	10000
25	25	12000
28	18	24000
30	16	24000
35	10	24000
40	17	GROUND STAND
TOTAL	92	-

1



1	11/20/24	UPDATE LENGTH OF RACK B & SLIP COUNT	JWM
2	10/07/25	UPDATE RACK DIMENSIONS	MRA
NO.	DATE	DESCRIPTION	BY
REVISIONS			

Bellingham
MARINE
THE WORLD'S MOST
COMPREHENSIVE
MARINA BUILDER

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PROJECT NUMBER:	7182/1324-815
ENGINEER / DESIGNER:	CF
PROJECT MANAGER:	JWM
CHECKED BY:	EN

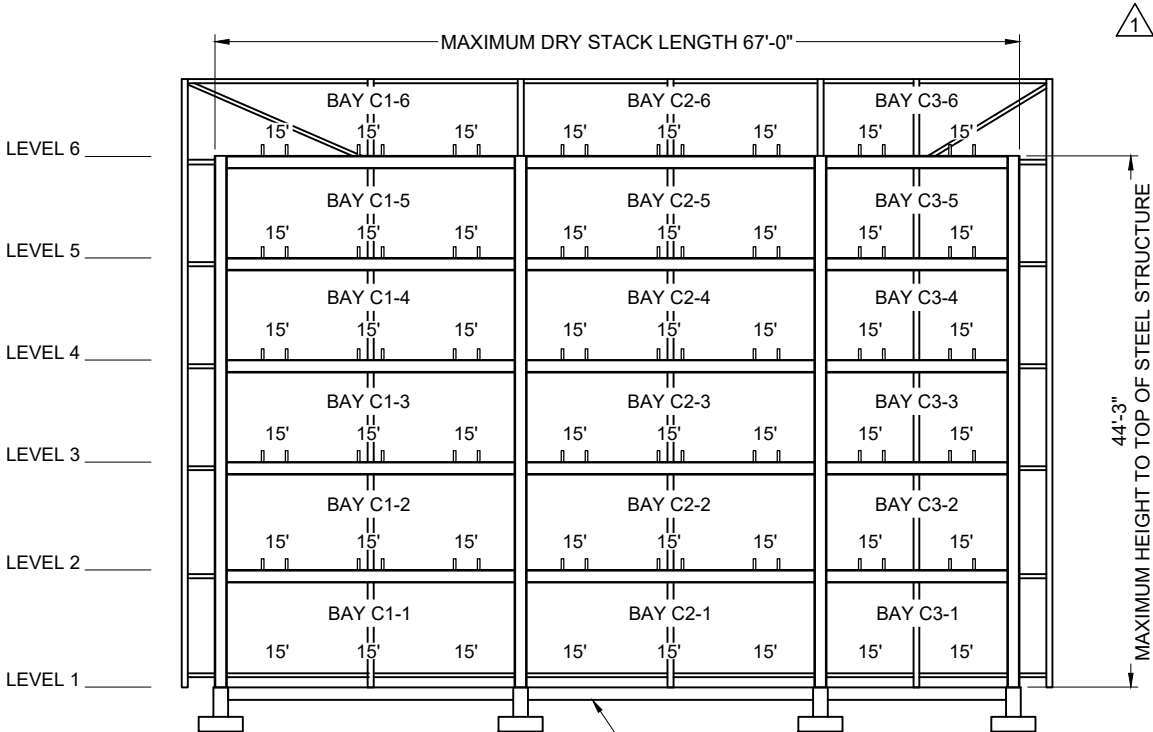
DANA POINT HARBOR REVITALIZATION

DANA POINT, CA 92629

SECTION B ELEVATIONS

THE GENERAL LAYOUT AND DETAILS OF THE MARINE COMPONENTS PRESENTED IN THESE DRAWINGS HAS BEEN DESIGNED BY BELLINGHAM MARINE ENGINEERING UNDER MY SUPERVISION. THIS REVIEW IS LIMITED TO THE AFOREMENTIONED ASPECTS AND DOES NOT EXTEND TO OTHER DESIGN CONSIDERATIONS, INCLUDING BUT NOT LIMITED TO STRUCTURAL ENGINEERING, SUITABILITY FOR USE, SAFETY, MECHANICAL AND ELECTRICAL SYSTEMS, QUANTITIES, CUT LENGTHS AND RELATED FACTORS. BELLINGHAM MARINE ENGINEERING DISCLAIMS ANY RESPONSIBILITY FOR THE ACCURACY OF INFORMATION PROVIDED BY EXTERNAL SOURCES.

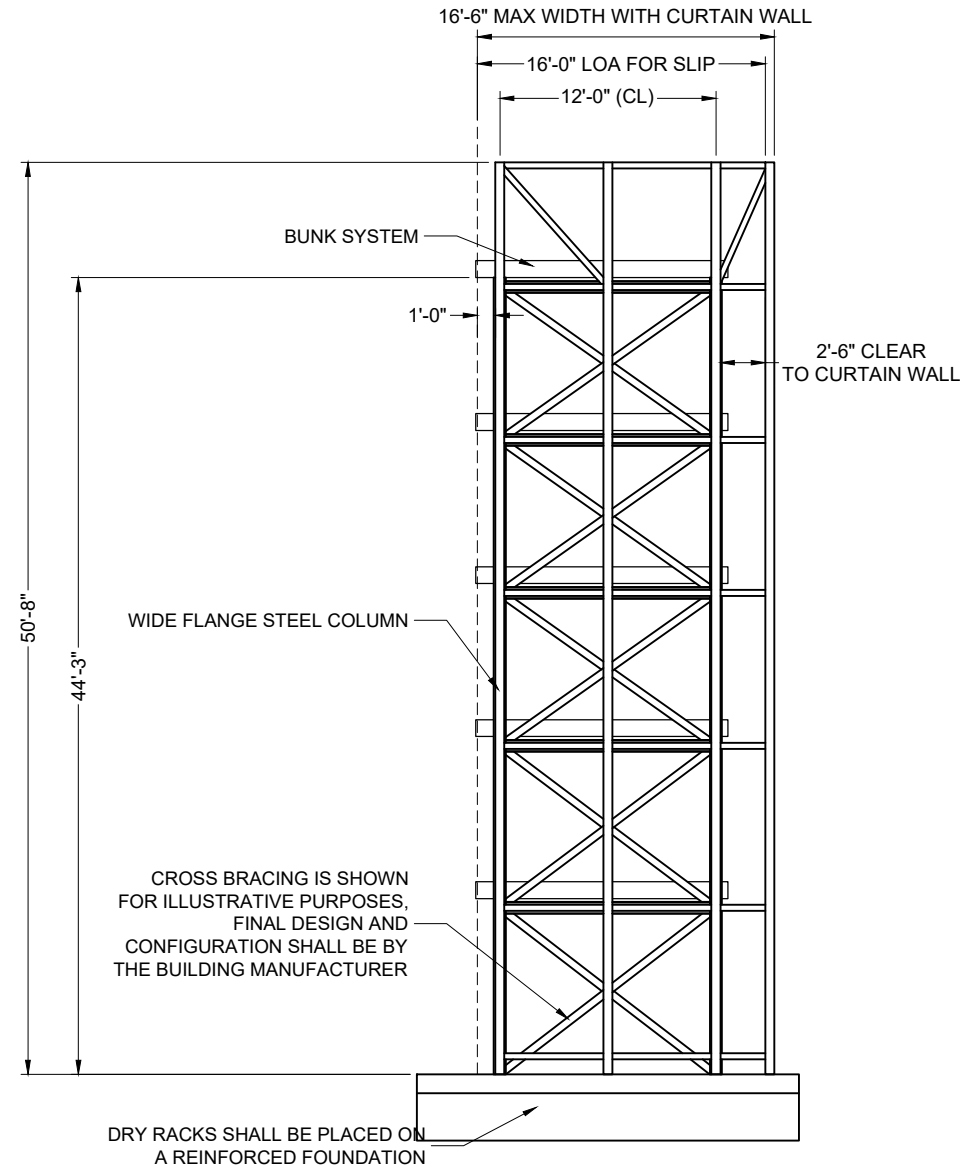
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DATE:	10/07/2025
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SHEET NO.:	08



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GROUND STANDS WILL SET ON
A CONCRETE OR GRAVEL BASE

SLIP MATRIX - SECTION C		
VESSEL LENGTH (FT)	VESSEL QTY.	VESSEL WEIGHT (LBS)
15	40	8000
15	8	GROUND STAND
TOTAL	48	-



1	11/20/24	UPDATE LENGTH OF RACK C & SLIP COUNT	JWM
2	10/07/25	UPDATE RACK DIMENSIONS	MRA
NO.	DATE	DESCRIPTION	BY
REVISIONS			



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PROJECT NUMBER:
7182/1324-815

ENGINEER / DESIGNER: CF

PROJECT MANAGER: JWM

CHECKED BY: EN

Page 138 of 180

DANA POINT HARBOR REVITALIZATION

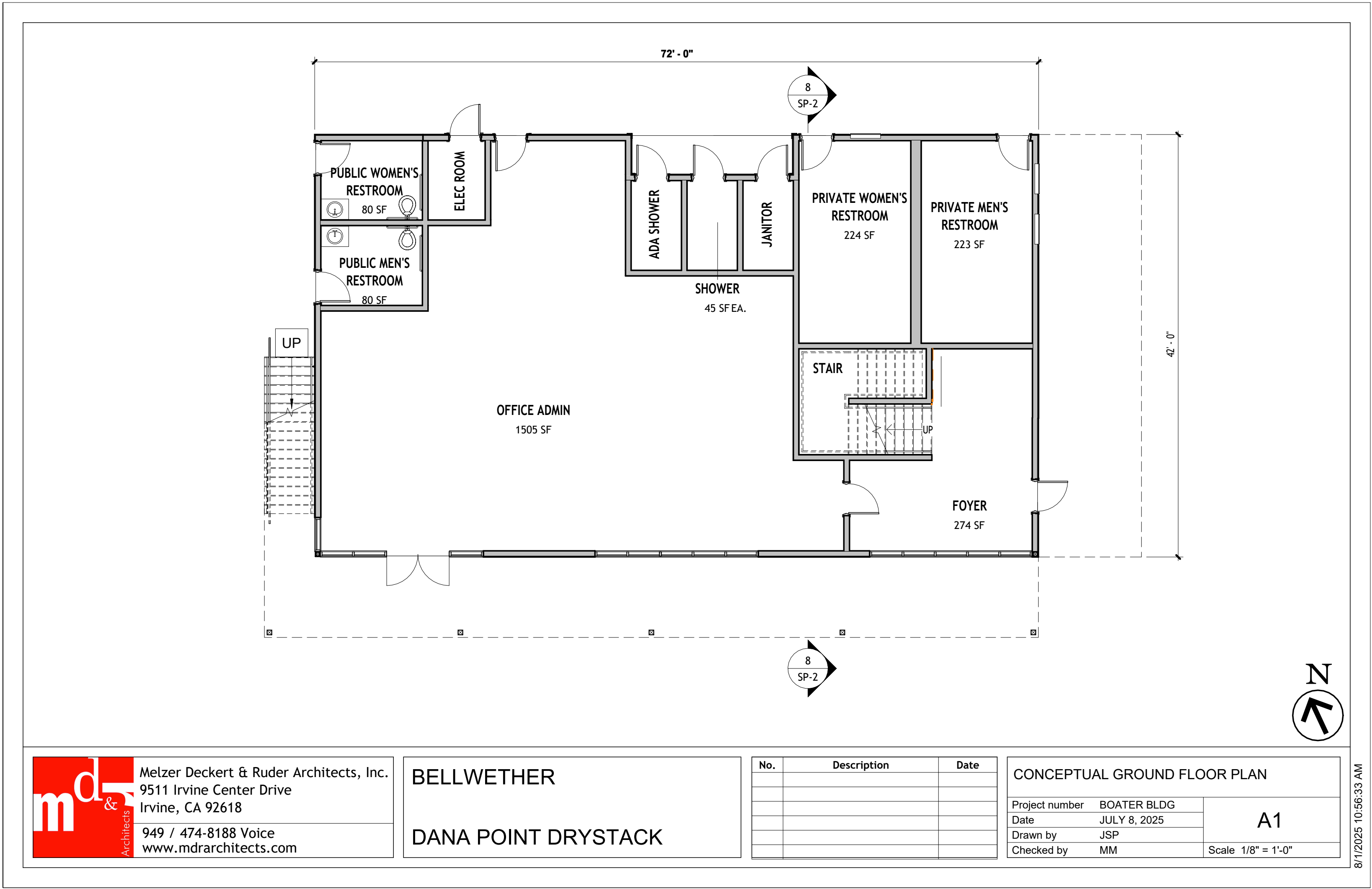
DANA POINT, CA 92629

SECTION C ELEVATIONS

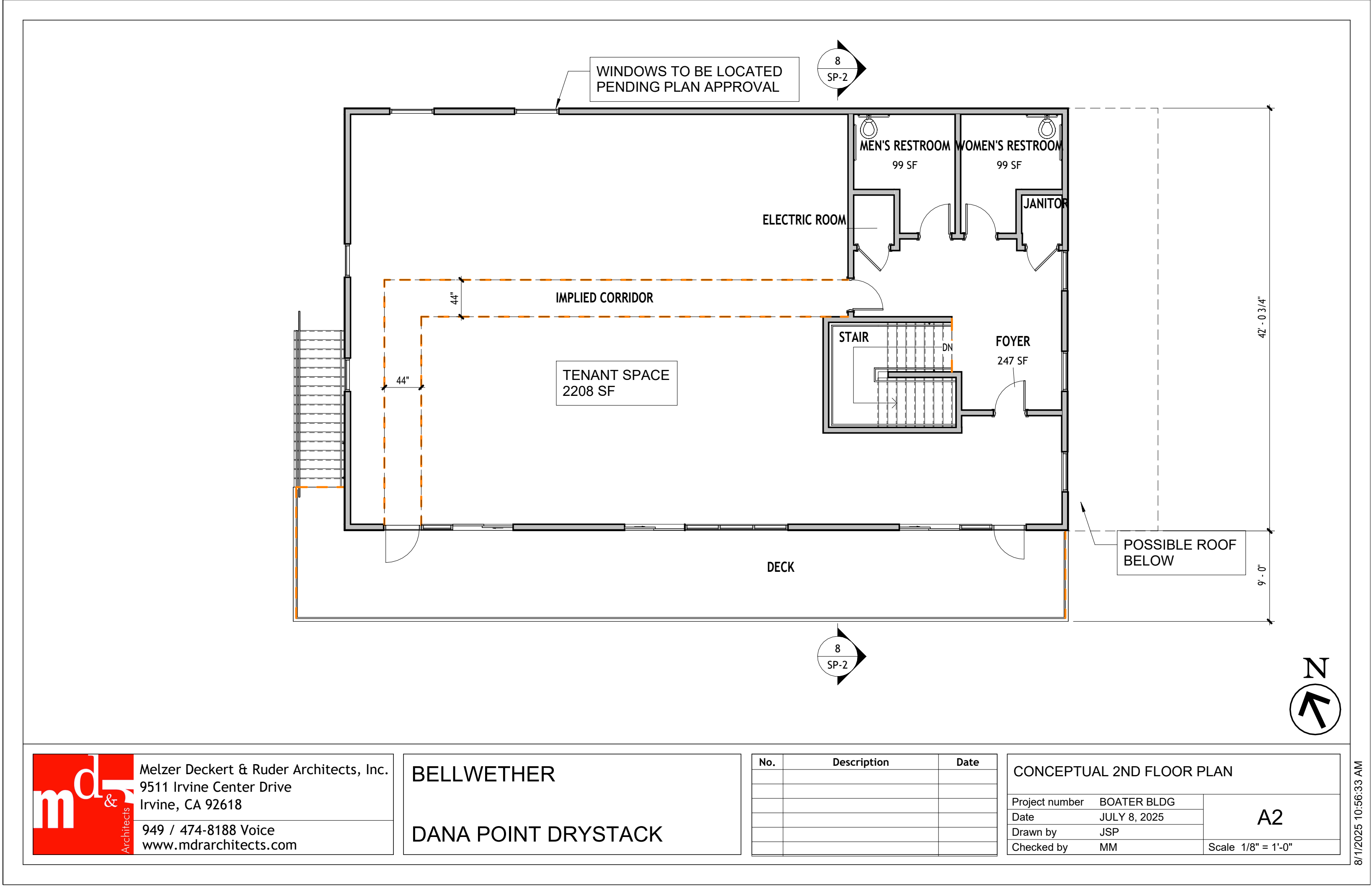
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DATE: 10/07/2025	
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Floor Plans



Floor Plans



Budget

DANA POINT HARBOR PARTNERS DRYSTACK, LLC (“DPHP Drystack”)

Project Budget

The anticipated total development budget (“Budget”) for the Dana Point Harbor Drystack project (“the Project”) is approximately \$31,929,909. The Drystack Budget is broken down as follows:

Drystack	
Development Budget	Total
Pre-Development Costs	1,120,876
Professional Fees/Permits	1,984,963
Construction Costs	759,974
FF&E	\$ 25,027,006
Pre-Opening	1,274,000
Contingency	848,614
	914,477
Total Costs	31,929,909

Overall Project Sources and Uses of Funds

DPHP Drystack plans to utilize County of Orange OCDPH Special Revenue Fund 108 (“108 Funds”) to fund the development of the Project. DPHP Drystack will utilize its own equity to fund the initial outlays of capital and then seek reimbursement from the County under Master Ground Lease Agreement (“Lease”) with the County during the Pre-Development and Development phases.

The pre-development and development capital for the Project of approximately \$31,929,909 million encompassing direct construction costs, indirect costs, pre-opening, architecture, engineering, insurance, FF&E, etc. will be funded partially by the 108 Funds as agreed to by the County. DPHP Drystack will be fronting equity to fund needed costs and then seeking reimbursement under the Construction Disbursement Rider in the Lease up to the allowable 108 Funds limit.

Attachment C

<u>Sources of Funds - Overall</u>	
Debt	-
Equity	11,929,909
OCDPH Fund 108	20,000,000
Total Sources of Funds	31,929,909
<u>Uses of Funds</u>	
Pre-Development Costs	1,120,876
Direct Construction	
Construction Costs	25,027,006
FF&E	1,274,000
Total Direct Construction	26,301,006
Indirect Construction	
Professional	1,984,963
Permits & Fees	759,974
Pre-Opening	848,614
Contingency	914,477
Total Indirect Construction	4,508,027
Total Uses of Funds	31,929,909

**Dana Point Harbor
Day Boater Parking and Dry Stack Storage
Project Schedule as of December 30, 2022**

ID	Task Name	Duration	Start	Finish																																																
					17	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030																																		
1	GENERAL	1264 days	Fri 9/1/17	Wed 7/6/22																																																
2	Negotiate County Ground Lease Agreement	11.86 mons	Fri 9/1/17	Tue 7/31/18																																																
3	Option Period	3.35 mons	Tue 7/31/18	Thu 11/1/18																																																
4	Community Engagement	51.3 mons	Tue 7/31/18	Wed 7/6/22																																																
5	Tolling Period (Extension of 736 Calendar Days)	26.35 mons	Tue 3/3/20	Wed 3/9/22																																																
6																																																				
7	DRY STORAGE ENTITLEMENT & DESIGN PHASE	1894 days	Thu 11/1/18	Tue 2/3/26																																																
8	Environmental Review, Entitlements, & CDP	81.6 mons	Thu 11/1/18	Fri 1/31/25																																																
9	Dry Storage Construction Documents & Permits	13.1 mons	Mon 2/3/25	Tue 2/3/26																																																
10																																																				
11	CONSTRUCTION	501 days	Wed 2/4/26	Wed 1/5/28																																																
12	Dry Stack & Parking Lots Construction Commencement Deadline	1 day	Wed 7/5/28	Wed 7/5/28																																																
13	Day Boater Parking Lot, Dry Storage Parking Lot, & Dry Stack Buildings	19.55 mons	Wed 2/4/26	Wed 8/4/27																																																
14	Leasing and Absorption	13.1 mons	Tue 1/5/27	Wed 1/5/28																																																
15	Dry Stack & Parking Lots Completion Deadline	1 day	Sat 1/5/30	Sat 1/5/30																																																
16	Dry Stack & Parking Lots Certificate of Occupancy Deadline	1 day	Sat 1/5/30	Sat 1/5/30																																																

Project: 2018.06.25 DPH Projec Date: Fri 12/30/22	Task		Project Summary		Manual Task		Start-only		Deadline	
	Split		Inactive Task		Duration-only		Finish-only		Progress	
	Milestone		Inactive Milestone		Manual Summary Rollup		External Tasks		Manual Progress	
	Summary		Inactive Summary		Manual Summary		External Milestone			

Marketing Plan

Drystack Parcel Marketing Plan

Bellwether Financial Group (“Bellwether”) will lead the marketing program for the Drystack Parcel. We are proposing a project size and uses that are consistent with the City of Dana Point Local Coastal Program approved by the County and California Coastal Commission. We will be redeveloping the Drystack Parcel to include 493 dry boat storage spaces and 334 day use boater vehicle and trailer parking.

At the commencement of the Drystack Parcel lease, Bellwether intends to work with the existing day use and boat storage operator and will work with them to enhance their current marketing efforts.

After the redevelopment of the Drystack Parcel has occurred, the Drystack Services will be marketed utilizing multiple platforms including an interactive website. The Drystack and Day Boater facilities will be managed by a dedicated management company selected and supervised by Bellwether. The management company will maintain a strong online presence through social media including Facebook, X, Instagram, and print media, which will focus on attracting new tenants and users, visiting boaters, and marine-centered events such as poker runs and fishing tournaments.

Bellwether will work with the Drystack management company to:

- Accommodate Dana Point’s existing boating base;
- Accommodate boaters on the waiting list;
- Continue to promote Dana Point Harbor in local and regional publications;
- Increase day boat traffic as well as transient visitors; and
- Attract new boaters looking for full-service, out-of-water storage for their boats.

Bellwether, as the responsible party for the Marina Component, does not expect to have a traditional lease-up period, instead expects absorption to take place upon the finish of construction phases, does not pay leasing commissions and its licensees are not subject to assumed inflation and escalation clauses through their license agreements.

Financial Plan

DANA POINT HARBOR PARTNERS DRYSTACK, LLC (“DPHP Drystack”)

Financing Plan

The managing members of DPHP Drystack have collectively financed several billion dollars of new, ground-up construction, existing assets, and marina properties. The experience and expertise of the managing members of DPHP Drystack also covers the use and type of real estate being redeveloped within the Dana Point Harbor Drystack (“the Project”).

The anticipated total required capital for the Dana Point Harbor Drystack is approximately \$31,929,909 million. DPHP Drystack intends to secure partial funding for the Project using the OCDPH Special Revenue Fund 108 (“108 Funds”) as agreed by the County of Orange.

<u>Sources of Funds - Overall</u>	
Debt	-
Equity	11,929,909
OCDPH Fund 108	20,000,000
Total Sources of Funds	31,929,909
<u>Uses of Funds</u>	
Pre-Development Costs	1,120,876
Direct Construction	
Construction Costs	25,027,006
FF&E	1,274,000
Total Direct Construction	26,301,006
Indirect Construction	
Professional	1,984,963
Permits & Fees	759,974
Pre-Opening	848,614
Contingency	914,477
Total Indirect Construction	4,508,027
Total Uses of Funds	31,929,909

DPHP Drystack intends to fund the initial capital through its internal equity and then seek reimbursement from the 108 Funds under its lease Construction Disbursement Rider with the County up to the limits of its 108 Funds through the County of Orange of \$20 million.

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Organization & Operations (Option Section 8.6.1). Pursuant to Section 11.2 of the Lease, there shall be an on-site Property Manager who shall be responsible for the day-to-day operation and maintenance, cleanliness, and general order for the Property. Such Property Manager shall be vested with the authority of Bellwether Financial Group, Inc. (“BFG”). The Property Manager shall provide diligent, first class, professional and competent real property management for the Property. The Property Manager will supervise the operation and maintenance of the Property, including the authority to enforce compliance by Lessee’s tenants, agents, employees, concessionaires, or licensees with the terms and conditions of this Lease and any and all rules and regulations adopted hereunder. BFG intends to assume the operating contract of Vintage Marina Partners L.P. upon execution of the Lease and shall notify County in writing of the name of any successor Property Managers. Initially Vintage will report directly to BFG and be responsible for finance and accounting services overseen by BFG. BFG and/or its Property Manager will schedule regular meetings, but not more than once a month, with County staff to discuss and evaluate any issues related to the operation of the project site.

Safety & Security, Public Services (Option Section 8.6.2). The ultimate purpose of this Lease is the complete and continuous public use of the Property for the benefit of the public, and all facilities and services shall be made available to the public without discrimination. Property Manager shall operate the Property under sound business practices. Property Manager shall provide adequate security measures to reasonably protect persons and as to the overall safety and security on the Property. BFG hereby acknowledges that County’s Harbor Patrol is not responsible for routine security services or landside police services on the Property and the Harbor Patrol function is to provide emergency and marine oriented law enforcement and fire services to the boating public. Property Manager will agree to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property. BFG will provide an overall security program including onsite personnel to increase the safety and security of the leasehold, including, but not limited to its parking facilities, common areas and public spaces.

Financial Management Plan (Option Section 8.6.3). BFG shall provide for accounting in accordance with the Lease terms. Each month, BFG’s accounting will be compiled into a report to the County provided by BFG in a format previously agreed to by both parties. Further, as required by Section 15.8 of the Lease, Lessee shall provide the County a set of audited and certified financial statements within 90 days after the end of each Accounting Year.

Quality Service Plan (Option Section 8.6.4). BFG shall be responsible for the Property Manager and shall be responsible for making sure that the Property Manager provides diligent, first class, professional and competent real property management for the Property. Any change to a Property Manager shall abide by the provisions of the Lease. In addition, BFG will ensure that a 24/7 hotline to address service issues is maintained.

Maintenance Methodology (Option Section 8.6.5). Property shall be maintained in a safe, efficient, competent and clean manner for the public, visitors, tenants and vendors, and generally to the standards required under the Lease by the Property Manager. Property Manager will

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maintain a Policy & Procedures Manual pursuant to Section 8.6.6 below, which shall include the following programs:

- (i) Daily housekeeping, cleaning, trash disposal, litter removal and extermination;
- (ii) Preventative maintenance;
- (iii) Water quality management;
- (iv) Structural maintenance, preventative and predictive maintenance, routine repairs and replacement; and
- (v) Future capital improvements, expansions, renovations, modernizations and refurbishment, including, but not limited to the Subsequent Renovation Fund and the Capital Improvement Fund pursuant to Sections 5.15 and 5.16 of the Lease.

Standards and Requirements as Set Forth in Exhibit G to the Lease (Option Section 8.6.6)

- (i) Launch Ramp. The launch ramp facility shall be open for the benefit of the public twenty-four (24) hours per day, every day of each year, except as Property Manager, County or any governmental agency with regulatory jurisdiction may deem conditions to be unsafe to the public and order closure. In the event a governmental agency ordered closure, Property Manager shall immediately notify the County of such closure and unsafe condition existing. All rates charged for launching, parking and boat wash down shall be fair and reasonable. Property Manager shall not allow any third party to conduct or solicit business activity or allow mechanical servicing activity on or from the launch ramp facility.
- (ii) Dry Boat Storage. Property Manager shall make dry boat storage available on fair and reasonable terms and without discrimination. Property Manager shall use reasonable and diligent efforts to develop and implement procedures or services to allow for removal of boats from dry storage for after-hours access and departures.
- (iii) Parking Plan. Property Manager shall operate the Property under the provisions of a Parking Plan. The Parking Plan shall be updated annually by the Property Manager during the term of this Lease and shall be made available to County at any time upon written request from the County. The purpose of the plan is to provide the public an adequate number of parking spaces, efficient internal traffic circulation, and access to the Property. The Plan shall include, but not be limited to the following issues and considerations:
 - a. Required and optional use mix;
 - b. Employee parking;
 - c. Launch ramp parking;
 - d. Surface area utilized for dry boat storage;
 - e. Controlled parking;
 - f. Site plan of parking areas; and
 - g. Parking signage program.

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All parking shall comply with applicable parking standards as regulated by any governmental agency with jurisdiction. Property Manager agrees to comply with any Harbor-wide parking program or shared parking arrangement as may be required by the County.

- (iv) Entry Gates. All entry gates to the launch ramp and dry storage area and any County authorized controlled parking area shall be attended by Property Manager's employees or controlled by automated systems. Such automated systems shall be convenient and efficient with regard to public use, capable of processing each type of transaction made for the various activities within the Property. Property Manager shall make attendants available for controlling launch ramp activity at all times of heavy congestion and overflow conditions.
- (v) Leasing. The leasing program shall consider the following criteria, not listed in any order of priority, and including but not limited to:
 - a. Use consistent with the Tidelands Grant from the State of California;
 - b. Feasible use that will produce a market value rental return;
 - c. Optimum land utilization;
 - d. Appropriate required and optional use mix;
 - e. Compatibility with other uses on the Property and within Dana Point Harbor;
 - f. High degree of public service;
 - g. Parking constraints and traffic circulation;
 - h. Aesthetics associated with the character of Dana Point Harbor; and
 - i. Compliance with the terms and conditions of this Lease.
- (vi) Protection of Environment. Lessee shall take reasonable steps to prevent:
 - a. Littering within the Property;
 - b. Excessive noise from emanating within the Property;
 - c. Excessive light and glare from light fixtures within the Property that could impact the safe operation of automobiles, watercraft and airplanes in the area.
 - d. Discharge or runoff of pollutants, including petroleum products, waste and debris from any source, into the waters within or adjacent to the Property or other activities that are harmful to water quality.
- (vii) Protection Measures. Reasonable steps to prevent littering, excessive noise, and discharge of pollutants into the waters within the Property shall include, but are not limited to:
 - a. Appropriate signs warning tenants and visitors to the Property against littering, production of excessive noise and discharge of pollutants into the waters within the Property shall be posted in conspicuous places within the Property. All such signs shall be approved by the County.
 - b. All leases and rental agreements with tenants shall contain provisions which specify that littering, production of excessive noise and discharge of pollutants into the waters within the Property constitute a material breach of such leases and rental agreements.

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- c. In addition to the lease and rental agreement provisions required by subsection (b) above, all leases and rental agreements with owners of watercraft occupying slips, mooring, docks or other places within the Property, where a boat may be secured shall contain provisions that all such watercraft equipped with a head or other permanent installation designed to hold human waste must be equipped with a marine holding tank and will be subject to inspection of such heads/installations upon demand by BFG, will permit the placement (at BFG's discretion) of a dye tablet in the head's holding tank and its Y-Valve must be placed in a closed and locked position within the Harbor.
- (viii) Policy and Procedures.
- a. Property Manager agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property. Property Manager further agrees to maintain a written policy and procedures manual (hereinafter referred to as "Policy and Procedures Manual") on the Property pertinent to the conduct of the required and optional services and uses provided for by this Lease. The Policy and Procedures Manual shall include, but not be limited to, maintenance, run-off management disposal of flammable liquids, hazardous waste, waste management, the discharge of waste from boats within the Property, and the annual County Parties NPDES inspections pursuant to the Lease and the address of concerns determined therein.
 - b. Upon written request Property Manager shall furnish the County a copy of said Policy and Procedures Manual. Should County, upon review and conference with Lessee, decide any part of said Policy and Procedures Manual is not in accordance with the Lease or any applicable governmental code, law, rule, and/or regulation, Lessee, upon written notice from County, shall modify said Policy and Procedures Manual to the satisfaction of the County. Primary consideration shall be the health, safety, and welfare of the public and protection of the environment.
 - c. Subject to the limitations set forth in Subsection 10.1 of the Lease:
 - 1. Maintenance obligations shall include, but shall not be limited to the launch ramps, racks, quay wall and structural elements of the dock system, decks, pilings, ramps, gangways, handrails, landing platforms, flotation systems, dry rot repair, repair of deteriorated areas resulting from corrosion, repair of concrete cracking and deterioration, hardware, cleats, bumper stripping, utilities and connections, storage boxes and fire suppression systems servicing the dry storage area.
 - 2. Preventative Maintenance Program (PMP). The following PMP is based on regular periodic inspections of launch, trailer areas, racks, dock systems and related equipment and components. The various intervals of inspection noted in this PMP shall be considered a minimum acceptable standard for Lessee's performance of maintenance activities. Actual conditions and rates of failure may require added measures or more immediate action.
 - 3. Daily:

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- a. Walk docks to enforce compliance with marina rules and regulations, evaluate maintenance and repair needs, and identify potential environmental or other hazards.
 - b. Clean all restrooms restocking supplies and emptying trash.
 - c. Empty all trash containers.
 - d. Inspect all parking gates for proper operation.
 - e. Police all landside areas for litter.
4. Weekly:
- a. Thoroughly sweep all parking lots of debris.
5. Semi Monthly (every two weeks):
- a. Dock Light Check: Replace broken or spent lamps and photocells as necessary.
 - b. Clean trash containers & wash around the service building.
 - c. Walking surface: Inspect the surface of the concrete dock floats - for hazardous conditions. Hazardous conditions include but are not limited to: trip hazards of lift ½” or greater, holes or missing or broken sections of concrete, float instability or listing, exposed nails, screws or bolts.
 - d. Structural Concerns: Inspect the structural integrity of launch, racks, docks for signs of failure: Look for signs of gusset board deterioration, pile roller failure, water deterioration or failure of floatation connections, insufficient freeboard.
 - e. Fire Systems: Check fire hose enclosures for broken glass or door latch failure. Ensure fire extinguisher is charged & present. Hose should be inspected for deterioration and to ensure properly hung. Gate valve should be inspected for leaking. Backflow leaks should be repaired by certified contractor.
 - f. Gangways: Inspect surface for non-skid integrity, exposed nails, screws or bolts, and stability of hand railings.
 - g. Water System: Replace leaking hose bibs and repair all other types of water leaks. Replace leaking gangway hoses.
6. Monthly:
- a. Thoroughly scrub all restroom floors and walls.
 - b. Inspect facility sidewalks for trip hazards (1/2” lift or greater).
 - c. Wash sidewalks which have become stained or otherwise dirty.
 - d. Inspect docks for rub rail problems.
 - e. Accessory item attachment: Inspect and repair connections to all cleats, dock boxes, fire hose enclosures and electrical panels.
 - f. Check all dock utility lines that may be submerged or improperly supported. Re-support lines as required.
 - g. Electrical System: Inspect & repair all power centers. Repair cover and hinge assemblies, replacing receptacles and breakers as necessary. More serious electrical issues must be repaired by licensed electrical contractor.
 - h. Replace missing pile caps and dock box lids.
 - i. Inspect gangways for excessive wear or misalignment.

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- j. Building & Parking lighting should be inspected. Replace spent lights, ballasts, or photocells, broken lenses or covers. Inspect all areas for rules violations. Such violations often violate fire or safety codes.
- 7. Quarterly:
 - a. Performance testing on all public pump-out systems to include a 5-gallon bucket test, vacuum test and visual hose inspection.
- 8. Annually:
 - a. Recharge & certify all fire extinguishers.
 - b. Recertify all back-flow devices.
 - c. Inspect all piles for signs of failure, i.e. listing, cracking, and excessive deterioration.

EXHIBIT C

ASSIGNMENT STANDARDS

These standards are to apply to proposed transactions requiring County's consent pursuant to Section 12.2 of the Lease. These standards and conditions are not to apply to (a) an assignment for the purpose of securing leasehold financing from an Encumbrance Holder approved by County, (b) the transfer of the leasehold in connection with a foreclosure or transfer in lieu of foreclosure by an approved Encumbrance Holder, or (c) the first transfer by that Encumbrance Holder if it has acquired the leasehold through a foreclosure or a transfer in lieu of foreclosure.

1. The proposed transferee must have a net worth determined to be sufficient in relation to the financial obligations of the lessee under the Lease (equal to at least six (6) times the total Annual Minimum Rent and Percentage Rent due to County for the most recent fiscal year). A letter of credit, cash deposit, guarantee from a parent entity or participating individual(s) having sufficient net worth (as set forth in the preceding sentence) or similar security satisfactory to County may be substituted for the net worth requirement. If the proposed transferee's net worth is materially less than the transferor's, County may disapprove the assignment or require additional security such as that described in the previous sentence.
2. The proposed assignee must have significant experience in the construction (if contemplated), operation and management of the type(s) of Improvements existing on or to be constructed on the Property, or provide evidence of contractual arrangements for these services with providers of such services satisfactory to County. Changes in the providers of such services and changes to the contractual arrangements must be approved by the County. All such approvals of County will not be unreasonably withheld, conditioned or delayed.
3. The individual or individuals who will acquire Lessee's interest in this Lease or the Property, or who own the entity which will so acquire Lessee's interest, irrespective of the tier at which such individual ownership is held, must be of good character and reputation and, in any event, shall have neither a history of, nor a reputation for:
(a) discriminatory employment practices which violate any federal, state or local law; or
(b) non-compliance with environmental laws, or any other legal requirements or formally adopted ordinances or policies of County.
4. The price to be paid for the acquired interest shall not result in a financing obligation of the proposed transferee which jeopardizes the Lessee's ability to meet its rental obligations to County. Market debt service coverage ratios and leasehold financial performance, at the time of the Proposed Transfer, will be used by County in making this analysis.
5. If the proposed transferee is an entity, rather than an individual, the structure of the proposed transferee must be such that (or the transferee must agree that) County will have reasonable approval rights regarding any future direct or indirect transfers of interests in the entity or the Lease as required under the Lease; provided however, that a transfer of

ownership of a publicly held parent corporation of Lessee that is not done primarily as a transfer of this leasehold will not be subject to County approval.

6. The terms of the proposed assignment will not detrimentally affect the efficient operation or management of the leasehold, the Property or any Improvements thereon.
7. The transfer otherwise complies with the terms of all ordinances, policies and/or other statements of objectives which are formally adopted by County and/or the CREO Office and which are uniformly applicable to persons or entities with rights of occupancy in any portion of Dana Point Harbor.

EXHIBIT D

EXAMPLES OF PERMITTED CAPITAL EXPENDITURES

Subject to the terms and provisions of Section 5.16 of the Lease, set forth below is a list of examples of elements, systems or categories of Improvements for which Permitted Capital Expenditures may be made. The Capital Improvement Fund shall not be used for the repair or replacement of an individual or a selected group of individual items, unless such repair or replacement is part of a larger plan (which may be a phased plan) of repair or replacement of all, or substantially all, similar items.

- Painting, refinishing or stuccoing of the building exterior or storefront remodeling*
- Walkways, parking lot and driveway replacement* (if asphalt, a minimum of resurfacing, not slurry seal), hardscape repair or replacement
- Windows and doors replacement*
- Roof replacement* (may be on a building by building basis)
- Elevators (replacement or addition)
- HVAC mechanical, electrical, plumbing, vertical transportation, security replacement and upgrades
- Light fixtures replacement* (interior and exterior)
- Irrigation system* (replacement or major addition)
- Parking control upgrades, gate replacement and gate installation
- Wifi, communication and technology upgrades including installation of fiber optics, repeaters and/or mesh systems or similar technologies or their technological evolution
- Boardwalk repair or replacement
- Fire, life, safety system upgrades, installations or replacements
- Energy efficiency, energy generation or utility system upgrades, installations or replacements
- Installations, replacements or improvements required to comply with any change in laws, building codes, planning, disability or safety regulation
- Gates, ramps and railing repair, installation or replacement

*To qualify, the foregoing expenditures need to incorporate replacement or renovating of at least seventy percent (70%) of the items or facilities in question.

Routine Maintenance

Routine Maintenance shall not be a Permitted Capital Expenditure, and shall be defined as any small scale activities associated with regular (daily, weekly, monthly etc.) upkeep of a building, equipment, machine, plant, or system against normal wear and tear, including, without limitation:

- Widow and door repairs
- Roof repairs
- Parking lot slurry seal
- Parking lot restriping
- Minor paint, or stucco touch-ups (interior/exterior walls)
- Lightbulb replacement
- Irrigation repairs
- HVAC maintenance
- Landscaping
- Fencing/gate repairs
- Dock/Pier repairs

EXHIBIT E

INTENTIONALLY OMITTED

EXHIBIT F

RENT SCHEDULE

The Annual Minimum Rent for the Property shall be \$46,000 commencing on the Effective Date. The Annual Minimum Rent for the Property shall increase on the First Adjustment Date and every Adjustment Date thereafter by the greater of: (i) ten percent (10%) of the Annual Minimum Rent payable for the immediately prior Lease Year, and (ii) a percentage equal to the percentage increase from the Base Period of the Consumer Price Index, not to exceed fifteen percent (15%). Said Consumer Price Index for the month of December for the Lease Year that is five (5) years prior to the applicable Adjustment Date shall be considered the “**Base Period.**” Said adjustment shall be made by comparing the Consumer Price Index for the Base Period to the Consumer Price Index for the month of December immediately preceding each such Adjustment Date. If at any time there shall not exist the Consumer Price Index, County and Lessee shall substitute any official index published by the Bureau of Labor Statistics, or successor or similar governmental agency, as may then be in existence, and shall be most nearly equivalent thereto. In the event any moratorium is imposed on such increases in rent, such that no regularly scheduled adjustment can be made or only a partial adjustment may be made, an adjustment shall immediately take effect on the lifting of such moratorium, and regular adjustments thereafter shall be made as above provided.

EXHIBIT G

MINIMUM STANDARDS

1. **Services.** At all times Lessee shall provide diligent, first class, professional and competent real property management for the Property, consistent with the level of service customarily provided at comparable high-quality mixed-use waterfront or commercial centers. Lessee shall employ a competent on-site operations manager who shall be responsible for the day-to-day operation and maintenance, cleanliness, and general order of the Property or separate Property Managers for each Component. Such person shall be vested with the authority of Lessee with respect to the supervision over the operation and maintenance of the Property, including the authority to enforce compliance by Lessee's tenants, agents, employees, concessionaires, or licensees with the terms and conditions of this Lease and any and all rules and regulations adopted hereunder. Lessee shall notify County in writing of the name of the current operations manager or property managers and shall notify the County in writing of any changes or successor managers.
2. **Public Services.** The ultimate purpose of this Lease is the provision of public access to publicly accessible areas of the Property for the benefit of the public, and all facilities and services shall be made available to the public without discrimination. Lessee shall operate the Property under sound business practices. Lessee shall provide adequate security measures to reasonably protect persons and property on the Property. Lessee hereby acknowledges that County's Harbor Patrol is not responsible for routine security services or landside police services on the Property and the Harbor Patrol function is to provide emergency and marine oriented law enforcement and fire services to the boating public. Lessee agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property.
3. **Launch Ramp.** The launch ramp facility shall be open for the benefit of the public twenty-four (24) hours per day, every day of each year, except as Lessee, County or any governmental agency with regulatory jurisdiction may deem conditions to be unsafe to the public and order closure. In the event a governmental agency ordered closure, Lessee shall immediately notify the County of such closure and unsafe condition existing. All rates charged for launching, parking and boat wash down shall be fair and reasonable. Lessee shall not allow any third party to conduct or solicit business activity or allow mechanical servicing activity on or from the launch ramp facility.
4. **Dry Boat Storage.** Lessee shall make dry boat storage available on fair and reasonable terms and without discrimination. Lessee shall use reasonable and diligent efforts to develop and implement procedures or services to allow for removal of boats from dry storage for after-hours access and departures.
5. **Parking Management Plan.** Lessee shall operate the Property under the provisions of a comprehensive Parking Management Plan prepared by the Lessee and approved by the County. The Parking Management Plan shall be updated annually by Lessee during the term of this Lease

and shall be made available to County at any time upon written request from the County. The purpose of the plan is to provide the public an adequate number of parking spaces, efficient internal traffic circulation, and access to the Property. The Plan shall include, but not be limited to the following issues and considerations:

- a. Required and optional use mix;
- b. Employee parking;
- c. Launch ramp parking;
- d. Surface area utilized for dry boat storage;
- e. Long term parking (e.g., sport fishing, Catalina service);
- f. Contingency for off-site parking during overflow conditions;
- g. Controlled parking;
- h. Valet parking program;
- i. Site plan of parking areas;
- j. Parking signage program;
- k. Integration of real-time parking management systems (including license plate
- l. recognition, mobile payment, and digital reservation platforms where applicable); and
- m. Rideshare, shuttle, and alternative mobility management strategies during peak demand periods and special events.

All parking shall comply with applicable parking standards as regulated by any governmental agency with jurisdiction. Lessee agrees to comply with any Harbor-wide parking program or shared parking arrangement as may be required by the County.

6. Entry Gates. All entry gates to the launch ramp and dry boat storage areas and any County authorized controlled parking area shall be attended by Lessee's employees or controlled by automated systems. Such automated systems shall be convenient and efficient with regard to public use, capable of processing each type of transaction made for the various activities within the Property and may include cashless payment systems, mobile applications, and license plate recognition technology or comparable modern access control systems.

Lessee shall make attendants available for controlling launch ramp activity at all times of heavy congestion and overflow conditions.

7. Leasing. The leasing program shall consider the following criteria, not listed in any order of priority, and including but not limited to:

- a. Use consistent with the Tidelands Grant from the State of California;
 - b. Feasible use that will produce a market value rental return;
 - c. Optimum land utilization;
 - d. Appropriate required and optional use mix;
 - e. Compatibility with other uses on the Property and within Dana Point Harbor;
 - f. High degree of public service;
 - g. Parking constraints and traffic circulation;
 - h. Aesthetics associated with the character of Dana Point Harbor; and
 - i. Compliance with the terms and conditions of this Lease.
8. Protection of Environment. Lessee shall take reasonable steps to prevent:
 - a. Littering within the Property;
 - b. Excessive noise from emanating within the Property;
 - c. Excessive light and glare from light fixtures within the Property that could impact the safe operation of automobiles, watercraft and airplanes in the area.
 - d. Discharge or runoff of pollutants, including petroleum products, waste and debris from any source, into the waters within or adjacent to the Property or other activities that are harmful to water quality.
9. Protection Measures. Reasonable steps to prevent littering, excessive noise, and discharge of pollutants into the waters within the Property shall include, but are not limited to:
 - a. Appropriate signs warning tenants and visitors to the Property against littering, production of excessive noise and discharge of pollutants into the waters within the Property shall be posted in conspicuous places within the Property. All such signs shall be approved by the County.
 - b. All leases and rental agreements with tenants shall contain provisions which specify that littering, production of excessive noise and discharge of pollutants into the waters within the Property constitute a material breach of such leases and rental agreements.
 - c. In addition to the lease and rental agreement provisions required by subsection (b) above, all leases and rental agreements with owners of watercraft occupying slips, mooring, docks or other places within the Property, where a boat may be secured (other than facilities for dry boat storage), shall contain provisions that all such watercraft shall be equipped with an approved wastewater holding tank designed to retain all waste on board. Such leases and rental

agreements shall further provide that watercraft wastewater holding tanks shall, at all times, be maintained to industry standards for first-class marinas.

10. Policy and Procedures to be established by Lessee.

a. Lessee agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property. Lessee further agrees to maintain a written policy and procedures manual (hereinafter referred to as "Policy and Procedures Manual") on the Property pertinent to the conduct of the required and optional services and uses provided for by this Lease. The Policy and Procedures Manual shall include, but not be limited to, maintenance standards, stormwater and run-off management, storage and disposal of flammable liquids and hazardous materials, waste management and recycling programs, discharge of waste from boats, emergency preparedness and evacuation procedures (including fire, seismic, tsunami, and coastal hazard events), guest conduct and nuisance management policies and sustainability and environmental compliance procedures applicable to the Property.

b. Upon written request Lessee shall furnish the County a copy of said Policy and Procedures Manual. Should County, upon review and conference with Lessee, decide any part of said Policy and Procedures Manual is not in accordance with any applicable governmental code, law, rule, and/or regulation, Lessee, upon written notice from County, shall modify said Policy and Procedures Manual to the satisfaction of the County. Primary consideration shall be the health, safety, and welfare of the public and protection of the environment.

11. Water/Dock Area. Subject to the limitations set forth in Subsection 10.1 of the Lease:

a. Lessee's maintenance obligations shall include, but shall not be limited to the quay wall and structural elements of the dock system, decks, pilings, ramps, gangways, handrails, landing platforms, flotation systems, dry rot repair, repair of deteriorated areas resulting from corrosion, repair of concrete cracking and deterioration, hardware, cleats, bumper stripping, utilities and connections, storage boxes and fire suppression systems servicing the dock area.

b. Preventative Maintenance Program (PMP). The following PMP is based on regular periodic inspections of Marina dock systems and related equipment and components. The various intervals of inspection noted in this PMP shall be considered a minimum acceptable standard for Lessee's performance of maintenance activities. Actual conditions and rates of failure may require added measures or more immediate action.

a) Daily:

- i) Clean all restrooms restocking supplies and emptying trash.
- ii) Empty all trash containers.
- iii) Inspect all parking gates for proper operation.
- iv) Police all landside areas for litter.

- b) Weekly:
 - i) Thoroughly sweep all parking lots of debris.
- c) Semi Monthly (every two weeks) :
 - i) Dock Light Check: Replace broken or spent lamps and photocells as necessary.
 - ii) Clean trash containers & wash around each service building.
 - iii) Walking surface: Inspect the surface of the concrete dock floats - for hazardous conditions. Hazardous conditions include but are not limited to: trip hazards of lift or greater, holes or missing or broken sections of concrete, float instability or listing, exposed nails, screws or bolts.
 - iv) Structural Concerns: Inspect the structural integrity of docks for signs of failure:
 - v) Look for signs of gusset board for deterioration, pile roller failure, water deterioration or failure of floatation connections, insufficient freeboard. Repair.
 - vi) Fire Systems: Check fire hose enclosures for broken glass or door latch failure. Ensure fire extinguisher is charged & present. Hose should be inspected for deterioration and to ensure properly hung. Gate valve should be inspected for leaking. Backflow leaks should be repaired by certified contractor.
 - vii) Gangways: Inspect surface for non-skid integrity, exposed nails, screws or bolts, and stability of hand railings.
 - viii) Water System: Replace leaking hose bibs and repair all other types of water leaks. Replace leaking gangway hoses.
- d) Monthly:
 - i) Thoroughly scrub all restroom floors, walls and showers.
 - ii) Inspect facility sidewalks for trip hazards (1/2" lift or greater).
 - iii) Wash sidewalks which have become stained or otherwise dirty.
 - iv) Inspect docks for rub rail problems.
 - v) Accessory item attachment: Inspect and repair connections to all cleats, dock boxes, fire hose enclosures and electrical panels.
 - vi) Check all dock utility lines that may be submerged or improperly supported. Re-support lines as required.

- vii) Electrical System: Inspect & repair all power centers. Repair cover and hinge assemblies, replacing receptacles and breakers as necessary. More serious electrical issues must be repaired by licensed electrical contractor.
 - viii) Replace missing pile caps and dock box lids.
 - ix) Inspect gangways for excessive wear or misalignment.
 - x) Building & Parking lighting should be inspected. Replace spent lights, ballasts, or photocells, broken lenses or covers.
 - xi) Inspect all docks for marina rules violations. Such violations are often violate fire or safety codes.
- e) Annually:
- i) Recharge & certify all fire extinguishers.
 - ii) Recertify all back flow devices.
 - iii) Inspect all piles for signs of failure, i.e. listing, cracking, and excessive deterioration.

EXHIBIT H

DEPICTION OF PROPERTY STRUCTURES

[Attached hereto]

- (A) BREAKWATER - COUNTY
- (B) OCEAN INSTITUTE - COUNTY
- (C) BABY BEACH - COUNTY
- (D) OC SAILING & EVENT CENTER - COUNTY
- (E) SEA WALL - MASTER DEVELOPER
- (F) BRIDGE - COUNTY
- (G) NAVIGATION CHANNEL - MASTER DEVELOPER
- (H) HARBOR PATROL - COUNTY
- (I) FISHING PIER - MASTER DEVELOPER

Attachment C



STREETS

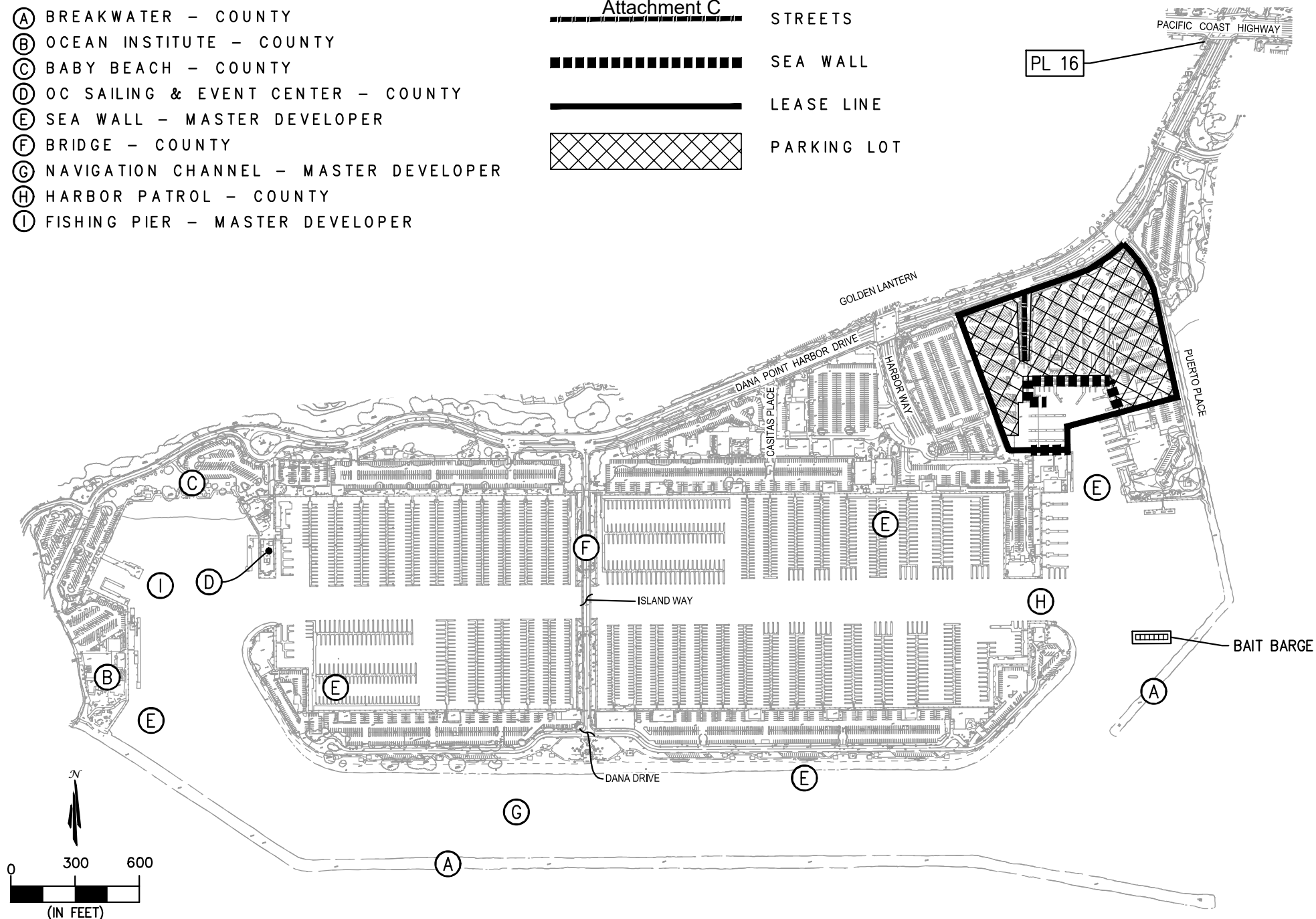


SEA WALL



LEASE LINE

PARKING LOT



DANA POINT HARBOR
DRYSTACK EXHIBIT H
DEPICTION OF PROPERTY STRUCTURES

EXHIBIT I

BEST MANAGEMENT PRACTICES FACT SHEETS

Best Management Practices can be found at: <https://ocerws.ocpublicworks.com/service-areas/oc-environmental-resources/unincorporated-countywide-compliance/best-management-0>
(which website may change from time to time)

Lessee shall be responsible for implementing and complying with all BMP Fact Sheet requirements that apply to this Lessee's operations. Lessee is to be aware that the BMP clause within this Lease, along with all related BMP Exhibits, may be revised, and may incorporate more than what is initially being presented in this Lease.

EXHIBIT J

CONSTRUCTION DISBURSEMENT RIDER

1.1 Redevelopment Allowance. Subject to the terms and conditions of this Lease, and the limitations set forth below, Lessee shall be entitled to a one-time improvement allowance in the amount up to, but not to exceed, Twenty Million Dollars (\$20,000,000.00) (the “**Redevelopment Allowance**”) to reimburse Lessee for Applicable Redevelopment Costs associated with the Redevelopment Work. In no event shall County be obligated to pay or make disbursements for the Redevelopment Work pursuant to this Exhibit, the Lease or otherwise in a total amount which exceeds the Redevelopment Allowance, nor shall Lessee be entitled to receive (whether in cash, credit or otherwise) any portion of the Redevelopment Allowance that is not used for the Redevelopment Work.

1.2 Payment of Lessee’s Responsible Portion. Prior to Lessee’s commencement of the Redevelopment Work, Lessee shall, in accordance with Section 5.5.4 and/or Section 5.5.5 of the Lease, as applicable, provide County with evidence that Lessee has the financial resources to pay for that portion of the Applicable Redevelopment Costs in excess of the Allowance (“**Lessee’s Responsible Portion**”). As a condition precedent to County’s obligations under this Exhibit and the Lease to disburse any portion of the Redevelopment Allowance to Lessee, Lessee shall have provided County with reasonable evidence that Lessee has paid 100% of Lessee’s Responsible Portion to parties for Applicable Redevelopment Costs. Such evidence shall include, without limitation, copies of the following with respect to the Redevelopment Work: (a) all contracts and purchase orders with such third party payees; (b) all invoices and payment applications received from such third party payees; and (c) evidence of payment of such invoices and payment applications together with unconditional lien waivers received signed by such third party payees to acknowledge payment of amounts owed under such invoices and payment applications. Lessee shall pay Lessee’s Responsible Portion in full before County shall have any obligation under this Exhibit, the Lease or otherwise to pay any portion of the Redevelopment Allowance. If any revisions, changes, or substitutions shall be made to the Final Plans and Specifications for the Redevelopment Work, then any additional costs which arise as a result of such revisions, changes or substitutions shall increase the amount of Lessee’s Responsible Portion for all purposes under this Exhibit and the Lease, and Lessee shall pay the same prior to County being obligated to pay any further amounts from the Redevelopment Allowance.

1.3 Disbursement of the Redevelopment Allowance. After County receives reasonable evidence of Lessee’s payment of Lessee’s Responsible Portion in accordance with Section 1.2 above, County shall reimburse Lessee monthly for the remaining Applicable Redevelopment Costs in accordance with the following procedures (subject to such reimbursement not exceeding the amount of the Redevelopment Allowance):

1.3.1 Monthly Disbursements. On or before the first (1st) day of each calendar month during Lessee’s construction of the Redevelopment Work (or such other date as the parties may mutually agree), Lessee shall deliver to County:

1.3.1.1 A request for payment of the general contractor retained by Lessee to perform the Redevelopment Work (the “**Contractor**”), signed by an authorized representative of Lessee, in a form to be provided by County, showing the schedule, by trade, of percentage of completion of the Redevelopment Work, detailing the portion of the work completed and the portion not completed;

1.3.1.2 Invoices from all of the subcontractors, laborers, materialmen, and suppliers used by Lessee or Contractor (collectively, “**Lessee’s Agents**”) for labor rendered and materials delivered to the Property;

1.3.1.3 Executed mechanic’s lien releases from all of Lessee’s Agents which shall comply with the appropriate provisions, as reasonably determined by County, of Applicable Laws;

1.3.1.4 The total of all Applicable Redevelopment Costs previously paid by Lessee and applied to: (i) Lessee’s Responsible Portion, if applicable, and (ii) the Redevelopment Allowance;

1.3.1.5 The amount of Applicable Redevelopment Costs for the current pay period which (i) shall be applied to Lessee’s Responsible Portion, if applicable, or (ii) be reimbursed by the County from the Redevelopment Allowance; and

1.3.1.6 All other information reasonably requested by County.

Lessee’s request for payment shall be deemed Lessee’s acceptance and approval of the work furnished and/or the materials supplied as set forth in Lessee’s payment request.

Within thirty (30) days after County’s receipt of all of the foregoing submittals, County shall deliver a check to Lessee for payment of the amount to be reimbursed by County pursuant to Subsection 1.3.1.5 above, less a ten percent (10%) retention (the aggregate amount of such retentions to be known as the “**Final Retention**”); provided, however, if the County disputes the accuracy of the amount of the requested reimbursement, or the work for which reimbursement is requested does not comply with the Contractor’s obligations under Article 5 of the Lease, then County may withhold the amount in dispute until such time as Lessee has addressed the reasons for the withholding to County’s reasonable satisfaction. County’s payment of such amounts shall not be deemed County’s approval or acceptance of the work furnished or materials supplied as set forth in Lessee’s payment request. For the avoidance of doubt, County shall only be obligated to make disbursements from the Redevelopment Allowance to the extent Applicable Redevelopment Costs are incurred by Lessee.

1.4 Final Retention. Subject to the provisions of this Lease, a check for the Final Retention payable to Lessee shall be delivered by County to Lessee following the completion of the Redevelopment Work, provided that: (a) Lessee delivers to County properly executed mechanics lien releases in compliance with the Applicable Laws; (b) County has determined that no substandard work exists; and (c) Lessee’s architect responsible for designing the Redevelopment Work (the “**Architect**”) delivers to County a certificate, in a form reasonably acceptable to County, certifying the Substantial Completion of the Redevelopment Work, and

that the same was completed in a good and workmanlike manner, in accordance with Applicable Laws, and in accordance with the Final Plans and Specifications in all material respects.

1.5 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in this Lease, if an Event of Default has occurred at any time on or before the Substantial Completion of the Redevelopment Work, then (i) in addition to all other rights and remedies granted to County pursuant to this Lease, County shall have the right to withhold payment of all or any portion of the Redevelopment Allowance and/or County may cause Contractor to cease the construction of the Redevelopment Work (in which case, Lessee shall be responsible for any delay in the Substantial Completion of the Redevelopment Work, which delay shall not constitute a Force Majeure), and (ii) all other obligations of County under the terms of this Construction Disbursement Rider shall be forgiven until such time as such default is cured pursuant to the terms of this Lease.

EXHIBIT K

INTENTIONALLY OMITTED

EXHIBIT L

COUNTY DOCUMENTS

Source: www.ocdph.com/revitalization

I. Plan Information

1. Artist Conceptual Drawings
2. Plan Background
3. Task Force Plan Priorities
4. Implementation Plan
5. Land Use Plan

II. Landside Revitalization

1. Coastal Development Permit CDP 13-0018
 - A. OC DPH Revitalization Landside CDP Application
 - a. Revised Permit Application
 - b. Updated Schedule
 - B. OC DPH Revitalization Landside CDP Project Plans & Exhibits
 - a. Site Plan & Architectural Plans
 - b. Civil Engineering
 - c. Landscape Plans
 - d. Project Schedule & Phasing
 - e. Master Sign Program
 - f. DPH Commercial Core Renderings
 - g. DPH View Analysis
 - h. DPH Story Pole Analysis
 - C. OC DPH Revitalization CDP Technical Studies
 - a. Geotechnical Report

Attachment C

- b. Geotech Setback Zone
 - c. Hydrology & Hydraulic Report – Boat Storage Parking Lot Interim Drainage Condition (Line D – Interim)
 - c. Hydrology & Hydraulic Report – Dana Point Harbor Revitalization Project
 - d. WQMP
 - e. Arborist Report
 - f. Nest Survey Report
 - g. Tree Planting, Maintenance & Mitigation Monitoring
 - h. Tree Mitigation Monitoring Report Field Evaluation Form
 - i. Summary of Proposed Lighting & Design Elements
 - j. Baseline
 - k. Parking Management Plan
 - l. Transportation Demand Management Plan
 - m. Construction Management Parking Plans
 - n. DPH Shoreline Management Plan
 - o. Wave Uprush Analysis Revised 08272014
 - p. Wave Uprush Analysis
2. Coastal Development Permit – Updated Documents Amendment Application CDP 13-0018
- A. OC DPH Revitalization Landside CDP Amendment
 - a. DPH Shoreline Management Plan Final
 - b. Launch Ramp Utilization Report
 - c. Updated Schedule
 - d. Wave Uprush Analysis Revised 08272014
 - B. OC DPH Revitalization Landside CDP Related Documents

- a. Requirement Consistency Table – PC Reso Exhibit A
- 3. Dana Wharf Restroom
- 4. Land Use Plan Component
 - A. LUP Table of Contents
 - B. LUP Chapters 1-3
 - C. LUP Chapters 4-6
 - D. LUP Chapters 7-9
- 5. Planning Area 1 & 2 Components
- 6. Dry Boat Storage
 - A. Appendix D – DPH Dry Storage Building
 - B. Appendix D – DPH Dry Storage Deck
 - C. DPH Dry Storage Analysis
 - D. Sign Presentation
- 7. Story Pole Analysis Computer Images
- III. Waterside Revitalization
 - 1. Boat Launch Ramp
 - 2. Boater Meetings
 - A. Dana Point Boater Meeting Presentations
 - a. Boater Meeting 1 – 9.26.06
 - b. Boater Meeting 2 – 10.24.06
 - c. Boater Meeting 3 – 11.28.06
 - d. Boater Meeting 4 – 12.19.06
 - e. Boater Meeting 5 – 1.9.07
 - f. Boater Meeting 6 – 1.30.07
 - g. Boater Survey 10.24.06

Attachment C

- h. Boater Fact Sheet – 3-2007
 - i. Subsequent Environmental Impact Report 12.8.07
 - B. Community Meeting March 12, 2008
 - a. Alternatives Summary & QA Recap – 3.12.08
 - b. Community Presentation Meeting 03.13.08
- 3. Dredging Project
 - A. Bid Abstract Maintenance Dredging
 - B. Bid Summary Maintenance Dredging
 - C. COE Approved Permit
 - D. DPH Dredging Final Report
 - E. DPH Dredging Sampling & Analysis Plan
 - F. DPH Water Quality Certification
 - G. Maintenance Dredging Project Presentation
 - H. Coastal Development Permit
 - I. State Lands Lease
 - J. USACEP Public Notice
- 4. Previously Considered Alternatives
 - A. Channel Narrowing at Bridge
 - B. Channel Narrowing Buoy Test
 - C. Channel Test Photo Board
- 5. Subsequent Environmental Impact Report N° 613
 - A. Planning Commission Meeting Cancellation Notice
 - B. Commission Memo
 - C. Initial Study
 - D. Notice of Preparation

- E. Vol I Draft EIR
- F. Vol II Cover
- G. Vol II Appendix A
- H. Vol II Appendix B
- I. Vol II Appendix C
- J. Vol II Appendix D
- K. Vol II Appendix E
- L. Vol II Appendix F
- M. Vol III RTC Errata

IV. RFQ Resource Documents

- 1. As Built Plans 9.22.70
- 2. Boundary Survey
- 3. Original Marina Plans
- 4. Tidelands Trust Grant Documents
- 5. Dana Point Marina Conditions Survey Vol I and II (2001,2005)
- 6. Dana Point Marina Master Plan, Physical Conditions Assessment Report (June 2002)
- 7. Dana Point Marina Redevelopment Bulkhead Structural Evaluation
- 8. Title Report March 30, 2012
- 9. Commercial Core Project – Coastal Development Permit CDP 13-0018
- 10. Commercial Core Project – CDP Application
- 11. Part 1 – Site Plan & Architectural Plans
- 11. Part 2 – Civil Engineering
- 11. Part 3 – Landscape Plans
- 11. Part 4 – Project Schedule & Phasing
- 11. Part 5 – Master Sign Program

11. Part 6 – DPH Commercial Core Renderings
11. Part 7 DPH View Analysis
11. Part 8 – DPH Story Pole Analysis
12. Commercial Core Project Technical Studies, Reports and Information
13. DPH Revitalization Plan and District Regulations (Local Coastal Program)
14. Final Environmental Impact Report (FEIR) 591 – DPH Revitalization Project
15. FEIR 291 Addendum September 2011
16. SEIR 613 – DPH Marina Improvement Project (Waterside)
17. DPH Leased Property Financials (2005-2015)
18. 12 Guiding Principles
19. Merchants and DP Boaters Association Recommendations for the RFQ RFP
20. Commercial Core Project – Estimated Tenant Improvement Fees
21. Dana Point Harbor Boat Slip Wait List
22. DPH Demographics Profile 2015
23. DPH Tenant Criteria Manual

V. RFP Exhibits and Addenda

Exhibit 1 - Project Areas

Exhibit 2 - Operating Agreements, Operator Managed Tenant Leases and Direct County
Tenant Leases

Exhibit 3 – Submittal Response Checklist

Exhibit 4 – Child Support Enforcement Requirements

Exhibit 5 – Proposer Profile

Exhibit 6 – Option Agreement

Exhibit 7 – Master Ground Lease Agreement

Addendum 1.0 RFP SUPPLEMENTAL INFORMATION

Attachment C

- Dana Point Harbor Annual Rent Roll and Fiscal Year 2015/16 Percentage Rent
- East Marina Financial Information - Actuals for FY 2015/16 and Budget for FY 2016/17
- West Marina Financial Information - Actuals for FY 2015/16 and Budget for FY 2016/17
- Vintage Financial Information - Actuals for FY 2015/16 and Budget for FY 2016/17
- Marina Inn Financial Information - Actuals for FY 2015/16 and Budget for FY 2016/17

Addendum 2.0 RFP SUPPLEMENTAL INFORMATION

Actuals for FY 2011/12, FY 2012/13, FY 2013/14, FY 2014/15, and FY 2015/16 and Budget for FY 2016/17

- East Marina Financial Information
- West Marina Financial Information
- Vintage Financial Information
- Marina Inn Financial Information Addendum 3.0 RFP Schedule Update Addendum 2.0 RFP Questions

VI. Dana Point Harbor CAD File

EXHIBIT M

REQUIRED LEASE PROVISIONS

The restriction of the Sublessee's use under Section 1.9 of the Approved Retail Sublease to a Permitted Use within the Commercial Core Component pursuant to Section 3.1.1 of this Lease. (1.9 [Use of Premises] of the Approved Retail Sublease)

That the Sublessee shall not do or permit anything to be done in, on, or about the Property or bring or keep anything therein which conflicts with this Lease or the restrictive use covenants in this Lease. (3.1(vii) [Permitted Use] of the Approved Retail Sublease).

That the Sublessee agrees that it will not cause Lessee to be in violation of the terms of this Lease and that the Sublease is and shall be subject and subordinate to this Lease, the terms, covenants and conditions thereof, and any amendments and/or modifications thereto. (3.6 [Declaration; Ground Lease] of the Approved Retail Sublease)

That the Sublessee acknowledges and agrees that County is an intended third party beneficiary of Sections 3.1 [Permitted Use], 3.5 [Hazardous Substances], 3.6 [Declaration; Ground Lease], 3.8 [Best Management Practices], 3.9 [Public Contract Code Compliance], 5.4 [Taxes], 8.2 [Non-disturbance and Attornment], 8.3 [Mortgagee Protections], 11.1 [Insurance Requirements; Commercial General Liability Insurance], 11.8 [Waiver of Subrogation], 18.1 [Waiver], 18.2 [Indemnification], 18.3 [Duty to Defend] (if included in such Sublease), 28.2 [Financials] and 30.4 Nonrecourse Lease] and is entitled to enforce such provisions against Sublessee, together with the operative provisions of Sections 3.5, 3.8, 3.9, 8.2 and 30.4 to the extent terms are in favor of County. (3.1, 3.5, 3.6, 3.8, 3.9, 5.4, 8.2, 8.3, 11.1, 11.8, 18.1, 18.2, 18.3, 28.2 and 30.4 of the Approved Retail Sublease)

That if Lessee's interest in the premises subleased pursuant to the Sublease is acquired by County, Sublessee shall, notwithstanding any subordination, attorn to and become the tenant of the successor-in-interest to Lessee and recognize such successor-in-interest as the Landlord under the Sublease. That if County notifies the Sublessee of a default under this Lease and demands that the Sublessee pay rent and all other sums due under the Sublease to County or successor-in-interest to Lessee, the Sublessee shall honor such demand without inquiry and pay its rent and all other sums due under the Sublease directly to County or successor-in-interest to Lessee pursuant to such notice and shall not thereby incur any obligation or liability to Lessee in connection with any such payments made. The foregoing provisions shall be self-operative, and no further instrument of attornment or non-disturbance shall be required; provided, however, in confirmation of any attornment, the Sublease shall require that Sublessee execute, acknowledge and deliver an instrument that County may reasonably request to evidence such attornment, provided that such attornment further confirms the non-disturbance protection set forth in the Approved Retail Sublease. (8.2 [Non-disturbance and Attornment] of the Approved Retail Sublease)

That Sublessee agrees to notify County by certified mail, return receipt requested, with postage prepaid, of any default on the part of Lessee under the Sublease; that County shall have the right, but not the obligation, to cure any default on the part of Lessee; that the Sublessee agrees that if

County shall succeed to the interest of Lessee under the Sublease, neither the County nor its successors or assigns shall be: liable for any prior act or omission of any prior landlord (including Lessee); subject to any claims, offsets, credits or defenses which Sublessee might have against any prior landlord (including Lessee) (except that County shall not be relieved from the obligation to cure any defaults which are non-monetary, continuing in nature and reasonably susceptible to being cured); bound by any assignment (except as otherwise expressly permitted under this Lease), surrender, release, waiver, amendment or modification of any provisions of the Sublease made without County's prior written consent; or obligated to make any payment to Sublessee or liable for refund of all or any part of any security deposit or other prepaid charge to Sublessee held by any prior landlord (including Lessee) for any purpose unless the County shall have come into exclusive possession of such deposit or charge. (8.3 [Mortgagee Protections] of the Approved Retail Sublease)

Each Major Sublease shall provide that (and Lessee shall use reasonable and diligent efforts to cause each Sublease that is not a Major Sublease to provide that) the Sublessee agrees that, notwithstanding any provisions of the Sublease, no cancellation or termination of the Sublease and no abatement or reduction of the rent payable thereunder shall be effective unless the County has received notice of the same and shall have failed within the period of time provided under the Sublease after receipt of such notice to commence to cure such default and thereafter diligently prosecute such cure to completion, and if the County needs to obtain possession of the Property to cure such default, to allow the County to obtain possession of the Property, provided the County commences judicial or non-judicial proceedings to obtain possession within such period and thereafter diligently prosecutes such efforts and cure to completion, but such provision shall not be a required provision in a Sublease that is not a Major Sublease if the Sublessee thereunder refuses to agree to the same despite Lessee's reasonable and diligent efforts to negotiate for the same. (8.3 [Mortgagee Protections] of the Approved Retail Sublease)

That for any Major Sublease, Section 10.1.3 [regarding permitted transfers for which Landlord's consent is not required] of the Approved Retail Sublease shall not be included in such Approved Retail Sublease without County's prior written consent. (10.1.3 [Assignment and Subletting Generally] of the Approved Retail Sublease)

The County shall be named as an additional insured on the commercial general and contractual liability insurance required to be carried by the Sublessee under the Sublease; all such insurance shall be primary and shall provide that any insurance of County shall be noncontributing; the insurance coverage required by Article 11 of the Sublease shall contain a clause pursuant to which the insurance carriers waive all rights of subrogation against County, with respect to losses payable under such policies to the extent such waiver of subrogation is commercially available or if such waiver is granted to Lessee under the Sublease. (Article 11 [Insurance] of the Approved Retail Sublease)

Each Major Sublease shall provide that (and Lessee shall use reasonable and diligent efforts to cause each Sublease that is not a Major Sublease to provide that) all such policies shall provide that they shall not be amended in any way that would materially adversely affect the interests of County, or cancelled, without at least thirty (30) days prior written notice to County, but such provision shall not be a required provision in a Sublease that is not a Major Sublease if the

Sublessee thereunder refuses to agree to the same despite Lessee's reasonable and diligent efforts to negotiate for the same. (Article 11 [Insurance] of the Approved Retail Sublease)

That the Sublessee acknowledge that County shall not be liable for any loss, injury or damage to the Sublessee or to any other person, or to its or their property, irrespective of the cause of such injury, damage or loss except to the extent caused by or resulting from the intentional torts, willful misconduct or sole or active gross negligence of the County. (18.1 [Waiver] of the Approved Retail Sublease)

That the Sublessee shall defend, indemnify and hold harmless County for, from and against any and all (i) third party claims for bodily injury and/or property damage arising from or in connection with any accident, injury or damage whatsoever occurring in, at or upon the Premises (and use reasonable and diligent efforts to cause such indemnity to also cover common areas) (except to the extent caused by the intentional torts or willful misconduct of County), and (ii) claims arising from Sublessee's omissions or breach of the Sublease together with all costs, expenses and liabilities incurred or in connection with each such claim or action or proceeding brought thereon, including, without limitation, reasonable attorneys' fees and expenses at trial and upon appeal. Indemnification obligations shall include the duty to defend. (18.2 [Indemnification] and 18.3 [Duty to Defend] of the Approved Retail Sublease)

That notwithstanding anything to the contrary contained in the Sublease, County shall not be liable in any way or to any extent to the Sublessee under the Sublease, including but not limited to in connection with any breach by Lessor thereunder. If required by a Sublessee that is not a Major Sublessee despite Lessee's reasonable and diligent efforts to avoid the same, the foregoing may carve out claims against County based on its sole or active gross negligence or willful misconduct. (30.4 [Nonrecourse Lease] of the Approved Retail Sublease)

Section 3.8 and Exhibit H of the Approved Retail Sublease regarding Best Management Practices shall not be altered, except to the extent altered by, or with the prior written consent of, County.

The form of SNDA attached as Exhibit I to the Approved Retail Sublease shall not be altered without County's prior written consent if included as an Exhibit.