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OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

THE CITY OF SAN DIEGO

Percentage Lease

SPORTSMEN'S SEAFOOD COMPANY, INC.

LEASE OUTLINE

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**CITY OF SAN DIEGO
PERCENTAGE LEASE**

THIS LEASE AGREEMENT is executed between the CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY," and SPORTSMEN'S SEAFOOD COMPANY, INC., a California corporation, hereinafter called "LESSEE."

SECTION 1. USES

1.01 Premises. CITY hereby leases to LESSEE and LESSEE leases from CITY all of that certain real property situated in the City of San Diego, County of San Diego, State of California, described in Exhibit "A" attached hereto and by this reference made part of this agreement. Said real property is hereinafter called the "premises."

1.02 Uses. It is expressly agreed that the premises are leased to LESSEE solely and exclusively for the purposes of developing, operating and maintaining for the use of the general public and visitors to Mission Bay:

- a. The construction, operation and maintenance of a plant for the processing, smoking, and exchange of canned fish caught on sportfishing and privately owned pleasure fishing boats;
- b. The operation of a seafood restaurant specializing in the serving of prepared seafoods, together with sandwiches, beverages, including beer and wine, and such related items as are commonly served at a seafood restaurant;
- c. The "off premises" retail sale of fresh and canned seafood, beer and wine; and
- d. The construction, operation and maintenance of a boat dock with boat slips for the unloading of sport fish and the rental of boat slips to commercial fishing boats and for no other purposes.
- e. The wholesaling of fish as an incidental use.

The southeasterly side and the southwesterly end of the boat dock shall be available at all times for use by the general public in the docking of itinerant sportfishing and pleasure boats for the unloading of fish. LESSEE shall insure that such docking and unloading be done at all times without unnecessary or undue delay. Such portions of the boat dock shall not be used as moorage. The rental of boat slips shall be restricted to boats forty-five (45) feet or less in length.

LESSEE covenants and agrees to use the premises throughout the term hereof for the above specified purposes and to diligently conduct the business thereon to produce the most gross income that can be reasonably expected. Failure to continuously use the premises for said purposes, or the use of the premises for purposes not expressly authorized herein, shall be grounds for termination by CITY.

1.03 Related Council Actions. By the granting of this lease, neither the CITY nor the Council of CITY is obligating itself to any other governmental agent, board, commission, or agency with regard to any other discretionary action relating to development or operation of the premises. Discretionary action includes, but is not limited to, rezonings, variances, environmental clearances or any other governmental agency approvals which may be required for the development and operation of the leased premises.

1.04 Quiet Possession. LESSEE, paying the rent and performing the covenants and agreements herein, shall at all times during the term peaceably and quietly have, hold and enjoy the premises. If CITY for any reason cannot deliver possession of the premises to LESSEE at the commencement of the term, or if during the lease term LESSEE is temporarily dispossessed through action or claim of a title superior to CITY'S, then and in either of such events, this lease shall not be voidable nor shall CITY be liable to LESSEE for any loss or damage resulting therefrom, but there shall be determined and stated in writing by the City Manager of CITY a proportionate reduction of the minimum or flat rate rent for the period or periods during which LESSEE is prevented from having the quiet possession of all or a portion of the premises.

1.05 Easements and Reservations.

- a. CITY hereby reserves all rights, title and interest in any and all subsurface natural gas, oil, minerals and water on or within the premises.

- b. CITY reserves the right to grant and use easements or establish and use rights-of-way over, under, along and across the leased premises for utilities, thoroughfares, or access as it deems advisable for the public good.
- c. CITY has the right to enter the premises for the purpose of making repairs to or developing municipal resources and services.

However, CITY shall not unreasonably or substantially interfere with LESSEE'S use of the premises and will reimburse LESSEE for physical damages, if any, to the permanent improvements located on the leased premises resulting from CITY'S exercising the rights reserved in this section. Such reimbursement may include a reduction in the rent proportionate to the amount of physical damage as determined by the CITY. CITY will pay the costs of maintenance and repair of all CITY installations made pursuant to these reserved rights.

- 1.06 Competent Management. Throughout the term of this lease agreement LESSEE shall provide competent management of the leased premises to the satisfaction of the City Manager. For the purposes of this paragraph, "competent management" shall mean demonstrated ability in the management and operation of a commercial fishing and restaurant operation and related activities in a fiscally responsible manner.

SECTION 2: TERM

- 2.01 Commencement. The term of this agreement shall be twenty-five (25) years commencing on the first day of the calendar month following execution by the City Manager. "Lease year" as used in this lease shall mean the 12-month period commencing on the first day of the calendar month following the execution of this lease by the City Manager.
- 2.02 Holdover. Any holding over by LESSEE after expiration or termination shall not be considered a renewal or extension of this lease. The occupancy of the premises after the expiration or termination of this agreement constitutes a month-to-month tenancy, and all other terms and conditions of this agreement shall continue in full force and effect; provided, however, CITY shall have the right to apply a reasonable increase in rent to bring the rent to fair market value and to terminate the hold-over tenancy at will.
- 2.03 Quitclaim and Surrender of LESSEE'S Interest. On execution of this lease, the LESSEE shall deliver to the CITY a quitclaim deed in recordable form quitclaiming all its rights in the

premises. CITY may record such deed only on the expiration or earlier termination of this lease. In the event the CITY requires any subsequent quitclaim deed, the LESSEE or its successor in interest shall deliver the same within five (5) days after receiving written demand therefor.

At the expiration or earlier termination of this lease, LESSEE shall surrender the premises to CITY free and clear of all liens and encumbrances, except those liens and encumbrances which existed on the date of execution hereof, and in a decent, safe and sanitary condition, and in the case of termination of this lease by CITY prior to the end of the specified lease term any liens and encumbrances approved in writing by the City Manager during the lease term.

SECTION 3: RENT

- 3.01 Place of Payment. All rents required herein must be made payable to the City Treasurer and mailed or delivered to the Office of the City Treasurer, City of San Diego, P. O. Box 2289, San Diego, California, 92112-4165.

The place of payment may be changed at any time by CITY upon thirty (30) days' written notice to LESSEE. Mailed rental payments shall be deemed paid upon the date such payment is postmarked by the postal authorities. LESSEE assumes all risk of loss and late payment charges if payments are made by mail, or if postmarks are illegible, in which case, the payment shall be deemed paid upon actual receipt by the City Treasurer.

3.02 Rent.

- a. Minimum Rent. The annual minimum rent established for the first three years following the effective date of this lease is TWENTY-ONE THOUSAND SIX HUNDRED DOLLARS (\$21,600) which is EIGHTEEN HUNDRED DOLLARS (\$1,800) on a monthly basis.

If the minimum rent is greater than the percentage rent, on a calendar month basis, then the minimum rent is required to be paid for that month. Minimum rents are to be paid monthly on or before the last day of the calendar month when rents are due pursuant to Section 3.03.

Provided, however, in the event that the combined total percentage rent payments and monthly minimum rent payments during any lease year, equal or exceed the required annual minimum rent for that year, then, for the balance of such year, LESSEE shall discontinue paying monthly minimum rents and shall continue paying only percentage rents until the

beginning of the ensuing lease year. It is the intent of this provision that the LESSEE shall pay a minimum rent as a guarantee against the percentage rent requirement and that the greater of the two requirements, minimum or percentage, shall prevail, whichever occurs throughout the term.

- Max 87 3 1/2
9 3 1/2
13 3 1/2
96 3 1/2
99
- b. Minimum Rent Adjustment. Effective at the end of the last day of the third lease year of this lease and at the end of each three-year period thereafter during the term, the annual minimum rent for the ensuing three-year period shall be adjusted to equal eighty percent (80%) of the annual average of actual rents paid or accrued during the two years preceding the adjustment date. Said annual minimum rent shall then be divided by twelve (12) to establish the new monthly minimum rent. It is recognized that such adjustments shall be calculated by CITY upon completion of payments due for the preceding rental period in order to determine the amount of the adjustment to be effective on the dates stated herein. Until such calculations are completed, LESSEE shall continue paying monthly minimum rents at the prior rate. Any additional rents determined by the adjustment to be due for the months previously paid at the prior rate shall be paid to CITY within 30 days following written notice. In no event shall any such minimum rent adjustment result in a decrease in the minimum rent requirement in effect immediately prior to the adjustment date.
- c. Percentage Rents. Percentage rents will be calculated on a calendar month basis and will consist of the following percentages of the gross income resulting from the use of the premises:

- (1) THREE PERCENT (3%) of gross income from the "off premises" retail sale of fresh or canned seafood; and from the sale of food and nonalcoholic beverages, prepared or dispensed on the leased premises;
- (2) SIX PERCENT (6%) of gross income from the sale of all alcoholic beverages, and nonalcoholic beverages prepared or dispensed from the bars;
- (3) TEN (10%) of gross income from the rental of boat slips and related boating operations;
- (4) SEVEN PERCENT (7%) of gross income from the fish processing and canning operations.
- (5) ONE PERCENT (1%) of gross income from the wholesaling of fish to local restaurants;

- (6) FIFTY PERCENT (50%) of LESSEE'S gross income from telephones;
- (7) TWENTY-FIVE PERCENT (25%) of commissions or any other compensation paid to LESSEE or sublessees for the right to install or operate coin-operated vending, game or service machines or devices on the premises, excluding coin-operated telephones which are provided for in subparagraph (5) above, or 10 percent of the gross income of any such coin-operated machines or devices owned, rented or leased by LESSEE or sublessees for use on the premises;
- (8) TEN PERCENT (10%) of gross income derived from all other activities permitted on the leased premises;
- (9) The City Manager, in his sole discretion, may approve another percentage rate or flat rate of rent for each other incidental service or operation supplementary to the uses specified under Uses hereof, as may be approved in writing by the City Manager prior to commencement of such other service(s) or operation(s). Provided, however, any activity conducted on the premises without prior approval by the City Manager shall be subject to the requirements of Section 3.07, Unauthorized Use Charge, hereof.
- d. Percentage Rate Adjustment. At least four months prior to the end of the tenth year of the term of this agreement the parties hereto, by mutual consent or through appraisal as hereinafter set forth, will adjust the percentage rates of LESSEE'S gross income to be paid CITY effective upon the first day of the succeeding ten-year period. Said adjustment will be made to the degree necessary to provide a fair rental to CITY as determined by the City Manager and LESSEE, taking into consideration the criteria set forth in Paragraph f. below. In the event that such adjustment is not made by mutual consent prior to two months before the end of said ten-year periods, then the parties hereto will refer the matter to appraisal under the terms hereinafter set forth.
- e. Percentage Rate Appraisal. In the event the parties do not agree upon the amount of adjustment to said percentage rates as provided for in the previous section, then the adjustment shall be determined by a qualified professional independent real estate appraiser selected by mutual consent of the parties to this agreement from the list of appraisers approved by the CITY. In the event the parties do not reach

agreement as to selection of a mutually acceptable appraiser, then CITY and LESSEE will each select a qualified professional independent real estate appraiser who in turn will select a third qualified professional independent real estate appraiser who will be employed to set the percentage rates to be applied to LESSEE'S gross income for the ensuing period until the next percentage rate adjustment. In the event a mutually acceptable third appraiser is not agreed upon between the two selected appraisers within ten days, then the third appraiser will be appointed by the presiding judge of the Superior Court of the State of California, County of San Diego, acting in his individual capacity, upon application by either CITY or LESSEE with prior notice thereof to the other party. Said third appraiser shall complete the assignment within sixty (60) days of appointment. Each party shall pay the cost of its own selected appraiser and both CITY and LESSEE agree to equally share the cost of the third mutually selected or court appointed appraiser. CITY and LESSEE agree to accept and be bound by the percentage rates determined by the appraiser selected or appointed to complete the assignment.

In establishing the percentage rates for the items under controversy, the appraiser shall consider the CITY'S property as a fee simple absolute estate, as vacant and available for a full lease term equal to the initial full term of this lease on the open market for the authorized purposes of this lease at the commencement of the rental period under review. The appraiser will be guided by prevailing market percentage rates for similar operations primarily within the Southern California area, if available. In event the appraisal is not completed in time to permit the percentage adjustment to be made upon the applicable commencement of the ten-year period, LESSEE agrees to continue to pay rent in accordance with the then existing lease rates and the adjustment, when determined, will be retroactive to said effective date of rental adjustment as hereinabove established. Any deficiency shall be paid by LESSEE to CITY within sixty days after determination of the new percentage rate(s). IN NO EVENT, HOWEVER, SHALL ANY RENT ADJUSTMENT RESULT IN ANY DECREASE IN ANY PERCENTAGE RENTAL RATE.

- 3.03 Payment Procedure. On or before the last day of the calendar month following the calendar month in which the gross income subject to rents was earned, LESSEE will provide CITY with a correct statement together with a payment of rent on all applicable gross receipts in a form selected by CITY. The statement will be signed by LESSEE or its authorized agent, attesting to the accuracy thereof, which shall be legally binding upon LESSEE. Each statement will indicate or include:

- a. One-twelfth of the annual minimum rent until the full annual rent is achieved in any lease year.
- b. Total gross receipts for the subject month, itemized as to business categories for which separate percentage rents are established. A gross receipts breakdown of each business conducted on the premises must be included when a reported category shows gross income to be more than one business operation.
- c. The percentage rental due the CITY, computed and totalled.
- d. The accumulated total of all rents previously paid for the current lease year.
- e. Payment in the greater of the two following amounts: One-twelfth of the annual minimum rent or the total percentage rent due CITY computed as described in this section.

Any rents due CITY from sublease activities or operations will begin with the earliest of the following dates (whether or not prior approval was given by the CITY as required by this lease, and whether or not a separate percentage rent was established by CITY):

- (1) Sublease commencement date.
- (2) Physical occupancy date.
- (3) Earliest activity date (i.e., sale of goods, solicitation of business, construction or alterations, etc.).

3.04 Gross Income. "Gross income or receipts" as used in this lease shall include all income resulting from occupancy of the leased premises from whatever source derived whether received or to become due. Provided, however, gross income shall not include federal, state or municipal taxes collected from the consumer (regardless of whether the amount thereof is stated to the consumer as a separate charge) and paid over periodically by LESSEE to a governmental agency accompanied by a tax return or statement as required by law. Possessory interest taxes or other property taxes shall not be deducted by LESSEE in computing gross income. Gross income shall not include refunds for goods returned for resale on the premises or refunds of deposits. The amount of such taxes and refunds shall be clearly shown on the books and records of LESSEE. All income to LESSEE from sale of merchandise to other dealers, at actual cost, with no markup, as a method of changing inventories and resulting in no profit for LESSEE shall be excluded from computation of gross income. The percentage rent shall be calculated and

paid by LESSEE on the basis of said gross income whether the income is received by LESSEE or by an sublessee, permittee or licensee or their agents and all gross income received by any sublessee, permittee, licensee or other party as a result of occupancy of said premises or the operation thereof shall be regarded as gross income of LESSEE for the purpose of calculating the percentage rent hereunder required to be paid by LESSEE to CITY, except as may be otherwise specified by or pursuant to this lease.

3.05 Inspection of Records.

- a. Records. LESSEE shall, at all times during the lease term, keep or cause to be kept true and complete books, records and accounts of all financial transactions in the operation of all business activity conducted upon and financial transactions resulting from the use of the premises. The records shall be supported by source documents such as sales slips, daily cash register tapes, purchase invoices or other documents as necessary to allow CITY to easily determine the total gross income.

Any retail sales or charges will be recorded by means of cash registers or other comparable devices which display to the customer the amount of the transaction and automatically issues a receipt. The registers will be equipped with devices that lock in sales totals and other transaction numbers and sales details that are not resettable. Totals registered shall be read and recorded at the beginning and end of each business day.

In the event of admission charges or rentals, LESSEE shall issue serially numbered tickets for each such admission or rental and shall keep an adequate record of such tickets, as well as a record of unissued tickets.

All retail sales and charges may be recorded by a system other than cash registers or to other comparable devices, provided such system is approved by CITY.

- b. Financial Statements. Within sixty (60) days after the end of each lease year, as previously established herein, LESSEE will, at its expense, submit to CITY a statement in which the total gross receipts and the corresponding amounts of rents paid CITY for the year are classified according to the categories of business established for any percentage rental and for any other business conducted on or from the premises. Said statement shall be signed by LESSEE or its authorized agent, attesting to the accuracy thereof, which shall be legally binding upon LESSEE.

- c. Right to Inspect. All LESSEE'S books of account, records and supporting documentation, as described under a. Records will be kept for at least five years and made available to CITY in one location within the City of San Diego. Said books and records shall be maintained separate from all other accounts not relating to the leased premises. The CITY, at its discretion, shall have the right to inspect and audit the business of LESSEE, its agents, sublessees, concessionaires and licensees operating on and in connection with the premises as necessary and appropriate for CITY to determine the amounts of rent due CITY in compliance with the requirements of this lease.

On CITY'S request, LESSEE will promptly provide, at LESSEE'S expense, any necessary data to enable CITY to fully comply with all requirements of the state or federal government for lease information or reports concerning the premises. Such data will include, if required, a detailed breakdown of LESSEE'S receipts and expenses.

- d. Audit Cost. The full cost of the CITY'S audits will be borne by CITY unless one or both of the following conditions exists, in which case, LESSEE hereby agrees to pay CITY'S cost of audit.

- (1) The audit reveals an underpayment of more than five percent (5%) or more than \$2,000, whichever is less between the rent due as reported and paid by LESSEE pursuant to this lease and rent due as determined by the audit; or
- (2) LESSEE has failed to maintain complete and true books, records, accounts and supporting source documents in strict accordance with the Inspection of Records section.

LESSEE shall pay any deficiency determined by the audit plus interest on such amount as defined in the Delinquent Rent provision of this lease within thirty (30) days of notice thereof by CITY. CITY will credit any overpayment against incoming rents. Any overpayment determined after the end of this lease will be refunded by CITY within thirty (30) days of confirmation by the City Manager of the audit findings.

- e. Default. LESSEE'S failure to keep complete and accurate records by means of double entry bookkeeping and make them available for CITY inspection is, like all other failures to comply with covenants of this lease, a breach of this lease and cause for termination.

- 3.06 Delinquent Rent and Audit Fees. If the LESSEE fails to pay the rent when due, the LESSEE will pay in addition to the unpaid rents, five percent (5%) of the delinquent rent. If the rent is still unpaid fifteen (15) days after the due date, the LESSEE shall pay an additional five percent (5%) [being a total of ten percent (10%)] which is hereby mutually agreed by the parties to be appropriate to compensate CITY for loss resulting from rental delinquency, including lost interest, opportunities, legal costs, and the cost of servicing the delinquent account.

In the event that the CITY audit, if applicable, discloses that the rent for the audited period has been underpaid in excess of five percent (5%) of the total required rent, then LESSEE shall pay CITY the cost of the audit plus ten percent (10%) per year on the amount by which said rent was underpaid in addition to the unpaid rents as shown to be due CITY as compensation to CITY for administrative costs and loss of interests as previously described herein. In the event the CITY audit discloses that the unpaid rent is less than five percent of the total rent, then in the event LESSEE fails to pay said unpaid rent within thirty (30) days after written notice from CITY, an additional fee of ten percent (10%) of said unpaid amount shall be added to the unpaid amount to compensate CITY for costs and losses due to such nonpayment. LESSEE agrees to pay such amounts and further agrees that the specific late charges represent a fair and reasonable estimate of the costs that CITY will incur from LESSEE'S late payment. Acceptance of late charges and any portion of the late payment by CITY shall in no event constitute a waiver of LESSEE default with respect to late payment, nor prevent CITY from exercising any of the other rights and remedies granted in this lease.

- 3.07 Unauthorized Use Charge. LESSEE will pay CITY twenty percent (20%) of the gross receipts for any service or use that is not permitted by this lease. This payment is subject to the due date provided in this lease for rental payments, and the provision for delinquent rent. The existence of the twenty percent (20%) charge in this clause and the payment of this charge or any part of it, does not constitute an authorization for a particular service or use, and does not waive any CITY rights to terminate a service or use or to default LESSEE for participating in or allowing any unauthorized use of the leased premises.

- 3.08 Development as Additional Consideration. LESSEE agrees that as additional and substantial consideration for granting this lease is LESSEE'S obligation to develop the leased premises in accordance with the City-approved Development Plan identified in Section 6.12, Development Plan, of this agreement.

SECTION 4: ASSIGNMENT

4.01 Time is of Essence; Provisions Binding on Successors. Time is of the essence of all of the terms, covenants and conditions of this lease and, except as otherwise provided herein, all of the terms, covenants and conditions of this lease shall apply to, benefit and bind the successors and assigns of the respective parties, jointly and individually.

4.02 Assignment and Subletting. LESSEE shall not assign this lease, or any interest therein, and shall not sublet the premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person, except employees, agents and guests of LESSEE, to use or occupy the premises or any part thereof, without the prior written consent of the City Manager in each instance. A consent to assignment, subletting, occupation or use by an other person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Any such assignment or subletting without such consent shall be void and shall, at the option of CITY, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of LESSEE, by operation of law, without the written consent of the City Manager.

"Assignment," for the purposes of this clause shall include any transfer of any ownership interest in this lease by LESSEE or by any partners, principals, or stockholders, as the case may be, from the original LESSEE, its general partners or principals.

Approval of any assignment or sublease shall be conditioned upon the assignee or sublessee agreeing in writing that it will assume the rights and obligations thereby assigned or subleased and that it will keep and perform all covenants, conditions and provisions of this agreement which are applicable to the rights acquired. LESSEE understands and specifically agrees that the City Manager may require, as a condition to approval of any sublease or assignment, that the proposed sublessee or assignee pay additional rent to CITY to equal the full fair market rent justifiable at the date of such proposed sublease or assignment and that this lease or the requested sublease otherwise be revised to comply with standard CITY lease requirements that are then current and that this lease or the requested sublease otherwise be revised to comply with standard CITY lease requirements that are then current.

4.03 Encumbrance. Subject to prior consent by the CITY, which shall not be unreasonably withheld, LESSEE may encumber this lease, its leasehold estate and its improvements thereon by deed of

trust, mortgage, chattel mortgage or other security instrument to assure the payment of a promissory note or notes of the LESSEE, upon the express condition that the net proceeds of such loan or loans be devoted exclusively to the purpose of developing the leased premises in accordance with Section 6.12 hereof entitled Development Plan, however, a reasonable portion of the loan proceeds may be disbursed for payment of incidental costs of construction, including but not limited to the following: Off site improvements for service of the premises; on site improvements; escrow charges; premiums for hazard insurance, or other insurance or bonds required by CITY; title insurance premiums; reasonable loan costs such as discounts, interest and commissions; and architectural, engineering and attorney's fees and such other normal expenses incidental to such construction.

Any subsequent encumbrances on the premises or on any permanent improvements thereon, must first have the approval in writing of City Manager. Such subsequent encumbrances shall also be for the exclusive purpose of development of the premises. Provided, however, after the premises are fully developed in accordance with said Development Plan to the satisfaction of the City Manager, proceeds from refinancing or from such subsequent encumbrances may be used to reduce LESSEE'S equity so long as there is also substantial benefit to the CITY therefrom. LESSEE understands and specifically agrees that the City Manager shall have the sole and absolute discretion to approve or disapprove any such proposed subsequent encumbrance including, but not limited to, amending the lease to provide then current rents and provisions.

In the event any such approved deed of trust or mortgage or other security-type instrument should at any time be in default and be foreclosed, or transferred in lieu of foreclosure, the CITY will accept the approved mortgagee or beneficiary thereof as its new tenant under this lease with all the rights, privileges and duties granted and imposed in this lease.

Any default, foreclosure or sale pursuant to said deed of trust, mortgage or other security instrument, shall be invalid with respect to this lease without prior notice thereof to and approved by CITY. Upon prior approval by CITY, said mortgagee or beneficiary may assign this lease to its nominee, if nominee is a reputable, qualified and financially responsible person in the opinion of CITY. Any deed of trust, mortgage or other security instrument shall be subject to all of the terms, covenants and conditions of this lease and shall not be deemed to amend or alter any of the terms, covenants or conditions hereof.

4.04 Additional Consideration to City.

LESSEE acknowledges that CITY expends considerable sums for maintenance of Mission Bay Park areas adjacent to the leasehold. LESSEE further acknowledges that the expenditure of such funds enhances the value of the leasehold. LESSEE and CITY agree that the exact amount of such enhancement is impossible to ascertain. However, CITY desires to be reimbursed to a reasonable extent in consideration for the continued maintenance of adjacent park areas. Therefore, LESSEE and CITY agree that in the event of an assignment, in the event of a subletting of the majority portion of the leasehold, or in the event of a future refinancing creating an encumbrance against the leasehold after the permanent improvements have been constructed, LESSEE shall pay to CITY one percent (1%) of the gross amount paid for the leasehold in connection with an approved assignment of the lease, one percent (1%) of any amount paid LESSEE in consideration of a sublease of all or a majority portion of the leasehold, or one percent (1%) of the amount of any increased loan or encumbrance against the property over and above the amount of the encumbrance needed to finance the improvements.

4.05 Default and Remedies.

a. Default. In the event that:

- (1) LESSEE shall default in the performance of any covenant or condition required by this lease to be performed by LESSEE and shall fail to cure said default within thirty (30) days following written notice thereof from CITY; or
- (2) LESSEE shall voluntarily file or have involuntarily filed against it any petition under any bankruptcy or insolvency act or law; or
- (3) LESSEE shall be adjudicated a bankrupt; or
- (4) LESSEE shall make a general assignment for the benefit of creditors;

then CITY may, at its option, without further notice or demand upon LESSEE or upon any person claiming through LESSEE, immediately terminate this lease and all rights of LESSEE and of all persons claiming rights through LESSEE to the premises or to possession thereof; and CITY may enter and take possession of the premises. Provided, however, in the event that any default described in Paragraph a.(1) of this section is not curable within thirty (30) days after

notice to LESSEE, CITY shall not terminate this lease pursuant to the default if LESSEE immediately commences to cure the default and diligently pursues such cure to completion.

In the event that there is a deed of trust or mortgage on the leasehold interest, CITY shall give the mortgagee or beneficiary written notice of the default or defaults complained of, and the mortgagee or beneficiary shall have thirty (30) days from such notice to cure the default(s) or, if any such default is not curable within 30 days, to commence to cure the default(s) and diligently pursue such cure to completion. The thirty-day period may be extended during such time as mortgagee or beneficiary pursues said cure with reasonable diligence.

- b. Remedies. If the mortgagee or beneficiary shall be required to exercise its right to cure said default or defaults through litigation or through foreclosure, then CITY shall have the option of the following courses of action in order that the default or defaults may be expeditiously corrected:
- (1) CITY may correct said default or defaults and charge the costs thereof to the account of the LESSEE, which charge shall be due and payable on the date that the rent is next due after presentation by CITY to LESSEE and mortgagee or beneficiary of a statement of said costs.
 - (2) CITY may correct said default or defaults and may pay the costs thereof from the proceeds of any insurance fund held by CITY, CITY and LESSEE or by CITY and mortgagee or beneficiary, or CITY may use the funds of any faithful performance or cash bond on deposit with CITY, or CITY may call on the bonding agent to correct the default or defaults or to pay the costs of correction performed by or at the direction of CITY.
 - (3) CITY may terminate this lease as to the rights of LESSEE by assuming or causing the assumption of liability for any trust deed or mortgage. LESSEE agrees to assume and pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition for early payoff of the related obligations by CITY. CITY may, as an alternative, substitute for the terminated LESSEE a new LESSEE reasonably satisfactory to the mortgagee or beneficiary. Any reasonable cost including, but not limited to, administrative expenses and real estate

brokerage commissions, incurred by CITY in releasing to a new tenant shall be the responsibility of the terminated LESSEE, and LESSEE hereby agrees to reimburse CITY for any such costs.

Should the default or defaults be noncurable by LESSEE, then any lender holding a beneficial interest in the leasehold whose qualifications as an assignee have been approved by CITY, shall have the absolute right to substitute itself to the estate of the LESSEE hereunder and to commence performance of this lease. If such mortgagee or beneficiary shall give notice in writing of its election to so substitute itself within the thirty-day period after receiving written notice by CITY of the default and the default, if curable, is cured by such mortgagee or beneficiary, then this lease shall not terminate pursuant to the default. In that event, the CITY expressly consents to the substitution and authorizes the mortgagee or beneficiary to perform under this lease with all the rights, privileges and obligations of the LESSEE, subject to cure of the default, if possible, by mortgagee or beneficiary. LESSEE expressly agrees to assign all its interest in and to its leasehold estate to mortgage or beneficiary in that event.

- c. Abandonment by LESSEE. Even though LESSEE has breached the lease and abandoned the property, this lease shall continue in effect for so long as CITY does not terminate this lease, and CITY may enforce all its rights and remedies hereunder including, but not limited to, the right to recover the rent as it becomes due, plus damages.
- d. Waiver. Any CITY waiver of a specific default is not a waiver of any other default. Any waiver of a default must be in writing and be executed by the City Manager in order to constitute a valid and binding waiver. CITY delay or failure to exercise a remedy or right is not a waiver of that or any other remedy or right under this lease. The use of one remedy or right for any default does not waive the use of another remedy or right for the same default or for another or later default. The CITY'S acceptance of any rents is not a waiver of any default preceding the rent payment. CITY and LESSEE specifically agree that the property constituting the premises is CITY-owned and held in trust for the benefit of the citizens of the City of San Diego and that any failure by the City Manager or the City staff to discover a default or take prompt action to require the cure of any default shall not result in an equitable

estoppel but the CITY shall at all times, subject to applicable statute of limitations, have the legal right to require the cure of any default when and as such defaults are discovered or when and as the City Council directs the City Manager to take action or require the cure of any default after such default is brought to the attention of the City Council by the City Manager or by any concerned citizen.

- 4.06 Eminent Domain. If all or part of the premises is taken through condemnation proceedings or under threat of condemnation by any public authority with the power of eminent domain, the interests of the CITY and LESSEE (or beneficiary or mortgagee), will be as follows:
- a. In the event the entire premises are taken, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
 - b. In the event of a partial taking, if, in the opinion of the CITY, the remaining part of the premises is unsuitable for the lease operation, this lease shall terminate on the date of the transfer of title or possession to the condemning authority, whichever first occurs.
 - c. In the event of a partial taking, if, in the opinion of the CITY, the remainder of the premises is suitable for continued lease operation, this lease shall terminate in regard to the portion taken on the date of the transfer of title or possession of the condemning authority, whichever occurs first, but shall continue for the portion not taken. The minimum rent shall be equitably reduced to reflect the portion of the premises taken.
 - d. Award. All monies awarded in any such taking shall belong to CITY whether such taking results in diminution in value of the leasehold or the fee or both; provided, however, LESSEE shall be entitled to any award attributable to the taking of, or damages to, LESSEE'S then remaining leasehold interest in installations or improvements of LESSEE. CITY shall have no liability to LESSEE for any award not provided by the condemning authority.
 - e. Transfer. CITY has the right to transfer the CITY'S interests in the premises, in lieu of condemnation, to any authority entitled to exercise the power of eminent domain. If a transfer occurs, the LESSEE shall retain its possessory interest in the fair market value of any improvements placed on the premises in accordance with this lease by LESSEE.

- f. No Inverse Condemnation. The exercise of any CITY right under this lease shall not be interpreted as an exercise of the power of eminent domain and shall not impose any liability upon CITY for inverse condemnation.

- 4.07 Control by LESSEE. Any transfer of ownership or control of LESSEE, including transfer of stock or other interest hereunder, shall be subject to the provisions of Section 4.02 of this agreement. However, any such sale or transfer of a noncontrolling interest shall be reported to the CITY, including names and addresses of the purchasers and the interest transferred. Any transfer to a spouse or family member of a transferor or between existing holders of an interest shall not be subject to the provisions of Section 4.02 herein, or constitute a transfer of ownership and control.

SECTION 5: INSURANCE RISKS/SECURITY

- 5.01 Indemnity. LESSEE at all times shall relieve, indemnify, protect and save CITY and any and all of its boards, officers, agents and employees harmless from any and all claims and demands, actions, proceedings, losses, liens, costs, judgments, civil fines and penalties of any nature whatsoever in regard to or resulting from the use of the premises including, but not limited to, expenses incurred in legal actions, death, injury or damage that may be caused directly or indirectly by:

- a. Any unsafe or defective condition in or on the premises of any nature whatsoever, which may exist by reason of any act, omission, neglect, or any use or occupation of the premises;
- b. Any operation, use or occupation conducted on the premises;
- c. Any act, omission or negligence on the part of LESSEE, its employees, agents, sublessees, invitees, licensees; or
- d. Any failure by LESSEE to comply or secure compliance with any of the lease terms or conditions.

- 5.02 Insurance. LESSEE shall take out and maintain at all times during the term of this lease the following insurance at its sole expense:

- a. Public Liability and Property Damage Insurance in the amount of not less than ONE MILLION DOLLARS (\$1,000,000) COMBINED SINGLE LIMIT LIABILITY. This policy shall cover all injury or damage, including death, suffered by any party or parties, from acts or failures to act by CITY or LESSEE or by authorized representatives of CITY or LESSEE, on or in connection with the use or operation of the premises.

- b. Fire, Extended Coverage and Vandalism Insurance policy on all insurable property on the premises, in an amount to cover 100 percent of the replacement cost. Any proceeds from a loss shall be payable jointly to CITY and LESSEE. The proceeds shall be placed in a trust fund to be re-invested in rebuilding or repairing the damaged property. If there is a mortgage or trust deed on the leasehold in accordance with the Encumbrance section hereof, the proceeds may be paid to the approved mortgagee or beneficiary so long as adequate provision reasonably satisfactory to CITY has been made in each case for the use of all proceeds for repair and restoration of damaged or destroyed improvements on the premises.
- c. Conditions. All insurance policies will name the CITY as an additional insured, protect the CITY against any legal costs in defending claims and will not terminate without sixty (60) days prior written notice to the CITY. All insurance companies must be satisfactory to the CITY and licensed to do business in California. All policies will be in effect on or before the first day of the lease, except "course of construction fire insurance" shall be in force on commencement of all authorized construction on the premises and full applicable fire insurance coverage shall be effective upon completion of each insurable improvement. A copy of the insurance policy will remain on file with CITY during the entire term of the lease. At least thirty (30) days prior to the expiration of each policy, LESSEE shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the terms of this lease.
- d. Modification. CITY, at its discretion, may require the revision of amounts and coverages at any time during the term by giving LESSEE sixty (60) days prior written notice. The amount of coverage may be required to be adjusted from time to time to reflect the changing value of the dollar as well as amounts awarded in court cases. CITY'S requirements shall be designed to assure protection from and against the kind and extent of risk existing on the premises. LESSEE also agrees to acquire any additional insurance required by CITY for new improvements, in order to meet the requirements of this lease.
- e. Accident Reports. LESSEE shall report to CITY any accident causing more than TEN THOUSAND DOLLARS (\$10,000) worth of property damage or any serious injury to persons on the premises. This report should contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, Police or Fire Departments reports, the names and addresses of any witnesses and other pertinent information.

- f. Failure to Comply. If LESSEE fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, CITY has the right to obtain the insurance. LESSEE shall reimburse CITY for the premiums paid with interest at the maximum allowable legal rate then in effect in California. CITY shall give notice of the payment of premiums within thirty (30) days of payment stating the amount paid, names of the insurer or insurers and rate of interest. Said reimbursement and interest shall be paid by LESSEE on the first (1st) day of the month following the notice of payment by CITY.

Notwithstanding the preceding provisions of this subsection f., if LESSEE fails or refuses to take out or maintain insurance when due and as required in this lease, or fails to provide the proof of insurance, CITY has the right to declare this lease in default without further notice to LESSEE and CITY shall be entitled to exercise all legal remedies in the event of such default.

- 5.03 Waste, Damage or Destruction. LESSEE agrees to give notice to the CITY of any fire or other damage that may occur on the leases premises within ten (10) days of such fire or damage. LESSEE agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash and rubbish in a manner satisfactory to the CITY. If the leased premises shall be damaged by any cause which puts the premises into a condition which is not decent, safe, healthy and sanitary, LESSEE agrees to make or cause to be made full repair of said damage and to restore the premises to the condition which existed prior to said damage, or at the CITY'S option LESSEE agrees to clear and remove from the leased premises all debris resulting from said damage and rebuild the premises in accordance with plans and specifications previously submitted to the CITY and approved in writing in order to replace in kind and scope the operation which existed prior to such damage using for either purpose the insurance proceeds as set forth in Section 5.02 Insurance hereof.

LESSEE agrees that preliminary steps toward performing repairs, restoration or replacement of the premises shall be commenced by LESSEE within thirty (30) days and the required repairs, restoration or replacement shall be completed within a reasonable time thereafter. CITY may determine an equitable deduction in the minimum annual rent requirement for such period or periods that said premises are untenable by reason of such damage.

SECTION 6: IMPROVEMENTS/ALTERNATIONS/REPAIRS

- 6.01 Acceptance of Premises. By signing this lease, LESSEE represents and warrants that it has independently inspected the premises and made all tests, investigations and observations necessary to satisfy itself of the condition of the premises. LESSEE agrees it is relying solely on such independent inspection, tests, investigations and observations in making this lease. LESSEE further acknowledges that premises are in the condition called for by this lease, that CITY has performed all work with respect to the premises and that LESSEE does not hold CITY responsible for any defects in the premises.
- 6.02 Entry and Inspection. CITY reserves and shall always have the right to enter said premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the premises or to inspect the operations conducted thereon. In the event that such entry or inspection by CITY discloses that said premises are not in a decent, safe, healthy and sanitary condition CITY shall have the right, after ten days' written notice to LESSEE, to have any necessary maintenance work done for and at the expense of LESSEE and LESSEE hereby agrees to pay promptly any and all costs incurred by CITY in having such necessary maintenance work done in order to keep said premises in a decent, safe, healthy and sanitary condition. Further, if at any time the CITY determines that said premises are not in a decent, safe, healthy and sanitary condition, CITY may, at its sole option and without additional notice, require LESSEE to file with CITY a faithful performance bond to assure prompt correction of any condition which is not decent, safe, healthy and sanitary. Said bond shall be in an amount adequate in the opinion of the CITY to correct the said unsatisfactory condition. LESSEE shall pay the cost of said bond. The rights reserved in this section shall not create any obligations on CITY or increase obligations elsewhere in this lease imposed on CITY.
- 6.03 Maintenance. LESSEE agrees to assume full responsibility and cost for the operation and maintenance of the premises, throughout the term. LESSEE will make all repairs and replacement necessary to maintain and preserve the premises in a decent, safe, healthy and sanitary condition satisfactory to the CITY and in compliance with the Development Plan described in Section 6.12, and with all applicable laws.
- 6.04 Improvements/Alterations. No improvements, structures or installations shall be constructed within the premises and the premises may not be altered by the LESSEE without prior written approval by the City Manager. Further, LESSEE agrees that major structural or architectural design alterations to approved

improvements, structures or installations may not be made on the premises without prior written approval by the City Manager and such approval shall not be unreasonably withheld. This provision shall not relieve the LESSEE of any obligation under this lease to maintain the premises in decent, safe, healthy and sanitary condition, including structural repair and restoration of damaged or worn improvements. The CITY shall not be obligated by this lease to make, or assume any expenses for, any improvements or alterations.

6.05 Utilities. LESSEE shall order, obtain and pay for all utilities and service and installation charges in connection therewith. All water, sewer, power and communication lines installed by the LESSEE shall be installed underground at LESSEE'S expense according to specifications of said CITY. CITY shall have the right to connect to water, sewer, telephone, power, gas or other utility lines as are now or hereafter installed upon the leased premises, and shall have the right of access to make and maintain such connections. CITY agrees to pay the cost incidental to such CITY connections and to provide such separate metering devices as may be necessary in order that CITY may pay for the services used by it. LESSEE shall install and maintain fire hydrants on the leased premises as recommended and approved by CITY, it being understood and agreed that CITY shall perform for the leased premises usual fire and police protection.

6.06 Construction Bond. Whenever there is any construction to be performed on the premises, LESSEE shall deposit with CITY, prior to commencement of said construction a faithful performance bond in the amount of 100 percent of the estimated construction cost of the work to be performed. The bond may be in cash or may be a corporate surety bond or other security satisfactory to CITY. The bond shall insure that the construction commenced by LESSEE shall be completed in accordance with the plans approved by CITY or, at the option of CITY, that the uncompleted construction shall be removed and the premises restored to a condition satisfactory to CITY. The bond or cash will be held in trust by CITY for the purpose specified above or at CITY'S option it may be placed in an escrow or other trust approved by CITY.

6.07 Liens. LESSEE will at all times save CITY free and harmless and indemnify CITY against all claims for labor or materials in connection with operations, improvements, alterations or repairs on or to the premises, and the costs of defending against such claims, including reasonable attorney's fees.

If improvements, alterations or repairs are made to the premises by LESSEE or by any party other than CITY and a lien or notice of lien is filed, LESSEE shall within five (5) days of such filing either:

- a. Take all actions necessary to record a valid release of lien, or
- b. File with CITY a bond, cash, or other security acceptable to CITY, sufficient to pay in full all claims of all persons seeking relief under the lien.

6.08 Taxes. LESSEE agrees to pay, before delinquency, all taxes, assessments and fees assessed or levied upon LESSEE or the premises, including the land, any buildings, structures, machines, equipment, appliances or other improvements or property of any nature whatsoever, erected, installed or maintained by LESSEE or levied by reason of the business or other LESSEE activities related to the leased premises, including any licenses or permits. LESSEE recognizes and agrees that this lease may create a possessory interest subject to property taxation and that the LESSEE may be subject to the payment of taxes levied on such interest and that LESSEE shall pay all such possessory interest taxes.

LESSEE further agrees that payment for such taxes, fees and assessments will not reduce any rent due the CITY.

6.09 Signs. LESSEE agrees not to erect or display any banners, pennants, flags, posters, signs, decorations, marquees, awnings or similar devices or advertising without the prior written consent of the CITY. If any such unauthorized item is found on the premises, LESSEE agrees to remove the item at its expense within 24 hours' notice thereof by CITY or CITY may thereupon remove the item at LESSEE'S cost.

6.10 Ownership of Improvements and Personal Property.

- a. All and any improvements, trade fixtures, structures and installations or additions to the premises now existing or constructed on the premises by LESSEE, except as provided for in Section 9.04 herein, shall at lease expiration of termination, be deemed to be part of the premises and shall become at CITY'S option the CITY'S property, free of all liens and claims except as otherwise provided in this lease.
- b. If the CITY elects not to assume ownership of all or any improvements, trade fixtures, structures and installations, CITY shall so notify LESSEE 30 days prior to termination or 180 days prior to expiration and the LESSEE shall remove all such improvements, structures and installations as directed by the CITY at LESSEE'S sole cost on or before lease expiration or termination. If the LESSEE fails to remove any improvements, structures and installations as directed, the LESSEE agrees to pay CITY the full cost of any removal.

- c. LESSEE-owned machines, appliances, equipment (other than trade fixtures) and other items of personal property shall be removed by LESSEE by the date of the expiration or termination of this lease. Any said items which LESSEE fails to remove will be considered abandoned and become the CITY'S property free of all claims and liens, or CITY may at its option remove said items at LESSEE'S expense.
- d. If any removal of such personal property by LESSEE results in damage to the remaining improvements on the premises, LESSEE agrees to repair all such damage.
- e. Any necessary removal by either CITY or LESSEE which takes place beyond said expiration or termination hereof shall require rental by LESSEE to CITY at the rate in effect immediately prior to said expiration or termination.
- f. Notwithstanding any of the foregoing, in the event LESSEE desires to dispose of any of its personal property used in the operation of said premises upon expiration or termination of this lease, then CITY shall have the first right to acquire or purchase said personal property.

6.11 Unavoidable Delay. If the performance of any act required of CITY or LESSEE is directly prevented or delayed by reason of strikes, lockouts, labor disputes, unusual governmental delays, acts of God, fire, floods, epidemics, freight embargoes or other causes beyond the reasonable control of the party required to perform an act, said party shall be excused from performing that act for the period equal to the period of the prevention or delay. Provided, however, this provision shall not apply to obligations to pay rental as required pursuant to this lease. In the event LESSEE or CITY claim the existence of such a delay, the party claiming the delay shall notify the other party in writing of such fact within ten days after the beginning of any such claimed delay.

6.12 Development Plan. LESSEE agrees to develop the leased premises in accordance with the amended General Development Plan approved by the City Manager and filed in the Office of the City Clerk which plan is hereby incorporated by this reference. The general contents and provisions of the existing development plan are described in the Precise Plan, approved by the City Manager and filed in the Office of the City Clerk as Document _____. The schedule of development shall show construction to commence no later than six months after beginning date of this lease, and be completed within forty (40) months after commencement of construction subject extended completion allowed in order to perform phased construction so that peak season business is not interrupted; provided, however, in no event shall LESSEE be required to commence construction prior to a date which is thirty (30) days after LESSEE has obtained all permits,

licenses, financing and entitlements (including but not limited to a building permit) for the construction of all improvements on the premises. LESSEE agrees to diligently pursue obtaining all such permits, licenses financing and entitlements. The City Manager or his designee shall have the authority to authorize changes for the amended plan, provided that the basic concept may not be modified without City Council approval, and a document evidencing any approved changes shall be filed in the Office of the City Clerk. Failure by LESSEE to comply with the General Development Plan shall constitute a major default and subject this lease to termination by CITY.

- 6.13 Coastal Commission Approval. LESSEE shall comply with the California Coastal Act, at its sole cost, and apply to the San Diego Coast Regional Commission or other such authorized State body for any necessary coastal development permit authorizing the construction of improvements in the Coastal Zone. LESSEE will proceed with diligence to obtain such permit.

SECTION 7: GENERAL PROVISIONS

7.01 Notices.

- a. Any notice required or permitted to be given hereunder shall be in writing and may be served personally or by United States mail, postage prepaid, addressed to LESSEE at the leased premises or at such other address designated in writing by LESSEE; and to CITY as follows:

City Manager, Attention Property Director
City Administration Building
202 "C" Street, M.S. 9B
San Diego, CA 92101-4155

or to any mortgagee, trustee or beneficiary, as applicable at such appropriate address designated in writing by the respective party.

- b. Any party entitled or required to receive notice under this lease may by like notice designate a different address to which notices shall be sent.

- 7.02 Compliance with Law. LESSEE will at all times in the construction, maintenance, occupancy and operation of the premises, comply with all applicable laws, statutes, ordinances and regulations of the CITY, County, State and Federal Government, at LESSEE'S sole cost and expense. In addition, LESSEE will comply with any and all notices issued by the City Manager or his authorized representative under the authority of any such law, statute, ordinance, or regulation.

- 7.03 CITY Approval. The approval or consent of the CITY, wherever required in this lease, shall mean the written approval or consent of the City Manager unless otherwise specified, without need for further resolution by the City Council.
- 7.04 Nondiscrimination. LESSEE agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, age or physical handicap in LESSEE'S use of the premises, including, but not limited to, the providing of goods, services, facilities, privileges, advantages and accommodations, and the obtaining and holding of employment; and LESSEE shall pay its employees the prevailing wage rates in the City of San Diego for like labor.
- 7.05 Equal Opportunity. LESSEE agrees to abide by the CITY'S Affirmative Action Program for LESSEES as it exists or is amended to the extent that the program is applicable to this lease. A copy of the program effective as of the date of this lease is on file in the City Clerk's Office and by this reference is part hereof. The program's goal is the attainment of employment for minorities and women in all areas of employment, in a total percentage as established by the CITY for its Affirmative Action Program each year.
- 7.06 Partial Invalidity. If any term, covenant, condition or provision of this lease is found invalid, void or unenforceable by a court of competent jurisdiction, the remaining provision will remain in full force and effect.
- 7.07 Legal Fees. In the event of any litigation regarding this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney's fees.
- 7.08 Number and Gender. Words of any gender used in this lease shall include any other gender, and words in the singular number shall include the plural, when the tense requires.
- 7.09 Captions. The lease Table of Contents, section headings and captions for various articles and paragraphs shall not be held to define, limit, augment or describe the scope, content or intent of any or all parts of this lease. The numbers of the paragraphs and pages of this lease may not be consecutive. Such lack of consecutive numbers is intentional and shall have no effect on the enforceability of this lease.
- 7.10 Entire Understanding. This lease contains the entire understanding of the parties. The LESSEE, by signing this agreement, agrees that there is no other written or oral understanding between the parties in respect to the lease

premises. Each party has relied on its own examination of the premises, advice from its own attorneys and the warranties, representations and covenants of the lease itself. Each of the parties in this lease agrees that no other party, agent or attorney of any other party has made any promise, representation or warrantee whatsoever, which is not contained in this lease.

The failure or refusal of any party to read the lease or other documents, inspect the premises and obtain legal or other advice relevant to this transaction, constitutes a waiver of any objection, contention or claim that might have been based on these actions. No modification, amendment or alteration of this lease will be valid unless it is in writing and signed by all parties.

- 7.11 Corporate Authority. Each individual executing this lease on behalf of LESSEE represents and warrants that he is duly authorized to execute and deliver this lease on behalf of said corporation, in accordance with a duly adopted resolution of the Board of Directors of the corporation or in accordance with the bylaws of the corporation, and that this lease is binding upon the corporation in accordance with its terms and that the LESSEE is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify LESSEE to do business in the state where the premises are situated.
- 7.12 CITY Option to Purchase. In the event LESSEE desires to dispose of its interest in this lease together with any of its interest in improvements, trade fixtures and furnishings owned by LESSEE on the leased premises as described in Section 9.06 herein, CITY shall be given the first right to purchase said interest and improvements at a mutually agreeable price. If CITY does not exercise such right to purchase within sixty (60) days of written notice by LESSEE, LESSEE shall not then sell or offer to sell its interest at a lower price without first reoffering to CITY the right to purchase at such lower price.
- 7.13 Planting Strips. LESSEE shall be responsible, at its sole cost, to landscape and maintain all areas adjoining the lease premises which are located between said premises and the improved portion of adjacent streets.
- 7.14 Schedule of Prices. All prices of merchandise, equipment and services of LESSEE and its sublessees shall be comparable with prices of like merchandise, equipment and services offered in Mission Bay or San Diego Bay. However, LESSEE and its sublessees shall not be required to sell any merchandise at a loss.
- 7.15 Damaged Equipment. LESSEE shall salvage within 24 hours, any property, real or personal of LESSEE'S declared by CITY to be a menace to navigation or a nuisance within Mission Bay and to

salvage or cause to be salvaged any sunken vessel or property upon the leased premises irrespective of ownership. CITY may require that any boats not kept in a clean and operable condition be removed from the leased premises.

7.16 Operation of Facilities. A regular schedule of days and hours of operation shall be established by LESSEE to best serve the public. Such schedule shall be subject to the approval of the City Manager. The LESSEE shall diligently and in a creditable manner furnish services to the public in conformity with all applicable rules and regulations of the City of San Diego. The type and quality of service furnished by LESSEE shall qualify for the conditions and requirements of the "A" Card issued by the Department of Health to operators of food handling establishments.

7.17 City Employee Participation Policy. It is the policy of the CITY that all CITY contracts, agreements or leases with consultants, vendors or lessees shall include a condition that the contract, agreement or lease shall be unilaterally and immediately terminated by the CITY if the contractor or lessee employs an individual who within the twelve months immediately preceding such employment did in his/her capacity as a CITY officer or employee participate in negotiations with or otherwise have an influence on the recommendation made to the City Council in connection with the selection of the contractor or lessee. It is not the intent of this policy that these provisions apply to members of the City Council.

7.18 Enforcement of Live-Aboard Regulation. LESSEE shall be responsible for the enforcement, both within and in connection with the leased premises of the following live-aboard regulation:

No person shall remain overnight on board any watercraft or houseboat in Mission Bay Park unless the watercraft or houseboat has a self-contained toilet on board that does not discharge into the waters of the Bay. No owner of any watercraft or houseboat shall allow it to be occupied overnight in Mission Bay Park for a period of more than 90 days, whether successive or cumulative, during any one calendar year. A watercraft or houseboat is presumed to be occupied overnight when there are one or more persons on board after midnight. The lessees of Mission Bay Park lands are primarily responsible for the enforcement of this subsection on the water abutting their leased lands.

The above Live-Aboard Regulation is presently set forth in the City Municipal Code Section 63.25.71, and is subject to amendment or modification by the City Council. LESSEE also agrees to comply or secure compliance with any such amendment or modification.

- 7.19 Standard of Employees. The LESSEE and its employees shall at all times conduct themselves and the operations on the leased premises in a creditable manner.
- 7.20 Supersedure. It is mutually agreed that this lease, upon commencement, supersedes and annuls that certain lease executed on the 20th day of August 1959 with Joseph Busalacchi, Document 596922, and assigned by Document 714338, and amended by Document 623497, 648463, 648464, 674541, 674542, 707124, 714246 and 726687.

SECTION 8: SIGNATURES

IN WITNESS WHEREOF, this lease agreement is executed by CITY, acting by and through its City Manager, and by LESSEE, acting by and through its lawfully authorized officers.

THE CITY OF SAN DIEGO

Date APR 6 1987

By 
DEPUTY City Manager

LESSEE:

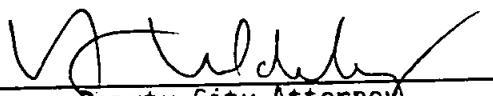
SPORTSMEN'S SEAFOOD COMPANY, INC.,
A California Corporation

Date 12-23-86

By 
Cosimo Busalacchi

APPROVED AS TO FORM AND LEGALITY THIS 22 DAY OF April,
1987.

JOHN W. WITT, City Attorney

By 
Deputy City Attorney

LDL:jw(61-6)
11-18-86

9:01 EXHIBIT "A" - Legal Description

That portion of the tidelands and submerged or filled lands of Mission Bay (formerly False Bay) and a portion of the Pueblo Lands of San Diego according to Map thereof made by James Pascoe in 1870, a copy of which said Map was filed in the Office of the County Recorder of San Diego County November 14, 1921 and is known as Miscellaneous Map No. 36, all being in the City of San Diego, County of San Diego, State of California and described as a whole as follows:

Commencing at the Southeast corner of Lot 24 in Block 10 of resubdivision of Blocks 7, 8 and 10 and a portion of Block 9 and Lot "A", Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County, December 27, 1917; thence along the Southerly line of said Lot 24, South $89^{\circ}55'56''$ West (record = mark South $89^{\circ}59'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot 24; thence South $00^{\circ}04'04''$ East 2.00 feet to an intersection with a line which is parallel with and 2.00 feet Southerly at right angles to the Southerly line of said Block 10; thence along said parallel line North $89^{\circ}55'56''$ East, 249.70 feet; thence North $05^{\circ}30'02''$ West, 104.06 feet to the United States Coast and Geodetic Survey Triangulation Station "Old Town" (Lambert Grid Coordinates, California Zone 6, for said Station "Old Town" are X=1,712,415.7 and Y=213,819.22) and said Triangular Station is located at Latitude $32^{\circ}45'02.45''$ North and Longitude $117^{\circ}11'07.200''$ West being also the point or origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,160.53 feet and West 16,030.79 feet, being at Mission Bay Park Coordinates: North 5,160.53 feet and West 16,030.79 feet and being also the TRUE POINT OF BEGINNING; thence South $66^{\circ}35'46''$ East, 352.89 feet, being at Mission Bay Park Coordinates: North 5,020.42 feet and West 15,706.89 feet; thence South $40^{\circ}00'00''$ West, 69.16 feet, being at Mission Bay Park Coordinates: North 4,967.44 feet and West 15,751.35 feet; thence North $50^{\circ}00'00''$ West, 20.00 feet, being at Mission Bay Park Coordinates: North 4,980.29 feet and West 15,766.67 feet; thence South $40^{\circ}00'00''$ West, 86.50 feet, being at Mission Bay Park Coordinates: North 5,092.47 feet, and West 16,034.92 feet; thence South $81^{\circ}50'22''$ West, 16.09 feet, being at Mission Bay Park Coordinate: North 5,090.18 feet, and West 16,050.85 feet; thence North $15^{\circ}55'11''$ East, 73.15 feet, to the TRUE POINT OF BEGINNING.

Note: The parcel of land described above is delineated on City of San Diego Engineering Drawing No. 4823-D dated January 17, 1958, (revised - February 16, 1968) and being more particularly portions of Lot 4 and 5 and all of Lots 2 and 3, together with portions of those certain unnumbered lots lying Southwesterly of and adjoining Lot 3 and encompassed with the above-description of said parcel as said numbered and unnumbered lots are shown on said Drawing No. 4823-D.

This Legal is incomplete. It is missing 5 courses between here and here. F.D. Reale 7/23/48. See highlighted Legal from previous Lease on next page.

feet and West 16030.79 feet and being also the TRUE POINT OF BEGINNING; thence South 66°35'46" East, 352.89 feet, being at Mission Bay Park Co-ordinates; North 5020.42 feet and West 150706.89 feet; thence South 40°00'00" West, 69.16 feet, being at Mission Bay Park co-ordinates: North 4967.44 feet and West 15751.35 feet; thence North 50°00'00" West, 20.00 feet, being at Mission Bay Park Co-ordinates: North 4980.29 feet and West 15766.67 feet; thence South 40°00'00" West, 86.50 feet, being at Mission Bay Park Co-ordinates: North 4914.03 feet and West 15822.27 feet; thence North 50°00'00" West 48.00 feet, being at Mission Bay Park Co-ordinates: North 4969.95 feet and West 15888.92 feet; thence South 40°00'00" West 200.00 feet, being at Mission Bay Park Co-ordinates: North 4816.74 feet and West 16017.48 feet; thence North 50°00'00" West, 100.00 feet, being at Mission Bay Park Co-ordinates: North 4881.02 feet and West 16094.08 feet; thence North 40°00'00" East, 200.00 feet, being at Mission Bay Park Co-ordinates: North 5034.23 feet and West 15965.52 feet; thence North 50°00'00" West 90.60 feet, being at Mission Bay Park Co-ordinates: North 5092.47 feet, and West 16034.92 feet; thence South 81°50'22" West, 16.09 feet, being at Mission Bay Park Co-ordinate: North 5090.18 feet, and West 16050.85 feet; thence North 15°55'11" East, 73.15 feet, to the TRUE POINT OF BEGINNING.

Note: The parcel of land described above is delineated on City of San Diego Engineering Department Drawing No. 4823-D dated January 17, 1958, (revised - February 16, 1968) and being more particularly portions of Lot 4 and 5 and all of Lots 2 and 3, together with portions of those certain unnumbered Lots lying Southwesterly of and adjoining Lots 2 and 3 and a portion of Lot 4 and encompassed with the above description of said parcel as said numbered and unnumbered Lots are shown on said drawing number 4823-D.

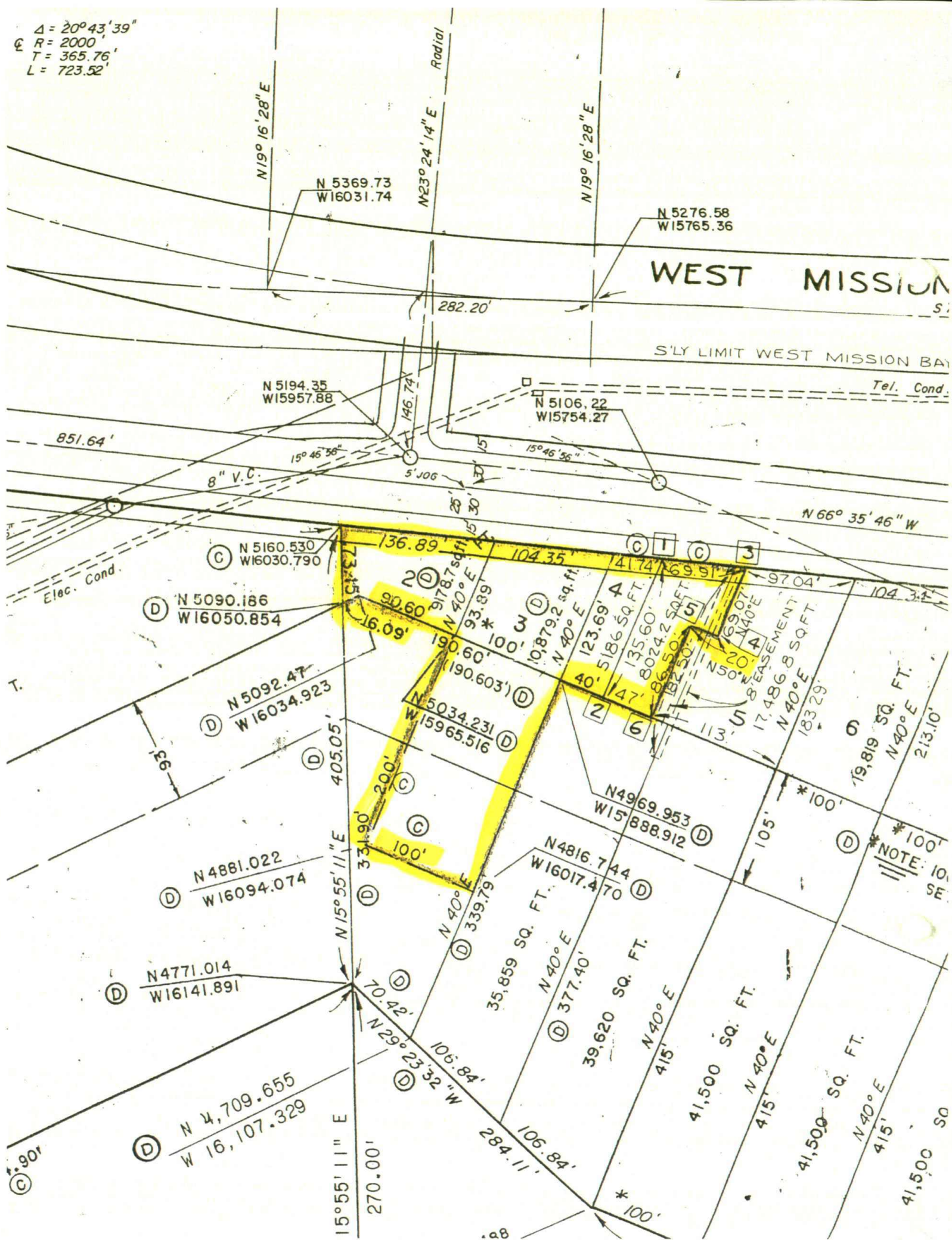
II. Section (C) 2 is deleted in its entirety and the following Section (C) 2 is substituted therefore:

2. MINIMUM ANNUAL RENT. In the event that the total monthly rent due CITY from LESSEE for any Leasehold year, commencing July 1, and ending June 30, is less than the applicable minimum annual rent stated herein, then LESSEE shall pay to CITY within 30 days' following the end of each leasehold year the difference between the aggregate total monthly rents so due the CITY for such leasehold year and the minimum annual rent due.

The minimum annual rent for each leasehold year shall be:

- a) During the period July 1, 1966 to June 30, 1968 the sum of ONE THOUSAND SIX HUNDRED SIXTY TWO AND NO/100 DOLLARS (\$1,662.00);
- b) During the period July 1, 1968 to June 30, 1969 the sum of TWO THOUSAND FORTY THREE AND NO/100 DOLLARS (\$2,043.00) computed at the rate of FIVE CENTS (5¢) per year for each square foot of land area, TWO CENTS (2¢)

$\Delta = 20^{\circ} 43' 39''$
 $R = 2000'$
 $T = 365.76'$
 $L = 723.52'$



9:02 EXHIBIT "B" - General Development Plan

LESSEE AGREES to spend a minimum of \$40,000 in performing the below-listed improvements to the leasehold known as Sportmen's Seafood Company.

1. Major interior modernization of either the retail market or the restaurant facilities.
2. Completely paint the exterior of the building.
3. Complete resurface and restripe the parking lot.

All improvements shall be subject to the provisions contained in Section 6.12 of this lease as filed in the Office of the City Clerk as Document RR-268048.

LESSEE:

SPORTSMEN'S SEAFOOD COMPANY, INC.,
a California corporation

Date 12-23-84

By Cosimo Busalacchi
Cosimo Busalacchi

APPROVED AND ACCEPTED:

THE CITY OF SAN DIEGO

Date APR 6 1987

By [Signature]
DEPUTY City Manager

9.03 EXHIBIT "C"

Sartori's Sanford Co. Inc.
CORPORATE NAME

I, Cosimo Busalacchi, Certify that I am the President
of the corporation named in the attached agreement; that _____,
who signed this agreement on behalf of the corporation, was then _____
PRESIDENT of said corporation; that said agreement was
duly signed for and in behalf of said corporation by authority of its
governing body, pursuant to a resolution duly adopted by its Board of
Directors on _____, 19____ and is within the scope of
its corporate powers; and that set out below are the names of the officers
and directors of said corporation.

By Cosimo N. Busalacchi

CORPORATE SEAL

NAME Joseph Busalacchi
TITLE V. Pres.

NAME Joseph P. Busalacchi
TITLE Secy

NAME Mario Busalacchi
TITLE Treas.

NAME Cosimo Busalacchi
TITLE Pres.

Tom Busalacchi
V/P

9.04 EXHIBIT "D" - LESSEE IMPROVEMENTS SUBJECT TO SECTION 6.10,
Ownership of Improvements and Personal Property:

Property 51A
Lease
(R-87-1850)

RESOLUTION NUMBER R- 268048

ADOPTED ON APR 6 1987

2012

March 1, 1987
35
2012

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized and empowered to execute, for and on behalf of The City of San Diego, a twenty-five (25)-year lease agreement with SPORTSMEN'S SEA FOOD, INC., for the operation of a seafood restaurant in Quivira Basin, Mission Bay Park, at an annual minimum rent of \$21,600 versus various percentages, under the terms and conditions set forth in that lease agreement on file in the office of the City Clerk as Document No. RR- 268048.

APPROVED: JOHN W. WITT, City Attorney

By

[Signature]
Harold O. Valderhaug
Deputy City Attorney

HOV:ps
03/16/87
Or.Dept:Prop.
Job:218654
R-87-1850
Form=r.none

Council Consent 4/6/87, Item 127

R268048

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO		1. CERTIFICATE NUMBER:																																																																																				
TO: CITY ATTORNEY	2. FROM: (ORIGINATOR) PROPERTY DEPT./PROPERTY MANAGEMENT DIVISION		3. DATE December 26, 1986																																																																																			
4. SUBJECT: Lease Renewal - Sportsmen's Sea Food, Inc.																																																																																						
5. PREPARATION OF: ☒ RESOLUTION(S) ☐ ORDINANCE(S) ☐ AGREEMENT(S) ☐ DEED(S)																																																																																						
Authorizing the City Manager to execute a renewal lease with Sportsmen's Sea Food, Inc., for a portion of Mission Bay Park.																																																																																						
COUNCIL DISTRICT 6		COMMUNITY AREA: Mission Bay																																																																																				
6. SUPPORTING INFORMATION: (INCLUDE ONLY INFORMATION <u>NOT</u> COVERED ON FORM 1472A, "DOCKET SUPPORTING INFORMATION". COST TO CITY: None. ACTION REQUESTED BY: Property Director. DESCRIPTIVE LOCATION: 1617 Quivira Road, Quivira Basin, Mission Bay Park. BASIC TERMS: USE: Operations of a seafood restaurant, plant for processing of fish and for boat dock. TERM: 25 years. RENT: \$21,600 minimum annual rent versus percentages. ENVIRONMENTAL ASSESSMENT: This activity is a Class 1 Project categorically exempt from CEQA pursuant to State EIR Guidelines, Section 15301. HANDLING: DO NOT RECORD. Deliver document to Property Department, Attention Larry Lamb, M.S. 51A, for further processing.																																																																																						
7. FOR INFORMATION CONTACT: (NAME & MAIL STA.) RANDOLPH: Lamb 51A		8. TELEPHONE NO. 6792/5398	9. CHECK IF "DOCKET SUPPORTING INFORMATION" ATTACHED ☐																																																																																			
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12. ESTIMATED COST: Job: 218654 cc: County Assessor X Docket <u>REDI BOOK PAGE 307</u> <u>THOMAS BROS MAPS PAGE 59 B-2</u> ed(2)		RULES COMMITTEE ☐ CONSENT ☐ ACTION ☐ Refer to _____ Date _____																																																																																				



The City of San Diego

MANAGER'S REPORT

DATE ISSUED: March 20, 1987

REPORT NO. 87-138

ATTENTION: PF&R Committee, Agenda of March 25, 1987

SUBJECT: Lease Renewal, Cosimo Busalacchi, d.b.a. Sportsmen's Sea Food, Inc.

SUMMARY

Issue - Should the City Manager be authorized to execute a renewal lease with Sportsmen's Sea Food, Inc.?

Manager's Recommendation - Authorize the City Manager to execute the lease with Sportsmen's Sea Food, Inc.

Other Recommendations - None.

Fiscal Impact - An increase of \$1,850 minimum annual rental to the City (to \$21,600), plus additional rents to accrue from increased percentage rates as stated in the report (to be deposited into the General Fund, Mission Bay Park Rents). The higher percentages are expected to increase the current annual rent by approximately 15 percent, and it is anticipated that the lease will generate total rent on the order of \$1.5 million over the 25-year term.

BACKGROUND

On April 23, 1986, the PF&R Committee directed the City Manager to negotiate a renewal lease with Sportsmen's Sea Food, Inc., for the operation and maintenance of a sport fish processing facility, sale of fresh fish, operation of a seafood cocktail bar and restaurant. The Busalacchi family has performed these functions in a highly satisfactory manner since 1961. The facility has been well maintained and periodically expanded, and the rents paid to the City have continued to increase. The rent received in FY 1986 was \$24,639. The lessee has committed to spend a minimum of \$40,000 for expanding and improving the restaurant and fish market operations under a new lease.

The advantages to the City in negotiating with the existing lessee include continuity of operation of a successful business and increased percentage and minimum rents.

PROPOSAL

It is proposed to execute the new lease which contains percentage rental increases in several categories and is in compliance with the City's current lease format. Pertinent proposed terms for the new lease are as follows:

	<u>Present Lease</u>	<u>Proposed Lease</u>
Term	Expired 4-26-86 On holdover	25 yrs.
Minimum Annual Rent	\$19,750	\$21,600
Minimum Rent Adjustments	75% every 3 yrs.	80% every 3 yrs.
Food Sales	3%	3%
Alcoholic Beverages	3%	6%
Boat Slip Rentals	10% *	10%
Wholesaling of Fish	**	1%
Telephones	***	50%
Vending Machines	***	25%
Other Uses	10%	10%
Additional Consideration to City	Silent	1% (In case of sale or financing)

*There are only 10 boat slips which are exclusively used by the lessee or rented to commercial fishing boats, the operators of which sell their fish to Sportsmen's Sea Food, and, therefore, pay minimal, if any, rent.

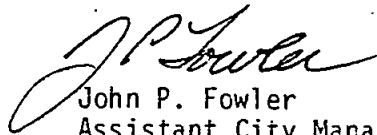
**Sales made primarily to Mission Bay hotels.

***Not previously specifically identified and therefore included in "Other Uses" with an applicable rent of 10 percent.

ALTERNATIVES

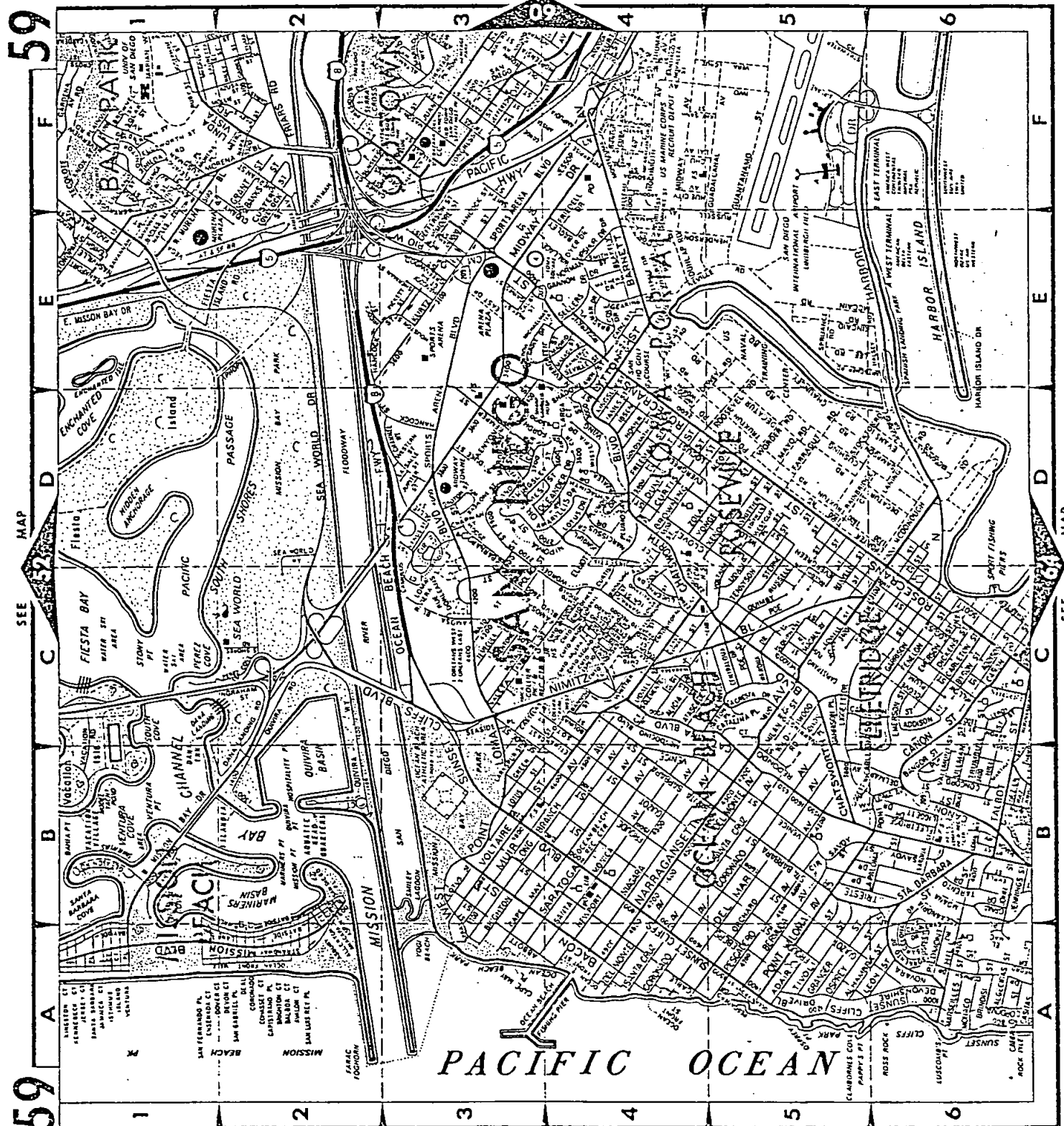
1. Negotiate different terms and conditions.
2. Solicit Proposals.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "J. P. Fowler".

John P. Fowler
Assistant City Manager

SPOTTS:LDL:w-t(66-12)
2-26-87
Dept: Prop:MR:540



RJC
Property
503

(R-86-1774)

RESOLUTION NUMBER R- 265614

ADOPTED ON MAY 5 1986

BE IT RESOLVED, by the Council of The City of San Diego, that the City Manager is hereby authorized to negotiate a renewal lease agreement with SPORTSMEN'S SEA FOOD COMPANY, INC., for a portion of the Quivira Basin area of Mission Bay Park.

APPROVED: JOHN W. WITT, City Attorney

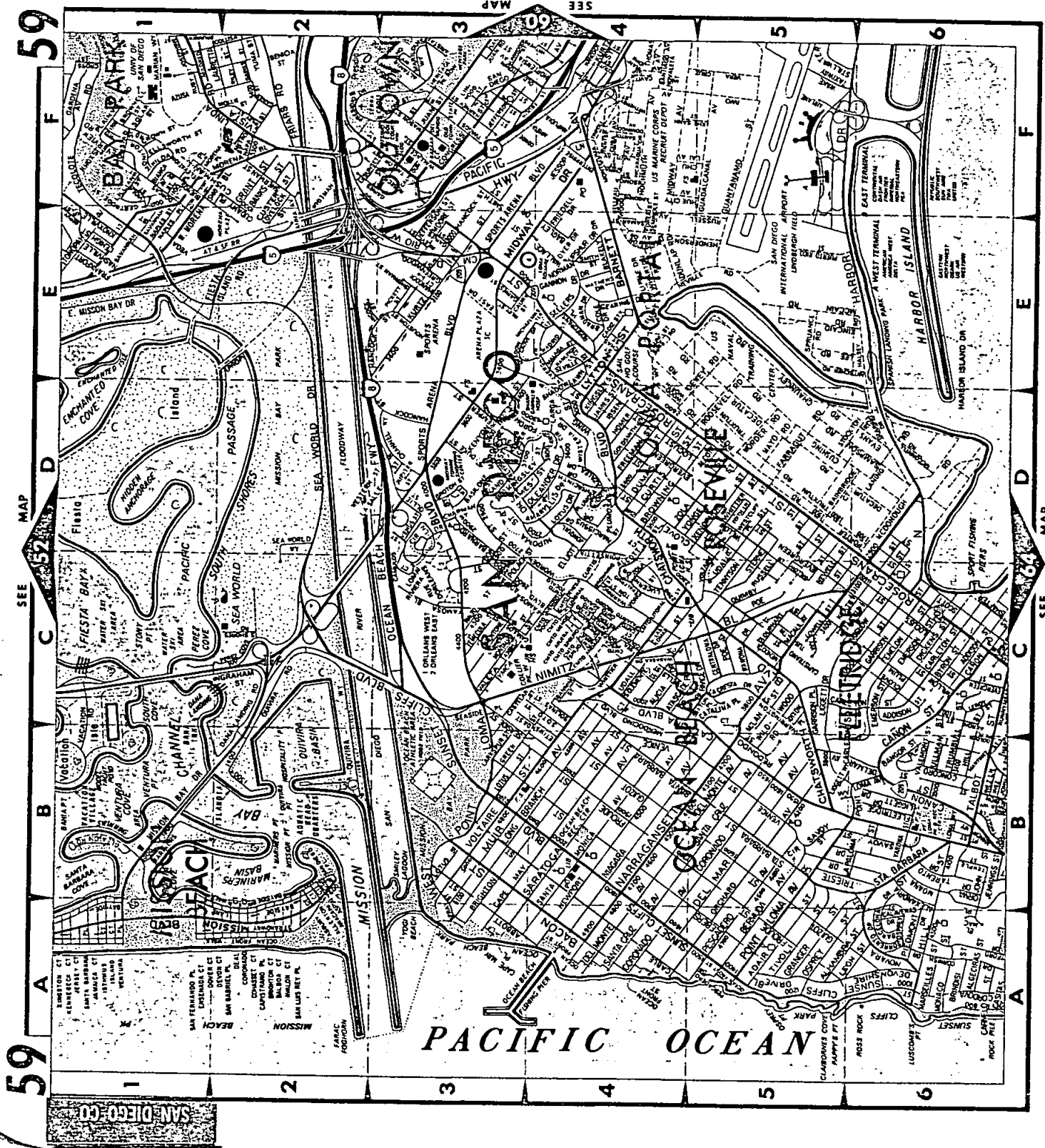
By 
Harold O. Valderhaug
Deputy City Attorney

HOV:ps
03/31/86
Or.Dept:Prop.
Job:200002
R-86-1774
Form=r.none

Council Report, 5/5/86, Item 114, #265614

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO				1. CERTIFICATE NUMBER:		
TO: CITY ATTORNEY		2. FROM: (ORIGINATOR) PROPERTY DEPT./PROPERTY MANAGEMENT DIVISION		3. DATE February 27, 1986		
4. SUBJECT: Renewal Lease for Sportsmen's Sea Food Company, Inc.						
5. PREPARATION OF: ☒ RESOLUTION(S) ☐ ORDINANCE(S) ☐ AGREEMENT(S) ☐ DEED(S) Authorizing the City Manager to negotiate a renewal lease with Sportsmen's Sea Food Company, Inc., for a portion of Mission Bay Park. COUNCIL DISTRICT 6						
6. SUPPORTING INFORMATION: (INCLUDE ONLY INFORMATION <u>NOT</u> COVERED ON FORM 1472A, "DOCKET SUPPORTING INFORMATION". ACTION REQUESTED BY: Property Director. DESCRIPTIVE LOCATION: 1617 Quivira Road, Quivira Basin, Mission Bay Park. ENVIRONMENTAL ASSESSMENT: Environmental review will be required prior to lease execution. HANDLING: <u>DO NOT RECORD</u> . Deliver document to Property Department, Attention G. R. Randolph, M.S. 503, for further handling.						
7. FOR INFORMATION CONTACT: (NAME & MAIL STA.) RANDOLPH 503			8. TELEPHONE NO. 6792		9. CHECK IF "DOCKET SUPPORTING INFORMATION" ATTACHED ☒	
10. COMPLETE FOR ACCOUNTING PURPOSES:			11. ROUTING AND APPROVALS			
FUND/DEPT.	BUDGETED	UNBUDGETED	ROUTE (✓)	APPROVING AUTHORITY	APPROVAL	DATE SIGNED
ORGANIZATION			✓	DEPARTMENT DIRECTOR	<i>[Signature]</i>	3/4/86
OBJECT ACCOUNT				CLEARING AUTH. EQD	<i>[Signature]</i>	3/6/86
JOB ORDER			X	CLEARING AUTH. PARK & REC.	<i>[Signature]</i>	3/10/86
WORK ORDER NO.			X	DEPUTY CITY MANAGER	<i>[Signature]</i>	3-12-86
C.I.P. NO.				AUDITOR		
FACILITY			✓	CITY ATTORNEY		
AMOUNT			✓	ORIGINATING DEPARTMENT	<i>[Signature]</i>	4/1/86
12. ESTIMATED COST: Job: 200002 cc: ✕ Docket THOMAS BROS MAPS PAGE 59 B-2 ed(1)			X	MGR. DOCKET CLERK		
			✓	RULES COMMITTEE	☐ CONSENT ☐ ADOPTION ☐ REFER TO _____ DATE _____	

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SEE MAP 64



MANAGER'S REPORT

DATE ISSUED: April 18, 1986

REPORT NO. 86-143

ATTENTION: Public Facility and Recreation Committee, Agenda of April 23, 1986

SUBJECT: Lease Renewal, Sportsmen's Sea Food, Inc.

SUMMARY:

Issue - Should the City Manager be authorized to negotiate a renewal lease with Sportsmen's Sea Food, Inc., or issue an RFP for solicitation of a new lessee?

Manager's Recommendation - Authorize the City Manager to negotiate the renewal lease with Sportsmen's Sea Food, Inc.

Other Recommendations - None.

Fiscal Impact - None with this action.

BACKGROUND:

On April 27, 1961, the City granted to Sportsmen's Sea Food Company, Inc., a 25-year lease for the construction, operation and maintenance of a sport fish processing facility, sale of fresh fish and operation of a fish cocktail bar. The property occupies 32,862 square feet of land and 20,000 square feet of water in the Quivira Basin area within Mission Bay Park. The lessee has operated the facility in a highly satisfactory manner throughout the term. The seafood cocktail operation has been expanded to a very popular self-serve fresh seafood restaurant with indoor and outdoor seating and the fresh fish market has also been enlarged. The rent paid during each of the last three years has exceeded \$25,000.

PROPOSAL:

The lease will expire on April 26, 1986 and the lessee has asked to enter into a new lease. Staff recommends renewal of the lease in accordance with City Council Policy 700-41 "Use of the RFP Process for Lease of City-owned Land" based on the consistently excellent service provided by this very specialized operation. The proposed terms for the new lease are as follows:

Rent: *MIN. RENT*

Boat Slips
Food & Nonalcoholic Beverages
Alcoholic Beverages
Fish Processing

Present

19,758
24-758-341

10%
3%
3%
7%

25 years

Proposed

21,600
801-341

20% 10%
3%
6%
7%

20 years
25

Term:

ALTERNATIVES:

+ New Lease Term + 1% RATE Advt. > 10+11
Deny the renewal and solicit a new operator using the RFP process.

Respectfully submitted,

J P Fowler
John P. Fowler
Deputy City Manager

SPOTTS:GRR:baa(3)66
3-14-86
MR 441