

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

First Amendment 48

SPRINT PCS, ASSETS, LLC, A DELAWARE LIMITED LIABILITY COMPANY

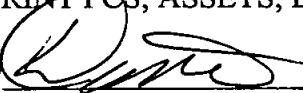
(SUBLESSEE) dated May 31, 2006. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
2. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 11/15/2006

SPRINT PCS, ASSETS, LLC

By 

Dan Butterworth
Site Development Manager

WESCO SALES CORP. dba DANA LANDING

Dated 6/6/06

By 

Frank Butler, its President

THE CITY OF SAN DIEGO

Dated 1/4/07

By 

DAVID SANDOVAL, Deputy
Director for the City Manager
REAL ESTATE ASSETS

APPROVED AS TO FORM:

_____, City

Attorney

Dated 1-8-07

By CeJ
Deputy City Attorney

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING SUBLESSEE shall not assign the Sublease or sublet the premises or any part thereof with out the prior written consent of LESSEE and CITY. An assignment by operation of law shall automatically terminate the Sublease.

HOLD HARMLESS SUBLESSEE shall defend, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the subleased premises, the condition of the subleased premises, or from any act or omission of SUBLESSEE, its agents, and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of, or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. The policy shall specify that the policy may not be terminated, altered or cancelled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of the Sublease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney's fees.

FIRST AMENDMENT TO PCS SITE AGREEMENT

THIS FIRST AMENDMENT TO PCS SITE AGREEMENT ("Amendment") is made effective as of the 31st day of May, 2006 ("Effective Date"), by and between Wesco Sales Corp., a California corporation, having a mailing address at 21500 Nordhoff Street, Chatsworth, CA 91311 ("Owner") and Sprint PCS Assets, L.L.C., a Delaware limited liability company ("Sprint PCS").

BACKGROUND

Pursuant to a PCS Site Agreement dated June 28, 2002 ("Agreement"), Owner leased to Sprint PCS a certain portion of real property located at 2590 Ingraham Street, City of San Diego, County of San Diego, State of CA, as more particularly described in Exhibit A to the Agreement ("Site").

Owner and Sprint PCS desire to amend the Agreement as set forth herein. Words and phrases having a defined meaning in the Agreement have the same respective meanings when used herein unless otherwise expressly stated.

AGREEMENT

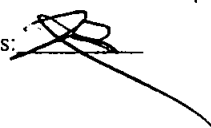
The parties agree as follows:

1. **Term.** Section 2 of the Agreement is amended by adding the following:

Notwithstanding anything set forth in Section 2 to the contrary, the current Term of this Agreement will expire on June 27, 2012. Commencing on June 28, 2012, the term of this Agreement ("New Initial Term") is 60 months. The Agreement will be automatically renewed for up to 3 additional terms (each a "Renewal Term") of 60 months each. Each Renewal Term will be deemed automatically exercised without any action by either party unless Sprint PCS gives written notice of its decision not to exercise any option(s) to Owner before expiration of the then current term.

2. **Rent.** Section 3 of the Agreement is amended by adding the following:

Notwithstanding anything set forth in Section 3 to the contrary, commencing on November 1, 2006, the Rent payable under this Agreement will be Two Thousand Three Hundred Eighty Six and 50/100 Dollars (\$2,386.50) per month, partial months to be prorated, in advance, and shall continue during the term (until increased as set forth herein). Thereafter, commencing on November 1, 2011, Rent will be increased by Ten percent (10%) and every 5 years thereafter by Ten percent (10%) of the then current Rent.

Owner initials: 

Sprint PCS initials: 

3. Modification of Sprint PCS's Obligation to Pay - Rent Guarantee Period.

Notwithstanding Sprint PCS's obligations to pay Rent set forth under this Agreement, for a 24-month period commencing on November 1, 2006 and ending October 31, 2008 ("Rent Guarantee Period"), Sprint PCS shall be obligated to pay Rent due under the Agreement and such obligation will not be subject to early termination by Sprint PCS, unless such termination is due to (i) Owner's lack of proper ownership of the Site; (ii) Owner's lack of authority to enter into this Agreement; (iii) Owner's breach of any of the terms and conditions of this Agreement; or (iv) the Site being rendered inoperable due to an event beyond the reasonable control of either Sprint PCS or Owner, including, but not limited to eminent domain, condemnation, acts of God or criminal acts, in which event Sprint PCS will have the authority to exercise its termination rights during the Rent Guarantee Period and the Rent Guarantee Period will no longer apply and no guaranteed Rent will be owed. Sprint PCS may terminate this Agreement prior to the expiration of the Rent Guarantee Period even though none of the events set forth in subsections (i) through (iv) above have occurred, however, in such event Sprint PCS shall be required to continue to pay Owner the Rent Sprint PCS agreed to pay Owner during the Rent Guarantee Period.

4. Termination. Section 11 of the Agreement is amended by deleting the entire provision and substituting the following provision in its place:

"Subject to section three (3) above, Sprint PCS may terminate this Agreement at any time and for any or no reason with 60 days prior written notice to Owner; provided, that Sprint PCS pays to Owner an amount equal to 6 months of the then current Rent. Upon termination, Owner is entitled to retain Rent due under this Agreement until the termination effective date unless such termination is due to Owner's failure of proper ownership of the Site or authority to enter into this Agreement, or such termination is a result of Owner's default or Sprint PCS's other termination rights set forth in this Agreement, in which event no Rent will be due."

5. Notices. Section 6 of the Agreement is amended by deleting the entire provision and substituting the following provision in its place:

"All notices, requests, demands or other communications with respect to this Agreement, whether or not herein expressly provided for, must be in writing and will be deemed to have been delivered either five (5) business days after being mailed by United States first-class certified or registered mail, postage prepaid, return receipt requested; or the next business day after being deposited with an overnight courier service for next-day delivery to the parties at the following addresses (the addresses may be changed by either party by giving written notice):

Owner: Wesco Sales Corp., a California corporation
21500 Nordhoff Street
Chatsworth, CA 91311

Sprint PCS: Sprint PCS Assets, L.L.C., a Delaware limited liability company
Sprint Nextel Property Services
Site ID SD40XC309-D
Mailstop KSOPHT0101-Z2650
6391 Sprint Parkway
Overland Park, KS 66251-2650

Owner initials: 

Sprint PCS initials: 

with a copy to: Sprint Nextel Law Department
Attn: Real Estate Attorney
Mailstop KSOPHT0101-Z2020
6391 Sprint Parkway
Overland Park, KS 66251-2020

6. Reaffirmation; Intention to be Bound. Except as provided in this Amendment, each and every term, condition and agreement contained in the Agreement will remain in full force and effect. The parties reaffirm that the representations and warranties made by each of the parties in the Agreement are true and accurate as of the Effective Date. The parties executing this Amendment, on behalf of themselves, their assigns and successors, acknowledge and reaffirm their intention to be bound by the terms and conditions of the Agreement.

The parties have caused this Amendment to be executed as of the Effective Date.

OWNER:

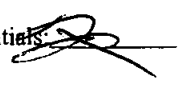
Wesco Sales Corp., a California corporation

By: 
Printed Name: F. W. BUTLER
Title: President
Date: 6-05-06

SPRINT PCS:

Sprint PCS Assets, L.L.C., a Delaware
limited liability company

By: 
Printed Name: Dan Butterworth
Title: Site Development Manager
Date: 6/15/2006

Owner initials: 

Sprint PCS initials: 

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Sprint PCS Assets, L.L.C., a Delaware
limited liability company
Sprint Contracts & Performance
Mailstop KSOPHT0101-Z2650
6391 Sprint Parkway
Overland Park, Kansas 66251-2650

[space above this line for Recorder's use]

**ATTACHMENT 1
TO
FIRST AMENDMENT TO PCS SITE AGREEMENT**

MEMORANDUM OF AMENDMENT TO PCS SITE AGREEMENT

THIS MEMORANDUM OF AMENDMENT TO PCS SITE AGREEMENT ("Amended Memorandum"), by and between Wesco Sales Corp., a California corporation ("Owner") and Sprint PCS Assets, L.L.C., a Delaware limited liability company ("Sprint PCS"), evidences that the lease made and entered into by written PCS Site Agreement between Owner and Sprint PCS, dated June 28, 2002 ("Agreement"), has been amended by written agreement between the parties (the "Amendment"). Sprint PCS's records reflect that a Memorandum of Agreement has not been filed of record and that Sprint PCS has made no other public filings regarding the above-referenced site ("Site"). In the event that any filings of record made by Sprint PCS are discovered that encumber your title to the Site, Sprint PCS agrees to cooperate in taking actions necessary to remove the encumbrance.

The Amendment provides in part that Owner leases to Sprint PCS certain real property owned by Owner and located at 2590 Ingraham Street, City of San Diego, County of San Diego, State of CA, together with non-exclusive utility and access easements (the "Site"). The Amendment grants Sprint PCS the option to extend the Agreement for three (3) additional sixty (60) month terms after the expiration of the new initial sixty (60) month term which commenced on June 28, 2012.

SIGNATURES ON FOLLOWING PAGE

Owner initials:



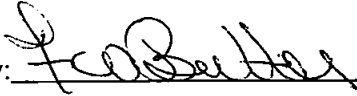
Sprint PCS initials:



IN WITNESS WHEREOF, the parties have executed this Amended Memorandum as of the day and year indicated below.

OWNER:

Wesco Sales Corp., a California corporation

By: 

Printed Name: F.W. BUTLER

Title: President

Date: 6-5-06

SPRINT PCS:

Sprint PCS Assets, L.L.C., a Delaware limited liability company

By: 

Printed Name: Dan Butterworth

Title: Site Development Manager

Date: 11/15/2006

Owner initials: 

Sprint PCS initials: 

OWNER NOTARY BLOCK

STATE OF _____)
) ss.
 COUNTY OF _____)

The foregoing instrument was (choose one) ☐ attested or ☐ acknowledged before me this ____ day of _____, 20____, by (choose one)

☐ _____ as an individual,
☐ _____, as _____ of
 _____, a _____ corporation, on behalf of the
 corporation, or
☐ _____, partner or agent on behalf of _____, a _____
 _____ partnership.

In witness whereof I hereunto set my hand and official seal.

SEE ATTACHED ACKNOWLEDGMENT

NOTARY PUBLIC

SPRINT PCS NOTARY BLOCK

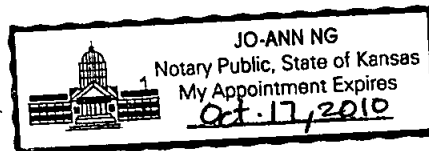
STATE OF KANSAS)
) ss.
 COUNTY OF JOHNSON)

Acknowledgment by Corporation
 Pursuant to Uniform Acknowledgment Act

The foregoing instrument was acknowledged before me this 15th day of November, 2006, by
Dan Butterworth, on behalf of Sprint PCS Assets, L.L.C., a Delaware limited liability
 company. Site Development Manager

In witness whereof I hereunto set my hand and official seal.

Joann Ng
 NOTARY PUBLIC



Owner initials: DB

Sprint PCS initials: DD

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

SS.

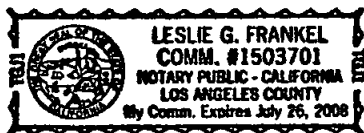
On 6/5/06, before me, Leslie G. Frankel, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

Frank Butler

Name(s) of Signer(s)

- ☐ personally known to me
☒ proved to me on the basis of satisfactory evidence



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

WITNESS my hand and official seal.

Leslie G. Frankel
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: 1st Amendment to PCS Site Agreement

Document Date: 6/5/06 Number of Pages: 6

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

- Signer's Name: _____
- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

PCS SITE AGREEMENT

April 18, 2002

Site Name: Wesco Sales

Site I.D.: SD40XC309

1. **Premises and Use.** Sublessor leases to Sprint PCS Assets, L.L.C., a Delaware limited liability company, formerly known as Cox PCS Assets, L.L.C., a Delaware limited liability company ("Sprint"), the site described below:

[Check appropriate box(es)]

- ☐ Land consisting of approximately square feet upon which Sprint will construct its ☐ equipment base station and ☐ antenna structure;
- ☒ Building interior space consisting of approximately 288 square feet;
- ☒ Building exterior space for attachment of antennas;
- ☐ Building exterior space for placement of base station equipment;
- ☐ Tower antenna space between the ____ foot and ____ foot level on the Tower;

☒ Space required for cable runs to connect PCS equipment and antennas, in the location(s) ("Site") shown on Exhibits A and B, together with a non-exclusive easement for reasonable access thereto and to the appropriate, in the discretion of Sprint, source of electric and telephone facilities. The Site will be used by Sprint for the purpose of installing, removing, replacing, modifying, maintaining and operating, at its expense, a personal communications service system facility ("PCS"), including, without limitation, antenna equipment, cable wiring, back-up power sources (including generators and fuel storage tanks), related fixtures and, if applicable to the Site, an antenna structure. Sprint will use the Site in a manner that will not unreasonably disturb the occupancy of Sublessor's other tenants. Sprint will have access to the Site 24 hours per day, 7 days per week.

2. **Term.** The term of this Agreement (the "Initial Term") is 10 years, commencing on the date ("Commencement Date") both Sprint and Sublessor have executed this Agreement. This Agreement will be automatically renewed for three additional terms (each a "Renewal Term") of 5 years each, unless Sprint provides Sublessor notice of intention not to renew not less than 90 days prior to the expiration of the Initial Term or any Renewal Term.

3. **Rent.** Until the date that is 60 days after the receipt by Sprint of a Site construction building permit, rent will be a one-time aggregate payment of \$100.00. Thereafter, rent will be paid in equal monthly installments of \$3,000.00 (until increased as set forth herein), partial months to be prorated, in advance. The rent due hereunder will be increased on each anniversary of the date monthly rent payments commence to an amount equal to the amount of the monthly installment of rent payable during the preceding year, increased by three percent (3%). Rent checks shall be made payable to Wesco Sales Corp. Sublessor represents and agrees that, so long as rent is being paid to Sublessor under the terms of this Agreement, Sublessor will transfer directly to the City of San Diego fifty percent (50%) of any rent paid to Sublessor by Sprint. Other than as set forth in Exhibit E to this Agreement, Sprint shall owe no duties or obligations to the City of San Diego, and the City of San Diego shall have no other rights or privileges under this Agreement.

4. **Title and Quiet Possession.** Sublessor represents and agrees (a) that it is the Sublessor of the Site; (b) that it has the right to enter into this Agreement; (c) that the person signing this Agreement has the authority to sign; (d) that Sprint is entitled to access to the Site at all times and to the quiet possession of the Site throughout the Initial Term and each Renewal Term so long as Sprint is not in default beyond the expiration of any cure period; and (e) that Sublessor shall not have unsupervised access to the Site or to the PCS equipment. Notwithstanding, in the event of an emergency situation which poses an immediate threat of substantial harm or damage to persons and/or property on Sublessor's property and which requires entry onto the Site, Sublessor may enter the Site and take such actions as are required to protect individuals or personal property from such immediate threat of substantial harm or damage; provided that promptly after such emergency entry onto the Site (and in no event later than twenty-four [24] hours), Sublessor gives telephonic and written notice to Sprint of Sublessor's entry onto the Site. Except in the event of an emergency situation, Sublessor agrees that it will not enter the Site without a representative of Sprint being present. Sublessor will not intentionally disturb Sprint's equipment at any time, except in the case of emergency. Sprint acknowledges that Sublessor leases the property pursuant to that certain Percentage Lease with the City of San Diego dated July 17, 1995, and First Amendment to Lease dated June 8, 1998 (the "Master Lease"). Sublessor agrees to notify Sprint immediately upon being notified of the City of San Diego's intent, pursuant to Section 6.2 of the Master Lease, to enter and inspect Sprint's Site.

5. **Assignment/Subletting.** Sprint shall not sublease or assign this Agreement without the prior written consent of Sublessor, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Sprint shall have the right to sublease or assign this Agreement without Sublessor's consent upon written notice to Sublessor to: (a) any parent, subsidiary, or affiliate of Sprint; (b) any person or entity which is controlled by or under common control with Sprint; (c) any corporation into which Sprint

may be merged or consolidated; or (d) any corporation that purchases or holds Sprint's FCC license or purchases all or substantially all of Sprint's assets. Upon each and every sublease or assignment by Sprint to a party not identified in subsections (a) through (d) above, Sprint shall pay a one-time fee of \$500.00 to Sublessor.

6. **Notices.** All notices must be in writing and are effective only when deposited in the U.S. mail, certified and postage prepaid, or when sent via overnight delivery. Notices to Sprint are to be sent to: Sprint PCS Assets, L.L.C., 4683 Chabot Drive, Suite 100, Pleasanton, CA 94588, with a copy to Sprint Spectrum L.P., 6391 Sprint Parkway, Mailstop KSOPHT0101-Z2020, Overland Park, KS 66251-2020, Attention: Sprint PCS Real Estate Attorney. Notices and rent paid to Sublessor must be sent to the address shown underneath Sublessor's signature.

7. **Improvements.** Sprint may, at its expense, make such improvements on the Site, as it deems necessary from time to time for the operation of the PCS system. Sublessor agrees to cooperate with Sprint with respect to obtaining any required zoning approvals for the Site and such improvements, including, but not limited to, executing documents requested by any governmental or municipal agency for Sprint to secure Site zoning approvals. Sprint shall request Sublessor's approval of Site improvement construction drawings that are consistent with Exhibit B, and Sublessor's approval shall not be unreasonably withheld, conditioned, or delayed. Sublessor shall respond to any such request within fifteen (15) days of the request, and Sublessor's failure to timely respond shall be deemed Sublessor's approval of the Site improvement construction drawings. Once such improvements are installed, Sprint will not alter the Site improvements in a manner that will materially alter the outward appearance of the improvements without obtaining the prior written consent of Sublessor, which consent shall not be unreasonably withheld, conditioned, or delayed. If Sublessor does not respond in writing to Sprint within fifteen (15) days following Sprint's request for such consent, the requested consent will be deemed provided by Sublessor. Upon each and every such request for consent by Sprint, Sprint shall pay to Sublessor a one-time fee of \$500. Within 30 days after the filing of any mechanic's lien against the Site for materials or work furnished to the Site at Sprint's request, Sprint shall either discharge such lien or post a bond in the amount of the lien. Upon termination or expiration of this Agreement, Sprint may remove its equipment and improvements and will restore the Site to substantially the condition existing on the Commencement Date, except for ordinary wear and tear and casualty loss.

8. **Compliance with Laws.** Sublessor represents that Sublessor's property (including the Site), and all improvements located thereon, are in substantial compliance with building, life/safety, disability and other laws, codes and regulations of applicable governmental authorities. Sprint will substantially comply with all applicable laws relating to its possession and use of the Site.

9. **Interference.** Sprint will resolve technical interference problems with other equipment located at the Site on the Commencement Date or any equipment that becomes attached to the Site at any future date when Sprint desires to add additional equipment to the Site. Likewise, Sublessor will not permit or suffer the installation of any future equipment that (a) results in technical interference problems with Sprint's then existing equipment or (b) encroaches onto the Site.

10. **Utilities.** Sublessor represents that utilities adequate for Sprint's use of the Site are available. Sprint will pay for all utilities used by it at the Site. Sublessor will cooperate with Sprint in Sprint's efforts to obtain utilities from any location provided by Sublessor or the servicing utility, including signing any easement or other instrument reasonably required by the utility company.

11. **Termination.** Sprint may terminate this Agreement at any time by notice to Sublessor without further liability if (i) Sprint does not obtain all permits or other approvals (collectively, "approval") required from any governmental authority or any easements required from any third party to operate the PCS system, or if any such approval is canceled, expires or is withdrawn or terminated; or (ii) if Sublessor fails to have proper occupancy of the Site or authority to enter into this Agreement; or (iii) if Sprint, for any other reason, in its sole discretion, determines that it will be unable to use the Site. If Sprint terminates the Agreement in accordance with subsection (iii) above, then Sprint shall provide Sublessor with 60 days notice of termination, and shall pay to Sublessor a termination fee equal to six (6) months rent (calculated as of the date of termination). Upon termination, Sublessor will retain all prepaid rent unless such termination is due to Sublessor's failure of proper occupancy or authority pursuant to subsection (ii) above, or such termination is a result of Sublessor's default.

12. **Default.** If either party is in default under this Agreement for a period of (a) 15 days following receipt of notice from the non-defaulting party with respect to a default which may be cured solely by the payment of money, or (b) 30 days following receipt of notice from the non-defaulting party with

respect to a default which may not be cured solely by the payment of money, then, in either event, the non-defaulting party may pursue any remedies available to it against the defaulting party under applicable law, including, but not limited to, the right to terminate this Agreement; provided, however, that each party waives the right to recover damages for lost profits in any legal action or proceeding arising out of the other party's default under this Agreement. If the non-monetary default may not reasonably be cured within a 30-day period, this Agreement may not be terminated if the defaulting party commences action to cure the default within such 30-day period and proceeds with due diligence to fully cure the default. Sprint shall be considered in default under this Agreement if Sprint files any voluntary bankruptcy petition, or if any involuntary bankruptcy petition is filed against Sprint and such involuntary petition is not dismissed within 90 days of it being filed.

13. Indemnity. Other than as specified in the waiver of subrogation contained in Paragraph 17 below, Sublessor and Sprint each indemnifies the other against and holds the other harmless from any and all costs (including reasonable attorneys' fees) and claims of liability or loss which arise out of the ownership, use and/or occupancy of the Site by the indemnifying party. This indemnity does not apply to any claims arising from the sole negligence or intentional misconduct of the indemnified party. The indemnity obligations under this Paragraph will survive termination of this Agreement.

14. Hazardous Substances. Sublessor represents that it has no knowledge of any substance, chemical or waste (collectively, "substance") on the Site that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. Sprint will not introduce or use any such substance on the Site in violation of any applicable law.

15. Subordination and Non-Disturbance. This Agreement is subordinate to any mortgage or deed of trust now of record against the Site. However, promptly after the Agreement is fully executed, Sublessor will use diligent efforts to obtain a non-disturbance agreement reasonably acceptable to Sprint from the holder of any such mortgage or deed of trust.

16. Taxes. Sprint will be responsible for payment of all personal property taxes assessed directly upon and arising solely from its use of the communications facility on the Site. Sprint will pay to Sublessor any increase in real property taxes attributable solely to any improvements to the Site made by Sprint within 60 days after receipt of satisfactory documentation indicating calculation of Sprint's share of such real estate taxes and payment of the real estate taxes by Sublessor. Sublessor will pay when due all other real estate taxes and assessments attributable to the property of Sublessor of which the Site is a part.

17. Insurance. Sprint will procure and maintain commercial general liability insurance, with limits of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage liability, with a certificate of insurance to be furnished to Sublessor within 30 days of written request. Such policy will provide that cancellation will not occur without at least 15 days prior written notice to Sublessor. Such policy shall identify Wesco Sales Corp. and the City of San Diego as additional insureds. Each party hereby waives its right of recovery against the other for any loss or damage covered by any insurance policies maintained by the waiving party. Each party will cause each insurance policy obtained by it to provide that the insurance company waives all rights of recovery against the other party in connection with any damage covered by such policy.

18. Maintenance. Sprint will be responsible for repairing and maintaining the PCS system and any other improvements installed by Sprint at the Site in a proper operating and reasonably safe condition; provided, however if any such repair or maintenance is required due to the acts of Sublessor, its agents or employees, Sublessor shall reimburse Sprint for the reasonable costs incurred by Sprint to restore the damaged areas to the condition which existed immediately prior thereto. Sublessor will maintain and repair all other portions of the property of which the Site is a part in a proper operating and reasonably safe condition.

19. Miscellaneous. (a) This Agreement applies to and binds the heirs, successors, executors, administrators and assigns of the parties to this Agreement; (b) this Agreement is governed by the laws of the state in which the Site is located; (c) if requested by Sprint, Sublessor agrees promptly to execute and deliver to Sprint a recordable Memorandum of this Agreement in the form of Exhibit C; (d) this Agreement (including the Exhibits) constitutes the entire agreement between the parties and supersedes all prior written and verbal agreements, representations, promises or understandings between the parties; (e) any amendments to this Agreement must be in writing and executed by both parties; (f) if any provision of this Agreement is invalid or unenforceable with respect to any party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, will not be affected and each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law; (g) the prevailing party in any action or proceeding in court or mutually agreed upon arbitration proceeding to enforce the terms of this Agreement is entitled to receive its reasonable attorneys' fees and other reasonable enforcement costs and expenses from the non-prevailing party; and (h) SPRINT AND SUBLESSOR DO HEREBY EACH WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER

UPON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

20. Corporate Authority. Each of the individuals signing this Agreement for Sublessor ("Sublessor Representatives") and Sublessor represent and warrant that: a) he or she has the full power and authority, and the legal right, to execute this Agreement on behalf of the Sublessor entities referenced in this Agreement; b) such Sublessor entities have taken all actions necessary to enter into and be bound by this Agreement; c) such Sublessor entities have the full power, authority, and the legal right to execute, deliver, perform, and observe its obligations hereunder; d) such Sublessor entities have taken all necessary actions to authorize the individual signing on Sublessor's behalf to do so; e) Sublessor will not cause a breach or violation of any other agreement, law or court order by entering into this Agreement; and f) each Sublessor entity is a duly organized and valid entity in good standing authorized to conduct business in the state where the Site is located.

21. Non-Binding Until Fully Executed. This Agreement is for discussion purposes only and does not constitute a formal offer by either party. This Agreement is not and shall not be binding on either party until and unless it is fully executed by both parties.

22. Condemnation or Casualty. In the event any governmental, public body, or other condemning authority takes, or if Sublessor transfers in lieu of such taking, all or part of the Site, or if the Site is totally or partially destroyed by fire or other casualty, thereby making it physically or financially infeasible for the Site to be used in the manner intended by this Agreement, then Sublessor and Sprint shall each have the right, within forty-five (45) days of the condemnation or casualty, to terminate this Agreement effective as of the date of the taking by the condemning authority or the date of the casualty, by giving thirty (30) days prior written notice to the other party.

23. Non-Discrimination. Sprint will comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and any other applicable federal and state laws and regulations hereafter enacted. Sprint herein covenants that it will not discriminate against any person or group of persons, based on marital status, race, color, creed, religion, national origin or ancestry, age, gender, sexual orientation, disability, or medical condition in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Site herein leased nor shall Sprint itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Site herein leased.

24. Drug-Free Workplace. Sprint herein covenants that it shall abide by the provisions of a drug-free workplace as required by Section 7.13 of the Master Lease.

25. Disabled Access Compliance. Sprint herein covenants that it shall abide by the provisions for disabled access compliance as required by Section 7.27 of the Master Lease.

[SIGNATURES FOLLOW ON NEXT PAGE]

The following Exhibits are attached to and made a part of this Agreement: Exhibits A, B, C, D, and E.

ORIGINAL

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

WESTCOAST POWERCATS, INC.,
BRADY GLAUTHIER and KATHRYN GIBLIN
(AND REPLACES JAMES SIPPLE SMITH AND SUSAN SMITH)

(SUBLESSEE) dated October 18, 2005. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

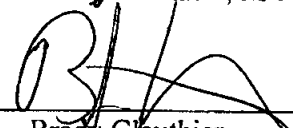
1. Premises (Space A - 2620 Ingraham Street, San Diego, CA) permitted use: Sale and rental of boats and watercraft and the sale of membership interests in the "Outer Banks Boat Club." No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 10/24/05

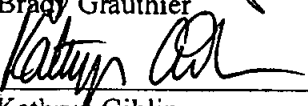
WESTCOAST POWERCATS, INC.

By 
Brady Glauthier, its President

Dated 10/24/05

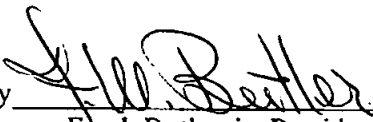
By 
Brady Glauthier

Dated 10/24/05

By 
Kathryn Giblin

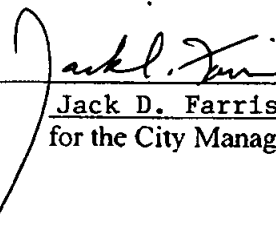
WESCO SALES CORP. dba DANA LANDING

Dated 11/1/05

By 
Frank Butler, its President

THE CITY OF SAN DIEGO

Dated 11/08/05

By 
Jack D. Farris, Deputy Director
for the City Manager

APPROVED AS TO FORM:

Michael J. Aguirre, City Attorney

Dated 11/9/05
~~Nov 1 2005~~

By 
Deputy City Attorney

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING SUBLESSEE shall not assign the Sublease or sublet the premises or any part thereof with out the prior written consent of LESSEE and CITY. An assignment by operation of law shall automatically terminate the Sublease.

HOLD HARMLESS SUBLESSEE shall defend, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the subleased premises, the condition of the subleased premises, or from any act or omission of SUBLESSEE, its agents, and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of, or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. The policy shall specify that the policy may not be terminated, altered or cancelled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of the Sublease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney's fees.

SUBLEASE

By this Sublease dated October 18, 2005, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

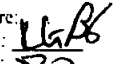
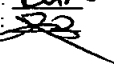
ARTICLE 1 — BASIC SUBLEASE PROVISIONS

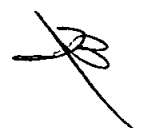
1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: Westcoast Powercats, Inc., Brady Glauthier and Kathryn Giblin
- (c) Marina: DANA LANDING, 2620 Ingraham Street, Space A, San Diego, CA 92109
- (d) Premises: Building 7 as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: September 1, 2005 (continuation of Sublease commencing January 1, 2003)
- (f) Anticipated Term: Two (2) years and four (4) months to December 31, 2007.
- (g) Permitted Use: Sale and rental of boats and watercraft and the sale of membership interests in the "Outer Banks Boat Club." No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: \$2,428.80
- (i) Initial Security Deposit: \$4,857.60 (from former sublessee)
- (j) Proportional Share: Approximately 3.6%
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM, 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:
Sublessee: 
Sublessor: 



1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of the partition demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Lund, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

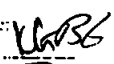
ARTICLE 2 -- TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 2.3), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum therein made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here: 
 Sublessee: 
 Sublessor:

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 20.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee: *WGSB*
Sublessor: *[Signature]*

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent. Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here: VB/B6
 Sublessee: _____
 Sublessor: [Signature]

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here: *KL B6*
Sublessee: *[Signature]*
Sublessor: *[Signature]*

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation

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against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements in the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

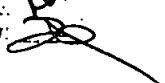
ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL.

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee: the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful detainer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 -- GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

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 Sublessor: [Signature]

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee, each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

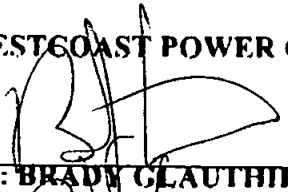
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Sublessor: [Signature]

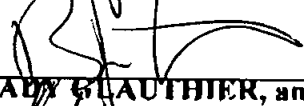
27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

WESTCOAST POWER CATS, INC.

BY: 
BY: BRADY GAUTHIER, ITS PRESIDENT

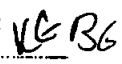
BY: 
BRADY GAUTHIER, an individual

BY: 
KATHRYN GIBLIN, an individual

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 
BY: FRANK BUTLER, ITS PRESIDENT

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Sublessee: _____
Sublessor: 

Addendum No. 1 to Marina Sublease dated October 18, 2005, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Westcoast Powercats, Inc., Brady Glauthier and Kathryn Giblin, collectively as Sublessee, regarding the portion of Building 7 at Dana Marina, 2620 Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

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Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessor grants to Sublessee two (2) consecutive options to extend the Term for an additional period of five (5) years each on the same terms and conditions as set forth herein. Said option shall be deemed automatically exercised by Sublessee unless Sublessee shall give notice to Landlord at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

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Sublessee: 
Sublessor: 

Legal Description - Exhibit "A"

That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Islands and submerged or flooded lands of False Bay, also known as Mission Bay and that portion of the Public Lands of San Diego, according to map thereof by James Preece, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 38, described as follows:

Beginning at the Southwest corner of Lot 24 of Block 10 in the Re subdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}53'56''$ West (Record North $89^{\circ}56'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from the Southerly line of said Block 10; thence along said parallel line North $89^{\circ}56'56''$ East, 249.70 feet; thence North $03^{\circ}30'02''$ West, 104.06 feet to the United States Coast and Geodetic Survey, triangulation station "Old Town," (the Lambert Grid Coordinates California Zone 8 for said station "Old Town" are x equals 1,712,415.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.846''$ longitude $117^{\circ}11'07.200''$; said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,826.93 feet and West 14,884.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,884.48 feet; thence North $83^{\circ}30'00''$ West, a distance of 567.16 feet to the coordinates North 5,079.99 and West 15,192.93; thence North $28^{\circ}30'02''$ West, a distance of 402.46 feet to coordinates North 5,486.47 and West 15,412.71; thence North $81^{\circ}29'58''$ East, a distance of 797.85 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.20 feet. thence Northeasterly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of 125.00 feet to coordinates North 6,762.91 and West 14,885.15; thence South $19^{\circ}51'24''$ East, a distance of 302.87 feet to coordinates North 6,468.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}36'54''$ a distance of 79.99 feet to the beginning of a compound 195.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'00''$, a distance of 87.04 feet to coordinates North 6,334.38 and West 14,740.74; thence South $06^{\circ}03'00''$ West, a distance of 132.02 feet to coordinates North 6,202.32 and West 14,755.80, said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $48^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $80^{\circ}50'50''$, a distance of 260.84

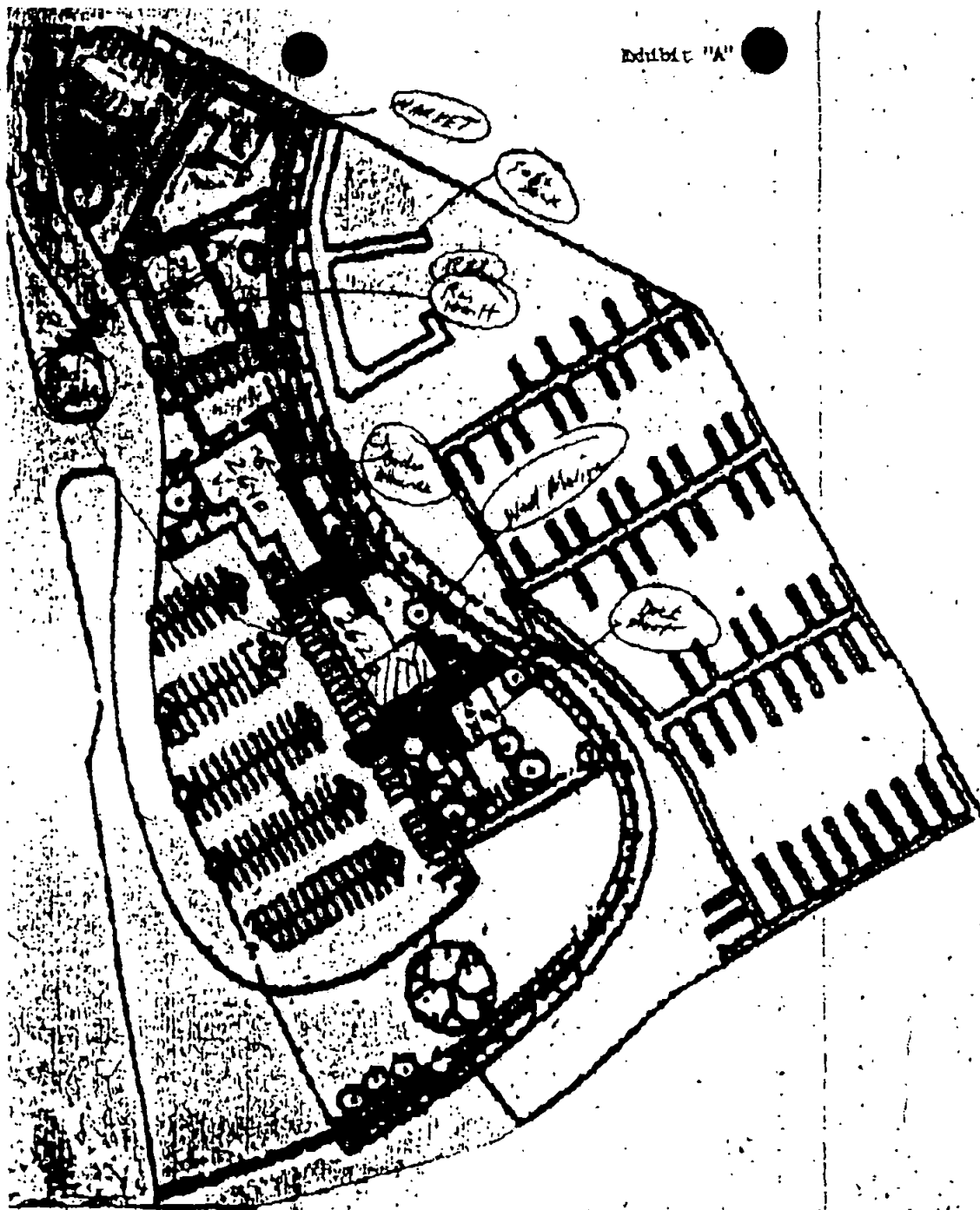
feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.07 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeasterly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.81 and West 14,885.15; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $60^{\circ}17'51''$ West, 347.81 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $88^{\circ}34'28''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $22^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.08 feet through an angle of $24^{\circ}59'14''$; thence along the radius of a 1,368.00 foot radius curve, concave Southeasterly, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeasterly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve, a distance of 125.00 feet to the TRUE POINT OF BEGINNING.

KG36
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Exhibit "A"



KG TSG
[Signature]

EXHIBIT "C"

<u>Percentages</u>	<u>Business Activities</u>
Three Percent (3%)	Of gross income from sales of petroleum products excepting diesel fuel.
One and One-Half Percent (1-1/2%)	Of gross income from sales of diesel fuel.
Five Percent (5%)	Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.
Three Quarters of One Percent (3/4%)	Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.
Five Percent (5%)	Of gross income from membership sales and monthly dues for boat club memberships ("Outer Banks Boat Club")
Four Percent (4%)	Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors and marine hardware.
Three Percent (3%)	Of gross income from sales of food and nonalcoholic beverages.
Six Percent (6%)	Of gross income from sales of alcoholic beverages.
Twenty-Five Percent (25%)	Of gross income from rental of boat slips and related wet storage.
Twenty-Five Percent (25%)	Of gross income from commissions of 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented or leased by LESSEE or Sublessees for use on the premises.
Twenty-Five Percent (25%)	Of gross income from rentals for small boat storage.
Ten Percent (10%)	Of gross income from all other authorized activities

KG BG

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego ("CITY"), as LESSOR under that certain Lease Agreement ("Master Lease") entered into with

WESCO SALES CORPORATION

("LESSEE") and filed in the Office of the City Clerk as Document 00-18192 hereby consents to that certain Sublease Agreement between the above LESSEE ("SUBLESSOR") and

BALLAST POINT YACHT & SHIP BROKERAGE, INC.,
AND ANDREW SHOEMAKER

("SUBLESSEE") dated January 31, 2005. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego. An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

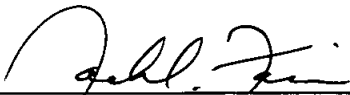
INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be one million dollars (\$1,000,000) COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego, its elected officials, officers, representatives, agents, and employees" as additional insureds. Said policy shall specify that the policy may not be terminated, altered or canceled without thirty (30) days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this consent , the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorney fees.

SUBORDINATION: This agreement is in effect a sublease of a portion of the premises covered by that certain Lease Agreement dated August 8, 1995 and First Amendment to Lease dated June 8, 1998 as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

THE CITY OF SAN DIEGO

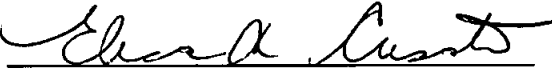
Dated 10/10/05

By 
Jack D. Farris, Deputy Director
for the City Manager

APPROVED AS TO FORM AND LEGALITY:

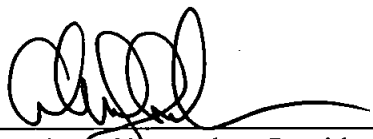
MICHAEL J. AGUIRRE, City Attorney

Dated 10/12/05

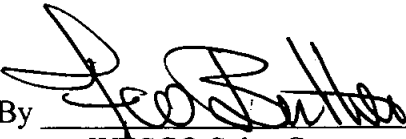
By 
Deputy City Attorney

BALLAST POINT YACHT & SHIP BROKERAGE,
INC.

Dated 9/29/2005

By 
Andrew Shoemaker, President

Dated Sept 22, 05

By 
WESCO Sales Corp.
Frank Butler, President

ACORD CERTIFICATE OF LIABILITY INSURANCEDATE
07/29/2005

PRODUCER Mariner's General Insurance Group
2390 Shelter Island Drive #216
San Diego, CA 92106
(619) 238-8661

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED Sailboat Point Yacht & Ship Brokerage
Andrew Shoemaker
2610 Zepherus, #9
San Diego, CA 92109

INSURER A OneBeacon America Insurance Company

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE ISSUED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE/RENEWAL	POLICY EXPIRATION DATE/RENEWAL	LIMITS
☒ GENERAL LIABILITY ☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS MADE ☐ OCCUR ☐ AGGREGATE LIMIT APPLIES PER POLICY	C5JH70916-4	6/13/2005	6/13/2006	EACH OCCURRENCE: \$ 1,000,000 FIRE DAMAGE (Any one fire): \$ 50,000 MED EXP (Any one person): \$ 5,000 PERSONAL & ADJ INJURY: \$ 1,000,000 GENERAL AGGREGATE: \$ 3,000,000 PRODUCTS - COMMOD AGG: \$ 1,000,000
☐ AUTOMOBILE LIABILITY ☐ AUTO AND ☐ ALL OTHER AUTO ☐ RENTAL AUTO ☐ NEW AUTO ☐ EXISTING AUTO				COMBINED SINGLE LIMIT (All coverages): \$ BODILY INJURY (Per person): \$ BODILY INJURY (Per family): \$ PROPERTY DAMAGE (Per person): \$
☐ GLASS LIABILITY ☐ FLOOD				AUTO ONLY - EA ACCIDENT: \$ OTHER THAN AUTO ONLY: EA ACC: \$ ADD: \$
☐ FIDELITY LIABILITY ☐ FIDELITY ☐ FIDELITY ☐ FIDELITY				EACH OCCURRENCE: \$ AGGREGATE: \$ PRODUCTS: \$ FIDELITY: \$ FIDELITY: \$
☐ WORKERS COMPENSATION AND EMPLOYERS LIABILITY				NO STATE: \$ EACH ACCIDENT: \$ EACH DISEASE - EA EMPLOYEE: \$ EACH DISEASE - POLICY LIMIT: \$
☒ OTHER Protection and Indemnity	C5JH70916	6/13/2005	6/13/2006	\$1,000,000 Ded. Applies

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Certificate holder listed is also added as additional insured, but only in regards to the insured's business operations

CERTIFICATE HOLDER ☒ **ADDITIONAL INSURED INSURER LETTER**

The City of San Diego
Chris Center Plaza
1200 1st Avenue, #1700
San Diego, CA 92109

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL endeavor to give 30 days written notice to the CERTIFICATE HOLDER mailed to the last, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

**WESCO SALES CORP. & BALLAST POINT YACHT & SHIP BROKERAGE,
INC., AND ANDREW SHOEMAKER**

**SUBLEASE OF OFFICES AT 2610-B INGRAHAM STREET,
SAN DIEGO, CALIFORNIA**

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SUBLEASE

By this Sublease dated January 31, 2005, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: Ballast Point Yacht & Ship Brokerage, Inc., and Andrew Shoemaker
- (c) Marina: DANA LANDING, 2610-B Ingraham Street, San Diego, CA 92109
- (d) Premises: Building 6 as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: February 1, 2005
- (f) Anticipated Term: Two (2) years.
- (g) Permitted Use: Office space.
- (h) Basic Monthly Rent: \$1,328.25 (1,155 sq.ft.) 1st month rent reduced to \$664.12
- (i) Initial Security Deposit: \$1,328.25
- (j) Proportional Share: Approximately 4.2
- (k) Base Year: The calendar year 2004.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants and up to 3 spaces in front of office for boat display provided City approves of such display.
- (n) Business Hours: 6:00 AM to 6:00 PM. 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:

Sublessee: 

Sublessor: 

1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether stab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:

Sublessee:

Sublessor:



ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively 'Total Monthly Rent'). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:

Sublessee:

Sublessor: 

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent. Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

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Sublessee:

Sublessor:



ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

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Sublessee:

Sublessor:



ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation

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Sublessee: _____

Sublessor: _____

against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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Sublessee:

Sublessor:



ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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Sublessee:

Sublessor: 

22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor. Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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Sublessee:

Sublessor:



ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Here:

Sublessee:

Sublessor:



27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initial Here:

Sublessee:

Sublessor:



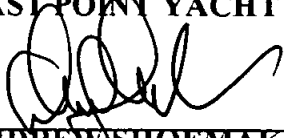
27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

**WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED**

SUBLESSEE

ANDREW SHOEMAKER

BALLAST POINT YACHT AND SHIP BROKERAGE, INC.

BY: 

BY: ANDREW SHOEMAKER, ITS PRESIDENT

BY: 

ANDREW SHOEMAKER

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 

BY: FRANK BUTLER, ITS PRESIDENT

Initial Here:

Sublessee:

Sublessor: 

Addendum No. 1 to Marina Sublease dated January 31, 2005, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Ballast Point Ship & Yacht Brokerage, Inc., and Andrew Shoemaker, collectively as Sublessee, regarding the portion of Building 6 at Dana Marina, 2610-B Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2006, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:

Sublessee:

Sublessor:



Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessor grants to Sublessee a single option to extend the Term for an additional period of two (2) years each on the same terms and conditions as set forth herein except that Basic Monthly Rent shall be at the then prevailing market rate but in no event less than the current rate. Said option shall be deemed automatically exercised by Sublessee unless Sublessee shall give notice to Landlord at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

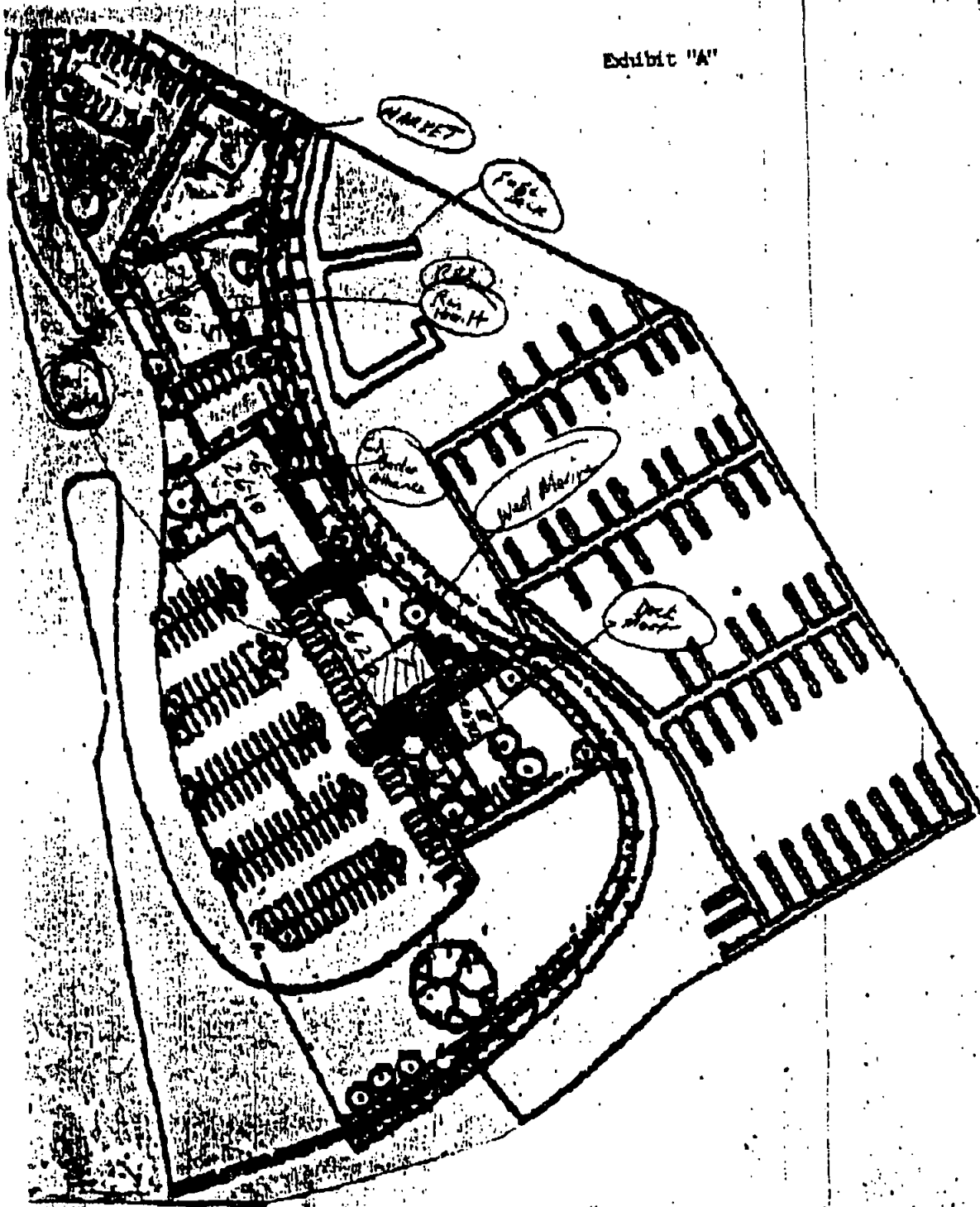
Initial Here:

Sublessee:

Sublessor:

A handwritten signature, possibly reading "M. J.", is written over the lines for the Sublessor's initials.

Exhibit "A"



4

Legal Description - Exhibit "A" 2

That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or filled lands of False Bay, also known as Mission Bay and that portion of the Public Lands of San Diego, according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 38, described as follows:

Beginning at the Southwest corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record North $89^{\circ}55'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from the Southerly line of said Block 10; thence along said parallel line North $89^{\circ}58'56''$ East, 249.70 feet; thence North $03^{\circ}30'02''$ West, 104.06 feet to the United States Coast and Geodetic Survey, triangulation station "Old Town," (the Lambert Grid-Coordinates California Zone 8 for said station "Old Town" are x equals 1,712,416.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.846''$ longitude $117^{\circ}11'07.200''$; said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,826.93 feet and West 14,884.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,884.48 feet; thence North $83^{\circ}36'00''$ West, a distance of 567.18 feet to the coordinates North 5,079.99 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 482.46 feet to coordinates North 5,486.43 and West 15,412.71; thence North $81^{\circ}29'58''$ East, a distance of 297.85 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.00 feet; thence Northeasterly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of 126.00 feet to coordinates North 6,762.91 and West 14,886.16; thence South $19^{\circ}51'24''$ East, a distance of 202.67 feet to coordinates North 6,469.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}36'54''$ a distance of 79.98 feet to the beginning of a compound 185.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'30''$, a distance of 67.04 feet to coordinates North 6,334.08 and West 14,740.74; thence South $06^{\circ}03'00''$ West, a distance of 132.02 feet to coordinates North 6,202.32 and West 14,755.80; said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $48^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $83^{\circ}50'50''$, a distance of 260.84

feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeasterly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.81 and West 14,888.16; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $80^{\circ}17'51''$ West, 347.81 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $68^{\circ}34'28''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,355.00 foot radius curve, concave Southeasterly; North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeasterly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve, a distance of 126.00 feet to the TRUE POINT OF BEGINNING.

R

Exhibit "C"

Percentages

Business Activities

Three Percent (3%)

Of gross income from sales of petroleum products excepting diesel fuel.

One and One-Half Percent (1-1/2%)

Of gross income from sales of diesel fuel.

Five Percent (5%)

Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.

→ Three Quarters of One Percent (3/4%)

Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.

Four Percent (4%)

Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.

Three Percent (3%)

Of gross income from sales of food and nonalcoholic beverages.

Six Percent (6%)

Of gross income from sales of alcoholic beverages.

Twenty-Five Percent (25%)

Of gross income from rentals of boat slips and related wet storage.

Twenty-Five Percent (25%)

Of gross income from 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessees for use on the premises.

Twenty Percent (20%)

Of gross income from rentals for small boat storage.

Ten Percent (10%)

Of gross income from all other authorized activities.

[Handwritten signature]

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

R & R Yacht Sales, Inc., dba Sundance Marine
Roy Gaertig, and George Prchal

(SUBLESSEE) dated January 16, 2003. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Office space.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 2-4-03 Sublessec

By [Signature]
R&R Yacht Sales, Inc.
By: [Signature], its President

Dated 2-4-03 Sublessee

By [Signature]
Roy Gaertig

Dated 2-16-03 Sublessee

By [Signature]
George Prchal

Dated 2-27-03 Sublessor

By [Signature]
Wesco Sales Corp.
By: Frank Butler, its President

THE CITY OF SAN DIEGO

Dated 3-12-03

By

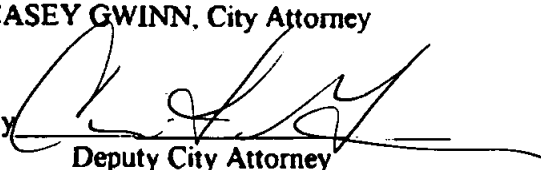

Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 3-13-03

By


Deputy City Attorney

**WESCO SALES CORP. & ROY GAERTIG, GEORGE PRCHAL, R&R YACHT
SALES, INC., dba SUNDANCE MARINE**

**SUBLEASE OF OFFICES AT 2610-B INGRAHAM STREET,
SAN DIEGO, CALIFORNIA**

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SUBLEASE

By this Sublease dated January 16, 2003, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE I — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: Roy Gaertig, George Prehal, R&R Yacht Sales, Inc., dba Sundance Marine
- (c) Marina: DANA LANDING, 2610-B Ingraham Street, San Diego, CA 92109
- (d) Premises: Building 6 as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: February 1, 2003
- (f) Anticipated Term: Two (2) years.
- (g) Permitted Use: Office space.
- (h) Basic Monthly Rent: \$1,270.50 (1,155 sq.ft.)
- (i) Initial Security Deposit: \$1,270.50
- (j) Proportional Share: Approximately 4.2
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM, 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:
Sublessee:
Sublessor:




1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

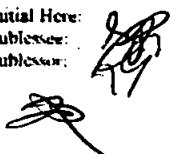
2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 2.3), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:
Sublessee:
Sublessor:



ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing, excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

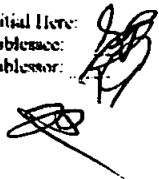
4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows: As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee:
Sublessor:



5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 - CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 - SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent. Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 13 -- ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 -- HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials.

ARTICLE 15 -- INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation

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Sublessee:
Sublessor:




against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

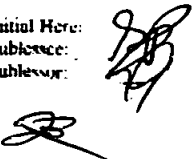
ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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Sublessee:
Sublessor:



ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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Sublessor:




22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

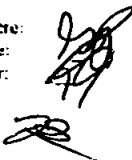
23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty (30) days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty (30) day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt of Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty (30) days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty (30) day period and diligently prosecutes same to completion).

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Sublessee:
Sublessor:



ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee, the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

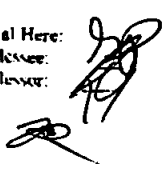
ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Here:
Sublessee:
Sublessor:



27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee, each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate of ten percent (10%) per annum.

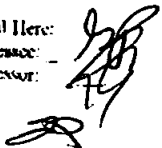
27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initial Here:
Sublessee: _____
Sublessor: _____



27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

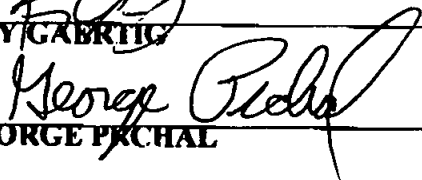
ROY GAERTIG

GEORGE PRCHAL

R&R Yacht Sales, Inc.. dba Sundance Marine

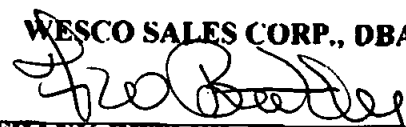
BY: 
BY: ROY GAERTIG, ITS PRESIDENT

BY: 
ROY GAERTIG

BY: 
GEORGE PRCHAL

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 
BY: FRANK BUTLER, ITS PRESIDENT

Initial Here:
Sublessee:
Sublessor:




Addendum No. 1 to Marina Sublease dated January 16, 2003, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Roy Geartig, George Prchal, and R&R Yacht Sales, Inc., dba Sundance Marine collectively as Sublessee, regarding the portion of Building 6 at Dana Marina, 2610-B Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this lease and any extensions. All items (1982-1984 - 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:
Sublessee:
Sublessor:

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Addendum No. 1 to Marina Sublease dated January 16, 2003, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Roy Geartig and George Prchal, collectively as Sublessee, regarding the portion of Building 6 at Dana Marina, 2610-B Ingraham Street, San Diego, CA 92109.

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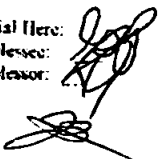
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Initial Here:
Sublessee:
Sublessor:



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814-992-9911

P.04

Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessee shall have no liability to Sublessor as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under the Sublease in the event of default hereunder.

Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessor grants to Sublessee four (4) consecutive options to extend the term for an additional period of two (2) years each on the same terms and conditions as set forth herein. Said option shall be deemed automatically exercised by Sublessee unless Sublessor shall give notice to Sublessee at least three (3) months before the expiration of the term or renewal period then, in effect of Sublessor's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

Initial Here:
Sublessor:
Sublessee:

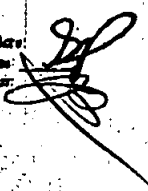
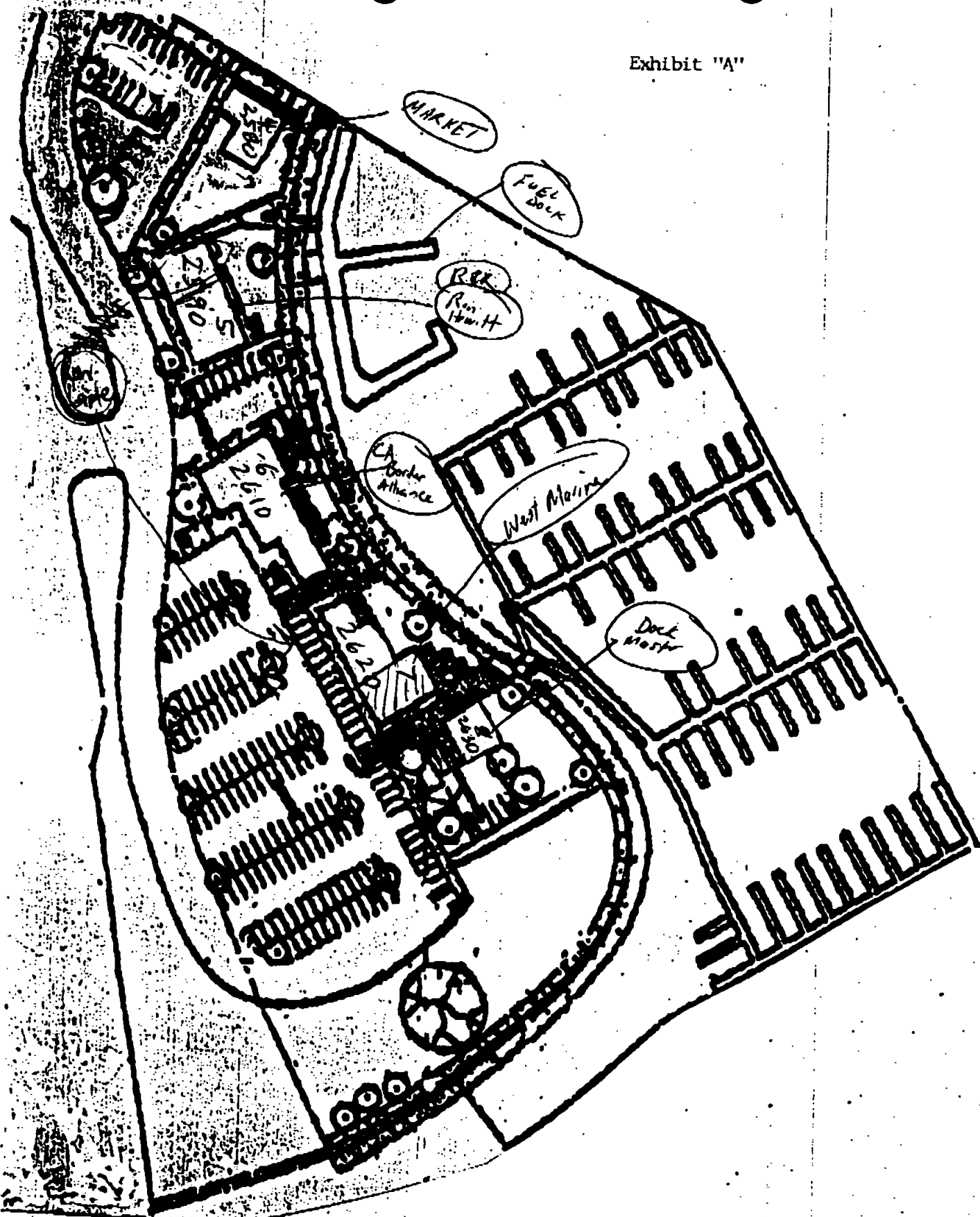


Exhibit "A"

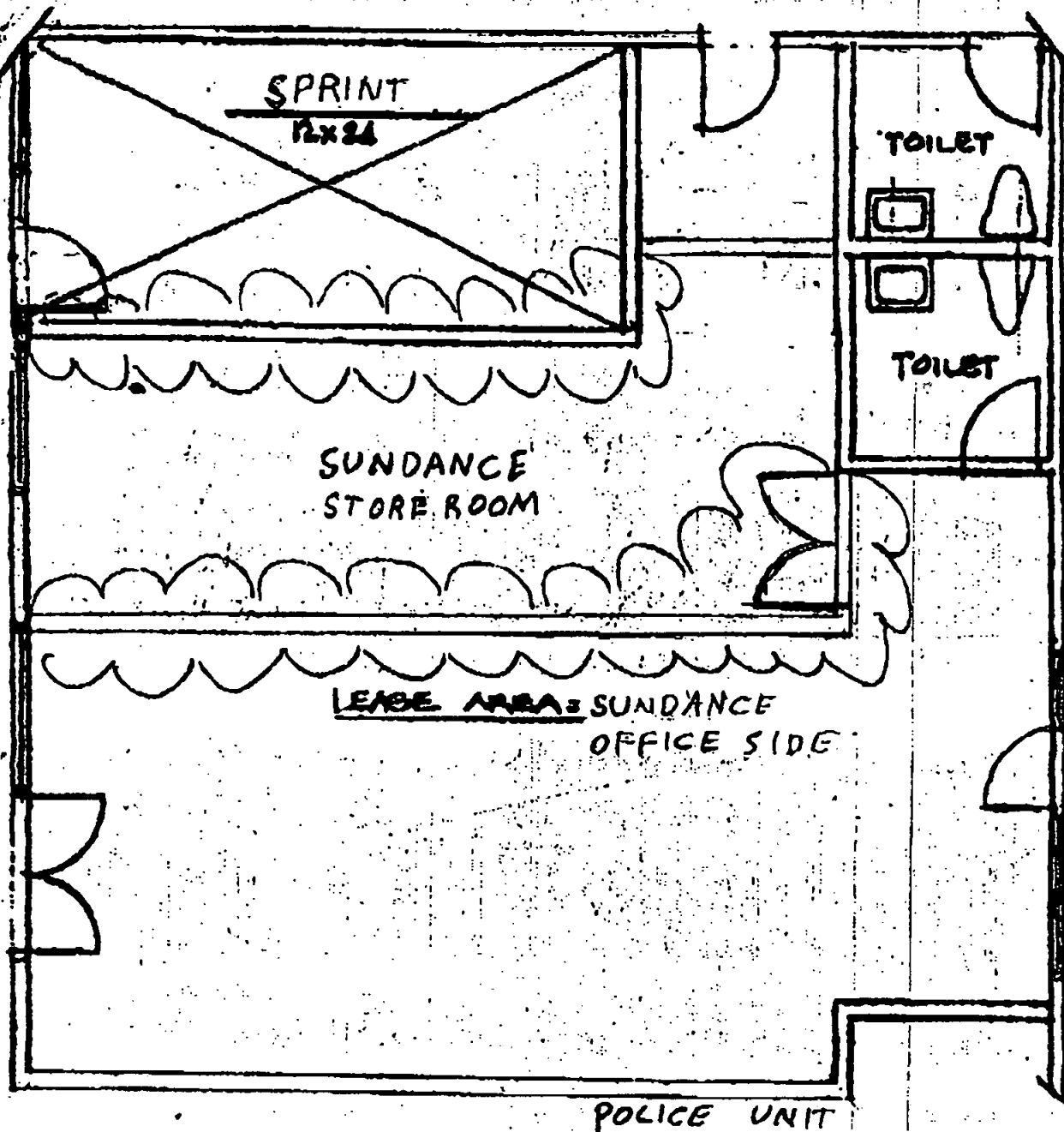


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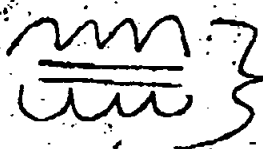
Exhibit "A"

(Page 2 of 2)

FASTLANE



2610-B 1155 # (APPROX) FOR SUNDANCE



WALLS TO BE ADDED



[Handwritten signature]

That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or filled lands of False Bay, also known as Mission Bay and that portion of the Pueblo Lands of San Diego, according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 36, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record North $89^{\circ}59'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from 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," (the Lambert Grid-Coordinates-California Zone 6 for said station "Old Town" are x equals 1,712,415.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.845''$ longitude $117^{\circ}11'07.200''$), said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,826.93 feet and West 14,684.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,684.48 feet; thence North $63^{\circ}30'00''$ West, a distance of 567.16 feet to the coordinates North 6,079.99 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 462.48 feet to coordinates North 6,486.42 and West 15,412.71; thence North $61^{\circ}29'58''$ East, a distance of 297.95 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.00 feet; thence Northeasterly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of 125.00 feet to coordinates North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, a distance of 302.87 feet to coordinates North 6,468.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}38'54''$ a distance of 79.99 feet to the beginning of a compound 195.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'30''$, a distance of 57.04 feet to coordinates North 6,334.08 and West 14,740.74; thence South $06^{\circ}33'00''$ West, a distance of 132.02 feet to coordinates North 6,202.92 and West 14,755.80, said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $46^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $66^{\circ}50'50''$, a distance of 250.84

feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeasterly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $60^{\circ}17'51''$ West, 347.91 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $68^{\circ}34'25''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,355.00 foot radius curve, concave Southeasterly, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeasterly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve, a distance of 125.00 feet to the TRUE POINT OF BEGINNING.

Exhibit "C"

PercentagesBusiness Activities

Three Percent (3%)

Of gross income from sales of petroleum products excepting diesel fuel.

One and One-Half Percent (1-1/2%)

Of gross income from sales of diesel fuel.

Five Percent (5%)

Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.

Three Quarters of One Percent (3/4%)

Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.

Four Percent (4%)

Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.

Three Percent (3%)

Of gross income from sales of food and nonalcoholic beverages.

Six Percent (6%)

Of gross income from sales of alcoholic beverages.

Twenty-Five Percent (25%)

Of gross income from rentals of boat slips and related wet storage.

Twenty-Five Percent (25%)

Of gross income from 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessees for use on the premises.

Twenty Percent (20%)

Of gross income from rentals for small boat storage.

Ten Percent (10%)

Of gross income from all other authorized activities.

22

ORDINANCE NUMBER O- 19127

ADOPTED ON DEC 03 2002

AN ORDINANCE AUTHORIZING THE CITY MANAGER TO
EXECUTE A SUBLEASE AGREEMENT WITH EXECUTIVE
WESCO SALES FOR OFFICE SPACE

WHEREAS, the Police Department Harbor Parol Unit provides policing enforcement for land and water at Mission Bay Park and has been located at Hospitality Point in Mission Bay Park since March 1986. During this period the Harbor Patrol Unit has occupied a temporary trailer facility for office space with portable restrooms;

WHEREAS, the Police Department has been in search of new suitable office space that also provides convenient access to Mission Bay. As a result of the redevelopment at Dana Landing, adequate office space has been located that also provides the desired water access; and

WHEREAS, the City has negotiated a sublease with WESCO Sales Corp., a California corporation d/b/a Dana Landing, for the rental of Building 6, which contains approximately 1,175 square feet of office space, located at 2610-C Ingraham Street. The monthly rental rate is \$1,292.50, plus \$393.45 per month tenant improvement costs, for a total monthly rent of \$1,685.95. The term of the sublease would be for five (5) years with the option of two (2) additional three (3) year extensions;

WHEREAS, six votes of the City Council are required to adopt this Ordinance pursuant to Section 99 of the City Charter; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

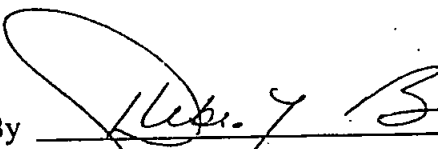
Section 1. That the City Manager is authorized to execute, for and on behalf of the City of San Diego, a Sublease agreement with WESCO Sales Corp., for the sublease of approximately 1,175 square feet, at a total monthly rental rate of \$1,685.95, for an initial term of five (5) years with the option of two (2) additional three (3) year extensions, under the terms and conditions set forth in that Sublease agreement on file in the office of the City Clerk as Document No. OO- 19127.

Section 2. That the City Auditor and Comptroller is authorized to expend an amount not to exceed \$15,173.55, plus applicable CAM charges, from Police Department Fund 100 for FY 2003.

Section 3. That a full reading of this Ordinance is dispensed with prior to its final passage, a written or printed copy having been available to the City Council and the public a day prior to its final passage.

Section 4. This Ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: CASEY GWINN, City Attorney

By 
Debra J. Bevier
Deputy City Attorney

DJB:mm
11/05/02
Or.Dept:READ
Job:223075
Aud.Cert:2300503
O-2003-77

Passed and adopted by the Council of The City of San Diego on December 3, 2002

by the following vote:

YEAS: PETERS, ZUCCHET, ATKINS, LEWIS, MAIENSCHIN, FYRE, MADAFFER,
INZUNZA, MAYOR MURPHY

NAYS: NONE NOT PRESENT: NONE

AUTHENTICATED BY:

DICK MURPHY
Mayor of The City of San Diego, California

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(Seal)

By: Esther Ramos, Deputy

I HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of ORDINANCE
NO. O- 19127 (New Series) of The City of San Diego, California.

I FURTHER CERTIFY that said ordinance was not finally passed until twelve calendar days had
elapsed between the day of its introduction and the day of its final passage, to wit, on
November 18, 2002 and on December 3, 2002.

I FURTHER CERTIFY that the reading of said ordinance in full was dispensed with by a vote of not
less than a majority of the members elected to the Council, and that there was available for the
consideration of each member of the Council and the public prior to the day of its passage a written
or printed copy of said ordinance.

CHARLES G. ABDELNOUR
City Clerk of The City of San Diego, California

(Seal)

By: Esther Ramos, Deputy

DUPLICATE

DUPLICATE ORIGINAL

WESCO SALES CORP. & CITY OF SAN DIEGO

SUBLEASE OF STORE/OFFICES AT 2610-C INGRAHAM STREET,

SAN DIEGO, CALIFORNIA

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DOCUMENT NO. 00-19127

FILED DEC 03 2002

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

SUBLEASE

By this Sublease dated August 23, 2002, for reference purposes only, Wesco Sales Corp. (Sublessor) hereby Subleases to The City of San Diego (Sublessee) the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

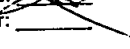
- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: CITY OF SAN DIEGO, a California municipal corporation
- (c) Marina: DANA LANDING, 2610-C Ingraham Street, San Diego, CA 92109
- (d) Premises: Building 6 approximately 1,175 square feet as indicated on the plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: October 1, 2002, or upon completion of Sublessor-paid Tenant improvements.
- (f) Term: Five (5) years, with the option of 2 three (3) year extensions.
- (g) Permitted Use: Office space for law enforcement, related community activities and programs.
- (h) Basic Monthly Rent: \$1,292.50. plus \$393.45 T.I. cost. Total \$1,685.95
- (i) Initial Security Deposit: None.
- (j) Proportional Share: Approximately 4.2%.
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 24 hours, 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation, entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

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Sublessee: 

Sublessor: 

1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of any partition demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:

- (i) The Anticipated Commencement Date; or
- (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NST") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NST, Sublessee shall either confirm the Commencement Date by executing and returning the NST to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NST shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:
Sublessee: 
Sublessor: _____

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon the Commencement Date. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Operating Expense (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 Intentionally Omitted

ARTICLE 5 — OPERATING EXPENSE

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses; and insurance Sublessor provides pursuant to Article 15.

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another marina owned or operated by Sublessor shall be reasonably allocated between such other marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year and within 45 days of the year-end, Sublessor shall determine the actual Operating Expense for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense shall be prorated. In no event shall Operating Expense increase more than 7% per year.

ARTICLE 6 — CAPITAL EXPENSE

6.1 Intentionally Omitted

ARTICLE 7 — SECURITY DEPOSIT

7.1 No Security Deposit shall be required of Sublessee.

Initial Here:

Sublessee: 

Sublessor: _____

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for utilities servicing the Sublease space.

9.2 Sublessee shall pay Sublessor's actual charge for any services required to be provided to the Premises. Modifications to services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessor shall complete the repairs within a reasonable period of time based upon the type of repair needed. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; No prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices.

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Sublessee: 

Sublessor: _____

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic," or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials, other than copy solution, toner, or developer for standard copy machines. Sublessee will dispose of such material at its sole expense and in accordance with all applicable laws.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]; (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessor is aware that the City of San Diego, Sublessee, is self-insured. The City's Risk Management Department is to provide Sublessor with proof of insurance coverage which shall be kept in force at all times during the term of the Sublease and any extensions thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking

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facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by the City Attorney who will defend in any such actions.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (45) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2 with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy.

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall be entitled to join in Eminent Domain action to seek relocation expenses, and damages to Sublessee's personal property, trade fixtures, goodwill, and bonus value.

ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated within the 5th (fifth) consecutive business day by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter

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in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee. Sublessee can sublease a portion of the commercial space for law enforcement related events or to law enforcement agencies who shall be bound by the same terms of this Sublease. Sublessor understands that the City of San Diego Police Harbor Unit, and other similar governmental agencies or events related to law enforcement may occupy portions of the premises on behalf of the City of San Diego.

22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

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Sublessee: 

Sublessor: _____

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a month-to-month Sublease. Sublessee shall perform each term, condition and covenant of this Sublease during any such holding over except that: in lieu of Total Monthly Rent due under the Sublease, for each month or portion thereof which Sublessee holds over, Sublessee shall pay Sublessor liquidated damages of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term plus any adjustments based on the Consumer Price Index (CPI) which may have accumulated over the prior occupancy by Sublessee. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor. Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

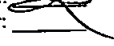
25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee: the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy

Initial Here:

Sublessee: 

Sublessor: 

under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect, Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California, Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of San Diego.

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee. Sublessee warrants and represents that it has authority to bind each governmental agency to this agreement.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the Sublessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate of ten percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be

Initial Here:
Sublessee: 
Sublessor: 

modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease, If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

27.13 Confidentiality. Not applicable.

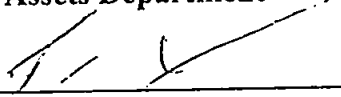
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Sublessee: 
Sublessor: _____

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

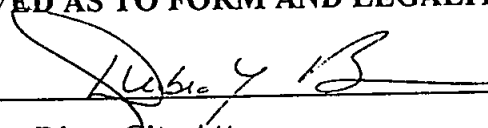
CITY OF SAN DIEGO, a California municipal corporation

Real Estate Assets Department

BY: 

Tim C. Rothans, Deputy Director

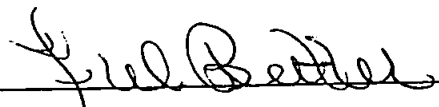
APPROVED AS TO FORM AND LEGALITY, this 11th day of Dec, 2002

BY: 

San Diego City Attorney

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 

**Frank Butler, President
Wesco Sales Corp.**

Initial Here:
Sublessee: 
Sublessor:

Addendum No. 1 to Marina Sublease dated August 23, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and the City of San Diego, Sublessee, regarding Building 5 at Dana Marina, 2610-C Ingraham Street, San Diego, CA 92109.

Article 28

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 29

Sublessor will not have to pay the City of San Diego percentage rent based on this Sublease.

Article 30

Sublessee acknowledge that Sublessor does not provide any security for the Marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor free and harmless from any claims in connection therewith unless any claims on liability arise from the establishment of gross negligence or willful misconduct of the Sublessor, its agents and/or employees.

Article 31

Sublessor grants to Sublessee two (2) consecutive options to extend the Term for an additional period of three (3) years each on the same terms and conditions as set forth herein providing the Sublessee is not in default at the time the option is exercised. Said option shall be deemed exercised by Sublessee upon giving notice to Sublessor at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to extend said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

Article 32

Rent shall be subject to a fixed annual increase of 2% during the initial Term of this Sublease. Upon exercising the first option to renew, Rent shall be determined by the fair market rental value of the Premises. The parties agree to select a qualified real estate broker or appraiser to determine such fair market rental value. In the event, the parties are unable to agree on such real estate broker or appraiser, then each shall select their own respective broker or appraiser, who shall then jointly select a third broker or appraiser who shall consider the opinion of each party's respective broker or appraiser, and then determine the fair market rental value of the Premises.

Article 33

Sublessee shall have the continuing right to cancel this Sublease each year upon ninety days prior written notice to Sublessor upon Sublessee's funding source, the Police Harbor Unit, being denied its annual funding to pay the rent. In the event Sublessee exercises its rights to cancel this Sublease pursuant to this paragraph, Sublessee shall assign to Sublessor, if Sublessor so elects, all of its rights and obligations to payments for the portion of the monthly rent. Otherwise, any of Sub Sublessee's Sublease agreements shall be terminated upon Sublessee's Sublease cancellation. Should the Sublessee cancel the Sublease during the initial five (5) year Sublease Term, the unpaid balance of the tenant improvement costs shall immediately be due and payable.

Initial Here:

Sublessee: 
Sublessor: _____

Article 34

Sublessor agrees to install tenant improvements at the Premises which are estimated at \$21,364 and described in Exhibit "C". Sublessee agrees that by taking possession of the Premises upon completion of the Tenant Improvements, that such Premises are then in a leasable and acceptable condition. However, should any portion of the improvements fail or be in need of repair, Sublessor shall replace or repair such item at Sublessor's cost. If Sublessor fails to deliver the premises as provided herein, Sublessee may terminate this Sublease notwithstanding any other termination provisions contained herein. Sublessor will pay for the tenant improvement costs and amortize the \$21,364 cost over Sublessee's initial five (5) year Term of the Sublease. In addition to the monthly Rent payment required under this Sublease, Sublessee agrees to pay \$393.45 to Sublessor for the cost of the Tenant Improvements of \$21,364 plus interest at 4%. This amount is not subject to annual increases and will remain flat over the five (5) year term. Should this Sublease terminate for any reason prior to the initial five (5) year Term, the unpaid balance shall immediately become due and payable.

Article 35

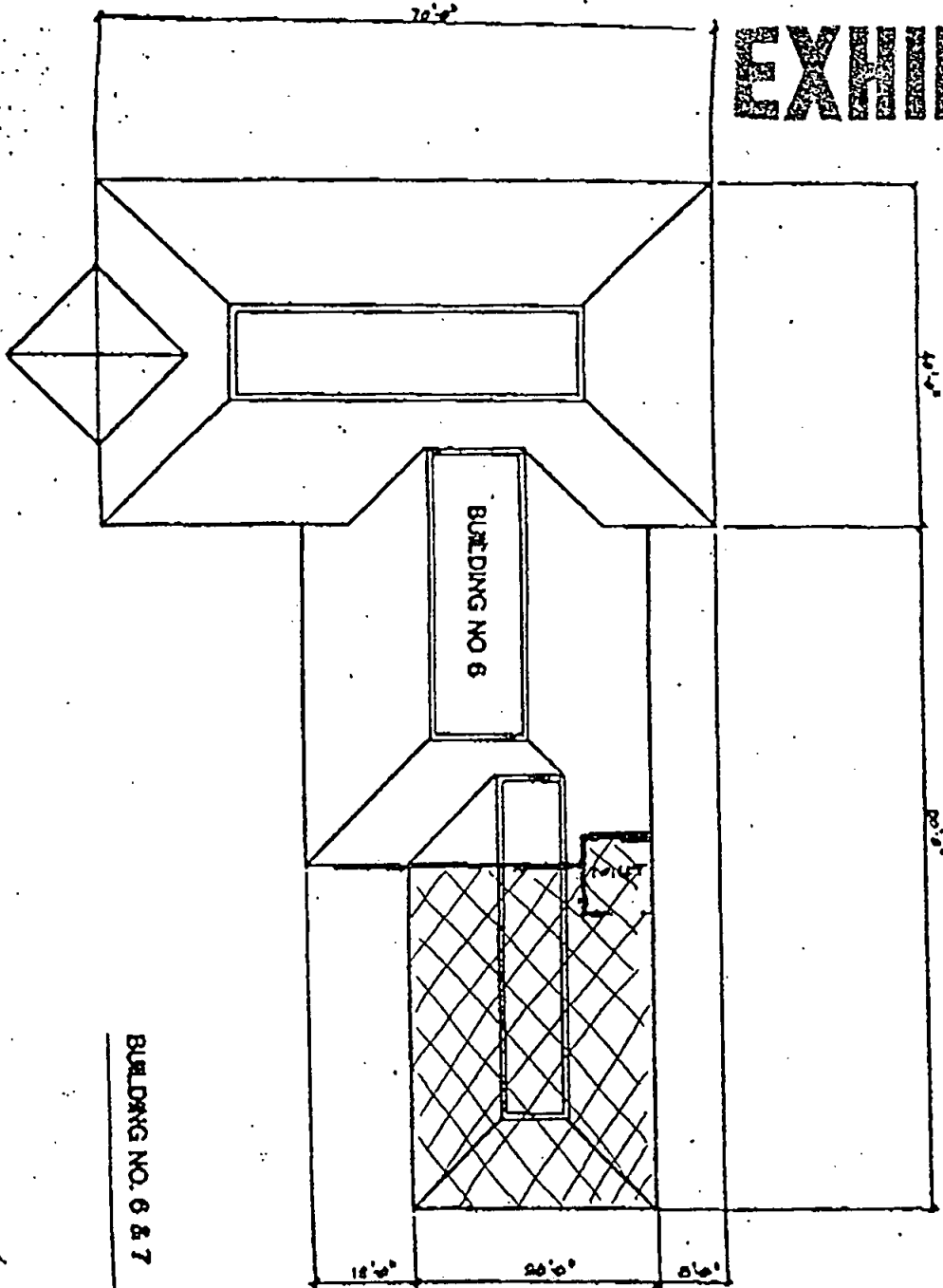
Sublessor agrees to make available to Sublessee during the term of the sublease side ties for police watercrafts at fair market value. Side tie rental rates shall increase annually to adjust to fair market value in August of each year. A wharfage agreement shall be in effect for the term of this sublease agreement.

Article 36

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control. This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

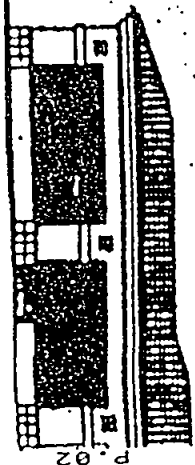
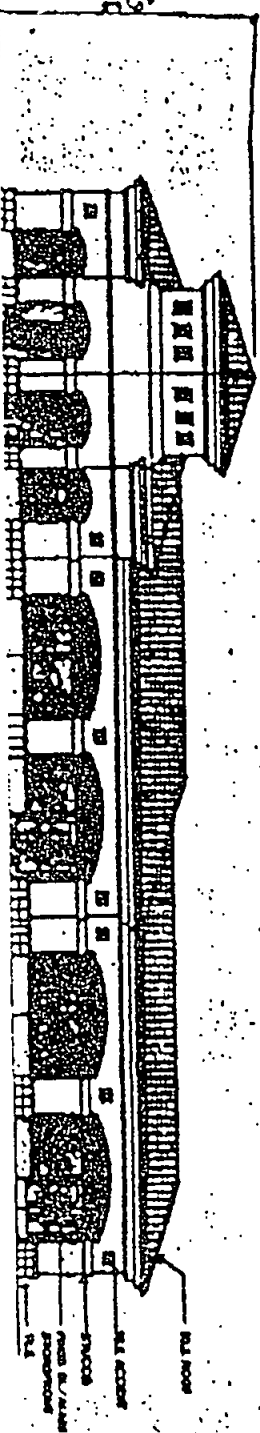
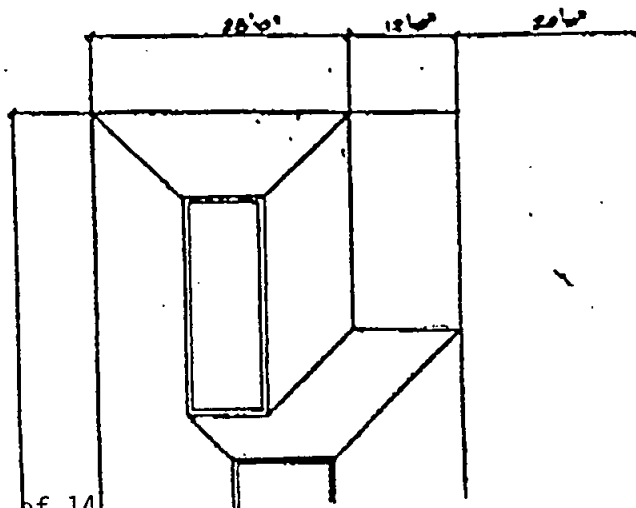
Initial Here: _____
Sublessee: _____
Sublessor: _____

EXHIBIT A



BUILDING NO. 6 & 7

(REPLACES EXISTING BUILDINGS NO. 6 & 7)



That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or filled lands of Mission Bay, also known as Mission Bay and that portion of the Pueblo Lands of San Diego; according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 36, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record North $89^{\circ}59'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from 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," (the Lambert Grid-Coordinates-California Zone 6 for said station "Old Town" are x equals 1,712,415.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.845''$ longitude $117^{\circ}11'07.200''$), said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,826.93 feet and West 14,684.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,684.48 feet; thence North $63^{\circ}30'00''$ West, a distance of 567.16 feet to the coordinates North 6,079.99 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 462.48 feet to coordinates North 6,486.42 and West 15,412.71; thence North $61^{\circ}29'58''$ East, a distance of 297.95 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.00 feet; thence Northeasterly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of 125.00 feet to coordinates North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, a distance of 302.87 feet to coordinates North 6,468.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}38'54''$ a distance of 79.99 feet to the beginning of a compound 195.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'30''$, a distance of 57.04 feet to coordinates North 6,334.08 and West 14,740.74; thence South $06^{\circ}33'00''$ West, a distance of 132.02 feet to coordinates North 6,202.92 and West 14,755.80, said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $46^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $66^{\circ}50'50''$, a distance of 250.84

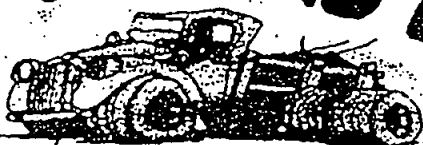
feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeasterly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $60^{\circ}17'51''$ West, 347.91 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $68^{\circ}34'25''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,355.00 foot radius curve, concave Southeasterly, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeasterly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve, a distance of 125.00 feet to the TRUE POINT OF BEGINNING.

EXHIBIT C

JIM AND



CONSTRUCTION
LIC. # 303932

November 18, 2001

(REVISED)

San Diego Police Dept.
2610 Ingraham St.
San Diego, CA. 92109

RE: Tenant Improvement @ Bldg. 7 per D.M.Bergerson for Harbor
Unit of San Diego Police Dept.

,m

Dear Sirs: Cost Breakdown for unit listed below.

Plans and permits	\$1000.00
VCT Flooring inc. 4" rubber base	\$1862.00
T-bar ceiling (2x4 grid)	1591.00
Framing and drywall	4300.00
Electrical	2800.00
Hvac duct work	850.00
Plumbing (top-out) inc. insta-hot	1720.00
Wainscot @ toilet room	350.00
Paint	700.00
Doors (4)	1400.00
Tile and cove base in bath	540.00
Entry Area (Laminated counter w/3-0 x 3-0 door And 36" high wall	1200.00
Supervision	1200.00
Sub-total	18513.00
OH & Profit	1851.00
Total	\$21364.00

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

WEST COAST POWER CATS fka CABOCAT MARINE,
JAMES SIPPLE SMITH and SUSAN SMITH

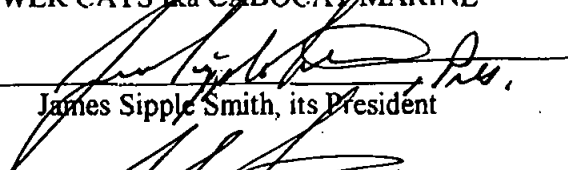
(SUBLESSEE) dated November 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

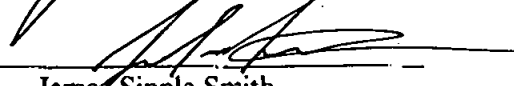
1. Premises permitted use: Sale and rental of boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

WEST COAST POWER CATS fka CABOCAT MARINE

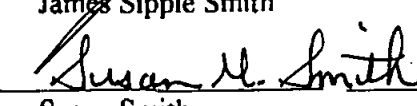
Dated 11/12/02

By 
James Sipple Smith, its President

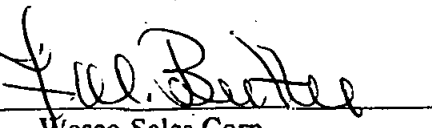
Dated 11/12/02

By 
James Sipple Smith

Dated 11/12/02

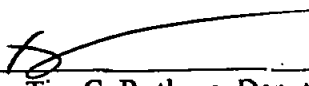
By 
Susan Smith

Dated 11/25/02

By 
Wesco Sales Corp.
Frank Butler, its President

THE CITY OF SAN DIEGO

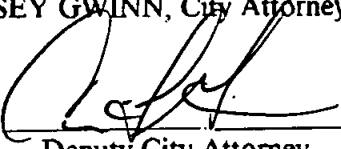
Dated 12-5-02

By 
Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 12-16-02

By 
Deputy City Attorney



ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 9, 1987, as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

West Coast Power Cats
5
[Signature]

**WESCO SALES CORP. & WEST COAST POWER CAT¹ aka CABOCAT
 MARINE, JIM SMITH**

**SUBLEASE OF STORE/OFFICES AT 2620 INGRAHAM STREET, SPACE A
 SAN DIEGO, CALIFORNIA**

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SUBLEASE

By this Sublease dated November 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: West Coast Power Cat aka CaboCat Marine, Inc., and Jim Smith
- (c) Marina: DANA LANDING, 26200 Ingraham Street, Space A, San Diego, CA 92109
- (d) Premises: Building 7 as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: ~~December 1, 2002~~ JAN 1, 2003
- (f) Anticipated Term: Five (5) years
- ✓ (g) Permitted Use: Sale and rental of boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: \$2,428.80
- (i) Initial Security Deposit: \$4,857.60
- (j) Proportional Share: Approximately 8.6%
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM. 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:
Sublessee:
Sublessor:



1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of the partition demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:

- (i) The Anticipated Commencement Date; or
- (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:
Sublessee: _____
Sublessor: _____



ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee:
Sublessor:



5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 ~~For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital~~

For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessee:
Sublessor:

ARTICLE 8 -- USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services required to be provided to the Premises. Modifications to Services or Sublessee's Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 -- PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 -- REPAIRS

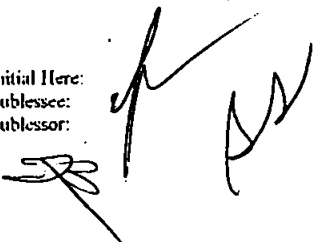
11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 -- ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:
Sublessee:
Sublessor:



ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleschold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation

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Sublessee: _____
Sublessor: _____

against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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Sublessee:
Sublessor:

ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee, subSublessee, or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

Initial Here:
Sublessee: _____
Sublessor: _____

22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

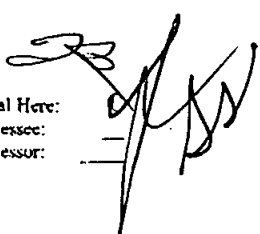
23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

Initial Here:
Sublessee:
Sublessor:



ARTICLE 25 --- REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Here:
Sublessee: _____
Sublessor: _____

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initials
Sublessee: _____
Sublessor: _____

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED


SUBLESSEE
5

WEST COAST POWER CAT fka CABOCAT MARINE, INC.

BY: 
BY: JIM SMITH, ITS PRESIDENT

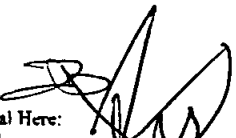
BY: 
JAMES SIPPLE SMITH, an individual

BY: 
SUSAN SMITH, an individual

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 
BY: FRANK BUTLER, ITS PRESIDENT

Initial Here:
Sublessee: 
Sublessor: 

Addendum No. 1 to Marina Sublease dated November August 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and West Coast Power Cat fka CaboCat Marine, Inc., and Jim Smith, collectively as Sublessee, regarding the portion of Building 7 at Dana Marina, 2620 Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

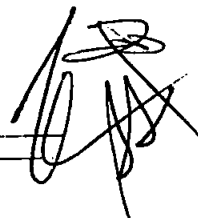
Article 30

Cost of living adjustments ("COLI"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:
Sublessee:
Sublessor:



Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

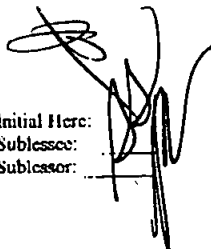
Article 33

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessor grants to Sublessee two (2) consecutive options to extend the Term for an additional period of five (5) years each on the same terms and conditions as set forth herein. Said option shall be deemed automatically exercised by Sublessee unless Sublessee shall give notice to Landlord at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

Initial Here:
Sublessee:
Sublessor:

A handwritten signature in black ink, appearing to be a stylized 'M' or 'J' with a large loop at the top, is written over the signature lines.

07/23/2002 13:01 9492184718

PAGE 08

FROM : S-FI+QVED+DIRECT

PHONE NO. : 818-758-9594

Jul. 22 2002 10:48PM PS

Exhibit "C"

PercentagesBusiness Activities

Three Percent (3%)

Of gross income from sales of petroleum products excepting diesel fuel.

One and One-Half Percent (1-1/2%)

Of gross income from sales of diesel fuel.

Five Percent (5%)

Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.

Three Quarters of One Percent (3/4%)

Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.

Four Percent (4%)

Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.

Three Percent (3%)

Of gross income from sales of food and nonalcoholic beverages.

Six Percent (6%)

Of gross income from sales of alcoholic beverages.

Twenty-Five Percent (25%)

Of gross income from rentals of boat slips and related wet storage.

Twenty-Five Percent (25%)

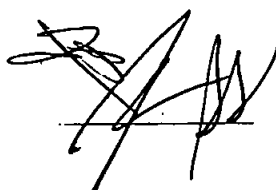
Of gross income from commissions or any other compensation paid to LESSEE or sublessee for the right to install or operate coin-operated vending, game, or service machines or devices on the premises, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessee for use on the premises.

Twenty Percent (20%)

Of gross income from rentals for small boat storage.

Ten Percent (10%)

Of gross income from all other authorized activities.



07/22/2002 12:01 8492184718

FROM : S-FI-OVED-DIRECT

PHONE NO. : 818-758-9594

Jul. 22 2002 10:33PM PM

PAGE 07

Legal Description - Exhibit "A"

That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or flood lands of False Bay, also known as Mission Bay and that portion of the Pueblo Lands of San Diego, according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 38, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Re subdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $85^{\circ}55'56''$ West (Record North $85^{\circ}55'00''$ West) 20.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from 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," (the Lambert Grid-Coordinates California Zone 6 for said station "Old Town" are x equals 1,712,416.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.845''$ longitude $117^{\circ}11'07.200''$; said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,828.93 feet and West 14,884.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,884.48 feet; thence North $83^{\circ}30'00''$ West, a distance of 567.10 feet to the coordinates North 8,079.98 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 482.46 feet to coordinates North 8,488.42 and West 15,412.71; thence North $81^{\circ}29'58''$ East, a distance of 287.85 feet to the beginning of a non-tangent curve, concave Southeastery having a radius of 1,355.00 feet. thence Northeastery along the arc of said curve a distance of 178.55 feet to coordinates North 8,743.31 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeastery; thence Northeastery along the arc of said curve a distance of 128.00 feet to coordinates North 8,762.91 and West 14,886.16; thence South $19^{\circ}51'24''$ East, a distance of 302.87 feet to coordinates North 8,488.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}36'54''$ a distance of 78.98 feet to the beginning of a compound 195.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $18^{\circ}45'30''$, a distance of 57.04 feet to coordinates North 8,334.08 and West 14,740.74; thence South $06^{\circ}03'00''$ West, a distance of 132.02 feet to coordinates North 8,202.32 and West 14,755.80; said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeastery along the arc of said curve through a central angle of $48^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeastery and Southerly along the arc of said curve through a central angle of $85^{\circ}50'50''$, a distance of 280.84

feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

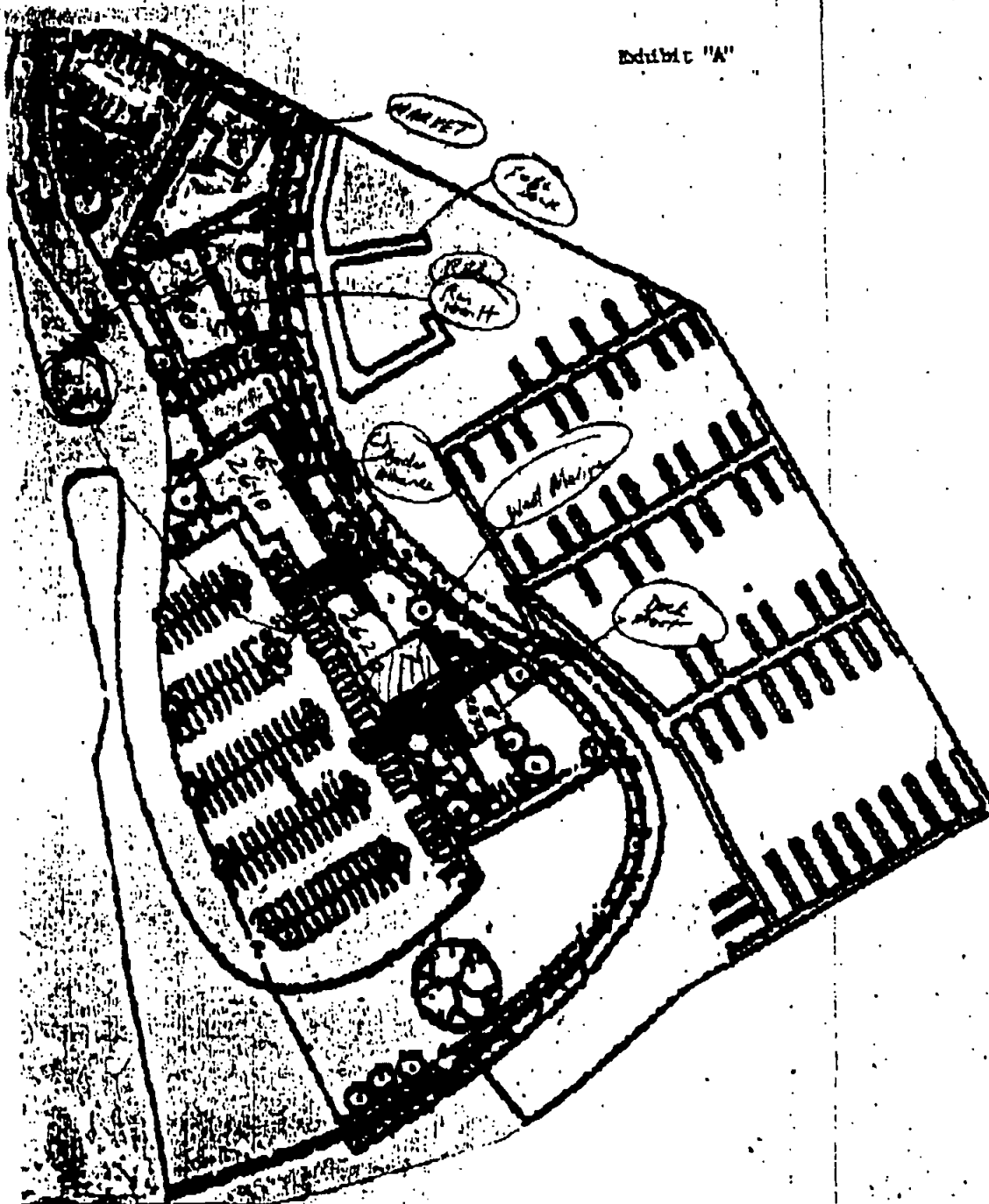
Beginning at a Northeastery angle point in the above described land, the Mission Bay Park coordinates of said point being North 8,752.81 and West 14,888.16; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $80^{\circ}17'51''$ West, 347.81 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $88^{\circ}34'28''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,355.00 foot radius curve, concave Southeastery, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeastery along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 8,743.31 and West 15,014.72; thence South $38^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeastery; thence Northeastery along the arc of said curve, a distance of 128.00 feet to the TRUE POINT OF BEGINNING.

07/23/2002 12:01 9492194718
FROM : SHAI QVED-DIRECT

PAGE NO. : 010-758-9594

PAGE 06
Jul. 22 2002 10:30PM PT

Exhibit "A"



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[Handwritten signature]

**WAIVER OF LANDLORD'S LIEN****BOMBARDIER
CAPITAL**

WHEREAS, Bombardier Capital Inc. ("BCI"), is about to enter into or has entered into an Inventory Security Agreement and Power of Attorney with R&R Yacht Sales, Inc. ("Debtor") under terms of which BCI is granted a security interest in Debtor's inventory including all tangible property now or hereafter acquired and held for sale or lease in Debtor's business (the "Inventory"); and

WHEREAS, the Inventory is or may be located at 2590 Ingraham Street San Diego, CA 92109 (the "Premises"); and

WHEREAS, BCI is willing to extend credit to Debtor on certain conditions, including, but not limited, to the condition that the undersigned waive its right to distrain on the Inventory for nonpayment of rent;

NOW, THEREFORE, the undersigned agrees as follows:

1. The undersigned waives all right of levy for rent and all claims and demands of every kind against the Inventory, the waiver to continue so long as any sum remains owing from Debtor to BCI. BCI may at any time enter the Premises or any other location where Inventory may be found and may remove it.
2. The Inventory shall at all times be personal property, shall not constitute fixtures or be a part of the Premises, and shall not be subject to distraint or execution by, or to any claim of the undersigned.
3. The undersigned shall notify any purchaser of the Premises, and any current or future mortgagee or other encumbrance holder, of the existence of this waiver, which shall be binding upon the executors, administrators, successors and transferees of the undersigned, and shall inure to the benefit of the successors and assigns of BCI.

Date: 1/23/03

CITY OF SAN DIEGO
Property Owner of Record
By: [Signature] PROPERTY AGENT
Title: Owner

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

R & R Yacht Sales, Inc., Ronald Hewitt, Roy Gaertig,
George Prchal, and James Walsh

(SUBLESSEE) dated August 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Sale and rental of boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non-power watercraft, hikes, roller blades, fishing, and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated _____	Sublessee	By _____ R&R Yacht Sales, Inc By: _____, its President
Dated _____	Sublessee	By _____ Ronald Hewitt
Dated _____	Sublessee	By _____ Roy Gaertig
Dated _____	Sublessee	By _____ George Prchal
Dated _____	Sublessee	By _____ James Walsh
Dated <u>7/23/2002</u>	Sublessor	By <u>[Signature]</u> Wesco Sales Corp. By: Frank Butler, its President

ORIGINAL
SIGNATURES
FOLLOW.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under the certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document CO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

R & R Yacht Sales, Inc., Ronald Hertz, Ray Gertie,
George Frabel, and James Walsh

(SUBLESSEE) dated August 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistency or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Sale and rental of boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, and drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non-power watercraft, bikes, roller blades, fishing, and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS

Dated 7/22/2002 Sublessee

Dated 7/22/2002 Sublessee

Dated 7/22/2002 Sublessee

Dated 7/22/2002 Sublessee

Dated 7/22/2002 Sublessee

Dated _____ Sublessor

By [Signature]
R & R Yacht Sales, Inc.
Ray Gertie, its President

By [Signature]
George Frabel

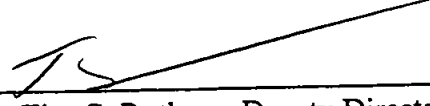
By [Signature]
James Walsh

By [Signature]
Wesco Sales Corp.
By: Frank Butler, its President

[Signature]

THE CITY OF SAN DIEGO

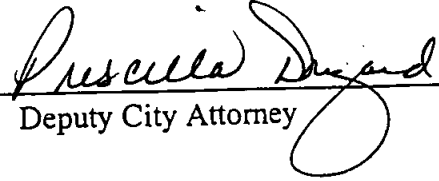
Dated 10-9-02

By 
Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 10/21/02

By 
Deputy City Attorney



ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 9, 1987, as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.



**WESCO SALES CORP. & R&R YACHT SALES, INC, RONALD HEWITT, ROY
GAERTIG, GEORGE PRCHAL, JAMES WALSH**

**SUBLEASE OF SHOWROOM/STORE/OFFICES AT 2590 INGRAHAM STREET,
SAN DIEGO, CALIFORNIA**

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SUBLEASE

By this Sublease dated August 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: R&R Yacht Sales, Inc., Ronald Hewitt, Roy Gaertig, George Prchal, and James Walsh
- (c) Marina: DANA LANDING, 2590 Ingraham Street, San Diego, CA 92109
- (d) Premises: Building 5 as indicated on the location plan attached hereto as Exhibit "A."
(including upstairs office)
- (e) Anticipated Commencement Date: August 1, 2002
- (f) Anticipated Term: Two (2) years.
- (g) Permitted Use: Sale and rental of Boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: \$6,193.00
- (i) Initial Security Deposit: \$6,193.00
- (j) Proportional Share: Approximately 20.4
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM. 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Manna, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:

Sublessee:

Sublessor:



SUBLEASE

By this Sublease dated August 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE I -- BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WERCO RAILROAD CORP., a California corporation (the DANA LANDING)
- (b) Sublessee: J&R Youth Sales, Inc., Ronald Herrell, Roy George, George Pichai, and James Walsh
- (c) Marina: DANA LANDING, 2590 Imperial Street, San Diego, CA 92109
- (d) Premises: Building 5 as indicated on the location plan attached hereto as Exhibit "A," (including upstairs office)

(e) Anticipated Commencement Date: August 1, 2002

(f) Anticipated Term: Two (2) years.

(g) Permitted Use: Sale and rental of boats and watercraft. No boat or watercraft repair shall be permitted on the property nor any sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, beer, meals, candy, heating supplies, oil, sea glasses, sundries, clothing, rental of power and non power watercraft, bikes, roller blades, fishing and ski equipment.

(h) Base Monthly Rent: \$6,193.00

(i) Initial Security Deposit: \$6,193.00

(j) Proportional Share: Approximately 20.4

(k) Base Year: The calendar year 2002.

(l) Procuring Broker: None

(m) Parking Allocation: Rights to use of parking facilities in common with other tenants.

(n) Business Hours: 6:00 AM to 6:00 PM, 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessee, Sublessee's employees, customers and visitors, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrance exits, bridges; all water based facilities; stairways; corridors; passageways; public walkways; parking facilities; loading areas; docks; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utility and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts, operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Term
Sublease
Exhibit A

1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

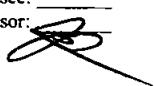
2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month), or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:

Sublessee:

Sublessor:



1.4 For purposes of this Sublease, the "Sublessee Improvements" shall be defined as including, without limitation: partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Sublessee Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee), were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:

- (i) The Anticipated Commencement Date; or

- (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). (Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month)).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:
Sublessor:
Sublessee:

Page 2 of 12

[Handwritten signatures and initials]

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

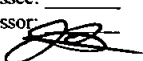
ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:

Sublessee: _____

Sublessor: _____



ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

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ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Sublessor's taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 3; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management; business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee: *[Signature]*
Sublessor: *[Signature]*

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

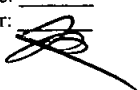
ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:

Sublessee:

Sublessor:



5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessee or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.3) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

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7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessor:
Sublessee:

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services not required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

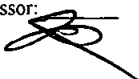
ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:

Sublessee: _____

Sublessor: _____



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8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which is a violation of any law or certificate of occupancy, is a nuisance, obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

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11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

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Initial Here:

Sublessor:

Sublessee:

Page 5 of 12

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials. If the Marina contains asbestos containing materials, a notice is attached hereto as Exhibit "0" in compliance with California Health and Safety Code sections 25g15, et seq., which require Sublessee to provide a copy of said notice to Sublessee's employees, contractors, subSublessees or assignees within fifteen (15) days of the earlier of (a) commencing work in the Marina, or (b) contracting with Sublessee to subSublease or assign all or a portion of the Premises.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

Initial Here:

Sublessee: _____

Sublessor: _____



ARTICLE 13 — ALTERATIONS Landlord to supply door accessing the upstairs office from showroom

13.1 Alterations are defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers' Compensation Insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

Workman's comp does not apply to corporate officers.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

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14.1 "Hazardous Material" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials. If the Marina contains asbestos containing materials, a notice is attached hereto as Exhibit "O" in compliance with California Health and Safety Code sections 25113, et seq., which require Sublessee to provide a copy of said notice to Sublessee's employees, contractors, subSublessees or assignees within fifteen (15) days of the earlier of (a) commencing work in the Marina, or (b) contracting with Sublessee to subSublease or assign all or a portion of the Premises.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Sublesseehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs (b) through (d)); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines to be commercially reasonable and sufficient; and (d) workers' compensation insurance.

Initial Here:
 Sublessee:
 Sublessor:

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect, Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

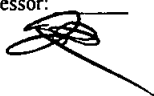
ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Faking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

Initial Here:

Sublessee: _____

Sublessor: _____



15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessor shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

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16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invitees, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invitees, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

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18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

Initial Here:
Sublessee: RAH R9
Sublessor: [Signature]

ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

Initial Here:

Sublessee: _____

Sublessor: _____



ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to return to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a sublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessor's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: An assignee; subSublessee, or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

Initial Here:
Sublessee:
Sublessor:

[Handwritten signatures]

22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease, Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain, If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term, Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

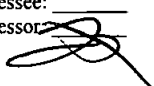
24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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Sublessee:

Sublessor:



22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed assignee's name and address, the proposed term, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty (30) days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty (30) day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt of Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty (30) days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty (30) day period and diligently prosecutes same to completion).

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Sublessee:
Sublessor:

[Handwritten signatures]

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises or at 1536 Bunena Vista, San Clemente, CA 92672. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

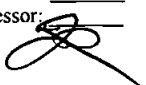
27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Here:

Sublessee: _____

Sublessor: _____



ARTICLE 25 - REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies, if Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

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ARTICLE 27 - GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initials Here:
Sublessee:
Sublessor:

Page 10 of 12

[Handwritten signatures and initials]
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27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

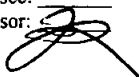
27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initial Here:
Sublessee:
Sublessor:



27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee, each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

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27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. *There is no de minimis.*

27.8 Interest. Wherever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate of ten percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impeded or invalidated, and this Sublease shall otherwise remain in full force and effect.

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Initial Hereby
Sublessor:
Sublessee:

[Handwritten signatures]

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

**WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED**

SUBLESSEE

R & R YACHT SALES, INC.

RONALD HEWITT

ROY GAERTIG

GEORGE PRCHAL

JAMES WALSH

BY: R. Ryacht ITS PRESIDENT

BY: ROY GAERTIG
RONALD HEWITT *R. Hewitt*

BY: ROY GARTIG

BY: George Frchal
GEORGE FRCHAL

BY: James P. Walsh
JAMES WALSH

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: Frank Butler
BY: FRANK BUTLER, ITS PRESIDENT

Initial Here:

Subsource:

Sublessor:

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof,

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

R & R YACHT SALES, INC.

RONALD HEWITT

ROY GAERTIG

GEORGE PRCHAL

JAMES WALSH

R & R YACHT SALES, INC.

BY: _____
BY: _____ ITS PRESIDENT

BY: _____
RONALD HEWITT

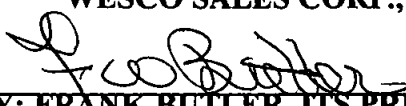
BY: _____
ROY GARTIG

BY: _____
GEORGE PRCHAL

BY: _____
JAMES WALSH

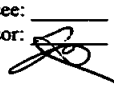
SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: 
BY: FRANK BUTLER, ITS PRESIDENT

Initial Here:

Sublessee: _____

Sublessor: 

Addendum No. 1 to Marina Sublease dated August 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and R&R Yacht Sales, Inc., Ronald Hewitt, Roy Geartig, George Prchal, and James Walsh, collectively as Sublessee, regarding the portion of Building 5 at Dana Marina, 2590 Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

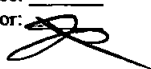
The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:

Sublessee:

Sublessor:



07/23/2002 13:01 9492134738
FROM: S4-140VED:DIRECT

PAGE 05

PHONE NO. : 618-758-9594

1. 22 2002 10:38PM P6

Addendum No. 1 to Marina Sublease dated August 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and R&R Yacht Sales, Inc., Ronald Hewitt, Roy Gearity, George Prohal, and James Walsh, collectively as Sublessee, regarding the portion of Building 5 at Dana Marina, 2590 Ingraham Street, San Diego, CA 92109.

Article 18

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, less rent, operating expenses rent, percentage rent and capital expenses rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked forth as "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessee and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessee and the City of San Diego.

o/p TO
CITY

Article 19

Sublessee acknowledges that Sublessee does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 20

Cost of living adjustments ("COLA"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Inexpensive of anything in the contrary herein contained annual increase shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(c) ("Base Month"). The sum so calculated or the sum arrived at as a result of the maximum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessee and Lessor cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrator shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Signed: [Signature]
Sublessor:
[Signature]

[Signature]

[Signature]

[Signature]

Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

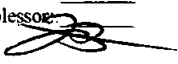
A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessor grants to Sublessee four (4) consecutive options to extend the Term for an additional period of two (2) years each on the same terms and conditions as set forth herein. Said option shall be deemed automatically exercised by Sublessee unless Sublessee shall give notice to Landlord at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be cancelled.

Initial Here:

Sublessee: _____

Sublessor: _____


Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of this Master Lease. Should the Master Lease be terminated for any reason while this Sublease is in effect this Sublessee shall terminate and Sublessee shall have no liability to Sublessee as a result of such termination.

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Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

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Article 34

Provided Sublessee has not defaulted on any terms of the lease herein, Sublessee grants to Sublessee four (4) consecutive options to extend the Term for an additional period of two (2) years each on the same terms and conditions as set forth herein. Said option shall be exercised irrevocably exercised by Sublessee unless Sublessee shall give notice to Landlord at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease. In the event of a default in any term of the Sublease, these options will be terminated.

Boz

Initial Here
Sublessee
Sublessee

[Handwritten signatures]

POOR QUALITY DOCUMENT

07/23/2002 13:01 949218
FROM : SACI@QUEVEDO.DIRECT

PHONE NO. : 818-750-9594

JUL 22 2002 10:39 PM PE

Legal Description - Exhibit "A"

That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or filled lands of False Bay, also known as Mission Bay and that portion of the Pueblo Lands of San Diego, according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 38, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record North $89^{\circ}55'00''$ West) 26.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from the Southerly line of said Block 10; thence along said parallel line North $89^{\circ}58'56''$ East, 249.70 feet; thence North $03^{\circ}30'02''$ West, 104.06 feet to the United States Coast and Geodetic Survey, triangulation station "Old Town," (the Lambert Grid-Coordinates California Zone 6 for said station "Old Town" are x equals 1,712,418.17 and y equals 215,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.846''$ longitude $117^{\circ}11'07.200''$; said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 6,826.93 feet and West 14,884.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 6,826.93 feet and West 14,884.48 feet; thence North $83^{\circ}30'00''$ West, a distance of 567.18 feet to the coordinates North 6,079.99 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 482.48 feet to coordinates North 6,486.43 and West 15,412.71; thence North $81^{\circ}29'58''$ East, a distance of 297.85 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.30 feet; thence Northeastly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 78.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeastly along the arc of said curve a distance of 126.00 feet to coordinates North 6,762.91 and West 14,866.16; thence South $19^{\circ}51'24''$ East, a distance of 202.67 feet to coordinates North 6,468.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}38'64''$ a distance of 78.98 feet to the beginning of a compound 185.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'30''$, a distance of 67.04 feet to coordinates North 6,334.08 and West 14,740.74; thence South $06^{\circ}03'00''$ West, a distance of 132.02 feet to coordinates North 6,202.92 and West 14,755.80; said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $48^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $85^{\circ}50'50''$, a distance of 280.84

feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeastly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.81 and West 14,888.16; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $60^{\circ}17'51''$ West, 347.91 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $68^{\circ}34'28''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,368.00 foot radius curve, concave Southeasterly, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeastly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.65 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 78.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeastly along the arc of said curve, a distance of 126.00 feet to the TRUE POINT OF BEGINNING.



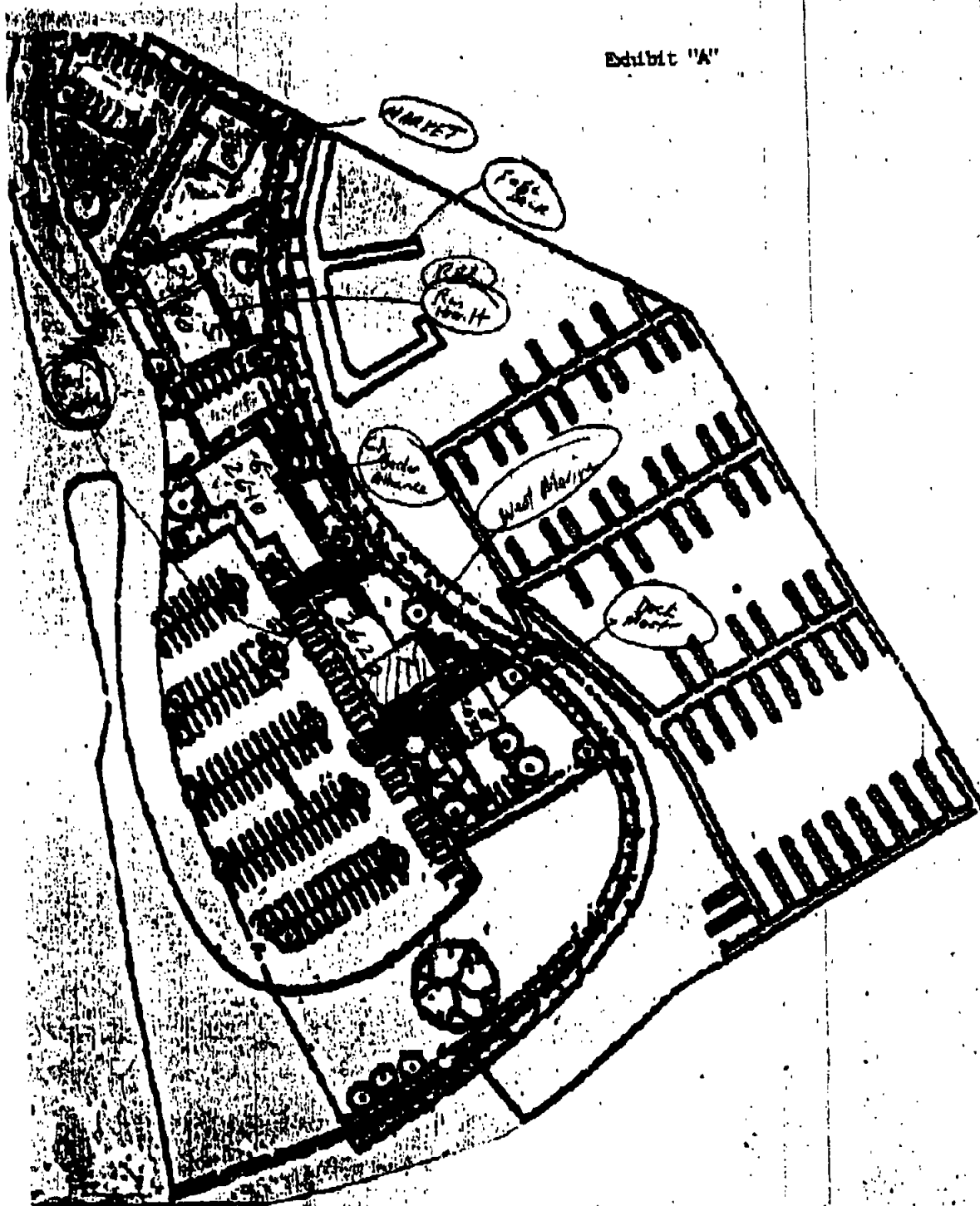
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FROM : SATO@QED-DIRECT

Exhibit "A"



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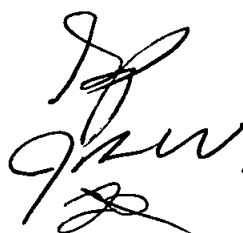
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FROM : SHAI+OVED+DIRECT

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Exhibit "C"

<u>Percentages</u>	<u>Business Activities</u>
Three Percent (3%)	Of gross income from sales of petroleum products excepting diesel fuel.
One and One-Half Percent (1-1/2%)	Of gross income from sales of diesel fuel.
Five Percent (5%)	Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.
Three Quarters of One Percent (3/4%)	Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.
Four Percent (4%)	Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.
Three Percent (3%)	Of gross income from sales of food and nonalcoholic beverages.
Six Percent (6%)	Of gross income from sales of alcoholic beverages.
Twenty-Five Percent (25%)	Of gross income from rentals of boat slips and related wet storage.
Twenty-Five Percent (25%)	Of gross income from 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessees for use on the premises.
Twenty Percent (20%)	Of gross income from rentals for small boat storage.
Ten Percent (10%)	Of gross income from all other authorized activities.



CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

RONALD AND DEBRA LANE dba FAST LANE

(SUBLESSEE) dated August 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Sale, rental, and service of boats and watercraft. No sale of food products, fuel, beer, wine, soft drinks, ice cigarettes, bait, tackle, candy, sundries, hikes, roller blades, fishing, and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated

7/24/02

By

Ronald Lane
Ronald Lane dba Fast Lane

Dated

7/26/02

By

Debra Lane
Debra Lane dba Fast Lane

Dated

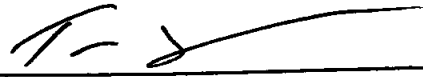
8-6-02

By

Frank Butler
Wesco Sales Corp.
By: Frank Butler, its President

THE CITY OF SAN DIEGO

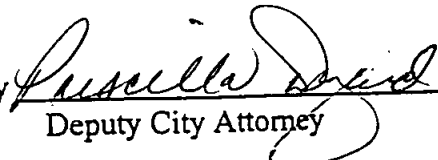
Dated 9-24-02

By 
Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 10-9-02

By 
Deputy City Attorney



ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 9, 1987, as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

Dr.
pi

WESCO SALES CORP. & RONALD AND DEBRA LANE DBA FAST LANE
SUBLEASE OF SHOWROOM/STORE AT 2610 INGRAHAM STREET, SPACE A
SAN DIEGO, CALIFORNIA

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SUBLEASE

By this Sublease dated August 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE I — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: Ronald and Debra Lane dba Fast Lane
- (c) Marina: DANA LANDING, 2610 Ingraham Street, Space A, San Diego, CA 92109
- (d) Premises: Building 6 (portion) as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: August 1, 2002
- (f) Anticipated Term: Five (5) years.
- (g) Permitted Use: Sale, rental, and service of boats and watercraft. No sale of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, sundries, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: ~~\$2,145.00~~ 3650.00 3555.00 *Dr*
- (i) Initial Security Deposit: ~~\$2,145.00~~ 1000.00 *Dr*
- (j) Proportional Share: Approximately 11.9%.
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- ~~(n) Business Hours: 6:00 AM to 6:00 PM 365 days a year~~

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here
Sublessee:
Sublessor:

1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as including, without limitation, partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire-life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

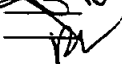
ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here
Sublessee: 
Sublessor: 

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively 'Total Monthly Rent'). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder or if any payment by Sublessor has been returned unpaid.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee:
Sublessor:



5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent. Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior and exterior walls, roof and foundations, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:

Sublessee: 

Sublessor: 

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation

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Sublessee: 
Sublessor: 

against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

Initial Here:
Sublessee:
Sublessor:



ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 23.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

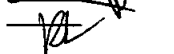
20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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Sublessor: 

22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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Sublessor: 

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee: the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered; or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

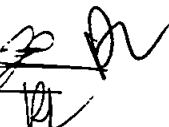
ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

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Sublessee:
Sublessor:



27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

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Sublessee:

Sublessor:

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

RONALD AND DEBRA LANE DBA FAST LANE

BY:

Ronald Lane
RONALD LANE

BY:

Debra Lane
DEBRA LANE

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY:

FRANK BUTLER, ITS PRESIDENT

BY:

Initial Here:

Sublessee:

Sublessor:

RL
DL
FB

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof,

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

RONALD AND DEBRA LANE DBA FAST LANE

BY: _____
RONALD LANE

BY: _____
DEBRA LANE

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: Frank Butler
FRANK BUTLER, ITS PRESIDENT

BY: FW BUTLER

Initial Here:
Sublessee: _____
Sublessor: _____

Addendum No. 1 to Marina Sublease dated August 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Ronald and Debra Lane dba Fast Lane, Sublessee, regarding the portion of Building 6 at Dana Marina, 2610 Ingraham Street, Space A, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:
Sublessee:
Sublessor:



Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

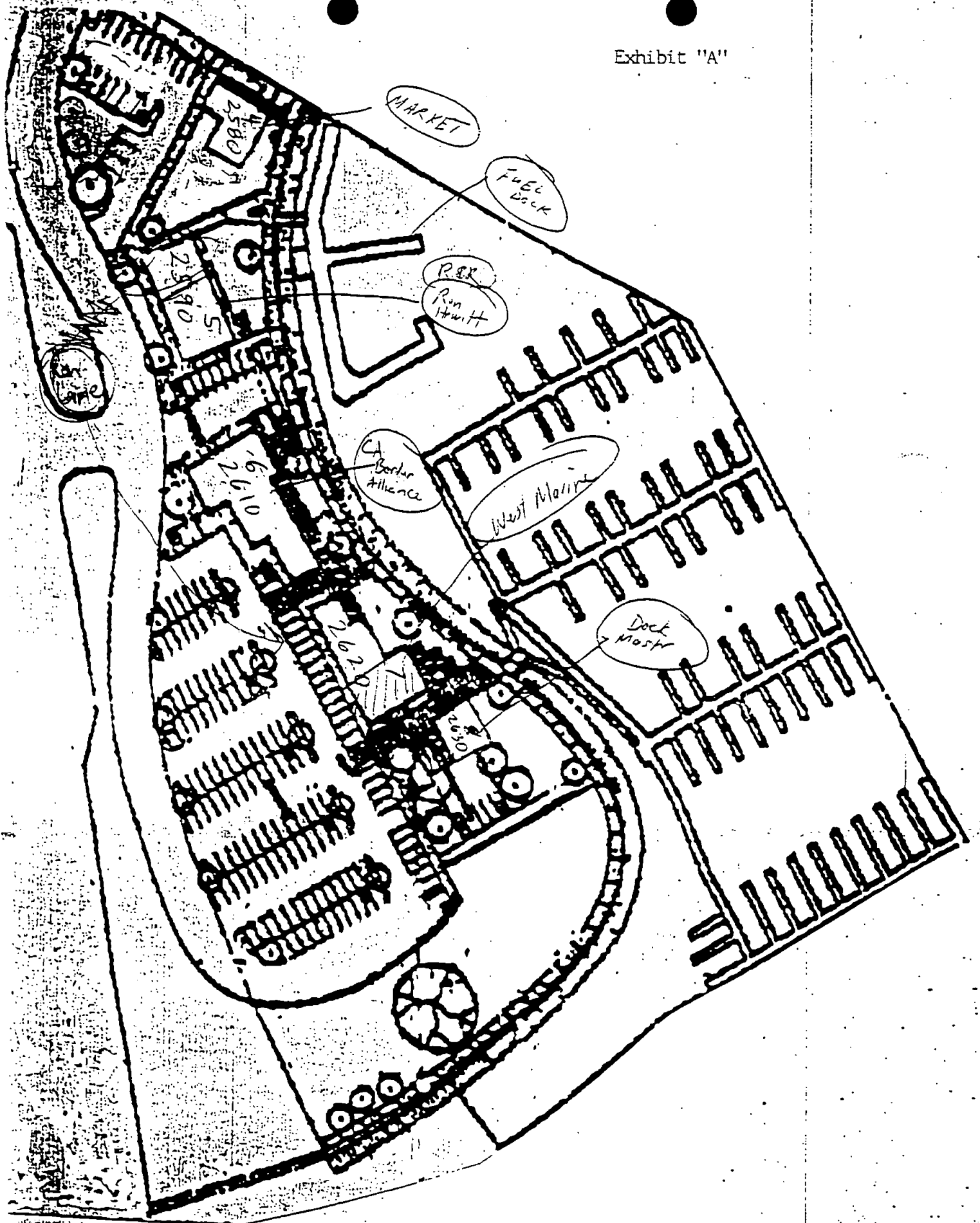
Initial Here:

Sublessee:

Sublessor:

Handwritten signatures for the Sublessee and Sublessor, written over the respective labels.

Exhibit "A"



That parcel of land in the City of San Diego, County of San Diego, State of California, being a portion of the Tidelands and submerged or filled lands of False Bay, also known as Mission Bay and that portion of the Pueblo Lands of San Diego, according to map thereof by James Pascoe, a copy of which is on file in the Office of the County Recorder of said San Diego County and is known as Miscellaneous Map No. 36, described as follows:

Beginning at the Southeast corner of Lot 24 of Block 10 in the Resubdivision of Blocks 7, 8, 10, and a portion of Block 9 and Lot "A" of Inspiration Heights, according to Map thereof No. 1700 filed in the Office of the County Recorder of San Diego County; thence along the Southerly line of said Lot, South $89^{\circ}55'56''$ West (Record North $89^{\circ}59'00''$ West) 25.00 feet to a point of tangent curve in the boundary of said Lot; thence South $00^{\circ}04'04''$ East, 2 feet to a line which is parallel with and 2.00 feet Southerly at right angles from 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," (the Lambert Grid-Coordinates-California Zone 6 for said station "Old Town" are x equals 1,712,415.17 and y equals 213,819.22 and said triangulation station is located at latitude $32^{\circ}45'02.845''$ longitude $117^{\circ}11'07.200''$), said station "Old Town" being the point of origin for the San Diego City Engineer's Mission Bay Park Coordinate System; thence North 5,826.93 feet and West 14,684.48 feet to the TRUE POINT OF BEGINNING; the Mission Bay Park Coordinates of said TRUE POINT OF BEGINNING being North 5,826.93 feet and West 14,684.48 feet; thence North $63^{\circ}30'00''$ West, a distance of 567.16 feet to the coordinates North 6,079.99 and West 15,192.03; thence North $28^{\circ}30'02''$ West, a distance of 462.48 feet to coordinates North 6,486.42 and West 15,412.71; thence North $61^{\circ}29'58''$ East, a distance of 297.95 feet to the beginning of a non-tangent curve, concave Southeasterly having a radius of 1,355.00 feet; thence Northeasterly along the arc of said curve a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of 125.00 feet to coordinates North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, a distance of 302.87 feet to coordinates North 6,468.04 and West 14,763.28; said point being also the beginning of a 475.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $09^{\circ}38'54''$ a distance of 79.99 feet to the beginning of a compound 195.00 foot radius curve, concave Westerly; thence Southerly along the arc of said curve through a central angle of $16^{\circ}45'30''$, a distance of 57.04 feet to coordinates North 6,334.08 and West 14,740.74; thence South $06^{\circ}33'00''$ West, a distance of 132.02 feet to coordinates North 6,202.92 and West 14,755.80, said point being also the beginning of a 185.00 foot radius tangent curve, concave Easterly; thence Southerly and Southeasterly along the arc of said curve through a central angle of $46^{\circ}53'50''$, a distance of 151.42 feet to the beginning of a 215.00 foot radius reverse curve, concave Westerly; thence Southeasterly and Southerly along the arc of said curve through a central angle of $66^{\circ}50'50''$, a distance of 250.84

feet to the TRUE POINT OF BEGINNING and containing 4.09 acres of land area and 4.67 acres of water area.

EXCEPTING that portion described as follows:

Beginning at a Northeasterly angle point in the above described land, the Mission Bay Park coordinates of said point being North 6,752.91 and West 14,866.15; thence South $19^{\circ}51'24''$ East, 140.00 feet; thence South $60^{\circ}17'51''$ West, 347.91 feet to a point on a 131.21 foot radius curve, concave Easterly, the radius of which bears South $68^{\circ}34'25''$ West to said point; thence Northerly along said curve 74.20 feet through an angle of $32^{\circ}24'04''$ to a compound 100.04 foot radius curve; thence Northerly along said curve 61.09 feet through an angle of $34^{\circ}59'14''$; thence along the radius of a 1,355.00 foot radius curve, concave Southeasterly, North $44^{\circ}02'17''$ West, 75.00 feet to a point on the arc of said curve; thence Northeasterly along said curve through an angle of $07^{\circ}33'00''$, a distance of 178.55 feet to coordinates North 6,743.91 and West 15,014.72; thence South $36^{\circ}29'04''$ East, a distance of 75.00 feet to a point in a 1,280.00 foot radius curve, concave Southeasterly; thence Northeasterly along the arc of said curve a distance of

Exhibit "C"

Percentages

Business Activities

Three Percent (3%)

Of gross income from sales of petroleum products excepting diesel fuel.

One and One-Half Percent (1-1/2%)

Of gross income from sales of diesel fuel.

Five Percent (5%)

Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.

Three Quarters of One Percent (3/4%)

Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.

Four Percent (4%)

Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.

Three Percent (3%)

Of gross income from sales of food and nonalcoholic beverages.

Six Percent (6%)

Of gross income from sales of alcoholic beverages.

Twenty-Five Percent (25%)

Of gross income from rentals of boat slips and related wet storage.

Twenty-Five Percent (25%)

Of gross income from 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessees for use on the premises.

Twenty Percent (20%)

Of gross income from rentals for small boat storage.

Ten Percent (10%)

Of gross income from all other authorized activities.

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 9, 1987, as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

NOT Included
IN MIN. RENT.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with
WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document 00-18192, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

SPRINT PCS ASSETS, L.L.C.

(SUBLESSEE) dated June 28, 2002. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

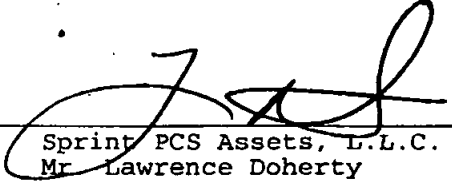
In addition, this consent is subject to the following conditions:

1. Premises permitted use: Space required for cable runs, equipment, and antennas for a communications service systems facility.
2. Sign Installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated

1/20/03

By


Sprint PCS Assets, L.L.C.
Mr. Lawrence Doherty
Director, Site Development

Dated

1/29/03

By


Wesco Sales Corporation
Mr. Frank Butler, President

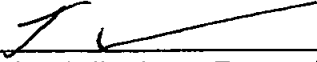
THE CITY OF SAN DIEGO

UPLOADED
JC

THE CITY OF SAN DIEGO

Dated 2-20-03

By


Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 2-20-03

By


Deputy City Attorney

DCM/cj

12/4/02

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Page 2 of 3

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ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement dated February 9, 1987, as amended between the SUBLESSOR herein and the City of San Diego. This sublease is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

PCS SITE AGREEMENT

April 18, 2002

Site Name: Wesco Sales

Site I.D.: SD40XC309

1. **Premises and Use.** Sublessor leases to Sprint PCS Assets, L.L.C., a Delaware limited liability company, formerly known as Cox PCS Assets, L.L.C., a Delaware limited liability company ("Sprint"), the site described below:

[Check appropriate box(es)]

- ☐ Land consisting of approximately square feet upon which Sprint will construct its ☐ equipment base station and ☐ antenna structure;
☒ Building interior space consisting of approximately 288 square feet;
☒ Building exterior space for attachment of antennas;
☐ Building exterior space for placement of base station equipment;
☐ Tower antenna space between the ____ foot and ____ foot level on the Tower;

☒ Space required for cable runs to connect PCS equipment and antennas, in the location(s) ("Site") shown on Exhibits A and B, together with a non-exclusive easement for reasonable access thereto and to the appropriate, in the discretion of Sprint, source of electric and telephone facilities. The Site will be used by Sprint for the purpose of installing, removing, replacing, modifying, maintaining and operating, at its expense, a personal communications service system facility ("PCS"), including, without limitation, antenna equipment, cable wiring, back-up power sources (including generators and fuel storage tanks), related fixtures and, if applicable to the Site, an antenna structure. Sprint will use the Site in a manner that will not unreasonably disturb the occupancy of Sublessor's other tenants. Sprint will have access to the Site 24 hours per day, 7 days per week.

2. **Term.** The term of this Agreement (the "Initial Term") is 10 years, commencing on the date ("Commencement Date") both Sprint and Sublessor have executed this Agreement. This Agreement will be automatically renewed for three additional terms (each a "Renewal Term") of 5 years each, unless Sprint provides Sublessor notice of intention not to renew not less than 90 days prior to the expiration of the Initial Term or any Renewal Term.

3. **Rent.** Until the date that is 60 days after the receipt by Sprint of a Site construction building permit, rent will be a one-time aggregate payment of \$100.00. Thereafter, rent will be paid in equal monthly installments of \$3,000.00 (until increased as set forth herein), partial months to be prorated, in advance. The rent due hereunder will be increased on each anniversary of the date monthly rent payments commence to an amount equal to the amount of the monthly installment of rent payable during the preceding year, increased by three percent (3%). Rent checks shall be made payable to Wesco Sales Corp. Sublessor represents and agrees that, so long as rent is being paid to Sublessor under the terms of this Agreement, Sublessor will transfer directly to the City of San Diego fifty percent (50%) of any rent paid to Sublessor by Sprint. Other than as set forth in Exhibit E to this Agreement, Sprint shall owe no duties or obligations to the City of San Diego, and the City of San Diego shall have no other rights or privileges under this Agreement.

4. **Title and Quiet Possession.** Sublessor represents and agrees (a) that it is the Sublessor of the Site; (b) that it has the right to enter into this Agreement; (c) that the person signing this Agreement has the authority to sign; (d) that Sprint is entitled to access to the Site at all times and to the quiet possession of the Site throughout the Initial Term and each Renewal Term so long as Sprint is not in default beyond the expiration of any cure period; and (e) that Sublessor shall not have unsupervised access to the Site or to the PCS equipment. Notwithstanding, in the event of an emergency situation which poses an immediate threat of substantial harm or damage to persons and/or property on Sublessor's property and which requires entry onto the Site, Sublessor may enter the Site and take such actions as are required to protect individuals or personal property from such immediate threat of substantial harm or damage; provided that promptly after such emergency entry onto the Site (and in no event later than twenty-four [24] hours), Sublessor gives telephonic and written notice to Sprint of Sublessor's entry onto the Site. Except in the event of an emergency situation, Sublessor agrees that it will not enter the Site without a representative of Sprint being present. Sublessor will not intentionally disturb Sprint's equipment at any time, except in the case of emergency. Sprint acknowledges that Sublessor leases the property pursuant to that certain Percentage Lease with the City of San Diego dated July 17, 1995, and First Amendment to Lease dated June 8, 1998 (the "Master Lease"). Sublessor agrees to notify Sprint immediately upon being notified of the City of San Diego's intent, pursuant to Section 6.2 of the Master Lease, to enter and inspect Sprint's Site.

5. **Assignment/Subletting.** Sprint shall not sublease or assign this Agreement without the prior written consent of Sublessor, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, that Sprint shall have the right to sublease or assign this Agreement without Sublessor's consent upon written notice to Sublessor to: (a) any parent, subsidiary, or affiliate of Sprint; (b) any person or entity which is controlled by or under common control with Sprint; (c) any corporation into which Sprint

may be merged or consolidated; or (d) any corporation that purchases or holds Sprint's FCC license or purchases all or substantially all of Sprint's assets. Upon each and every sublease or assignment by Sprint to a party not identified in subsections (a) through (d) above, Sprint shall pay a one-time fee of \$500.00 to Sublessor.

6. **Notices.** All notices must be in writing and are effective only when deposited in the U.S. mail, certified and postage prepaid, or when sent via overnight delivery. Notices to Sprint are to be sent to: Sprint PCS Assets, L.L.C., 4683 Chabot Drive, Suite 100, Pleasanton, CA 94588, with a copy to Sprint Spectrum L.P., 6391 Sprint Parkway, Mailstop KSOPHT0101-Z2020, Overland Park, KS 66251-2020, Attention: Sprint PCS Real Estate Attorney. Notices and rent paid to Sublessor must be sent to the address shown underneath Sublessor's signature.

7. **Improvements.** Sprint may, at its expense, make such improvements on the Site, as it deems necessary from time to time for the operation of the PCS system. Sublessor agrees to cooperate with Sprint with respect to obtaining any required zoning approvals for the Site and such improvements, including but not limited to, executing documents requested by any governmental or municipal agency for Sprint to secure Site zoning approvals. Sprint shall request Sublessor's approval of Site improvement construction drawings that are consistent with Exhibit B, and Sublessor's approval shall not be unreasonably withheld, conditioned, or delayed. Sublessor shall respond to any such request within fifteen (15) days of the request, and Sublessor's failure to timely respond shall be deemed Sublessor's approval of the Site improvement construction drawings. Once such improvements are installed, Sprint will not alter the Site improvements in a manner that will materially alter the outward appearance of the improvements without obtaining the prior written consent of Sublessor, which consent shall not be unreasonably withheld, conditioned, or delayed. If Sublessor does not respond in writing to Sprint within fifteen (15) days following Sprint's request for such consent, the requested consent will be deemed provided by Sublessor. Upon each and every such request for consent by Sprint, Sprint shall pay to Sublessor a one-time fee of \$500. Within 30 days after the filing of any mechanic's lien against the Site for materials or work furnished to the Site at Sprint's request, Sprint shall either discharge such lien or post a bond in the amount of the lien. Upon termination or expiration of this Agreement, Sprint may remove its equipment and improvements and will restore the Site to substantially the condition existing on the Commencement Date, except for ordinary wear and tear and casualty loss.

8. **Compliance with Laws.** Sublessor represents that Sublessor's property (including the Site), and all improvements located thereon, are in substantial compliance with building, life/safety, disability and other laws, codes and regulations of applicable governmental authorities. Sprint will substantially comply with all applicable laws relating to its possession and use of the Site.

9. **Interference.** Sprint will resolve technical interference problems with other equipment located at the Site on the Commencement Date or any equipment that becomes attached to the Site at any future date when Sprint desires to add additional equipment to the Site. Likewise, Sublessor will not permit or suffer the installation of any future equipment that (a) results in technical interference problems with Sprint's then existing equipment or (b) encroaches onto the Site.

10. **Utilities.** Sublessor represents that utilities adequate for Sprint's use of the Site are available. Sprint will pay for all utilities used by it at the Site. Sublessor will cooperate with Sprint in Sprint's efforts to obtain utilities from any location provided by Sublessor or the servicing utility, including signing any easement or other instrument reasonably required by the utility company.

11. **Termination.** Sprint may terminate this Agreement at any time by notice to Sublessor without further liability if (i) Sprint does not obtain all permits or other approvals (collectively, "approval") required from any governmental authority or any easements required from any third party to operate the PCS system, or if any such approval is canceled, expires or is withdrawn or terminated; or (ii) if Sublessor fails to have proper occupancy of the Site or authority to enter into this Agreement; or (iii) if Sprint, for any other reason, in its sole discretion, determines that it will be unable to use the Site. If Sprint terminates the Agreement in accordance with subsection (iii) above, then Sprint shall provide Sublessor with 60 days notice of termination, and shall pay to Sublessor a termination fee equal to six (6) months rent (calculated as of the date of termination). Upon termination, Sublessor will retain all prepaid rent unless such termination is due to Sublessor's failure of proper occupancy or authority pursuant to subsection (ii) above, or such termination is a result of Sublessor's default.

12. **Default.** If either party is in default under this Agreement for a period of (a) 15 days following receipt of notice from the non-defaulting party with respect to a default which may be cured solely by the payment of money, or (b) 30 days following receipt of notice from the non-defaulting party with

respect to a default which may not be cured solely by the payment of money, then, in either event, the non-defaulting party may pursue any remedies available to it against the defaulting party under applicable law, including, but not limited to, the right to terminate this Agreement; provided, however, that each party waives the right to recover damages for lost profits in any legal action or proceeding arising out of the other party's default under this Agreement. If the non-monetary default may not reasonably be cured within a 30-day period, this Agreement may not be terminated if the defaulting party commences action to cure the default within such 30-day period and proceeds with due diligence to fully cure the default. Sprint shall be considered in default under this Agreement if Sprint files any voluntary bankruptcy petition, or if any involuntary bankruptcy petition is filed against Sprint and such involuntary petition is not dismissed within 90 days of it being filed.

13. Indemnity. Other than as specified in the waiver of subrogation contained in Paragraph 17 below, Sublessor and Sprint each indemnifies the other against and holds the other harmless from any and all costs (including reasonable attorneys' fees) and claims of liability or loss which arise out of the ownership, use and/or occupancy of the Site by the indemnifying party. This indemnity does not apply to any claims arising from the sole negligence or intentional misconduct of the indemnified party. The indemnity obligations under this Paragraph will survive termination of this Agreement.

14. Hazardous Substances. Sublessor represents that it has no knowledge of any substance, chemical or waste (collectively, "substance") on the Site that is identified as hazardous, toxic or dangerous in any applicable federal, state or local law or regulation. Sprint will not introduce or use any such substance on the Site in violation of any applicable law.

15. Subordination and Non-Disturbance. This Agreement is subordinate to any mortgage or deed of trust now of record against the Site. However, promptly after the Agreement is fully executed, Sublessor will use diligent efforts to obtain a non-disturbance agreement reasonably acceptable to Sprint from the holder of any such mortgage or deed of trust.

16. Taxes. Sprint will be responsible for payment of all personal property taxes assessed directly upon and arising solely from its use of the communications facility on the Site. Sprint will pay to Sublessor any increase in real property taxes attributable solely to any improvements to the Site made by Sprint within 60 days after receipt of satisfactory documentation indicating calculation of Sprint's share of such real estate taxes and payment of the real estate taxes by Sublessor. Sublessor will pay when due all other real estate taxes and assessments attributable to the property of Sublessor of which the Site is a part.

17. Insurance. Sprint will procure and maintain commercial general liability insurance, with limits of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage liability, with a certificate of insurance to be furnished to Sublessor within 30 days of written request. Such policy will provide that cancellation will not occur without at least 15 days prior written notice to Sublessor. Such policy shall identify Wesco Sales Corp. and the City of San Diego as additional insureds. Each party hereby waives its right of recovery against the other for any loss or damage covered by any insurance policies maintained by the waiving party. Each party will cause each insurance policy obtained by it to provide that the insurance company waives all rights of recovery against the other party in connection with any damage covered by such policy.

18. Maintenance. Sprint will be responsible for repairing and maintaining the PCS system and any other improvements installed by Sprint at the Site in a proper operating and reasonably safe condition; provided, however if any such repair or maintenance is required due to the acts of Sublessor, its agents or employees, Sublessor shall reimburse Sprint for the reasonable costs incurred by Sprint to restore the damaged areas to the condition which existed immediately prior thereto. Sublessor will maintain and repair all other portions of the property of which the Site is a part in a proper operating and reasonably safe condition.

19. Miscellaneous. (a) This Agreement applies to and binds the heirs, successors, executors, administrators and assigns of the parties to this Agreement; (b) this Agreement is governed by the laws of the state in which the Site is located; (c) if requested by Sprint, Sublessor agrees promptly to execute and deliver to Sprint a recordable Memorandum of this Agreement in the form of Exhibit C; (d) this Agreement (including the Exhibits) constitutes the entire agreement between the parties and supersedes all prior written and verbal agreements, representations, promises or understandings between the parties; (e) any amendments to this Agreement must be in writing and executed by both parties; (f) if any provision of this Agreement is invalid or unenforceable with respect to any party, the remainder of this Agreement or the application of such provision to persons other than those as to whom it is held invalid or unenforceable, will not be affected and each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law; (g) the prevailing party in any action or proceeding in court or mutually agreed upon arbitration proceeding to enforce the terms of this Agreement is entitled to receive its reasonable attorneys' fees and other reasonable enforcement costs and expenses from the non-prevailing party; and (h) SPRINT AND SUBLESSOR DO HEREBY EACH WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER PARTY AGAINST THE OTHER

UPON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

20. Corporate Authority. Each of the individuals signing this Agreement for Sublessor ("Sublessor Representatives") and Sublessor represent and warrant that: a) he or she has the full power and authority, and the legal right, to execute this Agreement on behalf of the Sublessor entities referenced in this Agreement; b) such Sublessor entities have taken all actions necessary to enter into and be bound by this Agreement; c) such Sublessor entities have the full power, authority, and the legal right to execute, deliver, perform, and observe its obligations hereunder; d) such Sublessor entities have taken all necessary actions to authorize the individual signing on Sublessor's behalf to do so; e) Sublessor will not cause a breach or violation of any other agreement, law or court order by entering into this Agreement; and f) each Sublessor entity is a duly organized and valid entity in good standing authorized to conduct business in the state where the Site is located.

21. Non-Binding Until Fully Executed. This Agreement is for discussion purposes only and does not constitute a formal offer by either party. This Agreement is not and shall not be binding on either party until and unless it is fully executed by both parties.

22. Condemnation or Casualty. In the event any governmental, public body, or other condemning authority takes, or if Sublessor transfers in lieu of such taking, all or part of the Site, or if the Site is totally or partially destroyed by fire or other casualty, thereby making it physically or financially infeasible for the Site to be used in the manner intended by this Agreement, then Sublessor and Sprint shall each have the right, within forty-five (45) days of the condemnation or casualty, to terminate this Agreement effective as of the date of the taking by the condemning authority or the date of the casualty, by giving thirty (30) days prior written notice to the other party.

23. Non-Discrimination. Sprint will comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and any other applicable federal and state laws and regulations hereafter enacted. Sprint herein covenants that it will not discriminate against any person or group of persons, based on marital status, race, color, creed, religion, national origin or ancestry, age, gender, sexual orientation, disability, or medical condition in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Site herein leased nor shall Sprint itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Site herein leased.

24. Drug-Free Workplace. Sprint herein covenants that it shall abide by the provisions of a drug-free workplace as required by Section 7.13 of the Master Lease.

25. Disabled Access Compliance. Sprint herein covenants that it shall abide by the provisions for disabled access compliance as required by Section 7.27 of the Master Lease.

[SIGNATURES FOLLOW ON NEXT PAGE]

The following Exhibits are attached to and made a part of this Agreement: Exhibits A, B, C, D, and E.

SUBLESSOR:

WESCO SALES CORP.
a California corporation

By: 

Name: Frank W. Butler

Its: President

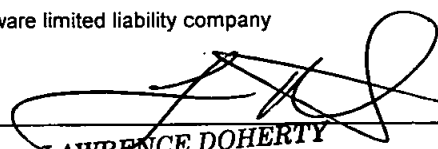
Date: 4-25-02

SIS/Tax No: 95-2092120

Address: 21500 Nordoff Street
Chatsworth, CA 91311

SPRINT:

SPRINT PCS ASSETS, L.L.C.
a Delaware limited liability company

By: 

Name: LAWRENCE DOHERTY

Its: Director, Site Development

Date: 4/28/02

Address: _____

Attach Exhibit A - Site Description, Exhibit B - Sketch of Site, Exhibit C - Memorandum of PCS Site Agreement
Exhibit D - Sublease, and Exhibit E - Consent to Site Agreement

EXHIBIT A**Site Name: Wesco Sales****PCS Site Agreement****Site I. D. SD40XC309****Site Description**

The Site is located on a parcel situated in the City of San Diego, County of San Diego, State of California, commonly described as 2590 Ingraham Street, and is more particularly described as follows:

Legal Description:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO AND IS DESCRIBED AS FOLLOWS:

THAT PARCEL OF LAND IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, BEING A PORTION OF THE TIDELANDS AND SUBMERGED OR FILLED LANDS OF FALSE BAY, ALSO KNOWN AS MISSION BAY, AND THAT PORTION OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF BY JAMES PASCOE, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AND IS KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 24 OF BLOCK 10 IN THE RESUBDIVISION OF BLOCKS 7, 8, 10 AND A PORTION OF BLOCK 9 AND LOT "A" OF INSPIRATION HEIGHTS, ACCORDING TO MAP THEREOF NO. 1700, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT, SOUTH $89^{\circ}55'56''$ WEST (RECORDED NORTH $89^{\circ}59'00''$ WEST), 25.00 FEET TO A POINT OF TANGENT CURVE IN THE BOUNDARY OF SAID LOT; THENCE SOUTH $00^{\circ}04'04''$ EAST, 2.00 FEET TO A LINE WHICH IS PARALLEL WITH AND 2.00 FEET SOUTHERLY AT RIGHT ANGLES FROM 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" (THE LAMBERT GRID-COORDINATES CALIFORNIA ZONE 6 FOR SAID STATION "OLD TOWN" ARE X EQUALS 1,712,415.17 AND Y EQUALS 213,819.22 AND SAID TRIANGULATION STATION IS LOCATED AT LATITUDE $32^{\circ}45'02.845''$ LONGITUDE $117^{\circ}11'07.200''$), SAID STATION "OLD TOWN" BEING THE POINT OF ORIGIN FOR THE SAN DIEGO CITY ENGINEER'S MISSION BAY PARK COORDINATE SYSTEM; THENCE NORTH 5,826.93 FEET AND WEST 14,684.48 FEET TO THE TRUE POINT OF BEGINNING; THE MISSION BAY PARK COORDINATES OF SAID TRUE POINT OF BEGINNING; BEING NORTH 5,826.93 FEET AND WEST 14,684.48 FEET; THENCE NORTH $63^{\circ}30'00''$ WEST, A DISTANCE OF 567.16 FEET TO THE COORDINATES NORTH 6,079.99 AND WEST 15,192.03; THENCE NORTH $28^{\circ}30'02''$ WEST, A DISTANCE OF 462.48 FEET TO COORDINATES NORTH 6,486.42 AND WEST 15,412.71; THENCE NORTH $61^{\circ}29'58''$ EAST, A DISTANCE OF 297.95 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1,355.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 178.55 FEET TO COORDINATES NORTH 6,743.91 AND WEST 15,014.72; THENCE SOUTH $36^{\circ}29'04''$ EAST, A DISTANCE OF 75.00 FEET TO A POINT IN A 1,280.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 125.00 FEET TO COORDINATES NORTH 6,752.91 AND WEST 14,866.15; THENCE SOUTH $19^{\circ}51'24''$ EAST, A DISTANCE OF 302.87 FEET TO COORDINATES NORTH 6,468.04 AND WEST 14,763.28; SAID POINT BEING ALSO THE BEGINNING OF A 475.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $09^{\circ}38'54''$, A DISTANCE OF 79.99 FEET TO THE BEGINNING OF A COMPOUND 195.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $16^{\circ}45'30''$, A DISTANCE OF 57.04 FEET TO COORDINATES NORTH 6,344.08 AND WEST 14,740.74; THENCE SOUTH $06^{\circ}33'00''$ WEST, A DISTANCE OF 132.02 FEET TO COORDINATES NORTH 6,202.92 AND WEST 14,755.80, SAID POINT BEING ALSO THE BEGINNING OF A 185.00 FOOT RADIUS TANGENT CURVE, CONCAVE EASTERLY; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $46^{\circ}53'50''$, A DISTANCE OF 151.42 FEET TO THE BEGINNING OF A 215.00 FOOT RADIUS REVERSE CURVE, CONCAVE WESTERLY; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $66^{\circ}50'50''$, A DISTANCE OF 250.84 FEET TO THE POINT OF BEGINNING.

EXCEPTING THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT A NORTHEASTERLY ANGLE POINT IN THE ABOVE DESCRIBED LAND, THE MISSION BAY PARK COORDINATES OF SAID POINT BEING NORTH 6,752.91 AND WEST 14,866.15; THENCE SOUTH $19^{\circ}51'24''$ EAST, 140.00 FEET; THENCE SOUTH $60^{\circ}17'51''$ WEST, 347.91 FEET TO A POINT ON A 131.21 FOOT RADIUS CURVE, CONCAVE EASTERLY, THE RADIUS OF WHICH BEARS SOUTH $68^{\circ}34'25''$ WEST TO SAID POINT; THENCE NORTHERLY ALONG SAID CURVE 74.20 FEET THROUGH AN ANGLE OF $32^{\circ}24'04''$ TO A COMPOUND 100.04 FOOT RADIUS CURVE; THENCE NORTHERLY ALONG SAID CURVE 61.09 FEET THROUGH AN ANGLE OF $34^{\circ}59'14''$; THENCE ALONG THE RADIUS OF A 1,355.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY, NORTH $44^{\circ}02'17''$ WEST, 75.00 FEET TO A POINT ON THE ARC OF SAID CURVE; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH AN ANGLE OF $07^{\circ}33'00''$, A DISTANCE OF 178.55 FEET TO COORDINATES NORTH 6,743.91 AND WEST 15,014.72; THENCE SOUTH $36^{\circ}29'04''$ EAST, A DISTANCE OF 75.00 FEET TO A POINT IN A 1,280.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 125.00 FEET TO THE TRUE POINT OF BEGINNING.

[LEGAL DESCRIPTION CONTINUES]

ALSO EXCEPTING THEREFROM ALL DEPOSITS OF MINERALS, INCLUDING OIL AND GAS AND THE RIGHTS OF THE STATE OF CALIFORNIA OR PERSONS AUTHORIZED BY THE STATE OF CALIFORNIA, TO PROSPECT, MINE, AND REMOVE SUCH DEPOSITS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE AS MAY BE REQUIRED, AS RESERVED IN ACT OF LEGISLATURE APPROVED APRIL 27, 1945, (STATS, 1945, CH. 142 PG. 627), AMENDED SEPTEMBER 7, 1955, (STATS, 1955 CH. 1455 PG. 2659).

Sublessor Initials: 

Sprint Initials 

Note: Sublessor and Sprint may, at Sprint's option, replace this Exhibit with an exhibit setting forth the legal description of the property on which the Site is located and/or an as-built drawing depicting the Site.

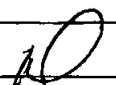
EXHIBIT B

Site Name: Wesco Sales

PCS Site Agreement

Site I. D.: SD40XC309

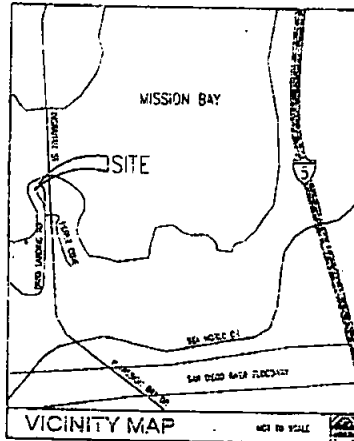
Sketch of Site

Sublessor Initials 
Sprint Initials 

Note: Referenced documents are attached. Sublessor and Sprint may, at Sprint's option, replace this Exhibit with an exhibit setting forth the as-built drawing depicting the Site.



**WESCO SALES
SD40XC309D
2610 INGRAHAM STREET
SAN DIEGO, CA 92109
SAN DIEGO COUNTY**



FROM SAN DIEGO INTERNATIONAL AIRPORT.
TAKE I-5 NORTH TO SEA WORLD EXITE. FOLLOW WEST TO
INGRAHAM STREET EXIT. STAY RIGHT FOR WESTERN BAY DRIVE. FOLLOW
TO DRAMA LANDING ROAD. GO RIGHT. FOLLOW TO JUST BEFORE 2550
COMMERCIAL BUILDING. SUBJECT BUILDING IS CURRENTLY UNDER
CONSTRUCTION.

DRIVING DIRECTIONS

1. THIS IS AN EXISTING TELECOMMUNICATION FACILITY CONSISTING OF
SITE EQUIPMENT AND PANEL ANTENNAE.
2. RADIO FREQUENCY POWER & SIGNAL FROM THE ANTENNAE SHALL
NOT INTERFERE WITH ANY EXISTING COMMUNICATIONS. ALL
APPLICABLE CODES AND ORDINANCES.
3. THERE IS AN UNBUILT FACILITY. NO SOLID AREA. THE SITE
WILL BE BUILT. NO TRASH. THERE WILL BE NO DRAINAGE.
4. DEVELOPMENT AND USE OF THE SITE WILL CONFORM TO ALL
APPLICABLE CODES AND ORDINANCES.
5. SUFFICIENT POWER SUPPLY IS TO BE PROVIDED BY BATTERY SOURCE
AND NOT A PLUMBABLE LEAD BATTERY.

PROJECT DESCRIPTION

ALL WPPA AND MATERIALS SHALL BE PERFORMED AND INSTALLED IN
ACCORDANCE WITH THE CURRENT EDITIONS OF THE FOLLOWING CODES
AS ADOPTED BY THE LOCAL GOVERNING AGENCIES. LISTED IN
THESE PLANS IS TO BE CONSIDERED TO BE THE MOST RECENT EDITION
UNLESS OTHERWISE NOTED.

- | | |
|----------------------------------|------------------------------|
| 1. CALIFORNIA CONSTRUCTION CODE | 5. WPPA/CD-211-F LIFE SAFETY |
| 2. CALIFORNIA ELECTION CODE 1997 | 6. WPPA/CD-211-F LIFE SAFETY |
| 3. CALIFORNIA ELECTION CODE 1997 | 7. WPPA/CD-211-F LIFE SAFETY |
| 4. WPPA/CD-211-F LIFE SAFETY | 8. WPPA/CD-211-F LIFE SAFETY |

CODE COMPLIANCE

APPLICANT/LESSEE

WESCO SALES
4583 CHIMNEY CANYON, SUITE 100
PLEASANTON, CA 94588

APPLICANT/REPRESENTATIVE

CONTRACT NUMBER: SD40XC309D
SAN DIEGO, CA 92109
PHONE: (619) 594-1215
FAX: (619) 594-1215
CONTACT: BOB CHASE, PHOTOS (619) 594-1215

PROPERTY INFORMATION

OWNER: WESCO SALES
CONTACT: BOB CHASE
ADDRESS: 2610 INGRAHAM STREET
SAN DIEGO, CA 92109
PHONE: (619) 594-1215

AGENCY OF CONTRACTING

CONTRACT TYPE: 1. 128 10/1/01

CONSTRUCTION TYPE: 1. 128 10/1/01

CURRENT STATUS: 1. 128 10/1/01

APPLICANT: 1. 128 10/1/01

PERMIT REQUIREMENTS: 1. 128 10/1/01

PERMIT REQUIREMENTS: 1. 128 10/1/01

PERMIT REQUIREMENTS: 1. 128 10/1/01

PERMIT REQUIREMENTS: 1. 128 10/1/01

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PERMIT REQUIREMENTS: 1. 128 10/1/01

PERMIT REQUIREMENTS: 1. 128 10/1/01

ARCHITECT:

VELOCITEL, INC.
4909 MADISON CANYON ROAD,
SUITE 300
SAN DIEGO, CA 92123
ARCHITECT: MARIO ALVAREZ
LIC. / C-26189
CONTACT: MARIO ALVAREZ
PHONE: (619) 594-1215
FAX: (619) 594-1215

SURVEYOR:

VELOCITEL, INC.
4909 MADISON CANYON ROAD,
SUITE 300
SAN DIEGO, CA 92123
CONTACT: MARIO ALVAREZ
PHONE: (619) 594-1215
FAX: (619) 594-1215

PROJECT TEAM

ELECT. ENGINEER:

VELOCITEL, INC.
18071 FISH AVE. SUITE 200
MIRAGE, CA 92554
CONTACT: DAVID C. JOE
PHONE: (949) 269-4999
FAX: (949) 269-4999

STRUCT. ENGINEER:

NO.	DESCRIPTION
11	TITLE SHEET, SITE INFORMATION AND VICINITY MAP
12	GENERAL NOTES, MATERIALS, LISTS, LEGEND AND REFERENCES
13	WPPA SURVEY
14	SITE PLAN
15	FLOOR PLAN LAYOUT
16	EQUIPMENT AREA PLAN, ANTENNA LAYOUT AND EQUIPMENT DETAILS
17	ELECTRICAL
18	CONSTRUCTION DETAILS
19	CONSTRUCTION DETAILS
20	ELECTRICAL SITE PLAN
21	SINGLE LINE DIAGRAM AND DETAILS
22	EQUIPMENT AREA DRAWINGS (ELECTRICAL, MECHANICAL AND DETAILS)
23	ELECTRICAL/MECHANICAL DETAILS
24	ELECTRICAL POWER LAYOUT AND CONTROL PLAN

SHEET INDEX

ADDITIONAL COPY OF SHEET INDEX

DO NOT SCALE DRAWINGS

CONTRACTOR SHALL VERIFY ALL PLANS AND DRAWINGS BEFORE
CONSTRUCTION. THE CONTRACTOR SHALL BE RESPONSIBLE FOR
VERIFYING THE ACCURACY OF ALL INFORMATION PROVIDED BY THE
OWNER. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE
ACCURACY OF ALL INFORMATION PROVIDED BY THE OWNER.

GENERAL CONTRACTOR NOTES



4583 CHIMNEY CANYON, SUITE 100
PLEASANTON, CA 94588

PROJECT INFORMATION:

WESCO SALES
SD40XC309D
2610 INGRAHAM STREET
SAN DIEGO, CA 92109
SAN DIEGO COUNTY

CURRENT ISSUE DATE:

08/28/01

ISSUED FOR:

PERMIT

REVISIONS:

NO.	DESCRIPTION	DATE
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

PLANS PREPARED BY:



CONSULTANT:



DRAWN BY: CHK, LNV, LHM, HQ

PERMIT NUMBER:

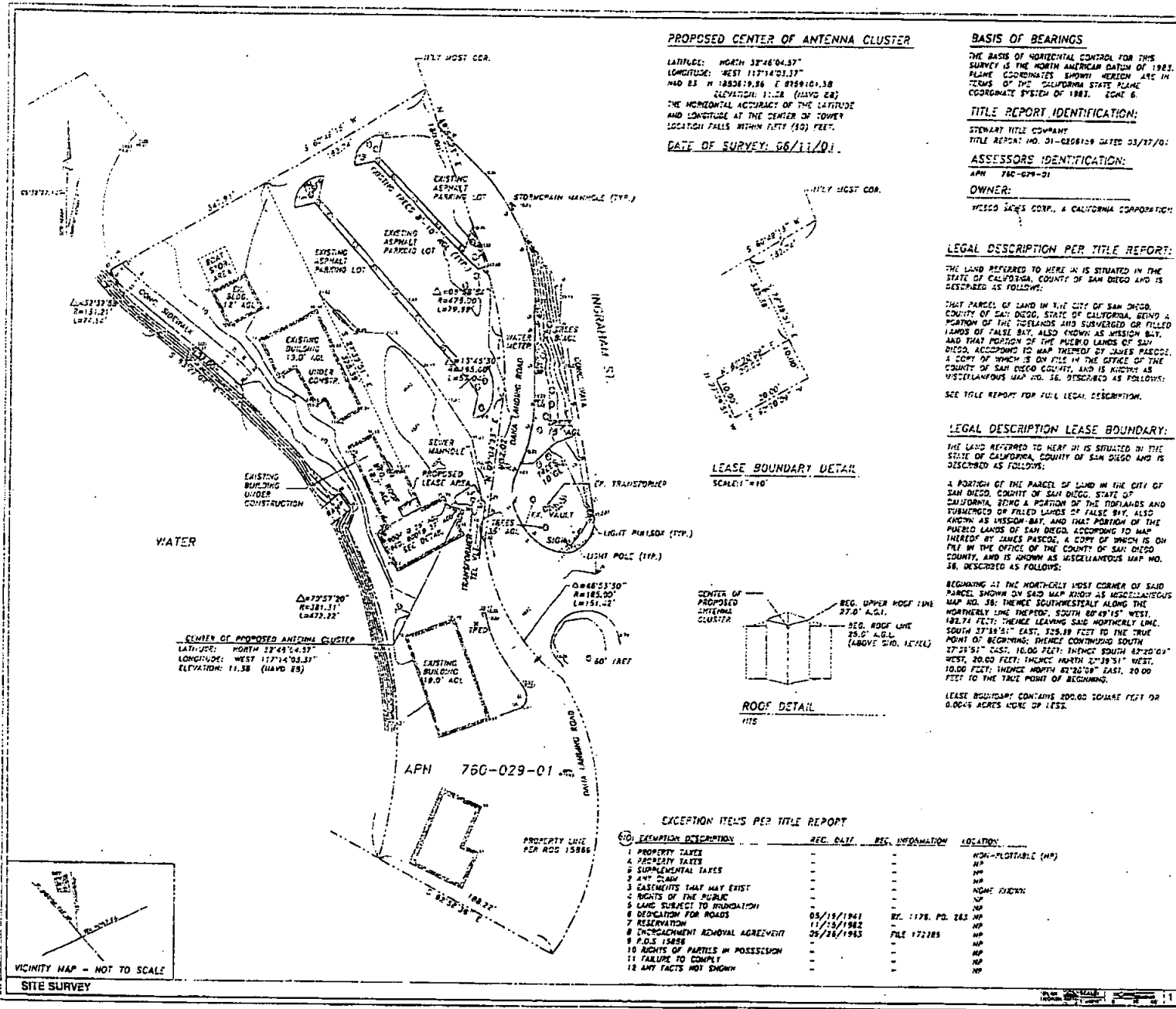


SHEET TITLE:

TITLE SHEET
SITE INFORMATION
VICINITY MAP

SHEET NUMBER:

T1



4555 CHABOT DRIVE, SUITE 100
 PLEASANTON, CA 94589

PROJECT INFORMATION:
WESCO SALES
SD40XC3080
 2516 WYOMING STREET
 SAN DIEGO, CA 92105
 SAN DIEGO COUNTY

CURRENT ISSUE DATE:
 06/14/01

ISSUED FOR:
 PERMIT

REV. DATE:
 DESCRIPTION:

PLANS PREPARED BY:
Velocitel
 ARCHITECTURE AND ENGINEERING DESIGN
 1000 CAMPUS DRIVE, SUITE 100
 SAN DIEGO, CALIFORNIA 92108
 (619) 594-1111
 FAX (619) 594-1112

CONSULTANT:
HERSON & COMPANY
CONSULTING ENGINEERS
 1350 CAMPUS DEL NORTE, BLDG. 305
 SAN DIEGO, CALIFORNIA 92108
 PHONE (619) 594-4515 / FAX (619) 594-4515

DRAWN BY:
 JK JT

SCALE:
 SITE SURVEY

SHEET NUMBER:
LS1



4221 CHEST DRIVE, SUITE 100
PLEASANTON, CA 94588

PROJECT INFORMATION

WESCO SALES
SD4CX3000

2910 INGRAM STREET
SAN DIEGO, CA 92109
SAN DIEGO COUNTY

CURRENT ISSUE DATE:

08/28/01

ISSUED FOR

PERMIT

REV.	DATE	DESCRIPTION
1	10/1/80	Initial Issue
2	10/1/80	Initial Issue
3	10/1/80	Initial Issue
4	10/1/80	Initial Issue
5	10/1/80	Initial Issue
6	10/1/80	Initial Issue
7	10/1/80	Initial Issue
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100	10/1/80	Initial Issue

[illegible]

PLANE PREPARED BY:

Velocitel

AMERICAN ASSOCIATION OF UNIVERSITY TEACHERS
2000 MONTGOMERY AVENUE, SUITE 100
WASHINGTON, DC 20036-4001
202-462-6000
WWW.AAUP.ORG

CONSULTANT:

DRAWN BY: _____ CHK.: _____ APP.: _____		
121	122	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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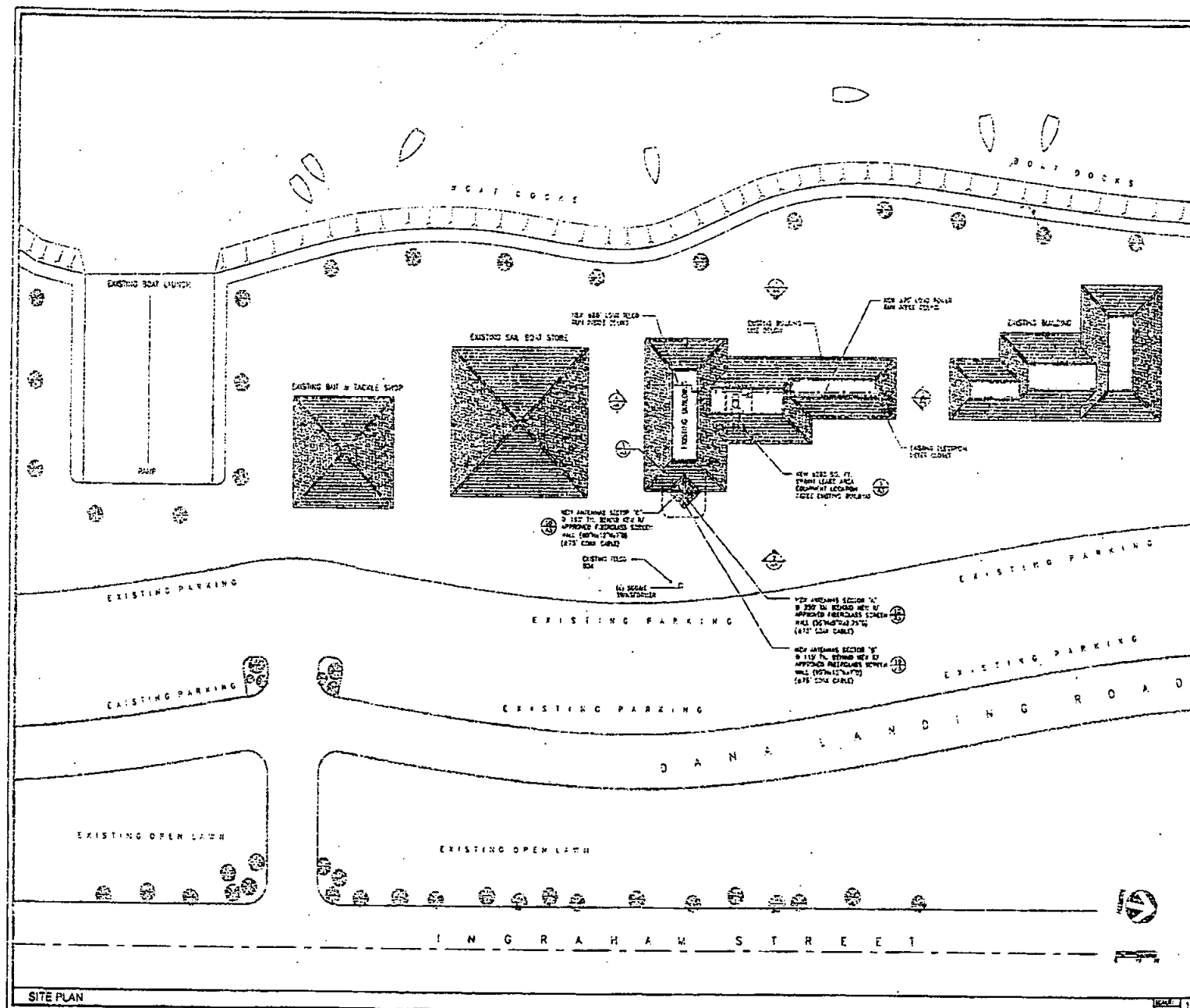
CENSURE

SHEET TITLE:

SITE PLAN

SHEET NUMBER

A1



SITE PLAN

EXHIBIT C

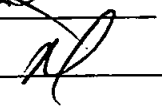
Site Name: Wesco Sales

PCS Site Agreement

Site I. D.: SD40XC309

Memorandum of PCS Site Agreement

Sublessor Initials 

Sprint Initials 

Note: Referenced document is attached.

RECORDING REQUESTED BY:

SPRINT PCS ASSETS, L.L.C.

WHEN RECORDED MAIL THIS
MEMORANDUM OF PCS SITE AGREEMENT TO:

Eischen & Associates
836 Prospect Street, Suite 1
La Jolla, California 92037

SPACE ABOVE THIS LINE FOR RECORDERS' USE

A.P.N.: 760-029-01-00
[SD40XC309 – Wesco Sales]

MEMORANDUM OF PCS SITE AGREEMENT

This MEMORANDUM OF PCS SITE AGREEMENT ("Memorandum") evidences that a sublease was made and entered into by written PCS Site Agreement ("Site Agreement") effective as of _____, 2002, between WESCO SALES CORP., a California corporation ("Sublessor") and SPRINT PCS ASSETS, L.L.C., a Delaware limited liability company ("Sprint").

The Site Agreement provides in part that Sublessor leases to Sprint a certain site ("Site") located on a parcel of real property commonly referred to as 2590 Ingraham Street, City of San Diego, County of San Diego, State of California, and more particularly described as Exhibit "A" attached to this Memorandum. The Site Agreement provides Sprint an easement for unrestricted Site access and electric/telephone facilities rights. The Site Agreement provides for an initial ten (10) year lease term commencing on the date both Sprint and Sublessor have executed the Site Agreement, and three (3) additional five year lease term extension periods.

Should any party require any information concerning the Site Agreement, they should contact either Sprint or Sublessor.

IN WITNESS WHEREOF, the parties enter into this Memorandum as of the effective date above.

SUBLESSOR:

WESCO SALES CORP.
a California corporation

By: Frank W. Butler
Name: Frank W. Butler
Title: President
Date: 4-25-02

Address: 21500 Nordoff Street
Chatsworth, CA 91311

SPRINT:

SPRINT PCS ASSETS, L.L.C.
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

Address: _____

10

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public in and for said County and State, personally appeared FRANK W. BUTLER, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC SEAL

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____, before me, _____, a Notary Public in and for said County and State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC SEAL

EXHIBIT "A"
MEMORANDUM OF PCS SITE AGREEMENT
SITE LEGAL DESCRIPTION

The Site is located on a portion of a parcel situated in the City of San Diego, County of San Diego, State of California, commonly described as 2590 Ingraham Street, and is more particularly described as follows:

Legal Description:

THE LAND REFERRED TO HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SAN DIEGO AND IS DESCRIBED AS FOLLOWS:

THAT PARCEL OF LAND IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, BEING A PORTION OF THE TIDELANDS AND SUBMERGED OR FILLED LANDS OF FALSE BAY, ALSO KNOWN AS MISSION BAY, AND THAT PORTION OF THE PUEBLO LANDS OF SAN DIEGO, ACCORDING TO MAP THEREOF BY JAMES PASCOE, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AND IS KNOWN AS MISCELLANEOUS MAP NO. 36, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 24 OF BLOCK 10 IN THE RESUBDIVISION OF BLOCKS 7, 8, 10 AND A PORTION OF BLOCK 9 AND LOT "A" OF INSPIRATION HEIGHTS, ACCORDING TO MAP THEREOF NO. 1700, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT, SOUTH 89°55'56" WEST (RECORDED NORTH 89°59'00" WEST), 25.00 FEET TO A POINT OF TANGENT CURVE IN THE BOUNDARY OF SAID LOT; THENCE SOUTH 00°04'04" EAST, 2.00 FEET TO A LINE WHICH IS PARALLEL WITH AND 2.00 FEET SOUTHERLY AT RIGHT ANGLES FROM THE SOUTHERLY LINE OF SAID BLOCK 10; THENCE ALONG SAID PARALLEL LINE NORTH 89°55'56" EAST, 249.70 FEET; THENCE NORTH 05°30'02" WEST, 104.06 FEET TO THE UNITED STATES COAST AND GEODETIC SURVEY, TRIANGULATION STATION "OLD TOWN" (THE LAMBERT GRID-COORDINATES CALIFORNIA ZONE 6 FOR SAID STATION "OLD TOWN" ARE X EQUALS 1,712,415.17 AND Y EQUALS 213,819.22 AND SAID TRIANGULATION STATION IS LOCATED AT LATITUDE 32°45'02.845" LONGITUDE 117°11'07.200"), SAID STATION "OLD TOWN" BEING THE POINT OF ORIGIN FOR THE SAN DIEGO CITY ENGINEER'S MISSION BAY PARK COORDINATE SYSTEM; THENCE NORTH 5,826.93 FEET AND WEST 14,684.48 FEET TO THE TRUE POINT OF BEGINNING; THE MISSION BAY PARK COORDINATES OF SAID TRUE POINT OF BEGINNING; BEING NORTH 5,826.93 FEET AND WEST 14,684.48 FEET; THENCE NORTH 63°30'00" WEST, A DISTANCE OF 567.16 FEET TO THE COORDINATES NORTH 6,079.99 AND WEST 15,192.03; THENCE NORTH 28°30'02" WEST, A DISTANCE OF 462.48 FEET TO COORDINATES NORTH 6,486.42 AND WEST 15,412.71; THENCE NORTH 61°29'58" EAST, A DISTANCE OF 297.95 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 1,355.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 178.55 FEET TO COORDINATES NORTH 6,743.91 AND WEST 15,014.72; THENCE SOUTH 36°29'04" EAST, A DISTANCE OF 75.00 FEET TO A POINT IN A 1,280.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 125.00 FEET TO COORDINATES NORTH 6,752.91 AND WEST 14,866.15; THENCE SOUTH 19°51'24" EAST, A DISTANCE OF 302.87 FEET TO COORDINATES NORTH 6,468.04 AND WEST 14,763.28; SAID POINT BEING ALSO THE BEGINNING OF A 475.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°38'54", A DISTANCE

[LEGAL DESCRIPTION CONTINUES]

OF 79.99 FEET TO THE BEGINNING OF A COMPOUND 195.00 FOOT RADIUS CURVE, CONCAVE WESTERLY; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°45'30", A DISTANCE OF 57.04 FEET TO COORDINATES NORTH 6,344.08 AND WEST 14,740.74; THENCE SOUTH 06°33'00" WEST, A DISTANCE OF 132.02 FEET TO COORDINATES NORTH 6,202.92 AND WEST 14,755.80, SAID POINT BEING ALSO THE BEGINNING OF A 185.00 FOOT RADIUS TANGENT CURVE, CONCAVE EASTERLY; THENCE SOUTHERLY AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 46°53'50", A DISTANCE OF 151.42 FEET TO THE BEGINNING OF A 215.00 FOOT RADIUS REVERSE CURVE, CONCAVE WESTERLY; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 66°50'50", A DISTANCE OF 250.84 FEET TO THE POINT OF BEGINNING.

EXCEPTING THAT PORTION DESCRIBED AS FOLLOWS:

BEGINNING AT A NORTHEASTERLY ANGLE POINT IN THE ABOVE DESCRIBED LAND, THE MISSION BAY PARK COORDINATES OF SAID POINT BEING NORTH 6,752.91 AND WEST 14,866.15; THENCE SOUTH 19°51'24" EAST, 140.00 FEET; THENCE SOUTH 60°17'51" WEST, 347.91 FEET TO A POINT ON A 131.21 FOOT RADIUS CURVE, CONCAVE EASTERLY; THE RADIUS OF WHICH BEARS SOUTH 68°34'25" WEST TO SAID POINT; THENCE NORTHERLY ALONG SAID CURVE 74.20 FEET THROUGH AN ANGLE OF 32°24'04" TO A COMPOUND 100.04 FOOT RADIUS CURVE; THENCE NORTHERLY ALONG SAID CURVE 61.09 FEET THROUGH AN ANGLE OF 34°59'14"; THENCE ALONG THE RADIUS OF A 1,355.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY, NORTH 44°02'17" WEST, 75.00 FEET TO A POINT ON THE ARC OF SAID CURVE; THENCE NORTHEASTERLY ALONG SAID CURVE THROUGH AN ANGLE OF 07°33'00", A DISTANCE OF 178.55 FEET TO COORDINATES NORTH 6,743.91 AND WEST 15,014.72; THENCE SOUTH 36°29'04" EAST, A DISTANCE OF 75.00 FEET TO A POINT IN A 1,280.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 125.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL DEPOSITS OF MINERALS, INCLUDING OIL AND GAS AND THE RIGHTS OF THE STATE OF CALIFORNIA OR PERSONS AUTHORIZED BY THE STATE OF CALIFORNIA, TO PROSPECT, MINE, AND REMOVE SUCH DEPOSITS AND TO OCCUPY AND USE SO MUCH OF THE SURFACE AS MAY BE REQUIRED, AS RESERVED IN ACT OF LEGISLATURE APPROVED APRIL 27, 1945, (STATS, 1945, CH. 142 PG. 627), AMENDED SEPTEMBER 7, 1955, (STATS, 1955 CH. 1455 PG. 2659).

EXHIBIT D

Site Name: Wesco Sales

PCS Site Agreement

Site I. D.: SD40XC309

Sublease

A. Sublessor leases the Site pursuant to that certain Percentage Lease dated July 17, 1995, and First Amendment to Lease dated June 8, 1998 (the "Master Lease") by and between the City of San Diego, a Municipal corporation, as Lessor, and Wesco Sales Corporation, a California corporation, as Lessee. The foregoing PCS Site Agreement ("Agreement") is a sublease. Sublessor represents and warrants that the foregoing Agreement does not violate any provisions of the Master Lease, and that no provision of the foregoing Agreement is in conflict with any provision of the Master Lease.

B. If the Master Lease terminates and the foregoing Agreement terminates as a result of termination of the Master Lease, then the parties will be released from all liabilities and obligations under the foregoing Agreement; except that if the foregoing Agreement terminates as a result of Sublessor being in default of its obligations under the Master Lease, then Sublessor will be liable to Sprint for any and all damages suffered by Sprint as a result of such termination. If Sublessor ever has the right to terminate the Master Lease, then Sprint will have the right, in its sole discretion, to determine whether it wishes and agrees to have the Master Lease terminated, and Sublessor will take no action to terminate the Master Lease without the prior written consent of Sprint.

C. As long as Sprint is not in substantial and material default of the Agreement, Sublessor will be obligated to perform all of Sublessor's obligations under the Master Lease.

D. The Master Lease requires that the Master Lessor thereunder consent to the foregoing Agreement, and the foregoing Agreement will not be effective until such consent, substantially in the form of Exhibit E, is obtained in writing.

Sublessor Initials



Sprint Initials



EXHIBIT E

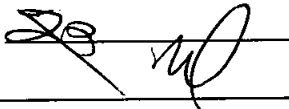
Site Name: Wesco Sales

PCS Site Agreement

Site I. D.: SD40XC309

Consent to Site Agreement (Sublease)

Sublessor: Initials

A handwritten signature in black ink, appearing to be 'JG' followed by a stylized flourish, written over a horizontal line.

Sprint Initials

Note: Referenced document is attached.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

WEST MARINE PRODUCTS INCORPORATED

(SUBLESSEE) dated April 5, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises, Permitted Use: Retail space for marine supply, boating gear and boating apparel store.
2. Sign Installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 5/28/02

By Frank Fawcett
Frank Fawcett,
A.V.P. of Real Estate
West Marine Products, Inc.

Dated 5/27/02

By Linda Leyba
Linda Leyba
Director of Real Estate
West Marine Products, Inc.

Dated 5/21/02

By Wesco Sales Corporation
Wesco Sales Corporation

THE CITY OF SAN DIEGO

Dated 5/30/02

By Madison Wiggins for
Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 5/31/02

By Russella Dwyer
Deputy City Attorney

WESCO SALES CORP. & WEST MARINE PRODUCTS, INC.

SUBLEASE OF STORE AT 2590 INGRAHAM STREET,

SAN DIEGO, CALIFORNIA

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SUBLEASE

By this Sublease dated April 5, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: WEST MARINE PRODUCTS, INC., a California corporation
- (c) Marina: DANA LANDING, 2590 Ingraham Street, San Diego, CA 92109
- (d) Premises: Premises at per legal description attached hereto as Exhibit "A" and outlined in Exhibit "B."
- (e) Anticipated Commencement Date: April 1, 2002
- (f) Anticipated Term: Five (5) years.
- (g) Permitted Use: Marine Supply, Boating Gear and Boating Apparel store ✓
- (h) Basic Monthly Rent: \$2,674.35
- (i) Initial Security Deposit: none
- (j) Proportional Share: Approximately 12.3% to be determined upon completion of all buildings at the Marina, exclusive of the docks and dock master's office.
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those portions of the Marina which are not occupied by buildings. Such Common Areas shall include, without limitation: stairways; corridors; passageways; public washrooms; parking facilities; loading areas (except that Sublessee's loading area shall be for the exclusive use of Sublessee); plazas; private sidewalks; landscaped areas; trash enclosures or dumpster facilities; walkways; common mechanical, electrical and telephone rooms; operating, maintenance and storage areas; and service areas, equipment and facilities.

1.4.1 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as those improvements listed on Exhibit "F".

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

Initial Here:
Sublessee:
Sublessor:



ARTICLE 2 — TERM

- 2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:
- (a) the date upon which Sublessee commences the conduct of business in the Premises ; or
 - (b) the date which is ninety (90) days after delivery of the Premises to Sublessee by Sublessor.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee. Thereafter, Sublessee shall notify Sublessor of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessor shall either confirm the Commencement Date by executing and returning the NLT to Sublessee, or notify Sublessee in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

ARTICLE 3 — BASIC MONTHLY RENT

3.1 In exchange for various work to be completed by Tenant, Basic Monthly Rent shall commence one (1) month following the Commencement Date. The first installment of Basic Monthly Rent is due in advance upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent and, Operating Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of one hundred dollars (\$100.00). Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 27.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default beyond the applicable cure periods contained hereunder or if any payment herein has been returned unpaid.

ARTICLE 4 — PROPERTY TAXES RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing, excepting any net income, franchise, capital stock, estate or inheritance taxes.

Initial Here:
Sublessee: 
Sublessor: 

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year and in no event later than ninety (90) days after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 Sublessee agrees to pay throughout the Term, as Additional Rent, its pro rata share of common facilities maintenance costs ("Operating Expense Rent"). Operating Expense Rent shall include only the following items: lighting of the Common Areas and parking areas, patching of potholes in the parking area, sweeping, maintenance of landscaping existing as of the lease date, snow removal and striping of the Parking Area, and repairs of the parking lights, light standards, entrance and exit signs.

Effective as of the Commencement Date, Sublessee shall pay to Sublessor the Operating Expense Rent on the first day of each month without any prior demand therefor from Sublessor, the monthly installment of Operating Expense Rent specified by Sublessor, as such amount may be adjusted from time to time. Sublessee's pro rata share of such expenses shall be estimated for each calendar year, and Sublessor shall submit to Sublessee a statement of the estimated amount for each calendar year. Sublessee shall pay the Operating Expense Rent on the first day of each month until notified by Sublessor of a change in the estimated Operating Expense Rent and Sublessee shall thereafter pay the adjusted amount.

Within thirty (30) days following the end of each calendar year, Sublessor shall furnish Sublessee a statement together with invoices covering such calendar year just expired, showing the Operating Expense Rent and the amount of Sublessee's pro rata share of such Operating Expense Rent for such calendar year and the payments made by Sublessee with respect to said calendar year as set forth above. If Sublessee's pro rata share of such Operating Expense Rent is greater than Sublessee's actual Operating Expense Rent payments, Sublessee shall pay Sublessor the difference as Additional rent within thirty (30) days after receipt of such statement, and thereafter, pay the adjusted amount as provided above until further adjusted by Sublessor. If Sublessee's pro rata share of such Operating Expense Rent is less than Sublessee's actual Operating Expense Rent payments, Sublessor shall credit any overpayment toward Sublessee's next payment of any Operating Expense Rent charges, unless such adjustment is for the last year of the Term, in which case Sublessor shall reimburse such overpayment to Sublessee within thirty (30) days after request therefor.

ARTICLE 6 — CAPITAL EXPENSE RENT INTENTIONALLY OMITTED

ARTICLE 7 — SECURITY DEPOSIT INTENTIONALLY OMITTED

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises, if at all, solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor, Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee, its employees, agents, and invitees a revocable license to park, in common with other

Initial Here:
Sublessee: 
Sublessor: 

Sublessees, in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease beyond the applicable cure periods contained herein, Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article, Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the interior, non-structural portions of the Premises (including, the interior walls, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the good condition and repair, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, exterior and structural portions of the Premises and Marina, and Mechanical Systems serving the Premises and generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices.

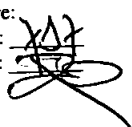
ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and signage). Sublessor's prior written consent is required for all Alterations with a cost to exceed twenty-five thousand dollars (\$25,000.00). Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations which require Sublessor's consent and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; or use another contractor reasonably acceptable to Sublessor so long as such contractor can match Sublessee's competitive bid pricing (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems). All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so).

13.3 Sublessee may paint, erect or authorize the installation of signs, of the maximum allowable size and in the maximum allowable quantity, under prevailing law, (which Sublessee deems necessary to the operation of its business) on the exterior of the Premises, and inside of the Premises identifying same as Sublessee's store. Sublessee may also erect its sign panels on the monument signage located at the adjacent street or streets at its expense in the position as shown on Exhibit "B-1". Sublessee may at any time or from time to time remove such signs or change them to reflect new designs. Sublessee may use its standard colors and logo in all signage. Sublessor shall not

Initial Here:
Sublessee:
Sublessor:



alter, modify, remove, relocate or replace or cause any of the aforementioned to be done to any of Sublessee's signs.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials other than those normally sold in the normal course of Sublessee's business in compliance with all laws.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations; (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d): each such policy of Sublessor shall include a clause or endorsement whereby the insurer waives its right of subrogation against the Sublessee; and, Sublessor waives any rights of recovery against Sublessee for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof. To the extent sublessee maintains and/or to the extent that it self-insures for loss, sublessee shall agree to waive its right of subrogation or have its insurer waive its right of subrogation against the sublessor.

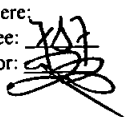
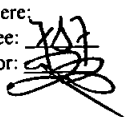
ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the gross negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the gross negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage

Initial Here:
Sublessee: 
Sublessor: 

Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured under insurance policies required to be maintained hereunder, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking interferes with Sublessee's use and occupancy of the Premises, Sublessee shall have the right to terminate this Sublease on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor shall restore the Premises to substantially the same condition prior thereto, Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill.

ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

19.2 If a failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11) adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than ten (10) consecutive days, then Sublessee's Gross Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable.

19.3 Notwithstanding anything in this Lease to the contrary, if a failure of Sublessor to repair a roof leak adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than three (3) consecutive days, then Sublessee's Gross Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable.

ARTICLE 20 — SUBORDINATION

20.1 Provided Sublessor shall have provided Sublessee with a commercially reasonable form of Non-disturbance and Attornment executed by underlying encumbrance holders which shall not alter or amend any terms, conditions or covenants of this Sublease and subject to the provisions of Article 20.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default beyond the applicable cure periods contained herein under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the

Initial Here:

Sublessee: 

Sublessor: 

provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

20.3 Sublessee shall, within ten (10) days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article provided the same is in a commercially reasonable form which does not alter or amend any term, condition or covenant of this Sublease. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure provided Sublessee shall have received a commercially reasonable Non-Disturbance and Attornment Agreement as set forth in Subsection 20.1 hereinabove.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; and Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease.. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee. Sublessor agrees that no merger, consolidation, or corporate reorganization of Sublessee wherein the resulting sublessee under this sublease is an affiliate of Sublessee or a subsidiary of Sublessee's parent company shall be an assignment so as to require Sublessor's consent.

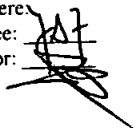
22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of one hundred twenty-five percent (125%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term, Nothing herein shall prevent Sublessor from exercising any other rights

Initial Here:
Sublessee:
Sublessor:



under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within five (5) days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt of Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, not including, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee other than those costs to bring the space into the condition which Sublessee is required to surrender the space hereunder). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 If Sublessor defaults under this Sublease, Sublessee may avail itself of any remedy available under law or in equity in Sublessor's sole discretion. No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies,

25.3 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful detainer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.4 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

Initial Here:
Sublessee:
Sublessor:



ARTICLE 26 — NOTICE

26.1 Notice shall be given to Sublessee at the Premises or at West Marine Products, Inc., Attn: Real Estate Department, #784, 500 Westridge, Drive, Watsonville, CA 95076. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California, Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of San Diego or Los Angeles.

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee. Individuals signing on behalf of a corporation shall not be individually held liable.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

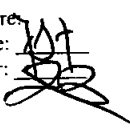
27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest) provided said subsequent Sublessor shall have affirmatively assumed all of Sublessor's obligations under this Sublease.

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor or Sublessee in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

Initial Here:
Sublessee:
Sublessor:



27.10 Marina Name; Advertising. Sublessor shall have the right to change the name of the Marina upon reasonable prior notice to Sublessee.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

27.13 Confidentiality. Intentionally deleted.

**WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED**

SUBLESSEE

West Marine Products, Inc.

BY: Frank Fawcett

TITLE: Frank Fawcett, A.V.P. of Real Estate

BY: Linda Leyba

TITLE: Linda Leyba, Director of Real Estate

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: Arvent Balboa

BY: _____

TITLE: President

Addendum No. 1 to Marina Sublease dated April 5, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and West Marine Products, Inc., regarding West Marine, 2590 Ingraham Street, San Diego, CA 92109

Initial Here:
Sublessee: JSF
Sublessor: [Signature]

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent and operating expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records for each preceding year for a period of six (6) months thereafter otherwise such books and records for such preceding year shall be deemed to be accurate. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Sublessee shall not have any obligation to continuously use or occupy the Premises or conduct business therein during the Term and Sublessee shall have the right (at any time and from time to time) to discontinue the use and occupancy of the Premises or cease the conduct of business therein; provided, however, that neither the cessation of Sublessee's use or occupancy of the Premises nor the discontinuation of the conduct of business therein shall relieve or discharge Sublessee from its obligation to pay Gross Monthly Rent or Additional Rent and perform the obligations required by this sublease in the time and manner set forth herein.

Article 29

Sublessee acknowledges that Sublessor does not provide any security for the marina.

Article 30

Sublessee shall be entitled to maintain a display of inflatable boats and motors in the common areas of the Marina at a location mutually agreeable to Sublessor and Sublessee and shall be entitled to install and maintain a "marine-style" flagpole in front of the Premises. Sublessee's display of inflatable boats and motors will be conducted in a manner so as to minimize interference with vehicular or pedestrian traffic in the common areas, use of the common areas and other businesses in the Marina and so as to comply with local ordinances. Sublessee represents and warrants that no restrictions exist on the Land that would restrict Sublessee's right to place the outdoor display and/or flagpole in the common areas.

Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Concurrent with the execution of this Lease, Sublessor shall furnish Sublessee duly acknowledged triplicate counterparts of a commercially reasonable non-disturbance and attornment agreement executed by the City of San Diego and any mortgagee or holder of any lien prior to this Lease.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Sublessor hereby covenants that it shall: (i) make timely payments as required under the Master Lease and (ii) otherwise comply with the terms of the Master Lease so as to ensure quiet enjoyment by Sublessee within the Premises. Further, Sublessor does hereby agree to promptly give Sublessee notice of any and all notices given to Sublessor pertaining to default or termination of the Master Lease and Sublessee does hereby reserve the right to cure any such default on behalf of and on the account of Sublessor. Sublessor does hereby agree to promptly reimburse Sublessee for any and all costs and expenses reasonably incurred in curing such default including the payment of attorneys fees.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Initial Here:
Sublessee: 
Sublessor: 

Article 33

(A) Upon the full execution of this Sublease, Sublessor shall proceed with diligence in making the following alterations to the Premises in accordance with Exhibit "F" attached hereto and made a part hereof.

(B) All of said alterations shall be done by Sublessor at its own cost and expense in a good and workmanlike manner using first quality materials in full compliance with all laws, rules and regulations of all governmental authorities having jurisdiction thereof, and shall be completed by no later than thirty (30) days from the full execution of this Sublease.

(C) The obligations of Sublessor contained in this Section shall be a personal non-transferable obligation of the Sublessor named in this Sublease and shall continue notwithstanding any sale or other transfer of title to the Premises or Marina prior to completion of the Premises.

Article 34

Sublessor shall deliver vacant, broom clean possession of the Premises free of hazardous waste when Sublessor has completed the alterations required by the Section of this Sublease entitled with respect to sublessor's alterations. Sublessor shall provide Sublessee with all keys to the Premises and shall give to Sublessee written notice of the date of tender of the same.

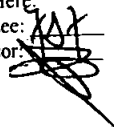
Article 35

If the requirements with respect to delivery are not diligently pursued by Sublessor, or the Premises shall not be delivered to Sublessee in accordance with the same and all other provisions of this Sublease for any reason whatsoever on or before thirty (30) days after the full execution of this Sublease, Sublessee may terminate this Sublease by written notice to Sublessor whereupon this Sublease shall thenceforth be null and void and of no further effect. The foregoing rights of termination and cancellation shall not be exclusive of any other rights or remedies of Sublessee for the enforcement of the obligations of Sublessor under this Sublease.

Article 36

Provided Sublessee is not in default on any terms of the Sublease beyond the applicable cure periods contained herein, Sublessor grants to Sublessee three (3) separate options to extend the Term for three separate consecutive additional periods of five (5) years on the same terms and conditions as set forth herein except that the Basic Monthly Rent shall increase twelve and one-half percent (12.5%) at the commencement of each renewal period. Said options shall be deemed automatically exercised by Sublessee unless Sublessee shall give notice to Sublessor at least three (3) months before the expiration of the term or renewal period then in effect of Sublessee's desire to terminate said Sublease.

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Sublessee: 

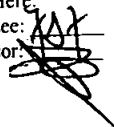
Sublessor: 

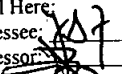
EXHIBIT "A"

Premises:

The storeroom shown outlined as "Premises", Exhibit "B", annexed hereto having a frontage of forty feet (40') and a depth of sixty-two feet (62'), and an overall area of two thousand five hundred forty-seven (2,547) square feet, all being a part of Entire Premises hereinafter described.

Marina:

[to be provided by Sublessor]

Initial Here:
Sublessee: 
Sublessor: 

LEGEND

1	FUEL DOCK	
2	BOAT SLIPS	
3	GUEST DOCK	
4	MARINA SALES	3600 SQ FT
5	MARINA SALES	5,000 SQ FT
6	MARINA SALES	5440 SQ FT
7	MARINA SALES	4,672 SQ FT
8	MARINA FACILITIES	1,296 SQ FT
9	RESTAURANT	8,464 SQ FT
TOTAL BUILDING AREA		28,472 SQ FT

TOTAL PARKING SPACES 204 SPACES

TOTAL BOAT SLIPS 80 SLIPS

Site Plan

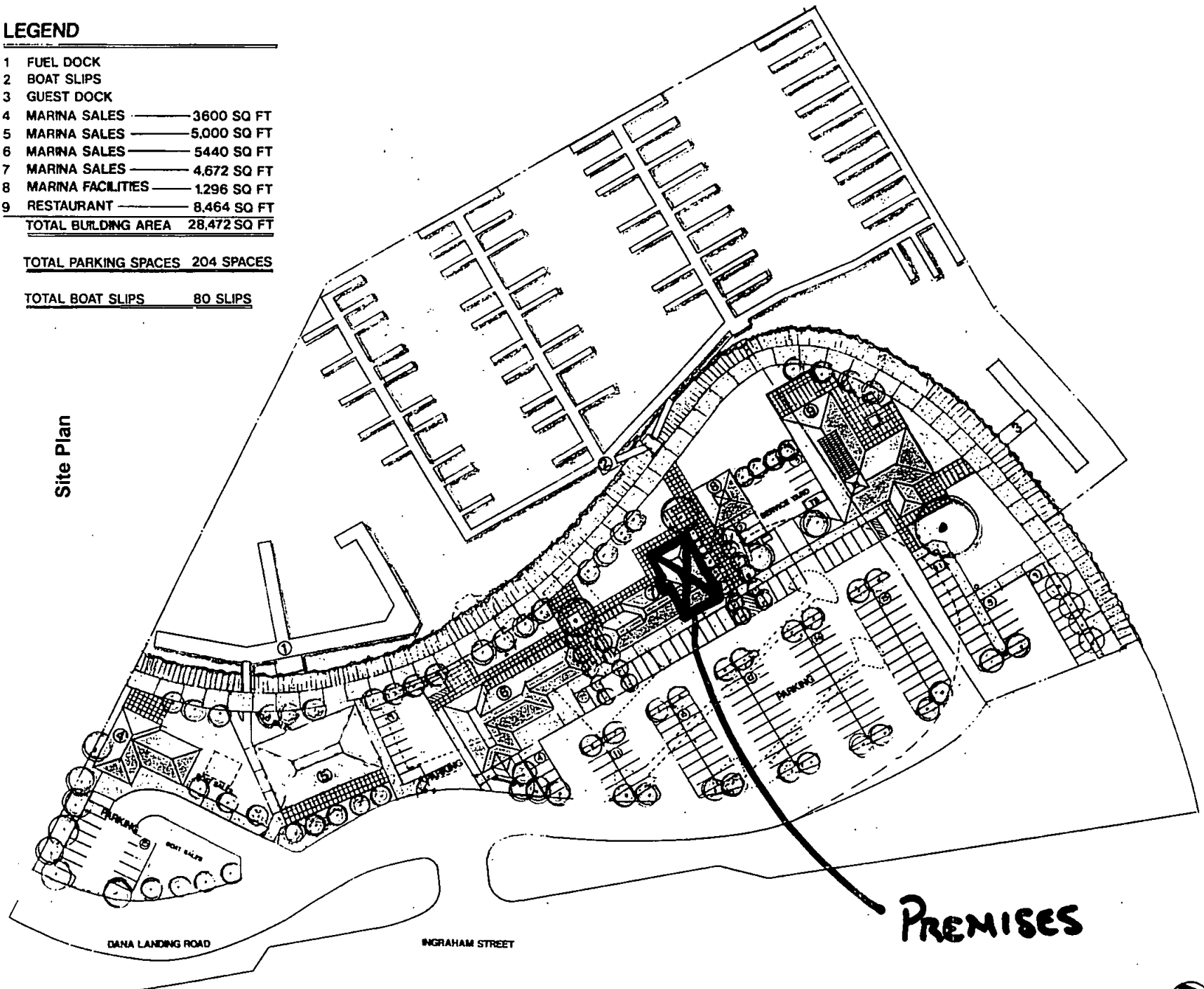


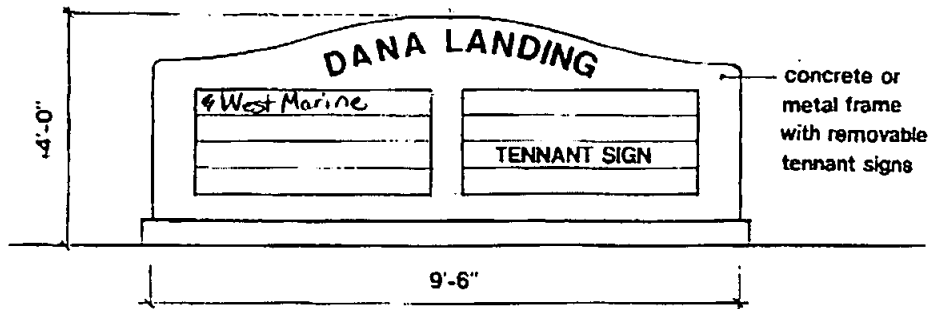
EXHIBIT "B-1"

Page 1 of 1

Monument Sign Exhibit

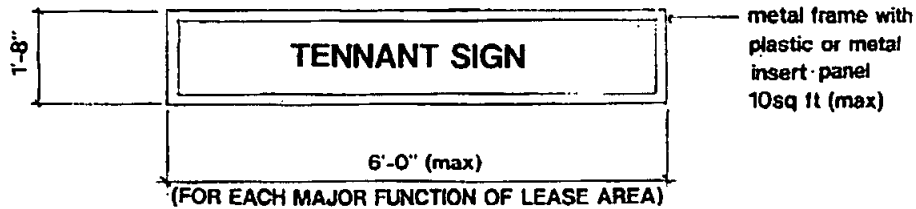
SIGN PROGRAM FOR SITE & BUILDINGS

DANA LANDING REDEVELOPMENT



MONUMENT SIGN AT ENTRANCE TO MARINA

COLORS PER MISSION BAY MASTER PLAN



BUILDING SIGN ABOVE STOREFRONT AREA

indirect (constant) back lighting (no exposed tubes or bulbs)

Initial Here:
Sublessee:
Sublessor:

[Handwritten signature]

EXHIBIT "C"

<u>Percentages</u>	<u>Business Activities</u>
Three Percent (3%)	Of gross income from sales of petroleum products excepting diesel fuel.
One and One-Half Percent (1-1/2%)	Of gross income from sales of diesel fuel.
Five Percent (5%)	Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.
Three Quarters of One Percent (3/4%)	Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.
Four Percent (4%)	Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.
Three Percent (3%)	Of gross income from sales of food and nonalcoholic beverages.
Six Percent (6%)	Of gross income from sales of alcoholic beverages.
Twenty-Five Percent (25%)	Of gross income from rentals of boat slips and related wet storage.
Twenty-Five Percent (25%)	Of gross income from commissions or any other compensation paid to LESSEE or sublessee for the right to install or operate coin-operated vending, game, or service machines or devices on the premises, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessee for use on the premises.
Twenty Percent (20%)	Of gross income from rentals for small boat storage.
Ten Percent (10%)	Of gross income from all other authorized activities.

EXHIBIT "F"

SUBLESSOR'S CONSTRUCTION

Building shell to include:

1. Water tight roof.
2. Complete Sprinkler System (if required by applicable code).
3. Exterior walls finished on exterior; interior walls sheetrocked, taped, sanded, finished and ready for Sublessee's paint.
4. All Demising walls, fire rated in accordance with applicable codes, built from floor to ceiling and flush with the underside of the roof deck using 3 5/8" metal studs 16" OC and 5/8" dry-wall on each side, taped, sanded, finished and ready for Sublessee's paint, with a minimum insulation value of R-11.
5. Smooth, level concrete slab, with Sublessee's finish furnished and installed by Sublessor, as specified on Sublessee's floor plans: Typical requirements include
 - Sales floor and back room (sealed concrete, two coats sonneborn "kure-N-seal"
 - Restrooms (sealed concrete if allowed by code)
 - Allowance for furnishing and installing carpet on sales floor designated as softgoods (typical 1000 sq. ft.)
 - If the concrete floor is not acceptable to West Marine, Sublessor shall install the following as shown on the Sublessee's final Plan.
 - Armstrong VCT: Blue Cloud #51933
6. Complete handicapped bathrooms per local code, located per Sublessee's plan. Sublessee's typical occupancy load average, for use when obtaining permits for the site, is 2.5 employees and 6 customers. Bathrooms shall have all hardware and accessories per local code and Sublessee's plans.
7. Electrical switchgear, meters, and panel to and inside the Premises. Two panels shall be installed: two (2) - 200 AMP, 3-phase panels.
8. Entrance and exit doors, finished inside and out. Number required by code and location per Sublessee's plan. Doors will have lock and core hardware as specified Sublessee's drawings, page 5. Required doors include one double 3' x 7' entry/exit combination, and one pair of 3' x 8' double doors as the rear-receiving exit. All door hardware, lock cylinders, panic emergency hardware as specified in Sublessee's plans shall be provided and installed by the Sublessor.
9. Concrete receiving pad for merchandise deliveries, a minimum of 6' x 6' in size, constructed to industry standards, at the rear receiving double doors.
10. Roof insulation shall be a minimum of R-19, and shall meet all local code requirements. Insulation factors must be considered in the Sublessor's design and engineering of the HVAC system.

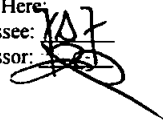
Site work to include:

- A) Adequate site drainage/water treatment systems
- B) Asphalt paving and striping.
- C) ADA required handicap ramps, parking stalls, and signage
- D) Exterior building and parking lot lighting per code
- E) Concrete sidewalks, walkways, and related safety rails and features.
- F) Landscaping and sprinkler systems.
- G) Dumpster location; with fencing or screening if required by code
- H) Pylon and / or monument sign structures

Initial Here:

Sublessee:

Sublessor:



CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

CIRCLE S. PRODUCTIONS, INC., STEVEN PINARD, AND GARY PELZER
(Market)

(SUBLESSEE) dated May 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Sale and rental of food products, fuel, beer, wine, ^{soft} drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 5/30/02

By [Signature]
Circle S. Productions, Inc.
By: Steven Pinard, its Vice President

Dated 5/30/02

By [Signature]
Steven Pinard

Dated 5/30/02

By [Signature]
Gary Pelzer

Dated 5-24-02

By [Signature]
Wesco Sales Corp.
By: Frank Butler, its President

THE CITY OF SAN DIEGO

Dated 6/5 02

By Madom Wynn
For Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 6/28/02

By [Signature]
Deputy City Attorney

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is a Consent to Sublease of a portion of the premises covered by that certain Lease Agreement dated July 24, 1995, as amended between the SUBLESSOR herein and the City of San Diego. This Consent is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

TERMINATION OF MASTER LEASE: Notwithstanding to the contrary in the sublease, SUBLESSEE acknowledges and agrees that in the event of termination of the Master Lease for any reason, the CITY may, in CITY'S sole discretion, either terminate sublease or allow SUBLESSEE to become LESSEE under the terms and conditions of the Master Lease, but as to the subleased premises only.



WESCO SALES CORP. & CIRCLE S. PRODUCTIONS, INC., ET AL

SUBLEASE OF MARKET AT 2590 INGRAHAM STREET,

SAN DIEGO, CALIFORNIA

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SUBLEASE

By this Sublease dated May 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

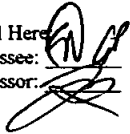
1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: CIRCLE S. PRODUCTIONS, INC., a California corporation, GARY PELZER. AN INDIVIDUAL, and STEVE PINARD, an individual
- (c) Marina: DANA LANDING, 2590 Ingraham Street, San Diego, CA 92109
- (d) Premises: Market as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: May 1, 2002
- (f) Anticipated Term: Ten (10) years.
- (g) Permitted Use: Sale and rental of food products, fuel, beer, wine, soft drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: \$3,612.00
- (i) Initial Security Deposit: \$500.00
- (j) Proportional Share: 8.25%
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM. 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Marina, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invitees, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here
Sublessee:
Sublessor:



1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as the Gas Dock and when completed the Market, including, without limitation: partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether stab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority; were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively "Total Monthly Rent"). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here: 
Sublessee: 
Sublessor: 

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessee: 
Sublessor: 

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

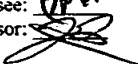
- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services not required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease, Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior walls, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises. Unless Sublessor requires Sublessee to do so in accordance with Article 13.1, Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials other than those normally sold in the normal course of Sublessee's business in compliance with all laws.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

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Sublessee: 
Sublessor: 

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Faking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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Sublessor: 

ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 20.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

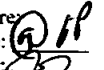
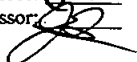
20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee; subSublessee; or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises. Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

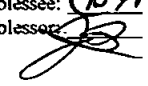
ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over, and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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Sublessee: 
Sublessor: 

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

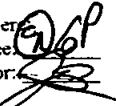
26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Her
Sublessee: 
Sublessor: 

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee: each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement; Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name; Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initial Here:
Sublessee: 
Sublessor: 

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof,

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

CIRCLE S PRODUCTIONS, INC.

BY: _____

BY: _____

GARY PELZER, AN INDIVIDUAL

STEVE PINARD, AN INDIVIDUAL

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: _____

BY: _____

Initial Here
Sublessee: GP
Sublessor: SP

Addendum No. 1 to Marina Sublease dated May 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Circle S. Productions, Inc., Steve Pinard and Gary Pelzer, Sublessees, regarding the Market at Dana Marina, 2590 Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

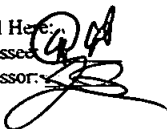
Article 30

Cost of living adjustments ("COL"). On March 1 of each year commencing March 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Initial Here:
Sublessee:
Sublessor:



Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego.

Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

The parties are concurrently entering into a Sublease of the Gas Dock located at the same address as the Market (the "Gas Dock Sublease"). A default under this Sublease shall constitute a default under the Gas Dock Sublease and a default under the provisions of the Gas Dock Sublease shall likewise constitute a default under the terms of this Sublease.

Article 34

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 35

After May 1, 2004, Sublessee may break the lease by giving Sublessor ninety (90) days notice. Sublessee agrees to surrender the premises to Sublessor with all keys in broom-sweep condition at the end of such ninety (90) day period. Provided Sublessee leaves the premises after such notice and surrenders the premises, Sublessor agrees to limit its damages to the amount of three months of unpaid rent, any city percentages due, damages to the property, etc.

Article 36

In the event a governmental agency makes a significant change in the laws which affects Mission Bay or significantly affects recreational fishing, Sublessor and Sublessee agree to either renegotiate the lease in good faith or, if such agreement cannot be reached, to rescind the agreement provided Sublessee leaves the premises after giving Sublessor ninety (90) days notice and surrenders the premises within such time period in broom-sweep condition. Examples of such changes in the law include, fishing closures, disallowing boat rentals, or prohibitive increases to the percentage leases.

Initial Here
Sublessor
Sublessee



CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

WESCO SALES CORPORATION

(LESSEE) and filed in the Office of the City Clerk as Document OO-18192, consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

CIRCLE S. PRODUCTIONS, INC., STEVEN PINARD, AND GARY PELZER
(GAS DOCK)

(SUBLESSEE) dated May 1, 2002. The Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. Premises permitted use: Sale and rental of food products, fuel, beer, wine, ^{soft} drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
2. Sign installation: All signs installed shall be in compliance with the sign policy for Mission Bay Park.
3. Additional conditions attached as MINIMUM STANDARD SUBLEASE CONDITIONS.

Dated 5/30/02

By [Signature]
Circle S. Productions, Inc.
By: Steven Pinard, its Vice President

Dated 5/30/02

By [Signature]
Steven Pinard

Dated 5/30/02

By [Signature]
Gary Pelzer

Dated 5-24-02

By [Signature]
Wesco Sales Corp.
By: Frank Butler, its President

THE CITY OF SAN DIEGO

Dated 10-5-02

By Madison Wayne
Tim C. Rothans, Deputy Director
for the City Manager

APPROVED AS TO FORM:

CASEY GWINN, City Attorney

Dated 4/28/02

By [Signature]
Deputy City Attorney

ADDENDUM A

MINIMUM STANDARD SUBLEASE CONDITIONS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign the sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this lease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and hold harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises, the condition of the premises or from any act or omission of SUBLESSEE, his agents and invitees; provided, however, SUBLESSEE'S duty to indemnify and hold harmless shall not include any claims or liability arising from the established active negligence, sole negligence, or sole willful misconduct of the CITY, its agents, officers, or employees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY. A copy of the policy of insurance shall be filed with CITY and shall name "The City of San Diego" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or canceled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this lease, the prevailing party shall be entitled to an award of reasonable legal costs, including court and attorneys' fees.

SUBORDINATION: This agreement is a Consent to Sublease of a portion of the premises covered by that certain Lease Agreement dated July 24, 1995, as amended between the SUBLESSOR herein and the City of San Diego. This Consent is subject and subordinate to the covenants and conditions of said Lease Agreement notwithstanding any provision hereof contrary to or in conflict with said agreement.

TERMINATION OF MASTER LEASE: Notwithstanding to the contrary in the sublease, SUBLESSEE acknowledges and agrees that in the event of termination of the Master Lease for any reason, the CITY may, in CITY'S sole discretion, either terminate sublease or allow SUBLESSEE to become LESSEE under the terms and conditions of the Master Lease, but as to the subleased premises only.

WESCO SALES CORP. & CIRCLE S. PRODUCTIONS, INC., ET AL

SUBLEASE OF GAS DOCK AT 2590 INGRAHAM STREET,

SAN DIEGO, CALIFORNIA

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SUBLEASE

By this Sublease dated May 1, 2002, for reference purposes only, Sublessor hereby Subleases to Sublessee the Premises, together with the non-exclusive right to use the Common Areas, upon and subject to the following terms, covenants and conditions:

ARTICLE 1 — BASIC SUBLEASE PROVISIONS

1.1 For purposes of this Sublease, certain provisions are defined as follows:

- (a) Sublessor: WESCO SALES CORP. a California corporation dba DANA LANDING
- (b) Sublessee: CIRCLE S. PRODUCTIONS, INC., a California corporation, GARY PELZER, AN INDIVIDUAL, and STEVE PINARD, an individual
- (c) Marina: DANA LANDING, 2590 Ingraham Street, San Diego, CA 92109
- (d) Premises: Gas Dock as indicated on the location plan attached hereto as Exhibit "A."
- (e) Anticipated Commencement Date: May 1, 2002
- (f) Anticipated Term: Ten (10) years.
- (g) Permitted Use: Sale and rental of food products, fuel, beer, wine, ^{soft} drinks, ice, cigarettes, bait, tackle, candy, boating supplies, oil, sun glasses, sundries, clothing, rental of power and non power watercraft, hikes, roller blades, fishing and ski equipment.
- (h) Basic Monthly Rent: \$1,000 per month for the first 12 months. Beginning April 1, 2003, rent will increase to \$2,000 (See also Article 28 of Addendum re: \$0.05 per gallon of gasoline sold and \$0.02 per gallon of diesel sold.)
- (i) Initial Security Deposit: \$500.00 (Reduced from generally required one month.)
- (j) Proportional Share: 0%
- (k) Base Year: The calendar year 2002.
- (l) Procuring Broker: None
- (m) Parking Allotment: Rights to use of parking facilities in common with other tenants.
- (n) Business Hours: 6:00 AM to 6:00 PM. 365 days a year.

1.2 For purposes of this Sublease, the "Land" shall be defined as the site upon which the Marina, Common Areas and other related improvements, facilities, service areas and equipment are located (as legally described in Exhibit "B" attached hereto).

1.3 For purposes of this Sublease, the "Common Areas" shall be defined as those interior and exterior portions of the Marina and such other areas, facilities and equipment serving the Manna, which are designated by Sublessor for the common use and benefit of Sublessees, Sublessees' employees, customers and invites, and all members of the general public. Such areas, facilities and equipment shall include, without limitation: entrances; exits; lobbies; all water based facilities; stairways; corridors; passageways; public washrooms; parking facilities; loading areas; plazas; private sidewalks; landscaped areas; walkways; mechanical, electrical and telephone rooms; utilities and related facilities; electrical, mechanical, sprinkler, fire detection or prevention equipment, security equipment, and related facilities; duct shafts; operating, maintenance and storage areas; and service areas, equipment and facilities.

Initial Here:
Sublessee: 
Sublessor: 

1.4 For purposes of this Sublease, the "Subleasehold Improvements" shall be defined as the Gas Dock and when completed the Market, including, without limitation: partitions within the interior of the Premises and the interior one-half of partitioning demising the Premises from adjacent premises (whether slab-to-slab, ceiling-height or a lesser height), and the fixtures, doors, windows, openings and finishes installed therein or thereon; the interior drywall on exterior walls and partitions demising the Premises from Common Areas; cabinetry, railings, paneling, and woodwork; integrated ceiling systems (including grid, panels and lighting); carpeting and other floor finishes; kitchen facilities (including sinks, appliances and other fixtures) or other similar facilities; rest rooms intended to exclusively serve the Premises (including showers, toilets, basins and other fixtures); the components of the mechanical, heating, ventilation, air-conditioning, electrical, fire/life safety and mechanical systems (collectively "Mechanical Systems") from the common point of distribution on the floor for each such system to and throughout the Premises; any Mechanical Systems or intra-Marina telephone network cabling which are independent of the base-Marina Mechanical Systems and exclusively serve the Premises (whether or not such system is contained entirely within the Premises); and, Alterations which Sublessor has not required Sublessee to remove as a condition of making such Alterations. The Subleasehold Improvements shall include all of the foregoing improvements in or to the Premises regardless of whether such improvements either: existed in the Premises prior to Sublessee's having entered into this Sublease; were paid for by either Sublessor or Sublessee (or a prior Sublessee); were installed by either Sublessee or Sublessor as a condition of this Sublease; were installed by Sublessor during the Term of this Sublease to comply with the requirements or directives of a government, quasi-government or regulatory agency or authority, were installed by Sublessor during the Term of this Sublease with the intent of reducing Operating Expenses; were installed by Sublessor during the Term of this Sublease to maintain the quality, integrity and/or character of the Land, Marina, Common Areas and/or the machinery, equipment and facilities related thereto; or, were installed by Sublessee as an Alteration.

1.5 Notwithstanding the foregoing, those terms defined in Articles 1.1 through 1.4, above are subject to modification, revision or alteration by other terms and conditions of this Sublease, addenda, exhibits and other attachments hereto.

ARTICLE 2 — TERM

2.1 The Term of this Sublease shall commence on the Commencement Date, which shall be the earlier of:

- (a) the date upon which Sublessee occupies the Premises for the conduct of business; or
- (b) the later of:
 - (i) The Anticipated Commencement Date; or
 - (ii) The date, as reasonably determined by Sublessor, upon which the Sublessee Improvements are substantially complete and the Premises are available for the use and occupancy of Sublessee (or would have been so available, but for delay caused by Sublessee), and Sublessee has been provided the opportunity to move into the Premises over a weekend, regardless of Sublessee's completion of installation of Sublessee's trade fixtures, work stations, furnishings and telephone, communication or computer systems.

2.2 The "Initial Term" of this Sublease shall commence on the Commencement Date and continue for the Anticipated Term, plus so many additional days as are necessary such that the Sublease terminates on the last day of a calendar month (the "Termination Date"), unless sooner terminated as otherwise provided herein. The "Term" of this Sublease shall include the Initial Term and any other period of Sublessee's occupancy resulting either from Sublessee's holding over with Sublessor's consent (pursuant to Article 23), or from Sublessee's exercise of an express option to renew, re-Sublease or extend the Term, or other express agreement to extend the Term, all made in accordance with this Sublease (or a modification or addendum thereto made in accordance with this Sublease). Unless expressly stated to the contrary herein, any and all references herein to "months" during the Term shall be deemed to refer to full calendar months of the Term, beginning the Commencement Date (if the Commencement Date is the first day of a calendar month) or the first day of the first full calendar month after the Commencement Date (if the Commencement Date is not the first day of a calendar month).

2.3 Sublessor shall tender possession of the Premises to Sublessee and notify Sublessee of the Commencement Date by means of a Notice of Sublease Term Commencement Date ("NLT") indicating the basis for the Commencement Date. Within seven (7) days after receipt of the NLT, Sublessee shall either confirm the Commencement Date by executing and returning the NLT to Sublessor, or notify Sublessor in writing of any objection to the Commencement Date, or the Commencement Date specified in the NLT shall be deemed conclusive as between Sublessor and Sublessee.

Initial Here
Sublessee: 
Sublessor: 

ARTICLE 3 — BASIC MONTHLY RENT

3.1 The first installment of Basic Monthly Rent is due upon Sublessee's execution of this Sublease. All other installments of Basic Monthly Rent are payable in advance on the first day of each calendar month, together with any monthly installments of estimated Tax Rent, Operating Expense Rent and Capital Expense Rent (collectively 'Total Monthly Rent'). If the Commencement Date is not the first day of the calendar month, Total Monthly Rent shall be prorated. All amounts due Sublessor relating to this tenancy other than Total Monthly Rent ("Additional Rent"), are due and payable within thirty (30) days after receipt of Sublessor's invoice. All amounts due Sublessor relating to this tenancy are rent, and subject to all remedies of Sublessor for nonpayment of rent. Sublessee's obligation to pay all amounts owing under this Sublease shall survive Sublessee's relinquishment of possession to Sublessor, or the expiration or early termination of this Sublease.

3.2 If Total Monthly Rent is not received by Sublessor by the fifth (5th) day of the month in which it is due, or Additional Rent is not received by Sublessor within thirty (30) days after receipt of Sublessor's invoice, then Sublessee shall pay Sublessor a "Late Charge" of ten percent (10%) of the unpaid amount. Sublessee agrees that Sublessee's late payment causes Sublessor to incur costs which are impracticable or extremely difficult to fix, and that the Late Charge is a fair and reasonable estimate of such costs. Sublessor's acceptance of a Late Charge shall not constitute a waiver of Sublessee's default or interest pursuant to Article 26.8, or prevent Sublessor from exercising any of the other rights and remedies of Sublessor under this Sublease.

3.3 All amounts due Sublessor shall be paid by Sublessee, without deduction or offset, in lawful money of the United States of America at the office of Sublessor or to such other person or at such other place as Sublessor notifies Sublessee. Sublessor reserves the right to require that payments be made by certified check when Sublessee is in default hereunder.

ARTICLE 4 — TAX RENT

4.1 "Property Taxes" is all costs and expenses which Sublessor incurs for real and personal property taxes, or any other assessments upon Sublessor's legal or equitable interest in the Land, Marina or Common Areas and all or any related facilities and improvements (including, without limitation, Subleasehold taxes, any non-progressive tax on or measured with respect to gross receipts), whether imposed by a government authority or agency, or by a special assessment district (including districts established for transportation plans, funds or systems), and any reasonable expenses of Sublessor in successfully contesting any of the foregoing; excepting any net income, franchise, capital stock, estate or inheritance taxes. Any item of cost or expense included in Property Taxes shall not be included in either Operating Expenses or Capital Expenses.

4.2 Each year of the Term, Sublessee shall pay to Sublessor the Proportional Share of the amount of annual Property Taxes which exceed Base Year Property Taxes ("Tax Rent"), as follows. As soon as practical after the beginning of a Year, Sublessor shall estimate Tax Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Tax Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated) If this Sublease does not terminate on the last day of the last Comparison Year, Tax Rent shall be prorated.

4.3 Sublessee shall pay any taxes levied upon the personal property or trade fixtures of Sublessee. Sublessee shall directly and fully reimburse Sublessor for any Property Taxes assessed for Alterations made by Sublessee which are above-Marina standard.

ARTICLE 5 — OPERATING EXPENSE RENT

5.1 "Operating Expenses" is all costs and expenses which Sublessor incurs for operating, maintaining, repairing, improving, managing and administering the Land, Marina and Common Areas, including, without limitation costs of utilities and services provided pursuant to Article 9; costs of maintenance performed pursuant to Article 11; parking facility operation, maintenance and management (excluding Sublessor's on-site manager(s)/dock master); business licenses or similar licenses or taxes; insurance Sublessor provides pursuant to Article 15. Any item of cost or expense included in Operating Expenses shall not be included in either Property Taxes or Capital Expenses.

Initial Here:
Sublessee: 
Sublessor: 

5.2 Any item of operation, maintenance, repair, improvement, management or administration of the Marina provided to or supplied from another Marina owned or operated by Sublessor shall be reasonably allocated between such other Marina and the Marina. Operating Expenses shall not be offset for any revenue derived from operation of the Marina or Common Areas, however, Operating Expenses shall exclude costs and expenses of: obtaining new Sublessees (including leasing commissions, attorneys' fees, and improvements to premises); items for which Sublessor is directly reimbursed pursuant to Sublessee Subleases or insurance policies of Sublessees or Sublessor; depreciation and amortization; special services or benefits provided to other Sublessees and not Sublessee; violations of this Sublease by Sublessor; violations by other Sublessees of their Subleases; overhead and profit paid to subsidiaries or affiliates of Sublessor, to the extent same exceeds same if such services were not rendered by a subsidiary or affiliate, principle or interest on debt, or any mortgage; and, ground Sublease rent (if any).

5.3 For each Year, Sublessee shall pay to Sublessor the Proportional Share of the amount, if any, of Operating Expenses for such Year ("Operating Expense Rent"), as follows. As soon as practical after the beginning of a Comparison Year, Sublessor shall estimate Operating Expense Rent for the Year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the Comparison Year to be retroactively due). As soon as practical after the end of a Year, Sublessor shall determine the actual Operating Expense Rent for the Year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the Comparison Year, Operating Expense Rent shall be prorated.

ARTICLE 6 — CAPITAL EXPENSE RENT

6.1 "Capital Expenses" is defined as all costs and expenses Sublessor incurs (without offset for any revenue derived from any source whatsoever) for making or installing capital improvements, modifications or additions to the Land, Marina or Common Areas, which are either:

- (a) Required by directive of a government, quasi-government or regulatory agency or authority pursuant to either a law or statute (or interpretation of same) newly enacted or promulgated after the execution of this Sublease; or
- (b) Made after the execution of this Sublease with the intent of reducing Operating Expenses.

Any item of cost or expense included in Capital Expenses shall not be included in either Property Taxes or Operating Expenses.

6.2 For each calendar year during the Term, Sublessee shall pay to Sublessor the Proportional Share of any Capital Expenses which Sublessor amortizes (with interest pursuant to Article 27.8) in such calendar year ("Capital Expense Rent"), as follows. As soon as practical after the beginning of a calendar year (or the Term, if applicable), Sublessor shall estimate Capital Expense Rent for the calendar year, which Sublessee shall pay in equal monthly installments (underpayment of estimates from the beginning of the calendar year to be retroactively due). As soon as practical after the end of a calendar year, Sublessor shall determine the actual Capital Expense Rent for the calendar year and either invoice Sublessee for any underpayment, or credit any overpayment to Total Monthly Rent next due (or refund the overpayment to Sublessee, if this Sublease has terminated). If this Sublease does not terminate on the last day of the calendar year, Capital Expense Rent shall be prorated.

ARTICLE 7 — SECURITY DEPOSIT

7.1 The Initial Security Deposit is due upon Sublessee's execution of this Sublease. During the Term, Sublessee shall deposit additional amounts with Sublessor so that the total amount held by Sublessor ("Security Deposit") is not less than Sublessee's then current Total Monthly Rent. The Security Deposit shall be held by Sublessor as security for the faithful performance by Sublessee of all of the terms, covenants and conditions of this Sublease to be kept or performed by Sublessee. Sublessor shall not be required to segregate the Security Deposit from its general funds or pay Sublessee any interest thereon. The Security Deposit shall not be used by Sublessee for payment of last month's rent, Sublessor may use, apply or retain all or any part of the Security Deposit for the payment of rent or any other sum in default, or to compensate Sublessor for any loss or damage which Sublessor has suffered or may suffer due to Sublessee's default of this Sublease. If Sublessee fully and faithfully performs every provision of this Sublease to be performed by Sublessee, then Sublessor shall return to Sublessee any Security Deposit which has not been so used, applied or retained within sixty (60) days of the termination of this Sublease; however, Sublessor may retain such Security Deposit as reasonably necessary to secure any remaining obligations of Sublessee under Articles 4, 5 and 6, which Sublessee acknowledges cannot be fully ascertained until as soon as practical after the end of the Comparison Year (or calendar year). Sublessee waives application of the provisions of California Civil Code section 1950.7 to the extent contrary to the foregoing.

Initial Here
Sublessee
Sublessor

ARTICLE 8 — USE

8.1 Sublessee shall use the Premises solely for the Permitted Use and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Sublessor. Sublessee shall not use or occupy the Marina, Common Areas or Premises in a manner which: is a violation of any law or certificate of occupancy; is a nuisance; obstructs, injures or interferes with the rights of other Sublessees or occupants of the Marina; invalidates or increases the cost of any insurance policy described in Article 15; or violates rules, orders, regulations and requirements of any insurance fire rating bureau. The Premises shall not be used for any lodging, sleeping or unlawful purpose. Sublessee shall, at Sublessee's sole cost and expense, comply with all directives, orders and regulations of any government authority which concern Sublessee's particular use, design, specification or construction of the Premises (as compared to compliance generally required throughout the Marina, in which case recovery of costs may be subject to Article 6).

ARTICLE 9 — UTILITIES AND SERVICES

9.1 Sublessee shall pay for all utilities furnished the Premises.

9.2 Sublessee shall pay Sublessor's reasonable charge for any Services not required to be provided to the Premises. Modifications to Services or Subleasehold Improvements (including metering) required due to concentration of personnel or office equipment, or the use of office equipment that generates unusual heat or consumes unusual amounts of electricity shall be made at Sublessee's sole cost and expense.

ARTICLE 10 — PARKING LICENSE

10.1 Sublessor grants Sublessee a revocable license to park, in common with other Sublessees, up to Sublessee's Parking Allotment of automobiles in the parking facilities of the Marina. Sublessee shall observe all rules and regulations for use of the parking facilities and otherwise use the parking facility in a safe and lawful manner. No estate is conveyed to Sublessee and no bailment is created hereunder. Sublessor is not responsible for theft, loss or damage to automobiles or other personal property in connection with Sublessee's use of the parking facility. Sublessor may revoke this license in its entirety if Sublessee is in default of this Sublease. Sublessor may revoke this license with respect to any individual using the parking facility through Sublessee that violates the terms of this Article. Sublessee's license shall otherwise expire upon the termination of this Sublease.

ARTICLE 11 — REPAIRS

11.1 Sublessee shall, at Sublessee's sole cost and expense, keep in good condition and repair the Premises (including, without limitation, the interior walls, all equipment used in or by the Premises, interior partitions and glass panels, carpeting, wall coverings and kitchen facilities) and any Mechanical Systems which are above-Marina standard and installed or exist to exclusively serve the Premises. All work related to (including connections with) Mechanical Systems shall be performed by Sublessor's approved subcontractors. Upon termination of this Sublease, Sublessee shall relinquish possession of the Premises to Sublessor in the same condition as received, ordinary wear and tear excepted, free of all trash and rubbish, and in broom clean condition.

11.2 Sublessor shall repair and maintain the Common Areas, structural portions of the Marina, and Mechanical Systems generally serving the Marina. Provided Sublessor uses commercially reasonable efforts to minimize interference with Sublessee's use of the Premises, Sublessor may install, repair and maintain Mechanical Systems above the ceiling, below the floor, within the walls and central core, and temporarily restrict access to the Marina, Common Areas and Premises to do so. Sublessee waives any right to make repairs at Sublessor's expense pursuant to California Civil Code section 1942 or any similar law, statute or ordinance.

ARTICLE 12 — ENTRY BY SUBLESSOR

12.1 With reasonable prior notice, Sublessor shall have the right to inspect and show the Premises, and enter the Premises to perform Sublessor's duties pursuant to Article 11.2; however, no prior notice shall be required in an Emergency (which is any circumstance which threatens or endangers the Marina, or health or property of Sublessor or any occupant, or may result in a material liability or loss to Sublessor) for Sublessor to supply regular Services or to post legal notices. Sublessor shall have keys to all doors in the Premises, and Sublessee shall not change locks on any doors without Sublessor's prior written consent.

Initial Here:
Sublessee: 
Sublessor: 

ARTICLE 13 — ALTERATIONS

13.1 "Alterations" is defined as any alteration, addition, decoration or improvement to the Premises made by Sublessee (excepting Sublessee Improvements and hanging of artwork). Sublessor's prior written consent is required for all Alterations. Sublessee shall give Sublessor ten (10) days prior written notice of all proposed Alterations and provide Sublessor with any working drawings or specifications, estimated costs, the identity of the qualified, licensed contractor proposed to perform the work, and said contractor's certificates of insurance (including reasonable amounts of liability/property damage, product liability and Workers Compensation insurance). Sublessor shall, within said ten (10) day period, notify Sublessee if Sublessee will be required to either: remove the proposed Alterations at the end of the Term and restore the Premises; obtain the consent of any lender or ground lessor; provide Sublessor evidence of all required permits; obtain a lien and completion bond; name Sublessor as an additional insured; use another contractor reasonably acceptable to Sublessor (Sublessee to use Sublessor designated contractors for work relating to Mechanical Systems); perform the Alterations at particular times, in a particular manner or under Sublessor supervision; or provide additional information regarding same. All Alterations shall comply with all laws, rules and/or directives of any government or regulatory agency or authority; and, if any such government or regulatory agency or authority requires any improvements, modifications, additions or alterations to any part of the base Marina or Mechanical Systems as a result of the Alterations, then the same shall be made by Sublessee at Sublessee's sole cost and expense. Sublessee shall keep the Land, Marina and Premises free from any liens resulting from work performed, materials furnished or obligations incurred by, or on behalf of Sublessee.

13.2 Sublessor may require Sublessee to immediately remove any Alterations not made in accordance with this Article, and restore the Premises, Unless Sublessor requires Sublessee to do so in accordance with Article 13.1. Sublessee shall not be required to remove Alterations at the end of the Term. All permanent improvements to the Premises, excepting Alterations Sublessor requires Sublessee to remove at the end of the Term and trade fixtures, shall become the property of Sublessor upon the termination of this Sublease and shall be relinquished with the Premises. Sublessee shall reimburse Sublessor for all reasonable costs and expenses of reviewing and/or supervising Alterations (including, without limitation, review of plans or work by Sublessor architect, engineer or other consultant) or removing Alterations on behalf of Sublessee (if Sublessee is required to so remove the Alterations, and fails to do so), plus pay a supervision fee to Sublessor in the amount of ten percent (10%) of the cost of such work.

ARTICLE 14 — HAZARDOUS MATERIALS

14.1 "Hazardous Materials" is defined as any substance, material, emission, discharge or waste defined as "hazardous, toxic", or a "pollutant" or "contaminant" under any local, state or federal government law, statute, code, order or regulation for the protection of health, safety or the environment. Sublessor and Sublessee shall comply with all laws concerning Hazardous Materials and handling, storage and disposal thereof. Sublessee shall neither create, bring into nor store in the Marina, Common Areas or Premises any Hazardous Materials other than those normally sold in the normal course of Sublessee's business in compliance with all laws.

ARTICLE 15 — INSURANCE

15.1 Sublessor shall, throughout the Term, provide, maintain and keep in force: (a) commercial general liability insurance; (b) all risk insurance or fire insurance (with standard extended coverage endorsement perils, leakage from fire protection devices and water damage) covering the Marina and all fixed improvements therein, the Subleasehold Improvements and Marina standard Alterations (excepting those items Sublessee is required to insure pursuant to Article 15.2, subparagraphs [b] through [d]); (c) insurance for loss of rental income or insurable gross profits in such amounts as Sublessor prudently elects to maintain; and (d) such other insurance (including boiler and machinery insurance) as Sublessor prudently elects to maintain. Insurance under subparagraphs (a), (c) and (d) shall be in such amounts, with such deductibles and exclusions and/or such other terms and conditions as Sublessor prudently determines to be commercially reasonable and sufficient.

15.2 Sublessee shall, during the Term, provide, maintain and keep in force: (a) commercial general liability insurance with respect to Sublessee's use and occupancy of the Premises, Common Areas and Marina, and the business carried on by Sublessee therein, with limits of not less than One Million Dollars (\$1,000,000.00) for any one accident or occurrence, with Sublessor and the City of San Diego named as additional insureds; (b) all risk or fire insurance (with standard extended coverage endorsement perils, theft, vandalism, explosion, falling plaster, steam, gas, electricity, water, rain, elements of nature, water damage or dampness, and leakage from any part of the Marina or Land, including fire protection devices, pipes, appliances and other plumbing) covering the full replacement cost of Sublessee's trade fixtures, furnishings, equipment, inventory, stock-in-trade, personal property and above-Marina standard Alterations; (c) insurance for loss of income or insurable gross profits in such amounts as Sublessee prudently determines is commercially reasonable and sufficient; and (d) workers' compensation insurance.

15.3 With regards to insurance coverage required pursuant to Article 15.1(b), (c) and (d), and Article 15.2(b) and (c): each

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Sublessee: 
Sublessor: 

such policy of Sublessor or Sublessee shall include a clause or endorsement whereby the insurer waives its right of subrogation against the other party; and, Sublessor and Sublessee waive any rights of recovery against each other for injury or loss due to hazards required to be covered by such insurance. On or before use or occupancy of the Premises for any purpose, and from time to time during the Term, Sublessee shall provide Sublessor and the City of San Diego with certificates or other proof necessary to verify that all required insurance clauses and endorsements have been obtained and are in full force and effect. Each of Sublessee's policies shall contain an undertaking by the insurer to advise Sublessor and the City of San Diego prior to any material change, reduction or cancellation thereof.

ARTICLE 16 — INDEMNIFICATION

16.1 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessee shall indemnify and hold Sublessor harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from: the negligence or willful misconduct of Sublessee, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessee would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; any claim that may be asserted against Sublessor by any person or entity other than Procuring Broker who claims a right to compensation for brokerage services in regards to Sublessee; and Sublessee's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessor by reason of any such claim, Sublessee, upon notice from the Sublessor, shall defend the same at Sublessee's expense by counsel reasonably satisfactory to Sublessor.

16.2 Subject to the waivers of subrogation and liability set forth in Article 15.3, Sublessor shall indemnify and hold Sublessee harmless from and against any and all liability, loss, claims, demands, damages or expenses, including attorneys' fees, whether for personal injury, theft, property damage or otherwise, due to or arising from the negligence or willful misconduct of Sublessor, its servants, employees, agents, contractors, invites, concessionaires or licensees, or those over whom Sublessor would normally be expected to exercise control, whether in or about the Land, Marina, Common Areas, Premises, or parking facility; or Sublessor's breach or non-performance of any provision of this Sublease. If any action or proceeding is brought against Sublessee by reason of any such claim, then Sublessor, upon notice from Sublessee, shall defend the same at Sublessor's expense by counsel reasonably satisfactory to Sublessee.

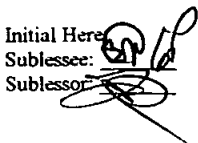
ARTICLE 17 — DAMAGE OR DESTRUCTION

17.1 If any portion of the Land, Marina, Common Areas or Premises reasonably necessary for Sublessee's access, use or occupancy of the Premises is damaged or destroyed by any cause (the "Damage Event"), then within thirty (30) days after the Damage Event, Sublessor shall reasonably estimate how long repairs will take and notify Sublessee of same. If in Sublessor's reasonable opinion repairs can be completed within one hundred twenty (120) days after the Damage Event and the Damage Event occurred prior to the last year of the Term, Sublessor shall repair same during which time this Sublease shall remain in full force and effect (subject to Article 19). If in Sublessor's reasonable opinion repairs cannot be completed within one hundred twenty (120) days after the Damage Event, the Damage Event occurred during the last year of the Term, or the Damage Event is not insured, Sublessor may either repair same during which time this Sublease shall remain in full force and effect (subject to Article 19) or terminate this Sublease upon at least thirty (30) days' prior written notice to Sublessee (subject to Article 19). Sublessor's obligation to repair the Premises shall only extend those items required to be insured by Sublessor pursuant to Article 15.1(b), unless Sublessee assigns to Sublessor the proceeds of any insurance required pursuant to Article 15.2(b) with respect to above-Marina standard Alterations and pays to Sublessor any deductible under such policy. Sublessee hereby waives application of California Civil Code sections 1932(2) and 1933(4).

ARTICLE 18 — EMINENT DOMAIN

18.1 If all or any portion of the Land, Marina, Common Areas or Premises is taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold in lieu of such taking ("Taking"), then if the Taking substantially interferes with Sublessee's use and occupancy of the Premises, this Sublease shall terminate on the date of Taking. If the Taking does not substantially interfere with Sublessee's use and occupancy of the Premises, Sublessor may either terminate this Sublease or, after the Taking, restore the Premises to substantially the same condition prior thereto. Sublessee shall not assert any claim for any interest in this Sublease; however, Sublessee shall be entitled to bring a separate action for relocation expenses, and damages to Sublessee's personal property, trade fixtures and goodwill. Sublessee hereby waives application of California Code of Civil Procedure section 1265.130.

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Sublessee:
Sublessor:



ARTICLE 19 — INTERRUPTION OF USE

19.1 If a Damage Event (under Article 17), Taking (under Article 18), failure of Sublessor to provide Services (under Article 9), or failure of Sublessor to repair or maintain the Marina or Common Areas (under Article 11), or failure of Sublessor to comply with Article 14 (collectively "Interruption") substantially adversely affects Sublessee's use or prevents reasonable access to the Premises for a period greater than five (5) consecutive business days, then Sublessee's Total Monthly Rent shall be abated to the extent that the Premises is rendered unusable for the conduct of Sublessee's business therein, for the period of time so rendered unusable, unless the Premises has been rendered unusable due to Sublessee's failure to comply with this Sublease. If the Interruption is reasonably estimated by Sublessor to exceed one hundred eighty (180) days, then Sublessee may, within thirty (30) days after the Interruption, elect to terminate the Sublease upon thirty (30) days' prior written notice. Notwithstanding the foregoing, this Sublease shall not be terminated if Sublessor takes action within said thirty (30) days' notice period which will result in the restoration of Sublessee's reasonable access to, and use of the Premises within said one hundred eighty (180) days' period.

ARTICLE 20 — SUBORDINATION

20.1 Subject to the provisions of Article 20.2, this Sublease shall be subject and subordinate to all present and future ground or underlying leases of the Marina or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Marina or Project or any part thereof, and to any and all renewals, modifications, consolidations, replacements, substitutions and extensions thereof, as if the mortgage, trust deed or other encumbrance and all of its renewals, modifications, consolidations, replacements, substitutions and extensions had been executed, delivered and recorded prior to execution of this Sublease.

20.2 In the event of the termination of the Master Lease or the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transferor conveyance in lieu of such foreclosure, then so long as the Sublease is then in full force and effect and Sublessee is not in default under any of the terms, covenants or conditions of the Sublease, Sublessee agrees to attorn to and accept any such successor owner as lessor under the Sublease and to be bound by and perform all of the obligations imposed by the Sublease, and successor owner will not disturb the possession of Sublessee and will be bound by and perform all of the obligations of Sublessor, except that successor owner will not be liable for: any act, omission or default of Sublessor, or be subject to any claims, offsets, defenses, credits or deductions which Sublessee might have against Sublessor; any rent, additional rent or other sum Sublessee paid to Sublessor more than one (1) month in advance, or by any security deposit, cleaning deposit or other prepaid charge Sublessee paid to Sublessor and not held by or paid over to successor owner; any conflict between the provisions of the Sublease and any other Sublease affecting the Marina or Project; or, constructing or completing any improvements to the Premises, Marina or Project required under this Sublease, whether prior to or during the Term, or in connection with any renewal, extension or expansion hereof.

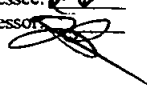
20.3 Sublessee shall, within five (5) business days after receipt of Sublessor's written request, execute such further instruments or assurances as Sublessor may reasonably deem necessary to evidence or confirm the subordination, nondisturbance and attornment pursuant to this Article. Sublessee waives the provisions of any current or future statute, rule or law contrary to the provisions of this Article which may give Sublessee any right or election to terminate or otherwise adversely affect this Sublease and the obligations of the Sublessee hereunder in the event of any the foreclosure of any mortgage, trust deed or other encumbrance, or upon a transfer or conveyance in lieu of such foreclosure.

ARTICLE 21 — MARINA PLANNING

21.1 Intentionally omitted.

ARTICLE 22 — ASSIGNMENT AND SUBLETTING

22.1 Sublessee shall not Assign this Sublease without the prior written consent of Sublessor and the City of San Diego, which shall not be unreasonably withheld, conditioned or delayed. "Assign" or "Assignment" is defined to include: an assignment of the Sublease; a subSublease of all or any part of the Premises; any permitted occupancy or conduct of business in any or all of the Premises by anyone other than Sublessee; Sublessee's pledging, sale, transfer, hypothecation or encumbrance of the Sublease; Sublessee's change in business status or organization; Sublessee's dissolution, merger, consolidation or other reorganization; Sublessee's sale or other transfer of a controlling share of the voting capital stock of Sublessee; and, the sale of fifty-one percent (51%) or more of the interests of Sublessee. "Assignee" is defined to include: an assignee, subSublessee, or any other person or entity which may claim a right to possession of the Premises by or through Sublessee.

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22.2 Sublessee shall give Sublessor thirty (30) days' prior written notice of any proposed Assignment, including the proposed Assignee's name and address, the proposed terms, the proposed use, the proposed Assignee's financial statements, bank and credit references, and such additional information as Sublessor may reasonably require. Within said thirty (30) days, Sublessor shall notify Sublessee of Sublessor's approval or disapproval of the proposed Assignment. Sublessor shall also have the right to terminate this Sublease either in its entirety or with respect to only that portion of the Premises which Sublessee has proposed to Assign (the "Proposed Portion"). If Sublessor elects to terminate the Proposed Portion, then Sublessee's Total Monthly Rent and Proportional Share shall be reduced accordingly as of the proposed date of the Assignment. Sublessor shall make such permanent improvements as may be reasonably necessary to demise the Proposed Portion from the remaining Premises Sublessee shall not be entitled to any portion of the profit which Sublessor may realize as a result of any such termination and reletting of the Proposed Portion or the Premises.

22.3 Sublessee may retain all rents and other consideration from any permitted Assignment; however, Sublessee or any subsequent assignor or Sublessor shall not be released from any liability under this Sublease as the result of any Assignment. Sublessee shall cause Assignee to execute an agreement with Sublessor upon a form furnished by Sublessor binding Assignee to all the non-monetary terms of this Sublease (excepting rights to extend this Sublease or expand the Premises, unless so granted by Sublessee), and as security for Sublessee's obligations under this Sublease, Sublessee assigns to Sublessor the right to collect all rent resulting from any Assignment in the event of Sublessee's default and apply such rent to the satisfaction of Sublessee's obligations under this Sublease. Sublessee shall pay a reasonable processing fee to Sublessor for each Assignment, not to exceed Five Hundred Dollars (\$500.00).

ARTICLE 23 — HOLDING OVER

23.1 Sublessee's failure to restore possession of the Premises to Sublessor at the end of the Term will cause damage to Sublessor which is impracticable or extremely difficult to ascertain. If Sublessee holds over after the Term without the prior written consent of Sublessor (which Sublessor may withhold in its sole discretion, without regard to Article 27.1), then Sublessee shall be a Sublessee-at-sufferance. Sublessee shall perform each and every term, condition and covenant of this Sublease during any such holding over except that: Sublessee shall not be entitled to any parking discounts or special modes of parking during such holding over; and, in lieu of Total Monthly Rent or Additional Rent due under the Sublease, for each month or portion thereof which Sublessee holds over Sublessee shall pay Sublessor liquidated damages of two hundred percent (200%) of the Total Monthly Rent payable by Sublessee to Sublessor in the last full month of the Term. Nothing herein shall prevent Sublessor from exercising any other rights under this Sublease or the law to regain possession of the Premises. Acceptance of any payment from Sublessee after expiration of this Sublease shall not constitute a renewal or extension thereof.

ARTICLE 24 — DEFAULTS

24.1 Sublessee shall be in default of this Sublease if Sublessee fails to pay, within three (3) business days after receipt of written notice from Sublessor, any Basic Monthly Rent or Additional Rent, or fails to cure, within thirty (30) days after receipt of notice from Sublessor, Sublessee's failure to observe any other term of this Sublease (however, Sublessee shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessee commences to cure within the thirty [30] day period and diligently prosecutes same to completion). Sublessor may give Sublessee a single notice of default inclusive of the requirements of California Code of Civil Procedure section 1161, et. seq.

24.2 Sublessor shall not be in default or liable to Sublessee under this Sublease for any failure to observe any term of this Sublease, unless Sublessee notifies Sublessor of such default and Sublessor fails to cure same within thirty (30) days after receipt Sublessee's notice (however, Sublessor shall cure in such shorter time as reasonably necessary due to an Emergency, and if more than thirty [30] days are reasonably required to cure, then no default will have occurred if Sublessor commences to cure within the thirty [30] day period and diligently prosecutes same to completion).

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Sublessor: 

ARTICLE 25 — REMEDIES, ATTORNEYS' FEES & WAIVER OF JURY TRIAL

25.1 If Sublessee defaults under this Sublease, Sublessor may avail itself of any remedy available under law in Sublessor's sole discretion (without obligation under Article 27.1). No remedy or election hereunder shall be deemed exclusive and, wherever possible, each remedy shall be cumulative with all other remedies. If Sublessee abandons the Premises, or Sublessee's right to possession is terminated by the Sublessor because of a default, and Sublessor proceeds under California Civil Code section 1951.2, this Sublease shall terminate, and Sublessor shall be entitled to recover from Sublessee; the worth at the time of award of the unpaid rent which had been earned at time of termination; the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Sublessee proves could have been reasonably avoided; the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Sublessee proves could be reasonably avoided; and any other amount necessary to compensate Sublessor for damage caused by Sublessee's failure to observe this Sublease (or which, in the ordinary course of things would be likely to result therefrom, including, without limitation, any costs of obtaining mitigating rental income, such as excused rent, brokerage commissions, Sublessee improvements, parking concessions, Sublease takeovers, cash payments, advertising, moving costs or any other cost or Sublessee concession related to the releasing of the Premises upon the default of Sublessee). The "worth at the time of award" shall be computed by allowing interest at ten percent (10%) per annum on amounts due prior to award, and discounting amounts due after award at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

25.2 In any action brought by either Sublessor or Sublessee against the other to enforce or interpret any provision of this Sublease (including any claim in a bankruptcy or an assignment for the benefit of creditors), the prevailing party shall recover from the other party all reasonable costs and attorneys' fees of such action (including those incurred either prior to such action in the proposed resolution or contemplation of such action, in a prior unlawful defamer action rendered moot by Sublessee's vacancy, in the maintenance or enforcement of any judgment resulting from said action, or in the appeal from any such judgment), whether such costs were incurred or services were performed by in-house or outside counsel.

25.3 Sublessor and Sublessee each hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Sublessor against Sublessee, or Sublessee against Sublessor, as to any matter whatsoever arising out of or in any way connected with this Sublease, the relationship of Sublessor and Sublessee, Sublessee's use or occupancy of the Premises, any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect, Notwithstanding the foregoing, Sublessor and Sublessee agree that this waiver shall not be effective where the legal effect of such waiver would be to invalidate in whole or in part, or to limit or impair in any manner any policy of insurance in force for the benefit of Sublessor or Sublessee or to limit or impair any rights, remedies or coverage afforded thereunder.

ARTICLE 26 — NOTICE

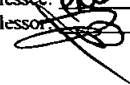
26.1 Notice shall be given to Sublessee at the Premises. Notice shall be given to Sublessor at 21500 Nordoff Street, Chatsworth, CA 91311 Attention: Frank Butler with copy to The Law Offices of Shai Oved at 20700 Ventura Blvd., Suite 220, Woodland Hills, CA 91364. Either party may, by written notice to the other, specify a different address for notice purposes. Any requirement under this Sublease to give "notice" or "notify" shall require a writing, delivery thereof evidenced by signed receipt (whether personally delivered, or sent by certified mail or a nationally recognized overnight courier service). Notice given by facsimile transmission shall not be valid unless the party to whom the transmission is addressed acknowledges timely receipt of the transmission in writing. If either party refuses to sign a receipt acknowledging delivery, notice may be given by first-class mail and shall be deemed effective two (2) business days after mailing. Notice from or to any single person or entity executing this Sublease as Sublessee shall be deemed effective as to all persons or entities executing this Sublease as Sublessee.

ARTICLE 27 — GENERAL PROVISIONS

27.1 Reasonableness. Except as provided to the contrary herein, if Sublessor's or Sublessee's discretion or consent is required, such discretion will be reasonably exercised and such consent will not be unreasonably withheld, conditioned or delayed.

27.2 Rules and Regulations. Intentionally omitted.

27.3 Conflict of Laws; Venue. This Sublease shall be governed by and construed under the laws of the State of California. Any lawsuit brought by Sublessee against Sublessor shall be filed in a court of competent jurisdiction in the County of Los Angeles.

Initial Here:
Sublessee: 
Sublessor: 

27.4 Joint and Several Liability. If more than one person or entity executes this Sublease as Sublessee, each shall be jointly and severally liable for all obligations of Sublessee hereunder; any act or signature by one shall be binding upon all persons or entities constituting Sublessee; and, any refund or payment to one shall be effective as to all persons or entities constituting Sublessee.

27.5 Successors and Assigns. Except as provided to the contrary herein, each covenant, condition and provision of this Sublease shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal representatives, successors and permissible assigns.

27.6 Definition of Sublessor. "Sublessor" is defined as and is limited to only the lessee at the time in question under the Master Lease of the Marina (whether pursuant to a fee interest or Subleasehold interest under a ground Sublease of the Land). If Sublessor transfers, assigns or conveys its interest, Sublessor shall be automatically freed and relieved of all liability with respect to the performance of any covenants or obligations in this Sublease to be performed from and after the date of such transfer, assignment or conveyance (including return of Security Deposit, provided Sublessor transfers all Security Deposit which has not been used, applied or retained prior to such conveyance to Sublessor's successor in interest).

27.7 Waiver Time of the Essence. A party's waiver of any breach of this Sublease shall not be deemed a waiver of any other breach. No custom or practice which develops between the parties shall be deemed a waiver of either party's right to require strict performance hereunder. Time is of the essence.

27.8 Interest. Wheresoever interest is required under this Sublease, and in lieu of the legal rate to be used in the computation of any interest owed Sublessor in any judgment or award of the court, interest shall be charged at the rate often percent (10%) per annum.

27.9 Entire Agreement. Severability. Except as expressly set forth herein, neither Sublessor nor its employees, agents or contractors have made any representation or warranty concerning the Land, Marina, Common Areas or Premises, or the suitability of either for the conduct of Sublessee's business. This Sublease contains the entire agreement of the parties hereto with respect to the tenancy created hereunder and no prior agreement or understanding (whether oral or written, expressed or implied) pertaining to same shall be effective, and this agreement shall be deemed integrated. This Sublease may only be modified, amended or added to by an agreement in writing executed by the parties hereto. The use of boldface, italics or underlining are for convenience only, and shall have no effect upon the construction or interpretation of this Sublease. If any part of this Sublease is declared invalid, void or illegal, the remaining portions of this Sublease shall not be impaired or invalidated, and this Sublease shall otherwise remain in full force and effect.

27.10 Marina Name: Advertising. Sublessor shall have the right to change the name or street address of the Marina upon reasonable prior notice to Sublessee. All advertisements or other public solicitations concerning the Premises shall require Sublessor's prior written approval.

27.11 Quiet Possession. Except as provided to the contrary herein, upon paying the rents reserved hereunder and otherwise observing this Sublease, Sublessee shall have quiet possession of the Premises for the Term.

27.12 Examination and Delivery by Sublessee. Submission of this Sublease for examination or signature by Sublessee does not constitute a reservation of or option to Sublease, and shall not be effective as a Sublease or binding legal document until execution and delivery by all parties hereto.

Initial Here
Sublessee: 
Sublessor: 

27.13 Confidentiality. Sublessee agrees to keep the terms of this Sublease confidential and shall not disclose same to any other person not a party hereto without the prior written consent of Sublessor. Sublessee shall not record this Sublease or a short form memorandum thereof.

WHEREUPON, THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE
ON THE DATES INDICATED

SUBLESSEE

CIRCLE S PRODUCTIONS, INC.

BY: _____

BY: _____

GARY PELZER, AN INDIVIDUAL

STEVE PINARD, AN INDIVIDUAL

SUBLESSOR

WESCO SALES CORP., DBA DANA LANDING

BY: _____

BY: _____

Initial Here
Sublessee: _____
Sublessor: _____

Addendum No. 1 to Marina Sublease dated May 1, 2002, between Wesco Sales Corp. dba Dana Landing, Sublessor, and Circle S. Productions, Inc., Steve Pinard and Gary Pelzer, Sublessees, regarding the Gas Dock at Dana Marina, 2590 Ingraham Street, San Diego, CA 92109.

Article 28

In addition to all other rent payable pursuant to this sublease (Basic Monthly Rent, tax rent, operating expense rent, percentage rent and capital expense rent) Sublessee shall pay Percentage Rent due the City of San Diego on Sublessee's Gross Sales pursuant to the schedule attached hereto, marked Exhibit "C" and by this reference and incorporated herein. The City percentage rent shall be paid on or before the 21st day of each month after the month in which this sublease commences. At the same time, Sublessee agrees to pay to Sublessor five cents (\$0.05) per gallon of on gasoline and two cents (\$0.02) per gallon on diesel fuel delivered to the premises. Sublessor and the City of San Diego shall have the right at any time to inspect and/or audit Sublessee's books and records. Should the results of any such audit reveal an underpayment of the percentage rent due for the audit period of 3% or more, Sublessee shall pay all sums found due immediately, together with all costs of the audit and legal fees and costs incurred by Sublessor and the City of San Diego.

Article 29

Sublessee acknowledge that Sublessor does not provide any security for the marina and, consequently, Sublessee assumes all responsibility for vandalism, damages to or theft from the subleased improvements and will hold Sublessor and the City of San Diego free and harmless from any claims in connection therewith.

Sublessee shall not allow fuel or other pollutants to escape into the water of Mission Bay or onto any adjacent leasehold property. Sublessee shall provide insurance satisfactory to Sublessor and the City of San Diego to protect against and guarantee financial responsibility for the clean up and remediation of any hazardous substances which may be released intentionally or unintentionally, by accident or failure of any facility equipment used in connection with the operation of the leasehold area. Sublessee shall be responsible for and pay all fines and/or penalties levied against the operation of the leasehold improvements and indemnify and hold harmless Sublessor and the City of San Diego from any and all such fines and penalties.

Article 30

Cost of living adjustments ("COL"). On May 1 of each year commencing May 1, 2003, the Basic Monthly Rent shall be adjusted by the change, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the US Department of Labor for Urban Wage Earners and Clerical Workers for San Diego, California. Irrespective of anything to the contrary herein contained annual increases shall be no less than 1.5% per year. The adjustments shall be made each 12 months of this Lease and any extensions. All items (1982-1984 = 100) herein referred to as the "CPI."

The Basic Monthly Rent payable in accordance with Article 1.1(h) shall be calculated as follows: the Basic Monthly Rent set forth in paragraph 1.1(h) of the attached Sublease, shall be multiplied by a fraction the numerator of which shall be the C.P.I. of the calendar month 2 (two) months prior to the month(s) specified above during which the adjustment is to take effect, and the denominator of which shall be the C.P.I. of the calendar month which is 2 (two) months prior to the first month of the term of this lease as set forth in paragraph 1.1(e) ("Base Month"). The sum so calculated or the sum arrived at as a result of the minimum annual increases set forth above, which ever is greater, shall constitute the new monthly rent hereunder.

Initial Here
Sublessee: 
Sublessor: 

In the event the compilation and/or publication of the C.P.I. shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculation. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitrators shall be paid equally by lessor and lessee.

Article 31

This Sublease is subject and subordinate to the Master Lease with the City of San Diego. Sublessee agrees to be bound by and to perform all acts required of Sublessee under the terms of said Master lease. Should the Master lease be terminated for any reason while this Sublease is in effect this Sublease shall terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

Article 32

Except as modified by this Addendum, the parties reaffirm each and every provision of the Sublease. In the event of any conflict between the Sublease and this Addendum, the terms of this Addendum shall control.

Article 33

The parties are concurrently entering into a Sublease of the Market located at the same address as the Gas Dock (the "Market Sublease"). A default under this Sublease shall constitute a default under the Market Sublease and a default under the provisions of the Market Sublease shall likewise constitute a default under the terms of this Sublease.

Article 34

A default in any other obligation owed by Sublessee to Sublessor shall likewise constitute a default under the provisions of this Sublease and shall entitle Sublessor to avail itself at its option, of all remedies available under this Sublease in the event of default hereunder.

Article 35

California Health & Safety Code Section 25293 requires a written agreement between the owner and operator of underground fuel tanks allocating financial responsibility for the record keeping, monitoring and operation of such fuel tanks. Attached as Exhibit D and incorporated herein by reference is such an agreement whose terms are made a part hereof.

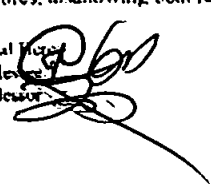
Article 36

After May 1, 2004, Sublessee may break the lease by giving Sublessor ninety (90) days notice. Sublessee agrees to surrender the premises to Sublessor with all keys in broom-sweep condition at the end of such ninety (90) day period. Provided Sublessee leaves the premises after such notice and surrenders the premises, Sublessor agrees to limit its damages to the amount of three months of unpaid rent, any city percentages due, damages to the property, etc.

Article 37

In the event a governmental agency makes a significant change in the laws which affects Mission Bay or significantly affects recreational fishing, Sublessor and Sublessee agree to either renegotiate the lease in good faith or, if such agreement cannot be reached, to rescind the agreement provided Sublessee leaves the premises after giving Sublessor ninety (90) days notice and surrenders the premises within such time period in broom-sweep condition. Examples of such changes in the law include, fishing closures, disallowing boat rentals, or prohibitive increases to the percentage leases.

Initials
Sublessee
Sublessor



AGREEMENT

This Agreement is made and entered into this 1st day of May, 2002, by and between Wesco Sales Corp., a California corporation, dba Dana Landing ("Dana") and Circle S Productions, Inc., a California corporation, (hereinafter "Circle S") and is made with reference to the following facts:

RECITALS

- A. Dana is the owner and Circle S is the operator of an underground fuel storage tank located at 2590 Ingraham Street, San Diego, CA 92109;
- B. California Health and Safety Code §25293 requires that where the owner and operator of a tank are different persons an agreement in writing allocating responsibility for the monitoring, record keeping and reporting requirements specified in the regulations must be entered into between the parties; and
- C. This Agreement constitutes the required agreement.

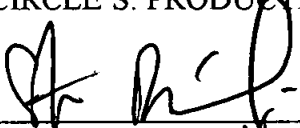
NOW THEREFORE IT IS AGREED

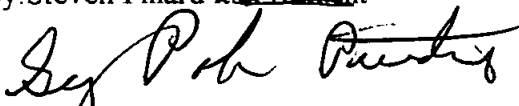
- 1. Each of the Recitals set forth above is incorporated herein by reference and by such reference made a part hereof and not mere recitals.
- 2. Circle S is hereby designated as the responsible party for such record keeping, monitoring and reporting responsibilities.
- 3. Attached hereto as **Attachment "1"** and incorporated herein as though set forth at length and made a part hereof is a copy of the permit to operate said tank. Attached hereto as **Attachment "2"** is a copy of H&SC §25299.70-.90 setting forth the potential penalties for the failure to comply with the aforesaid requirements.
- 4. A copy of this Agreement must be kept at the site or be readily available for inspection by the HMMD Inspector.
- 5. Wesco Sales is to furnish the required Certification of Financial Responsibility For Underground Storage Tanks Containing Petroleum in accordance with the requirements of Section 2807, Article 3, Chapter 18, Division 3, Title 23, California Code of Regulations.
- 6. All questions with respect to the construction of this Agreement and the rights and responsibilities of the parties shall be governed by the laws of the State of California.
- 7. Each signatory to this Agreement warrants that he has full authority to enter into this Agreement.

8. This Agreement may be entered into in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same Agreement.
9. In the event an action, suit or other proceeding is commenced under or in connection with this Agreement, the prevailing party therein shall be entitled to recover, and the other party agrees to pay, the prevailing party's costs and expenses in connection therewith, including attorney's fees and costs actually incurred.
10. None of the parties hereto or the parties' respective counsel shall be deemed the drafter of this Agreement in any litigation or other proceeding which hereafter may arise between or among them or any of them.

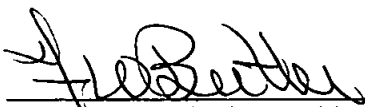
WHEREFORE, the parties have executed this Agreement, as of the date first above written.

CIRCLE S. PRODUCTIONS, INC.

 Steve Pinard
Vice President
By: Steven Pinard ~~its President~~


Gary Pelzer President

WESCO SALES CORP.


By: Frank Butler its President

Initial Here: 
Sublessee: 
Sublessor: 

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

Wesco Sales Corporation

(LESSEE) and filed in the Office of the City Clerk as Document 00-18192, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

Sea Critter Tours, LLC

(SUBLESSEE) dated October 17, 1996. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the SUBLESSEE and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions:

1. The vessel to be used for bay tours is limited to one light amphibious vehicle, with a passenger capacity of 28 people. The vessel shall be properly registered with the California Department of Motor Vehicles and/or the Coast Guard.
2. Should it become necessary for Lessee or City to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this sublease, Sublessee agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.
3. Maintenance of public liability and property damage insurance in the amount of \$2 million per occurrence plus \$2 million aggregate. The City of San Diego shall be named as an additional insured.

4. This consent is contingent upon Sublessee obtaining and maintaining a permit to utilize the waters of Mission Bay. Said permit shall be obtained from City's Park & Recreation Department.

THE CITY OF SAN DIEGO

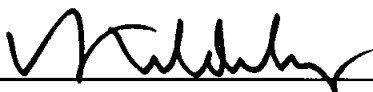
Dated 11-21-96

By 
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

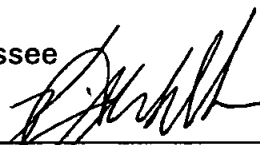
JOHN W. WITT, City Attorney

Dated 11/20/96

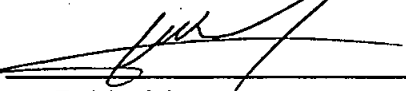
By 
Deputy

SEA CRITTER TOURS, LLC

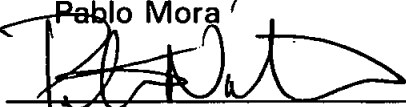
Dated 11/20/96

Sublessee
By 
Kevin Wells

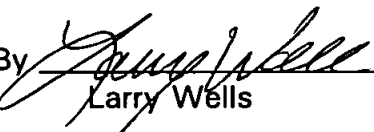
Dated 11/20/96

By 
Pablo Mora

Dated 11/20/96

By 
Peter Nichols

Dated 11/20/96

By 
Larry Wells

SUBLEASE

THIS AGREEMENT, made on October 17, 1996 by and between WESCO SALES CORP., dba DANA LANDING, hereinafter known as "Sublessor" and Sea Critter Tours, LLC, hereinafter known as "Sub lessee".

THIS AGREEMENT IS SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THE MASTER LEASE EXISTING BETWEEN Sublessor AND THE CITY OF SAN DIEGO ("City"), to all of which Sub lessee expressly agrees, Sublessor does hereby authorize Sub lessee to conduct land and bay tours from Dana Landing. The Sub lessee does hereby agree to all terms and conditions and covenants hereinafter set forth. If for any reason the Master Lease is terminated between Sublessor and the City of San Diego, this Sublease shall forthwith terminate and Sublessor shall have no liability to Sub lessee as a result of such termination.

1. The term of this Sublease shall be month to month, commencing on October 21, 1996, and can be cancelled by either party with thirty days notice, terms dependent on said properties Master Lease.

2. During the initial and all option terms, Sublessee shall pay Sublessor the City percentage rent of ten percent (10%) of Sublessee's Gross Monthly Income, plus pay the Sublessor an additional two percent (2%) of Gross Monthly Income or \$150.00, whichever is greater. April 1, 1997 the additional two percent (2%) will be increased to five percent (5%) or \$150.00, whichever is greater.

a. Such percentage rates shall be reported weekly and paid to Sublessor monthly by the fifteenth (15th) day of each following month during the term hereof.

b. At the option of the Sublessor, a late payment penalty of ten percent (10%) of the total percentage rents shall be assessed for payments recieved after the twenty fifth (25th) day of each month.

c. It is understood by both parties that under the provisions of the Master Lease, the rents payable to the City are subject to certain control, renegotiation and change; it is agreed that should the application of such provisions in the Master Lease result in an increase in the rent payable by Sublessor to the City, or the percentage rent payable to the Sublessor by Sub lessee for the City, then the rent applicable hereunder shall be increased to offset such change(s).

3. Sub lessee shall, concurrently with the execution of this Sublease, deposit with the Sublessor the sum of \$300.00 as security for the faithful performance of, and compliance with, all terms, covenants, and conditions of the Sublease. It is expressly agreed and understood that Sublessor may apply said security deposit to any disbursements that may occur as a result of the failure of Sub lessee to faithfully perform or comply with any terms, covenants, or conditions of this Sublease. In addition to said sum above referenced to, Sublessor shall have the full and complete right to pursue all remedies otherwise provided by law, including the collection of additional damages in the event of default by Sub lessee. Should Sub lessee's exercise of an option to extend this Sublease result in an increase of the minimum rent, the security deposit shall be increased proportionately.

4. Sub lessee shall not use the demised Premises in a manner that violates any use restriction under the Master Lease with the City. The only use to which Sub lessee may put the demised Premises is as follows:

a. Conduct land and bay tours originating at Dana Landing.

b. Pickup and unload passengers of the tours at Dana Landing.

The use clause has been drawn specifically to authorize only the uses set forth above and no others without Sub lessee first obtaining the consent of Sublessor and the City of San Diego. Sub lessee shall not assign this Sublease or share or sublet any portion of its demised premises without prior written consent of Sublessor and the City of San Diego. A consent to one assignment or sublease shall not eliminate the necessity for obtaining Sublessor's and the City of San Diego's consent to other assignments or subleases.

5. Sub lessee agrees that in the event of any conflict between this Lease and Master Lease, the Master Lease shall prevail. Sub lessee shall in all events, at Sub lessee's sole cost and expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, or orders of the national, state, county, or municipal governments.

6. Sub lessee shall pay for all utilities or utility services furnished to and used upon its demised area during the term hereof.

7. Sub lessee shall save and hold demised Premises, Sublessor and the City of San Diego free and harmless of, and shall defend and indemnify Sublessor and said City from and against, any and all liens, claims of liens, suits, actions, claims, charges and/or liability, whether caused by Sub lessee or others, of any kind or nature whatsoever; due to, arising out of or in any way connected with:

- a. Any operations of Sub lessee or any act of omissions of Sub lessee.
- b. The use or operation of the demised Premises by Sub lessee or its employees, or invitees.
- c. The condition of the demised Premises.
- d. Any work done or performed or materials used or furnished or any alterations or improvements made in or upon or in connection with the demised Premises by Sub lessee.

8. During the term of this Sublease, Sub lessee shall procure and maintain public liability and property damage insurance in the amount of \$1,000,000.00, combined single limit liability policy. The insurance must be obtained from an insurance company licensed to transact business in the State of California to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by any person or persons whomsoever resulting directly or indirectly from any act or activities of Sub lessee, or any person ^{for Sub lessee or under Sub lessee's control or direction, and also to protect against loss} ~~action~~ ^{acting} for Sub lessee or under Sub lessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property or any person caused directly or indirectly by or from acts or activities of Sub lessee, or any persons acting for Sub lessee, or under Sub lessee's control or direction. Such public liability and property damage insurance shall be maintained in full force and effect during the entire term of the Sublease in the amount specified above. Said certificate shall specify that the policy of said insurance may not be terminated or canceled without prior written notice to the Sublessor and to the City of San Diego by the insurance company and shall name the Sublessor and the City of San Diego as additional insured. Provisions of this paragraph as to insurance shall not be construed as limiting in any way the extent to which Sub lessee may be held responsible for the payment of damages to persons or property resulting from its acts or activities of any person or persons for which Sub lessee is responsible.

Sub lessee shall also procure and maintain during the entire term of this Sublease, a

policy of Fire and Extended Coverage insurance on all of Sub lessee's personal property and fixtures used in, or about the demised Premises. Said policy shall be written by an insurance company licensed to transact business in the State of California in amount sufficient to cover at least one hundred percent (100%) of the replacement cost of said property. Sub lessee shall submit a certificate of said policy to the property department of the City of San Diego and to Sublessor on or before the effective date of this Sublease. Said policy shall contain a condition that or is not to be terminated without prior written notice to Sublessor and to the City of San Diego by the insurance company.

Sub lessee shall pay the premiums for each insurance. All insurance required under this Sublease shall contain a waiver of subrogation against the Sublessor and the City of San Diego.

9. In the event of any breach of this Sublease by Sub lessee, then Sublessor, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and property from said Premises; such property to be stored at a public warehouse, or elsewhere at the cost of, and for the account of, Sub lessee.

10. In the event of partial or total destruction of Dana Landing, Sublessor may cancel this Sublease effective from the date of such destruction.

11. In the event of any legal action by any party hereto as against the other, the prevailing party shall be entitled to reasonable attorney and court costs.

12. Sublessor and the City of San Diego shall have the right at any time during normal business hours to inspect the books and records of Sub lessee, and Sub lessee's demised Premises. Also, any act of insolvency, bankruptcy, meeting of creditors or other verifiable information indicating that Sub lessee is in financial difficulty shall be grounds for immediate termination of this Sublease, at the sole option of the Sublessor. Further, any material change of ownership of Sub lessee must have written approval of Sublessor and the City of San Diego.

13. This Sublease and each of its covenants and terms shall be binding upon assigns and successors in interest of the parties hereto, whether by merger, consolidation or outright transfer, subject, however, to the provisions regarding consent to assignments, subleasing, and transfers of control.

14. In the event Sublessor elects to remodel or rebuild or enlarge the marina, docks or the demised Premises during the term of this Sublease or any extension thereof, Sublessor shall be free to do so without liability for any disruption of Sub lessee's business or other inconvenience. Sub lessee's rent shall be reduced during the period of such remodeling or rebuilding to the extent of the amount of space Sub lessee is unable to occupy during the time of such remodeling or rebuilding. Upon completion of such remodeling or rebuilding, if the demised Premises have been materially altered, the parties shall within thirty (30) day negotiate a new rental. If Sub lessee does not agree to the new rental figures within said thirty (30) day period, Sub lessee shall pay rent for said thirty (30) day period at the then rental rate prescribed by this Sublease and the Sublease shall terminate upon the expiration of such thirty (30) day period.

16. All improvements (whether or not trade fixtures) to the Premises made by Sub lessee shall, at the option of Sublessor, either remain in place at the expiration of this sublease or any extension thereof and become Sublessor's property, or Sub lessee must remove same and restore the Premises to its condition prior to the installation of such improvements.

17. Any notice required or permitted to be given hereunder must be in writing

and must be given by personal delivery or by registered or certified mail addressed to Sub lessee at the demised Premises, or to Sublessor in care of WESCO SALES CORP., 21500 Nordhoff Street, Chatsworth, California 91311, Attn.: Frank W. Butler, with a copy to William A. Feinberg, Esq., Feinberg, Gottlieb & Waller, 15760 Ventura Blvd., suite 1700, Encino, California 91436. Either party may by written notice to the other specify a different address for notice purposes except that the Sublessor may in any event use the Premises as Sub lessee's address for notice purposes.

18. Sub lessee shall pay the City of San Diego's fee for reviewing this Sublease.

19. The Sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Sublease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deem superseded by the execution of this Sublease to the extent they are not incorporated herein.

20. Time is of the essence with respect to the performance of every provision of this Sublease in which time of performance is a factor.

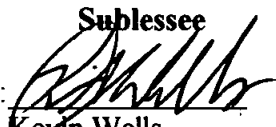
IN WITNESS WHEREOF, the parties have executed this Sublease the day and year first written above.

WESCO SALES CORP.,

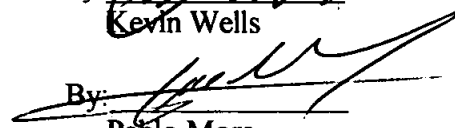
SEA CRITTER TOURS, LLC

Sublessor

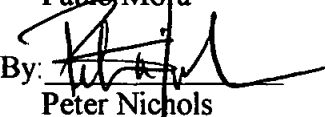
Sublessee

By: 

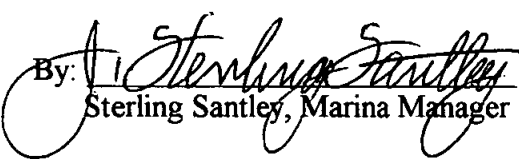
Kevin Wells

By: 

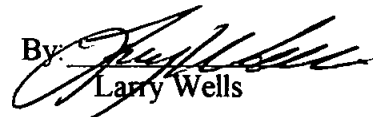
Pablo Mora

By: 

Peter Nichols

By: 

Sterling Santley, Marina Manager

By: 

Larry Wells



THE CITY OF

SAN DIEGO

PARK & RECREATION DEPARTMENT • COASTAL PARKS DIVISION • 2581 QUIVIRA COURT
SAN DIEGO, CALIFORNIA 92109 - 8398 • TELEPHONE: (619) 221-8901

November 22, 1996

Sea Critters Tours, LLC
Mission Bay
Attn: Kevin Wells
2216 El Camino Real, Suite 202
Oceanside, CA 92054

SUBJECT: RIGHT OF ENTRY PERMIT - AMPHIBIOUS TOURS IN MISSION BAY

The City of San Diego ("City") hereby grants permission to Sea Critters Tours, LLC ("Permittee") to enter upon City-owned property ("Permit Area"), as delineated on the attached Exhibit "A", upon the following terms and conditions:

1. Permittee's use of the permit area shall be limited to the use of the water in Mission Bay Park and the public docks and public launch ramps at Santa Clara, De Anza, Dana Landing, Ski Beach, South Shores Park, and the Visitor's Reception Dock in Quivira Basin. Permittee may **NOT** dock a boat at any public dock longer than (15) fifteen minutes. Violation of dock time restriction will be cause for the City to revoke this Right of Entry Permit. From time to time water access to various areas in Mission Bay will be denied due to Special Events. It is the responsibility of Permittee to be aware of these closures and to abide by the water and dock use restrictions approved for the Special Event. Permittee may negotiate with Special Event Promoters on an individual basis to gain access to Special Event Areas. It is the responsibility of Permittee to notify the Mission Bay Park Manager of any rights of access received to a Special Event Area.
2. Consideration to City for granting this Permit shall be as called out between City and Dana Landing, subject to the existing lease between the City of San Diego and Dana Landing.
3. This Permit shall be in effect November 22, 1996 through December 31, 1997.
4. Permittee certifies that a policy of public liability and property damage insurance, in which "The City of San Diego" is named as an additional insured, has been secured in an amount of not less than two million dollars (\$2,000,000) combined single limit liability with an occurrence claims form and that said policy shall not be canceled without prior notification to City and policy shall be kept in force for the duration of this permit. A certificate of said insurance shall be filed with the Park and Recreation Department, Coastal Parks Division prior to execution of this Permit.



DIVERSITY
BRINGS US ALL TOGETHER

5. Permittee agrees to defend, indemnify, protect, and hold City and its agents, officers, and employees harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including injury to Permittee's employees, agents, or officers, which arise from or are connected with or are caused or claimed to be caused by the acts or omissions of Permittee and its agents, officers, or employees in performing the work or services herein and all expenses of investigating and defending against same; provided, however, that Permittee's duty to indemnify and hold harmless shall not include any claims or liability arising from the established sole negligence or willful misconduct of the City, its agents, officers, or employees.
6. All risks in connection with Permittee's use of the permit area and any damages thereon, thereunder, or in the vicinity thereof shall be borne in full by Permittee.
7. Permittee shall not use the Permit Area in any manner which, in the opinion of the City Manager, creates a nuisance or disturbs the quiet enjoyment of persons in the surrounding area.
8. This Permit is revocable at any time by the City of San Diego. It is mutually agreed that the City of San Diego shall not be obligated for any loss, financial or otherwise, which may be incurred by Permittee as a result of termination of this Permit, and, further, that Permittee expressly waives any claim for expense or loss which Permittee might incur as a result of termination of this Permit.
9. Permittee recognizes and understands that this Permit may create a possessory interest subject to property taxation and that Permittee may be subject to the payment of property taxes levied on such interest. Permittee further agrees that such tax payment shall not reduce any fee paid the City of San Diego hereunder and that such tax shall be paid by Permittee before becoming delinquent.
10. Permittee shall at its sole cost and expense comply with all the requirements of all municipal, state, and federal authorities now in effect or which may hereafter be in effect, which pertain to the Permit area.
11. Permittee shall not assign any rights granted by this Permit nor any interest therein without the prior written approval of the City Manager. Approval of any such proposed assignment may be withheld in the sole and absolute discretion of the City Manager. Any assignment by operation of law shall automatically terminate this Permit.
12. No signs shall be displayed on the Permit Area without the prior written consent of the City Manager.
13. Permittee shall maintain complete and accurate records in a manner satisfactory to the City Manager from which the City can determine the amounts of all income subject to percentage rental payment. Such records shall be available for review and audit upon reasonable request by the City.

Sea Critters Tours, LLC
(RIGHT OF ENTRY PERMIT)

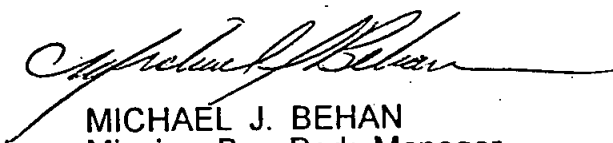
- 3 -

November 22, 1996

Please acknowledge your agreement to the foregoing terms and conditions on the ORIGINAL and 6 COPIES of this Right Of Entry Permit and return them to the Park and Recreation Department, Coastal Parks Division, at 2581 Quivira Court, San Diego, CA 92109.

If you should require additional information or have any questions, please call me at (619) 221-8912.

Respectfully,



MICHAEL J. BEHAN
Mission Bay Park Manager

MJB/lvl

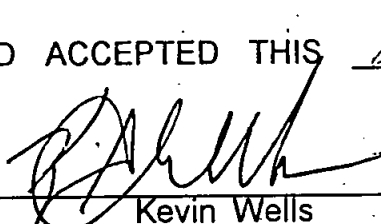
MJB/wpdocs/rgtenty/seacrit.RE)

Exhibit: "A" - Public Docks Open to Sea Critters Tours, LLC.

cc: County Assessor
City Real Estate Assets Dept.
City Auditor
City Financial Management
Seaforth Sportfishing, Inc.

THE ABOVE IS ACKNOWLEDGED AND ACCEPTED THIS 22 DAY OF
November, 1996.

By

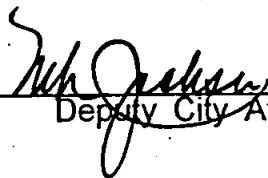


Kevin Wells
Sea Critters Tours, LLC

APPROVED AS TO FORM AND LEGALITY BY:

JOHN W. WITT, City Attorney

By



Deputy City Attorney

ASDND.

DATE (MM/DD/YY)
11/13/96Blackadar Marine Insurance
181 Main Avenue

South Hampton

NH 03827

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION
ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE
HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR
ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY
A

ROYAL INSURANCE COMPANY

COMPANY
BCOMPANY
CCOMPANY
DSEA CHITTER TOURS LTD
2218 EL CAMINO REAL SUITE 202
OCEANSIDE CA 92084THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE ASSURED NAMED ABOVE FOR THE POLICY PERIOD
INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS
CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS,
EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

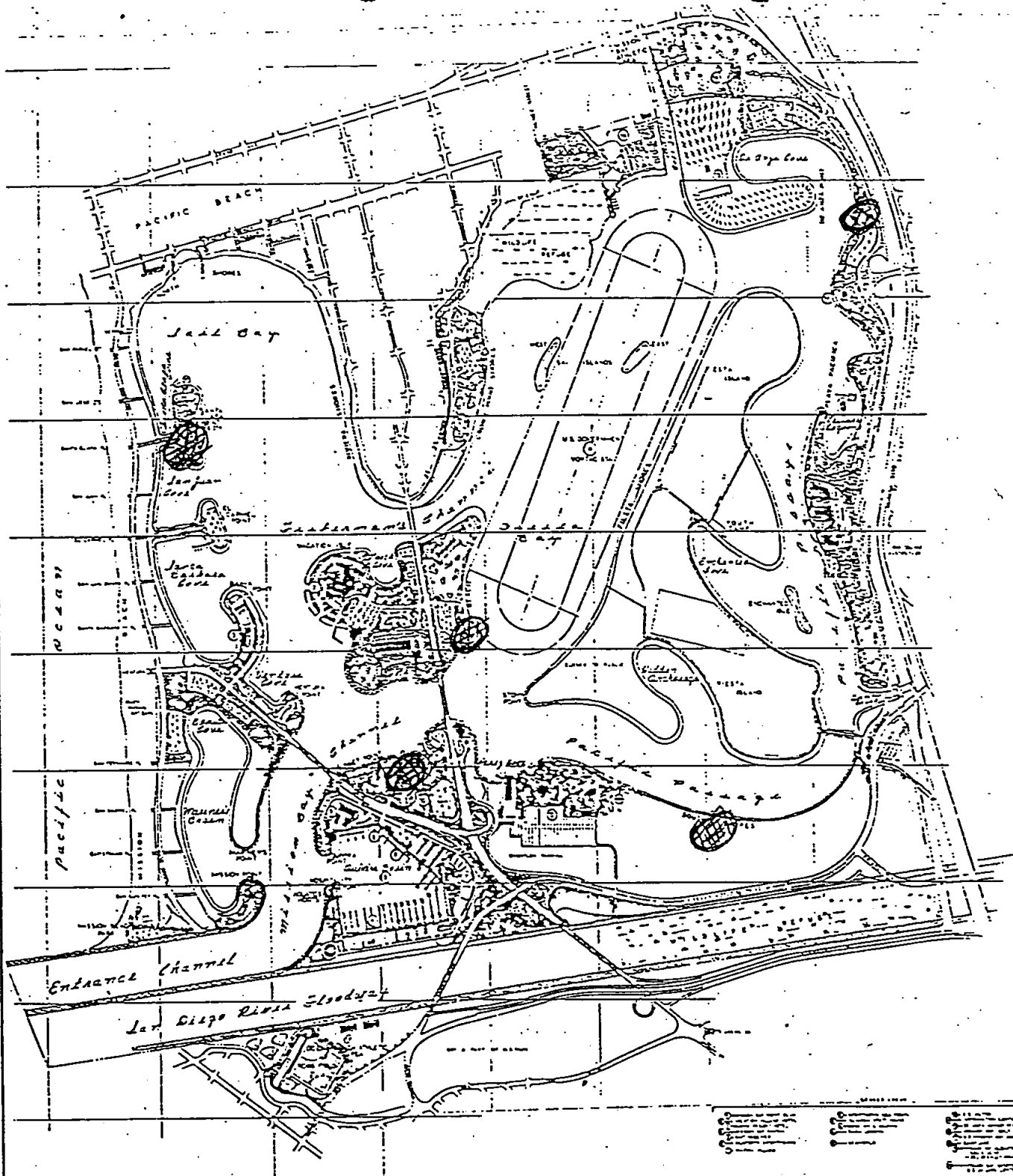
TO FR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	BEING ISSUED NEW	10/18/98	10/18/97	GENERAL AGGREGATE \$ 2,000,000
	☐ COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMPROP AGG \$
	☐ CLAIMS MADE ☐ OCCUR				PERSONAL & ADV INJURY \$
	☐ OWNERS & CONTRACTORS PROT				EACH OCCURRENCE \$ 2,000,000
	☒ PROTECTION & INDEMNITY				FIRE DAMAGE (Any one fire) \$
					MED EXP (Any one person) \$
					COMBINED SINGLE LIMIT \$
					BODILY INJURY (Per person) \$
					BODILY INJURY (Per accident) \$
					PROPERTY DAMAGE \$
	AUTOMOBILE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	☐ ANY AUTO				OTHER THAN AUTO ONLY: \$
	☐ ALL OWNED AUTOS				\$
	☐ SCHEDULED AUTOS				\$
	☐ MIXED AUTOS				\$
	☐ NON-OWNED AUTOS				\$
					\$
					\$
					\$
					\$
	GARAGE LIABILITY				EACH OCCURRENCE \$
	☐ ANY AUTO				AGGREGATE \$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
	EXCESS LIABILITY				EA EACH ACCIDENT \$
	☐ UMBRELLA FORM				EA DISEASE - POLICY LIMIT \$
	☐ OTHER THAN UMBRELLA FORM				EA DISEASE - EA EMPLOYEE \$
					\$
					\$
					\$
					\$
					\$
					\$
					\$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY				EA EACH ACCIDENT \$
	☐ THE PROPRIETOR/ PARTNER/EXECUTIVE OFFICERS ARE				EA DISEASE - POLICY LIMIT \$
	☐ INCL				EA DISEASE - EA EMPLOYEE \$
	☐ EXCL				\$
	OTHER				\$
					\$
					\$
					\$
					\$
					\$

970 33' AIRCRAFT VEHICLE USED FOR PASSENGER CARRYING 32 PASSENGER PER COAST GUARD CERTIFICATE;
HIS INSURANCE DOES NOT ASSUME AUTOMOBILE LIABILITY;
OVERAGE INCLUDED FOR PIERS, DOCKS, GANGWAYS AND FLOATS;
IT IS UNDERSTOOD AND AGREED THAT THE CERTIFICATE HOLDER LISTED BELOW IS ALSO AN ADDITIONAL NAMED ASSURED ATIMA.

CITY OF SAN DIEGO
PACIFIC CENTER PLAZA N.F.51-A
1200 3RD AVE. SUITE 1700
SAN DIEGO CA 92101

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE
EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL
10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THIS LEFT,
BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY
OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
MARTHA J. BLACKADAR, DIRECTOR



MISSION BAY PARK



2000-01-01 to 2000-01-01

 - Launch Ramps
Docks

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

**WESCO SALES CORPORATION
d.b.a. DANA LANDING**

(LESSEE) and filed in the Office of the City Clerk as Document **541839** dated October 3, 1956 and as amended, hereby consents to that certain Sublease Agreement between the above LESSEE (SUBLESSOR) and

VON'S OUTBOARDS, L.L.C.

(SUBLESSEE) dated September 1, 1996. Said Sublease shall be subordinate to the Master Lease in all respects. The CITY is merely approving the Sublease, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease. The CITY is not bound by any term or condition in the Sublease which in any way conflicts with or is additional to the provisions of the Master Lease and it's Amendments.

In addition, this consent is subject to the following conditions:

1. The Sublessee may use the demised premises only for the sale of power or inflatable boats; the sale of accessories related to power, inflatable boats or boat motors; and for repairs and service to the power boats, motors and inflatable boats.
2. Any assignment by operation of law shall automatically terminate this Sublease.
3. Should it become necessary for Lessee or City to commence legal proceeding to collect the rent, to recover possession or enforce any other provision of this Sublease, sublessee agrees to pay all legal cost in connection therewith, including a reasonable sum as attorney's fees.
4. The Sublessee shall provide the City with a copy of a certificate of public liability insurance, naming the City as "additional insured" and in the amount stated in the Sublease Agreement.

THE CITY OF SAN DIEGO

Dated 12-2-96

By Mary Hunt
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 12/2/96

By [Signature]
Deputy

Sublessee

Dated 12/16/96

By [Signature]

SUBLEASE

THIS AGREEMENT, made on ^{Sept}~~August~~ 1, 1996 by and between WESCO SALES CORP., dba DANA LANDING, hereinafter known as "Sublessor" and VON'S OUTBOARDS, L. L. C. hereinafter known as "Sub lessee".

THIS AGREEMENT IS SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THE MASTER LEASE EXISTING BETWEEN Sublessor AND THE CITY OF SAN DIEGO ("City"), to all of which Sub lessee expressly agrees, Sublessor does hereby lease to Sub lessee that portion of Dana Landing commonly known as **"The Barn and Caesar's Palace"**. The Sub lessee does hereby lease and take said demised premises upon all terms and conditions and covenants hereinafter set forth. If for any reason the Master Lease is terminated between Sublessor and the City of San Diego, this Sublease shall forthwith terminate and Sublessor shall have no liability to Sub lessee as a result of such termination.

1. The term of this Sublease shall be a period of six (6) months, and thereafter be a month to month tenancy subject to cancellation by either party with a ninety (90) day written notice, commencing on August 1, 1996, terms dependent on said properties Master Lease.

2. There shall be in all events paid to Sublessor, on or before the first (1st) day of each month, a minimum monthly rental of \$1200.00, exclusive of any amounts due City form Sub lessee.

a. Above and beyond this minimum monthly payment, during initial and all option terms, Sub lessee shall pay Sublessor the City percentage rent set forth on Exhibit "A" applicable to the Sub lessee's Gross Monthly Income base upon the Master Lease.

b. Such percentage rates shall be reported and paid to Sublessor by the fifteenth (15th) day of each month following the month in which the income was received during the term hereof.

c. At the option of the Sublessor, a late payment penalty of ten percent (10%) of the minimum monthly rent shall be assessed for payments received after the tenth (10th) day of each month.

d. It is understood by both parties that under the provisions of the Master Lease, the rents payable to the City are subject to certain control, renegotiation and change; it is agreed that should the application of such provisions in the Master Lease result in an increase in the rent payable by Sublessor to the City, or the percentage rent payable to the Sublessor by Sub lessee for the City, then the rent applicable hereunder shall be increased to offset such change(s).

3. Sub lessee shall, concurrently with the execution of this Sublease, deposit with the Sublessor the sum of \$1,200.00 as security for the faithful performance of, and compliance with, all terms, covenants, and conditions of the Sublease. It is expressly agreed and understood that Sublessor

may apply said security deposit to any disbursements that may occur as a result of the failure of Sub lessee to faithfully perform or comply with any terms, covenants, or conditions of this Sublease. In addition to said sum above referenced to, Sublessor shall have the full and complete right to pursue all remedies otherwise provided by law, including the collection of additional damages in the event of default by Sub lessee. Should Sub lessee's exercise of an option to extend this Sublease result in an increase of the minimum rent, the security deposit shall be increased proportionately.

4. Sub lessee shall not use the demised Premises in a manner that violates any use restriction under the Master Lease with the City. The only use to which Sub lessee may put the demised Premises is as follows:

- a. Power Boats, Inflatable Boats.
- b. Boat motors.
- c. Accessories related to Power Boats, Inflatable Boats, and Boat Motors.
- d. The repair and service to Power Boats and Inflatable Boats.

The use clause has been drawn specifically to authorize only the uses set forth above and no others without Sub lessee first obtaining the consent of Sublessor and the City of San Diego. Sub lessee shall not assign this Sublease or share or sublet any portion of its demised premises without prior written consent of Sublessor and the City of San Diego. A consent to one assignment or sublease shall not eliminate the necessity for obtaining Sublessor's and the City of San Diego's consent to other assignments or subleases.

5. Sub lessee agrees that in the event of any conflict between this Lease and Master Lease, the Master Lease shall prevail. Sub lessee shall in all events, at Sub lessee's sole cost and expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, or orders of the national, state, county, or municipal governments.

6. Sub lessee shall pay for all utilities or utility services furnished to and used upon its demised area during the term hereof.

7. Sub lessee shall not make or cause to be made any alterations additions or change in the demised Premises without the prior written approval of Sublessor. Sub lessee shall be responsible for and shall maintain and repair the bathroom and bathroom fixtures, including the toilet, urinal and sink, located in "The Barn".

8. Sub lessee shall save and hold demised Premises, Sublessor and the City of San Diego free and harmless of, and shall defend and indemnify Sublessor and said City from and against,

any and all liens, claims of liens, suits, actions, claims, charges and/or liability, whether caused by Sub lessee or others, of any kind or nature whatsoever; due to, arising out of or in any way connected with:

- a. Any operations of Sub lessee or any act of omissions of Sub lessee.
- b. The use or operation of the demised Premises by Sub lessee or its employees, or invitees.
- c. The condition of the demised Premises.
- d. Any work done or performed or materials used or furnished or any alterations or improvements made in or upon or in connection with the demised Premises by Sub lessee.

9. During the term of this Sublease, Sub lessee shall procure and maintain public liability and property damage insurance in the amount of \$1,000,000⁰⁰, combined single limit liability policy. The insurance must be obtained from an insurance company licensed to transact business in the State of California to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by any person or persons whomsoever resulting directly or indirectly from any act or activities of Sub lessee, or any person action for Sub lessee or under Sub lessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property or any person caused directly or indirectly by or from acts or activities of Sub lessee, or any persons acting for Sub lessee, or under Sub lessee's control or direction. Such public liability and property damage insurance shall be maintained in full force and effect during the entire term of the Sublease in the amount specified above. Said certificate shall specify that the policy of said insurance may not be terminated or canceled without prior written notice to the Sublessor and to the City of San Diego by the insurance company and shall name the Sublessor and the City of San Diego as additional insured. Provisions of this paragraph as to insurance shall not be construed as limiting in any way the extent to which Sub lessee may be held responsible for the payment of damages to persons or property resulting from its acts or activities of any person or persons for which Sub lessee is responsible.

Sub lessee shall also procure and maintain during the entire term of this Sublease, a policy of Fire and Extended Coverage insurance on the demised Premises and all of Sub lessee's personal property and fixtures used in, or about the demised Premises. Said policy shall be written by an insurance company licensed to transact business in the State of California in amount sufficient to cover at least one hundred percent (100%) of the replacement cost of said property. Sub lessee shall submit a certificate of said policy to the property department of the City of San Diego and to Sublessor on or before the

effective date of this Sublease. Said policy shall contain a condition that or is not to be terminated without prior written notice to Sublessor and to the City of San Diego by the insurance company.

Sub lessee shall pay the premiums for each insurance. All insurance required under this Sublease shall contain a waiver of subrogation against the Sublessor and the City of San Diego.

10. In the event of any breach of this Sublease by Sub lessee, then Sublessor, besides other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and property from said Premises; such property to be stored at a public warehouse, or elsewhere at the cost of, and for the account of, Sub lessee.

11. In the event of partial or total destruction of the demised Premises, Sublessor may cancel this Sublease effective from the date of such destruction. Sub lessee agrees that in the event of damage of its demised Premises, Sub lessee will rely solely upon the policies of fire and casualty insurance required hereunder, to effect such repair or reconstruction.

12. In the event of any legal action by any party hereto as against the other, the prevailing party shall be entitled to reasonable attorney and court costs.

13. Sublessor and the City of San Diego shall have the right at any time during normal business hours to inspect the books and records of Sub lessee, and Sub lessee's demised Premises. Also, any act of insolvency, bankruptcy, meeting of creditors or other verifiable information indicating that Sub lessee is in financial difficulty shall be grounds for immediate termination of this Sublease, at the sole option of the Sublessor. Further, any material change of ownership of Sub lessee must have written approval of Sublessor and the City of San Diego.

14. This Sublease and each of its covenants and terms shall be binding upon assigns and successors in interest of the parties hereto, whether by merger, consolidation or outright transfer, subject, however, to the provisions regarding consent to assignments, subleasing, and transfers of control.

15. In the event Sublessor elects to remodel or rebuild or enlarge the marina, docks or the demised Premises during the term of this Sublease or any extension thereof, Sublessor shall be free to do so without liability for any disruption of Sub lessee's business or other inconvenience. Sub lessee's rent shall be reduced during the period of such remodeling or rebuilding to the extent of the amount of space Sub lessee is unable to occupy during the time of such remodeling or rebuilding. Upon completion of such remodeling or rebuilding, if the demised Premises have been materially altered, the parties shall within thirty (30) day negotiate a new rental. If Sub lessee does not agree to the new rental figures within said thirty (30) day period, Sub lessee shall pay rent for said thirty (30) day period at the then rental rate

prescribed by this Sublease and the Sublease shall terminate upon the expiration of such thirty (30) day period.

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17. Any notice required or permitted to be given hereunder must be in writing and must be given by personal delivery or by registered or certified mail addressed to Sub lessee at the demised Premises, or to Sublessor in care of WESCO SALES CORP., 21500 Nordhoff Street, Chatsworth, California 91311, Attn.: Frank W. Butler, with a copy to William A. Feinberg, Esq., Feinberg, Gottlieb & Waller, 15760 Ventura Blvd., suite 1700, Encino, California 91436. Either party may by written notice to the other specify a different address for notice purposes except that the Sublessor may in any event use the Premises as Sub lessee's address for notice purposes.

18. Sub lessee shall pay the City of San Diego's fee for reviewing this Sublease.

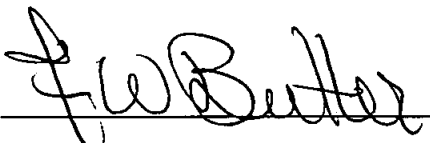
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20. Time is of the essence with respect to the performance of every provision of this Sublease in which time of performance is a factor.

IN WITNESS WHEREOF, the parties have executed this Sublease the day and year first written above.

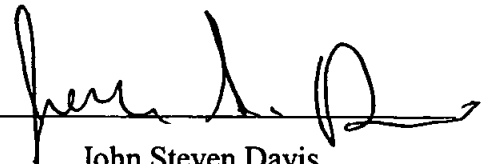
WESCO SALES CORP.,

Sublessor

By: 
Frank W. Butler, President

VON'S OUTBOARDS, L.L.C.

Sub lessee

By: 
John Steven Davis

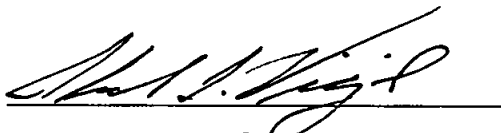
By: 
Abel I. , Member
VIGIL,

EXHIBIT A - PAGE 1

Percentages

Business Activities

Three Percent (3%)

Of gross income from sales of petroleum products excepting diesel fuel.

One and One-Half Percent (1-1/2%)

Of gross income from sales of diesel fuel.

Five Percent (5%)

Of gross income from commissions paid to LESSEE on sales involving property sold by LESSEE in which LESSEE has no financial interest.

Three Quarters of One Percent (3/4%)

Of gross income from sales of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale.

Four Percent (4%)

Of gross income from servicing of boats and motors, sales of boat and motor parts, accessories to boats and motors, and marine hardware.

Three Percent (3%)

Of gross income from sales of food and nonalcoholic beverages.

Six Percent (6%)

Of gross income from sales of alcoholic beverages.

Twenty-Five Percent (25%)

Of gross income from rentals of boat slips and related wet storage.

Twenty-Five Percent (25%)

Of gross income from 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, including telephones, or 10% of the gross income from any such coin-operated machines or devices owned, rented, or leased by LESSEE or sublessees for use on the premises.

Twenty Percent (20%)	Of gross income from rentals for small boat storage.
Ten Percent (10%)	Of gross income from all other authorized activities.

The City Manager, in his sole discretion and subject to review of similar percentage rates paid by other LESSEES in Mission Bay, may approve another percentage rate or flat rate of rent for each other incidental service or operation supplementary to the permitted use(s) set forth under Section 1.2, Uses, hereof as may be approved in writing by the City Manager. Provided; however, any activity conducted on the premises without prior approval by the City Manager shall be subject to the requirements of Section 3.7, Unauthorized Use Charge, hereof.

- e. Percentage Rate Adjustment. At least four (4) months prior to the end of the tenth year of the term of this agreement and at least four (4) months prior to the end of each ten-year period thereafter, 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 Section 3.2f., below. In no event shall any adjustment result in a decrease in any percentage rental rate. In the event that such adjustment is not made by mutual consent prior to two (2) 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. The City Manager shall have the sole discretion to waive the appraisal process if it is concluded by the City Manager that no significant change in percentages is appropriate.
- f. 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 CITY and LESSEE. In the event the parties do not reach agreement as to selection of a mutually acceptable appraiser, then CITY and LESSEE shall each select a qualified professional independent real

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

**WESCO SALES CORPORATION
dba DANA LANDING**

(LESSEE), filed in the Office of the City Clerk as Document No. 541839 dated October 3, 1956 and as amended, hereby consent to that certain Sublease agreement between the above LESSEE (SUBLESSOR) and

CIRCLE S PRODUCTIONS INC.

(SUBLESSEE) dated January 1, 1995. Said Sublease agreement shall be subordinate to the Lease Agreement (Master Lease) in all respects. The CITY is merely approving the Sublease agreement and the proposed use, and all terms and conditions of the Lease Agreement (Master Lease) shall control and supersede any inconsistent or contrary provisions in the Sublease agreement. The CITY is not bound by any term or condition in the Sublease agreement which in any way conflicts with or is additional to the provisions of the Lease Agreement (Master Lease).

In addition, this consent is subject to the following conditions:

- 1) Boat Rentals. For purposes of this Lease Agreement (Master Lease) and Sublease agreement, "vessels" include ships of all kinds, motorboats, sailboats, personal watercraft, and every structure adapted to be navigated from place to place upon the water for recreation or for the transportation of merchandise or persons. LESSEE shall be permitted to rent vessels to the general public subject to prior to written approval from the City Manager as to the number and type of vessels available for rent. The City Manager may upon notice to LESSEE and with reasonable cause, modify any approval previously given. LESSEE shall carry commercial general liability insurance in the amounts and coverages of which shall be based upon the City Manager's assessment of the risk associated with the rental operation.

All vessels for rent which are required by law to be registered with the California Department of Motor Vehicles shall be currently registered as rental vessels and carry proper registration numbers and stickers. All vessels shall be equipped with a waterproof map detailing all current regulations and activity zones for Mission Bay, along with safety equipment required by law. At any time that LESSEE is renting a vessel or vessels, LESSEE shall have at least one operational chase boat and staff to operate it available on the

of Mission Bay. No rental vessels may be stored on public property outside the leasehold. LESSEE agrees that the City Manager or his designers shall have the authority to immediately terminate any rental activities which are not in conformance with the stipulations of this lease or current boating regulations.

2) Additional conditions attached as SUBLEASE AGREEMENT MINIMUM STANDARDS.

The undersigned hereby agrees to the terms and conditions set forth in this Consent to Sublease Agreement.

Dated 8/24/95

By Ray J. Pefer
Circle S Productions

Dated 8/22/95

By J. S. Stanley
Wesco Sales Corporation

Dated 5-11-95

THE CITY OF SAN DIEGO

By Mary Ann Hurlbush
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 5/15/95

By W. Stubbly
Chief Deputy City Attorney

LMF:DRT

SUBLEASE

THIS AGREEMENT, made on March 1, 1995 by and between WESCO SALES CORP., dba DANA LANDING, hereinafter known as "Sublessor", MASTER MARINE, a General Partnership, between Maurice Cohn, J. Stephen Davis and April E. Howard, hereinafter known as "Sublessee".

SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THE MASTER LEASE EXISTING BETWEEN Sublessor AND CITY OF SAN DIEGO ("City"), to all of which Sublessee expressly agrees, Sublessor does hereby lease to Sublessee that portion of DANA LANDING known as The Service Area (See Exhibit A). The Sublessee does hereby lease and take said demised Premises upon all the terms and conditions and covenants hereinafter set forth. If for any reason the Master Lease is terminated between Sublessor and the City of San Diego, this Sublease shall forthwith terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

1. The term of this Sublease shall be month to month.

2. There shall be in all events paid to Sublessor, on or before the first (1st) day of each month, a minimum monthly rental of \$2,200.00 (with exception of March & April 1995 rent reduction of \$1,100.00 each month as per agreement) through the end of the original lease term, exclusive of any amounts due City from Sublessee.

a. Above and beyond this minimum monthly payment, during the initial and all option terms, Sublessee shall pay Sublessor the City percentage rent set forth on Exhibit "B"

applicable to the Sublessee's Gross Monthly Income based upon the Master Lease plus pay the Sublessor additional percentage of one percent (1%) of Gross Monthly Income.

b. Such percentage rates shall be reported and paid to Sublessor by the twenty-first (21st) day of each following month during the term hereof.

c. At the option of the Sublessor, a late payment penalty of ten percent (10%) of the minimum monthly rent shall be assessed for payments received after the tenth (10th) day of each month.

d. It is understood by both parties that under the provisions of the Master Lease, the rents payable to the City are subject to certain control, renegotiation and change; it is agreed that should the application of such provisions in the Master Lease result in an increase in the rent payable by Sublessor to the City, or the percentage rent payable to Sublessor by Sublessee for the City, then the rent applicable hereunder shall be increased to offset such change(s).

3. Sublessee shall, concurrently with the execution of this Sublease, deposit with the Sublessor the sum of \$2,200.00 (of which \$2,000.00 has been deposited as of January 13, 1995, and will be applied towards said deposit) as security for the faithful performance of, and compliance with, all of the terms, covenants, and conditions of this Sublease. It is expressly agreed and understood that Sublessor may apply said security deposit to any disbursements that may occur as a result of the failure of Sublessee to faithfully perform or comply with any

terms, covenants, or conditions of this Sublease. In addition to said sum above referenced to, Sublessor shall have the full and complete right to pursue all remedies otherwise provided by law, including the collection of additional damages in the event of default by Sublessee. Should Sublessee's exercise of an option to extend this Sublease result in an increase in the minimum rent, the security deposit shall be increased proportionately.

4. Sublessee shall not use the demised Premises in a manner that violates any use restriction under the Master Lease with City. The only use to which Sublessee may put the demised Premises is the sale of parts and accessories and the repair of boat motors. This use clause has been drawn specifically to only authorize the uses set forth above and no others without Sublessee first obtaining the consent of Sublessor and the City of San Diego. Sublessee shall not assign this Sublease or share or sublet any portion of its premises without prior written consent of Sublessor and the City of San Diego. A consent to one assignment or sublease shall not eliminate the necessity for obtaining Sublessor's and the City of San Diego's consent to other assignments or subleases.

5. Sublessee agrees that in the event of any conflict between this Lease and Master Lease, the Master Lease shall prevail. Sublessee shall in all events, at Sublessee's sole cost and expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, or orders of the national, state, county, or municipal governments.

6. Sublessee shall pay for all utilities or utility services furnished to and used upon its demised area during the term hereof.

7. Sublessee shall not make or cause to be made any alterations, additions or change in the demised Premises without the prior written approval of Sublessor. It is agreed that Sublessor shall be responsible for and shall repair only the foundation, frame and roof so long as the damage or destruction is not caused by acts or omissions of Sublessee. Sublessee shall maintain and repair all other portions of the demised premises, consistent with the existing age and condition of the premises at the time of Sublessee's occupation of same.

8. Sublessee shall save and hold the demised Premises, Sublessor and the City of San Diego free and harmless of, and shall defend and indemnify Sublessor and said City from and against, any and all liens, claims of liens, suits, actions, claims, charges and/or liability, whether caused by Sublessee or others, of any kind or nature whatsoever; due to, arising out of, or in any way connected with:

a. Any operations of Sublessee or any act or omissions of Sublessee.

b. The use or operation of the demised Premises by Sublessee or its employees, or invitees.

c. The condition of the demised Premises.

d. Any work done or performed or materials used or furnished or any alterations or improvements made in or upon or in connection with the demised Premises by Sublessee.

9. During the term of this Sublease, Sublessee shall procure and maintain public liability and property damage insurance from an insurance company licensed to transact business in the State of California to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by any person or persons whomsoever resulting directly or indirectly from any act or activities of Sublessee, or any person acting for Sublessee or under Sublessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from acts or activities of Sublessee, or any person acting for Sublessee, or under Sublessee's control or direction. Such public liability and property insurance damage shall be maintained in full force and effect during the entire term of this Sublease in the amount of not less than \$1,000,000.00 combined single limit liability policy. Sublessee shall submit a certificate of said insurance to Sublessor and to the Property Department of the City of San Diego on or before the effective date of this Sublease. Said certificate shall specify that the policy of said insurance may not be terminated or canceled without prior written notice to the Sublessor and to the City of San Diego by the insurance company and shall name the Sublessor and the City of San Diego as additional insureds. Provisions of

this paragraph as to insurance shall not be construed as limiting in any way the extent to which Sublessee may be held responsible for the payment of damages to persons or property resulting from its acts or activities of any person or persons for which Sublessee is responsible.

Sublessee shall also procure and maintain during the entire term of this Sublease, a policy of Fire and Extended Coverage insurance on the demised Premises and all of Sublessee's personal property and fixtures used in, or about the demised Premises. Said policy shall be written by an insurance company licensed to transact business in the State of California in an amount sufficient to cover at least one hundred percent (100%) of the replacement cost of said property. Sublessee shall submit a certificate of said policy to the property department of the City of San Diego and to Sublessor on or before the effective date of this Sublease. Said policy shall contain a condition that it is not to be terminated or canceled without prior written notice to Sublessor and to the City of San Diego by the insurance company.

Sublessee shall pay the premiums for each insurance. All insurance required under this Sublease shall contain a waiver of subrogation against Sublessor and the City of San Diego.

10. In the event of any breach of this Sublease by Sublessee, then Sublessor, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from said Premises; such property to be stored at a public warehouse, or elsewhere at the cost of, and for the account of, Sublessee.

11. In the event of partial or total destruction of the demised Premises, Sublessor may cancel this Sublease effective from the date of such destruction. Sublessee agrees that in the event of damage of its demised Premises, Sublessee will rely solely upon the policies of fire and casualty insurance required hereunder, to effect such repair or reconstruction.

12. In the event of any legal action by any party hereto as against the other, the prevailing party shall be entitled to reasonable attorney and court costs.

13. Sublessor and the City of San Diego shall have the right at any time during normal business hours to inspect the books and records of Sublessee, and Sublessee's demised Premises. Also, any act of insolvency, bankruptcy, meeting of creditors or other verifiable information indicating that Sublessee is in financial difficulty shall be grounds for immediate termination of this Sublease, at the sole option of the Sublessor. Further, any material change of ownership of Sublessee must have written approval of Sublessor and the City of San Diego.

14. This Sublease and each of its covenants and terms shall be binding upon the assigns and successors in interest of the parties hereto, whether by merger, consolidation or outright transfer, subject, however, to the provisions requiring consent to assignments, subleasing, and transfers of control.

15. In the event Sublessor elects to remodel or rebuild or enlarge the marina, docks or the demised Premises during the term of this Sublease or any extension thereof, Sublessor shall be free to do so without liability for any disruption of Sublessee's

business or other inconvenience. Sublessee's rent shall be reduced during the period of such remodeling or rebuilding to the extent of the amount of space Sublessee is unable to occupy during the time of such remodeling or rebuilding. Upon completion of such remodeling or rebuilding, if the demised Premises have been materially altered, the parties shall within thirty (30) days negotiate a new rental. If Sublessee does not agree to the new rental figures within said thirty (30) day period, Sublessee shall pay rent for said thirty (30) day period at the then rental rate prescribed by this Sublease and this Sublease shall terminate upon the expiration of such thirty (30) day period.

16. Sublessee shall not allow fuel or other pollutants to escape into the waters of Mission Bay or onto any adjacent leasehold property. Sublessee shall provide insurance satisfactory to Sublessor and to the City of San Diego to protect against and guarantee financial responsibility for clean-up of any hazardous substances which may be released intentionally or unintentionally by accident or failure of any facility or equipment used in connection with the operation on the leasehold area.

17. All improvements (whether or not trade fixtures) to the Premises made by Sublessee shall, at the option of Sublessor, either remain in place at the expiration of this sublease or any extension thereof and become Sublessor's property, or Sublessee must remove same and restore the Premises to its condition prior to the installation of such improvements.

18. Any notice required or permitted to be given hereunder must be in writing and must be given by personal delivery or by registered or certified mail addressed to Sublessee at the demised Premises, or to Sublessor in care of WESCO SALES CORP., 21200 Victory Boulevard, Woodland Hills, California 91367, Attn: Frank W. Butler, with a copy to William A. Feinberg, Esq., Feinberg, Gottlieb & Waller, 15760 Ventura Boulevard, Suite 1700, Encino, California 91436. Either party may by written notice to the other specify a different address for notice purposes except that the Sublessor may in any event use the Premises as Sublessee's address for notice purposes.

19. Sublessee shall pay the City of San Diego's fee for reviewing this Sublease.

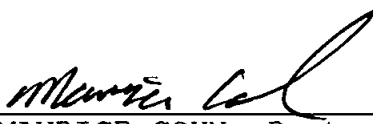
20. This Sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Sublease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Sublease to the extent they are not incorporated herein.

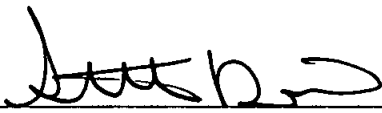
21. Time is of the essence with respect to the performance of every provision of this Sublease in which time of performance is a factor.

IN WITNESS WHEREOF, the parties have executed this Sublease
the day and year first above written.

WESCO SALES CORP.,
Sublessor

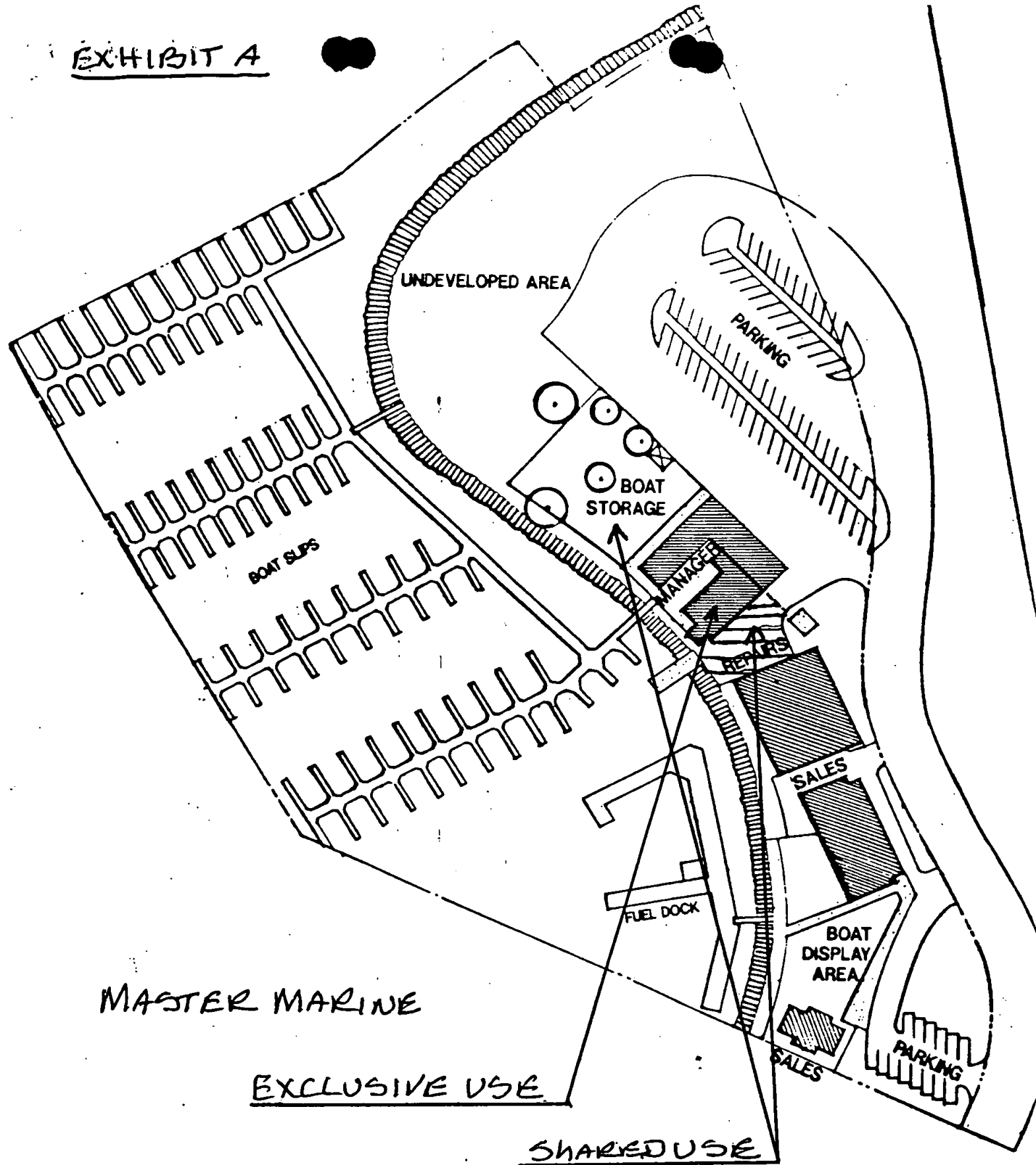
By: 
FRANK W. BUTLER, President

By: 
MAURICE COHN, Partner

By: 
J. STEPHEN DAVIS, Partner

By: 
APRIL E. HOWARD, Partner

EXHIBIT A



DANA LANDING

SITE PLAN

EXISTING CONDITIONS

EXHIBIT "B"

- 1) TWO PERCENT (2%) of gross income from sale of boats and motors, any boat trailer and other accessories included in the boat and motor sales.
- 2) FOUR PERCENT (4%) of gross income from service of boats and motors, sale of boat and motor parts, accessories to boats and motors, and marine hardware and accessories.
- 3) SEVEN PERCENT (7%) of gross income from any other sale, service or operation on the leased premises hereinbefore approved under the purposes for which this lease is granted, or such other percentages or flat rate of rent to be agreed upon by the parties hereto prior to the commencement of each such sale, service, or operation. In the event the parties cannot reach an agreement on the percentage rent to be paid to City, then such sale, service or operation shall not be entered into by the Lessee.

EXHIBIT "B-1"

- 1) Dock Space - Sublessor will lease to Sublessee one (1) slip or more as needed, at going rate, with maximum of six (6) slips.
- 2) Sublessee shall use the premises for Engine Sales, Engine Service, Rigging, Boat Repair, Bottom Painting and Accessory Sales.
- 3) The north side (See Exhibit A) of the Storage Yard may be used by Sublessee at no charge, but use of the yard may be canceled with thirty (30) days notice at any time. The Sublessee is to maintain and repair the grounds and fence of the storage yard as may be required by either the city or the Sublessor.

SUBLEASE AGREEMENT MINIMUM STANDARDS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign this Sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this Sublease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and save harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of SUBLESSEE, his agents and invitees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY in an occurrence form. A copy of the policy of insurance shall be filed with CITY and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or cancelled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this Sublease, SUBLESSEE agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement (Master Lease) dated October 3, 1956, as amended between the sublessor herein and The City of San Diego. This Sublease is subject and subordinate to the covenants and conditions of said Lease Agreement (Master Lease) notwithstanding any provision hereof contrary to or in conflict with said Sublease agreement.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

**WESCO SALES CORPORATION
dba DANA LANDING**

(LESSEE), filed in the Office of the City Clerk as Document No. 541839 dated October 3, 1956 and as amended, hereby consent to that certain Sublease agreement between the above LESSEE (SUBLESSOR) and

**KATHLEEN KAREN KAMPE
dba SOUTHWEST SEA KAYAKING AND ROWING CENTER**

(SUBLESSEE) dated February 13, 1995. Said Sublease agreement shall be subordinate to the Master Lease in all respects. The CITY is merely approving the Sublease agreement and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease agreement. The CITY is not bound by any term or condition in the Sublease agreement which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions, attached as SUBLEASE AGREEMENT MINIMUM STANDARDS.

The undersigned agrees to the terms and conditions set forth in this Consent to Sublease Agreement.

Dated 6/22/95

By Kathleen Karen Kampe
Kathleen Karen Kampe

Dated 7/5/95

By J. S. Santley
Wesco Sales Corporation

THE CITY OF SAN DIEGO

Dated 5-11-95

By Mary Smith Frank
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 5/15/95

By [Signature]
Chief Deputy City Attorney

LMF:DRT

SUBLEASE

THIS AGREEMENT, made on February 13, 1995 by and between WESCO SALES CORP., dba DANA LANDING, hereinafter known as "Sublessor", and Kathleen Karen Kampe, dba Southwest Sea Kayaking and Rowing Center, hereinafter known as "Sublessee".

SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THE MASTER LEASE EXISTING BETWEEN Sublessor AND CITY OF SAN DIEGO ("City"), to all of which Sublessee expressly agrees, Sublessor does hereby lease to Sublessee that portion of DANA LANDING known as "the old bait and tackle shop".

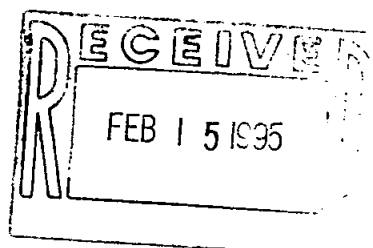
The Sublessee does hereby lease and take said demised Premises upon all the terms and conditions and covenants hereinafter set forth. If for any reason the Master Lease is terminated between Sublessor and the City of San Diego, this Sublease shall forthwith terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

1. The term of this Sublease shall be for two years, beginning on the first day of March, 1995.

2. There shall be in all events paid to Sublessor, on or before the first (1st) day of each month, a minimum monthly rental of \$2000.00 (two thousand dollars) through the end of the original lease term, exclusive of any amounts due City from Sublessee.

a. Above and beyond this minimum monthly payment, during the initial and all option terms, Sublessee shall pay Sublessor the City percentage rent set forth on Exhibit "B" applicable to the Sublessee's Gross Monthly Income based upon the Master Lease plus pay the Sublessor additional percentage of one percent (1%) of Gross Monthly Income.

1.



b. Such percentage rates shall be reported and paid to Sublessor by the twenty-first (21st) day of each following month during the term hereof.

c. At the option of the Sublessor, a late payment penalty of ten percent (10%) of the minimum monthly rent shall be assessed for payments received after the tenth (10th) day of each month.

d. It is understood by both parties that under the provisions of the Master Lease, the rents payable to the City are subject to certain control, renegotiation and change; it is agreed that should the application of such provisions in the Master Lease result in an increase in the rent payable by Sublessor to the City, or the percentage rent payable to Sublessor by Sublessee for the City, then the rent applicable hereunder shall be increased to offset such change(s).

3. Sublessee shall, concurrently with the execution of this Sublease, deposit with the Sublessor the sum of \$2000.00 as security for the faithful performance of, and compliance with, all of the terms, covenants, and conditions of this Sublease.

It is expressly agreed and understood that Sublessor may apply said security deposit to any disbursements that may occur as a result of the failure of Sublessee to faithfully perform or comply with any terms, covenants, or conditions of this Sublease. In addition to said sum above referenced to, Sublessor shall have the full and complete right to pursue all remedies otherwise provided by law, including the collection of additional damages in the event of default by Sublessee. Should Sublessee's exercise of an option to extend this Sublease result in an increase in the minimum rent, the security deposit shall be increased proportionately.

4. Sublessee shall not use the demised Premises in a manner that violates any use restriction under the Master Lease with City. The only use to which Sublessee may put the demised Premises is the sale, storage, rental, repair, and maintenance, and the training and education of customers in the use of kayaks, canoes, rowing shells, and other

human powered watercraft together with the sale, rental, repair, and maintenance of related clothing, gear, books, and accessories, the publication and distribution of information concerning the use of such watercraft and equipment, the organization and staging of related trips and excursions, and the formation and activities of clubs formed by or for individuals having an affinity to such watercraft.

This use clause has been drawn specifically to only authorize the uses set forth above and no others without Sublessee first obtaining the consent of Sublessor and the City of San Diego. Sublessee shall not assign this Sublease or share or sublet any portion of its premises without prior written consent of Sublessor and the City of San Diego. A consent to one assignment or sublease shall not eliminate the necessity for obtaining Sublessor's and the City of San Diego's consent to other assignments or subleases.

5. Sublessee agrees that in the event of any conflict between this Lease and Master Lease, the Master Lease shall prevail. Sublessee shall in all events, at Sublessee's sole cost and expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, or orders of the national, state, county, or municipal governments.

6. Sublessee shall pay its proportionate cost for all utilities or utility services furnished to and used upon its demised area during the term hereof. Sublessor shall provide a trash receptacle and for trash removal at a proportionate cost to sublessee.

7. Sublessee shall not make or cause to be made any alterations additions or change in the demised Premises without the prior written approval of Sublessor. It is agreed that the Sublessor shall be responsible for and shall maintain and repair only the foundation, frame, outside walls, and roof so long as the damage or destruction is not caused by acts or omissions of the Sublessee.

Sublessee shall repair and maintain all other portions of the demised premises, consistent with the existing age and condition of the premises at the time of sublessee's occupation of same. Sublessee shall be responsible for and shall repair: All of Sublessee's furnishings, fixtures, and equipment on the demised premises.

8. Sublessee shall save and hold the demised Premises, Sublessor and the City of San Diego free and harmless of, and shall defend and indemnify Sublessor and said City from and against, any and all liens, claims of liens, suits, actions, claims, charges and/or liability, whether caused by Sublessee or others, of any kind or nature whatsoever; due to, arising out of, or in any way connected with:

- a. Any operations of Sublessee or any act or omissions of Sublessee.
- b. The use or operation of the demised Premises by Sublessee or its employees, or invitees.
- c. The condition of the demised Premises.
- d. Any work done or performed or materials used or furnished or any alterations or improvements made in or upon or in connection with the demised Premises by Sublessee.

9. During the term of this Sublease, Sublessee shall procure and maintain public liability and property damage insurance from an insurance company licensed to transact business in the State of California to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by any person or persons whomsoever resulting directly or indirectly from any act or activities of Sublessee, or any person acting for Sublessee or under Sublessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly

by or activities of Sublessee, or any person acting for Sublessee, or under Sublessee's control or direction. Such public liability and property insurance damage shall be maintained in full force and effect during the entire term of this Sublease in the amount of not less than \$1,000,000.00 combined single limit liability policy. Sublessee shall submit a certificate of said insurance to Sublessor and to the Property Department of the City of San Diego on or before the effective date of this Sublease. Said certificate shall specify that the policy of said insurance may not be terminated or canceled without prior written notice to the Sublessor and to the City of San Diego by the insurance company and shall name the Sublessor and the City of San Diego as additional insureds. Provisions of this paragraph as to insurance shall not be construed as limiting in any way the extent to which Sublessee may be held responsible for the payment of damages to persons or property resulting from its acts or activities of any person or persons for which Sublessee is responsible.

Sublessee shall also procure and maintain during the entire term of this Sublease, a policy of Fire and Extended Coverage insurance on the demised Premises and all of Sublessee's personal property and fixtures used in, or about the demised Premises. Said policy shall be written by an insurance company licensed to transact business in the State of California in an amount sufficient to cover at least one hundred percent (100%) of the replacement cost of said property. Sublessee shall submit a certificate of said policy to the property department of the City of San Diego and to Sublessor on or before the effective date of this Sublease. Said policy shall contain a condition that it is not to be terminated or canceled without prior written notice to Sublessor and to the City of San Diego by the insurance company.

Sublessee shall pay the premiums for each insurance. All insurance required under this Sublease shall contain a waiver of subrogation against Sublessor and the City of San Diego.

10. In the event of any breach of this Sublease by Sublessee, then Sublessor, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from said Premises; such property to be stored at a public warehouse, or elsewhere at the cost of, and for the account of, Sublessee.

11. In the event of partial or total destruction of the demised Premises, Sublessor may cancel this Sublease effective from the date of such destruction. Sublessee agrees that in the event of damage of its demised Premises, Sublessee will rely solely upon the policies of fire and casualty insurance required hereunder, to effect such repair or reconstruction.

12. In the event of any legal action by any party hereto as against the other, the prevailing party shall be entitled to reasonable attorney and court costs.

13. Sublessor and the City of San Diego shall have the right at any time during normal business hours to inspect the books and records of Sublessee, and Sublessee's demised Premises. Also, any act of insolvency, bankruptcy, meeting of creditors or other verifiable information indicating that Sublessee is in financial difficulty shall be grounds for immediate termination of this Sublease, at the sole option of the Sublessor. Further, any material change of ownership of Sublessee must have written approval of Sublessor and the City of San Diego.

14. This Sublease and each of its covenants and terms shall be binding upon the assigns and successors in interest of the parties hereto, whether by merger, consolidation or outright transfer, subject, however, to the provisions requiring consent to assignments, subleasing, and transfers of control.

15. In the event Sublessor elects to remodel or rebuild or enlarge the marina, docks or the demised Premises during the term of this Sublease or any extension thereof, Sublessor shall be free to do so without liability for any disruption of Sublessee's business or other inconvenience. Sublessee's rent shall be reduced during the period of such remodeling or rebuilding to the extent of the amount of space Sublessee is unable to occupy during the time of such remodeling or rebuilding. Upon completion of such remodeling or rebuilding, if the demised Premises have been materially altered, the parties shall within thirty (30) days negotiate a new rental. If Sublessee does not agree to the new rental figures within said thirty (30) day period, Sublessee shall pay rent for said thirty (30) day period at the then rental rate prescribed by this Sublease and this Sublease shall terminate upon the expiration of such thirty (30) day period.

16. Sublessee shall not allow fuel or other pollutants to escape into the waters of Mission Bay or onto any adjacent leasehold property.

17. All improvements (whether or not trade fixtures) to the Premises made by Sublessee shall, at the option of Sublessor, either remain in place at the expiration of this sublease or any extension thereof and become Sublessor's property, or Sublessee must remove same and restore the Premises to its condition prior to the installation of such improvements.

18. Any notice required or permitted to be given hereunder must be in writing and must be given by personal delivery or by registered or certified mail addressed to Sublessee at the demised Premises, or to Sublessor in care of WESCO SALES CORP., 21200 Victory Boulevard, Woodland Hills, California 91367, Attn: Frank W. Butler, with a copy to William A. Feinberg, Esq., Feinberg, Gottlieb & Waller, 15760 Ventura Boulevard, Suite 1700, Encino, California 91436. Either party may by written notice to the other specify a different address for notice purposes except that the Sublessor may in any event use the Premises as Sublessee's address for notice purposes.

19. Sublessee shall pay the City of San Diego's fee for reviewing this Sublease.

20. This Sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Sublease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior, agreements, representations and negotiations are deemed superseded by the execution of this Sublease to the extent they are not incorporated herein.

21. Time is of the essence with respect to the performance of every provision of this Sublease in which time of performance is a factor.

IN WITNESS WHEREOF, the parties have executed this Sublease the day and year first above written.

WESCO SALES CORP.,

Sublessor

By: _____

FRANK W. BUTLER, President

By: Kathleen Karen Kampe

Kathleen Karen Kampe, owner

By: _____

By: _____

By: _____

ADDENDUM TO SUBLEASE

THIS ADDENDUM to that certain Sublease between Wesco Sales Corp. dba Dana Landing, and Kathleen Karen Kampe, dba Southwest Sea Kayaking and Rowing Center, dated February 13, 1995 is intended to explain amend , compliment, and complete the agreement between the parties with respect to the subject matter as follows:

1. The demised premises are depicted in the attached diagram. This diagram depicts the exclusive use, shared use, and common use areas.

2. The Sublessee shall have the use of 1/2 (one half) of the shared use area marked "storage" in the diagram. No rent shall be charged for the use of the storage area provided Sublessee contributes its pro rata share for maintenance and upkeep of that area. Sublessee acknowledges that its use of this area may be terminated should the City of San Diego no longer authorize that use or should Sublessor elect to further develop this area consistent with the overall development plan for this site. Sublessor will provide 30 days prior notice of termination for Sublessee's use of the storage space.

3. The diagram depicts water access via a ramp adjacent to the demised premises. Sublessee shall have the shared use of that water access ramp as long as that ramp remains in its current configuration. In the event that this water access ramp is modified or moved to accommodate the proposed boardwalk, Sublessee shall be included in the planning process for this remodeling. Sublessee shall remodel at its sole cost the existing ramp, if feasible. If not, Sublessee will be able to negotiate alternative water access including renting slips, if available.

4. Sublessee's minimum rent for March and April 1995 is abated \$1000.00 for each month.

5. Sublessee shall have the first right to negotiate a lease extension for the demised premises, or for proposed redevelopment of Dana Landing.

6. Sublessee shall have right to place signage consistent with the terms of the Master Lease and City regulations, and subject to the approval of the Sublessor.

7. Sublessor shall not lease space in Dana Landing Marina to any business which competes directly with Southwest Kayaks use of the premises.

IN WITNESS WHEREOF, the parties have executed this agreement on the date indicated to be effective on the day and year first above written.

SUBLESSOR:

WESCO SALES CORP.,

BY: Frank W. Butler

FRANK W. BUTLER, President

Date: 2/22/95

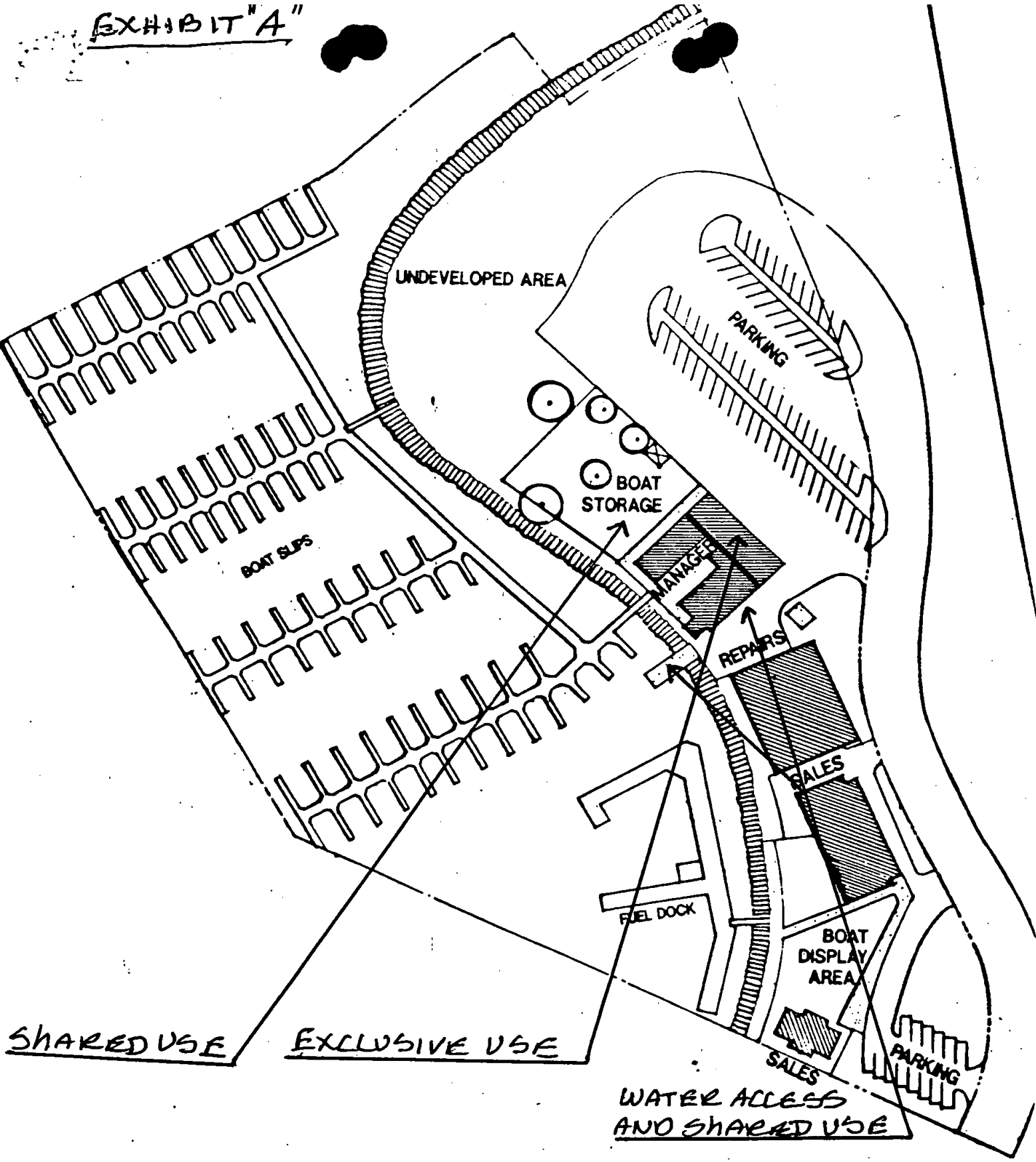
SUBLESSEE:

By: Kathleen Karen Kampe

Kathleen Karen Kampe, dba SOUTHWEST SEA KAYAKING
AND ROWING CENTER

Date: 2/13/95

EXHIBIT "A"



DANA LANDING

SITE PLAN

EXISTING CONDITIONS



EXHIBIT "B"

1. TWO PERCENT (2%) of gross income from sale of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale;
2. FOUR PERCENT (4%) of gross income from service of boats and motors, sale of boat and motor parts, accessories to boats and motors, and marine hardware;
3. THREE PERCENT (3%) of gross income from sale of food and non-alcoholic beverages prepared on, or served from the premises;
4. SIX PERCENT (6%) of gross income from sale of any alcoholic beverage;
5. TWENTY FIVE (25%) of gross income from boat slip rental and related wet storage;
6. SEVEN PERCENT (7%) of gross income from any other sale, service, or operation on the leased premises hereinbefore approved under the purposes for which this lease is granted, or such other percentage or flat rate of rent to be agreed upon by the parties hereto prior to the commencement of each such sale, service or operation. In the event the parties cannot reach an agreement of the percentage rent to be paid CITY, then such sale, service or operation shall not be entered into by the LESSEE or SUBLESSEE.

SUBLEASE AGREEMENT MINIMUM STANDARDS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign this Sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this Sublease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and save harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of SUBLESSEE, his agents and invitees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$2 million COMBINED SINGLE LIMIT LIABILITY in an occurrence form. A copy of the policy of insurance shall be filed with CITY and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or cancelled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this Sublease, SUBLESSEE agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement (Master Lease) dated October 3, 1956, as amended between the sublessor herein and The City of San Diego. This Sublease is subject and subordinate to the covenants and conditions of said Lease Agreement (Master Lease) notwithstanding any provision hereof contrary to or in conflict with said Sublease agreement.

SUBLEASE

THIS AGREEMENT, made on January 1st 1995 by and between WESCO SALES CORP., dba DANA LANDING, hereinafter known as "Sublessor", Circle S Productions Inc. a California Corporation, hereinafter known as "Sublessee".

SUBJECT TO ALL OF THE TERMS AND CONDITIONS OF THE MASTER LEASE EXISTING BETWEEN Sublessor AND CITY OF SAN DIEGO ("City"), to all of which Sublessee expressly agrees, Sublessor does hereby lease to Sublessee that portion of DANA LANDING known as Dana Landing Market and Fuel Dock (See Exhibit A). The Sublessee does hereby lease and take said demised Premises upon all the terms and conditions and covenants hereinafter set forth. If for any reason the Master Lease is terminated between Sublessor and the City of San Diego, this Sublease shall forthwith terminate and Sublessor shall have no liability to Sublessee as a result of such termination.

1. The term of this Sublease shall be for two years and four months through April 1997 with an option of three years, terms dependent on said properties Master Lease.

2. There shall be in all events paid to Sublessor, on or before the first (1st) day of each month, a minimum monthly rental of \$1,500.00 for the first three months increasing to \$3,700.00 through the end of the original lease term, exclusive of any amounts due City from Sublessee.

a. Above and beyond this minimum monthly payment, during the initial and all option terms, Sublessee shall pay

Sublessor the City percentage rent set forth on Exhibit "B" applicable to the Sublessee's Gross Monthly Income based upon the Master Lease plus pay the Sublessor additional percentage of one percent (1%) of Gross Monthly Income.

b. Such percentage rates shall be reported and paid to Sublessor by the twenty-first (21st) day of each following month during the term hereof.

c. At the option of the Sublessor, a late payment penalty of ten percent (10%) of the minimum monthly rent shall be assessed for payments received after the tenth (10th) day of each month.

d. It is understood by both parties that under the provisions of the Master Lease, the rents payable to the City are subject to certain control, re negotiation and change; it is agreed that should the application of such provisions in the Master Lease result in an increase in the rent payable by Sublessor to the City, or the percentage rent payable to Sublessor by Sublessee for the City, then the rent applicable hereunder shall be increased to offset such change(s).

3. Sublessee shall, concurrently with the execution of this Sublease, deposit with the Sublessor the sum of \$2,500.00 as security for the faithful performance of, and compliance with, all of the terms, covenants, and conditions of this Sublease. It is expressly agreed and understood that Sublessor may apply said security deposit to any disbursements that may occur as a result of the failure of Sublessee to faithfully perform or comply with any terms, covenants, or conditions of this Sublease. In

addition to said sum above referenced to, Sublessor shall have the full and complete right to pursue all remedies otherwise provided by law, including the collection of additional damages in the event of default by Sublessee. Should Sublessee's exercise of an option to extend this Sublease result in an increase in the minimum rent, the security deposit shall be increased proportionately.

4. Sublessee shall not use the demised Premises in a manner that violates any use restriction under the Master Lease with City. The only use to which Sublessee may put the demised Premises is the sale and rental of:

Food Products, Fuel, Beer, Wine, Soft Drinks, ~~etc.~~, Ice, Cigarettes, Bait, Tackle, Candy, Boating Supplies, Oil, Sun Glasses, Sundries, Clothing and the Rental of Power and Non Power Watercraft, Bikes, Roller Blades, ~~etc.~~..

This use clause has been drawn specifically to only authorize the uses set forth above and no others without Sublessee first obtaining the consent of Sublessor and the City of San Diego. Sublessee shall not assign this Sublease or share or sublet any portion of its premises without prior written consent of Sublessor and the City of San Diego. A consent to one assignment or sublease shall not eliminate the necessity for obtaining Sublessor's and the City of San Diego's consent to other assignments or subleases.

5. Sublessee agrees that in the event of any conflict between this Lease and Master Lease, the Master Lease shall prevail. Sublessee shall in all events, at Sublessee's sole cost

and expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements, or orders of the national, state, county, or municipal governments.

6. Sublessee shall pay for all utilities or utility services furnished to and used upon its demised area during the term hereof.

7. Sublessor is responsible for the three fuel holding tanks associated with this sublease. Sublessor shall be responsible for any leaks or repairs to in ground tanks and shall be responsible for the replacement of said tanks associated with current codes and guidelines by the year 1998. Sublessor shall be responsible for the insurance and safety programs associated with and pertaining to use of said holding tanks.

Sublessee shall not make or cause to be made any alterations, additions or change in the demised Premises without the prior written approval of Sublessor. Sublessee shall be responsible for and shall maintain and repair the Fuel Dock & Market to the following:

A. Fuel Dock - All of the demised premises, including the building, fuel dispensers, pipes in and from the gas dock to the rip rap, all machinery used on or in connection with the gas dock and the dock itself, exclusive of the floats and pilings, Sublessor is responsible for the floats and pilings.

B. Market - Sublessee shall not make or cause to made any alterations, additions or change in the improvement without the prior written approval of the Sublessor. It is agree that the Sublessor shall be responsible for and shall repair only the

foundation, frame and roof so long as the damage or the destruction is not caused by acts of omissions of the Sublessee. Sublessee shall maintain and repair all other portions of the demised premises, consistent with the existing age and condition of the premises at the time of the Sublessee's occupation of same.

8. Sublessee shall save and hold the demised Premises, Sublessor and the City of San Diego free and harmless of, and shall defend and indemnify Sublessor and said City from and against, any and all liens, claims of liens, suits, actions, claims, charges and/or liability, whether caused by Sublessee or others, of any kind or nature whatsoever; due to, arising out of, or in any way connected with:

a. Any operations of Sublessee or any act or omissions of Sublessee.

b. The use or operation of the demised Premises by Sublessee or its employees, or invitees.

c. The condition of the demised Premises.

d. Any work done or performed or materials used or furnished or any alterations or improvements made in or upon or in connection with the demised Premises by Sublessee.

9. During the term of this Sublease, Sublessee shall procure and maintain public liability and property damage insurance from an insurance company licensed to transact business in the State of California to protect against loss from liability imposed by law for damages on account of bodily injury, including death resulting therefrom, suffered or alleged to be suffered by

any person or persons whomsoever resulting directly or indirectly from any act or activities of Sublessee, or any person acting for Sublessee or under Sublessee's control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from acts or activities of Sublessee, or any person acting for Sublessee, or under Sublessee's control or direction. Such public liability and property insurance damage shall be maintained in full force and effect during the entire term of this Sublease in the amount of not less than \$1,000,000.00 combined single limit liability policy. Sublessee shall submit a certificate of said insurance to Sublessor and to the Property Department of the City of San Diego on or before the effective date of this Sublease. Said certificate shall specify that the policy of said insurance may not be terminated or canceled without prior written notice to the Sublessor and to the City of San Diego by the insurance company and shall name the Sublessor and the City of San Diego as additional insured. Provisions of this paragraph as to insurance shall not be construed as limiting in any way the extent to which Sublessee may be held responsible for the payment of damages to persons or property resulting from its acts or activities of any person or persons for which Sublessee is responsible.

Sublessee shall also procure and maintain during the entire term of this Sublease, a policy of Fire and Extended Coverage insurance on the demised Premises and all of Sublessee's personal property and fixtures used in, or about the demised Premises.

Said policy shall be written by an insurance company licensed to transact business in the State of California in an amount sufficient to cover at least one hundred percent (100%) of the replacement cost of said property. Sublessee shall submit a certificate of said policy to the property department of the City of San Diego and to Sublessor on or before the effective date of this Sublease. Said policy shall contain a condition that it is not to be terminated or canceled without prior written notice to Sublessor and to the City of San Diego by the insurance company.

Sublessee shall pay the premiums for each insurance. All insurance required under this Sublease shall contain a waiver of subrogation against Sublessor and the City of San Diego.

10. In the event of any breach of this Sublease by Sublessee, then Sublessor, besides other rights or remedies it may have, shall have the immediate right of re-entry and may remove all persons and property from said Premises; such property to be stored at a public warehouse, or elsewhere at the cost of, and for the account of, Sublessee.

11. In the event of partial or total destruction of the demised Premises, Sublessor may cancel this Sublease effective from the date of such destruction. Sublessee agrees that in the event of damage of its demised Premises, Sublessee will rely solely upon the policies of fire and casualty insurance required hereunder, to effect such repair or reconstruction.

12. In the event of any legal action by any party hereto as against the other, the prevailing party shall be entitled to reasonable attorney and court costs.

13. Sublessor and the City of San Diego shall have the right at any time during normal business hours to inspect the books and records of Sublessee, and Sublessee's demised Premises. Also, any act of insolvency, bankruptcy, meeting of creditors or other verifiable information indicating that Sublessee is in financial difficulty shall be grounds for immediate termination of this Sublease, at the sole option of the Sublessor. Further, any material change of ownership of Sublessee must have written approval of Sublessor and the City of San Diego.

14. This Sublease and each of its covenants and terms shall be binding upon the assigns and successors in interest of the parties hereto, whether by merger, consolidation or outright transfer, subject, however, to the provisions requiring consent to assignments, subleasing, and transfers of control.

15. In the event Sublessor elects to remodel or rebuild or enlarge the marina, docks or the demised Premises during the term of this Sublease or any extension thereof, Sublessor shall be free to do so without liability for any disruption of Sublessee's business or other inconvenience. Sublessee's rent shall be reduced during the period of such remodeling or rebuilding to the extent of the amount of space Sublessee is unable to occupy during the time of such remodeling or rebuilding. Upon completion of such remodeling or rebuilding, if the demised Premises have been materially altered, the parties shall within thirty (30) days negotiate a new rental. If Sublessee does not agree to the new rental figures within said thirty (30) day period, Sublessee shall pay rent for said thirty (30) day period

at the then rental rate prescribed by this Sublease and this Sublease shall terminate upon the expiration of such thirty (30) day period.

16. Sublessee shall not allow fuel or other pollutants to escape into the waters of Mission Bay or onto any adjacent leasehold property. Sublessee shall provide insurance satisfactory to Sublessor and to the City of San Diego to protect against and guarantee financial responsibility for clean-up of any hazardous substances which may be released intentionally or unintentionally by accident or failure of any facility or equipment used in connection with the operation on the leasehold area.

17. All improvements (whether or not trade fixtures) to the Premises made by Sublessee shall, at the option of Sublessor, either remain in place at the expiration of this sublease or any extension thereof and become Sublessor's property, or Sublessee must remove same and restore the Premises to its condition prior to the installation of such improvements.

18. Any notice required or permitted to be given hereunder must be in writing and must be given by personal delivery or by registered or certified mail addressed to Sublessee at the demised Premises, or to Sublessor in care of WESCO SALES CORP., 21200 Victory Boulevard, Woodland Hills, California 91367, Attn.: Frank W. Butler, with a copy to William A. Feinberg, Esq., Feinberg, Gottlieb & Waller, 15760 Ventura Boulevard, Suite 1700, Encino, California 91436. Either party may by written notice to the other specify a different address for notice purposes except

that the Sublessor may in any event use the Premises as Sublessee's address for notice purposes.

19. Sublessee shall pay the City of San Diego's fee for reviewing this Sublease.

20. This Sublease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No provision of this Sublease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Sublease to the extent they are not incorporated herein.

21. Time is of the essence with respect to the performance of every provision of this Sublease in which time of performance is a factor.

IN WITNESS WHEREOF, the parties have executed this Sublease the day and year first above written.

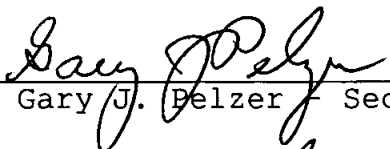
WESCO SALES CORP.,
Sublessor

By:


FRANK W. BUTLER, President

Circle S Productions, Inc.
Sublessee

By:


Gary J. Pelzer Sec/Treas

By:

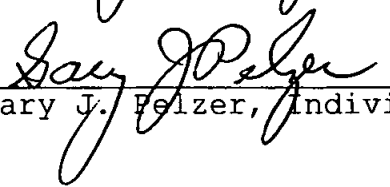
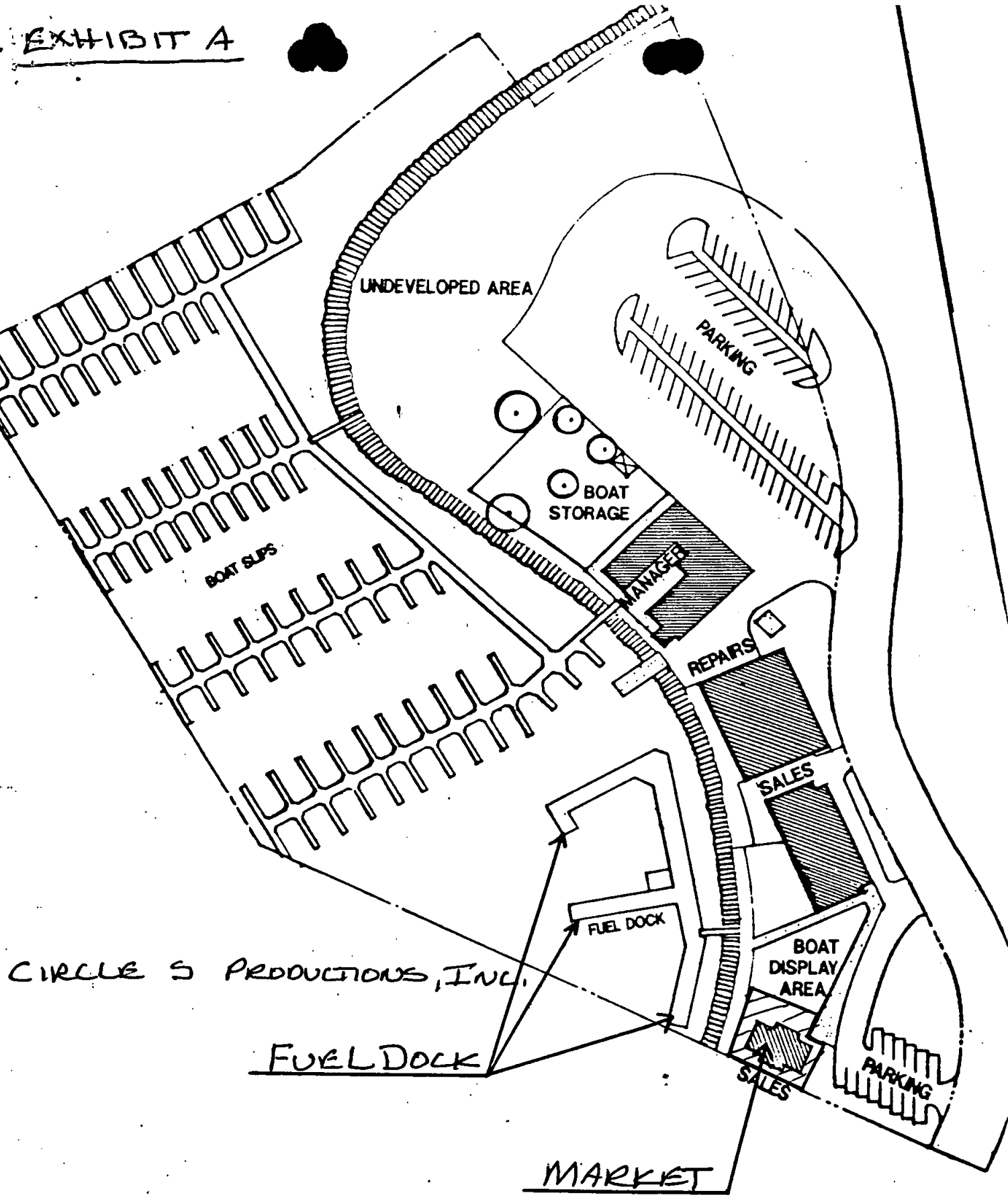

Gary J. Pelzer, Individually

EXHIBIT A



DANA LANDING

SITE PLAN

EXISTING CONDITIONS



EXHIBIT "B"

1. TWO PERCENT (2%) of gross income from sale of boats and boat motors, and any boat trailers and other accessories included in the boat and motor sale;
2. FOUR PERCENT (4%) of gross income from service of boats and motors, sale of boat and motor parts, accessories to boats and motors, and marine hardware;
3. THREE PERCENT (3%) of gross income from sale of food and non-alcoholic beverages prepared on, or served from the premises;
4. SIX PERCENT (6%) of gross income from sale of any alcoholic beverage;
5. TWENTY FIVE (25%) of gross income from boat slip rental and related wet storage;
6. SEVEN PERCENT (7%) of gross income from any other sale, service, or operation on the leased premises hereinbefore approved under the purposes for which this lease is granted, or such other percentage or flat rate of rent to be agreed upon by the parties hereto prior to the commencement of each such sale, service or operation. In the event the parties cannot reach an agreement of the percentage rent to be paid CITY, then such sale, service or operation shall not be entered into by the LESSEE or SUBLESSEE.

CONSENT TO SUBLEASE AGREEMENT

The City of San Diego (CITY), as LESSOR under that certain Lease Agreement (Master Lease) entered into with

**WESCO SALES CORPORATION
dba DANA LANDING**

(LESSEE), filed in the Office of the City Clerk as Document No. 541839 dated October 3, 1956 and as amended, hereby consent to that certain Sublease agreement between the above LESSEE (SUBLESSOR) and

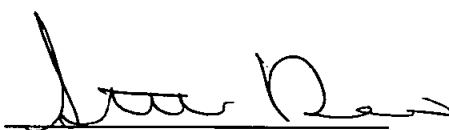
MASTER MARINE

(SUBLESSEE) dated March 1, 1995. Said Sublease agreement shall be subordinate to the Master Lease in all respects. The CITY is merely approving the Sublease agreement and the proposed use, and all terms and conditions of the Master Lease shall control and supersede any inconsistent or contrary provisions in the Sublease agreement. The CITY is not bound by any term or condition in the Sublease agreement which in any way conflicts with or is additional to the provisions of the Master Lease.

In addition, this consent is subject to the following conditions, attached as SUBLEASE AGREEMENT MINIMUM STANDARDS.

The undersigned agrees to the terms and conditions set forth in this Consent to Sublease Agreement.

Dated 6-26-95

By 
Master Marine

Dated 7/5/95

By 
Wesco Sales Corporation

THE CITY OF SAN DIEGO

Dated 5-11-95

By Mary Gruell
Supervising Property Agent
for the City Manager

APPROVED AS TO FORM:

JOHN W. WITT, City Attorney

Dated 5/18/98

By [Signature]
Chief Deputy City Attorney

LMF:DRT

SUBLEASE AGREEMENT MINIMUM STANDARDS

ASSIGNMENT AND SUBLEASING: SUBLESSEE shall not assign this Sublease or sublet the premises or any part thereof without the prior written consent of LESSEE and The City of San Diego, hereinafter, "CITY." An assignment by operation of law shall automatically terminate this Sublease.

HOLD HARMLESS: SUBLESSEE shall assume the defense of, indemnify and save harmless LESSEE and CITY from all claims, expenses and liability of every nature, directly or indirectly arising from, or alleged to have arisen from the operations conducted on the leased premises or from any act or omission of SUBLESSEE, his agents and invitees.

INSURANCE: SUBLESSEE shall be insured by an insurance carrier acceptable to the LESSEE and CITY against loss from public liability arising from the use or condition of or operation conducted on the leased premises. Minimum coverage shall be \$1 million COMBINED SINGLE LIMIT LIABILITY in an occurrence form. A copy of the policy of insurance shall be filed with CITY and shall name "THE CITY OF SAN DIEGO" as an additional insured. Said policy shall specify that the policy may not be terminated, altered or cancelled without 30 days prior written notice to CITY by the insurance company.

LEGAL PROCEEDINGS: Should it become necessary for LESSEE or CITY to commence legal proceedings to collect rent, to recover possession or enforce any other provision of this Sublease, SUBLESSEE agrees to pay all legal costs in connection therewith, including a reasonable sum as attorney's fees.

SUBORDINATION: This agreement is in effect a Sublease of a portion of the premises covered by that certain Lease Agreement (Master Lease) dated October 3, 1956, as amended between the sublessor herein and The City of San Diego. This Sublease is subject and subordinate to the covenants and conditions of said Lease Agreement (Master Lease) notwithstanding any provision hereof contrary to or in conflict with said Sublease agreement.