

LAST REVISED 06/20/2026

COMMERCIAL LAND LEASE
(Redwood Harbor Village RV Park)

THIS COMMERCIAL LAND LEASE ("Lease") is dated for reference purposes as of this _____ day of _____, 2026 (the "Effective Date"), by and between CRESCENT CITY HARBOR DISTRICT, a California independent special district ("Landlord") and BSD PROPERTY MANAGEMENT, LLC, a California limited liability company ("Tenant"), who, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, agree as follows:

1. Background.

Landlord is the owner of record of that certain real property and improvements ("Property") located in the City of Crescent City, Del Norte County, California, commonly known as the Redwood Harbor Village RV Park located at 159 Starfish Way, Crescent City, California, identified by Assessor Parcel No. _____, consisting of approximately 4.55 acres and more particularly described in Exhibit "A" attached hereto. Tenant wishes to lease the Property from Landlord, together with all rights, privileges and easements appurtenant thereto. Landlord is willing to lease the Property to Tenant. The Property and such appurtenant rights, privileges and easements are collectively referred to as the "Premises."

2. Lease of Premises.

Landlord hereby leases to Tenant, and Tenant hereby leases and takes from Landlord, the Premises for the purpose of the Approved Use, on the terms and conditions set forth herein.

3. Term; Options to Extend.

3(a). Initial Term. The initial term ("Initial Term") of this Lease shall commence on the Effective Date and shall continue for a period of fifteen (15) Lease Years. Each period of twelve (12) consecutive calendar months during the term is referred to hereafter as a "Lease Year." Tenant shall record the Memorandum of Lease described in Section 40 below, in the form attached hereto as Exhibit "B" (the "Memorandum").

3(b). Options to Extend. Upon the terms and conditions set forth in Sections 45 and 46 hereof, Tenant will have the right to extend the term of this Lease for up to three (3) periods of five (5) Lease Years each (each an "Extension Period"). Unless otherwise specifically stated herein, all provisions of this Lease will be applicable during the Initial Term and any Extension Periods. The date upon which the Initial Term or an Extension Period expires is referred to hereafter as the "Termination Date."

4. Monthly Rent and Rent Adjustments.

Tenant shall pay to Landlord as rent for the use and occupancy of the Premises, at the times and in the manner described herein, the following sums of money:

4(a) Monthly Rent. Commencing on the Rent Commencement Date, and continuing thereafter on the first day of each calendar month during the Term, Tenant shall pay to Landlord the Monthly Rent due under this Lease. As used in this Lease, the “Rent Commencement Date” means July 1, 2026. “Monthly Rent” means the total monthly rent payable by Tenant to Landlord, consisting of (i) the Monthly Minimum Rent, as described in Section 4(b), plus (ii) any Percentage Rent payable for the applicable month, as described in Section 4(c). If the Rent Commencement Date occurs on a day other than the first day of a calendar month, the Monthly Minimum Rent due for that initial partial month shall be prorated on a per diem basis based on the number of days remaining in that month, and Percentage Rent, if any, shall be determined based on Gross Sales for that partial month.

4(b) Monthly Minimum Rent.

4(b)(1) The minimum monthly rent due and payable by Tenant shall be the sum of Seven Thousand Five Hundred Dollars (\$7,500.00) (the “Monthly Minimum Rent”). Tenant shall pay the Monthly Minimum Rent commencing on the Rent Commencement Date and thereafter on the first day of each calendar month during the Term, subject to adjustment as otherwise provided in this Lease.

4(b)(2) Adjustments to Monthly Minimum Rent During the Lease Term. Commencing on the first day of the first full calendar month following the first anniversary of the Rent Commencement Date, and on the first day of the first full calendar month following each anniversary thereafter (each, an “Adjustment Date”), the Monthly Minimum Rent shall be increased by the greater of: (i) two percent (2%); or (ii) the average of the annual percentage increases or decreases in the Consumer Price Index (“CPI”) for All Urban Consumers for the West Region, as published by the United States Bureau of Labor Statistics (or any reasonably comparable successor index) for the seven most recent annual periods for which data has been published as of the applicable Adjustment Date. By way of example only, if the annual percentage changes for the seven most recent published annual periods are 3%, 4%, 5%, 3%, 2%, 1%, and 2%, the seven-year average would be calculated as $(3\% + 4\% + 5\% + 3\% + 2\% + 1\% + 2\%) / 7 = 2.86\%$. The adjusted Monthly Minimum Rent shall be determined solely by reference to CPI data published as of the applicable Adjustment Date, shall become effective on that Adjustment Date, and shall not be subject to later true-up, arrearage, or reconciliation based on subsequently published CPI data. Notwithstanding the foregoing, in no event shall the Monthly Minimum Rent for any year be less than the Monthly Minimum Rent in effect immediately prior to the applicable Adjustment Date.

4(c) Percentage Rent.

4(c)(1) In addition to the payment of Monthly Minimum Rent, Tenant shall pay to Landlord monthly, as "Percentage Rent," the amount, if any, by which ten percent (10%) of Tenant's "Gross Sales" (as hereinafter defined) for the preceding month exceeds the Monthly Minimum Rent due for such preceding month. Percentage Rent shall be due on or before the fifteenth (15th) calendar day of each month during the Term and on or before the fifteenth (15th) calendar day of the month following the expiration or earlier termination of the Term. Tenant shall furnish or cause to be furnished to Landlord, on or before the fifteenth (15th) calendar day after the close of each month, a statement of the monthly Gross Sales of Tenant for the preceding month, and within thirty (30) days after the close of each fiscal year, a statement of the annual Gross Sales of Tenant. Such statements shall be certified as an accurate accounting of Tenant's Gross Sales by an authorized representative of Tenant. Annual reconciliation shall verify or correct the original reported Gross Sales but shall not recalculate the Percentage Rent on an annual basis. Within ninety (90) days after the close of each fiscal year, an accounting of Tenant's Gross Sales during said fiscal year and the amounts paid to Landlord as Monthly Minimum Rent and as Percentage Rent during each month of such fiscal year will be made by Landlord and, on such accounting, an adjustment will be made with respect to Percentage Rent as follows: if Tenant has paid to Landlord an amount greater than Tenant is required to pay under the terms of this Section 4(c), Landlord shall credit the amount of such excess Percentage Rent against the next installment(s) of rent due under this Lease, or refund such excess within thirty (30) days if this Lease has expired or terminated and Tenant is not then in default; or if Tenant has paid an amount less than the Percentage Rent required to be paid under this Section 4(c), Tenant will pay to Landlord such difference within thirty (30) days of such determination. On termination of this Lease, if Tenant is not in default under this Lease, Landlord will refund to Tenant the amount of any excess, promptly on Landlord's receipt of Tenant's request therefore.

4(c)(2) "Gross Sales" as used in this Lease means the gross selling price of all merchandise or services sold or rented, and all other revenues derived from business operations at the Premises by Tenant, its subtenants, licensees, concessionaires, vendors, and other third-party operators, whether for cash or on credit, whether made by store personnel or by machines, or whether made by catalogue or Internet sale (from on or off the Premises, but only to the extent such sales are directly attributable to Tenant's business operations on the Premises), including, without limitation, RV space rents, campsite fees, lodging rents, reservation or booking fees, amenity fees, equipment rental charges, event fees, food and beverage sales, retail sales, license fees, booth fees, commissions, participation fees, and revenue-sharing payments, but excluding therefrom the following: (i) sales taxes, excise taxes, transient occupancy tax, or gross receipts taxes imposed by governmental entities on the sale of

merchandise or services, but only if collected from customers separately from the selling price (tax stated as a separate line item) and paid directly to the respective governmental entities; and (ii) proceeds from the sale of fixtures, equipment, or property that are not stock in trade ("Exclusions from Gross Sales"). Tenant will use its reasonable good faith efforts to maximize Gross Sales from the Premises.

4(c)(3) At the time of a sale or other transaction, Tenant must record the sale or other transaction in a cash register with sealed continuous tape, or on a computer, or by using any other method of recording sequentially numbered purchases and keeping a cumulative total.

4(c)(4) For a period of three (3) years following the submittal of its certified annual statement of Gross Sales for each calendar or fiscal year, Tenant must keep and maintain full and accurate accounting books and records relative to transactions from the Premises in accordance with generally accepted accounting principles consistently applied. The accounting books and records kept and maintained by Tenant for audit purposes must include all records, receipts, journals, ledgers, and documents reasonably necessary to enable Landlord or its auditors to perform a complete and accurate audit of Gross Sales and Exclusions from Gross Sales in accordance with generally accepted accounting principles and pursuant to Section 4(c)(5) below.

4(c)(5) Landlord, at any time within three (3) years after receipt of any certified annual statement of Gross Sales, and on not less than ten (10) days' prior written notice to Tenant, may cause an audit to be made of Gross Sales and Exclusions from Gross Sales. Tenant shall provide Landlord with access to Tenant's records and accounting books necessary (in Landlord's reasonable judgment) to audit such items; however, Tenant shall not be obligated to provide records that are not reasonably necessary to verify Gross Sales, Exclusions from Gross Sales, or Tenant's compliance with the rent-reporting obligations of this Section 4(c). Tenant will make all of its applicable books and records available for the audit at the Premises or at Tenant's offices in the state in which the Premises is situated, at Tenant's option. Landlord may exercise the right to audit Tenant's records no more than one (1) time per Lease Year. Landlord expressly acknowledges and agrees that Tenant's financial records and information constitute confidential and sensitive non-public information. Landlord shall be entitled to retain copies of Tenant's records reviewed in the course of the audit to the extent reasonably necessary to document audit findings, enforce Landlord's rights under this Lease, respond to disputes, comply with applicable law, and satisfy Landlord's records-retention obligations as a public entity. Landlord agrees to keep all of Tenant's confidential information disclosed confidential to the extent permitted by law and to refrain from disclosing Tenant's confidential information to any third person unless (i) expressly authorized to do so by Tenant in writing prior to the disclosure, or (ii) Landlord is specifically required to disclose such information by law or legal process, including, without limitation, the California

Public Records Act or other applicable public-records or records-retention requirements.

If the audit discloses an underpayment of Percentage Rent, Tenant will promptly pay to Landlord the amount of the underpayment with interest, which will accrue from the date the payment should have been made through and including the date of payment. If the audit discloses an underreporting of Gross Sales in excess of two percent (2%) of the reported Gross Sales, whether or not additional Percentage Rent is due, then Tenant will also immediately pay to Landlord all reasonable costs and expenses incurred in the audit and in collecting the underpayment, including auditing costs and attorney fees. If the audit discloses an overpayment of Percentage Rent, Tenant will be entitled to a credit in the amount of the overpayment against the next payment(s) of Percentage Rent due, unless the audit was for the last year of the Term, in which event Landlord will refund to Tenant the overpayment within sixty (60) days following the date of the finalization of the audit. In the event of a dispute between Landlord and Tenant concerning the accuracy of Tenant's reporting of Gross Sales, the parties shall resolve the matter by submitting the dispute to mutually acceptable independent accountant for binding resolution.

4(c)(6) For the purpose of computing Percentage Rent, Tenant's Gross Sales for any period during which Tenant does not continuously and uninterruptedly conduct its business, as required by Section 10, will be deemed to be Tenant's Gross Sales for the corresponding period during the last calendar year in which Tenant operated continuously and uninterruptedly.

4(c)(7) Landlord is a public entity subject to the Public Records Act. Information provided to Landlord may be disclosed publicly as required by law. If Landlord receives a request for records related to information obtained from Tenant, Landlord agrees to promptly provide Tenant with written notice of the request. Tenant will then have the time specified in the Landlord's notice to determine whether it considers any of the information confidential or proprietary information and whether it will take legal action to preclude disclosure of the requested information. Tenant understands that the Landlord's notice of a request for records under the California Public Records Act (Gov. Code, section 6250, et seq.) will require a prompt response from Tenant given the Landlord's obligation to respond to such a request within ten (10) days of its receipt. As authorized by the Public Records Act, Landlord may invoke any available extension of time to respond to such request. Absent a timely response from Tenant within the time specified in Landlord's notice, Landlord may release the requested records to the extent required by law. Provided, however, that Landlord shall take reasonable steps to maintain the confidentiality of confidential or proprietary information that has been provided by Tenant, including but not limited to financial information regarding Tenant, any proposed assignee, or other third parties, to the extent permitted by law. The parties agree that such reasonable steps will include the redaction of confidential information before records are produced as

authorized in the Public Records Act. Conditioned on Landlord's compliance with the terms of this Section 4(c), Landlord shall have no monetary liability to Tenant for release of information pursuant to a request under the California Public Records Act or any lawful subpoena; nor shall Landlord be obligated to defend against any challenge related to a California Public Records Act request or a subpoena for records that Tenant asserts are confidential. Tenant further agrees to be liable for and pay all judgments against the Landlord, including reasonable attorney fees and costs, resulting from a successful challenge related to a records request or subpoena for records that Tenant asserts are confidential.

4(d) Location for Payment. All rent and all other moneys and charges payable by Tenant to Landlord hereunder shall be paid by Tenant to Landlord in lawful money of the United States of America at Landlord's address for notices hereunder, or to such other person or at such other place as Landlord may from time to time designate by notice in writing to Tenant.

5. Condition of the Premises.

5(a) It is expressly understood by the parties hereto that the physical condition of the Premises as of the Effective Date is such that it is leased to Tenant as-is without any representation or warranty that is not expressly set forth in this Lease. Except as expressly provided herein, (i) Landlord makes no express or implied representations or warranties concerning the Premises or its fitness for any particular purpose; (ii) Tenant shall bear the costs of any action necessary to place the Premises in a condition that meets the requirements of law or that is otherwise suitable for any of its contemplated uses; and (iii) Landlord shall not be held liable to Tenant for any losses incurred or damages sustained as a direct or indirect result of the condition of the Premises or any use or failure thereof. Nothing in this Lease shall be construed as an admission by Landlord as to its liability for relocation assistance pursuant to Gov. Code §§ 7260-7277 or any other similar provision.

5(b) CEQA / Entitlements for Changed or Expanded Use. Landlord's approval of this Lease may be accompanied by a determination that the Lease is exempt from the California Environmental Quality Act ("CEQA") based on the continued operation of the existing facilities and uses at the Premises. Tenant acknowledges that any change, expansion, intensification, redevelopment, or other modification of the existing use of the Premises, or any new improvements or operations proposed by Tenant, may require additional discretionary approvals, permits, entitlements, environmental review, or CEQA compliance. Tenant shall be solely responsible, at Tenant's sole cost and expense, for identifying, obtaining, and complying with any and all such approvals, permits, entitlements, mitigation measures, environmental review requirements, and CEQA obligations applicable to Tenant's proposed use, improvements, or operations. Landlord makes no representation or warranty that any such approvals or entitlements will be granted. Any failure to obtain or maintain

such approvals or entitlements shall not relieve Tenant of its obligations under this Lease, except to the limited extent expressly provided in this Lease.

6. Taxes, Recurring Charges, and Assessments

6(a) Landlord Disclosures. Not less than five (5) business days before the Rent Commencement Date, Landlord shall provide Tenant, to the extent in Landlord's possession or control, copies of then-current real property tax bills, assessments, and other recurring charge information affecting the Premises. If Tenant reasonably identifies a material discrepancy between such information and information previously provided by Landlord, Tenant shall notify Landlord in writing before the Rent Commencement Date, and the parties shall promptly meet and confer in good faith regarding the same. No such discrepancy shall give Tenant the right to terminate this Lease.

6(b) Tenant Responsibility. Tenant covenants and agrees to pay and discharge, during the entire Term, before delinquency, all taxes, assessments, water charges, sewer charges, utility rates and fees, levies or other charges, general, special, ordinary, extraordinary and otherwise, of every kind and character which are or may during the Term be levied, charged, assessed or imposed upon or against the Premises or any buildings or improvements located thereon, or against any of Tenant's personal property located thereon, or which may be levied, charged, assessed or imposed upon or against the leasehold estate created hereby. In addition, Tenant shall pay any tax assessed exclusively on rental income of Landlord to the extent such income is allocable to this Lease, if and only if such tax is assessed by State or local authorities upon the elimination of and in lieu of taxation based on the ownership of real property. At the commencement and at the end of the Term, such taxes, assessments and other charges to be paid by Tenant shall be prorated on the basis of the fiscal year of the taxing authority in question so that, at the commencement and at the end of the Term, as to any such taxes, assessments and other charges levied or assessed for a fiscal year preceding the commencement or extending beyond the end of the Term, Tenant will pay only such proportion of such taxes, assessments and other charges as the portion of such fiscal year following the commencement and preceding the end of the Term bears to the entire fiscal year.

6(c) Revenue & Taxation Code Section 107.6. Possessory Interest Tax. Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxes and that, if a possessory interest is created, Tenant shall be responsible for payment of property taxes levied against such possessory interest

6(d) Improvement or Special Assessment District. If at any time during the Term of this Lease any governmental subdivision shall undertake to create a new improvement or special assessment district (including lighting and landscape districts and community facilities districts) the proposed boundaries of which shall

include any portion of the land associated with the Premises (the "Land"), Tenant shall be entitled to appear in any proceeding relating thereto and to present its position as to whether the Property should be included or excluded from the proposed improvement or assessment district and as to the degree of benefit to the Property resulting therefrom. Landlord shall promptly advise Tenant in writing of the receipt of any notice or other information relating to the proposed creation of any such improvement or special assessment district, the boundaries of which include any portion of the Land.

6(e) Personal Property. Tenant covenants and agrees to pay (or to cause other responsible parties to pay) before delinquency all personal property taxes, assessments and liens upon all of Tenant's personal property situated within the Premises.

6(f) Notice. Landlord shall promptly notify Tenant in writing upon Landlord's receipt of any notice, tax bill, or assessment that is payable by Tenant under this Section 6 and must provide Tenant with a copy of the same.

6(g) Payment by Landlord. In the event Tenant fails to pay any real estate taxes or taxes or assessments on personal property, Landlord may, at its option, after giving ten (10) days' notice to Tenant, pay any such taxes or assessments together with all penalties and interest which may have been added thereto by reason of any such delinquency or failure to pay, and may likewise redeem the Premises or any part thereof, or the buildings or improvements located thereon, from any tax sale or sales. Any such amounts so paid by Landlord shall become immediately due and payable as additional rent by Tenant to Landlord, together with interest thereon at the maximum lawful rate from the date of payment by Landlord until paid by Tenant. Any such payment shall not be deemed to be a waiver of any other rights of Landlord hereunder.

7. Utilities/Expenses.

Landlord represents and warrants to Tenant that water, sewage, gas, electricity, trash disposal, and telephone and broadband internet service are either on the Premises or that they are located within five (5) feet of the boundary of the Premises. Landlord further represents and warrants that the foregoing utilities are currently available at the Premises, and, to the extent necessary, Landlord shall provide the utility service connections necessary to supply the foregoing utilities to the Premises and all improvements existing therein as of the Effective Date. Otherwise, Tenant shall pay for any Tenant Improvements (as defined herein) at its sole cost and expense. Tenant shall determine the availability of and shall cause to be installed in, on, and about the Premises all additional facilities necessary to supply to any Tenant Improvements all water, sewage, gas, electricity, telephone and other services required in connection with the construction and operation of the Premises, and,

during the Term hereof, Tenant shall pay all charges and expenses associated with the use of said facilities and shall protect and hold harmless Landlord and the Premises therefrom. Tenant shall pay all connection, service and other charges pertaining to the Premises levied by public utilities or municipalities with respect to utilities during the Term. Tenant shall pay all expenses associated with operating and occupying the Premises. This is a triple net lease, and Tenant is responsible for the operation and expenses of its occupancy in every way, and Landlord shall have no expense associated therewith unless otherwise provided herein.

8. Quiet Enjoyment.

Landlord covenants that upon payment by Tenant of the rent herein reserved and upon performance and observance by Tenant of all of the agreements, covenants and conditions herein contained on the part of Tenant to be performed and observed, and subject to all covenants, conditions, restrictions and encumbrances of record, Tenant shall peaceably hold and quietly enjoy the Premises during the entire Term without hindrance, molestation or interruption by Landlord or by anyone lawfully or equitably claiming by, through or under Landlord.

9. Use.

9(a) Tenant shall have the right to use the Premises for the operation and management of a multi-use hospitality and tourism destination, which may include, but is not limited to the following (the “Approved Use”):

9(a)(1) Accommodations: Hospitality, RV park and campground facilities, including the placement and rental of cabins, tiny homes, bungalows, and other modular or temporary lodging units.

9(a)(2) Attractions & Recreation: Tourist attractions, recreational facilities, and equipment rentals (such as watercraft, bicycles, or off-road vehicles).

9(a)(3) Dining & Retail: Food courts, restaurants, mobile food vendors, and retail kiosks or shops.

9(a)(4) Supporting Infrastructure: Necessary parking, administrative offices, signage, laundry facilities, employee housing (including but not limited to an existing manager’s residence on the Premises), and utility structures required to support the aforementioned uses.

9(a)(5) Non-Exclusivity and Evolution of Use. The categories and examples set forth above are intended to be illustrative and non-exhaustive. Landlord acknowledges that the nature of tourism, hospitality, and recreation is subject to evolution and change. Accordingly, Tenant shall have the right to introduce new or modified uses,

amenities, or attractions that are substantially similar in character or complementary to the primary hospitality and tourism mission, without the requirement of a formal lease amendment, provided such uses remain in compliance with applicable law.

9(a)(6) Tenant's use of the Premises shall at all times be subject to all applicable laws, codes, ordinances, regulations, permits, approvals, entitlements, and other regulatory requirements. Tenant shall be solely responsible, at Tenant's sole cost and expense, for obtaining and maintaining any and all permits, approvals, entitlements, and other regulatory authorizations required for Tenant's use or proposed activities at the Premises. Tenant may, at Tenant's sole cost and expense, install temporary and permanent structures, paving, utilities, and other improvements reasonably necessary for the Approved Use, subject to the terms of this Lease and all applicable laws and approvals. In no event shall the Premises be used for long-term rental purposes.

9(b) Without limiting the foregoing, Tenant agrees that in connection with the use and operation of the Premises it will not: (i) cause or permit substantial and obnoxious odors to emanate or be dispelled from the improvements; (ii) permit undue accumulations of garbage, trash, rubbish or any other refuse; (iii) create, cause, maintain or permit any nuisance (as defined under applicable law) in, on or about the Premises; (iv) commit or suffer to be committed any waste (as defined under applicable law) in, on or about the Premises; (v) knowingly use or allow the Premises to be used for any unlawful purpose, or for any purpose which violates the terms of any recorded instrument which affects the Premises and which is senior in priority to this Lease; (vi) cause or permit any insurance coverage on the Premises or the improvements thereon to become void or voidable (unless Tenant has previously obtained replacement coverage in the same amounts) or make it impossible to obtain any required insurance at commercially feasible rates; or (vii) violate any law, ordinance or regulation applicable to the Premises and the improvements thereon.

9(c) Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with, any and all laws, statutes, ordinances, rules and regulations ("Laws") which apply to the operation and use of the Premises on a nondiscriminatory basis, including those requiring alterations or additions to be made to, or safety appliances and devices to be maintained or installed in, on or about the Premises on a nondiscriminatory basis under any Laws now or hereafter adopted, enacted or made and applicable to the Premises, and payment of any fees, charges or assessments arising out of or in any way related to the Premises on a nondiscriminatory basis.

9(d) There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, age, handicaps, sex, marital status, sexual orientation, ancestry, or national origin in the sale, lease, sublease, transfer,

use, occupancy, tenure or enjoyment of the Premises or the improvements thereon, or any part thereof, and Tenant itself, or any person claiming under or through it, shall not establish or permit any such practice of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subtenants or vendees of the Premises or the improvements thereon, or any part thereof.

9(e) Notwithstanding anything to the contrary in this Lease, whenever Landlord or the District, or any board, commission, officer, employee, or agent thereof, considers, processes, or acts upon any permit, entitlement, approval, environmental review, Coastal Act matter, land use determination, or other regulatory matter relating to the Premises or Tenant's use, improvements, or operations, Landlord and the District shall be acting solely in their independent governmental and regulatory capacities, and not as Landlord under this Lease. Nothing in this Lease shall be construed to limit, impair, or otherwise affect the discretion of Landlord or the District in any such regulatory capacity, or to require approval of any application, permit, entitlement, determination, or request by Tenant.

9(f) Tenant may operate its business on the Premises under the name and branding of "Redwood Harbor Village" or such other name and branding as Tenant may desire to use in Tenant's sole discretion

10. Covenant to Open and Operate

10(a) Tenant shall commence bona fide operation of the Premises for the Approved Use upon the Rent Commencement Date, subject to temporary interruptions reasonably necessary to complete capital improvements, repairs, maintenance, or other work at the Premises. Thereafter, Tenant shall continuously operate the Premises for the Approved Use during the Term; provided, however, that Tenant may temporarily close or partially close portions of the Premises as reasonably necessary to perform capital improvements, phased construction, repairs, maintenance, casualty restoration, or other commercially reasonable operational changes, so long as Tenant continues to operate the Premises in a commercially reasonable manner to the extent reasonably practicable under the circumstances.

10(b) Tenant may undertake and complete, or cause to be undertaken and completed, a phased improvement program for the Premises, in such amounts, at such times, in such phases, and in such manner as Tenant determines in its sole and reasonable discretion.

10(c) No Regulatory Commitment by Landlord. Nothing in this Section shall be construed as Landlord's approval of any particular improvement, project, permit, entitlement, land use, environmental determination, Coastal Act approval, or other discretionary approval. Landlord and the District retain their full discretion in all

governmental and regulatory capacities, and Tenant remains solely responsible for obtaining all permits, approvals, entitlements, and other authorizations required for Tenant's proposed improvements or operations.

11. Title to Buildings and Improvements.

11(a) Existing Improvements. Title to all buildings, structures, and improvements constituting part of the Premises as of the Effective Date shall remain vested in Landlord.

11(b) Tenant Improvements; Personal Property. Subject to Section 11(c), title to all Tenant Improvements constructed or installed by Tenant during the Term, other than Tenant's personal property, trade fixtures, machinery, equipment, and other removable personalty, shall remain in Tenant during the Term. Title to Tenant's personal property, trade fixtures, machinery, equipment, and other removable personalty shall remain in Tenant at all times, subject to Tenant's obligation to remove the same as provided herein.

11(c) Removal / Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall remove from the Premises all of Tenant's personal property, trade fixtures, machinery, equipment, and other removable personalty. In addition, Tenant shall remove any Tenant Improvements that Landlord elects, by written notice to Tenant, to require Tenant to remove. For any Tenant Improvements that Landlord does not elect to require Tenant to remove, the Parties agree that Tenant may remove such Tenant Improvements, at Tenant's discretion, in which case Tenant will provide written notice to Landlord of such removal. Tenant shall repair any damage caused by such removal and restore the affected portions of the Premises to a clean, safe, and reasonably good condition, reasonable wear and tear excepted.

11(d) Surrender of Premises. Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord vacant and free of occupants, in good order, condition, and repair, reasonable wear and tear excepted, and in a clean, safe, and sanitary condition. Tenant shall remove from the Premises all of Tenant's personal property, trade fixtures, machinery, equipment, debris, waste, and other removable personalty, together with any Tenant Improvements that Landlord has elected, pursuant to this Lease, to require Tenant to remove, or that Tenant has elected to remove. Tenant shall repair all damage caused by such removal and shall restore the affected portions of the Premises to a clean, safe, and reasonably good condition, reasonable wear and tear excepted. Tenant shall also, prior to surrender, discharge or otherwise remove of record any liens arising out of Tenant's use or occupancy of the Premises or any work performed by or for Tenant, and shall comply with all applicable laws relating to the closure, removal, handling, and disposal of any Hazardous Materials brought onto, released at, or otherwise caused or materially contributed to by Tenant or Tenant's agents, contractors, subtenants, licensees,

concessionaires, invitees, or guests. Any buildings, structures, or permanent improvements that Landlord has not required Tenant to remove shall remain on the Premises and shall vest in Landlord as provided elsewhere in this Lease, without cost or compensation to Tenant. If Tenant fails to timely remove any property required to be removed, Landlord may, at Tenant's sole cost and expense, remove and dispose of the same, and Tenant shall reimburse Landlord on demand for all reasonable costs and expenses incurred in connection therewith. Tenant's obligations under this Section shall survive expiration or earlier termination of this Lease.

11(e) Improvements Remaining on Premises. Any buildings, structures, or permanent improvements located on the Premises at the expiration or earlier termination of this Lease that Landlord has not required Tenant to remove, or that Tenant has not elected to remove, under Section 11(c) shall remain on the Premises, and title thereto shall automatically vest in Landlord without cost, charge, or compensation to Tenant.

11(f) Waiver of Landlord's Lien. Tenant's personal property, trade fixtures, and equipment will remain the property of Tenant and may be removed by Tenant from the Premises at any time. Landlord hereby waives any claim of statutory or contractual landlord's lien on or security interest in Tenant's personal property no matter how affixed to the Premises.

11(g) Further Assurances. Upon the expiration or earlier termination of this Lease, Tenant shall execute and deliver such deeds, bills of sale, assignments, or other documents as Landlord may reasonably request to evidence or confirm Landlord's title to any buildings, structures, or improvements remaining on the Premises pursuant to this Section 11.

12. Permits, Licenses, Etc.

Landlord will from time to time during the Term execute, acknowledge and deliver any and all instruments or documents required (i) to grant rights-of-way and easements in favor of municipal and other governmental authorities or public utility companies incident to the installation of water lines, fire hydrants, sewers, electricity, telephone, gas, steam, and other facilities and utilities reasonably required for the use and occupancy of the Premises, and (ii) to reasonably support Tenant's efforts to obtain permits or licenses that are required for Tenant's business operations at the Property. Tenant shall reimburse Landlord for any sum reasonably paid by Landlord in respect of the matters specified in this Section 12, including reasonable attorney fees. Landlord's obligation to execute documents or reasonably cooperate under this Section is limited to Landlord's proprietary capacity as owner of the Premises and shall not obligate Landlord or the District, or any board, commission, officer, employee, or agent thereof, to approve any discretionary permit, entitlement, environmental determination, or other regulatory matter.

13. Maintenance, Repair and Condition of Premises.

13(a) Tenant acknowledges that prior to the Effective Date, Tenant shall have completed its due diligence investigation and otherwise satisfied itself regarding the physical condition of the Property and its suitability for Tenant's intended use and construction of improvements thereon. Tenant's acceptance of the Premises upon execution of this agreement constitutes Tenant's acceptance of the Property in its "AS-IS" condition, with all faults, and Tenant releases Landlord and any of its subsidiaries and affiliates and their respective officers, directors, shareholders, employees and attorneys from any and all liabilities and claims of any type concerning the condition of the Property. Tenant further agrees that, if Tenant wishes to construct any improvement in the Premises, Tenant shall comply with all requirements in Section 14 (Improvements) of this Lease. Landlord makes no representations regarding the condition, status, compliance with laws or suitability for a particular purpose for Tenant's use. Tenant agrees to comply with all laws in the demolition and destruction of any buildings with regard to any Hazardous Materials and the possible presence of same on the Premises.

13(b) Tenant shall, during the Term, at its own cost and expense and without any cost or expense to Landlord: (i) keep and maintain all buildings and improvements (including, but not limited to, all landscaping located on the Property and all appurtenances thereto) in good and neat order and repair and shall allow no nuisances to exist or be maintained therein. Landlord shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Premises or any buildings or improvements located thereon, and Tenant hereby expressly waives all right to make repairs at Landlord's expense under sections 1941 and 1942 of the California Civil Code, or any amendments thereof; and (ii) comply with and abide by all federal, state, county, municipal and other governmental statutes, ordinances, laws and regulations affecting the Premises, all buildings and improvements located thereon, or any activity or condition on or in the Premises.

13(c) Tenant agrees that it will not commit or permit waste upon the Premises.

13(d) Tenant will not cause or permit any Hazardous Materials to be released in, on, under or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Tenant's expense, comply with all statutory requirements with respect to any contamination of the Premises that was caused or materially contributed to by Tenant or pertaining to or involving any Hazardous Materials brought onto the Premises during the term of this Lease by or for Tenant or any third party who enters on the Premises at Tenant's request or direction. Tenant will defend, indemnify and hold Landlord free and harmless from and against any and all claims, damages and liabilities with respect to any such contamination of the Premises that is caused or materially contributed to by Tenant, its employees,

agents, contractors, subtenants, licensees, concessionaires, invitees, or others entering the Premises by or through Tenant following the date Landlord delivers possession of the Property to Tenant and before Tenant actually surrenders possession of the Premises to Landlord. Tenant will immediately notify Landlord if Tenant becomes aware that any release of Hazardous Materials has come to be located in, on, under or about the Premises at any time during the Term. "Hazardous Materials" shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the following statutes or regulations promulgated thereto: (i) any "hazardous substance" within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") 42 U.S.C. § 9601, et seq. or the California Hazardous Substance Account Act, Cal. Health and Safety Code § 25300 et seq. or the Porter-Cologne Water Quality Act, Cal. Water Code § 13000 et seq. or the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; (ii) any "hazardous waste" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; or (iii) any other substance, chemical, waste, toxicant, pollutant or contaminant regulated by any federal, state or local law, statute, rule, regulation or ordinance for the protection of health or the environment, including, without limitation, any petroleum products or fractions thereof. Notwithstanding the foregoing, the provisions of this Section 13(d) shall not be interpreted to apply to the use at the Premises of substances that could be considered "Hazardous Materials" to the extent that such substances are (i) commonly used in connection with the Approved Use (including but not limited to copier toner and cleaning supplies), (ii) used in a commercially reasonable manner, and (iii) used, stored, handled, and disposed of in compliance with all applicable laws and manufacturer instructions and in a manner that does not result in a release or contamination.

14. Improvements, Changes, Alterations, and Development Rights.

14(a) Right to Construct Improvements. Subject to Tenant's obligations under Section 10 of this Lease, Tenant shall have the right, at Tenant's sole cost and expense, to construct, install, modify, alter, replace, repair, renovate, rehabilitate, demolish, remove, and otherwise improve buildings, structures, improvements, fixtures, equipment, personal property, and other facilities on the Premises (collectively, "Tenant Improvements"), as Tenant may deem necessary or desirable for the Approved Use.

14(b) Permits and Compliance. All Tenant Improvements shall be performed in compliance with applicable laws, ordinances, rules, regulations, permit conditions, and other governmental requirements. Tenant shall be solely responsible, at Tenant's sole cost and expense, for obtaining any permits, approvals, entitlements, coastal

approvals, environmental review, and other governmental authorizations required for any Tenant Improvements. Landlord shall reasonably cooperate, in its proprietary capacity only and at no material cost or liability to Landlord, in executing such applications or documents as may be reasonably required for Tenant to obtain such approvals; provided, however, that nothing in this Lease shall obligate Landlord or the District, or any board, commission, officer, employee, or agent thereof, to approve any discretionary permit, entitlement, environmental determination, or other regulatory matter.

14(c) Workmanship and Construction Standard. All Tenant Improvements shall be performed in a good and workmanlike manner and in compliance with all applicable laws, ordinances, regulations, orders, and requirements of governmental authorities having jurisdiction. Tenant shall cause the Premises to remain in a safe, secure, and orderly condition during the course of any construction or improvement work.

14(d) No Landlord Obligation to Construct. Except as may be expressly set forth elsewhere in this Lease, Landlord shall have no obligation to construct, fund, reimburse, or complete any Tenant Improvements, and Tenant shall have no claim against Landlord for the cost or value of any Tenant Improvements.

14(e) Prevailing Wage / Public Works Compliance. Tenant has been alerted to the requirements of Labor Code Sections 1720 et seq. and 1770 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. If any of the work to be performed under this Lease undertaken by Tenant is being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, Tenant agrees to fully comply with such Prevailing Wage Laws. Tenant shall defend, indemnify and hold the Landlord, its officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any Tenant's failure or alleged failure to comply with the applicable Prevailing Wage Laws. If any of the work to be performed under this Lease undertaken by Tenant is being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, it shall be mandatory upon the Tenant and its contractors to comply with all applicable California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815), public works contractor registration (Labor Code Sections 1725.5 and 1771.1) and debarment of contractors and subcontractors (Labor Code Sections 1777.1). It shall be the sole responsibility of Tenant to determine whether to comply with Prevailing Wage Laws for any or all work undertaken by Tenant at the Premises. As a material part of this Lease, Tenant agrees to assume all risk of liability arising from any decision not to comply with Prevailing Wage Laws.

14(f) Construction Insurance. In addition to the insurance otherwise required under this Lease, Tenant shall maintain during the course of any Tenant Improvements such insurance as is reasonably appropriate for the work being performed, including workers' compensation coverage and commercial general liability coverage, in amounts reasonably satisfactory to Landlord and consistent with commercially reasonable practice for comparable work.

14(g) Liens. Tenant shall keep the Premises and Landlord's interest therein free and clear of any mechanics', materialmen's, or other liens arising out of any work performed by or for Tenant. If any such lien is recorded, Tenant shall promptly cause the same to be released, bonded around, or otherwise removed in accordance with applicable law. Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all such liens and any claims, liabilities, costs, and expenses arising therefrom.

15. Damage or Destruction.

15(a) No loss or damage by fire or other casualty to the Premises or any improvements thereon shall automatically terminate this Lease or relieve Tenant of its obligations hereunder, except as expressly provided in this Section 15.

15(b) Notice; Restoration. If all or any portion of the Premises or improvements thereon is damaged or destroyed by fire or other casualty, Tenant shall promptly notify Landlord. Tenant shall, subject to the terms of this Section, diligently repair, restore, or replace the damaged improvements to substantially the condition existing immediately prior to such casualty, to the extent reasonably practicable and subject to applicable laws and permitting requirements.

15(c) Rent Abatement. If, as a result of such casualty, all or a material portion of the Premises is rendered unusable for the conduct of Tenant's business, Monthly Minimum Rent and any Percentage Rent otherwise payable under this Lease shall be equitably abated, in whole or in part, only to the extent and for the period that Tenant is actually prevented from operating the affected portion of the Premises. Such abatement shall end when the affected portion of the Premises is restored to a condition reasonably suitable for the resumption of Tenant's operations.

15(d) Insurance Proceeds. Insurance proceeds payable with respect to damage to the Premises or improvements shall be applied to the cost of repair, restoration, or replacement, subject to the rights of any permitted lender and the terms of the applicable insurance policies.

15(e) Termination Right for Major Casualty. If a casualty causes substantial damage to the Premises and , in the reasonable judgment of the Parties, either Landlord or

Tenant determines in good faith that (i) the restoration work cannot be substantially completed within twelve (12) months after the casualty, (ii) available insurance proceeds are insufficient to restore the Premises, or (iii) the cost of restoring the Premises would not be commercially reasonable under the applicable circumstances, including but not limited to the remaining term of the Lease, then either Landlord or Tenant may elect to terminate this Lease on sixty (60) days' written notice to the other. Such notice of termination shall include an explanation of the reason for the decision to terminate and reasonable documentation to evidence the time estimate and/or cost of the work required to restore the Premises to their previous condition. If neither party elects to terminate, Tenant shall proceed with restoration as provided herein.

15(f) No Waiver of Other Obligations. Except for rights expressly provided in this Section, casualty shall not relieve Tenant of its obligations under this Lease, and Tenant's failure to restore the Premises as required by this Section shall constitute a default, subject to applicable notice and cure provisions.

16. Assignment and Subletting.

16(a) Tenant shall not assign this Lease, sublease all or any material portion of the Premises, transfer control of Tenant, sell or transfer a majority of the direct or indirect ownership interests in Tenant, merge or consolidate Tenant, or otherwise transfer any direct or indirect interest in this Lease or the right to possess, develop, improve, or operate the Premises, whether voluntarily, involuntarily, by operation of law, or otherwise (collectively, a "Transfer"), without Landlord's prior written consent, which may be granted or withheld in Landlord's reasonable discretion except as otherwise expressly provided herein. Notwithstanding the foregoing, Tenant shall have no right to effect any Transfer during the first forty-eight (48) months after the Effective Date without Landlord's prior written consent, and Landlord may withhold such consent in its sole discretion during such period.

16(b) Any request for Landlord's consent to a Transfer shall be accompanied by complete written information regarding the proposed transferee, the nature of the proposed transaction, all material economic terms, the proposed transferee's experience, financial capacity, and ownership structure, and such other information as Landlord may reasonably request in order to evaluate the proposed Transfer.

16(c) As a condition to any approved Transfer, the proposed transferee shall execute a written assumption agreement in form reasonably acceptable to Landlord, expressly assuming all obligations of Tenant under this Lease.

16(d) Release Upon Transfer. Upon any approved Transfer of this Lease by Tenant, the assigning Tenant shall be released from all obligations accruing after the effective

date of such assignment, provided the assignee expressly assumes all obligations of Tenant under this Lease.

16(e) Any purported Transfer made without Landlord's required consent shall be void and shall constitute an Event of Default under this Lease.

16(f) Without limiting Landlord's discretion, Landlord may withhold consent to a proposed Transfer if Landlord reasonably determines that: (i) the proposed transferee lacks the financial capacity, management experience, or operational capability to perform Tenant's obligations under this Lease; (ii) the proposed Transfer would materially increase the risk of nonperformance; or (iii) the proposed Transfer appears intended primarily to facilitate a speculative disposition of the leasehold or development rights rather than long-term operation and performance consistent with the purposes of this Lease.

17. Mortgage of Leasehold.

Tenant shall have the right to encumber the leasehold estate created by this Lease by a mortgage, deed of trust or other security instrument, including, without limitation, an assignment of the rents, issues and profits from the Premises, (the "Leasehold Mortgage") to secure repayment of any loan to Tenant, and associated obligations, from any lender (a "Lender"). Notwithstanding the foregoing, Tenant shall not, and shall have no right to, encumber Landlord's fee or reversionary interest in the Premises. Tenant covenants to keep Landlord's fee and reversionary interest in the Premises and every part thereof at all times free and clear of any and all liens and encumbrances of any kind whatsoever arising out of the acts or omissions of Tenant, including those liens and encumbrances created by the performance of Tenant of any construction, labor, or furnishing of any material, supplies or equipment to Tenant. Landlord agrees to execute commercially reasonable documents required by Tenant's lender, provided such documents do not materially increase Landlord's obligations.

18. Protection of Lender.

During the continuance of any Leasehold Mortgage and until such time as the lien of any Leasehold Mortgage has been extinguished:

18(a) Landlord shall not accept any surrender of this Lease, nor shall Landlord consent to any amendment or modification of this Lease, without the prior written consent of any Lender.

18(b) Notwithstanding any default by Tenant in the performance or observance of any agreement, covenant or condition of this Lease on the part of Tenant to be performed or observed, Landlord shall have no right to terminate this Lease or

interfere with the occupancy, use, and enjoyment of the Premises unless (i) an event of default shall have occurred and is continuing, (ii) Landlord shall have given any Lender written notice of such event of default, and (iii) the Lender(s) shall have failed to remedy such default, acquire Tenant's leasehold estate created hereby, or commence foreclosure or other appropriate proceedings, all as set forth in, and within the time specified by, this Section 18.

18(c) Any Lender shall have the right, but not the obligation, at any time prior to termination of this Lease and without payment of any penalty, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent termination of this Lease. All payments so made and all things so done and performed by a Lender shall be as effective to prevent a termination of this Lease as the same would have been if made, done and performed by Tenant instead of by a Lender.

18(d) Should any event of default under this Lease occur, any Lender shall have thirty (30) days after receipt of written notice from Landlord setting forth the nature of such event of default, or ten (10) in the event of non-payment of rent, within which to remedy the default; provided that in the case of a default which cannot with due diligence be cured within such thirty (30) day period, the Lender(s) shall have the additional time reasonably necessary to accomplish the cure, provided that (i) such Lender has commenced the curing within such thirty (30) days and (ii) thereafter diligently prosecutes the cure to completion. If the default is such that possession of the Premises may be reasonably necessary to remedy the default, the Lender(s) shall have a reasonable additional time after the expiration of such thirty-day period, within which to remedy such default, provided that (i) the Lender(s) shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease within such thirty day period and shall continue to pay currently such monetary obligations as and when the same are due and (ii) the Lender(s) shall have acquired Tenant's leasehold estate or commenced foreclosure or other appropriate proceedings seeking such acquisition within such period, or prior thereto, and is diligently prosecuting any such proceedings.

18(e) Any event of default under this Lease which is not susceptible to remedy by a Lender shall be deemed to be remedied if (i) within thirty (30) days after receiving written notice from Landlord setting forth the nature of such event of default, or prior thereto, a Lender shall have acquired Tenant's leasehold estate created hereby or shall have commenced foreclosure or other appropriate proceedings seeking such acquisition, (ii) a Lender shall diligently prosecute any such proceedings to completion, and (iii) a Lender shall have fully cured any default in the payment and performance of any monetary or other obligations of Tenant hereunder which do not

require possession of the Premises within such sixty day period and shall thereafter continue faithfully to perform all such monetary obligations which do not require possession of the Premises, and (iv) after gaining possession of the Premises, a Lender shall perform all other obligations of Tenant hereunder as and when the same are due.

18(f) If a Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings the times specified in subsections (d) and (e) above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition; provided that Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease and shall continue to pay currently such monetary obligations as and when the same fall due.

18(g) Landlord shall mail by certified or registered post, return receipt requested, or personally deliver to any Lender a duplicate copy of any and all notices in writing which Landlord may from time to time give to or serve upon Tenant pursuant to the provisions of this Lease, and such copy shall be mailed or delivered to any Lender at, or as near as possible to, the same time such notices are given or served by Landlord. No notice by Landlord to Tenant hereunder shall be deemed to have been given unless and until a copy thereof shall have been so mailed or delivered to any Lender. Upon the execution of any Leasehold Mortgage, Landlord shall be informed in writing of the vesting of the security interest evidenced by the Leasehold Mortgage and of the address to which all notices to the Lender are to be sent. Notwithstanding any other provision of this Section 18, any Lender shall be deemed to have waived any right to receive notice pursuant to this Section unless and until Landlord has received such information.

18(h) Foreclosure of the Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the leasehold mortgage, or any assignment or conveyance of the leasehold estate created by this Lease from Tenant to a Lender or other purchaser through, or in lieu of, foreclosure or other appropriate proceedings of a similar nature shall not constitute a breach of any provision of or a default under this Lease. Upon such foreclosure, sale or conveyance Landlord shall recognize the Lender, or any other foreclosure sale purchaser, as Tenant hereunder. In the event a Lender becomes Tenant under this Lease, such Lender shall be liable for the obligations of Tenant under this Lease only for the period of time that such Lender remains Tenant. Such Lender shall have the right to assign this Lease at any time after becoming Tenant without any restriction otherwise imposed on Tenant hereunder and shall be fully released from liability under the Lease from and after the date of such assignment.

18(i) Should Landlord terminate this Lease by reason of any default by Tenant hereunder, Landlord shall, upon written request by a Lender given within thirty (30) days after such termination, immediately execute and deliver a new lease of the Premises to such Lender, or its nominee, purchaser, assignee or transferee, for the remainder of the Term with the same agreements, covenants and conditions (except for any requirements which have been fulfilled by Tenant prior to termination) as are contained herein and with priority equal to that hereof; provided, however, that such Lender shall promptly cure any defaults of Tenant susceptible to cure by such Lender and that such Lender's right to possession of the Premises under the new lease shall commence only upon Tenant's vacating of the Premises. Upon execution and delivery of such new lease Landlord, at the expense of the new lessee, which expenses shall be paid by the new Tenant as they are incurred, shall take such action as shall be necessary to cancel and discharge this Lease and to remove Tenant named herein from the Premises.

19. Insurance.

19(a) During the period of the construction of any new improvements upon the Property with an estimated cost in excess of One Hundred Thousand Dollars (\$100,000), or any related series of improvements forming part of the same project or development plan having an aggregate estimated cost in excess of One Hundred Thousand Dollars (\$100,000), Tenant shall at its sole expense obtain and keep in force builder's risk insurance insuring Tenant, Landlord, any construction lender, and such other parties as Tenant may designate as an additional insured hereunder, against all risks of physical loss and/or damage from any cause (exclusive of earthquake and subject to usual policy exclusions) to all buildings, structures, materials and real property to be improved located on or forming a part of the Premises under improvement.

19(b) Tenant shall, at its sole expense, obtain and keep in force during the Term, commercially reasonable fire and extended coverage insurance (excluding earthquake insurance) for the Premises naming Landlord, Lender, and such other parties as Tenant may designate, as additional insureds thereunder.

19(c) Tenant shall, at its sole expense, obtain and keep in force during the Term general liability insurance with limits of not less than Two Million Dollars (\$2,000,000) for injury to or death of any number of persons in one occurrence, and not less than One Million Dollars (\$1,000,000) for damage to property, insuring against any and all liability of Landlord and Tenant including, without limitation, coverage for contractual liability, broad form property damage, personal injury, and non-owned automobile liability, with respect to the Premises or arising out of the maintenance, use or occupancy thereof, and insurance on all boilers and other pressure vessels, whether fired or unfired, located in, on, or about the Premises, without exclusion for explosion, collapse and underground damage, in an amount not

less than One Million Dollars (\$1,000,000). Tenant may provide coverage for general liability insurance under a blanket policy, provided that such blanket policy provides aggregate coverage of not less than Four Million Dollars (\$4,000,000). All of such insurance shall insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and damage to property set forth in Section 21(a) hereof. All of such insurance shall be noncontributing with any insurance which may be carried by Landlord and shall contain a provision that Landlord, although named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Landlord, its agents and employees, or the property of such persons.

19(d) The limits and coverage of all such insurance shall be adjusted by agreement of Landlord and Tenant on every fifth anniversary of the Rent Commencement Date during the Term in conformity with the then prevailing custom of insuring similar property. Any disagreement regarding such adjustment that the parties are unable to resolve by mutual agreement shall be resolved by a court of competent jurisdiction, unless the parties otherwise agree in writing. Upon the issuance thereof, each insurance policy or a duplicate or certificate thereof shall be delivered to Landlord and Lender. Nothing herein shall be construed to limit the right of Lender to cause Tenant to carry or procure other insurance covering the same or other risks in addition to the insurance specified in this Lease.

19(e) All amounts that shall be received under any insurance policy specified in subsections (a) and (b) above shall be first applied to the payment of the cost of repair, reconstruction or replacement of any buildings or improvements, or furniture, fixtures, equipment and machinery, that is damaged or destroyed.

20. Mechanics' and Other Liens.

Tenant shall promptly discharge or remove by bond or otherwise prior to foreclosure thereof any and all mechanics', materialmen's and other liens for work or labor done, services performed, materials, appliances, teams or power contributed, used or furnished to be used in or about the Premises for or in connection with any operations of Tenant, any construction of Tenant Improvements, alterations, improvements, repairs or additions which Tenant may make or permit or cause to be made, or any work or construction by, for or permitted by Tenant on or about the Premises, and to indemnify, save and hold Landlord and all of the Premises and all buildings and improvements thereon free and harmless of and from any and all such liens and claims of liens and suits or other proceedings pertaining thereto. Tenant covenants and agrees to give Landlord written notice not less than twenty (20) days in advance of the commencement of any construction, alteration, addition, improvement or repair costing in excess of Twenty-Five Thousand Dollars (\$25,000) in order that Landlord may post appropriate notices of Landlord's non-responsibility.

21. Indemnity.

21(a) Tenant General Indemnity. Tenant shall indemnify, defend, and hold harmless Landlord and its commissioners, officers, employees, agents, departments, and instrumentalities from and against any and all third-party claims, demands, liabilities, damages, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to: (i) Tenant's use, occupancy, operation, maintenance, repair, management, or improvement of the Premises; (ii) any work or activity performed by or on behalf of Tenant at the Premises; or (iii) the acts or omissions of Tenant or its officers, employees, agents, contractors, subcontractors, subtenants, licensees, concessionaires, vendors, invitees, or guests, except to the extent caused by the negligence or willful misconduct of Landlord.

21(b) Landlord General Indemnity. Landlord shall indemnify, defend, and hold harmless Tenant and its members, managers, officers, employees, and agents from and against any and all third-party claims, demands, liabilities, damages, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to the negligence or willful misconduct of Landlord or its commissioners, officers, employees, agents, or contractors.

21(c) Regulatory / CEQA / Approval Challenge Indemnity. Tenant shall indemnify, defend, and hold harmless Landlord and its commissioners, officers, employees, agents, departments, and instrumentalities from and against any and all claims, demands, lawsuits, petitions, actions, proceedings, judgments, orders, damages, liabilities, fees, costs, and expenses, including reasonable attorneys' fees, arising out of or relating to any permit, entitlement, approval, environmental review, CEQA determination, Coastal Act approval, land use approval, or other discretionary governmental action requested by, undertaken for, or issued in connection with Tenant's proposed change in use, expanded use, redevelopment, construction, installation of improvements, or other post-Effective Date modification of the Premises or Tenant's operations thereon. This indemnity shall include, without limitation, claims brought under the California Environmental Quality Act, the California Coastal Act, the Planning and Zoning Law, Code of Civil Procedure sections 1085 or 1094.5, or similar laws challenging such Tenant-requested or Tenant-related approvals or determinations. Landlord shall have the right to select counsel for its defense, and Tenant shall reimburse Landlord for the reasonable costs of such defense as incurred. Landlord shall promptly notify Tenant of any such action, and Tenant shall cooperate in the defense thereof.

21(d) Exclusions. Notwithstanding the foregoing, Tenant shall have no obligation under Section 21(c) with respect to claims arising solely from Landlord's approval of this Lease for the continued operation of the existing facilities and existing use of the Premises, except to the extent such claim also arises from Tenant's requested post-

Effective Date change in use, expanded use, redevelopment, improvements, or other discretionary approvals.

21(e) Survival. The provisions of this Section 21 shall survive the expiration or earlier termination of this Lease with respect to claims arising from events, acts, omissions, approvals, or determinations occurring during the Term.

22. Eminent Domain.

22(a) If the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term, or if a substantial portion of the Premises should be taken so as to materially impair the use of the Premises contemplated by Tenant, and thereby frustrate Tenant's purpose in entering into this Lease, then, in either of such events, this Lease shall terminate at the time of such taking. In such event, of the compensation and damages payable for or on account of the Property, exclusive of the buildings and improvements thereon, Tenant and Lender, as their interests may appear, shall receive a sum equal to the worth at the time of the compensation award of the amount by which: the fair rental value of the Premises for the balance of the Term (including unexercised Extension Periods) exceeds the rental payable pursuant to the terms of this Lease for the balance of the Term (including unexercised Extension Periods); the balance of such compensation and damages shall be payable to and be the sole property of Landlord. All compensation and damages payable for or on account of the buildings and improvements located on the Property and constituting a part of the Premises shall be divided among Landlord, Tenant, and Lender as follows: (1) All compensation and damages payable for or on account of buildings and improvements having a remaining useful life less than the remaining Term as of the date of such taking shall be payable to and be the sole property of Tenant and Lender, as their interests may appear; and (2) A proportionate share of all compensation and damages payable for or on account of buildings and improvements having a remaining useful life greater than the remaining Term as of the date of such taking, determined by the ratio that the then remaining Term bears to the then remaining useful life of such buildings and improvements, shall be payable to and be the sole property of Tenant and Lender, as their interests may appear, and the remaining share thereof shall be payable to and be the sole property of Landlord.

22(b) If less than the whole of the Premises should be taken by any public or quasi-public authority under the power or threat of eminent domain during the Term and this Lease is not terminated as provided in subsection (a) above, Tenant shall promptly reconstruct and restore the Premises, with respect to the portion of the Premises not so taken, as an integral unit of the same quality and character as existed prior to such taking. The Monthly Minimum Rent payable by Tenant following such taking shall be equitably reduced by agreement of Landlord and Tenant in accordance with the reduced economic return to Tenant, if any, which will occur by reason of such

taking. The compensation and damages payable for, or on account of, such taking shall be applied to the reconstruction and restoration of the Premises by Tenant pursuant to this subsection (b) by application, first, of any sums payable for or on account of the buildings and improvements situated on the Property, and second, of any sums payable for or on account of the Property exclusive of such buildings and improvements. The remainder, if any, after reconstruction and restoration shall be divided among Landlord, Tenant and Lender in the manner provided in subsection (a) above.

22(c) Should Landlord and Tenant for any reason disagree (i) as to whether any portion of the Premises taken is so substantial as materially to impair the use of the Premises contemplated by Tenant, (ii) on the division of any compensation or damages paid for or on account of any taking of all or any portion of the Premises, or (iii) on the amount by which the rent payable by Tenant hereunder is to be equitably reduced in the event of a partial taking, then, and in any of such events, the matter shall be determined by a court of competent jurisdiction, unless the parties otherwise agree in writing to an alternative dispute resolution procedure.

22(d) The foregoing provisions shall apply to the Premises and the improvements located thereon; notwithstanding the foregoing, as between Landlord and Tenant, Tenant shall be solely entitled to all compensation for the relocation of businesses conducted from the Premises.

23. Landlord's Right of Inspection.

Landlord shall have the right, at times reasonably acceptable to Tenant and upon reasonable prior written notice to Tenant, to enter upon the Premises for the purpose of inspecting the same, or of showing the Premises to prospective purchasers, tenants or lenders; provided, however, in no event shall Landlord or its employees, agents, contractors or invitees materially or unreasonably disturb Tenant or its use or enjoyment of the Premises or its business operations therein. The Parties mutually acknowledge and agree that at least two (2) days' prior written notice constitutes "reasonable notice" for purposes of this Section 23.

24. Default and Remedies.

24(a) Tenant's Defaults and Landlord's Remedies. It shall be an event of default hereunder (each an "Event of Default") if (i) default shall be made by Tenant in the punctual payment of any rent or other moneys due hereunder and shall continue for a period of five (5) business days after written notice thereof to Tenant; (ii) default shall be made by Tenant in the performance or observance of any of the other agreements, covenants or conditions of this Lease on the part of Tenant to be

performed and observed and such default shall continue for a period of thirty (30) days after written notice thereof to Tenant, or, in the case of a default which cannot be cured by the payment of money and cannot be cured within thirty (30) days, shall continue for an unreasonable period after such written notice; (iii) Tenant shall abandon the Premises; (iv) Tenant shall admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation under any law or statute of the federal government or any state government or any subdivision of either now or hereafter in effect, make an assignment for the benefit of its creditors, consent to, or acquiesce in the appointment of a receiver of itself or of the whole or any substantial part of the Premises; (v) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver of Tenant or of the whole or any substantial part of the Premises, and such order, judgment or decree shall not be vacated, set aside or stayed within sixty (60) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; (vi) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Tenant under any bankruptcy, insolvency, reorganization, readjustment of debt, dissolution or liquidation law or statute of the Federal government or any state government or any subdivision of either now or hereafter in effect, and such order judgment or decree shall not be vacated, set aside or stayed within sixty (60) days from the date of entry of such order, judgment or decree, or a stay thereof be thereafter set aside; or (vii) under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Tenant or of the whole or any substantial part of the Premises, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control. Upon the occurrence of any Event of Default by Tenant hereunder, Landlord shall have the following rights and remedies, in addition to all other rights and remedies of Landlord provided hereunder or by law: (1) The right to terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises, and pay to Landlord all rent and all other amounts payable by Tenant hereunder to the date of such termination; (2) The remedies described in California Civil Code Section 1951.2, including, without limitation, the right to recover 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 for the same period that Tenant proves could be reasonably avoided, as computed pursuant to subdivision (b) of section 1951.2 of the California Civil Code; (3) The remedies described in California Civil Code section 1951.4, including, without limitation, the right to collect, by suit or otherwise, each installment of rent or other sums that become due hereunder, or to enforce, by suit or otherwise, performance or observance of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed; or (4) The right to cause a receiver to be appointed in any action against Tenant to take possession of the Premises or to collect the rents or profits therefrom. Neither appointment of such receiver nor any other action taken by Landlord shall

constitute an election on the part of Landlord to terminate this Lease unless written notice of termination is given to Tenant.

24(b). Landlord Default and Tenant's Remedies. The following shall constitute an event of default by Landlord: (i) Landlord's failure to pay any sum expressly required to be paid by Landlord under this Lease within ten (10) days after written notice that such payment is past due; and (ii) Landlord's failure to perform any other material obligation expressly required of Landlord under this Lease within thirty (30) days after written notice from Tenant specifying such failure; provided, however, that if such nonmonetary failure cannot reasonably be cured within such thirty (30)-day period, Landlord shall not be deemed in default so long as Landlord commences cure within such period and thereafter diligently pursues completion. Upon the occurrence and continuation of an Event of Default by Landlord, Tenant may pursue such rights and remedies as may be available at law or in equity; provided, however, that Tenant shall have no right of offset against Rent, no right of self-help at Landlord's expense, and no right to terminate this Lease, except to the extent expressly provided elsewhere in this Lease or as may be finally determined by a court of competent jurisdiction.

25. Nonwaiver.

If any action or proceeding is instituted or if any other steps are taken by Landlord or Tenant, and a compromise part payment or settlement thereof shall be made, either before or after judgment, the same shall not constitute or operate as a waiver by Landlord or Tenant of any agreement, covenant or condition of this Lease or of any subsequent breach thereof. No waiver of any default under this Lease shall constitute or operate as a waiver of any subsequent default hereunder, and no delay, failure or omission in exercising or enforcing any right, privilege, or option under this Lease shall constitute a waiver, abandonment or relinquishment thereof or prohibit or prevent any election under or enforcement or exercise of any right, privilege, or option hereunder. No waiver of any provision hereof by Landlord or Tenant shall be deemed to have been made unless and until such waiver shall have been reduced to writing and signed by Landlord or Tenant, as the case may be. The receipt by Landlord of rent with knowledge of any default under this Lease shall not constitute or operate as a waiver of such default. Payment by Tenant or receipt by Landlord of a lesser amount than the stipulated rent or other sums due Landlord shall operate only as a payment on account of such rent or other sums. No endorsement or statement on any check or other remittance or in any communication accompanying or relating to such payment shall operate as a compromise or accord and satisfaction unless the same is approved in writing by Landlord, and Landlord may accept such check, remittance or payment without prejudice to its right to recover the balance of any rent or other sums due by Tenant and pursue any remedy provided under this Lease or by law.

26. No Merger.

26(a) There shall be no merger of the leasehold estate created by this Lease with any other estate in the Premises, including the fee estate, by reason of the fact that the same person may own or hold the leasehold estate created by this Lease, or an interest in such leasehold estate, and such other estate in the Premises, including the fee estate, or any interest in such other estate; and no merger shall occur unless and until Landlord, Tenant and any Lender shall join in a written instrument effecting such merger and shall duly record the same.

26(b) No termination of this Lease shall cause a merger of the estates of Landlord and Tenant, unless Landlord so elects and any such termination shall, at the option of Landlord, either work a termination of any sublease in effect or act as an assignment to Landlord of Tenant's interest in any such sublease. Notwithstanding the foregoing, in the event of the termination of this Lease and the execution of a new lease with Lender or its nominee pursuant to Section 18(i) above, the termination of this Lease shall neither work a merger of estates nor a termination of any subleases in effect unless Lender so elects.

27. No Partnership.

It is expressly understood and agreed that Landlord does not, in any way or for any purpose by executing this Lease, become a partner of Tenant in the conduct of Tenant's business, or otherwise, or a joint venturer or a member of a joint enterprise with Tenant.

28. Covenants Run With Land.

28(a) The agreements, covenants and conditions in this Lease contained are and shall be deemed to be covenants running with the land and the reversion and shall be binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns and all subsequent Landlords and Tenants respectively hereunder.

28(b) All references in this Lease to "Tenant" or "Landlord" shall be deemed to refer to and include successors and assigns of Tenant or Landlord, respectively, without specific mention of such successors or assigns.

29. Notices.

Except as otherwise provided hereunder; any notice or communication to Landlord, Tenant or Lender shall be in writing and be mailed by certified mail, postage prepaid. Notices or communications shall be addressed to Landlord at:

Crescent City Harbor District

Attn: Harbormaster
101 Citizens Dock Road
Crescent City, California 95531
Phone: (707) 464-6174

or such other address or addresses as Landlord shall from time to time designate, or to such agent of Landlord as it may from time to time designate, by notice in writing to Tenant. Notices or communications shall be addressed to Tenant at:

BSD Property Management, LLC
Attn: Daniel H. Dahan, Manager
4470 Atlantic Avenue
PO Box 18752
Long Beach, CA 90807
Tel. (562) 208-1792
dhd@bsdpropertymanagement.com

or such other address or addresses as Tenant shall from time to time designate, or to such agent of Tenant as it may from time to time designate, by notice in writing to Landlord. Notices or communications to Lender shall be addressed to Lender at such address as Lender shall from time to time designate by notice in writing to Landlord. Any notice mailed in the manner above set forth shall be deemed to have been received unless returned to the sender by the post office.

30. Limitation of Landlord's Liability.

In the event of any transfer of Landlord's interest in this Lease, the Landlord herein named (and in case of any subsequent transfer, the then transferor) shall be freed and relieved from and after the date of such transfer of all personal liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed; provided, however, that any funds in the hands of Landlord or the then transferor at the time of such transfer, in which Tenant has an interest shall be turned over to the transferee and any amount then due and payable to Tenant by Landlord or the then transferor under any provision of this Lease shall be paid to Tenant; and provided, further, that upon any such transfer, the transferee shall expressly assume, subject to the limitations of this Section 31, all of the agreements, covenants and conditions in this Lease to be performed on the part of Landlord, it being intended hereby that the covenants and obligations contained in this Lease on the part of Landlord shall, subject as aforesaid, be binding on each Landlord, its successors and assigns, only during its period of ownership.

31. Estoppel Certificates.

Tenant or Landlord, as the case may be, will execute, acknowledge and deliver to the other and/or to Lender, promptly upon request, its certificate certifying (a) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which the Monthly Rent, and other monetary obligations have been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by Landlord of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed (and, if so, specifying the same), and (d) whether there are then existing any defaults by Tenant in the performance or observance by Tenant of any agreement, covenant or condition hereof on the part of Tenant to be performed or observed and whether any notice has been given to Tenant of any default which has not been cured (and, if so, specifying the same). Any such certificate may be relied upon by a prospective purchaser, mortgagee or trustee under a deed of trust of the Premises or any part thereof.

32. Holding Over.

This Lease shall terminate without further notice upon the expiration of the Term, and any holding over by Tenant after the expiration of the Term shall not constitute a renewal hereof or give Tenant any rights hereunder or in or to the Premises, except as otherwise herein provided, it being understood and agreed that this Lease cannot be renewed, extended (except as expressly provided for herein) or in any manner modified except in writing signed by Landlord and Tenant.

33. Late Charge.

Tenant acknowledges that Tenant's failure to pay any installment of Monthly Minimum Rent or any other amounts due under this Lease as and when due may cause Landlord to incur costs not contemplated by Landlord when entering into this Lease, the exact nature and amount of which would be extremely difficult and impracticable to ascertain. Accordingly, if any installment of Monthly Minimum Rent or any other amount due under the Lease is not received by Landlord within the later of ten (10) days after it is due or the applicable cure period set forth in Section 24, then, without any notice to Tenant, Tenant shall pay to Landlord an amount equal to three (3%) of the past due amount, which the parties agree represents a fair and reasonable estimate of the costs incurred by Landlord as a result of the late payment by Tenant.

34. Default Interest.

In the event that Tenant shall fail to pay any amount of Monthly Rent, or any other monetary obligations owed to Landlord hereunder within thirty (30) days of the date that such amounts are due and payable, Tenant shall pay to Landlord, in addition to such amounts, interest thereon at the maximum interest rate permitted by law from

the first day of the month in which such monetary obligation was payable to the date of actual payment thereof by Tenant to Landlord.

35. Subordination; Attornment; Non-Disturbance.

35(a) Subordination. To the extent this Lease may be subordinated to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, a "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and/or to all renewals, modifications, and extensions thereof, Tenant agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Landlord under this Lease unless and until such Lender acquires title to the Premises, succeeds to Landlord's interest, or expressly assumes such obligations. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Tenant, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

35(b) Attornment. In the event that Landlord transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of any Security Device to which this Lease is subordinated, if any, (i) Tenant shall, subject to the non-disturbance provisions of Section 36(c), attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the Term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Tenant and such new owner, and (ii) Landlord shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Landlord's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Tenant might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

35(c) Non-Disturbance. With respect to any Security Device affecting the Premises that is entered into by Landlord after the execution of this Lease, Tenant's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the applicable Lender which Non-Disturbance Agreement provides that Tenant's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Tenant is not in breach hereof and attorns to the record owner of the Premises. Further, within sixty (60) days after the execution of this Lease, Landlord shall, if requested by Tenant, use its commercially reasonable efforts to

obtain a Non-Disturbance Agreement from the holder of any pre-existing security instrument or obligation which is secured by the Premises. In the event Landlord is unable to provide the Non-Disturbance Agreement within said sixty (60) days, Tenant may, at Tenant's option and at no cost or liability to Landlord, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

35(d) Self-Executing. The agreements contained in this Section 36 shall be effective without the execution of any further documents; provided, however, that, upon written request from Landlord or a Lender in connection with a sale, financing or refinancing of the Premises, Tenant and Landlord shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

36. Severability.

In case any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Lease, but this Lease shall be construed as if such invalid, illegal, or unenforceable provisions had not been contained herein.

37. Time of the Essence.

Time is of the essence of each and all of the agreements, covenants, and conditions of this Lease.

38. Consents.

Whenever in this Lease the consent or approval of either Landlord or Tenant is required or permitted, the party requested to give such consent or approval will act promptly and will not unreasonably withhold its consent or approval.

39. Memorandum of Lease.

Contemporaneously with the execution of this Lease, Landlord and Tenant will execute and acknowledge for recordation in the Official Records of the County of Del Norte a Memorandum of Lease in the form of Exhibit "B" hereto.

40. Integration.

This instrument constitutes the entire agreement between Landlord and Tenant with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral or written. This Lease may not be amended or modified in any respect

whatsoever except by an instrument in writing signed by Landlord, Tenant and, if required by any Lender, by Lender.

41. Amendments.

This Lease may be modified only in writing and only if signed by the parties at the time of the modification.

42. Governing Law.

This Lease shall be governed by and construed in accordance with the laws of the State of California.

43. Commissions, Indemnity, Disclosure.

Each party represents to the other party that there is no broker representing such party in the current transaction, and that the representing party has incurred no liability for any brokerage commission or finder's fee arising from or relating to the transactions contemplated by this Lease. Each party hereby indemnifies and agrees to protect, defend and hold harmless the other party from and against all liability, cost, damage or expense (including without limitation attorneys' fees and costs incurred in connection therewith) on account of any brokerage commission or finder's fee which the indemnifying party has agreed to pay or which is claimed to be due as a result of the actions of the indemnifying party. This Section 44 is intended to be solely for the benefit of the parties hereto and is not intended to benefit, nor may it be relied upon by, any person or entity not a party to this Agreement.

44. General Provisions Regarding Option(s) to Extend.

The following provisions will apply to any option to extend the Term (the "Option(s)").

44(a) Tenant shall have no right to exercise an Option (i) during the period commencing with the giving of any notice of default and continuing until such default is cured; (ii) during any period during which rent is unpaid (without regard to whether notice thereof has been given to Tenant); (iii) during any time Tenant is materially in default under this Lease; or (iv) if, during the twelve (12) month period immediately preceding the attempted exercise of the Option, Tenant has been in default under this Lease on two (2) or more separate occasions and, in each instance, such default remained uncured beyond the applicable notice and cure period.

44(b) An Option shall terminate and be of no further force or effect (notwithstanding Tenant's due and timely exercise of such Option) if, after such exercise and prior to the commencement of an extended term or completion of the purchase, (i) Tenant fails

to pay rent for a period of thirty (30) days after such rent becomes due; or (ii) if Tenant commits a material breach of this Lease.

45. Options to Extend Termination Date.

Tenant will have the option to extend the Termination Date for up to three (3) periods of five (5) years each (each an "Extension Period"), based upon the existing terms and conditions of this Lease, but subject to the following provisions:

45(a) The Termination Date may not be extended for a later period unless the immediately preceding Extension Period has been validly exercised. Tenant may exercise each Option only in accordance with, and subject to, the terms and conditions of Sections 44 and 45 of this Lease.

45(b) Tenant shall give written notice to Landlord of its election to extend the Termination Date of this Lease not later than one hundred eighty (180) days prior to the Termination Date or the end of the most recent Extension Period.

45(c) Monthly Minimum Rent during the first year of any Extension Period will be fair market value as determined by mutual agreement between Landlord and Tenant within thirty (30) days after Landlord received Tenant's exercise notice, provided, however, in no event shall Monthly Minimum Rent be less than one hundred two percent (102%) of the Monthly Minimum Rent then in effect prior to the applicable Extension Period. After the first year of any Extension Period, Monthly Minimum Rent will be increased annually as provided in Section 4.

45(d) If the parties are unable to agree upon the fair market value for the Monthly Minimum Rent, they shall select an appraiser within ten (10) days after the expiration of such thirty (30) days following Landlord's receipt of Tenant's exercise notice. If Landlord and Tenant are unable to select a single appraiser, each party shall select its own appraiser within ten (10) days thereafter and the two (2) appraisers shall meet promptly and attempt to determine the Monthly Minimum Rent, based on the prevailing lease rate and/or property value of comparable recreational vehicle parks in Northern California, and Oregon. If the two (2) appraisers are unable to agree within thirty (30) days after their selection on Monthly Minimum Rent that varies less than five percent (5%) (as among the two (2) appraisers), the two (2) appraisers shall select a third (3rd) appraiser within ten (10) days following such thirty (30) day period. The third (3rd) appraiser shall in all events be a person who has not previously acted in any capacity for either Landlord or Tenant. If the two appraisers are unable to agree on a third (3rd) appraiser (or if either party should within the time specified fail to appoint its appraiser), then either party, upon written application with ten (10) days' prior written notice to the other, may request such appointment be made by the then presiding judge of the Superior Court of Del Norte County acting pursuant to Code of Civil Procedure Section 1281.6.

45(e) The determination of a majority of the appraisers shall be binding upon the parties and shall be made no later than thirty (30) days following the selection of the third (3rd) appraiser. If a majority of the appraisers are unable to set the Monthly Minimum Rent within the stipulated period of time, the three (3) appraisals shall be added together and their totals divided by three (3); the resulting quotient shall be such Monthly Minimum Rent. If, however, the low appraisal and/or the high appraisal are/is more than five percent (5%) lower and/or higher than the middle appraisal, the low and/or high appraisal shall be disregarded. If only one (1) appraisal is disregarded, the remaining two (2) appraisals shall be added together and their total divided by two (2); the resulting quotient shall be the Monthly Minimum Rent. If both the low appraisal and the high appraisal are disregarded, the middle appraisal shall be the Monthly Minimum Rent. Each party shall bear the cost of the appraisers selected by it; the expenses of the third (3rd) appraiser shall be borne one-half (1/2) by Landlord and one-half (1/2) by Tenant.

46. Quitclaim Deed Upon Termination.

Upon expiration or earlier termination of the Lease, and upon Landlord's request, Tenant shall execute and deliver such quitclaim deeds, bills of sale, assignments, and other instruments as Landlord may reasonably request to confirm Landlord's title to any buildings, structures, improvements, furniture, fixtures, equipment, or other property that is to remain on the Premises or vest in Landlord pursuant to this Lease.

47. Leasehold Policy of Title Insurance.

Upon the recording of the Memorandum of Lease, Tenant may elect to obtain a leasehold policy of title insurance, insuring Tenant's leasehold interest in the Property. Tenant will pay the premium for any such title policy.

48. Force Majeure.

In the event that either party hereto shall be delayed or prevented from the performance of any of its obligations required hereunder due to circumstances beyond the reasonable control of the non-performing party, including but not limited to, strikes, lockouts or other differences with workers or unions, pandemic or epidemic, fire, flood, acts of God, hostilities, civil commotion, governmental acts, orders or regulations, failure of power, or other reason of a like or similar nature, not the fault of the party delayed in performing its services or doing acts required under the terms of this Lease, then performance of such acts shall be excused for the period of the delay. Notwithstanding the foregoing, this provision shall not apply to Tenant's obligation to pay rent or other sums due hereunder, and Tenant shall continue to timely perform its payment obligations hereunder as and when due, subject to the rent abatement provisions herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LANDLORD:
CRESCENT CITY HARBOR DISTRICT

By: _____
[Signature]

[Print Name]

Its: _____
[Title]

TENANT:
BSD PROPERTY MANAGEMENT, LLC, a
California limited liability company

By: _____
Daniel H. Dahan

Its: Manager

EXHIBIT "A"

DESCRIPTION OF PROPERTY
(Redwood Harbor Village RV Park)

That certain real property located in the County of Del Norte, State of California,
described as follows:

EXHIBIT "B"

MEMORANDUM OF LEASE

RECORDING REQUESTED BY:

AND WHEN RECORDED RETURN TO MEMORANDUM OF LEASE TO:

This memorandum of lease ("Memorandum of Lease") is made as of _____, 2026 by and between _____ ("Landlord") and _____ ("Tenant"), who agree as follows:

1. The Lease. Landlord leases to Tenant, and Tenant leases from Landlord, the Premises (described below) on the terms and conditions of that certain unrecorded Commercial Land Lease ("Lease") dated as of _____, 2026, between the parties. (Unless expressly provided otherwise, all capitalized terms and phrases used in this Memorandum shall have the same meanings as set forth in the Lease.)
2. The Premises. The Premises which are the subject of the Lease are that certain real property situated in the City of Crescent City, Del Norte County, California, commonly known as Assessor Parcel No. _____ and more particularly described in Exhibit "1" attached hereto and made a part hereof by this reference.
3. Term. The initial term ("Initial Term") of the Lease shall commence on _____, and expire fifteen (15) years thereafter; provided, however, if the Term commences on a date other than the first day of a calendar month, the Term shall be extended by this fractional month.
4. Option to Extend Termination Date. Tenant has three (3) consecutive options to extend the Termination Date of the Lease of five (5) years each on all the terms and conditions of the Lease.
5. Purpose of Memorandum. This Memorandum of Lease is prepared for the purpose of notice and recordation. This Memorandum of Lease does not and is not intended to modify the provisions of the Lease. In the event of a conflict between this Memorandum of Lease and the Lease, the terms of the Lease shall govern.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LANDLORD:
CRESCENT CITY HARBOR DISTRICT

By: _____
[Signature]

[Print Name]

Its: _____
[Title]

TENANT:
BSD PROPERTY MANAGEMENT, LLC, a
California limited liability company

By: _____
Daniel H. Dahan

Its: Manager

EXHIBIT 1

Memorandum of Lease

LEGAL DESCRIPTION OF PROPERTY

(Redwood Harbor Village RV Park)