

Resolution 04—10

of the

San Mateo County Harbor District

To Approve a Lease with Jeff and Cassandra Clark dba Mavericks Surf Company, LLC for Parcel 5, Lessees' Building, Pillar Point Harbor and Authorize General Manager to Execute the Lease Agreement

Whereas, the San Mateo County Harbor District ("District") operates Pillar Point Harbor in Princeton, San Mateo County and Jeff and Cassandra Clark dba Mavericks Surf Company, LLC of Half Moon Bay, California desires to lease the premises of Parcel 5, Lessees' Building, at Pillar Point Harbor to operate a retail store; and

Whereas, the district publicly noticed and held a public hearing on said lease in compliance with the provisions of harbors and navigation code section 72.2; and

Therefore, be it resolved that the Board of Harbor Commissioners hereby approves the lease document attached hereto and incorporated by reference herein,

Further, be it resolved that the Board of Harbor Commissioners does hereby adopt this Resolution 04-10.

Approved this 7th day of April, 2010 at the regular meeting of the Board of Harbor Commissioners by a recorded vote as follows:

For: Lundie, Padreddii, Parravano, Tucker

Against: None

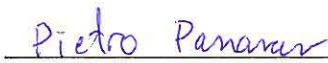
Abstaining: None

Absent: Campbell

Attested

BOARD OF HARBOR COMMISSIONERS


Debbie Nixon
Deputy Secretary


Pietro Parravano
Acting President

RESOLUTION NUMBER 04—10

A RESOLUTION TO APPROVE LEASE WITH JEFF AND CASSANDRA CLARK DBA MAVERICKS SURF COMPANY, LLC FOR PARCEL 5, LESSEES' BUILDING, PILLAR POINT HARBOR AND AUTHORIZE GENERAL MANAGER TO EXECUTE LEASE AGREEMENT



San Mateo County Harbor District

Board of Harbor
Commissioners

Sally Campbell, President
Pietro Parravano, Vice President
James Tucker, Treasurer
Ken Lundie, Secretary
Leo Padreddii, Commissioner

Peter Grenell, General Manager

RETAIL LEASE

MAVERICKS SURF COMPANY, LLC

400 Oyster Point Blvd., Suite 300, South San Francisco, CA 94080
(650) 583-4400 T
(650) 583-4611 F

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SAN MATEO COUNTY HARBOR DISTRICT

RETAIL LEASE

This Retail Lease (hereinafter called "Lease") is made and entered into as of this 11th day of June 2010, by and between the San Mateo County Harbor District, a political subdivision of the State of California, (hereinafter called "Landlord"), having its principal place of business at 400 Oyster Point Blvd. Suite 300, South San Francisco, CA 94080 and Mavericks Surf Company, LLC (hereinafter called "Tenant"), having its principal place of business at Mavericks Surf Shop, 151B Harvard Avenue, Half Moon Bay, Ca. 94019 with references to the following facts and objectives:

RECITALS

Landlord is the operator of that certain parcel of real property situated in the County of San Mateo, State of California known as Pillar Point Harbor (hereinafter called "Harbor"), APN 047-083-060.

Tenant desires to lease from Landlord and Landlord desires to lease to Tenant a portion of the aforescribed real property that is described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter called "Premises"). The Premises are known as Parcel 5 in the Harbor lessees' building located at Pillar Point Harbor, Princeton, California, consisting of approximately one thousand three hundred (1,300) square feet of area. This Lease is for the purpose of improving the Premises and operating a retail surf shop as described in Exhibit B attached hereto and by this reference made a part hereof pursuant to the Provisions of this Lease.

Other than the warranties set forth in Paragraph 9 hereof, Landlord makes no representations to Tenant regarding the condition of the property, including representations regarding zoning.

Now, therefore, for and in consideration of the Premises and of the mutual obligations, agreements, representations and warranties herein contained, the parties do hereby agree as follows:

1.0 TERMS AND DEFINITIONS

As used in this Lease, the following words and phrases have the following meanings:

Alteration: any addition or change to, or modification of, the Premises or demolition and construction of new Improvements made by Tenant.

Approvals: those permissions required by law or regulation prior to, or during, the use and operation of the Premises.

Commencement Date: The date on which Tenant obtains a building permit for the work contemplated in Section 10 of this Lease.

County: San Mateo County.

Damage: injury, deterioration, destruction, or loss to a Person or property, including death.

Damages: a monetary compensation or indemnity that can be recovered by any Person who has suffered damage to his Person, property, or rights through another's act or omission.

Default: any condition or event which constitutes or which, after notice or lapse of time, or both, would constitute an Event of Default as described in Paragraph 19.1.

Default Rate: the Default Rate shall be the rate of interest equal to five percent (5%) per annum plus the prevailing rate on the 25th day of the month preceding the event which caused such interest to be payable as established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter amended.

Effective Date: The most recent date of signatures by the parties to this lease.

Fixture: Personal property that is attached to the Premises such that it becomes an irremovable part of the real property; Tenant's objects of trade ("trade fixtures") that can be removed without damage to the Premises are not Fixtures under this Lease.

Expiration: the coming to an end of the time specified in the Lease as its duration, including any Extension Term.

Good Condition: the good physical condition of the Premises and each portion thereof. "In Good Condition" means in good order and repair, clean, broom clean, free of graffiti and accumulated trash, and fully operative.

Hazardous Material: any hazardous or toxic substance, material or waste that is or becomes regulated by any local government authority, the State of California or the United States Government.

Impositions: all taxes and assessments due during the Lease Term.

Improvements: all buildings, other structures, fixtures, sidewalks, curbs, gutters, paved areas, signs, water wells, water supply systems, sewage systems, waste water systems, fencing, utility systems, parking area improvements, service and trash area improvements, landscaping, lighting,

exterior fountains, sculptures, flags, banners or historic artifacts, or any other improvements now or hereafter constructed or maintained on the Premises or any alteration or additions thereto, except for Tenant's Personal Property.

Insurance Requirements: all terms of any insurance policy covering or applicable to the Premises or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Premises or any alteration or part thereof or any use or condition of the Premises or any part thereof.

Landlord: San Mateo County Harbor District.

Law: any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal or other government agency or authority having jurisdiction over the parties or the Premises, in effect either at the time of execution of the Lease or at any time during the Lease Term, including without limitation, any regulation or order of a quasi-official entity or body.

Lease: this Lease.

Leasehold Mortgage: a mortgage secured by the leasehold estate created by this Lease.

Legal Requirements: all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Premises or any part thereof or any of the adjoining sidewalks, curbs, streets or ways, or any use or condition of the Premises or any part thereon.

Maintenance: replacement, repainting and cleaning, and such labor and materials as required to keep the Premises clean and any associated landscaping healthy and aesthetically pleasing and all reasonable maintenance requirements imposed by Landlord

Mortgage: a mortgage or deed of trust.

Mortgagee: the holder of a mortgage or deed of trust.

Non-Family Member: any Person other than Lease signatories' spouse, children, or siblings.

Person: any individual, corporation, association, partnership, joint venture, organization, or any other business entity, or a governmental or political unit or agency.

Premises: as defined in the Recitals, herein, and including all improvements constructed by the Tenant thereon during the Lease Term.

Provision: any Lease term, agreement, covenant, condition, clause, qualification, restriction, reservation, or other stipulation in the Lease that defines or otherwise controls, establishes or limits the performance required or permitted by either party.

Rent: the rent to be paid by Tenant to Landlord on a monthly basis throughout the Lease Term, as prescribed in paragraph 5 of this Lease.

Restore, Restoration: the reconstruction, rehabilitation, and repairs that are necessary to return destroyed portions of the Premises and other property directly affected by Tenant to substantially the same physical condition as they were upon the date of issuance of an occupancy certificate by the San Mateo County Builders Inspection Division

Tenant's Personal Property: the equipment, signs, furniture, furnishings, merchandise, trade fixtures and moveable property placed in the Premises by the Tenant which have not become Fixtures.

Termination: the ending of the Lease Term for any reason before Expiration.

Unavoidable Delays: delays due to strikes, acts of God, enemy action, riot, civil commotion, fire, unavoidable casualty or any other causes beyond the control of Landlord or Tenant, as the case may be; provided, however, that no delay may be deemed unavoidable if Landlord would be in danger of incurring any civil or criminal liability for Tenant's failure to perform any act required by applicable law or this Lease. Unavoidable delays shall not include delays resulting from Tenant's inability to obtain sufficient funds or firm financing commitments to complete construction.

2.0 AGREEMENT TO LEASE

The foregoing Recitals and Terms and Definitions are hereby incorporated in this agreement to lease.

2.1 Premises Leased. Upon and subject to the conditions and limitations set forth below, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises for the term and at the rental provided in this Lease, together with all rights-of-way or rights of use servitudes, licenses, tenements, hereditaments, appurtenances and easements now or hereafter belonging or pertaining to any of the Premises. However, this Lease confers no rights with regard to the subsurface of the Premises more than fifteen (15) feet below ground level, except to the extent necessary to install pilings or other support for the Improvements, nor does it confer rights to airspace above the roof of the Premises other than air space rights for signs which may be placed upon the roof of the Premises but which shall comply with all applicable Laws, regulations, policies and guidelines for signage of Landlord, the County, and other regulatory agencies. The parties hereto agree that said leasing is upon and subject to the terms, covenants and conditions herein set forth and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all its terms, covenants and conditions.

2.1.1 Rents and Services. The ultimate purpose of the Lease for the benefit of the public is the complete and continuous use of the Lease Premises. All facilities and services shall be made available to the public without any illegal discrimination as defined by California and Federal law.

The immediate purpose of this Lease is the development of the Premises for construction, operation and Maintenance of a retail surf shop.

It is agreed that the ultimate and immediate purposes are consistent and compatible. Accordingly, Tenant covenants and agrees to operate said Premises fully and continuously to accomplish said purpose consistent with sound business practice and subject to the terms of this Lease.

2.1.2 Cooperation Among Tenants. Tenant shall cooperate with all other tenants of Landlord who will be operating enterprises in the vicinity of the leased Premises, and shall conduct its operations so as to avoid interference with the operations of other tenants. If the operations of Tenant are impaired because of any acts or omissions of such other tenants, Tenant shall have no claim against Landlord on that account.

2.2 Lease Term. The term of this Lease (hereinafter called the "Lease Term") shall commence on the Commencement Date of this Lease, and expire at midnight on the same day five (5) years subsequent, unless Tenant exercises an option pursuant to Section 3 of this Lease, or unless sooner terminated pursuant to any Provision hereof. Notwithstanding any of the Provisions of this paragraph, Tenant shall submit to the County of San Mateo all necessary application materials, plans, drawings, and specifications for discretionary land use approvals permitting construction no later than 120 days following the Effective Date upon which this Lease is Executed. Failure to submit said application materials, plans, drawings, and specifications within this time period shall cause the immediate Termination of this Lease unless waived in writing by Landlord by delivery of written notice to the other party.

2.2.1 Delay in possession. If, for any reason, Landlord fails to deliver possession of the Premises to Tenant by the Commencement Date, Landlord shall not be liable for any Damages resulting from that failure, nor shall that failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the Term of this Lease, but in such case, Tenant shall not be obligated to pay rent or perform any other obligation under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Tenant. If Landlord has not delivered possession to Tenant within thirty (30) days after the Commencement Date, Tenant may, however, cancel this Lease, by providing written notice to Landlord within ten (10) days after the end of the 30-day period; in that case, the parties shall be discharged from all obligations under this Lease. In the event of such discharge, the Security Deposit shall be immediately repaid to Tenant, in full, within ten (10) business days of receipt by Landlord of Tenant's written notice of cancellation. However, if Tenant's written notice is not received by Landlord within the ten (10) day period provided for in this paragraph, Tenant shall have no further right to terminate the Lease under this Provision.

2.2.2 Right of Entry. During the period commencing upon the Effective Date of this Lease and continuing through the Commencement Date, Tenant shall have a revocable license to enter the Premises for the purpose of conducting such studies, surveys, tests and investigations as are necessary for the planning, design and construction of the Improvements, as well as the actual construction of the Improvements. Such license shall be revocable only in the event of a Default by Tenant.

During the period between execution of this Lease and the Commencement Date, Landlord shall not use the Premises in a manner which results in an increase in Tenant's construction costs or interferes with the progress of Tenant's construction of the facilities. Tenant shall have no vested or possessory interest in the Premises during this period.

During this period, Tenant shall maintain insurance coverage as provided elsewhere in this Lease.

2.3 Early Termination. If, after exercising due diligence, but in no event later than one hundred eighty (180) days after the Effective Date of this Lease, Tenant has not obtained a building permit issued by the County of San Mateo permitting Tenant to construct the Improvements or has not furnished to Landlord evidence of sufficient funds or firm financial commitments to complete the construction in the form of a letter of commitment from Tenant or Tenant's lending institution setting forth the amount of the loan and the terms and conditions of the financing, this Lease shall terminate immediately unless such Termination has been waived in writing by Landlord by delivery of written notice to Tenant.

2.4 End of Lease Term.

2.4.1 Surrender. Upon the Expiration or other Termination of the Lease Term, Tenant shall quit and surrender to Landlord, or Landlord's successor in interest, the Premises including all Improvements in good condition, except for [a] ordinary wear and tear occurring after the last necessary Maintenance made by Tenant and [b] Destruction to the Premises covered by Paragraphs 15.1 and 15.2. Any Damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good Maintenance practices. Tenant shall repair any Damage to the Premises occasioned by the installation or removal of Tenant's Personal Property, alterations, furnishings, and equipment. Tenant hereby agrees to execute all documents as Landlord may reasonably deem necessary to evidence any Termination of the Lease Term.

If Tenant fails to surrender the Premises to Landlord on Expiration or Termination of the Lease Term as required by this Paragraph, Tenant shall indemnify, defend and hold Landlord harmless from all Damages resulting from Tenant's failure to surrender the Premises, including but not limited to, claims made by a succeeding tenant resulting from Tenant's failure to surrender the Premises, and Tenant waives all claims against Landlord for any Damage to Tenant resulting from Landlord's retention or disposition of any Improvements, Alterations, or Tenant's Personal Property. Tenant shall be liable to Landlord for all costs incurred by Landlord for storing, removing, or disposing of any Improvements, Alterations, or Tenant's Personal Property. In

addition, Tenant shall be liable to Landlord for any Damages Landlord may sustain as a result of such failure to surrender and shall pay all costs and attorney's fees as may be necessary to evict Tenant.

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereon, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies.

2.4.2 Tenant's Personal Property. Tenant shall within sixty (60) days, at its own expense, remove all of Tenant's Personal Property, which shall include all movable Improvements and installations of any kind placed on the leased Premises by Tenant, and shall leave the leased Premises in clean condition, and shall perform all Restoration made necessary by the removal of such Personal Property, at or prior to the Expiration or Termination of the Lease Term. Landlord may remove any of the Tenant's Personal Property that Tenant has not removed from the Premises on Expiration or Termination of the Lease Term and store Tenant's Personal Property for such a period of time as may be required by applicable Law, after which time Landlord may retain or dispose of all such property in accordance with applicable Law. Tenant waives all claims against Landlord for any Damage to Tenant resulting from Landlord's retention or disposition of any Tenant's Personal Property as provided herein. Tenant shall be liable to Landlord for Landlord's costs for storing, removing and disposing of any of Tenant's Personal Property.

2.4.3 Ownership of Improvements. Upon Expiration or Termination of this Lease, title to such immovable Improvements, including all buildings, structures, Fixtures and facilities constructed or placed within the leased Premises by Tenant, which are or have been within the Lease Term attached or fastened to the ground, deck, floor or walls of a structure, such that they cannot be removed without damage to the Premises, shall become the property of Landlord or Landlord's successor in interest at the Expiration of the Lease or upon earlier Termination thereof, and Tenant shall execute such instruments as may be reasonably required by Landlord confirming Landlord's title to the Improvements located on the Premises.

2.5 Holding Over. Any holding over by Tenant after the Expiration or Termination of this Lease, and any acceptance of Rent by Landlord thereafter, shall not constitute a renewal or give Tenant any rights hereunder in the Premises, except with the prior written consent of Landlord, which consent may be withheld for any reason whatsoever. Any holding over by Tenant after the Expiration or Termination of this Lease, with the written consent of Landlord, shall be construed to be a tenancy from month to month, and shall be terminable upon thirty (30) days written notice given by either Landlord or Tenant. All the terms, covenants, conditions, and Provisions of this Lease shall apply to any such month-to-month tenancy.

If Tenant holds over after the Expiration or Termination of this Lease without the express written consent of Landlord, Tenant shall become a tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the Rent that would be applicable to the Premises upon the date of such Expiration or Termination, and otherwise subject to the terms, covenants, conditions, and

Provisions herein specified. Nothing in this Paragraph 2.5 shall be construed as consent by Landlord to any holding over by Tenant.

3.0 OPTION TO RENEW

Subject to the Provisions hereinafter set forth, Landlord grants to Tenant one (1) option to renew this Lease for an additional five (5) years on the same terms, conditions, and Provisions as contained in this Lease, except that the Rent shall be adjusted as provided in Section 5 Rent of this Lease. The option period shall commence on the day following the Termination Date and end on the day prior to the fifth anniversary of that date.

The option to renew shall be exercised by Tenant by issuing a notice in writing, received by Landlord not less than one hundred eighty (180) days prior to the date of Expiration of this Lease Term. Failure to give such notice will render Tenant's option to renew null and void.

4.0 SECURITY DEPOSIT

No later than thirty (30) days after the Effective Date of the Lease, Tenant shall deposit with Landlord the sum of nine thousand seven hundred fifty dollars (\$9,750.00) which shall be equal to six (6) months' Rent at the initial rate of \$1.25 per square foot as a Security Deposit for Tenant's performance of the Provisions of this Lease (the "Security Deposit"). The Security Deposit shall guarantee Tenant's full and faithful performance of all the terms, covenants, and conditions of this Lease, and shall take the form of a single cash payment to Landlord. Such payment must be received by Landlord within fourteen (14) days of the date of execution of this Lease.

If Tenant is in Default hereunder at any time after the Effective Date of this Lease, Landlord may use the Security Deposit, or any portion of it, to cure the Default or to compensate Landlord for any Damage sustained by Landlord resulting from Tenant's Default. Tenant shall immediately on demand pay to the Landlord a sum equal to the portion of the Security Deposit expended or applied by Landlord so as to maintain the Security Deposit in the sum required of Tenant. If Tenant performs all of Tenant's obligations under this Lease, the Security Deposit, or so much thereof as has not been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder, at the Expiration or Termination of this Lease and after Tenant has vacated the Premises. No trust or fiduciary relationship is created herein between Landlord and Tenant with respect to the Security Deposit.

Landlord may maintain the Security Deposit separate and apart from Landlord's general funds or may commingle the Security Deposit with Landlord's general or other funds. Tenant shall not be entitled to, and Tenant hereby specifically waives any requirement that Landlord pay, interest on the Security Deposit.

5.0 RENT

5.1 Monthly Rent: Tenant agrees to pay to Landlord rent, without notice or demand, on or before the first day of each and every successive calendar month during the Term of this Lease. Tenant's obligation to pay rent shall commence on the Commencement Date. For the first six months after the Commencement Date, Tenant agrees to pay zero dollars per month as Rent. After that first six-month period, Tenant agrees to pay monthly Rent to Landlord in the amount of one thousand six hundred twenty-five dollars (\$1,625) for a second six-month period. After that second six-month period, Tenant agrees to pay monthly Rent to Landlord in the amount of one thousand nine hundred fifty dollars (\$1,950) Said rental shall be paid to Landlord without deduction or offset, in lawful money of the United States of America and at such place as Landlord may from time to time designate in writing. Rent for any period that is less than one (1) month shall be a prorated portion of the monthly installment herein based on a thirty (30) day month.

5.2 Adjustment to Rent. The Rent established in Paragraph 5.1 of this Lease shall be adjusted annually on the anniversary of the Commencement Date for the term of this Lease by an inflation factor of three percent (3%). This inflation factor shall be added to the adjusted Rent in each successive year of the Lease Term, commencing after the first full year (12 months) of payment of Rent, as set forth in Paragraph 5.1.

5.3 Rent adjustment for option period. If Tenant elects to renew this Lease for an option period pursuant to the conditions of Paragraph 3 of this lease, Landlord reserves the right to negotiate further adjustment to the amount of Rent for the option period.

6.0 IMPOSITIONS

6.1 Pursuant to California Revenue and Taxation Code Section 107.6, this Lease creates a possessory interest subject to property taxation and, as the party in whom the possessory interest is vested, Tenant will be subject to payment of the taxes levied on said interest. Beginning the Effective Date of the Lease, Tenant shall pay all Impositions before any interest, penalty, fine or cost may be added for non-payment, and will furnish Landlord for inspection within thirty (30) days after Landlord's written request, official receipts of the appropriate taxing authority or other proof satisfactory to the Landlord evidencing such payment. Tenant shall pay any real property taxes attributable to the Premises. Tenant shall also pay for any assessments which may be levied upon the Premises as a result of any Improvements made by Tenant. Tenant shall at all times keep current said real property taxes and assessments and shall hold Landlord harmless therefrom. Tenant may contest any Impositions or seek a reduction thereof provided that Tenant shall furnish to Landlord a surety bond indemnifying Landlord from any Damage arising from any such proceedings.

6.2 Taxes and Assessments. Tenant agrees to pay to the proper authority any and all taxes, assessments and similar charges on the Premises in effect at the time this Lease is entered into, or which become effective thereafter, including all taxes levied or assessed upon the possession, use, or occupancy, as distinguished from the ownership of the Premises. Tenant, on behalf of itself and any permitted successors and assigns, recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Tenant and any permitted

successor or assign may be subject to the payment of such taxes. Tenant, on behalf of itself and any permitted successors and assigns, further recognizes and understands that any assignment permitted hereunder and any exercise of any option to renew or extend this Lease may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Tenant shall report any assignment or other transfer of any interest in this Lease or any renewal or extension hereof to the County Assessor within sixty (60) days after such assignment transaction, renewal or extension. Tenant further agrees to provide such other information as may be requested by Landlord to enable Landlord to comply with any reporting requirements under applicable Law with respect to possessory interest.

7.0 UTILITIES, SERVICES AND ASSESSMENTS

Tenant shall make all arrangements for and pay the appropriate supplier for all utilities and services directly furnished to or used by it including, without limitation, gas, water, electricity, sewer, and telephone services and for all connection charges for such utilities and services. The Premises has its own water, electric, and gas meters. If any such charges for utilities and services are not paid when due, Landlord may pay the same, but shall not be required to pay the same. Tenant shall immediately pay any amount so paid, together with any other costs incurred by Landlord in connection with the handling of such payment, to Landlord as additional rent. Tenant shall also pay for taxes and assessments levied upon machines, appliances or property owned or used by Tenant.

Landlord shall not be liable in Damages or otherwise for any failure or interruption of (i) any utility service furnished to the Premises, or (ii) the heating, ventilating, and air conditioning systems. No such failure or interruption shall entitle Tenant to terminate this Lease or abate rent or to stop making any other payments due hereunder.

8.0 USE, LIMITATIONS ON USE

8.1 Use. Tenant shall use the Premises for operating a retail surf shop as described in Exhibit "B" attached hereto and by this reference made a part hereof. Such use shall include such activities as are reasonably related to that business, including but not limited to, sale and rental of equipment, instructions and/or classes on the use of same, and receptions and/or small events related to same. Tenant shall not use the Premises for said small events or for any other purposes not enumerated above without Landlord's express prior written permission.

8.2 Limitations on Use. Tenant's use of the Premises shall be in accordance with this Paragraph 8.2.

8.2.1 Prohibited Uses. The parties hereto agree that the following acts, occurrences or conduct by Tenant on or from the Premises are strictly prohibited:

- a) Engaging in, assisting, aiding or abetting in any act that constitutes a violation of any Law.

- b) Obstructing vessel or vehicle traffic on Harbor waters or land area.

8.2.2 Compliance with Laws and Legal Requirements. Tenant at Tenant's sole cost and expense, promptly shall comply with all Laws, statutes, ordinances, resolutions, regulations, judicial decisions, proclamations, orders, decrees or policies of any municipal, county, state or federal government or the departments, courts, commissions, boards and officers thereof, or other governmental or regulatory authority with jurisdiction over the Tenant and the Premises or any portion thereof, including without limitation, the Landlord (collectively, "Laws"), relating to or affecting the condition, use or occupancy of the Premises in effect either at the time of execution of this Lease or which may hereafter be in effect at any time during the term hereof, whether or not the same are now contemplated by the parties. Tenant's compliance shall include compliance with all provisions and conditions of the Federal Americans with Disabilities Act. Tenant shall obtain and pay for all licenses and permits required for Tenant's construction and occupancy and use of the Premises. Compliance with all Laws shall include compliance with all requirements of each regulatory agency that has jurisdiction over the Premises including but not limited to the Department of Boating and Waterways and the County of San Mateo.

8.2.3 Other Permits and Approvals. Should other permits, licenses, and/or Approvals, other than set forth in this Lease, be required to make Alterations or Improvements or to operate the leased Premises or if a failure to procure such a license or permit might or would, in any way, affect Landlord or the ability of Tenant to operate its businesses, it shall be the sole responsibility of Tenant to obtain and comply with the requirements of said permits, licenses, and/or Approvals.

8.2.4 Waste: Nuisance. Tenant shall not cause, maintain or permit any unreasonable annoyance or nuisance in, on, or about the Premises or on any Landlord property or Harbor waters. Tenant shall not commit or suffer to be committed any waste in or about the Premises and shall keep the Premises in first class repair and maintain the same in Good Condition during the Lease Term.

8.2.5 Hazardous Material. Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about the Premises except to the extent that such Hazardous Material is necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all Laws, including environmental regulations, relating to such Hazardous Material and will not materially increase the risk of fire or other casualty to the Premises. Tenant agrees to indemnify and defend Landlord harmless from any liabilities, losses, claims, Damages, penalties, or other expenses resulting from or arising out of the use, storage, transportation, release, or disposal of Hazardous Material on or about the Premises by Tenant. Tenant shall not have any responsibility with respect to Hazardous Material existing in, on or under the Premises as of the Effective Date.

Landlord may from time to time request, and Tenant shall be obligated to provide, information reasonably adequate for Landlord to determine that any and all Hazardous Materials are being

Handled in a manner which complies with all Laws. Landlord shall have the right to inspect the Premises for Hazardous Materials at reasonable times, pursuant to its rights of entry provided for hereunder.

Prior to Termination of this Lease, Tenant, at its sole cost and expense, shall remove any and all Hazardous Materials introduced in, on, under or about the Premises by Tenant, its agents or invitees. Further, Tenant, at its sole cost and expense, shall remove any Hazardous Material discovered on the Premises during the term of this Lease which is required to be removed by any governmental agency, including Landlord.

8.2.6 Cancellation of Insurance. Tenant shall strictly observe all Insurance Requirements as set forth in this Lease and shall not do or permit to be done anything that will cause a cancellation of any insurance coverage of the Premises.

8.2.7 Continuous Operation. Subject to the terms of this Lease, and following completion of the Improvements, Tenant shall continuously and diligently operate the Premises throughout the Lease Term and shall keep or cause the Premises to be kept open for business for not less than five (5) days per week per calendar year, normally observed holidays excepted, consistent with sound business practice and weather and safety conditions. Reasonable interruptions in the operation will be permitted for periodic cleaning of the Premises, for taking inventory, if it becomes necessary to change the management of the Premises, or if the Premises should be closed and the business of Tenant temporarily discontinued therein on account of strikes, lockouts, or similar causes beyond the reasonable control of Tenant. Without limiting the generality of the foregoing, in the event of a foreclosure against the leasehold by a leasehold Mortgagee, the leasehold Mortgagee shall be entitled to cease operating the Premises for a period of up to one hundred eighty (180) days; provided, however, that payment of the Rent shall continue.

8.2.8 Environmental Protection. Tenant shall comply with all applicable environmental Laws and regulations and take all reasonable measures available to:

- a) Avoid any pollution of the atmosphere or littering of land or water caused by or originating in, on, or about Tenant's facilities.
- b) Keep the noise level on the leased Premises to a minimum so that persons in the general neighborhood will be able to comfortably enjoy other facilities leased by Landlord in the vicinity of the leased Premises.
- c) Keep the lights on the leased Premises from adversely affecting the operation or other use of boats in the Harbor.
- d) Prevent all pollutants, including petroleum products of any nature, from being discharged from the Premises into the Harbor waters.

8.2.9 Supervision by Tenant. Tenant shall employ its own personnel or a management company or entity skilled in the management of operations as they are contemplated under this Lease. This management company or Tenant's own personnel shall give attention to efficient supervision of Lease operations, using its best skill, and shall keep employed, at all times, a competent supervisor and any necessary assistants. All directions given to the management company's supervisor shall be as binding as if given to Tenant.

8.2.10 Protection of Leased Premises. Tenant shall maintain the Premises in such a manner as to protect Landlord's property from Damage, injury, loss, or liability arising from rainfall, and other action of the elements, excepting such as may be caused by fault or negligence of officers, agents, employees or contractors of Landlord.

9.0 WARRANTIES OF LANDLORD

9.1 Taxes and Encumbrances. Landlord represents and warrants to Tenant that as of the Effective Date, the Premises are free and clear of all tenancies or other rights of third parties, whether oral or written, and that Landlord is able to and will place Tenant in the peaceful and undisturbed possession of the Premises on said Effective Date.

9.2 Legal Proceedings to Ownership. Landlord represents, to the best of Landlord's knowledge and belief, that no lawsuits or legal proceedings are pending or threatened regarding the ownership, use, or possession of the property, or any part thereof, except as stated in this Lease. Landlord agrees to indemnify and hold Tenant harmless from any and all claims, Damages, judgments, liens, costs or expenses arising from any such lawsuits or legal proceedings which are currently known to exist.

9.3 Condemnation. No condemnation proceedings are pending with respect to the real property to be leased or any part thereof, or interest therein, and, to the best of Landlord's knowledge and belief, none are contemplated.

9.4 Violations. There is not located on, in, about, or under the Premises to be leased any Hazardous Material of which Landlord is aware and there are no past or present investigations, administrative proceedings, threatened or pending, alleging non-compliance with or violation of any "Law or Regulation" relating to the Premises or to any required environmental permits by Landlord or any third party. As used herein, "Law or Regulation" means and includes the Comprehensive Environmental Response and Liability Act ("CERCLA" or the Federal Super Fund Act) as amended by the Super Fund Amendments and Reauthorization Act of 1986 ("SARA") and any other Law, ordinance or regulation relating to Hazardous Materials. To the best of Landlord's knowledge, there are no new, nor have there ever been, any above-ground or underground storage tanks in or under the Premises to be leased.

10.0 IMPROVEMENTS

10.1 Tenant's obligation to Provide Schematic Drawings. It is contemplated under this Lease that Tenant shall construct, subject to Landlord's approval of drawings and plans, an enclosure of

the existing open-air patio located within the Premises area. Within ninety (90) days from the Effective Date of this Lease, Tenant agrees to prepare and deliver to Landlord, for review, schematic drawings of the Alterations to be constructed or improved on the Premises. Landlord shall reasonably approve or disapprove said drawings within thirty (30) days after their receipt. Disapproval shall be accompanied by specification or the grounds for disapproval. There shall be no material change in the approved schematic drawings without the prior written approval of Landlord for each change.

Tenant may, at its option, seek to construct other Improvements to the Premises. Schematic drawings for such Improvements shall be submitted to Landlord prior to their construction, and Landlord shall have the right to approve or disapprove such drawings. Should Landlord approve the planned Improvements, Tenant shall bear its own costs for the construction of such improvements.

10.1.1 Tenant shall file a complete application for a building permit within thirty (30) days of the approval of the schematic drawings by Landlord.

10.1.2 Tenant shall commence construction within sixty (60) days of obtaining a building permit from the County of San Mateo. For those Improvements for which a building permit is not required, Tenant shall commence construction within one hundred twenty days (120) days of Landlord's approval of the schematic drawings.

10.2 Improvement Plans. All Improvements and Alterations constructed by Tenant shall meet all requirements of all government bodies or agencies having jurisdiction over such Improvements or Alterations, and Tenant shall not make, or cause or suffer to be made, any Improvements or Alterations to the Premises until Tenant has procured and paid for all regulatory Approvals required to be obtained. Landlord reserves the right to approve such Improvements or Alterations to the Premises required by any government body or agency having jurisdiction over such Improvements or Alterations that differ substantially from those in the Schematic Drawings approved by Landlord pursuant to paragraph 10.1 of this Lease.

10.2.1 Premises Plans. When approval of the building plans for the Premises has been obtained from the County of San Mateo, Tenant shall deliver two (2) sets of said plans to Landlord.

10.3 Agreements with Government Entities. Tenant shall not enter into any contract, easement or agreement with San Mateo County, the State of California or any other governmental agency or body or public utility with reference to utility connections, street Improvements, easements or drainage facilities without prior written consent of Landlord, which consent shall not be unreasonably withheld.

10.4 Prior Notice. Tenant shall provide ten (10) days written notice to Landlord prior to the first entry on the Premises by the Tenant, its agents, employees, contractors or subcontractors for the purpose of commencing construction; said notice shall specify the nature of the work to be performed.

10.5 Landlord's Non-responsibility. Landlord assumes no liability or responsibility for any defect in any structure by its approval of plans and specifications.

10.5.1 Notice of Non-Responsibility. Landlord may post upon the leased Premises a notice of non-responsibility.

10.6 Notice of Completion. Upon completion of construction of any Improvements or Alterations, Tenant shall timely file or cause to be filed a notice of completion with Landlord and with the San Mateo County Recorder's Office.

10.7 Construction. Tenant hereby agrees to advance construction costs for construction of an enclosure of the existing patio area. Landlord shall reimburse Tenant for up to but no more than seventy-nine thousand one hundred two dollars (\$79,102) of documented construction costs for the exterior enclosure only. Tenant may seek reimbursement upon the completion of the following: (a) after demolition and Tenant's payment of deposit on material purchases; (b) after successful rough inspection by County officials; (c) thirty (30) days after successful final inspection by County officials. For the enclosure of the exterior patio space only, Landlord acknowledges its legal financial responsibility to contractors in the case of the death of both Jeff and Cassandra Clark. Landlord shall not be financially or legally responsible to contractors for any interior Improvement project or for any portion of a construction contract not directly attributable to the construction of the exterior enclosure.

Tenant shall be responsible, financially and legally, for the construction of Alterations or Improvements to the interior of the Premises or any Tenant-owned Improvements at Tenant's sole cost and expense.

10.7.1 Opening for Business During Construction. Tenant may elect to open for business using the existing interior portion of Premises during construction of the exterior enclosure, provided that Tenant shall comply with all applicable Laws and regulations. Tenant shall insure that customers, employees and invitees are not endangered in any way by any ongoing construction activity. Landlord shall not be financially or legally responsible in any way for Damages, injury or liability arising from or related to construction activities on the Premises occurring while Tenant is operating its business. Any such financial or legal liability or damages shall be subject to the provisions of Paragraph 13.

10.8 Approval of Contractor. Tenant shall provide to Landlord, on or before the commencement of construction, a copy of the construction contract that has been executed by a licensed California Contractor as well as a copy of the Commitment contract between the Tenant and its lending institution, to the extent Tenant is utilizing a lending institution. If Tenant is acting as its own financier, then only the Construction contract shall be required. The contractor shall be in good standing. Tenant shall also furnish Landlord with a true copy of Tenant's contract with the general contractor after the same has been approved by the lending institution. If Tenant elects to act as a general contractor, reference above to contract and evidence shall be considered to apply to the contract with each subcontractor in excess of one hundred thousand

dollars (\$100,000). The contract shall give Landlord the right but not the obligation to assume Tenant's obligation and rights under that contract if Tenant should Default.

10.9 Evidence of Financing and Construction Security. Thirty (30) days or more prior to commencement of construction or improvement of the Premises, or any phase thereof, Tenant shall furnish to Landlord evidence of sufficient funds or firm commitments to complete the construction in the form of a letter of commitment from Tenant and other evidence that shall be reasonably satisfactory to Landlord. If said evidence of sufficient funds or firm commitments to complete the construction is not provided to Landlord by Tenant within thirty (30) days of commencement of construction of the Facilities or any phase thereof, this Lease shall immediately terminate.

10.10 Underground Conditions and Grading. Landlord makes no covenants or warranties regarding the condition of the soil or subsoil or any other condition of the Premises.

10.11 Tenant's Duty to Obtain Building Permits. Tenant shall obtain at its sole cost and expense, all permits, Approvals, certificates and licenses under applicable zoning, building and safety and land use Laws and regulations as may be required by any and all agencies having jurisdiction over the Premises for the Alterations to the Premises as contemplated herein.

10.12 Ownership of Improvements During the Lease Term. Other than upon Expiration or Termination of this Lease in accordance with the terms herein, Landlord shall have no right, title, or interest during the Lease Term in any Improvement or Alteration hereafter constructed by Tenant on the Premises, except as agreed upon by Landlord and Tenant in writing prior to commencement of construction by Tenant of said Improvements or Alterations.

10.13 Final Approved "As Built Plans". Tenant shall provide Landlord two (2) complete sets of final approved "as built plans" within ninety (90) days after completion of the Improvements to which they relate.

10.14 Performance Bond. Tenant shall procure a performance bond in amount recommended by a licensed civil engineer that will be sufficient to demolish the Improvements and return the Premises to the condition they were in on the Effective Date. Except as provided in Paragraph 10.7, Tenant covenants that it will either leave the Premises in the condition and repair then evident at the time of issuance of an occupancy permit and including all completed or commenced improvements or return the Premises to the condition they were in on the Effective Date, according to Landlord's request, in the event Tenant fails to complete construction of the Improvements.

10.15 Mechanic's Liens and other liabilities. Tenant shall maintain the Premises free from and clear of any claims, obligations, liabilities, liens, encumbrances and charges, including, but not limited to, any claims, liens or Charges arising out of or in Connection with the furnishing of materials or the performance of labor on the Premises. Tenant shall further protect and indemnify Landlord and the Premises from and hold them, and each of them, harmless against any and all claims, obligations, liabilities, liens, encumbrances and charges.

10.16 Imposition of Lien.

- a) In the event a lien is imposed upon the Premises as result of such construction, repair, alteration, or installation, Tenant shall either:
 - (i) Record a valid Release of Lien, or
 - (ii) Procure or cause to be procured and record or cause to be recorded a bond in accordance with Section 3143 of the Civil Code, which frees the Premises from the claim of the lien or stop-notice and from any action brought to foreclose the lien.

11.0 ALTERATIONS AND ADDITIONS

11.1 General. If not in Default, at the time, under this Lease, Tenant at its sole cost and expense may make reasonable Alterations to the interior of any improvement on the Premises without the prior written consent of the Landlord; provided, however, that any such Alteration (a) shall not change the exterior character of the Improvement or reduce the gross area of the Improvement, (b) shall not effect any change in the use of the Premises, (c) is effected with due diligence, in a good and workmanlike manner and in compliance with all Legal Requirements and Insurance Requirements, and (d) is promptly and fully paid for by Tenant. Within thirty (30) days after completion of any such Alterations, Tenant shall furnish Landlord with as-built drawings showing such Alterations. Notice shall be given to Landlord prior to the commencement of any alterations to afford Landlord the opportunity to post a notice of non-responsibility.

Any alteration that would materially alter the use of the Premises or the exterior of any Improvement must first be approved by Landlord in writing, which consent shall not be unreasonably withheld.

11.2 Compliance With Laws. Tenant shall make any and all alterations or repairs on the Premises that may be required by all Laws from time to time applicable thereto. All Alterations and Improvements permitted under this Paragraph 11.2 shall be accomplished in a good and workmanlike manner, in conformity with all Laws, Legal Requirements and Insurance Requirements. Upon completion of any such work, Tenant shall supply Landlord "as built plans." Tenant shall indemnify and hold Landlord harmless from and against all actions, claims and Damages arising by reason of Tenant's failure to comply with the foregoing Provisions.

11.3 Surrender. Upon Expiration or Termination of this Lease, any Alteration made by Tenant under Provisions of this Paragraph 11 shall be deemed Improvements and the Provisions of Paragraph 2.4.3 shall govern the right of the parties with respect thereto.

11.4 Landlord's Obligations. Landlord shall have no obligation to alter, remodel, improve, decorate or paint the interior of the Premises or any part thereof during the Lease Term.

11.5 Improvements Part of Realty. Subject to the Provisions of Paragraphs 2.4.3 and 11.3 of this Lease, all Alterations or Improvements to the Premises made by or on behalf of the Tenant which may not be removed without substantial injury to the Premises shall become part of the realty immediately upon completion, shall be owned by Landlord and shall, at the end of the term hereof, remain in the Premises without compensation to Tenant, unless Landlord first waives its right to the Alterations or Improvements in writing.

12.0 CONDITION OF PREMISES, MAINTENANCE

12.1 Condition of Premises. (a) Landlord shall deliver the Premises to Tenant clean and free of debris on the Effective Date. (b) Except as otherwise provided in this Lease, Tenant hereby accepts the Premises in its condition existing as of the Effective Date or the date that Tenant takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county, and state Laws, ordinances, and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant's business.

12.2 Existing Conditions. Tenant has made a thorough inspection of the real property and is familiar therewith, and has accepted the Premises in an "as is" physical condition. Landlord makes no representation or warranty with respect to the condition of the Premises, including without limitation, the seismological condition thereof, or its fitness or availability for any particular use, and Landlord shall not be liable for any latent or patent defect therein.

12.3 Tenant's Maintenance Obligations. Tenant shall, at all times during the Term of this Lease, at its sole cost and expense, keep the Premises in Good Condition and maintained in good working order, and condition and repair the Premises and all Improvements and Alterations thereon, including water, electric, and gas lines located inside the Premises. Tenant shall provide routine custodial Maintenance of the Premises. Routine Maintenance is defined as all ordinary housekeeping Maintenance of the Premises and equipment and replacement of supplies that are normally performed on a day-to-day basis in order to keep the Premises operating in an efficient, clean, safe, and Good Condition. Routine Maintenance includes, but is not limited to:

1. Replacing light bulbs as needed where no specialized equipment is required to do so.
2. Regular cleaning of the area, storage spaces, and regular washing of windows removal of interior and exterior graffiti, and emptying of trash receptacles and ash trays.

Landlord shall not be obligated to make any repairs, replacement or renewals of any kind, nature or description whatsoever to the Premises nor to any Improvements or alterations now or hereafter located thereon, except that Landlord shall maintain the outside and roof of the structure containing the Leased Premises, including skylight, and painting the outside of the structure. In the event that the Tenant, its agent or invitees cause any Damage (excepting ordinary

wear and tear) to the Premises, Landlord may repair the same at Tenant's expense and Tenant shall immediately reimburse Landlord therefore. Tenant shall make or cause others to make all repairs, replacements or renewals, whether, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, necessary or appropriate to maintain the interior of the Premises in Good Condition. Tenant shall provide and maintain established standards of public health and cleanliness established by Landlord.

If Tenant fails to maintain the Premises in Good Condition, Landlord may give Tenant written notice specifying what actions are required to correct the conditions of the Premises. If Tenant fails to initiate such actions as are indicated by Landlord in its notice within thirty (30) days after Tenant's receipt of such notice, or thereafter fails to diligently proceed to complete such actions, that failure shall be deemed an Event of Default within the meaning of Paragraph 21. Landlord shall thereafter have all the rights, powers and remedies provided for in this Lease or at Law including the right to enter on the Premises and maintain or cause the Maintenance off the Premises as required by this Paragraph 12. Landlord shall be entitled to reimbursement for any amounts spent for such maintenance plus a fee of ten percent (10 %) of the cost of the work performed which shall be due and payable fifteen (15) days after Tenant receives Landlord's statement therefore. If Tenant fails to pay such amounts within that fifteen (15) day period, Landlord shall be entitled to interest thereon at the Default Rate from the end of that fifteen (15) days until paid.

Landlord shall not have any responsibility to perform any Maintenance on the Interior of the Premises except as is reasonable overall for building maintenance and safety.

At least once each quarter, representative(s) of Tenant responsible for supporting and overseeing operations of the Premises shall meet with representative(s) of Landlord and inspect the Premises and confer on status of operations and possible Improvements.

12.4 Common Maintenance and Landscaping program. If Landlord shall, after the Effective Date, implement a program for the common Maintenance and landscaping of common areas situated near the Boundaries of the Premises as agreed upon by Landlord and by other tenants, Tenant agrees to enter into an agreement with Landlord and Landlord's other tenants as appropriate implementing such a program, which shall be reasonable in light of the activities occurring on the Premises, and to pay its reasonable share of expenses.

12.5 Signage Program. Tenant agrees to comply with Landlord's regulations, policies and guidelines governing signage, and pay costs and operational expense of installing and maintaining signage for the Premises on Harbor property. No signs, directional, guiding, or other stripes, lines, directions or markings shall be installed or painted in or upon the Premises or removed by Tenant without prior written consent of Landlord.

12.6 Use of Premises by Landlord. Tenant shall promptly notify Landlord when the Premises will not be in use for more than ten (10) days, and shall make the Premises available for

temporary use by Landlord. Tenant shall give Landlord not less than twenty-four (24) hours notice when Tenant intends to resume use of the Premises.

12.7 Emergency Plan.

1. Tenant shall work with Landlord to complete a detailed emergency plan. Tenant shall instruct all persons employed by Tenant in the plan and each employee's responsibilities relating to the plan. Copies of the plan shall be posted in a prominent location on the Premises.
2. In the event of any major emergency or condition (i.e. power outage, flooding, fire, natural catastrophe or any other unanticipated condition that would disrupt normal operation of the Premises or imperil customers or staff) that may reasonably result in a threat to persons or property, Tenant shall immediately contact Landlord by telephone and Tenant's Manager or Assistant Site Manager shall report to the Premises and remain until the emergency has been resolved. If Landlord cannot be reached, Tenant shall make continued efforts to reach other staff persons as designated by Landlord until a Landlord representative has been notified. Landlord's facility operator is available 24 hours a day and can be reached by calling the Pillar Point Harbor Master, 650-726-4382 extension 4 or contact 911.
3. Tenant shall immediately erect and maintain such temporary signs, barricades, lights and other devices as may be necessary to warn people of any dangerous or defective conditions and shall take such actions as may be necessary to reasonably protect people from injury, loss or Damage which might result because of any such condition.
4. Any time a dangerous or defective condition may reasonably be known by Tenant to exist in the Premises or its environs, Tenant shall immediately take reasonable necessary protective action by calling the Pillar Point Harbor Master and immediately notifying Landlord by telephone and in writing of such condition and protective action.

12.8 Security of Premises. The security of the Premises shall be the responsibility of the Tenant.

13.0 INDEMNIFICATION AND EXCULPATION

13.1. Liability of Landlord. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income or for Damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers, or any other Person in or about the Premises. Nor shall Landlord be liable for injury to Tenant's officers, employees, agents, contractors, or invitees. Such limitation applies whether such Damage or injury is caused by or results from fire, steam, electricity, gas, water, rain, or from the breakage, leakage,

obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether said Damage or injury results from conditions arising upon the Premises or upon other portions of Landlord's property or from other sources or places and regardless of whether the cause of such Damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord shall not be liable for any Damages arising from any act or neglect of any other tenant, occupant, or user of the Landlord's property, nor from the failure of Landlord to enforce the Provisions of any other lease.

13.2 Waiver of Claims by Tenant. Tenant, as a material part of the consideration to be rendered to Landlord, hereby waives any and all claims against Landlord and its Agents, and agrees to hold Landlord and its Agents harmless from any claims for Damages to goods, wares, goodwill, merchandise, equipment, business opportunities and Persons in, upon or about said Premises for any cause arising at any time, including without limitations all claims arising from the joint or concurrent negligence of Landlord or its Agents, but excluding any intentionally harmful acts committed solely by Landlord.

13.3 Indemnification of Landlord. Tenant shall indemnify and hold Landlord and its elected officials, agents, officers, directors, contractors and employees (collectively, "Agents") harmless from, and shall defend them against any and all claims, demands, direct or vicarious liability, attorney fees, causes of action or judgments, Damage, injury or loss arising directly or indirectly out of: (a) any injury to or death of any person, including employees and officers of Tenant, or Damage to or destruction of any property occurring in, on or about the Premises, or any part thereof, from any cause whatsoever, (b) any Default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease, (c) the use, occupancy or condition of the Premises or the activities therein by Tenant, its agents, or clients, customers, invitees, guests, members, licensees, and assignees (collectively, "Invitees") or (d) any release or discharge, or threatened release or discharge, of any substance, waste or material which now or in the future is determined by any state, federal, or local governmental authority to be capable of posing a present or potential risk of injury to health, safety, the environment or property (collectively, "Hazardous Material") caused or allowed by Tenant in, under, on or about the Premises, or into the environment. This indemnity shall be enforceable, regardless of the negligence of Landlord and regardless of whether liability without fault is imposed or sought to be imposed on Tenant. This indemnity shall be enforceable except to the extent that such indemnity is void or otherwise unenforceable under applicable Law in effect on, or validly retroactive to, the date of this Lease. This indemnity includes all such loss, Damages, injury, liability or claim as described above, loss predicated in whole or in part, upon active or passive negligence of Landlord or its Agents. This indemnity shall exclude claims, liability, Damage or loss resulting solely and exclusively from the willful misconduct of Landlord which is not contributed to by any act of, or by any omission to perform some duty imposed by Law or agreement on, Tenant, its agents or Invitees.

In addition to Tenant's obligation to indemnify Landlord, Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Landlord from any claim that actually or potentially falls within this indemnification Provision, even if the allegations are

or may be groundless, false or fraudulent. Tenant's obligation to defend shall arise at the time such claim is tendered to Tenant by Landlord and shall continue at all times thereafter.

The foregoing indemnity obligation of Tenant shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification by Tenant shall begin from the first notice that any claim or demand is or may be made. The Provisions of this section shall survive the Termination of this Lease with respect to any Damage, destruction, injury or death occurring prior to such Termination.

13.4 Indemnification of Tenant. Landlord agrees to indemnify Tenant against and save harmless from and defend Tenant against, all demands, claims, attorneys' fees, causes of action or judgment for injury to Person, loss of life, or Damage to property occurring on said Premises arising from Landlord's negligence or willful or intentional misconduct.

14.0 INSURANCE

14.1 Comprehensive General Liability Insurance. Prior to Tenant's entry upon the Premises and throughout the term of this Lease, at Tenant's sole cost and expense, Tenant shall procure and keep in force or cause to be kept in force, at all times, for the protection of Landlord, and Tenant and naming Landlord, its agents and assignees as Additional Insured, Comprehensive General Liability Insurance including Products and Completed Operations coverage, and including coverage for bodily injury, personal injury and property Damage liability arising from the use, occupancy, Maintenance, disuse, or condition of the Premises and Improvements. The limits of liability should be usual and customary to the Tenant's industry, but not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) aggregate, bodily injury and property Damage including products and completed operations. In addition, excess liability in an amount not less than two million dollars (\$2,000,000) will also be kept in full force and effect. Such policy shall include a Waiver of Subrogation rights, and shall not contain any intra-insured exclusions (Cross Liability) as between insured Persons or organizations. The limits of said insurance shall not, however, limit the liability of Tenant.

14.2 Tenant's Property Insurance. Throughout the Lease term, at Tenant's sole cost and expense, Tenant shall procure and keep or cause to be kept in force, at all times, property insurance for the protection of Tenant, Lender and Landlord and naming Landlord, its agents and assignees as Additional Insured, all Improvements, all of Tenant's trade fixtures, Tenant-owned alterations, utility installations and personal property located on or appurtenant to the Premises, against loss or Damage by fire and such other risks as are now or hereafter included in the Special Form, vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either Landlord or Tenant from becoming a coinsurer under the Provisions of the policies, but in no event shall the amount be less than one hundred percent (100%) of the then actual replacement cost (herein called Full Insurable value). Landlord shall not carry any insurance the effect of which would be to reduce the protection or payment to Tenant under any insurance that this Lease obligates Tenant to carry. If any dispute arises as to whether the amount of insurance complies with the above and said dispute cannot be resolved by agreement,

Landlord may, not more often than every two (2) years, request the carrier of the insurance then in force to determine the Full Insurable Value as defined in this Provision, and the resulting determination shall be conclusive between the parties for the purpose of this paragraph. Tenant may include the holder of any Mortgage on the leasehold or on the fee or both as a loss payee. On Landlord's notice of demand Tenant shall include the holder of any Mortgage on the fee, pursuant to Paragraph 20.1, as a loss payee to the extent, of that Mortgage interest.

14.3 **Builder's Risk and Other Insurance.** Tenant shall provide to Landlord: (i) certificates of insurance evidencing Special Form coverage for "builder's risk", (ii) evidence of workers' compensation insurance covering all Persons employed in connection with the construction of the Improvements and Alterations and with respect to whom death or bodily injury claims could be asserted against Landlord or the Premises, and (iii) evidence that Tenant has paid or caused to be paid all premiums for coverage described in this Paragraph 14.3 sufficient to assure Maintenance of all insurance required herein during the anticipated course or the construction. Tenant shall maintain, keep in force, and pay all Premiums required for all insurance mentioned herein at all times during which construction work is in progress.

14.4 **Loss of Income and Extra Expense Insurance.** Tenant shall procure and maintain loss of income and extra expense insurance in amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants in the business of Tenant or attributable to prevention of access to the Premises as a result of such perils. Loss of income and extra expense insurance covering loss of income to the extent of net income for a six-month (6-month) period shall be procured and maintained by Tenant.

14.5 **Employer's Liability and Workers' Compensation Insurance.** Tenant, at its sole cost and expense shall, during the Lease Term, obtain, maintain and keep in full force and effect, Workers' Compensation Insurance as required by Law and Employer's Liability Insurance with limits or liability as required by Law, but in no event less than \$1,000,000 per each accident.

14.6 **Waiver of Subrogation Rights.** The parties release each other, and their respective authorized representatives, from any claims for Damage to the Premises or to the fixtures, personal property, Improvements or alterations of either Landlord or Tenant in or on the Premises which are caused by or result from risks insured against under any property insurance policies carried by the parties and in force at the time of any such Damage, to the extent such claims for Damage are paid by such policies. Each party shall cause each property insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the other party in connection with any Damage covered by any policy.

14.7 **Other Insurance Matters.** All the insurance required under this Lease shall: (i) be issued by insurance companies authorized to do business in the State of California with a current financial rating of at least an A+ Class XV or better as rated in the most recent edition of Best's Key Rating Guide; (ii) be issued as a primary policy; (iii) contain an endorsement requiring thirty (30) days written notice from the insurance company to Landlord before cancellation or material

change. Tenant shall name Landlord as an additional insured on any and all liability insurance policies.

Each insurance policy required hereunder, or a Certificate of the policy, shall be deposited with Landlord prior to the Commencement Date and not less than thirty (30) days before Expiration of the term of any policy then in force, except that the policy described in Paragraph 14.1 or a certificate thereof shall be delivered to Landlord prior to Landlord's entry upon the Premises.

14.8 Failure to Procure Insurance. If Tenant fails or refuses to procure or to maintain insurance required by this Lease or fails or refuses to furnish Landlord with required proof that the insurance has been procured and is in full force and effect, Landlord shall have the right, but not the obligation, upon five (5) days written notice to Tenant, to procure and maintain such insurance. The premiums paid by Landlord shall be chargeable to Tenant and shall bear interest at the legal rate then in effect in the State of California from the date when the premium is paid by Landlord.

14.9 Increase in Amount. Landlord may, at any time, require Tenant to increase the minimum dollar amounts for insurance required by this Lease, but every such increase shall be reasonable under the circumstances and in no event shall such increases more than double in any ten (10) year period. If there is any dispute regarding any increase, Landlord and Tenant shall submit this issue to an arbitrator and the matter shall be arbitrated pursuant to Paragraph 32.4 of this Lease.

14.10 Insurance during Construction. Before Tenant commences making major Improvements or Alterations to the Premises and before construction begins, Lessee shall obtain appropriate Certificates of Insurance naming Landlord as Additional Insured from any contractor employed by Tenant to make said alteration and provide Landlord with copies of said Insurance Certificates.

15.0 DAMAGE OR DESTRUCTION

15.1 Destruction Due to Risk Covered by Insurance. If a total destruction (rendering totally unusable fifty percent (50%), or more of Tenant's Improvements on the leased Premises), or a partial destruction (less than fifty per cent (50%)) occurs to Tenant-owned Improvements, and the loss is covered by the insurance described in Paragraph 14.2, Tenant shall within ninety (90) days thereafter commence and diligently prosecute the repair, Restoration, or replacement such that the completed work, which may be different in design, shall be equal in value, quality and use to the condition of the Improvements before the event giving rise to the work.

15.2 Destruction Due to Risk Not Covered by Insurance. If any Tenant-owned Improvements are damaged or destroyed by any casualty not covered by the insurance Provisions of this Lease and if the leased Premises are thereby rendered unfit for the uses prescribed herein, Tenant shall have the option of removing any Improvements and Alterations and returning the Premises as it was at the time of the inception of this Lease. In that event, Tenant may terminate this Lease, or rebuild the Improvements in such a way that it would be comparable in use and value (but not necessarily design) to the Improvements which had existed prior to the casualty.

16.0 NO CLAIMS AGAINST LANDLORD; NO PARTNERSHIP

Nothing contained in this Lease gives the Tenant any right, power, or authority to contract for or permit the performance of any labor or services or the furnishing of any material or other property in such a fashion as would permit the making of any claim against Landlord or its interest in the Premises. Neither the Provisions set forth herein for the computation of Rent, nor any one or more agreements herein contained is intended, nor shall the same be deemed or construed, to create a partnership between Landlord and Tenant, to make them joint ventures, or to make Landlord in any way responsible for the debts or losses of Tenant.

17.0 INTEGRATED AGREEMENT; MODIFICATION

This Lease contains all of the agreements of the parties hereto with respect to any matter for which Provision is made in this Lease, and no prior agreement or understanding, oral or written, express or implied, pertaining to any such matter shall be effective for any purpose. No Provisions of this Lease may be amended or added to and no consent or waiver shall be effective except by an instrument in writing signed by the party to be bound by such instrument. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Lease to the extent they are not incorporated herein.

18.0 ASSIGNMENT, SUBLETTING, AND HYPOTHECATION

18.1 Transfer of Tenant's Interest. Tenant shall not, voluntarily or by operation of law, assign or otherwise transfer this Lease or encumber any right or interest hereunder, or in or to any of the Improvements, or sublet or license the use of the Premises without the prior written approval of Landlord. No such assignment or other transfer, whether voluntary or involuntary, by merger or operation of Law under legal process, through receivership or bankruptcy, or otherwise, and no such subletting or licensing shall be valid or effective. Any attempted assignment, transfer, Mortgage, encumbrance, or subletting without Landlord's consent shall be void, and shall constitute a breach of this Lease without the need for notice to Tenant. Any sale or other transfer, including by consolidation, merger, or reorganization, of a majority of the voting stock of Tenant, if Tenant is a corporation, or any sale or other transfer of a majority of the partnership interest in Tenant, if Tenant is a partnership, shall be an assignment for purposes of this section.

18.2 Conditions for Subleasing. Landlord reserves the right to approve any subtenant and any sublease proposed by Tenant. Each sublease shall provide that, if Tenant Defaults or breaches this Lease, and if the Subtenant is notified of Tenant's Default or breach and if so instructed by Landlord, Subtenant shall make rental payments to Landlord or Encumbrance Holder. Tenant shall not accept, directly or indirectly, more than twelve (12) months prepaid rent from any Subtenant. Subrents shall be fixed at the fair rental value for the Premises. Subleases shall be made expressly subject to this Lease and shall permit the Subtenant to perform any act required of Tenant under this Lease. Subleases shall expressly require the Subtenant to comply with the terms, covenants, and conditions of this Lease on the subleased Premises, except that all rents and subrents shall be paid to Tenant, and each sublease shall also include such other terms,

covenants and conditions consistent with provisions of other leases of Landlord for similar uses, as may be required by Landlord. Tenant shall, promptly after execution of each Sublease, notify Landlord of the name and mailing address of the Subtenant and shall, promptly after demand, at Landlord's election, either provide Landlord with a copy of the Sublease or permit Landlord to examine and copy the Sublease.

The voluntary or other surrender of this Lease by Tenant, or mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subleases or may, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases.

18.3 Conditions for Assignment of Leasehold

Payment to Landlord for Return on General Maintenance

a) Notwithstanding any other Provision of this Lease to the contrary, should Tenant be allowed to assign or sell any portion or all of said Tenant's interest in this leasehold to any other Person, entity or group, said Tenant shall pay Landlord ten percent (10%) of the gross sales price, as a return to Landlord for the general maintenance, construction, improvement, advertising, and expansion of the Pillar Point Harbor area.

b) The "gross sales price" in the sale of any above described interest in this leasehold shall not include the sale of any standard and removable stock on hand or other personal property which may normally be removed by a tenant at the end of a leasehold, not having attained the status of Fixtures. The "gross sales price" shall include the value of the leasehold, any generalized goodwill associated with the leasehold on the Premises, the right to complete the terms of the lease and utilize the structure involved, and any and all fixtures in place on site which are not excluded above. Notwithstanding anything to the contrary in this Lease, without Landlord's prior written consent and without any payment being made to Landlord, the following transfer of interests in the Lease may be made: (i) any transfer resulting from the death of an individual holding an interest in the Lease; (ii) any transfer of an interest to or from a revocable trust; (iii) any transfer to a family member, defined as the Lease signator's spouse, child or sibling, or a trust for the benefit of such a family member, or to a partnership or other entity which is owned by a Person or Persons holding an interest in the Lease.

c) Additional Conditions for Assignment of Leasehold. Any assignment or sublease of all or substantially all of the leased Premises shall be deemed an assignment of the leasehold. Tenant shall file a Request to Assign Leasehold with Landlord to which shall be attached a completed Proposer's Questionnaire prepared by the prospective assignee. Concurrently with filing the Request to Assign Leasehold, Tenant shall pay in cash or certified or cashier's check the sum of Five Hundred Dollars (\$500.00) to Landlord to enable Landlord to adequately investigate the proposed assignee's qualifications. If the proposed assignee's net worth on the date of assignment is not equal to or greater than Tenant's net worth at the commencement of this Lease, Landlord may require Tenant to guarantee such assignee's obligations hereunder for such period as Landlord deems

advisable. Tenant shall have no current lease violations or breaches of lease and shall have had no lease violations or breaches of lease including no rent payment arrears within one (1) year of filing the Request to Assign Leasehold and throughout the lease assignment process. Landlord shall approve, disapprove or disapprove without prejudice any Request to Assign Leasehold within ninety (90) days of receipt of such request, but Landlord reserves the right to seek prospective assignees after receipt of Tenant's Request within the ninety (90) day period. Landlord shall refer any prospective assignees to Tenant for consideration. If Landlord does not approve or disapprove Tenant's Request to Assign Leasehold within ninety (90) days, such Request shall be deemed to have been denied unless the time period for Landlord approval or disapproval is extended by mutual written agreement of the parties.

Upon assignment of Tenant's interest in this Lease to a Landlord-approved assignee who has unconditionally assumed the obligations imposed by this Lease, Tenant and its predecessors in interest shall be relieved of all obligations hereunder arising after the date of such transfer.

18.4 Hypothecation. Tenant may, with the prior written approval of Landlord, grant a security interest in this Lease for the purpose of financing construction, including "major repairs" and "minor repairs" subject to compliance with each and every condition that follows. Landlord shall not unreasonably withhold approval.

1. No security interest in this Lease (which term shall be deemed to include the Leasehold Mortgage or deed of trust, the note evidencing any indebtedness secured by such Leasehold Mortgage or deed of trust and all documents evidencing the commitment of financing) shall extend to or affect the fee, the reversionary interest, or the estate of Landlord in and to any land or Landlord-owned Improvements now or hereafter erected on the leased Premises.
2. No security interest in this Lease shall cover more than one indebtedness except upon consolidation of construction and takeout loans, and then only to the extent of such consolidation. There shall be no more than one security interest outstanding at any time during the term of this Lease. No security interest in this Lease or assignment thereof shall be binding upon Landlord in the enforcement of its rights under this Lease, nor shall Landlord be deemed to have any notice thereof, unless such security interest complies with each and every Provision of this Lease pertaining to such security interest.
3. No security interest in this Lease shall be created with nor assigned to any person or entity, natural or artificial except an institutional lender (herein called "Encumbrance Holder") which shall mean any bona fide institution authorized under the Laws of the State of California to lend money on the security of an interest or interests in real property (if legally empowered to make loans contemplated by this Lease).
4. No security interest in this Lease or assignment thereof shall be valid unless all of the following conditions are met:
 - a. At the time of making such security interest this Lease is in full force and effect; and

b. Such security interest shall have been expressly made subject to the terms, covenants, and conditions of this Lease; and

c. Such security interest shall expressly provide that Encumbrance Holder shall provide evidence to Landlord that Encumbrance Holder has accepted or approved the completed Improvements and that the funds have been properly disbursed; and

d. Such security interest shall expressly provide that any proceeds from insurance, including fire or extended coverage, shall be used for repair or rebuilding of the leasehold Improvements and such other expenses as are expressly required to be paid from such proceeds by this Lease. Such security interest may provide that after such proceeds have been so applied, any remaining balance, which would then be payable to Lessee, could be used to repay all or part of the outstanding loan secured by such security interest.

e. Such security interest shall expressly provide that all notices of Default under the note and deed of trust or Leasehold Mortgage must be sent to Landlord and Tenant, and that Landlord shall have the right, but not the obligation, to cure the Default or cause the Default to be cured if Tenant fails to do so. Landlord shall have twenty (20) days in which to cure any Default or to cause any Default to be cured after the time for Tenant to cure it has expired. Any Sub-subtenant of such Subtenant of the Leased Premises, shall have the right, but not the obligation, to cure any Default within the period permitted for Landlord to cure such Default. If any such Subtenant of a Subtenant cures all Tenant's Defaults then existing, such Sub-subtenant or Subtenant's possession and use shall not be disturbed by Encumbrance Holder as long as the Subtenant performs its sublease provisions and continues to perform the obligations of the Tenant, including payment of rent to the Landlord and sums due the Encumbrance Holder according to their respective interests.

f. Landlord shall have received written notice of such security interest within five (5) days after the execution and delivery of such security interest and such security interest or abstract thereof shall have been recorded within ten (10) days after its execution and delivery.

5. If Encumbrance Holder acquired Tenant's interest in the Lease as a result of a sale under the security interest pursuant to a Judgment of foreclosure or through any transfer in lieu of foreclosure, including, without limitation, purchase at trust deed sale, such Encumbrance Holder shall have the privilege of transferring its interest in such Lease to a wholly owned subsidiary corporation without the prior consent of Landlord, and in such event, such Encumbrance Holder shall be relieved of any further liability under this Lease arising from and after such transfer.

6. Encumbrance Holder shall have the right, at any time during the term of the outstanding security interest and while this Lease is in full force and effect, to do any act or thing required by this Lease to be performed by Tenant in order to prevent a forfeiture of Tenant's rights hereunder, and all such acts or things so done shall prevent a forfeiture of Tenant's rights hereunder as if done by Tenant.

7. Written consent of Encumbrance Holder shall be obtained prior to any amendment to this Lease.

8. Each and all of the Provisions, agreements, terms, covenants, and conditions of this Lease to be performed, kept and observed by Landlord and Tenant shall be binding upon the heirs, executors, administrators, successors, and assigns of Landlord and Tenant, and all rights, privileges and benefits arising under this Lease in favor of Landlord, Tenant and Encumbrance Holder shall be available in favor of the heirs, executors, administrators, successors, and assigns thereof respectively, provided, however, that any assignment, hypothecation, or subletting by or through Tenant or Encumbrance Holder in violation of the Provisions of this Lease shall be void, and no rights whatsoever shall be conferred thereby.

18.5 Hypothecation or Assignment for Benefit of Creditors. A general assignment by Tenant for the benefit of creditors, or any action taken by Tenant under any insolvency or bankruptcy act, shall constitute a breach of this Lease by Tenant and because for immediate Termination of this Lease by Landlord, anything in this Lease to the contrary notwithstanding.

19.0 DEFAULT AND REMEDIES

19.1 Events of Default. If one or more of the following events ("Events of Default") shall occur, Landlord may exercise any of the rights and remedies specified in Paragraph 19.2:

- a) Tenant fails to pay any Rent when and as the same becomes due and payable and such failure continues for a period of twenty (20) days after written notice thereof is delivered to Tenant;
- b) Tenant fails to comply with any Insurance Requirement, if such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant.
- c) Tenant fails to perform or comply with any other term or condition of this Lease and such failure continues for thirty (30) days after written notice thereof from Landlord, and Tenant does not, subject to Unavoidable Delays, within such period, commence with due diligence and dispatch the curing of such Default.
- d) Tenant makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due or files a petition in bankruptcy, or is adjudged bankrupt or insolvent, or accepts or files a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, Law or regulation.
- e) Within ninety (90) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, Law or regulation, and such proceeding is not dismissed, or Tenant fails to commence defense of such action and thereafter continues to prosecute such defense, or, if within ninety (90) days after the

appointment without the consent or acquiescence of Tenant, of any Trustee, receiver or liquidate any material part of its assets, such appointment is not vacated, or Tenant fails to commence defense of such action and thereafter continue to prosecute such defense of such action.

f) Tenant vacates or abandons the Premises for five (5) business days in any thirty-day period.

g) Landlord discovers that any financial statement given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant, any successor in interest of Tenant or any guarantor of Tenant's obligation hereunder, was materially false at the time given.

19.2 Landlord's Remedies. Upon any Event of Default Landlord shall have the following remedies:

19.2.1 Tenant's Right to Possession Not Terminated. Landlord may continue this Lease in full force and effect, and the Lease will continue in effect as long as Landlord does not terminate Tenant's right to possession.

19.2.2 Termination of Tenant's Right to Possession. Landlord may terminate Tenant's right to possession of the Premises in the event of any event of Default as specified in Paragraph 19.1 and should such event of Default continue for thirty (30) days after receipt of written notice by Tenant from Landlord it shall be lawful for Landlord to terminate this Lease and enter upon and take possession of said Premises. The Landlord may retain or dispose of the Premises in accordance with applicable Law.

19.2.3 Landlord's Right to Cure Tenant's Default. Landlord, at any time after the Tenant Commits a Default, may cure the Default at Tenant's cost. If Landlord at any time, by reason of Tenant's Default, pays any sum or does any act that requires the payment of any sum, the sum paid by Landlord shall be due immediately from Tenant to Landlord.

19.3 Interest on Unpaid Sums. Sums not paid when due pursuant to Paragraphs 5.1 and 5.2 of this Agreement shall bear interest at the Default Rate from the date due until paid. No interest shall accrue or be paid for payments made no later than seven (7) business days after the due date.

19.4 Late Charge. Late payment by Tenant to Landlord of any sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount being impractical to fix. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, then without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's

Default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. If a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of any of the aforesaid monetary obligations of Tenant, then Rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding any other Provision of this Lease to the contrary.

20.0 SURVIVAL OF TENANT'S OBLIGATIONS; LANDLORD'S EQUITABLE RELIEF

No Expiration or Termination of this Lease pursuant to Paragraph 19.2.2 or by operation of Law or otherwise, shall relieve Tenant of its liabilities and obligations hereunder which have then accrued, which shall survive such Expiration or Termination, including, without limitation, the right of Landlord for indemnification against liability for personal injuries or for property damage occurring prior to the later of (i) Termination of this Lease or (ii) Tenant's vacation of the Premises, nor shall anything in this Lease be deemed to affect the right of Landlord to equitable relief where such relief is appropriate.

21.0 NO WAIVER BY LANDLORD

Landlord's failure to seek redress for the violation, or to insist on strict performance, of any term, Covenant or Condition of this Lease shall not be deemed a waiver of such violation or subsequent act which would have originally constituted a violation from having all the force and effect of an original violation. No delay or omission in the exercise or any right or remedy of Landlord upon any Default by Tenant shall impair such a right or remedy or be construed as a waiver. No act or conduct of Landlord, including, without limitation, acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the Expiration or Termination of this Lease. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a Termination of this Lease. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant. Any waiver by Landlord of any Default must be in writing and shall not be a waiver of any other Default concerning the same or any other Provision of the Lease.

22.0 REMEDIES CUMULATIVE

Each right, power and remedy of Landlord provided for in this Lease is now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease.

23.0 ENTRY BY LANDLORD

23.1 Entry for Inspection. Landlord and its respective authorized representatives shall have the right to enter the Premises without notice at any times during normal business hours and subject to Tenant's normal security requirements and, if required, accompanied at all times by a representative of Tenant for the purpose of inspecting the same or for the purpose of doing any

work hereunder, necessitated by an Event of Default, and to take all such action thereon as may be necessary or appropriate for any such purpose (but nothing herein contained in this Lease shall create or imply any duty on the part of Landlord to make any such inspection or do any such work).

23.2 Emergency Entry. Landlord may enter the Premises at any time, without notice, in the event of an emergency. Landlord shall have the right to use any and all means that Landlord may deem proper in such an emergency in order to obtain entry to the Premises. Entry to the Premises by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

23.3 No Liability. Landlord shall not be liable in any manner, and Tenant hereby waives any claim for Damages, for any inconvenience, disturbance, loss of business, nuisance, or other Damage, including without limitation any abatement or reduction in Lease fees due hereunder, arising out of Landlord's entry onto the Premises as provided in this Lease, except Damage resulting solely from the negligence or willful misconduct of Landlord or its authorized representatives.

23.4 Non-Disturbance. Landlord shall use its best efforts to conduct its activities on the Premises as allowed in this section, in a manner which, to the extent reasonably practicable, will cause the least possible inconvenience, annoyance or disturbance to Tenant.

24.0 PERFORMANCE ON BEHALF OF TENANT

If Tenant fails to make any payment or Perform any act required hereunder to be made or performed by Tenant, then Landlord shall provide Tenant with written notice and an opportunity to cure as specifically set forth herein. Thereafter, Landlord may make such payment or perform such act with the same effect as if made or performed by Tenant. Entry by Landlord upon the Premises for such purpose shall not waive or release Tenant from any obligation or Event of Default hereunder. Tenant shall reimburse (with interest at the Default Rate) Landlord for all sums so paid by Landlord in connection with the performance of such act.

25.0 ACCEPTANCE OF SURRENDER

No modification, Termination or Surrender of this Lease or surrender of the Premises or any part thereof or any interest therein by Tenant (except surrender upon Expiration or Termination of this Lease) shall be valid or effective unless agreed to and accepted in writing by Landlord and no act by any representative or agent of Landlord, other than such a written agreement and acceptance by Landlord shall constitute an acceptance thereof.

26.0 ESTOPPEL CERTIFICATE BY TENANT

Tenant will execute, acknowledge and deliver to Landlord within ten (10) days after receipt of Landlord's written request therefore certification that: (a) 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 modification); (b) the dates, if any, to which Rent, Additional Rent and other sums payable hereunder have been paid, (c) no notice has been received by Tenant of any Default which has not been cured except as to Defaults specified in said certificate; (d) Landlord is not in Default hereunder except as to Defaults specified in said certificate and (e) any other matters reasonably requested and related to this Lease. If Tenant fails to execute and return such certificate to Landlord within said ten (10) day period, Landlord may, at its option, treat failure to deliver such statement as a material default of the lease, or Landlord may execute such certificate on Tenant's behalf and agree to provide Tenant with a copy of said certificate. Any such certificate, whether executed by Tenant or Landlord on Tenant's behalf, shall be binding upon Tenant and may be relied upon by any prospective purchaser or Mortgagee of the Premises or any part thereof.

27.0 ESTOPPEL CERTIFICATE BY LANDLORD

Landlord will execute, acknowledge and deliver to Tenant within thirty (30) days of Tenant's written request, certification that: (a) 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 modification); (b) the dates if any, on which Rent, Additional Rent and other sums payable hereunder have been paid; (c) whether or not to the knowledge of Landlord there are then existing any Defaults under this Lease (and to specify the same); and (d) such other matters related to this Lease as are reasonably requested by the requesting party. Any such certificate shall be binding on Landlord and may be relied upon by any prospective transferee of Tenant's interest under this Lease. In the event Landlord fails to execute and return such certificate to Tenant within said thirty (30) day period, Tenant may, at its option, execute such certificate on Landlord's behalf and agrees to provide Landlord with a copy of said Certificate. Any such certificate, whether executed by Landlord or Tenant on Landlord's behalf, shall be binding upon Landlord and may be relied upon by any prospective purchaser or Mortgagee of the Premises or any part thereof.

28.0 CONVEYANCE BY LANDLORD

If the original or any successor Landlord conveys or otherwise disposes of Premises or its interest therein, it shall thereupon be released from all liabilities and obligations of Landlord under this Lease (except those accruing prior to such conveyance or other disposition) and such liabilities and obligations shall be binding solely on the then owner of the Premises. Tenant waives the protection of any statute or rule of law that gives or purports to give Tenant any right to terminate this Lease or surrender possession upon the transfer of Landlord's interest.

29.0 PROVISIONS SUBJECT TO APPLICABLE LAW

Rights, powers and remedies provided herein may be exercised only to the extent that exercise thereof does not violate any applicable Law, and are intended to be limited to the extent necessary so that they will not render this Lease invalid or unenforceable.

30.0 APPRAISAL

When the value of the Premises, or any part thereof is to be determined pursuant to any Provision of this Lease, such value shall be determined by agreement of Landlord and Tenant within thirty (30) days from the date negotiations commence, or in the absence of such agreement, by one independent appraiser selected by Landlord and Tenant. If the two parties cannot agree on such value or on a single appraiser, then at the written request of either party, Landlord and Tenant within fifteen (15) days after such notice shall each appoint an appraiser to make such determination, and notice of such appointment shall be given to the other party. If either party shall fail or refuse so to appoint an appraiser and give notice thereof within such period the appraiser appointed by the other party shall within thirty (30) days thereafter individually make such determination. If the parties have each so appointed an appraiser within such thirty (30) day period, the appraisers thus appointed shall proceed to determine such value within thirty (30) days after notice of their appointment. If such two appraisers shall be unable to agree on such value within such thirty (30) days, they shall immediately calculate the arithmetic average of their values which shall become the value. All reasonable costs, fees and expenses of the appraisers shall be borne equally by Tenant and Landlord.

31.0 NOTICES

Whenever any notice is required or permitted hereunder, such notice shall be in writing and shall be personally delivered, sent by U.S. Registered or Certified Mail, return receipt requested, postage prepaid, or sent by a nationally recognized overnight carrier service to the address set forth below or at such other addresses as are specified by written notice delivered in accordance herewith:

Landlord: SAN MATEO COUNTY HARBOR DISTRICT
400 Oyster Point Blvd. Suite 300
South San Francisco, CA 94080

Tenant: Mavericks Surf Shop
151B Harvard Avenue
Half Moon Bay, Ca. 94019

Any notice personally delivered as hereinabove provided shall be deemed effectively given on the date of receipt of such notice by Landlord, Tenant or a representative thereof. Any notice sent by U.S. Registered or Certified Mail or by a nationally recognized overnight courier service, shall be deemed effectively given on the date of delivery or attempted delivery thereon, whichever is sooner.

32.0 MEDIATION AND ARBITRATION

32.1 Service of process. Concurrently with the execution of this Lease, a form for the irrevocable appointment of an agent to receive service of process on behalf of the other party shall be executed by each party.

32.2 Disputes Subject to Mediation and Arbitration. Any dispute between the parties relating to the interpretation and enforcement of their rights and obligations under this Lease shall be resolved by mediation or arbitration in accordance with the Provisions of Paragraphs 32.3 et seq. of this Lease.

32.3 Initial Mediation. With respect to any dispute between the parties that is to be resolved by arbitration, the parties may mutually agree first to mediate such dispute and use their best efforts to reach agreement on the matters in dispute. If the parties are unable to agree on a mediator, or, if on completion of mediation, the parties are unable to settle the dispute, then the dispute shall be referred to arbitration in accordance with Paragraph 32.4.

32.4 Arbitration. Any dispute between the parties that is to be resolved by arbitration as provided in Paragraph 32.2 shall be settled and decided by arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as then in effect, except as provided below. Any such arbitration shall be held and conducted in the County of San Mateo by an arbitrator, who shall be selected by mutual agreement of the parties; if agreement is not reached on the selection of an arbitrator within fifteen (15) days, then Landlord and Tenant shall each choose an arbitrator, each of whom shall agree to select a third arbitrator who would actually arbitrate the dispute between the parties.

The provisions of the Commercial Arbitration American Arbitration Association shall apply and govern such arbitration, subject, however, to the following:

- a) Any demand for arbitration shall be in writing and must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date that institution of legal or equitable proceedings based on such claim, dispute, or other matter would be barred by the applicable statute of limitations.
- b) The arbitrator or arbitrators appointed must be former or retired judges or "attorneys" with at least ten (10) years experience in real property and commercial matters.
- c) All Proceedings involving the parties shall be reported by a Certified Shorthand court reporter and written transcripts of the proceedings shall be prepared and made available to the parties.
- d) The arbitrator or arbitrators shall prepare in writing and provide to the parties factual findings and the reasons on which the decision of the arbitrator or arbitrators is based.


- e) Final decision by the arbitrator or arbitrators must be made within ninety (90) days from the date the arbitration proceedings are initiated.
- f) The prevailing party shall be awarded reasonable attorneys fees, expert and non-expert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration, unless the arbitrator or arbitrators for good cause determine otherwise.
- g) Costs and fees of the arbitrator or arbitrators shall be borne by the non-prevailing party, unless the arbitrator or arbitrators for good cause determine otherwise.
- h) The award or decision of the arbitrator or arbitrators, which may include equitable relief, shall be final and judgment made be entered on it in accordance with applicable law in any court having jurisdiction over the matter.

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

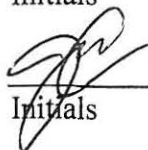
WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES PROVISION TO NEUTRAL ARBITRATION.



Initials



Initials



Initials

33.0 ATTORNEY'S FEES

Tenant shall reimburse Landlord, upon demand, for any reasonable costs or expenses incurred by Landlord in connection with an Event of Default under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees, costs for experts or other professional services, and costs incurred for the negotiation of a settlement, any enforcement of rights or otherwise. If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

Litigation Expenses. If either party hereto brings an action or proceeding (including any cross-complaint or counterclaim) against the other party by reason of a Default, or otherwise arising out of this Lease, the prevailing party in such action or proceeding, inclusive of any appeal, shall be entitled to recover from the other party its costs and expenses of suit, including but not limited to, reasonable attorneys' fees, which fees shall be payable whether or not such action is prosecuted to judgment. "Prevailing party" within the meaning of this section shall include, without limitation, a party who substantially obtains or defeats, as the case may be, the relief sought in the action, whether by compromise, settlement, judgment or the abandonment by the other party of its claim or defense.

34.0 QUIET ENJOYMENT

Upon Tenant's payment of Rent due hereunder, Tenant shall have quiet possession of the Premises for the Lease Term. If, at any time, Landlord's title or right to receive rent hereunder is disputed, or there is a change of ownership of Landlord's estate by any act of the parties or operation of law, Tenant may deposit in escrow Rent thereafter accruing until Tenant is furnished proof satisfactory to it as to the party entitled thereto.

35.0 MISCELLANEOUS PROVISIONS

35.1 Time is of the Essence. Time is of the essence with respect to the performance of each Provision of this Lease.

35.2 Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and Provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

35.3 Payments by Tenant. Except as otherwise expressly provided herein, Rent and all other sums payable by Tenant to Landlord under this Lease shall be paid without notice. All sums payable by Tenant shall be paid by good check in the currency of the United States at the Pillar Point Harbor office of Landlord as set forth below:

Office of the Harbor Master
Pillar Point Harbor

San Mateo County Harbor District
1 Johnson Pier
Half Moon Bay, CA 94019,

Or at such place and to such Person as Landlord may from time to time designate by written notice to Tenant.

35.4 Status of Parties on Termination of Lease. Except as provided in Paragraph 20, if either party elects to Terminate this Lease as provided herein, on the date the Lease terminates the parties shall be released from further liabilities and obligations and the Landlord shall return to Tenant any Unearned Rent, so long as Tenant is not in Default on the date the Lease terminates. Any Rent which has accrued but has not yet become due will be payable by Tenant to Landlord or credited in whole or in part to Tenant in the event that Landlord holds any Unearned Rent.

35.5 Exhibits; Incorporation in Lease. All exhibits referred to in this Lease are attached to this Lease and are incorporated herein by this reference.

35.6 Governing Law. This Lease shall be construed and interpreted in accordance with the Laws of the State of California, and venue for any action relating thereto shall be in San Mateo County.

35.7 Singular and Plural and Gender. When required by the context of this Lease, the singular shall include the plural, the male the female, and vice versa.

35.8 Joint and Several Obligations. "Party" shall mean Landlord or Tenant; and if more than one Person or entity, is Landlord or Tenant, the obligations imposed on that Party shall be joint and several.

35.9 Severability. The unenforceability, invalidity, or illegality of any Provision of this Lease shall not render the other Provisions of this Lease unenforceable, invalid or illegal, and this Lease shall remain in force and effect as if such unenforceable, invalid or illegal Provision had never been a part of this Lease.

35.10 Binding Effect. Each and all Provisions, agreements, terms, covenants and conditions of this Lease to be performed kept and observed by Landlord and Tenant shall be binding on any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease.

35.11 Third Party Beneficiaries. There are no third party beneficiaries of this Lease.

35.12 Interpretation. This Lease shall conclusively be presumed to have been drafted jointly by both parties hereto.

35.13 Authority. If either Party has a governing Board of Directors, that Party shall deliver to the other Party upon the execution of this Lease a certified copy of a resolution of its Board of Directors authorizing the execution of this Lease and naming the officers that are authorized to execute this Lease on the Party's behalf.

35.14 Captions. Captions are included in this Lease for convenience only and do not constitute a part of this Lease.

35.15 Section Headings. The section headings contained herein are for convenience in reference and are not to be used to construe the intent of this Lease or any part thereof, nor to modify, amplify, or aid in the interpretation or construction of any of the Provisions thereof.

35.16 Force Majeure. If either Party is delayed or prevented from the performance of any act required hereunder by reason of acts of God, strikes, lockouts, labor troubles, or other cause without fault and beyond the Party's control (financial inability and any closure of access roads that does not effect a total blockage of all access to the Premises excepted), performance of such act shall be excused and extended for a period equivalent to the period of such delay; provided, however, that nothing in this section contained shall excuse Tenant from the prompt payment of any rent or other charge required of Tenant hereunder except as may be expressly provided elsewhere in this Lease.

35.17 Nondiscrimination Covenant. Tenant covenants not to discriminate against or segregate any Person or group of Persons, on account of race, color, creed, religion, sex, marital status, sexual orientation, age, national origin, ancestry, or physical tenure.


36.0 MEMORANDUM OF LEASE

Concurrently with execution of this Lease, the Parties shall execute and acknowledge a Memorandum of Lease identifying the Lease to be recorded in San Mateo County. Upon the request of either Party, the Parties shall execute and acknowledge further Memoranda of any future amendments of this Lease.

The Parties hereto ratify, confirm and adopt all of the terms and conditions of the Lease.

IN WITNESS WHEREOF, the Parties have executed this Lease on the day and year first above written.

SAN MATEO COUNTY HARBOR DISTRICT

DATED: JUNE 11, 2010 BY: 

LANDLORD'S COUNSEL: MARC ZAFFERANO

6-16-10 BY: Marc Zafferano
(Approved as to Form)

MAVERICKS SURF COMPANY, LLC

DATED: 6/11/2010 BY: John B. Clark

DATED: 6/11/2010 BY: Cande Clark

TENANT'S COUNSEL: ELIZABETH KNIER

6/17/10 BY: Elizabeth Knier
(Approved as to Form)

EXHIBIT "A"

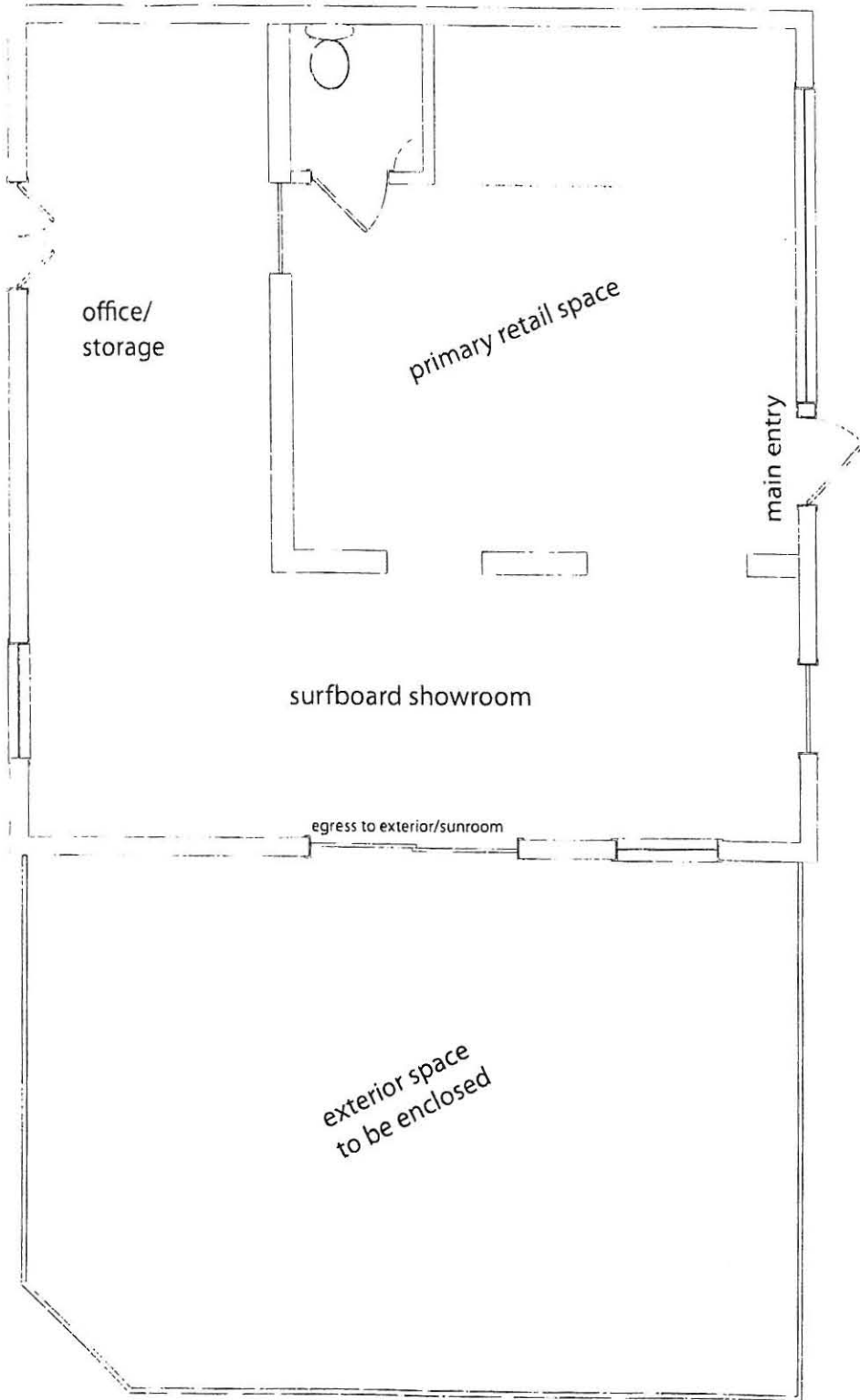
DESCRIPTION OF LEASED PREMISES

FOR

MAVERICKS SURF COMPANY, LLC

The premises described as Parcel 5 located at Pillar Point Harbor, El Granada, California consisting of approximately 800 square feet of space within the existing concession building and .02 acres of land. Together with the following: (1) non-exclusive rights of ingress and egress over other properties of the District; (2) the right to place tanks for propane, butane or similar gas on a suitable platform Northerly of the demised premises at a location approved by District and which shall be not less than twelve (12) feet from the said building, and the right to make suitable connections from said tanks to said building.

EXHIBIT "A"



Mavericks Surf Shop
Scale: 1/4" = 1'-0"
Date: 3/25/10
Drawn by: M.A.P.
Approved by: [Signature]
The Village Collection
Drawing Number: [Number]

EXHIBIT B

MAVERICKS SURF COMPANY, LLC

Post Office Box 236
El Granada, California 94018-0236
(650) 563-9060

Intended Use

Mavericks Surf Shop is an iconic surf shop located and historical destination. Founded by Mavericks surf legend Jeff Clark, the shop features exclusive Mavericks surf apparel, Jeff Clark signature clothing, Jeff Clark Surfboards and traditional surf accessories. The goal of Mavericks Surf Shop is to be the premier surf shop in Half Moon Bay, offering a full range of surf-related products and services. The shop will also be home to the Mavericks Surf Museum & Gallery, making this iconic shop a destination for surfers and tourists alike.

The new proposed location of the shop at 25 Johnson Pier in Princeton will complement existing businesses and not compete with the current tenants and their services. The proposed site will be redesigned as a retail space and developed to reflect surfing culture, featuring products for sale as well as displays of surfboards, photography, art and surf memorabilia, targeted to surfers, local residents and tourists. The shop will also rent surfboards and wetsuits.

Our goal is to be a destination shop, bringing new visitors to the harbor area.

ACKNOWLEDGMENT

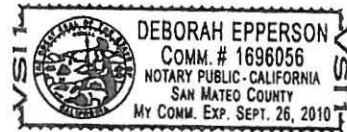
State of California
County of San Mateo

On June 11, 2010 before me, Deborah Epperson, Notary Public
(insert name and title of the officer)

personally appeared Peter Grenell and Jeff Clark and Cassandra P. Clark,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are
subscribed to the within instrument and acknowledged to me that ~~he~~ they executed the same in
~~his~~ their authorized capacity(ies), and that by ~~his~~ their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.



Signature Deborah Epperson (Seal)

ACKNOWLEDGMENT

State of California
County of San Mateo)

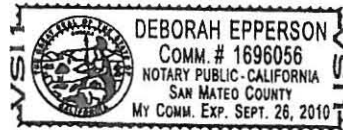
On June 16, 2010 before me, Deborah Epperson, Notary Public
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Deborah Epperson (Seal)



ACKNOWLEDGMENT

State of California
County of San Mateo)

On June 17, 2010 before me, Deborah Epperson, Notary Public
(insert name and title of the officer)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature Deborah Epperson (Seal)

