

EXHIBIT A
RESTATED LEASE

**AMENDED AND RESTATED LEASE AGREEMENT
PARCEL 8T — MARINA DEL REY**

THIS AMENDED AND RESTATED LEASE AGREEMENT (“**Lease**”) is made and entered into as of the _____ day of _____, ____ (“**Effective Date**”), by and between the COUNTY OF LOS ANGELES (“**County**”), as lessor, and NF MARINA LP, a California limited partnership (together with its permitted successors and assigns, “**Lessee**”), as lessee.

RECITALS

WHEREAS, County and Vadim P. Kondratief dba V.P.K. Investment & Development Company (the “**Original Lessee**”), entered into Lease No. 4985, dated October 4, 1961 (as amended prior hereto, the “**Existing Lease**”), pursuant to which Lessee has leased from County that certain real property in the Marina del Rey Small Craft Harbor now commonly known as Parcel No. 8T and which is more specifically described on Exhibit A attached hereto and incorporated herein by this reference (the “**Premises**”), the term of which commenced on June 8, 1961 and was originally scheduled to expire on June 7, 2021 (the “**Existing Expiration Date**”); and

WHEREAS, Lessee is the current successor-in-interest to the Original Lessee’s right, title and interest as lessee under the Existing Lease; and

WHEREAS, County and Lessee entered into that certain Option to Amend Lease Agreement (Parcel 8T) dated as of _____, 2009 (the “**Option Agreement**”), pursuant to which County granted Lessee an option (the “**Option**”) to amend and restate the Existing Lease in its entirety, upon the terms and conditions more specifically provided herein, including, without limitation, (i) the extension of the term of the Existing Lease through June 7, 2051, and (ii) the renovation of the land-side improvements on the Premises and the replacement of all anchorage improvements on the Premises, all in accordance with the terms and provisions set forth in this Lease; and

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

NOW, THEREFORE, in reliance on the foregoing and in consideration of the mutual covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Lessee agree that the Existing Lease is hereby amended and restated in its entirety, as follows:

1. BACKGROUND AND GENERAL.

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

1.1.1 “**ACTUAL COST**” shall mean (i) the reasonable out-of-pocket costs and expenses incurred by County with respect to a particular activity or procedure, including without limitation, expenditures to third party legal counsel, financial consultants and advisors (including the use of County’s environmental consultant), (ii)

costs incurred in connection with appraisals, (iii) the reasonable value of services actually provided by County's in-house counsel, and (iv) the reasonable value of services actually provided by County's lead lease negotiator/administrator and any other lease auditors and other County administrative staff below the level of deputy director (the administrative level which is two levels below County department head) required by the lead lease negotiator/administrator for technical expertise or assistance. In those instances in which Lessee is obligated to reimburse County for its Actual Costs incurred in performing obligations required to be performed by Lessee under this Lease which Lessee fails to perform within the applicable cure period, if any, provided under this Lease, Actual Costs shall also include a reasonable allocation of County overhead and administrative costs to compensate County for performing such obligations on behalf of Lessee.

1.1.2 "ADA" shall have the meaning set forth in Section 1.2.1.

1.1.3 "ADDITIONAL DISPUTES" shall have the meaning set forth in Section 16(a).

1.1.4 "ADJUSTMENT DATES" shall have the meaning set forth in Section 4.3.

1.1.5 "ADMINISTRATIVE CHARGE" shall have the meaning set forth in Section 4.6.

1.1.6 "AGGREGATE TRANSFER" shall have the meaning set forth in Subsection 4.6.3.

1.1.7 "ALTERATIONS" shall have the meaning set forth in Section 5.2.

1.1.8 "ANCHORAGE IMPROVEMENTS" shall have the meaning set forth in Section 5.1.

1.1.9 "ANTENNAE" shall have the meaning set forth in Subsection 3.2.2.5.

1.1.10 "ANNUAL MINIMUM RENT" shall have the meaning set forth in Subsection 4.2.1.

1.1.11 "ANNUAL RENT" shall have the meaning set forth in Section 4.2.

1.1.12 "APPLICABLE LAWS" shall have the meaning set forth in Subsection 1.2.1.

1.1.13 "APPLICABLE RATE" shall mean an annually compounded rate of interest equal to the lesser of (a) ten percent (10%) per annum or (b) the Prime Rate, as defined in Subsection 4.4.5, plus three percent (3%) per annum; provided, however, that the Applicable Rate shall in no event exceed the maximum rate of interest which may be charged pursuant to Applicable Laws.

1.1.14 “APPROVED APARTMENT/SLIP LEASE” shall have the meaning set forth in Subsection 11.1.2.

1.1.15 “APPROVED GOVERNMENTAL CHANGES” shall mean any changes to the Redevelopment Work (or other Alterations, as applicable) required by the California Coastal Commission or other applicable governmental agency as a condition to the issuance of required governmental permits and approvals for such Redevelopment Work (or other Alterations, as applicable), except for any change that is a Material Modification.

1.1.16 “ASSIGNMENT STANDARDS” shall have the meaning set forth in Section 11.2.

1.1.17 “AUDITOR-CONTROLLER” shall mean the Auditor-Controller of the County of Los Angeles, California.

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

1.1.19 “BASE VALUE” shall have the meaning set forth in Subsection 4.8.1.1.

1.1.20 “BENEFICIAL INTEREST” shall have the meaning set forth in Subsection 4.6.4.

1.1.21 “BOARD” shall mean the Board of Supervisors for the County of Los Angeles.

1.1.22 “BUSINESS DAY” shall have the meaning set forth in Section 17.3.

1.1.23 “CALCULATION NOTICE” shall have the meaning set forth in Section 4.7.

1.1.24 “CAPITAL IMPROVEMENT FUND” shall have the meaning set forth in Section 5.13.

1.1.25 “CHANGE OF OWNERSHIP” shall have the meaning set forth in Subsection 4.6.1.

1.1.26 “CHANGE OF CONTROL” shall have the meaning set forth in Subsection 4.6.1.

1.1.27 “CITY” shall mean the City of Los Angeles, California.

1.1.28 “COMPLETION DATE” shall mean the date of receipt of a certificate or certificates of occupancy (whether temporary or permanent) or other applicable governmental permit(s), certificate(s) or approval(s) in connection with the Redevelopment Work permitting the legal occupancy of at least 195 of the renovated apartment units.

- 1.1.29 “CONDEMNATION” shall have the meaning set forth in Subsection 6.1.1.
- 1.1.30 “CONDEMNOR” shall have the meaning set forth in Subsection 6.1.4.
- 1.1.31 “CONSUMER PRICE INDEX” shall mean the Consumer Price Index-- All Urban Consumers for Los Angeles-Riverside-Orange County, as published from time to time by the United States Department of Labor or, in the event such index is no longer published or otherwise available, such replacement index as may be reasonably agreed upon by County and Lessee.
- 1.1.32 “COST” shall have the meaning set forth in Subsection 4.2.2.3(6).
- 1.1.33 “COUNTY” shall have the meaning set forth in the first paragraph of this Lease.
- 1.1.34 “COUNTY OPTION” shall have the meaning set forth in Subsection 11.2.4.
- 1.1.35 “COUNTY OPTION PRICE” shall have the meaning set forth in Subsection 11.2.4.
- 1.1.36 “COUNTY POOL RATE” shall have the meaning set forth in Subsection 4.4.5 of this Lease.
- 1.1.37 “CREDIT PERIOD” shall have the meaning set forth in Subsection 4.2.2(a).
- 1.1.38 “DATE OF TAKING” shall have the meaning set forth in Subsection 6.1.2.
- 1.1.39 “DEFAULT TERMINATION” shall have the meaning set forth in Subsection 2.3.2.
- 1.1.40 “DEMOLITION AND REMOVAL REPORT” shall have the meaning set forth in Subsection 2.3.2.
- 1.1.41 “DEMOLITION SECURITY” shall have the meaning set forth in Subsection 2.3.2.
- 1.1.42 “DEPARTMENT” shall mean the Department of Beaches and Harbors of the County of Los Angeles.
- 1.1.43 “DIRECTOR” shall mean the Director of the Department of Beaches and Harbors of the County of Los Angeles or any successor County officer responsible for the administration of this Lease.

1.1.44 "DISQUALIFICATION JUDGMENT" shall have the meaning set forth in Subsection 16.14.1.

1.1.45 "DOCUMENTED TRANSACTION COSTS" shall have the meaning set forth in Subsection 4.8.1.2.

1.1.46 "EFFECTIVE DATE" shall have the meaning set forth in the first paragraph of this Lease.

1.1.47 "ENCUMBRANCE" shall have the meaning set forth in Subsection 12.1.1.

1.1.48 "ENCUMBRANCE HOLDER" shall have the meaning set forth in Subsection 12.1.1.

1.1.49 "ENR INDEX" shall mean the Engineering News Record (ENR) Construction Cost Index for the Los Angeles Area, or such substitute index upon which the parties may reasonably agree if such index is no longer published or otherwise available.

1.1.50 "ESTIMATED COSTS" shall have the meaning set forth in Subsection 2.3.2.

1.1.51 "EVENTS OF DEFAULT" shall have the meaning set forth in Section 13.1.

1.1.52 "EXCLUDED TRANSFERS" shall have the meaning set forth in Subsection 4.6.2.

1.1.53 "EXISTING EXPIRATION DATE" shall have the meaning set forth in the first paragraph of the Recitals to this Lease.

1.1.54 "EXISTING LEASE" shall have the meaning set forth in the first paragraph of the Recitals to this Lease.

1.1.55 "EXCESS PERCENTAGE RENT PAYMENT" shall have the meaning set forth in Subsection 4.2.2.4.

1.1.56 "EXTENDED TIME" shall have the meaning set forth in Section 15.15.

1.1.57 "FAIR MARKET RENTAL VALUE" shall have the meaning set forth in Subsection 4.4.1.

1.1.58 "FINAL PLANS AND SPECIFICATIONS" shall have the meaning set forth in Subsection 5.3.3.

1.1.59 "FINANCING EVENT" shall have the meaning set forth in Section 12.1.

1.1.60 "FIRST ADJUSTMENT DATE" shall have the meaning set forth in Subsection 4.2.1.

1.1.61 "FORCE MAJEURE" shall mean any inability of a party to perform any non-monetary obligation under this Lease due to fire, storm, storm surge or tsunami, earthquake, high wind, other casualty or acts of God, civil riots, war, terrorist act, embargo, governmental order, industry-wide strikes or organized labor disputes, or other similar causes beyond the reasonable control of the party required to perform the subject obligation. In the case of the construction by Lessee of the Redevelopment Work, "Force Majeure" shall also include a hidden condition, including without limitation environmental contamination, relating to the foundation, substructure or subsurface of the Premises which was not known to Lessee as of the commencement of such construction.

1.1.62 "GROSS ERROR" shall have the meaning set forth in Subsection 16.15.4.

1.1.63 "GROSS RECEIPTS" shall have the meaning set forth in Subsection 4.2.2.3.

1.1.64 "GROSS TRANSFER PROCEEDS" shall have the meaning set forth in Section 4.8.

1.1.65 "HAZARDOUS SUBSTANCES" shall mean the following:

(a) petroleum, any petroleum by-products, waste oil, crude oil or natural gas;

(b) any material, waste or substance that is or contains asbestos or polychlorinated biphenyls, or is radioactive, flammable or explosive; and

(c) any substance, product, waste or other material of any nature whatsoever which is or becomes defined, listed or regulated as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "solid waste" or similarly defined substance pursuant to any Applicable Laws.

1.1.66 "IMPROVEMENTS" means all buildings, structures, fixtures, fences, fountains, walls, paving, parking areas, driveways, walkways, plazas, landscaping, permanently affixed utility systems, slips, end-ties and other anchorage improvements, and other improvements now or hereafter located on the Premises.

1.1.67 "IMPROVEMENT COSTS" shall have the meaning set forth in Subsection 4.8.1.1.

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

1.1.69 "INITIAL CURE PERIOD" shall have the meaning set forth in Subsection 12.4.1(2)(a).

1.1.70 "INITIATING PARTY" shall have the meaning set forth in Section 16 (a).

1.1.71 "INSTITUTIONAL LENDER" shall have the meaning set forth in Subsection 12.1.3.1.

1.1.72 "INSURANCE RENEGOTIATION DATE" shall have the meaning set forth in Section 9.6.

1.1.73 "LATE FEE" shall have the meaning set forth in Section 4.5.

1.1.74 "LEASE" shall have the meaning set forth in the first paragraph above.

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

1.1.76 "LESSEE" shall have the meaning set forth in the first paragraph of this Lease.

1.1.77 "LESSEE SALE PRICE" shall have the meaning set forth in Subsection 11.2.4.

1.1.78 "MAJOR SUBLEASE" shall have the meaning set forth in Subsection 11.1.1.

1.1.79 "MAJOR SUBLESSEE" shall have the meaning set forth in Subsection 11.1.1.

1.1.80 "MATERIAL MODIFICATION" shall mean a modification to the Redevelopment Work (or other Alterations, as applicable) with respect to which any one of the following applies: (1) the total cost of the modifications exceeds the greater of (a) One Hundred Thousand Dollars (\$100,000.00), adjusted annually to reflect the percentage change in the ENR from the Effective Date to the date on which the modification is requested, or (b) one percent (1%) of the total estimated construction cost of the Redevelopment Work (or the other Alterations that are then proposed to be constructed by Lessee); (2) the proposed modification is structural in nature; (3) the modification materially affects or is visible from the exterior of the Improvements; (4) the modification is not in compliance with the Permitted Uses under this Lease; or (5) the modification (a) changes the total square footage of the Improvements by more than two percent (2%), (b) changes the total number of apartment units, (c) reduces the number of parking spaces, except for a reduction in the number of parking spaces consistent with the reduction in the number of parking spaces required for the Improvements under Applicable Law (without variance) resulting from either a reduction in the square footage of the Improvements, a reduction in the number of units of the Improvements or another permitted modification to the Improvements or their use, (d) changes the number of anchorage slips or end-ties, or (e) alters the Promenade.

1.1.81 "MINIMUM STANDARDS" shall mean the requirements of Policy Statement No. 25 and the Specifications and Minimum Standards of Architectural

Treatment and Construction for Marina del Rey approved in 1989, as modified by County or the Department from time to time in a manner consistent with commercially reasonable standards applicable to other comparable residential apartment project and marina facilities in Marina del Rey.

1.1.82 "MONTHLY MINIMUM RENT" shall have the meaning set forth in Subsection 4.2.1.

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

1.1.84 "NET PROCEEDS SHARE" shall have the meaning set forth in Section 4.6.

1.1.85 "NET REFINANCING PROCEEDS" shall have the meaning set forth in Subsection 4.8.5.

1.1.86 "NET TRANSFER PROCEEDS" shall have the applicable meaning set forth in Subsection 4.8.1 or 4.8.2.

1.1.87 "NOTICE OF COMPLETION" shall have the meaning set forth in Subsection 5.7.7.

1.1.88 "OPTION" shall have the meaning set forth in the third paragraph of the Recitals to this Lease.

1.1.89 "OPTION AGREEMENT" shall have the meaning set forth in the third paragraph of the Recitals to this Lease.

1.1.90 "OPTION FEE" shall have the meaning set forth in Subsection 4.8.1.1.

1.1.91 "ORIGINAL LESSEE" shall have the meaning set forth in the first paragraph of the Recitals to this Lease.

1.1.92 "PARTIAL TAKING" shall have the meaning set forth in Section 6.5.

1.1.93 "PAYMENT BOND" shall have the meaning set forth in Subsection 5.4.3.2.

1.1.94 "PERCENTAGE RENT" shall have the meaning set forth in Subsection 4.2.2.

1.1.95 "PERFORMANCE BOND" shall have the meaning set forth in Subsection 5.4.3.1.

1.1.96 "PERMITTED CAPITAL EXPENDITURES" shall have the meaning set forth in Section 5.13.

1.1.97 "PERMITTED USES" shall have the meaning set forth in Section 3.1.

1.1.98 "PORTION SUBJECT TO DEMOLITION" shall have the meaning set forth in Subsection 2.3.2.

1.1.99 "POST TERM REMOVAL PERIOD" shall have the meaning set forth in Subsection 2.3.2.

1.1.100 "PREMISES" shall have the meaning set forth in the first paragraph of the Recitals to this Lease.

1.1.101 "PRIMARY COVERAGE" shall have the meaning set forth in Subsection 9.1.1.

1.1.102 "PRIME RATE" shall mean the prime or reference rate announced from time to time by Bank of America, N.A. or its successor, or if Bank of America, N.A. and its successor cease to exist then the prime or reference rate announced from time to time by the largest state chartered bank in California in term of deposits.

1.1.103 "PROMENADE" shall have the meaning set forth in Section 15.20 and in the Renovation Plan.

1.1.104 "PROPOSED TRANSFER" shall have the meaning set forth in Subsection 11.2.4.

1.1.105 "PUBLIC WORKS DIRECTOR" shall mean the Director of the Department of Public Works of the County of Los Angeles.

1.1.106 "PURCHASE MONEY NOTE" shall have the meaning set forth in Subsection 4.7.2.

1.1.107 "REDEVELOPMENT WORK" shall have the meaning set forth in Section 5.1.

1.1.108 "REDUCTION REQUIREMENT" shall have the meaning set forth in Section 7.1.

1.1.109 "RENEGOTIATION DATES" shall have the meaning set forth in Section 4.4.

1.1.110 "RENOVATION PLAN" shall have the meaning set forth in Section 5.1.

1.1.111 "REPLY" shall have the meaning set forth in Section 16.5.

1.1.112 "REQUEST FOR ARBITRATION" shall have the meaning set forth in Section 16(a).

1.1.113 "REQUESTING PARTY" shall have the meaning set forth in Section 16(a).

1.1.114 "REQUIRED ANCHORAGE IMPROVEMENTS COMPLETION DATE" shall have the meaning set forth in Section 5.1.

1.1.115 "REQUIRED COMPLETION DATE" shall have the meaning set forth in Section 5.1.

1.1.116 "REQUIRED CONSTRUCTION COMMENCEMENT DATE" shall have the meaning set forth in Section 5.1.

1.1.117 "REQUIRED COST AMOUNT" shall have the meaning set forth in Section 5.1.

1.1.118 "RESPONSE" shall have the meaning set forth in Section 16(a).

1.1.119 "RESPONDING PARTY" shall have the meaning set forth in Section 16(a).

1.1.120 "REVERSION AMENDMENT" shall have the meaning set forth in Section 5.1.

1.1.121 "SECURITY DEPOSIT" shall have the meaning set forth in Section 7.1.

1.1.122 "SEPARATE DISPUTE" shall have the meaning set forth in Subsection 16.10.1.

1.1.123 "STATE" shall mean the State of California.

1.1.124 "STATEMENT OF POSITION" shall have the meaning set forth in Subsection 16.5(2)(a).

1.1.125 "SUBLEASE" shall have the meaning set forth in Subsection 11.1.1.

1.1.126 "SUBLESSEE" shall have the meaning set forth in Subsection 11.1.1.

1.1.127 "SUBSEQUENT RENOVATION" shall have the meaning set forth in Section 5.11.

1.1.128 "SUBSEQUENT RENOVATION FUND" shall have the meaning set forth in Section 5.12.

1.1.129 "SUBSEQUENT RENOVATION PLAN" shall have the meaning set forth in Section 5.11.

1.1.130 "TAKE OUT FOOD OPERATION" shall have the meaning set forth in Subsection 4.2.2 (j).

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

1.1.132 "TIME OF THE ESSENCE" shall have the meaning set forth in Section 15.2.

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

1.1.134 "UNINSURED LOSS" shall have the meaning set forth in Section 10.5.

1.1.135 "WRITTEN APPRAISAL EVIDENCE" shall have the meaning set forth in Section 16.7.

1.2 Lease. For and in consideration of the payment of rentals and the performance of all the covenants and conditions of this Lease, County hereby leases to Lessee, and Lessee hereby leases and hires from County, an exclusive right to possess and use, as tenant, the Premises for the Term (as hereinafter defined) and upon the terms and conditions and subject to the requirements set forth herein. This Lease fully amends, restates, replaces and supersedes the Existing Lease.

1.2.1 As-Is. Lessee acknowledges that (1) it is currently in possession of the Premises, (2) Lessee or its predecessors-in-interest have continuously occupied and/or managed and operated the Premises since 1961, and (3) the Improvements now existing on the Premises were constructed by Lessee or its predecessors with contractors selected by them. Except as provided in Subsection 1.2.2, Lessee accepts the Premises in their present condition notwithstanding the fact that there may be certain defects in the Premises, whether or not known to either party as of the Effective Date, and Lessee hereby represents that it has performed all investigations that it deems necessary or appropriate with respect to the condition of the Premises or Improvements. Lessee hereby accepts the Premises on an "AS-IS, WITH ALL FAULTS" basis and, except as expressly set forth in this Lease, Lessee is not relying on any representation or warranty of any kind whatsoever, express or implied, from County or any other governmental authority or public agency, or their respective agents or employees, as to any matters concerning the Premises or any Improvements located thereon, including without limitation: (i) the quality, nature, adequacy and physical condition and aspects of the Premises or any Improvements located thereon, including, but not limited to, the structural elements, foundation, roof, protections against ocean damage, erosion, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, heating, ventilating and air conditioning, plumbing, sewage and utility systems, facilities and appliances, and the square footage of the land or Improvements, (ii) the quality, nature, adequacy and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Premises and the Improvements located thereon, (iv) the development potential of the Premises, and the use, habitability, merchantability or fitness, or the suitability, value or adequacy, of the Premises or any Improvements located thereon for any particular purpose, (v) the zoning, entitlements or other legal status of the Premises or Improvements, and any public or private restrictions affecting use or occupancy of the Premises or Improvements, (vi) the compliance of the Premises or Improvements with any applicable codes, rules, regulations, statutes, resolutions, ordinances, covenants, conditions and restrictions or laws of the County, State, United States of America,

California Coastal Commission or any other local, state or federal governmental or quasi-governmental entity ("**Applicable Laws**"), including, without limitation, relevant provisions of the Americans with Disabilities Act ("**ADA**"), (vii) the presence of any underground storage tank or Hazardous Substances on, in, under or about the Premises, Improvements, the adjoining or neighboring property, or ground or other subsurface waters, (viii) the quality of any labor and materials used in any Improvements, (ix) the condition of title to the Premises or Improvements, and (x) the economics of the operation of the Premises or Improvements.

1.2.2 Title. County represents that County owns fee title to the Premises and that County has authority to enter into this Lease. Lessee hereby acknowledges the title of County and/or any other public entity or agency having jurisdiction thereover, in and to the Premises, and covenants and agrees never to contest or challenge the extent of said title, except as is necessary to ensure and enforce Lessee's rights under this Lease, as amended from time to time.

2. TERM; OWNERSHIP OF IMPROVEMENTS.

2.1 Term. The term of the Lease ("**Term**") commenced on June 8, 1961 and, unless terminated sooner in accordance with the provisions of this Lease, shall expire at 11:59 p.m. on June 7, 2051. For purposes of this Lease, "**Lease Year**" shall mean each calendar year (or partial calendar) during the Term of this Lease.

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

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

2.3.1 County's Election to Receive Improvements. Unless Lessee is expressly directed by County in writing in accordance with this Section 2.3 to demolish and remove Improvements upon the expiration or earlier termination of the Term, all Improvements located on, in, or under the Premises (including all fixtures or equipment affixed thereto) shall remain upon and be surrendered with the Premises as part thereof, and title to such Improvements shall vest in County without any compensation to Lessee. Nothing contained herein shall be construed to deny or abrogate the right of Lessee, prior to the expiration of the Term or termination of this Lease, to (a) receive any and all proceeds which are attributable to the Condemnation of Improvements belonging to Lessee immediately prior to the taking of possession by the Condemnor, to the extent provided in Article 6 of this Lease, or (b) remove any furniture or equipment that is neither permanently affixed to, or reasonably necessary for the operation of, the Premises, any signage identifying Lessee (as opposed to other signage used in the operation of the Premises and Improvements), or any personal property, upon the expiration of the Term or earlier termination of this Lease or at any time during the Term,

subject to Lessee's obligations under this Lease to use the Premises for the Permitted Uses.

2.3.2 Duty to Remove. No earlier than eleven (11) years, and no later than ten (10) years prior to the expiration of the Term, Lessee shall deliver to County a report prepared by a construction and demolition expert reasonably approved by County that details and estimates the cost and required time period for the removal of all Improvements on the Premises at the expiration of the Term (the "**Demolition and Removal Report**").

County may elect to require Lessee at the end of the Term or any earlier termination of this Lease to remove, at the sole cost and expense of Lessee, all or any portion of the Improvements located on, in or under the Premises, whether placed or maintained thereon by Lessee or others, including, but not limited to, concrete foundations, pilings, structures and buildings; provided, however, such portion ("Portion Subject to Demolition") of the Improvements designated by County for demolition must be reasonably subject to being demolished separately from other portions of the then-existing Improvements which County has designated to remain. Lessee shall complete the required demolition and removal and shall restore and surrender to County possession of the Premises in good, usable and buildable condition, consisting of a level, graded buildable pad with no excavations, hollows, hills or humps.

In the case of the termination of the Lease at the scheduled expiration date of the Term, any election by County to require Lessee to demolish and remove the Improvements or a Portion Subject to Demolition must be made by County in writing to Lessee not later than five (5) years prior to the then-scheduled expiration date of the Term. If County elects to require Lessee to demolish and remove all of the Improvements or a Portion Subject to Demolition, Lessee shall complete such demolition and removal and otherwise comply with Lessee's surrender obligations under this Section 2.3 on or before the expiration of the Term of the Lease. In the case of the termination of the Lease at the scheduled expiration date of the Term, Lessee shall have the right, by written notice to County not later than thirty (30) days prior to the scheduled expiration date of the Term, to extend the date by which Lessee must complete the Improvement removal and Premises surrender obligations under this Subsection 2.3.2 and/or the Lessee's removal obligations under Subsection 2.3.4 below to a date not more than one hundred twenty (120) days after the expiration of the Term (the "Post Term Removal Period"); provided, however, that all of the Lessee's obligations and liabilities under the Lease (other than the obligation to affirmatively operate the Premises) shall be applicable during the Post Term Removal Period, including without limitation, the Lessee's obligations with respect to insurance and indemnification, and Lessee's obligation to pay County compensation for the Post Term Removal Period in an amount equal to the Monthly Minimum Rent rate in effect immediately prior to the expiration of the Term.

In the case of a termination of the Lease prior to the scheduled expiration date of the Term, any election by County to require Lessee to remove the Improvements or a Portion Subject to Termination must be made by County in writing to Lessee not later than sixty (60) days after the effective date of such termination, and if County elects to

require Lessee to demolish and remove all or a portion of the Improvements on a termination of the Lease prior to the scheduled expiration of the Term, Lessee shall complete such demolition and removal and otherwise comply with Lessee's surrender obligations under this Section 2.3 on or before the later of (a) ninety (90) days after the date on which this Lease terminated, or (b) if Lessee has submitted a Demolition and Removal Report to County, that period after the date on which this Lease terminated equal to the estimated demolition and removal period set forth in the Demolition and Removal Report.

Upon receipt of County's written notice of election to require Lessee to remove all of the Improvements or a Portion Subject to Demolition, Lessee shall, within ninety (90) days after the date of such County notice, provide County with a letter of credit, bond, guaranty, deposit of funds or other security, in form, from such issuer and in such amount, as reasonably satisfactory to Director ("Demolition Security"), to secure the performance of Lessee's removal and restoration obligations pursuant to this Subsection 2.3.2. The amount of any Demolition Security shall be equal to the estimated costs to remove the Improvements as set forth in the Demolition and Removal Report (the "Estimated Costs"), adjusted to reflect the percentage change in the ENR Index from the date on which the Estimated Cost was determined until the date on which Lessee delivers the Demolition Security. Thereafter, Lessee shall increase the amount of the Demolition Security on an annual basis (on or before each successive anniversary of the required date for Lessee's original delivery to County of the Demolition Security) by the same percentage as the percentage increase (if any) in the ENR Index over the preceding year. County shall have the right to revoke County's election to require the removal of all Improvements or a Portion Subject to Demolition at the end of the scheduled expiration of the Term of the Lease by written notice to Lessee of such revocation at any time not later than ninety (90) days prior to the scheduled expiration date of the Lease. If County revokes its prior demolition and removal notice, then any Demolition Security previously delivered by Lessee to County pursuant to this paragraph shall be returned to Lessee within thirty (30) days following the date of such revocation. Upon completion of all of Lessee's obligations under this Section 2.3, the remaining balance of any Demolition Security held by County (and not used by County pursuant to Subsection 2.3.3 or 2.3.4 below) shall be returned to Lessee.

If County fails to elect to require Lessee to remove all of the Improvements on the Premises in accordance with the terms of this Section 2.3 (or revokes such election as provided above), then upon the expiration of the Term, or earlier termination of the Lease, Lessee shall surrender possession to County of the Premises and those Improvements not required to be removed by Lessee, in the condition in which such Improvements are required to be repaired and maintained under this Lease.

2.3.3 County's Right to Remove Improvements. If County elects to have Lessee demolish and remove Improvements and Lessee fails to do so in accordance with this Lease, County may, at its election, retain, sell, remove or demolish such Improvements. In the event of any demolition or removal by County of Improvements required to have been demolished and removed by Lessee, Lessee shall reimburse County for any Actual Costs incurred by County in connection with such demolition and removal