

LEASE
OF
PUBLIC TIDES AND SUBMERGED LANDS

This Lease is executed as of December 1, 1995, between the City of Sausalito, a municipal corporation ("Lessor" or "City") and the Golden Gate Bridge, Highway and Transportation District, a public district ("Tenant" or "District"), who agree as follows:

This Lease is made with reference to the following facts and objectives:

A. Lessor is the grantee of certain tide and submerged lands, filled and unfilled, within the city limits of the City of Sausalito, California, by grants from the State of California under Statutes of 1953, chapter 534, page 1795 and statutes of 1957, chapter 791, page 2002. Lessor holds title to these lands subject to the public trust which limits their use to purposes consistent with commerce, navigation and fisheries ("public trust"). The state grants are subject to a pre-existing lease between the state and Madden & Lewis Company, a partnership ("Madden") described in paragraphs C(1) and C(2). The grants further provide that the City may lease the granted lands for limited periods but not to exceed fifty (50) years.

B. Pursuant to a Judgment in Condemnation, filed June 24, 1976, Tenant condemned a portion of the Madden lease to operate a public ferry service and to construct improvements and facilities. The area that was condemned is described in Exhibit A. The Lessor now desires to lease directly to Tenant the property described in Exhibit B and depicted in Exhibit C. The property to be leased consists of tide and submerged lands, filled and unfilled, held by Lessor subject to the public trust requiring the lands be used for purposes consistent with commerce, navigation and fisheries ("Premises"). Tenant desires to enter into this Lease for the purpose of using the Premises for the continued operation of its ferry service. Tenant's present and proposed use of the Premises is consistent with the public trust.

C. Tenant's present occupancy has devolved under conveyances and agreements described as follows:

(1) March 25, 1952 - The State of California leased to Madden 9.2 acres of filled breakwater ("peninsula") on submerged land in Richardson Bay adjacent to the City of Sausalito for a term of fifteen (15) years commencing February 25, 1952, with the right to renew for two (2) additional periods of ten (10) years each.

(2) July 1, 1953 - By mutual agreement the area covered by the lease to Madden was increased to 11.22 acres.

(3) September 9, 1953 - The State Legislature enacted a statute granting and conveying to the City of Sausalito, among other property, certain tidelands and lands under navigable waters that were the subject of the Madden lease.

(4) March 14, 1955 - The City of Sausalito was formally substituted for the State in the Madden Lease. Madden exercised its option to renew the 1952 lease for two (2) additional periods of ten (10) years each, thus extending the term of its lease until February 24, 1987.

(5) June 18, 1957 - Madden subleased to Sausalito Yacht Club a site on a portion of the leased lands for a yacht clubhouse and berthing through February 23, 2002.

(6) December 26, 1958 - Madden and Wetco, Inc. (subsequently MacMarin, Inc.) entered into an option agreement, with a sublease attached, allowing MacMarin to sublease a portion of the peninsula for the maximum term permitted Madden under its original lease from the State (now City) for the purpose of developing a first class restaurant.

(7) May 5, 1959 - The Sausalito City Council, by Resolution No. 1475, approved the sublease from Madden to MacMarin commencing July 1, 1959 and terminating February 24, 2007 (later modified to terminate on February 23, 2002), on the condition of Madden's payment to the City of three percent (3%) of the annual gross receipts of MacMarin under the sublease commencing February 24, 1987 and ending February 24, 2007 (later modified to terminate on February 23, 2002).

(8) July 2, 1959 - The Sausalito City Council, by Resolution No. 1485, extended the 1952 Madden lease for fifteen (15) years from February 24, 1987 to February 23, 2002 on the condition that the City would be paid three percent (3%) of the annual gross receipts paid to Madden from the leased area during the fifteen (15) year extended term. The Resolution increased the area leased to Madden by adding 4.77 acres immediately adjoining the tide and submerged lands originally leased and incorporated the conditions and provisions of Resolution No. 1475 (but modifying the termination date to February 23, 2002).

(9) July 2, 1959 - Upon request of State Senator Eugene McAteer and the State Lands Commission, the lease between the City and Madden is reviewed by the State Attorney General. The Attorney General ruled that the lease was valid (34 Cal. Att'y Gen. 59-123 (1959)).

(10) August 15, 1970 - The Golden Gate Bridge, Highway and Transportation District began its public ferry service between San Francisco and Sausalito pursuant to a lease arrangement with Madden for a Sausalito ferry landing.

(11) November 6, 1974 - The Golden Gate Bridge, Highway and Transportation District filed a complaint in the Marin Superior

Court to condemn a portion of the Madden lease to operate a public ferry service and to construct improvements and facilities. The City intervened and the matter was heard at a non-jury trial on March 30, 1976. The Judgment in Condemnation, filed June 24, 1976, provided:

a. Upon the District's payment of \$79,500 to Madden, approximately 1.55 acres of the lease between Madden and the City shall be condemned for the District's uses to the year 2002. The entirety of the leasehold interest of Madden for that portion of property shall vest in the District.

b. Any taxes, penalties or assessments against the property up to the date of condemnation shall be prorated.

c. The City is not entitled to any compensation for the condemnation.

(12) November 7, 1979 - The City issued Conditional Use Permit No. 574 to Harbor Carriers, Inc. (Now Red & White Fleet) to allow Harbor Carriers to commence a passenger ferry service between downtown Sausalito and Fisherman's Wharf in San Francisco, following the District's approval of the use of its ferry terminal in Sausalito. Harbor Carriers was required to make certain improvements to the District's ferry terminal.

(13) February 1, 1982 - The Public Utilities Commission ordered the District to allow Harbor Carriers (now Red & White Fleet) to use the District's passenger ferry terminal in Sausalito and determined the rent Harbor Carriers must pay to the District.

(14) August 21, 1982 - Harbor Carriers commenced service using the District's passenger ferry terminal in Sausalito.

(15) September 1, 1991 - The City and Sausalito Yacht Harbor, as successor to Madden, executed a new lease for a smaller area until 2002 with three (3) options to extend until 2041 with an effective date of September 1, 1991. SYH agreed to surrender its interest in the sublease with MacMarin, Inc. and the City and MacMarin also negotiated their own lease.

(16) December 13, 1991 - District received a letter from the City requesting that the District ask SYH to surrender to the City any interest it might still have in the lands subject to the District's interests. In anticipation of future lease negotiations between the City and the District, the District postponed requesting SYH to surrender this interest.

(17) 1995 - The District and City both intend to make improvements to the leased premises, with the District responsible for constructing marine side improvements and the City responsible for constructing improvements to the land side area, bulkhead and arrival/departure piers.

D. Lessor and Tenant have agreed to the following terms for a new lease of the "Premises" described in Exhibit B and depicted in Exhibit C. It is the understanding of the parties that SYH has no residual interest in the lands subject to the District's interests. However, upon the execution and delivery of this Lease, Tenant agrees that upon request by Lessor, it will request that SYH confirm its surrender to Lessor of any interest it has in the lands that are the subject of the interest of the District.

E. This Lease has been concluded through negotiations under which Lessor has required that the consideration to be paid by Tenant for its Lease of the Premises reflect the present fair market rental value of the Premises with periodic adjustments through the term of this Lease based upon its highest and best use as a ferry terminal. Following appraisal instructions approved by the City and District, an appraisal was prepared by Semple Appraisals, Inc., dated June 1994.

W I T N E S S E T H:

ARTICLE 1 - Premises

1.1 Description

Lessor leases to Tenant and Tenant leases from Lessor the real property located in the City of Sausalito, Marin County, State of California, described in Exhibit B and depicted on Exhibit C. The property consists of tide and submerged lands, filled and unfilled, held by Lessor subject to the public trust requiring the lands be used for purposes consistent with commerce, navigation and fisheries ("Premises").

1.2 Definitions.

The following terms are used to describe the property included in the leased Premises or near the leased Premises. These areas are depicted on the map attached as Exhibit C.

a. Float - The District-owned dock at which District ferry vessels and other vessels embark or disembark passengers.

b. Ramp - The District-owned structure connecting the float to the approach pier.

c. Approach Pier - The District-owned structure connecting the ramp to the arrival/departure pier.

d. Arrival/Departure Pier - The District-owned structure connecting the approach pier to the shore.

e. Bulkhead - The seawall that lies within and adjacent to the leased Premises.

f. Walkway - The sidewalk built on top of or behind the bulkhead and lies outside of the leased Premises.

g. The former "Berkeley" ferry slip structure - The ferry slip pilings comprised of the "gallows" and Northern and Southern Arms formerly used for the "Berkeley" ferry. The structure mostly lies within the leased Premises, except the ends of the Northern Arm and Southern Arm, which lies outside of the leased Premises within City property.

h. Tidal steps - Steps going from street level into the water that have been shown on the City's Waterfront Plan and will lie outside of the leased Premises.

ARTICLE 2 - TERM

2.1 Term

The term shall commence on October 1, 1995 and shall continue for the lesser of fifty years or as long as the District or its successor or assign provides ferry service to Sausalito.

2.2 Termination of Lease

The District shall have the right to terminate this Lease for any reason whatsoever upon giving the City ninety (90) days prior written notice.

ARTICLE 3 - USE

3.1 Permitted Uses

a. Permitted Uses.

Tenant is permitted to use the Premises for the maintenance and operation of a public ferry service and for ferry support facilities. Such uses include the following:

- Single deck ferry landing float used for docking District ferry vessels;

- Docking facilities for other vessels as approved by the District, including Red & White Fleet's vessels pursuant to an order of the Public Utilities Commission;

- Activities customarily incident or convenient to operation of the District's ferry service, including the approved improvements set forth in Section 5.4 of this Lease.

b. Scheduling.

The District expressly has the right to determine the schedule of its ferry service as well as any other use by any

vessels of the landing float without seeking approval from the City, in accordance with the City's Conditional Use Permit No. 574 to Harbor Carriers, Inc. dated November 7, 1979. If the City desires that a particular vessel be able to use the float, the City shall seek permission from the District which will not be unreasonably withheld.

c. Right of Access

The District and its officers, employees, agents, invitees and contractors shall have a right of access to the Premises through the adjoining municipal parking lot at no charge, including a right of access for any equipment necessary for the operation of the ferry service or maintenance of the Premises. Maintenance and operations vehicles shall have the right to park in the official parking space in the municipal parking lot as necessary and so long as it is available.

d. Substitute Vessel

The current vessel regularly scheduled for the Sausalito ferry service is the M.V. Golden Gate. The District shall have the right to use a substitute vessel for the Sausalito ferry service at any time if in the District's sole discretion such substitution is necessary due to the maintenance or repair of the currently scheduled vessel. No additional approvals from the City shall be necessary prior to the District's use of a substitute vessel for this reason. Use of a substitute vessel for any other reason, except in an emergency, shall require prior notification to the City.

The parties acknowledge that the M.V. Golden Gate is nearing the end of its useful life and funding for a replacement vessel is anticipated for fiscal year 1999-2000. The District acknowledges that in the City's opinion the design and configuration of the M.V. Golden Gate has played a major role in making it an attractive commute option to Sausalito riders for twenty-five years. Prior to selecting a replacement vessel, the District will consult with current riders, the City and the City's Ferry Riders' Committee on the type and configuration of the replacement vessel.

3.2 Compliance With Law

Tenant shall, at Tenant's expense, comply promptly with all applicable and legally binding statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Tenant of the Premises. Tenant shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance.

ARTICLE 4 - CONSIDERATION/RENT AND OTHER PAYMENTS

4.1 Consideration/Rent

Tenant will pay Lessor the sum of \$600.00 per year as full payment for the use and occupancy of the Premises ("base rent") in advance annually. The first payment shall be made upon full execution of this Lease. Subsequent yearly payments shall be made no later than twenty days after the anniversary of the execution date. Payments shall be sent to:

City of Sausalito
Finance Department
P.O. Box 1279
Sausalito, CA 94966

On every fifth (5th) year anniversary of the Lease during the entire term of the Lease, Lessor may seek an increase in the rental payment equal to the percentage increase in the Consumer Price Index (All Items) for the San Francisco/ Oakland/San Jose Area published by the U.S. Department of Labor, Bureau of Labor Statistics (1982-84=100) from the last anniversary date of the Lease. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. The increased rental payment will be considered the new base rent.

No more often than every tenth (10th) year anniversary of this Lease, either party, at its cost and by giving notice to the other party, may appoint a real estate appraiser with at least five years of commercial and marina appraisal experience in the San Francisco Bay Area to appraise the Premises and determine the fair market rental value based on the highest and best use as a ferry terminal.

When giving such notice to the other party, the party giving notice shall make explicit reference to this paragraph 4.1. If a party does not appoint an appraiser within thirty (30) days after the other party has given notice of the name of its appraiser, the single appraiser appointed shall be the sole appraiser and shall set the base rent. If two appraisers are appointed by the parties as stated in this paragraph, they shall meet promptly and attempt to set the base rent. If they are unable to agree within sixty (60) days after the second appraiser has been appointed, they shall attempt to elect a third qualified appraiser within thirty (30) days. If they are unable to agree on the third appraiser, either of the parties to this Lease by giving written notice to the other party can elect to have the third appraiser appointed through arbitration as provided in Article 12. Each of the parties shall bear one half of the cost of appointing the third appraiser and of paying the third appraiser's fee.

Within thirty (30) days after the selection of the third appraiser, a majority of the appraisers shall set the base rent in issue. In setting the applicable rate, the appraisers shall be guided by the criteria that the parties have agreed the rate will reflect. If a majority of the appraisers are unable to set the market rate within the stipulated period of time, the two closest of the three rate appraisals shall be added together and their total divided by two; the resulting quotient shall be the percentage rent rate for the use and period in question. The rent established by appraisal under this paragraph will be binding on the parties and shall be considered the new base rent. The appraisers shall promptly serve written notice of the established rent on the parties.

Once determined, the base rent rate(s) shall become effective as of the tenth (10th) year anniversary date and the parties shall, within thirty (30) days of written notice of the new rate(s), make appropriate adjustments between the amount of rent paid during the holdover period and the amount actually owing for such period under the new rate.

4.2 Rent Includes All Tenant Payment Obligations

It is understood that the Lessor shall receive the rent set forth in Article 4 free and clear of any and all other taxes, liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises which may otherwise be provided under this Lease as an obligation of Tenant. All of such charges, costs and expenses shall constitute additional rent, and upon the failure of Tenant to pay any of such costs, charges or expenses, Lessor shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent. Any present or future law to the contrary shall not alter this agreement of the parties.

4.3 Real Property Taxes; Possessory Interest Tax

Tenant recognizes that this Lease, or any sublease or license entered into by Tenant and Tenant's subtenant, licensees or others, may create a possessory interest pursuant to California Revenue and Taxation Code Section 107 and be subject to property taxation. Tenant shall insure payment of all taxes levied on any such possessory interest; all real property taxes and general and special assessments levied and assessed against the Premises; and any increase in such taxes or assessment made over the term of the Lease. All such tax bills shall be sent directly to Tenant from the tax collector. Tenant shall include a reference to this obligation in all subleases or licenses.

ARTICLE 5 - MAINTENANCE, REPAIRS, ALTERATIONS AND ADDITIONS

5.1 Lessor's Obligation

Maintenance and Repair. In consideration of the execution of this Lease and the performance of Tenant's obligations hereunder, Lessor agrees to perform such ordinary maintenance and repair as is necessary to maintain the physical integrity of the bulkhead and walkway located adjacent to the Premises, the former "Berkeley" ferry slip structure located in and near the Premises and the tidal steps if built by the Lessor. "Ordinary maintenance and repair" means and includes the periodic inspection and replacement of deteriorated portions of the bulkhead and walkway elements adjacent to the Premises, the former "Berkeley" ferry slip structure until that structure is removed as contemplated by the parties and the tidal steps if built by Lessor. Lessor shall take reasonable precautions to minimize any interference with the conduct of Tenant's operations during the course of any such repair work and shall notify the District's Operations/Maintenance Manger at (415) 925-5573 at least two working days prior to undertaking such maintenance and repair work.

5.2 Lessor's Improvements

a. Planned Improvements. Lessor intends to commence constructing various improvements in Fiscal Year 1995-1996. These improvements include: construction of an additional arrival pier, upgrade of the current arrival/departure pier, upgrade of the bulkhead and improvements to the land side area. Lessor reserves the right, after prior written notice and coordination with Tenant to avoid any disruption with ferry operations, to enter and encroach on the Premises to the extent necessary for construction of these improvements. Any improvements within the leased Premises that are not currently included on the City's Master Plan shall require the District's approval.

b. Bulkhead and Walkway Improvements. Lessor may from time to time elect to replace the existing bulkhead and/or walkway thereon with a new bulkhead and/or a new walkway or to make other improvements to the area near the leased Premises. Lessor reserves the right, after prior written notice and coordination with Tenant to avoid any disruption with ferry operations, to enter and encroach on the Premises to the extent necessary to perform ordinary maintenance and repair and to construct a new replacement bulkhead or a new walkway thereon or other improvements to the area near the leased Premises.

c. Tidal Steps. If Lessor decides to construct tidal steps near the leased Premises, Lessor reserves the right, after prior written notice and coordination with Tenant to avoid any disruption with ferry operations, to enter and encroach on the Premises to the extent necessary to construct, maintain and repair the tidal steps.

d. Former "Berkeley" Ferry Slip Structure. At the time of executing this Lease, the parties intend to remove the former "Berkeley" ferry slip structure including the gallows and Northern and Southern Arms. The parties shall coordinate the removal to avoid any disruption in the ferry operations. The Tenant shall bear the cost of the removal of the Southern Arm and gallows. The Lessor shall bear the cost of removal of the Northern Arm. Tenant expressly disclaims any responsibility for the condition of the former "Berkeley" ferry slip structure.

5.3 Tenant's Obligations

Tenant shall keep in good order, condition and repair the Premises and every part thereof, including the float, ramp, approach pier and arrival pier and supporting pilings. Tenant also agrees to perform such ordinary maintenance and repair as is necessary to preserve the physical integrity of the bulkhead located within the leased Premises to the condition of the bulkhead at the time this Lease is executed. "Ordinary maintenance and repair" means and includes periodic inspection and replacement of deteriorated portions of the bulkhead within the leased Premises. Lessor agrees to permit the District to enter and encroach upon the City's property near the leased Premises to the extent necessary to perform ordinary maintenance and repair.

Tenant shall also undertake the daily upkeep of the walkway adjacent to the leased Premises including any fencing, signs, benches, landscaping, garbage and litter removal, newspaper racks and the replacement of light bulbs and light fixtures. This obligation of Tenant shall not include repair or replacement to the asphalt sidewalk or the public water fountain or information kiosk. The Tenant shall also maintain the backflow preventer in accordance with the Marin Municipal Water District's requirements.

On the last day of the term of this Lease, or on any sooner termination, Tenant shall surrender the Premises to Lessor in a condition clean and free of debris. If Tenant opts to remove the float, ramps, fixtures, machinery or equipment, then Tenant shall repair any damage to the Premises occasioned by the installation or removal. Tenant shall leave all power panels, electrical distribution systems, lighting fixtures, plumbing and fencing on the Premises in good operating condition.

5.4 Tenant's Improvements

a. Tenant shall not, without Lessor's prior written consent, make any major alterations, improvements, additions, or utility installations in, on or about the Premises, provided however that Lessor's consent shall not be unreasonably withheld, conditioned or delayed. "Major Alterations" mean any alteration the cost of which is estimated to exceed \$50,000, but shall not include repairs or replacements in, on, or about the Premises. As used in this section 5.4, "cost" shall mean the costs and expenses incurred by the Tenant as a result of employing or contracting with others to do the work and any cost and expense to the Tenant in

labor and materials expended making the alteration, improvement, addition, or utility installation by use of its own employees and materials.

b. Major alterations, improvements, additions or utility installations in, on or about the Premises that Tenant shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form, with proposed detailed plans. Lessor shall promptly act on Tenant's request for consent, and shall notify Tenant of its action. Upon Lessor's failure to act and notify Tenant within forty-five (45) days of the date of Tenant's request, Lessor shall be deemed to have given the requested consent. Consent shall be deemed conditioned upon Tenant acquiring any necessary permits for such work from appropriate governmental agencies, the furnishing of a copy thereof to Lessor prior to the commencement of the work and the compliance by Tenant of all conditions of said permit in a prompt and expeditious manner.

c. Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. Where work is performed or materials furnished by persons other than Tenant, Tenant shall give Lessor not less than ten (10) days notice prior to the commencement of any such work or material supplied to the Premises, the cost of which is estimated will be in excess of \$25,000, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises.

d. Notwithstanding anything in this Lease to the contrary, Tenant's float, ramp, approach pier and arrival/departure pier and fixtures attached thereto, and Tenant's machinery and equipment, whether installed before or after the date of this Lease, shall remain the property of Tenant and may be removed by Tenant at Tenant's option.

e. A new single deck landing float is planned to be constructed beginning in Fiscal Year 1995-96. The current plans for the new float show it the same length as the existing float but twenty (20) feet wider with the capability of docking a vessel on either side. The new float will be of steel or concrete construction and ramped to meet accessibility requirements for vessels currently using the float. The new location of the float will be immediately south and east of the Sausalito Yacht Club approximately one hundred twenty (120) feet out from the shoreline. The former "Berkeley" ferry slip structure shall be removed with each party paying the costs for removal of the structure pursuant to Section 5.1(f). The Lessor shall allow the District to use a

portion of the adjacent parking lot as an equipment lay-down area during construction, at no cost to the District. This improvement is approved by the Lessor and no further approval of the City will be necessary.

f. The installation of passenger weather protection is approved in concept by Lessor and any further approvals required by law shall not be unreasonably withheld by Lessor. This does not commit the Tenant to proceed with this improvement.

5.5 Parties' Rights

a. If Tenant fails to perform Tenant's obligations under this Article 5, or under any other paragraph of this Lease, Lessor may at its option (but shall not be required to) enter upon the Premises thirty (30) days after prior written notice to Tenant (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Tenant's behalf and put the same in good order, condition and repair, and the reasonable cost thereof shall become immediately due and payable in full.

b. If Lessor fails to perform its obligations under this Article 5, Tenant may at its option (but shall not be required to) upon thirty (30) days prior written notice to Lessor (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessor's behalf and put the same in good order, condition and repair, and the reasonable cost thereof shall become immediately due and payable in full.

ARTICLE 6 - ASSIGNMENT AND SUBLETTING

6.1 Assignment

Tenant shall not voluntarily assign its interest in this Lease or in the Premises, without first obtaining Lessor's consent, which consent shall not be unreasonably withheld, delayed or conditioned. Within thirty (30) days after the date of Tenant's request, Lessor may make written demand for reasonable financial information necessary to make a determination as to the suitability of the assignee. Upon receipt of such requested information from Tenant and in light of the information so obtained, Lessor may make written demand for such reasonable, additional financial information necessary to make a determination as to the suitability of the assignee. Upon receipt of all such requested information from Tenant, Lessor shall promptly act on Tenant's request for consent, by approving or disapproving the request, and shall notify Tenant of its action. Upon Lessor's failure to act and notify Tenant within forty-five (45) days of receipt of the financial information submitted by Tenant, Lessor shall be deemed to have given the requested consent, except that no approval shall be deemed to be given until ten (10) working days after notice has been given to Lessor and to the City Council of the City of Sausalito that Lessor has failed to respond within the forty-five

(45) day period and that upon the expiration of the tenth (10th) day following such notice, such approval shall be deemed given.

Any assignment without Lessor's prior consent shall be voidable and, at Lessor's election, shall constitute a default. Any such default shall be cured, if at all, only if within ten (10) days of written notification of such default Tenant immediately seeks Lessor's consent to such assignment which consent shall not be unreasonably withheld, delayed or conditioned. In the event Tenant so requests Lessor's consent, but such consent is not given, then the assignment shall be rescinded immediately, or if not, shall be deemed void, and Lessor shall be entitled to pursue its remedies through Article 10. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph.

Any assignment permitted pursuant to this Article shall be effective only upon the execution of an agreement required by Lessor by which the Assignee assumes the obligations of Tenant under this Lease.

On any assignment made in accordance with the provisions and conditions of this subsection and approved by the City Council after due consideration of the assignment, Tenant shall have no further obligation under this Lease and, as between Lessor and Tenant, shall be considered to have assigned to the Assignee all claims against Lessor arising under this Lease. Nothing herein contained shall be construed to release Tenant from any liability or obligation arising before the effective date of the assignment.

6.2 Subleases; Concessions; Licenses; Permits

Tenant may enter into subleases, concessions or licenses for the ferry operations conducted on the Premises without Lessor's prior approval. Each sublease, concession or license that is entered into by Tenant shall be subject to the provisions of this Lease.

Such District subleases and licenses include, but are not limited to, continued use by Red & White fleet pursuant to the order of the Public Utilities Commission and the use of the docking facilities by other charter vessels as approved by the District. City approval shall be necessary for a sublease or license that significantly alters the frequency of the use of the float or the type of service provided at the float.

ARTICLE 7 - INSURANCE, EXCULPATION AND INDEMNITY

7.1 Public Liability and Property Damage

Tenant shall procure and maintain for the duration of the Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Tenant's

operation and use of the leased Premises. The cost of such insurance shall be borne by the Tenant.

a. Minimum Limits of Insurance. Tenant shall maintain coverage with limits no less than:

(1) General Liability: \$1,000,000 combined single limit per occurrence/aggregate for bodily injury, personal injury and property damage, inclusive of self-insured retentions.

(2) Workers' Compensation and Employers Liability: Workers' compensation limits as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident, inclusive of self-insured retentions. The District is a qualified Self-Insured for Workers' Compensation.

b. Other Insurance Provisions. The policies are to contain, or be endorsed to contain, the following provisions:

(1) General Liability

(a) The Lessor, its officers, officials, employees, and those volunteers duly authorized to act, and acting pursuant to such authority for Lessor, are to be covered as insureds as respects: liability arising out of Premises occupied or used by the Tenant.

(b) Tenant's insurance coverage shall be primary insurance as respects the Lessor, its officers, officials, employees, or those volunteers duly authorized to act, and acting pursuant to such authority, for Lessor. Any insurance or self-insurance maintained by the Lessor, its officers, officials, employees, or those volunteers duly authorized to act, and acting pursuant to such authority for Lessor, shall be excess of the Tenant's insurance and shall not contribute with it.

(c) Coverage shall state that the Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(2) All Coverages

Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested has been given to the Lessor.

7.2 Increase in Amount of Public Liability and Property Damage Insurance

It is understood that the insurance requirements listed above are intended to be and are considered reasonably adequate as of the date this Lease is entered into to protect Lessor from

foreseeable risks resulting from the use of the Premises by Tenant in the regular course of operating a ferry terminal. It is the intent at the time of entering into this Lease that the level of protection provided by the above limits of insurance be maintained during the term of this Lease and any extension of it.

Not more frequently than each five (5) lease years, if, in the opinion of Lessor's insurance consultant, the amount of liability damage insurance coverage under section 7.1 at that time is not adequate as it relates to the Premises, the amount of insurance coverage shall be subject to adjustment. Such adjustment shall not increase the required amount of insurance coverage by more than the percentage increase in the cost of living between the date the amount of such insurance coverage was last set or adjusted and the date of the adjustment. The cost of living shall be determined by the Consumer Price Index (All Items) for the San Francisco/Oakland/San Jose Area published by the U.S. Department of Labor, Bureau of Labor Statistics (1982-84=100). If the index is discounted or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discounted or revised.

7.3 Indemnity

Tenant shall indemnify, hold harmless and defend Lessor from and against any and all claims, damages, losses or liabilities arising from (1) Tenant's use of the Premises; (2) Tenant's conduct of business on the Premises; (3) any activity, work or things done, permitted or suffered by Tenant on the Premises; (4) any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease; (5) any negligence, willful misconduct or intentional act of Tenant, or any of Tenant's agents, officers, officials, contractors, employees or volunteers on the Premises; (6) wakes, waves, water action caused solely by Tenant's boats or ferries. As set forth above, Tenant shall indemnify Lessor from and against all costs, attorney fees, expenses and liabilities incurred in the defense of any such claim, or any action or proceeding brought thereon. If any action or proceeding is brought against Lessor by reason of such claim, Tenant upon notice from Lessor shall defend the same at Tenant's expense. Tenant, as a material part of the consideration to Lessor, hereby assumes all risk of damage to property or injury to persons within the Premises arising from any cause, and Tenant hereby waives all claims in respect thereto against Lessor, except claims arising from (1) any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this Lease; (2) any negligence, willful misconduct or intentional acts of Lessor or any of Lessor's agents, officers, officials, employees, contractors or volunteers; (3) the bulkhead outside of the Premises, the property outside of the Premises supported by the bulkhead, the walkway, and the former "Berkeley" ferry slip structure, including without limitation Lessor's failure to maintain or repair, or negligently maintain or repair, the bulkhead outside of the Premises, the property outside the Premises

supported by the bulkhead, the walkway, or the former "Berkeley" ferry slip structure; or (4) the existence, location, ownership, design, construction, condition, use or maintenance of any tidal steps built adjacent to or near the Premises, except for all claims, damages, losses or liabilities caused by the intentional wrongful acts of Tenant. As used in this paragraph, "Tenant" includes any subtenant or other party using the Premises with the permission of Tenant, but excludes the Red & White Fleet and any other person or entity which is entitled to use or conduct business on the Premises pursuant to any court or governmental order, law, action or decision.

Nothing in this section requires or shall be interpreted to require Tenant to assume the risk of or indemnify, hold harmless or defend Lessor against any claims, damages, injuries, losses or liabilities arising from (1) any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this Lease; (2) any negligence, willful misconduct or intentional acts of Lessor or any of Lessor's agents, officers, officials, employees, contractors or volunteers; (3) the bulkhead outside of the Premises, the property outside the Premises supported by the bulkhead, the walkway, and the former "Berkeley" ferry slip structure, including without limitation Lessor's failure to maintain or repair, or negligently maintain or repair, the bulkhead outside of the Premises, the property outside the Premises supported by the bulkhead, the walkway, or the former "Berkeley" ferry slip structure; or (4) the existence, location, ownership, design, construction, condition, use or maintenance of any tidal steps built adjacent to or near the Premises, except for all claims, damages, losses or liabilities caused by the intentional wrongful acts of Tenant.

Lessor shall indemnify, hold harmless and defend Tenant from and against any and all claims, damages, losses or liabilities arising from (1) any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this Lease; (2) any negligence, willful misconduct or intentional act of Lessor or any of Lessor's agents, officers, officials, contractors, employees or volunteers; (3) the bulkhead outside of the Premises, the property outside the Premises supported by the bulkhead, the walkway and the former "Berkeley" ferry slip structure, including without limitation Lessor's failure to maintain or repair the bulkhead outside the Premises, the property outside the Premises supported by the bulkhead, the walkway and former "Berkeley" ferry slip; or (4) the existence, location, ownership, design, construction, condition, use or maintenance of any tidal steps adjacent to or near the Premises, except for all such claims, damages, losses or liabilities caused by the intentional wrongful acts of Tenant. As set forth above, Lessor shall indemnify Tenant from and against all costs, attorney fees, expenses and liabilities incurred in defense of any such claim or any action or proceeding brought thereon. If any action or proceeding is brought against Tenant by reason of such claim, Lessor, upon notice from Tenant, shall defend the same at Lessor's expense. Lessor, as a material part of consideration to Tenant, hereby assumes all risk of damage

to property or injury to persons arising, concerning or related to the existence, location, ownership, design, construction, condition, use or maintenance of any tidal steps adjacent to or near the Premises, except for all such claims, damages, losses or liabilities caused by the intentional wrongful acts of Tenant.

ARTICLE 8 - UTILITIES

8.1 Utilities

Tenant shall pay for all water, gas, heat, lights, power, telephone service, garbage service, sanitary service, and all other services supplied to the Premises, whether the same are furnished or supplied by private individuals, public utilities or municipal corporations together with any taxes. If any such utility services are not separately metered to Tenant, Tenant shall pay a reasonable proportion to be determined by Lessor of all charges jointly metered with other properties.

ARTICLE 9 - CONDEMNATION

9.1 Definitions.

a. "Condemnation" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor and (b) a voluntary sale or transfer by Lessor to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

b. "Date of taking" means the date the condemnor has the right to possession of the property being condemned.

c. "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

d. "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of condemnation.

9.2 Parties' Rights and Obligations To Be Governed by Lease

If, during the term or during the period of time between the execution of this Lease and the date the term commences, there is any taking of all or any part of the Premises or any interest in this Lease by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 9.

9.3 Total Taking

If the Premises are totally taken by condemnation, this Lease shall terminate on the date of the taking.

9.4 Partial Taking

If less than all of the Premises is taken by condemnation this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if the remaining portion of the improvements that are a part of the Premises is rendered unsuitable for Tenant's continued use of the Premises.

9.5 Effect on Rent

If any portion of the Premises is taken by condemnation and this Lease remains in full force and effect, on the date of taking the annual rent shall be reduced by an amount that is in the same ratio to the annual rent as the value of the area of the portion of the Premises taken bears to the total value of the Premises immediately before the date of taking.

9.6 Award-Distribution

In the event of a total, substantial or partial taking, the rights of the parties with respect to the award shall be as the parties then agree to be just and equitable under all circumstances, regardless of any technical rule of law, having in mind the economics of operating any remaining portion of the Premises and improvements, the cost of restoration, and the balance of the term remaining, among other relevant considerations. If Lessor and Tenant do not agree within thirty (30) days after the amount of the award is finally determined, the undecided questions shall be decided by arbitration pursuant to Article 12.

9.7 Taking for Temporary Use

On any taking of the temporary use of all or any part or parts of the Premises or improvements or both for a period not to exceed one year, neither the term nor the rent shall be reduced or affected in any way, and Tenant shall be entitled to any award for the use or estate taken. If a result of the taking is to necessitate expenditures for changes, repairs, alterations, modifications or reconstruction of the improvements to make them economically viable and a practical whole, Tenant shall receive, hold, and disburse the award in trust for such work. At the completion of the work and the discharge of the Premises and improvements from all liens and claims, Tenant shall be entitled to any surplus.

If any such taking is for a period extending beyond the expiration date of the term, the taking shall be treated under the foregoing provisions for total, substantial and partial takings.

ARTICLE 10 - DEFAULT

10.1 Tenant's Default

The occurrence of any of the following shall constitute a default by Tenant:

- a. Failure to pay rent when due, if the failure continues for twenty (20) days after written notice has been received by Tenant.
- b. Abandonment and vacation of the Premises (failure to occupy and operate the Premises without good cause for thirty (30) consecutive days shall be deemed an abandonment and vacation).
- c. Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after notice has been served on Tenant. If the default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default.

Notices given under this paragraph shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

The purpose of the notice requirements set forth in this paragraph is to extend the notice requirements of the unlawful detainer statutes of California.

10.2 Lessor's Remedies

Lessor shall have the following remedies if Tenant commits a default and said default is not cured within any specific time limits that may be provided and as otherwise provided in this Lease. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

a. Tenant's Right to Possession Not Terminated. Lessor can continue this Lease in full force and effect, and the Lease will continue in effect as long as Lessor does not terminate Tenant's right to possession, and Lessor shall have the right to collect rent when due.

b. Termination of Tenant's Right to Possession. Lessor can terminate Tenant's right to possession of the Premises at any time upon a default as defined in Section 10.1 of this Lease, provided that termination of the right to possession shall terminate this Lease.

c. Lessor's Right to Cure Tenant's Default. Subject to the provisions of section 5.3 of this Lease, Lessor, at any time after Tenant commits a default, can cure the default at Tenant's cost. If Lessor at any time, by reason of Tenant's default, is reasonably required to pay any sum or to do any act that requires the payment of any sum, the reasonable amount thereof paid by Lessor shall be due immediately from Tenant to Lessor at the time the sum is paid, and if paid at a later date shall bear interest at the maximum rate an individual is permitted by law to charge from the date the sum is paid by Lessor until Lessor is reimbursed by Tenant. The sum, together with interest on it, shall be additional rent.

10.3 Interest on Unpaid Rent

Rent not paid when due shall bear interest from the date due until paid at ten percent (10%) per annum or the maximum rate an individual is permitted by law to charge, whichever is less.

10.4 Late Charge

Tenant acknowledges that late payment by Tenant to Lessor of rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of such cost being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Lessor by the terms of any encumbrance and note secured by any encumbrance covering the Premises. Therefore, if any installment of rent due from Tenant is not received by Lessor when due, Tenant shall pay to Lessor an additional sum of five percent (5%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Lessor will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount, or prevent Lessor from exercising any of the other rights and remedies available to Lessor.

10.5 Lessor's Default

Lessor shall be in default of this Lease if it fails or refuses to perform any provision of this Lease that it is obligated to perform if the failure to perform is not cured within thirty (30) days after notice of default has been given by Tenant to Lessor.

If the default cannot reasonably be cured within thirty (30) days, Lessor shall not be in default of this Lease if Lessor commences to cure the default within the 30-day period and diligently and in good faith continues to cure the default. Subject to such right to cure, and subject to section 5.3 of this Lease, Tenant, at any time after Lessor commits a default, can cure the default at Lessor's cost. If Tenant at any time, by reason of Lessor's default, is reasonably required to do any act that requires the payment of any sum, the reasonable amount thereof paid

by Tenant shall be due immediately from Lessor to Tenant at the time the sum is paid, and if paid at a later date shall bear interest at ten percent (10%) per annum or the maximum rate an individual is permitted by law to charge, whichever is less, from the date the sum is paid by Tenant until Tenant is reimbursed by Lessor. If Lessor fails to reimburse Tenant as required by this paragraph, Tenant shall have the right to withhold from future rent due the sum Tenant has paid until Tenant is reimbursed in full for the sum and interest thereon.

These remedies are not exclusive but are in addition to any other remedies provided in other specific provisions of this Lease.

ARTICLE 11 - ADVERTISING

11.1 Signs.

Lessor agrees that Tenant may place or permit to be placed any projecting sign, marquee, letterings or awning on the front of the Premises without written consent of Lessor. Tenant shall be responsible for all costs related to signs, marquees, awnings, and letterings including, not by way of limitation, costs associated with erection, installation, maintenance, and servicing. All signs, marquees, awnings or letterings shall be subject to all statutes, rules and regulations of any and all applicable governmental authorities.

ARTICLE 12 - ARBITRATION

12.1 Disputes Subject to Arbitration

Either party may require the arbitration of any matter and enforcement of the rights and obligations of the parties under this Lease.

12.2 Initial Mediation

With respect to any dispute between the parties that is to be resolved by arbitration as provided in Section 12.1, the parties shall attempt in good faith first to mediate such dispute and use their best effort to reach agreement on the matters in dispute. Within five (5) days of the request of any party, the requesting party shall attempt to employ the services of a third person mutually acceptable to the parties to conduct such mediation within five (5) days of his appointment. If the parties are unable to agree on such third person, or, if on completion of such mediation, the parties are unable to agree and settle the dispute, then the dispute shall be referred to arbitration in accordance with Section 12.3.

12.3 Arbitration

Any dispute between the parties that is to be resolved by arbitration as provided in Section 12.1 shall be settled and decided by arbitration conducted by Judicial Arbitration and Mediation Services or other arbitration service agreed to by the parties, 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 a mutually agreeable location before one 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 such arbitrator shall be appointed by the presiding judge of the superior court of the County of Marin.

The provisions of the Commercial Arbitration Rules of the 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 appointed must be a former or retired judge or an attorney with at least ten (10) years experience in real property and commercial matters, or a non-attorney with like experience in the area of dispute.

c. All proceedings involving the parties, at the request of either party, 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 shall prepare in writing and provide to the parties factual findings and the reasons on which the decision of the arbitrator is based.

e. Final decision by the arbitrator must be made within ninety (90) days from the date the arbitration proceedings are initiated.

f. In the event the arbitrator determines that the non-prevailing party caused the issue to be arbitrated without substantial merit, or that the prevailing party reasonably responded to the issue during pre-arbitration proceedings or the proceeding conducted pursuant to section 12.2, then, unless the arbitrator for good cause determines otherwise, the non-prevailing party shall pay the costs and fees of the arbitrator, and the prevailing party shall be awarded some or all of its reasonable attorneys' fees, expert and nonexpert witness costs and expenses, and other costs and expenses incurred in connection with the arbitration. However, if the arbitrator determines that the issues

raised and resolved through arbitration resulted from an ambiguity in the lease or a reasonable misunderstanding of a provision in it, or as a consequence of changed circumstances not anticipated at the execution of the lease or adequately reflected in it, then each side shall bear its own costs, fees and expenses, and shall share the costs and fees of the arbitrator resulting from such arbitration.

g. The award or decision of the arbitrator, which may include equitable relief, shall be final and judgment may be entered on it in accordance with applicable laws in any court having jurisdiction over the matter.

ARTICLE 13 - NOTICES

13.1 Notices

All notices to be given to either party pursuant to the provisions of this Lease, or pursuant to any applicable provisions of law, shall be in writing, and shall be served upon Tenant or Lessor personally, or by United States registered or certified mail, postage prepaid, and addressed to Tenant at Secretary of the District, Golden Gate Bridge, Highway and Transportation District, Box 7000, Presidio Station, San Francisco, CA 94129-0601 or to the Lessor as follows: City Manager, City of Sausalito, 420 Litho Street, P.O. Box 1279, Sausalito, California 94966. Either party may change such address by notifying the other party.

ARTICLE 14 - WAIVER

14.1 Waiver

No delay or omission in the exercise of any right or remedy of either party on any default by the other party shall impair such a right or remedy or be construed as a waiver.

The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.

Either party's consent to or approval of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary the consenting party's consent to or approval of any subsequent act by the other party.

Any waiver by either party 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.

ARTICLE 15 - ATTORNEY'S FEES

15.1 Attorneys Fees

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 attorneys fees and costs of suit. Notwithstanding the foregoing, any award of attorneys fees and costs in any arbitration pursuant to Article 12 of this Lease shall be governed by the provisions of Article 12.

ARTICLE 16 - SURRENDER

16.1 Surrender

Unless provided otherwise by other specific provisions of this Lease, on expiration of thirty (30) days after expiration of the term, Tenant shall surrender to Lessor the Premises in good condition (except for ordinary wear and tear). At the District's sole option, it may remove any improvements (including but not limited to the float, ramp and approach pier) and return the property to its original condition; or make arrangements for the City to purchase the improvements; or make arrangements for a third party to purchase the improvements.

If Tenant fails to surrender the Premises to Lessor thirty (30) days after expiration of the term as required by this section, Tenant shall hold Lessor harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding Tenant resulting from Tenant's failure to surrender the Premises.

ARTICLE 17 - HOLDING OVER

17.1 Holding Over

If Tenant, with Lessor's consent, remains in possession of the Premises after expiration or termination of the term, or after the date in any notice given by Lessor to Tenant terminating this Lease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days notice given at any time by either party. During any such month-to-month tenancy, Tenant shall pay all rent required by this Lease in effect for the period immediately preceding the expiration or termination of the term, and the prorated portion of annual rent required by this Lease shall be paid monthly on or before the fifteenth (15th) day of each month. All provisions of this Lease except those pertaining to term shall apply to the month-to-month tenancy.

ARTICLE 18 - MISCELLANEOUS PROVISIONS

18.1 Existing Interest

Upon written request by Lessor, District will request that SYH immediately surrender to Lessor any interest it has in the lands which are the subject of the interest of the District.

18.2 Time of Essence

Time is of the essence of each provision of this Lease.

18.3 Successors

This Lease shall be binding on and inure to the benefit of the parties and their successors.

18.4 Covenants and Conditions

All provisions, whether covenants or conditions, on the part of Tenant shall be deemed to be both covenants and conditions.

18.5 Captions

The captions of this Lease shall have no effect on its interpretation.

18.6 Singular and Plural

When required by the context of this Lease, the singular shall include the plural.

18.7 Joint and Several Obligations

"Party" shall mean Lessor or Tenant; and if more than one person or entity is Lessor or Tenant, the obligations imposed on that party shall be joint and several.

18.8 Severability

The unenforceability, invalidity, or illegality of any provision shall not render the other provisions unenforceable, invalid, or illegal.

18.9 Exhibits

All exhibits referred to are attached to this Lease and incorporated by reference.

18.10 Recitals

Each of the recitals set forth in the preface to this Lease are incorporated into this Lease, and where necessary, shall be referred to in interpreting this Lease and its intent.

18.11 California Law

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

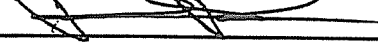
18.12 Memorandum of Lease

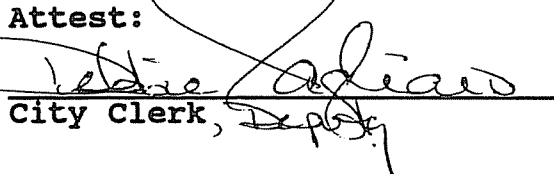
This Lease shall not be recorded, except that if either party requests the other party to do so, the parties shall execute a memorandum of lease in recordable form.

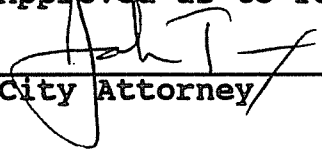
IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year set forth below.

For Lessor: City of Sausalito

Date: 10-17, 1995

By: 
Title: MAYOR

Attest: 
City Clerk, Deputy

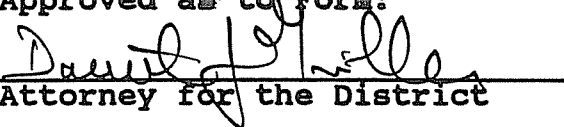
Approved as to form: 
City Attorney

For Tenant: Golden Gate Bridge, Highway & Transportation District

Date: December 1, 1995

By: 
Title: President, Board of Directors

Attest: 
Secretary of the District

Approved as to Form: 
Attorney for the District

List of Exhibits

- Exhibit A:** Description of lease interest condemned in 1976
- Exhibit B:** Description of the Premises
- Exhibit C:** Map of the Premises

Description of Lease Interest Condemned by
Golden Gate Bridge, Highway and Transportation District in 1976

All that certain real property situate in the City of Sausalito, County of Marin,
State of California, and more particularly described as follows:

Beginning at a point on the easterly edge of Railroad Avenue as said easterly edge
is shown on the "Record of Survey of a portion of the lands of the City of Sausalito"
recorded in Book 12 of Records of Survey at page 50, Marin County records, said
point being also the most southwesterly corner of the leased lands of Sausalito
Yacht Club as shown on said record of survey; thence easterly along the southerly
line of said Sausalito Yacht Club south $75^{\circ}09'17''$ east, 115.00 ft. thence north
 $83^{\circ}50'43''$ east, 111.00 ft. to the southeasterly corner of said Sausalito Yacht Club;
thence leaving said southerly line and running north $50^{\circ}15'48''$ east, 228.18 ft. to
a point on the most easterly lease line shown on said record of survey; thence
southerly along said easterly lease line south $5^{\circ}57'17''$ east, 282.30 ft. to point H
as shown on said record of survey; thence north $88^{\circ}49'43''$ west, 356.72 ft; thence
south $1^{\circ}10'17''$ west, 22.79 ft. to point G as shown on said record of survey;
thence north $54^{\circ}56'07''$ west, 67.48 ft. to point F as shown on said record of survey,
said point being also on said easterly edge of Railroad Avenue; thence northerly
along said easterly edge of Railroad Avenue north $6^{\circ}09'17''$ west, 129.95 ft. to the
point of beginning containing an area of 1.55 acres, more or less.

EXHIBIT A

EXHIBIT "B"

All that certain real property situate in the City of Sausalito, County of Marin, State of California, and more particularly described as follows:

Beginning at a point on the easterly edge of Railroad Avenue as said easterly edge is shown on the "Record of Survey of a portion of the lands of the City of Sausalito" recorded in Book 12 of Records of Survey at page 50, Marin County records, said point being also the most southwesterly corner of the leased lands of Sausalito Yacht Club as shown on said record of survey; thence easterly along the southerly line of said Sausalito Yacht Club south $75^{\circ}09'17''$ east, 29.00 ft.; thence south $79^{\circ}59'16''$ east, 110.67 ft.; thence north $83^{\circ}50'43''$ east, 274.65 ft. to a point on the most easterly lease line shown on said record of survey; thence southerly along said easterly lease line south $5^{\circ}57'17''$ east, 156.08 ft. to point H as shown on said record of survey; thence north $88^{\circ}49'43''$ west, 356.72 ft.; thence north $27^{\circ}12'27''$ west, 41.00 ft.; thence north $7^{\circ}16'14''$ west, 25.65 ft.; thence north $30^{\circ}0'0''$ west, 26.00 ft.; thence north $70^{\circ}0'0''$ west, 11.00 ft.; thence north $14^{\circ}50'55''$ east, 32.99 ft.; north $75^{\circ}09'17''$ west, 32.00 ft., said point being also on the easterly edge of Railroad Avenue; thence northerly along said easterly edge of Railroad Avenue north $6^{\circ}09'17''$ west, 17.00 ft., to the point of beginning containing an area of 1.18 acres, more or less.

