

AVIATION PARK LICENSE AND CONCESSION AGREEMENT
BETWEEN
SOUTH BAY SPORTS, LLC.
AND
THE CITY OF REDONDO BEACH

THIS AVIATION PARK LICENSE AND CONCESSION AGREEMENT (this "Agreement") is made between the City of Redondo Beach, a municipal corporation ("City") and South Bay Sports, LLC, a Limited Liability Company ("Licensee"), as of May 23, 2006 ("Effective Date.")

RECITALS

WHEREAS, the City is the Lessee of 11.2 acres of property commonly known as ("Aviation Park") from the South Bay Union High School District (now the Redondo Beach Unified School District), Lessor, pursuant to that certain Ground Lease dated February 1, 1985 between the City and South Bay Union High School District ("Aviation Park Ground Lease");

WHEREAS, Aviation Park consists of an oval athletic field, an oval track that surrounds the athletic field, a patio area with a free standing counter, a building containing restrooms, a small storage area and a large storage area, and a gymnasium; and

WHEREAS, the Licensee desires to purchase, construct, install and maintain a synthetic turf field at Aviation Park and provide other services on the terms and conditions herein; and

WHEREAS, the City desires to accept Licensee's desire to purchase, construct, install and maintain a synthetic turf field at Aviation Park and provide other services on the terms and conditions herein.

NOW, THEREFORE, the parties agree as follows:

1. License. Except as otherwise provided in this Agreement, City hereby grants to Licensee a revocable, non-exclusive, non-assignable License to use or operate the following ("Premises") at Aviation Park on the terms and conditions herein: the oval athletic field ("Athletic Field"), a small storage area ("Small Storage Area") and 50% fifty percent of a large storage area ("Large Storage Area") that is located in a building where the restrooms are situated, and a patio area with a free standing counter ("Patio Area"), as more fully described and depicted in Exhibit A, attached hereto and incorporated herein.

- a. No Representations by City. The City has made no representations or warranties with respect to Premises and its nature and condition.
- b. Acceptance of Premises by Licensee. Licensee hereby represents and warrants that it is fully familiar with the nature and condition, in all respects, of the Premises, including without limitation, the soil and geology of the land, and the condition of the existing improvements. Licensee hereby represents and warrants that the Premises is suitable and adequate in all respects for any and all construction and improvements to be made and any and all activities and uses which Licensee may elect to conduct thereon at any time during the term hereof, and Licensee accepts the Premises in its existing condition "AS IS."
- c. Acknowledgment of Aviation Park Ground Lease. Licensee hereby acknowledges and is familiar with the rights and liabilities of City as contained in the Aviation Park Ground Lease. Licensee shall not violate the Aviation Park Ground Lease. City will, prior to the commencement of construction by Licensee, comply with all terms of the Aviation Park Ground Lease necessary to the effectiveness of this Agreement. To the best of its knowledge, City's entering into this Agreement and the terms hereof, will not violate the Aviation Park Ground Lease.

- 2. Term. The term of this Agreement shall commence upon the Effective Date of this Agreement and shall terminate on July 31, 2016 ("Original Term.") Licensee will have the option of extending the Original Term of this Agreement for two additional periods of two (2) years each, (each two year period shall be considered a "Renewal Term") provided that all of the following conditions precedent are satisfied: (i) this Agreement is in effect both at the time that the notice to exercise the option is given, and on the last day of the then current term; (ii) Licensee notifies City in writing of its intent to exercise the option at least 90 days prior to the expiration of the term of the Original Term and at least 60 days prior to the expiration of each Renewal Term; and (iii) Licensee is not in default of any provision of this Agreement at the time notice of the intent to exercise the option is given and on the last day of the then current term.

Any extension of the term of this Agreement under the foregoing provisions shall be on the same terms, covenants, and conditions as provided in this Agreement unless otherwise agreed by the parties in writing.

- 3. Permitted Uses. Licensee's use of the Premises is limited to:

- sponsoring, organizing, scheduling and coordinating various sports league games and other sports related activities upon the Athletic Field

- operating, managing and maintaining concession services in the Patio Area

- fifty percent (50%) use of the Large Storage Area.

- Licensee shall also be allowed use of the restrooms and parking area located adjacent to Aviation Park (which is owned by the City).

Except as otherwise provided in this Agreement, Licensee shall have the same use of Aviation Park as the general public. Licensee's limited use of the Premises shall not restrict City's or any other party's use of the Premises or any other portion of Aviation Park, including but not limited to, the track surrounding Athletic Field, the gym, the restrooms, the 50% fifty percent of the Large Storage Area and the parking area.

4. Exclusive Use. Except as otherwise provided in this Agreement, Licensee shall have exclusive use of the Athletic Field during the following scheduled periods:

January through July:

Monday through Friday: 7:00 p.m. to 10:00 p.m.

Saturdays: 3:00 p.m. to 10:00 p.m.

Sundays: 2:00 p.m. to 10:00 p.m.

August:

Monday through Friday: 8:00 p.m. to 10:00 p.m.

Saturdays: 3:00 p.m. to 10:00 p.m.

Sundays: 2:00 p.m. to 10:00 p.m.

September through November:

Mondays: 7:00 p.m. to 10:00 p.m.

Tuesdays through Fridays: 8:00 to 10:00 p.m.

Saturdays: 3:00 p.m. to 10:00 p.m.

Sundays: 2:00 p.m. to 10:00 p.m.

December:

Monday through Friday: 7:00 p.m. to 10:00 p.m.

Saturdays: 3:00 p.m. to 10:00 p.m.

Sundays: 2:00 p.m. to 10:00 p.m.

Notwithstanding the foregoing, City shall have exclusive use of the Athletic Field during the following periods, each year of this Agreement:

- Martin Luther King Jr. Weekend
- Superbowl Sunday
- Easter Sunday
- Annual Relay for Life Event
- Memorial Day weekend, comprised of three days
- July 4th weekend (if July 4th falls on a Tuesday or Monday, the preceding Monday, Sunday and Saturday as applicable; if July 4th falls on a Thursday or Friday, the following Thursday, Friday, Saturday and Sunday as applicable; and if July 4th falls on a Wednesday, then either the preceding weekend or following weekend comprised of Saturday and Sunday, at the City's election.)
- Labor Day weekend
- Thanksgiving day, the Wednesday before Thanksgiving and the Friday, Saturday and Sunday after Thanksgiving
- The time that the Redondo Beach Unified School District is not in session for winter and the New Year's break.

In the event Licensee prevents the City's use of the Athletic Field during these times, Licensee shall be responsible for all damages caused to the City as the parties shall agree, or in their inability to agree, as determined by Arbitration as provided herein. This provision is not intended to create any additional rights for the City than it would have for a claimed breach of this Agreement, and failure to pay City's demand for damages, prior to the entry of an Arbitration award, if any shall not be a basis to deny Licensee use of the Premises.

The Athletic Field shall be used by City for its sole and exclusive use at all other times not identified in Licensee's exclusive scheduled periods of use as outlined above.

Upon the City's sole and absolute discretion, which shall not be unreasonably withheld, the City shall allow Licensee to contract with third parties for the use of the Athletic Field during Licensee's scheduled periods of use when Licensee is not using the Athletic Field, provided however, that such use is sports related, does not damage the Athletic Field and is properly supervised by a representative of Licensee. Licensee shall provide City with written notice of its intent to contract with third parties seven (7) working days prior to such use and City shall grant its decision within a reasonable time thereafter.

Licensee shall have exclusive use of one hundred (100%) percent of the Small Storage Area during the term of this Agreement.

5. Fees. Licensee shall pay the City as a license fee one dollar (\$1.00) per year, payable on July 1st of each year. Licensee shall also pay \$12.50 per hour, for each hour that Licensee uses the field lights. The rate shall be adjusted in the future for any energy cost increases not to exceed twenty-five percent (25 %.) City shall provide Licensee with a quarterly invoice of such charges and Licensee shall pay the amount within thirty (30) days.

In addition, Licensee shall pay the City \$42.50 per hour for any period of use outside its exclusive scheduled periods of use, payable in advance to City.

In addition to the foregoing fees, if this Agreement is extended beyond the Original Term, for each Renewal Term, Licensee shall pay a license fee of \$102,000.00, \$51,000.00 payable on July 1st of the first year and \$51,000.00 payable on July 1st of the second year of each Renewal Period.

Licensee shall pay the City fifty percent (50%) of the City's cost to install additional field lights for the northeast section of Athletic Field, as provided in Section 14 – City's Obligations, payable at the time funds are needed by City. However, Licensee shall not pay more than \$10,000.00.

Licensee agrees to give any teams participating in its sports leagues a \$75.00 league fee discount, if the team has a minimum of eight Redondo Beach residents on its roster.

6. Concession Operations. Licensee shall operate and maintain concession services during such times that events are occurring at the Athletic Field. Notwithstanding the foregoing, if City so elects, City or a City designated organization shall operate and manage the concession service during events held for charitable purposes. City shall provide Licensee with seven (7) days notice of its exercise of this election. Licensee shall provide City or its designee access to all concession service areas and amenities. Licensee shall have the option to cease concession services, provided however, Licensee shall provide City with ten (10) days written notice of such election.

- a. Sale of Products. Licensee shall have the right to sell food, beverages and other products in the Patio Area on the terms and conditions set forth herein. Licensee shall have the right to sell prepackaged foods, beverages, sports related merchandise, and clothing, apparel, food and beverage related merchandise bearing Licensee's name and/or logo, such as polo shirts and coffee cups. Licensee shall submit its' logo to City for its approval, which approval shall not be unreasonably withheld. A schedule of prices

charged for all food, beverages and sports related merchandise sold to the public shall be conspicuously posted. Licensee shall have the right to charge prices for the goods that are reasonably consistent with market prices charged by other competing and/or comparable oriented businesses in the greater Los Angeles vicinity. Licensee agrees that when alternate forms of packing are available, only items packaged in a manner most compatible with the goals of reducing litter and preserving the environment shall be sold. Sale of beverages in glass containers shall not be permitted. Sale of alcoholic beverages shall not be permitted. Sale of any items which would cause damage to the field or cause an increase in the maintenance or care of the field shall not be permitted. At all times, Licensee shall operate, manage and maintain its concession services in a competent, efficient, clean and sanitary manner and in compliance with all applicable laws, including but not limited to, Los Angeles County Health laws.

b. Improvement of Patio Area, Small Storage Area and Restrooms.

Licensee shall have the right to provide and install, at its own expense, all small appliances necessary to sell products as set forth in this section, and fixtures in the interior of the small storage area, subject to the City's approval. Licensee shall have the right to paint the interior and exterior of the building containing the Small Storage Area the Large Storage Area and restrooms, to add an awning to the building with the Licensee's logo, to add picnic tables, benches and patio plants in the Patio Area all subject to the City's approval. Licensee shall submit in writing its plans and specifications for any proposed improvement to City. City shall grant its decision within a reasonable time thereafter. City reserves the right to make modifications and attach conditions to Licensee's proposed improvement. Licensee shall maintain, keep in good condition and repair all the improvements made to and around the building and Patio Area. Licensee shall perform all work in a good and workmanlike manner. Upon completion, any fixed improvements shall become part of Aviation Park and be subject to this Agreement. Notwithstanding the above, the awning shall be removed at the end of this Agreement by Licensee.

c. Personnel. Licensee shall furnish such number of personnel at all times as is necessary to maintain efficient levels of service. Licensee shall employ only competent, responsible persons. If the City reasonably believes that an individual working for or on behalf of Licensee poses a danger to public health or safety, City shall notify Licensee in writing and Licensee shall take immediate remedial action.

d. Complaints. Licensee shall promptly respond to all complaints from the public. Licensee shall report each complaint and the action taken in response to such complaint, to City within five (5) calendar days from the date of the complaint. If City believes a complaint to be of a serious nature, City shall notify Licensee in writing, and Licensee shall respond to the City's inquiry within five (5) Calendar days. If Licensee fails to respond to City's inquiry, City shall have the option to terminate this Agreement in accordance with Section 23.

7. Security. Licensee shall be responsible, at its sole expense, for any necessary or desirable security for all of Licensee's use or operations at the Premises. Licensee shall use its best efforts to ensure the chain link fence, as set forth in Exhibit A, remains locked after Licensee's use or that of Licensee's designee.

8. Athletic Field. Licensee shall purchase and install, at its sole expense, a ProGreen Extreme 3 Synthetic Turf Field ("Synthetic Field") to replace the current grass field in accordance with plans and specifications approved by City and in accordance with the construction requirements below. The Synthetic Field improvement shall be completed within eighty-five (85) days after the issuance of necessary permits, subject to City's final inspection and approval as provided in Section 8(c). If Licensee fails to complete the construction of the Synthetic Field within the eighty-five (85) day period, Licensee shall pay the City a penalty of two hundred fifty (\$250.00) dollars for each day beyond the eighty-five (85) day period, for a maximum period of thirty (30) days. If Licensee fails to complete the construction of the Synthetic Field within one hundred fifteen (115) days, Licensee shall be in material breach of this Agreement and the City shall have the right to complete construction by drawing out of the escrow account as provided in Section 8(a)(7). Licensee shall proceed to construct the improvement at its sole risk as to the condition of the Athletic Field. If Licensee shall fail to complete the installation of the Synthetic Field within one hundred fifteen (115) days, Licensee shall compensate City for all losses and damages which the City suffered as a result of the delay.

a. Construction. Licensee shall perform all work in a good and workmanlike manner, in compliance with plans and specifications submitted to City. Upon completion, Synthetic Field improvement shall become part of Aviation Park and be subject to this Agreement.

Before commencing work on the Synthetic Field improvement:

1) Licensee shall deliver to City for City's approval two (2) sets of preliminary construction plans and specifications, including the proper drainage requirements subject to NPDES standards, prepared by an architect or engineer licensed to practice as such in the State of California, to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable City to make an informed judgment about the design and quality of construction. City shall not unreasonably disapprove preliminary plans and specifications.

2) Licensee shall prepare final working plans and specifications substantially conforming to preliminary plans previously approved by City, and deliver to City one complete set as approved by the City. Changes from the preliminary plans shall be considered to be within the scope of the preliminary plans if they are not substantial or if they are made to comply with suggestions, requests, or requirements of the City or official in connection with the application for permit or approval, and if they do not depart substantially in size, utility, or value from the minimum requirements of the work required to construct the Synthetic Field improvement. Any work which does not comply with the approved final plans and specifications, or which do not comply with all applicable laws and regulations, including, but not limited to, building and safety codes, and environmental laws, shall be promptly redone at Licensee's cost and expense.

3) Licensee shall notify City of Licensee's intention to commence the construction at least fifteen (15) days before commencement of any such work or delivery of any materials. The notice shall specify the approximate location and nature of the intended improvement. City shall have the right to post and maintain on the Premises any notices of nonresponsibility provided for under applicable law, and to inspect the Premises in relation to the construction at all reasonable times. Licensee shall provide City with a construction schedule which is fully described in Exhibit B, attached hereto and incorporated herein. Licensee shall immediately notify City if there are changes in the construction schedule.

4) Licensee has furnished City with a true copy of Licensee's contract with the general contractor, All-Rite Construction, Inc. California Contractor's License Number 737518. Licensee warrants that its general contractor is licensed in the State of California, and is qualified to perform the work as contained in its contract with the general contractor.

5) Licensee shall have the right to replace its general contractor and the City may disapprove of the replacement or substitute contractor and/or the contract by notice given within ten (10) days following delivery of the copy of the contract. The notice shall specify the grounds for disapproval. City shall not unreasonably disapprove and shall be considered to have approved in the absence of notice of disapproval given within ten (10) days after Licensee furnishes the contract and evidence specified above. If Licensee elects to act as general contractor, the reference above to contractor and evidence shall be considered to apply to the subcontractor of each subcontract in excess of \$3,500.00.

6) City shall waive the requirement of Licensee furnishing performance bonds in connection with this Agreement. In lieu of procuring performance bonds, Licensee shall establish an escrow account wherein the funds for the construction of the Synthetic Field are deposited prior to the start of construction. City shall have the right to draw on the escrow account to complete the construction of the Synthetic Field, should Licensee fail to do so for whatever reason, including but not limited to, Licensee's default or breach that results in the termination of this Agreement. Licensee shall cause its lender to execute all documentation facilitative of this right.

7) City shall have the right to approve any changes in the method of disbursing the construction loan funds during the period of construction.

8) Licensee shall deliver to City (1) certificates of insurance evidencing coverage for "builder's risk," (2) evidence of worker's compensation insurance covering all persons employed in connection with the work and with respect to whom death or bodily injury claims could be asserted against City or the Premises, and (3) evidence that Licensee has paid or caused to be paid all premiums for the coverage described above in this Section and any increase in premiums on insurance provided for in Section 16, sufficient to assure maintenance of all insurance above during the anticipated course of the work. Licensee shall maintain, keep in force, and pay all premiums required to maintain and keep in force all insurance above at all times during which such work is in progress.

9) During the entire time of construction, Licensee shall store or discard all equipment, garbage, refuse and other debris in such a manner so as not to be visible by persons using the facilities on Aviation Park with the exception of temporarily stored turf and soil

b. Completion. It is the intent of Licensee and City to expedite the permitting process, commencement and completion of the construction of the Synthetic Field and each will diligently pursue that end. Licensee and City agree to cooperate and assist each other in the expeditious completion of the Synthetic Field, provided however that such cooperation shall not constitute a waiver of any constructions laws or requirements.

c. Final Inspection. Construction of the Synthetic Field shall be deemed to have been completed when, in accordance with the final plans and specifications, the City grants approval pursuant to the Redondo Beach Municipal Code. The Synthetic Field shall not be used without the City's approval. Once City has completed its final inspection and granted Licensee the approval to use the Synthetic Field, the construction of the Synthetic Field shall be deemed in compliance with City's Municipal and City's Building Codes.

9. Safety Requirements and Operation. All work performed under this Agreement shall be performed in such a manner as to meet or exceed all State of California and City's safety laws and regulations and all other applicable regulations and laws. City reserves the right under California law to issue restraining or cease and desist orders to Licensee when unsafe or harmful acts are observed or reported relating to, relative to or connected with Licensee's performance under this Agreement. Licensee shall maintain the Premises free of hazards to persons and/or property resulting from its operations. Any hazardous conditions on the Premises or the surrounding area shall be reported to the City as soon as possible.

10. Permits and License. Licensee shall at its own expense, procure and keep in force, during the term of this Agreement, all necessary permits and licenses from all government agencies having jurisdiction over the construction of improvements, use, operations and maintenance of the Premises.

11. Hazardous Materials. Licensee shall comply with all federal, state and local regulations and laws pertaining to the storage and disposal of hazardous material or hazardous substances as those terms are defined by any such law or regulation, and shall indemnify, defend and hold harmless City for any breach of such regulation pursuant to Section 15 herein. Upon termination of this Agreement, Licensee shall cease use of the Premises and leave the Premises to City in good condition and repair, ordinary wear and tear excepted, and free from any liens, charges or encumbrances and free from any hazardous or toxic material, substance or waste which may require remediation.

12. Alterations and Additional Improvements. Except as provided herein, Licensee shall not make or suffer to be made any alterations, additions or improvements (collectively "Improvements") without the prior written consent of City in the exercise of its sole discretion, which shall not be unreasonably withheld. Improvements shall be at Licensee's own expense, unless otherwise agreed by the parties in writing. City may charge its usual and customary fees for any licenses or permits in connection with the approval and inspections of the Improvements.

13. Maintenance and Repair. Licensee shall, at its sole expense, during the term of this Agreement, maintain, clean, sanitize and repair or otherwise preserve: the building in which the Small Storage Area and the portion of the Large Storage Area used by Licensee are located; Licensee's other Improvements, whether fixed or not; the Synthetic Field and signs on the Premises in a safe, clean and sanitary manner and in compliance with the Redondo Beach Municipal Code, the ProGreen Warranty and Maintenance Guidelines, attached as Exhibit C and incorporated herein, and all applicable laws. Licensee shall, as reasonably practicable, use devices, facilities and products that reduce noise, vibration, movements of air, fumes and odors, so as not to unreasonably interfere with or harm other users at Aviation Park when it is maintaining, cleaning sanitizing or otherwise repairing the Synthetic Field.

Licensee shall conduct regular maintenance of the Synthetic Field, which includes but is not limited to, regular grooming of the crumb rubber, leveling the playing surface, cleaning and disinfecting the surface as recommended by the ProGreen Warranty. Licensee shall also repair any holes or gaps in the surface or other damage to the Synthetic Field. The frequency of the regular maintenance shall be determined by City taking into account the maintenance guidelines outlined in the ProGreen Warranty. The termination of the ProGreen Warranty, for whatever reason, shall not affect the obligations of Licensee to maintain, clean, sanitize, or otherwise preserve the Synthetic Field in the manner specified in the ProGreen Warranty and in this Agreement, which obligations shall continue as if the ProGreen Warranty were still in effect. Under no circumstances shall Licensee be required to assume, or otherwise be responsible for any obligations which would have been those of ProGreen but for the termination of the Warranty.

Notwithstanding anything contained in this Section 13 to the contrary, if it is determined that any maintenance, cleaning, or sanitizing, other than the routine maintenance, cleaning or sanitizing which Licensee is required to provide pursuant to this Section 13, or repair, replacement or other work is needed to the Synthetic Field because of anything that occurred during any City program, use of the Premises by any third party who was granted specific permission to use the Premises by the City, or any act or omission

of any City staff, personnel, or contractor, then the cost of such maintenance, cleaning, sanitizing, repair, replacement or other work shall be the sole responsibility of the City. In such event, the needed maintenance, cleaning, sanitizing, repair, replacement or other work shall be undertaken by Licensee and the cost of the same shall be reimbursed to Licensee by City upon completion of the maintenance, cleaning, sanitizing, repair, replacement or other work. Licensee shall submit to the City all invoices and documentation reasonably available to Licensee which establishes the nature and scope of the work done and the cost of the same together with a brief written statement by Licensee as to why it believes that the City is responsible for payment of such amounts. City shall reimburse Licensee within thirty (30) days of Licensee's request for reimbursement and/or provide to Licensee a brief written statement explaining why it has not reimbursed Licensee for all, or any portion of such reimbursement request. The failure of Licensee to provide the written materials specified in this section shall not be a defense to payment in any Arbitration but may be considered by the Arbitrator in assessing the costs of the Arbitration and/or in making an award of Attorney's fees and costs.

Licensee shall store or discard all garbage, refuse and other debris in all City provided trash receptacles.

City acknowledges that it has received a copy of the ProGreen Warranty that Licensee has received from ProGreen Sport Surfaces, LLC. City shall use its best efforts to comply with the maintenance guidelines contained in the ProGreen Warranty and use its best efforts to inform any City authorized users to comply with the ProGreen Warranty when using the Synthetic Field and/or operating the concession service. City shall post a sign outlining the prohibited uses as described in the Pro Green Warranty on the Athletic Field.

City shall have the right to inspect the Premises at any time to determine if there are any maintenance violations. Licensee shall correct each and every violation as soon as possible but no later than seven (7) days after being informed by the City in writing of such maintenance violations, including but not limited to any unsafe, unclean or unsanitary condition.

In the event of an emergency or in the event Licensee fails to correct any maintenance violations which the City reasonably believes creates a significant danger to public health or safety, City shall have the right to close access to Aviation Park, including but not limited to the Premises, to Licensee and the public until Licensee corrects the maintenance violation without any liability for any resulting business loss or damage to Licensee. If Licensee shall fail, within seven (7) days to correct the condition, City shall also have the right, but not the obligation, to remedy the condition(s)

and charge the cost to Licensee without any liability for any resulting business loss or damage to Licensee.

In the event of damage to or destruction of the Synthetic Field or other improvements made by Licensee upon the Premises, or it is declared that it is unsafe or unfit for use, Licensee shall diligently pursue to complete the repair of the Synthetic Field or other improvements necessary to permit full use of the Premises for the purposes required under this Agreement.

Nothing in this Agreement shall preclude Licensee from pursuing any third party to recover costs of any maintenance or repair or other damage incurred by Licensee as a result of damage to the Synthetic Field. City shall include in any agreement with any third party user of the Athletic Field, a provision making such third party liable for any cost, expense or loss caused to City or Licensee for any damage to the Synthetic Field and to provide appropriate insurance.

14. City's Obligations. City shall:

Improve the lighting on the northeast corner of the Athletic Field; and

Improve the restroom fixtures, either by cleaning or replacing them;
and

Improve the drainage in front of the patio area; and

Use its best efforts to ensure that the chain link fence as set forth in Exhibit A remains locked after City's use or that of City's designee.

Use its best efforts, to comply with the terms and conditions of the ProGreen Warranty and use its best efforts to inform its authorized users with the terms and conditions of the ProGreen Warranty.

Erect a sign outlining the types of activities and substances that are prohibited on the Synthetic Field.

Be responsible for trash maintenance on the Premises which includes providing trash receptacles and trash collection services.

Provide Robert J. Ross, Licensee's lender, with a copy of all default, termination, and other notices given to Licensee at the same time they are given to Licensee.

Erect an additional gate on the northeast side of the Athletic Field.

Not allow the Aviation Park Ground Lease to be terminated as a result of any act or omission of City, its employees, officials, agents or anyone acting with the authorization or approval of the City. City shall give Licensee copies of any notices which may negatively affect Licensee's rights or obligations under this Agreement or any notices claiming a default under the Aviation Park Ground Lease.

15. Indemnity. To the fullest extent permitted by law, Licensee shall indemnify, defend and hold harmless City and its officers, employees, elected and appointed officials and volunteers from and against any and all claims, demands, causes of action, lawsuits (whether at law or equity or both), proceedings, liabilities, losses, damages, expenses costs (including without limitation attorney's fees and costs and expert witness fees), judgments, penalties, and liens of every nature arising or claimed to arise directly or indirectly, out of this Agreement or Licensee's operations of the Premises or caused in whole or part by any negligent act or omission of Licensee, anyone directly or indirectly employed by Licensee or anyone for whose acts Licensee may be liable, or its failure to comply with any law, except for such loss caused by the sole negligence or willful misconduct of City. This indemnity provision shall survive the termination of this Agreement. Licensee's liability under this provision shall be limited to the extent of the insurance which Licensee is required to carry under the terms of this Agreement.
16. Insurance. Licensee shall comply with the insurance requirements set forth in Exhibit D, and shall at all times during this Agreement keep such insurance current. Any lapse in insurance requirements is immediate grounds for termination of this Agreement. In the event Licensee fails to maintain in full force and effect any required insurance, City shall have the right to close access to Aviation Park, including but not limited to the Premises, to Licensee and the public until Licensee acquires and shows proof of required insurance.
17. Signs. Licensee shall not post or place any sign on or about Aviation Park without City's prior written consent. Notwithstanding the above, Licensee shall have the right to place a sign along the Aviation Boulevard boundary of the Athletic Field, subject to the City's approval and Municipal Code requirements. City may revoke its approval upon thirty (30) days notice.
18. Liens. Licensee shall keep Aviation Park free from any liens, charges or encumbrances arising out of any work performed, materials furnished or obligations incurred by Licensee.
19. Utilities. Licensee shall pay for all utilities (including without limitation gas, electricity (not including field lights), heating, water and telephone services) used by Licensee at the Premises. Notwithstanding the

foregoing, Licensee shall not be responsible for an electricity charge for the use field lights beyond the amount specified in Section 5 of this Agreement. To the extent that a utility is not separately metered to the Premises, the parties shall agree on an equitable allocation of utility charges.

20. Title. All fixed alterations, additions or improvements (collectively "Improvements") made or suffered to be made by Licensee shall become part of Aviation Park and shall belong to the City upon termination of this Agreement. No Improvements or existing structures shall be removed from Aviation Park or destroyed or damaged during the term of this Agreement. Upon notice to Licensee, Licensee shall at its own expense forthwith remove the Improvements and repair any damage to Aviation Park caused by such removal.

21. Aviation Park. Except for the Premises and as otherwise set forth in this Agreement, Licensee has no greater rights to use any portion of Aviation Park than any other member of the public. Licensee shall keep all of the Common Areas free and clear of any obstructions and nuisances, to use and allow the use of Common Areas only for ingress and egress and not to cause or permit any Common Areas to be used so as to unreasonably interfere with the right of City or other person in Aviation Park.

"Common Areas" shall mean those portions of Aviation Park, other than the Premises, located within the physical boundaries thereof which are made available for the general use, convenience or benefit of all users of Aviation Park, including without limitation, oval track area, the areas that border the track area, restrooms, gymnasium, parking areas, all utility lines and systems, access roads, driveways, sidewalks, pedestrian walkways and other similar areas, in addition to maintenance and equipment areas. The City may at any time establish or change the nature, use, size and composition of the common areas.

22. Assignment. Licensee shall not assign, transfer, or convey, encumber (collectively "assign") all or any of its rights under this Agreement (including any options to extend the term of this Agreement) without first obtaining City's written consent, which consent may be withheld in the sole and absolute discretion of City. In the event that Licensee shall attempt to assign any or all of its rights under this Agreement without first obtaining such consent, City may, in its discretion, immediately terminate this Agreement and all rights and interest of Licensee therein shall cease and terminate. Any such termination by City shall in no event release Licensee from any obligation that it had prior to the date of termination under this Agreement, nor shall it relieve or release Licensee from the payment of any damages to City which City shall sustain as a result of

such violation. Any purported assignment without the consent of the City is null and void.

Consent to one assignment shall not be deemed to be consent to any subsequent assignment. In the event of default by any assignee of Licensee or any successor of Licensee in the performance of any of the terms hereof, City may proceed directly against Licensee without the necessity of exhausting remedies against such assignee or successor.

23. Termination. City may, upon ten (10) days written notice to Licensee, terminate this Agreement without any further obligations to Licensee if Licensee has breached this Agreement and Licensee has failed to correct the breach during said ten (10) day period; provided however, that if the default cannot reasonably be cured within ten (10) days, Licensee shall not be in default of this Agreement if Licensee commences to cure the default within the ten (10) day period and diligently and in good faith continues to cure the default. If the default cannot be cured within three months, City may terminate this Agreement.

Notwithstanding the foregoing, and subject to the right of Licensee, to cure such default within the 72 hour period, City may terminate the Agreement upon seventy -two (72) hours' notice for any of the following reasons:

If a petition under any federal bankruptcy laws is filed by or against Licensee, or an action under any present or future insolvency law or statute is filed by or against Licensee, or Licensee is adjudicated a bankrupt;

If Licensee voluntarily vacates, abandons (failure to occupy the Athletic Field for fifteen (15) consecutive days shall be deemed an abandonment), or discontinues all or part of its operation or services;

In the event of an emergency or natural catastrophe which renders Aviation Park or the Premises unsafe or unavailable for its intended use;

If Licensee commits an act or activity which could result in substantial damage to the Premises or its operations, or which is in direct and substantial interference with the use of the Premises;

Upon failure of Licensee to supply City with any of the certificates of insurance required herein or to maintain in full force and effect any required insurance;

Upon the occurrence of any act or omission which results in the suspension or revocation of any license, permit or authority that terminates the conduct and operation of the operations hereunder by Licensee;

Failure to pay any monetary obligation hereunder when due, if the failure continues for five (5) days after notice has been given to Licensee;

Failure to obtain City's approval pursuant to Section 8.C.

Robert J. Ross, Licensee's lender (Ross) may cure any default on behalf of Licensee and such cure shall be deemed a cure by Licensee allowing Licensee to retain its rights under this Agreement. If Ross commences a cure of any default on behalf of Licensee, he shall use his best efforts to notify City that he is undertaking such cure as soon as practicable after commencement of the cure.

Notwithstanding anything to the contrary herein, If City alleges a breach of this Agreement that is not cured after notice by the City, and Licensee and/or Ross dispute such failure to cure, the City may immediately seek binding arbitration pursuant to Section 24 to determine if a breach of this Agreement has occurred. In such Arbitration, the Arbitrator will have power to order immediate termination of this License or such other remedy as the Arbitrator believes equitable and appropriate under the circumstances. If a termination is ordered by the Arbitrator then Licensee shall immediately cease use of the Premises and surrender possession of the Small Storage Area and the Large Storage Area. The City may not deny Licensee, or Ross, use of the Premises or possession of the Small Storage Area and the Large Storage Area until such time as an Arbitrator determines that they must cease use the Premises and possession of the Small Storage Area and the Large Storage Area.

Upon termination of this Agreement for any reason, Licensee shall immediately cease use of the Premises and surrender possession of the Small Storage Area and Large Storage Area to City. In such event, City shall obtain title to the Synthetic Field without any financial obligation to Licensee or its lender provided the Synthetic Field construction is completed. If this Agreement is terminated before the Synthetic Field construction is completed, City shall draw funds from the escrow account to complete construction of the Synthetic Field, at which time the Synthetic Field shall belong to the City.

The parties acknowledge that this Agreement is subject to the Aviation Park Ground Lease, and this Agreement shall automatically terminate without liability to either party in the event that the Aviation Park Ground Lease shall be terminated for whatever reason through no fault of City or those whom City allows to use Aviation Park. Licensee shall also have the right, but not the obligation, to cure any default(s) in the Aviation Park Ground lease and charge the cost of such cure(s) to the City without any liability for any resulting damage to the City. Licensee shall also be entitled to recover from City for any loss incurred by Licensee as a result of City's breach of the Aviation Park Ground Lease.

24. Arbitration. The parties agree that all disputes, including any claim in law or equity, and other matters between the parties hereto, arising out of or relating to, in any manner, this Agreement or the breach thereof, including whether or not such dispute, claim or matter is subject to this Arbitration Provision, shall be decided in arbitration in accordance with the provisions or California Code of Civil Procedure § 1282 et seq. If any third party, not subject to this Arbitration Provision, is a party to any dispute, claim, action or proceeding, any such action or proceeding shall be stayed in conformity with the provisions of the Federal Arbitration Act. Notice of the Demand for Arbitration shall be filed in writing with the other party. The demand shall 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 when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations. The award rendered by the arbitrator(s) shall be final, and judgment may be entered there upon in accordance with applicable law in any court having jurisdiction thereof.

"ARBITRATION OF DISPUTES"

"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS SET FORTH IN THIS SECTION 24 DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE BUSINESS AND PROFESSIONS CODE OR OTHER APPLICABLE LAWS. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED

IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL
ARBITRATION."

DF

initials

M. Z.

initials

25. Notices. All notices required herein shall be personally delivered or mailed to the below listed addresses:

Licensee:
South Bay Sports, LLC
Dennis Fox, Manager
P.O. Box 755
Hermosa Beach, California 90254

Licensee's Lender:
Robert J. Ross
709 17th Street
Santa Monica, California

City:
City of Redondo Beach
Department of Recreation and Community Services
320 Knob Hill
Redondo Beach, CA 90277

26. Brokers. Licensee acknowledges, represents and warrants that Licensee has not hired, retained or agreed to pay any entity or person any fee, commission, percentage gift, or any other consideration, contingent upon or resulting from the award of making of this Agreement.

27. Independent Contractor. Licensee acknowledges, represents and warrants that Licensee is not a regular or temporary employee, joint venturer or partner of the City, but rather an independent contractor. City shall not be responsible for payment of any salaries, wages or compensation to Licensee's employees.

28. Taxes and Assessments. Licensee shall have the obligation to pay for any tax, assessment, fee, charge, penalty or other imposition imposed by any governmental authority regarding its use, operation, or business activities under this Agreement. Pursuant to Revenue and Taxation Code §107.6(a), Licensee acknowledges that this Agreement may create a possessory interest subject to possible taxation.

29. Waste. Neither party, nor those which it allows to use the Premises shall cause, maintain or permit any nuisance in, on or about Aviation Park or

the Premises or commit or allow to be committed any waste in or upon Aviation Park or in connection with any uses conferred by this Agreement.

30. Compliance with Laws. Licensee shall comply with all federal, state, and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Agreement, including without limitation environmental laws and employment discrimination laws.
31. Discrimination. In connection with this Agreement, Licensee shall not discriminate against any person on the basis of race, religion, color, sex, age, national origin, or physical handicap.
32. Integration. This Agreement constitutes the entire agreement between the parties concerning the subject matter thereof and supersedes any previous oral or written agreement. This Agreement may be modified or amended only by a subsequent written instrument executed by both parties and approved as to form by the City Attorney and approved by the City Council.
33. Conflicting Provisions. In the event of a conflict between the terms and conditions of this Agreement and those of any exhibit or attachment hereto, this Agreement proper shall prevail. In the event of a conflict between the terms and conditions of any two or more exhibits or attachments hereto, those prepared by the City shall prevail over those prepared by Licensee.
34. Exhibits. All exhibits hereto are made a part thereof and incorporated herein by reference.
35. Time of Essence. Time is of the essence. Licensee shall not be responsible for performance delays caused by others, or delays beyond Licensee's control.
36. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Agreement shall not be considered "third parties."
37. Governing Law and Venue. This Agreement shall be construed in accordance with the law of the State of California without regard to principles of conflicts of law.
38. Attorney's Fees. In the event either party to this Agreement brings an action to enforce or interpret this Agreement, the prevailing party in such


action shall be entitled to attorney's fees (including expert witness fees) and costs. This provision shall survive the termination of this Agreement.

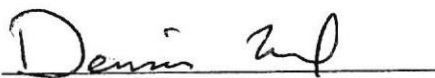
39. Claims. Any claim by Licensee against City hereunder shall be subject to Government Code §§800 et seq. The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the City shall be waived if not made within six months after accrual of the cause of action.
40. Interpretation. This Agreement shall be interpreted as if drafted by both parties.
41. Severability. Any provision of this Agreement to be found invalid or unenforceable shall be deemed severed and all remaining provisions of this Agreement shall remain enforceable.
42. Authority. City warrants and represents that upon City Council approval, the Mayor of the City of Redondo Beach is duly authorized to enter into and execute this Agreement on behalf of City. The party signing on behalf of Licensee warrants and represents that he or she is duly authorized to enter into and execute this Agreement on behalf of Licensee, and shall be personally liable to City if he or she is not duly authorized to enter into and execute this Agreement on behalf of Licensee.
43. Waiver. The waiver by the City of any breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties have executed this Agreement in Redondo Beach, California.

CITY OF REDONDO BEACH

SOUTH BAY SPORTS, INC.



Mayor


By: Dennis Fox
Title: Owner

APPROVED AS TO FORM:

APPROVED:


City Attorney #59.


Risk Manager

ATTEST:

Shandy Forrest
City Clerk