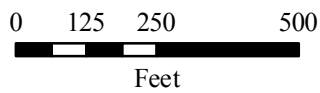


Cabrillo Beach Yacht Club (C.A. 517)

TRANSMITTAL 1



Harbor Department
Planning & Economic Development
Map Produced 3/2011



ORDER NO. _____

An Order of the Board of Harbor Commissioners of the City of Los Angeles fixing the compensation to be paid by CABRILLO BEACH YACHT CLUB ("Concessioner"), pursuant to Concession Agreement No. 517 for the three five-year periods commencing May 21, 2001 through May 20, 2006, May 21, 2006 through May 20, 2011 and May 21, 2011 and ending May 20, 2016.

WHEREAS, Concessioner previously was granted a 30-year concession agreement commencing May 21, 1986 pursuant to Order No. 5316 of the Board of Harbor Commissioners of the City of Los Angeles to occupy certain lands at Los Angeles Harbor; and

WHEREAS, Concession Agreement No. 517 provides the compensation to be paid by the Concessioner to the Board of Harbor Commissioners for the use of the premises for the three five-year periods of the 30-year term shall be subject to readjustment pursuant to Section 4(m); and

WHEREAS, the Board of Harbor Commissioners and the Concessioner have agreed on compensation to be paid by Concessioner during the three five-year periods commencing May 21, 2001 through May 20, 2006; May 21, 2006 through May 20, 2011 and May 21, 2011 and ending May 20, 2016.

NOW, THEREFORE, IT IS HEREBY ORDERED by the Board of Harbor Commissioners of the City of Los Angeles as follows:

Section 1. Fixed Minimum Rent. That the compensation to be paid by Concessioner for the use of the Premises granted by Concession Agreement No. 517 by Board of Harbor Commissioners' Order No. 6425 adopted May 8, 1996 for the three five-year periods commencing May 21, 2001 through May 20, 2006; May 21, 2006 through May 20, 2011 and May 21, 2011 and ending May 20, 2016 be and the same is hereby fixed as follows:

1. For the periods of May 21, 2001 through May 20, 2006 and for the initial five-year periods of May 21, 2006 and ending May 20, 2011, the Fixed Minimum Rent shall remain at Thirteen Thousand Seven Hundred Ninety-nine Dollars (\$13,799) per month, payable on the first day of each and every month.
2. Beginning May 21, 2011, the Fixed Minimum Rent shall be the greater of the following:
 - (i) The previous year's Fixed Minimum Rent; or
 - (ii) Seventy-five percent (75%) of the average total rent (Fixed Minimum Rent plus Percentage Rent) of the previous three years'; or
 - (iii) Fixed Minimum Rent shall equal the prior year's annual Fixed Minimum Rent adjusted for inflation by multiplying the prior year's annual Fixed Minimum Rent by the CPI of the current year and then dividing it by the CPI of the prior year (adjusted annual Fixed Minimum Rent = annual Fixed Minimum Rent x (CPI March 20CY _(CY=Current Year) ÷ CPI March 20PY _(PY=Prior Year))). CPI is the Consumer Price Index for All Items, All Urban Consumers ("CPI - U") for the Los Angeles-Riverside and Orange Counties, as published by the U.S. Department of Labor, Bureau of Labor Statistics as

20

series CUURA421SAO for March of each year. If the publication of said index is discontinued, then a successor index selected by the Executive Director in his/her sole but reasonable discretion shall be substituted. CPI will have a three percent (3%) cap during the first five-year period.

Section 2. Percentage Rent. Percentage rent shall remain the same.

Section 3. Except as herein provided, all the terms and conditions of Concession Agreement No. 517, as amended, shall remain in full force and effect.

Section 4. The Board Secretary shall certify to the adoption of this Order by the Board of Harbor Commissioners of the City of Los Angeles.

I HEREBY CERTIFY that the foregoing Order was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting held _____.

ROSE DWORSHAK
Board Secretary

The undersigned Concessioner hereby consents to the foregoing readjustment of compensation and agrees to pay to the Board of Harbor Commissioners of the City of Los Angeles the amounts set forth therein during the three five-year periods commencing May 21, 2001 through May 20, 2006, May 21, 2006 through May 20, 2011 and May 21, 2011 ending on May 20, 2016.

Dated: March 10, 2011

CABRILLO BEACH YACHT CLUB

By John O'Connor
John O'CONNOR, Commodore
(Print/Type Name and Title)

Attest Thomas E. Eskridge Jr. S/C
Thomas E. Eskridge Jr. S/C
(Print/Type Name and Title)

APPROVED AS TO FORM AND LEGALITY

March 11, 2011
CARMEN A. TRUTANICH, City Attorney

By Christopher B. Bobo
CHRISTOPHER B. BOBO, Assistant

CBB:jpr
02/24/11

PROPOSED COMPENSATION BEGINNING MAY 2011

**Cabrillo Beach Yacht Club - Concession Agreement No. 517
Beginning May 21, 2011**

- 1) **Previous Year's Minimum Annual Rent**
Previous year's (2010) MAR = **\$165,588**

- 2) **Previous Year's Minimum Annual Rent adjusted by the change in the CPI**

YR	CPI Index	Δ	Factor	
March 2009	221.376			
March 2010	225.483	4.107	1.019	
Calculated MAR		2010 MAR X Factor =		\$168,660

(Δ = difference between 2009 and 2010 index; factor=2010 index divided by 2009 index)

- 3) **75% of average of previous three years rent (MAR or percent of gross receipts, whichever is greater)**

	YR	MAR	\$Total Rent Paid	% Rent
	2007	\$165,588	\$282,298	\$116,710
	2008	\$165,588	\$291,846	\$126,258
	2009	\$165,588	\$291,375	\$125,787
Total		\$496,764	\$865,519	\$368,755
Average			\$288,506	
Calculated MAR		75%	\$216,380	

Note: Item 3 is for demonstration purposes only.

2011 rent for CBYC is proposed to be reset in May 2011. Using the three previous year's methodology, rent cannot be determined until July or August of 2011 to allow submission of gross receipts reports for May 2010 through May 2011.