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and When Recorded Mail to:

STATE OF CALIFORNIA

STATE LANDS COMMISSION
1807 13th Street
Sacramento, CA 95814
Attn: Title Unit

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LOS ANGELES COUNTY
CALIFORNIA
21 MIN. 11 A.M. OCT 24 1991
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STATE OF CALIFORNIA OFFICIAL BUSINESS (Document entitled to free recordation pursuant to Government Code Section 6103)

State Lands Commission BLA No. 264

P.R.C. 7546.1

FREE L

PERMIT FOR IMPROVEMENTS

A. THIS AGREEMENT, hereinafter referred to as the "Agreement", is entered into as of the 15th day of July, 1991, by and between the State of California acting by and through the State Lands Commission, hereinafter referred to as the "State", on the one hand, and Elliot J. Horowitz, and the 1989 Elliot J. Horowitz Irrevocable Trust, acting by and through Elliot J. Horowitz as Trustee, hereinafter collectively referred to as "Horowitz", on the other hand.

B. Horowitz is the owner in fee of certain real property in the City of Santa Monica, County of Los Angeles, State of California, commonly known as 506 Palisades Beach Road, and hereinafter referred to as the "Upland Parcel".

C. Horowitz has possessed and occupied an area consisting of a fenced yard, which extends a maximum distance of 28.8 feet waterward, southwesterly of that certain line entitled, "1921 Mean High Tide Line Retraced 1978" as shown in Book 90 of Surveys, Page 39, Los Angeles County Recorder's Office, and which consists of approximately 1418 square feet, which area is hereinafter referred to as the "Premises". The Premises are more particularly described in Exhibit 1 attached hereto and incorporated herein by reference. Horowitz moreover has maintained certain existing improvements upon the Premises, which improvements are hereinafter referred to as the "Existing Improvements". Horowitz has possessed and occupied the Premises and has maintained the Existing Improvements under a claim of right, believing and claiming that the Premises are part of the Upland Parcel. The City and the State, believing and claiming that the Premises are not part of the Upland Parcel but rather are merely contiguous thereto, dispute Horowitz' claim of right to possess and occupy the Premises and to maintain the Existing Improvements.

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-- Page 1 of 4 --
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STATE LANDS COMMISSION

D. Horowitz may continue to possess and occupy the Premises as described in paragraph C above for a period of ten (10) years at the rental rate set forth in California Code of Regulations, Title II, Division 3, Article 2, Section 2003(a)(4), said amount being \$11,912.04 per year. For purposes of this Agreement, said ten (10) year period shall be deemed to have commenced on July 15, 1991, and shall terminate on July 24, 2001.

E. Horowitz shall pay to the State Lands Commission for ultimate transmittal to the City of Santa Monica, hereinafter referred to as the "City", or if the City is no longer operator of the Santa Monica State Beach, then to such other public agency designated by the State Lands Commission, the amount of rent set forth in paragraph D above, which amount is due, owing and payable upon the execution of this Agreement and on the 15th day of July yearly thereafter.

F. Horowitz may paint, maintain, and repair the Existing Improvements, and may replace the Existing Improvements with new improvements in substantially the same location, but shall not otherwise improve the Premises in any manner whatsoever without written permission of the State Lands Commission while this Agreement is in effect.

G. Horowitz shall not construct or maintain, either permanently or temporarily, any additional improvements waterward of the "1921 Mean High Tide Line Retraced 1978" while this Agreement is in effect.

H. This Agreement is not intended, and shall not be used or construed, as an admission or concession by Horowitz that he lacks, nor as an admission or concession by either the State or the City that Horowitz has, title to the Premises or the right other than pursuant to this Agreement to possess, occupy, and improve the Premises. Horowitz expressly agrees that his continued possession of the Premises shall not give rise to any claim of prescriptive rights or any other right, title or interest vis-à-vis the State, acting by and through the State Lands Commission, or the State, acting by and through the Department of Parks and Recreation, or the City, or any other public entity that may operate Santa Monica State Beach, or any combination thereof.

I. Horowitz shall notify the City and the State, as specified in paragraph J of this Agreement, as to Horowitz's current address for the purpose of receiving notice and any subsequent changes thereto. In the event the Upland Parcel is sold or otherwise transferred it shall be the responsibility of the buyer or transferee of the Upland Parcel to notify the City and the State of the change in ownership. If the buyer or transferee of the Upland Parcel fails to notify the City and the State of said change in ownership, said buyer or transferee hereby agrees to

hold the City and the State harmless for failing to give to the proper party any notice required by this paragraph.

J. Any notice required or permitted under this Agreement shall be deemed given by depositing in the U.S. mail, postage prepaid, by registered or certified mail, return receipt requested, a notice correctly addressed as follows:

If to Horowitz, to: Owner
 506 Palisades Beach Road
 Santa Monica, California 90401

with a duplicate notice addressed to:

 Elliot J. Horowitz
 506 Palisades Beach Road
 Santa Monica, California 90401

If to the City, to: Director, Department of Recreation and Parks
 City of Santa Monica
 1685 Main Street
 Santa Monica, California 90401

If to the State, to: Executive Officer
 State Lands Commission
 1807 13th Street
 Sacramento, California 95814

or to such other address as any party may subsequently specify by written notice to the other parties.

K. In the event of failure of Horowitz to pay the consideration as provided herein within the time specified, or in the event of breach by Horowitz of any of the terms or conditions contained herein, the State shall have the right to terminate this Agreement on giving to Horowitz a 30-day written notice to correct such default or breach and in the event Horowitz fails to do so.

L. The City and/or the State at all reasonable times and upon reasonable notice shall have a right to enter the Premises for the purpose of making any reasonable inspection to determine whether the terms and conditions of this Agreement are being fulfilled by Horowitz.

M. Horowitz hereby assumes all risk of damage or injury or death of persons on or within the Premises from any cause. Horowitz shall indemnify and hold harmless the City, the State, and their officers, agents and employees while acting as such, from any claim for such damage, injury or death.

N. In the event any of the parties to this Agreement is required to bring any action at law or equity to collect the payment of any consideration due hereunder or to enforce any of the terms or conditions of this Agreement, the prevailing party shall be reimbursed by the non-prevailing party for such costs as may be incurred in the bringing of such action, including reasonable attorneys' fees.

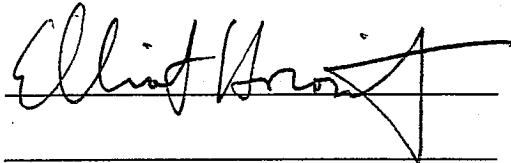
O. This Agreement may be terminated at any time by Horowitz by the removal of all Existing Improvements waterward of the "1921 Mean High Tide Line Retraced 1978," by giving written notice to the City and the State as provided in paragraph J above, and by payment of any consideration due and owing at the time of termination. If the termination occurs within a period for which prepayment of the rental has been made by Horowitz, Horowitz shall be reimbursed on a pro rata basis for the unexpired portion of the rental term for which payment has been made.

P. This Agreement is binding upon and inures to the benefit of the heirs, successors in interest and assigns of the parties hereto.

IN WITNESS WHEREOF, each party hereto has caused this Agreement to be executed.

DATED: July 15, 1991.

Elliot J. Horowitz



STATE LANDS COMMISSION



By Executive Officer

October 22, 1991

Execution of this agreement was authorized by the State Lands Commission on July 15, 1991, pursuant to Minute Item 39.

91 1683523

INDIVIDUAL ACKNOWLEDGMENT

NO. 201

State of California
County of Sacramento } SS.

On this the 22nd day of October 1991, before me, 5
Gina M Hoffeditz

the undersigned Notary Public, personally appeared

Charles Warren*****



personally known to me
 proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the
within instrument, and acknowledged that he executed it.

WITNESS my hand and official seal.

91 1683523

Gina M Hoffeditz
Notary's Signature

ATTENTION NOTARY: Although the information requested below is **OPTIONAL**, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED AT RIGHT:

Title or Type of Document PRC 7546.1
Number of Pages _____ Date of Document _____
Signer(s) Other Than Named Above Elliot J. Horowitz

ALL-PURPOSE ACKNOWLEDGMENT

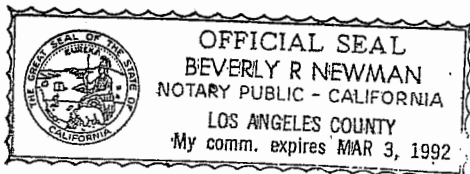
NO 209

State of California
County of Los Angeles } **91 1683523**

On Oct 21, 1991 before me, _____ (name, title of officer),
personally appeared ELLIOT J. HOROWITZ

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

WITNESS my hand and official seal.



Beverly R Newman
Signature

CAPACITY CLAIMED BY SIGNER

- INDIVIDUAL(S) SIGNING FOR ONESELF/THEMSELVES
- CORPORATE OFFICER(S) _____ TITLE(S) _____
_____ COMPANY _____
- PARTNER(S) _____ PARTNERSHIP _____
- ATTORNEY-IN-FACT _____ PRINCIPAL(S) _____
- TRUSTEE(S) As Trustee TRUST _____
- OTHER _____ TITLE(S) _____
_____ TITLE(S) _____
- _____ ENTITY(IES) REPRESENTED _____
- _____ ENTITY(IES) REPRESENTED _____