

LEASE AGREEMENT

(Limited Restaurant)

THIS LEASE AGREEMENT, (herein the "Lease") is made and entered into this 5 day of November, 2003, by and between the CITY OF LAS VEGAS, a municipal corporation in the State of Nevada (herein the "Lessor"), and PORT OF SUBS, INC. , a Nevada corporation (herein the "Lessee").

WITNESSETH:

WHEREAS, Lessor owns the real property and improvements thereon that are located at 261 North Las Vegas Boulevard in Las Vegas, Nevada, commonly known and referred to as the "Stewart Avenue Garage Retail Space" (herein the "SAG") whose location is shown on the Site Map, Exhibit "A" attached hereto; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, building space that is situated in that certain retail center located on the ground floor of the SAG (the "Retail Center").

NOW, THEREFORE, for and in consideration of the foregoing and the covenants, terms and conditions herein contained, the parties agree as follows:

1. LEASE OF PREMISES. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, 1,172 square feet of space in the Retail Center (the "Premises"), 150 square feet of storage space (the "Storage Area"), and 5 reserved parking spaces (the "Reserved Parking") in the SAG, in accordance with the provisions of this Lease. The Premises and Storage Area are depicted on the Floor Plan, Exhibit "B" and Storage Area Plan, Exhibit "C", attached hereto.

2. TERM OF LEASE. Unless earlier terminated in accordance with Section 39 hereof, and subject to the renewal provisions contained in Section 38 hereof, this Lease shall be for a term of five (5) years and three (3) months, beginning, on the Commencement Date, as defined in Section Three, and ending five (5) years and three (3) months thereafter.

3. COMMENCEMENT DATE. The Commencement Date and effective date of this Lease shall be the first day of the month following the full execution by all parties to this Lease. The Lessee's obligation to begin paying rent and CAM charges, taxes and insurance (NNN) shall start three (3) months after the Commencement Date as further set forth herein.

4. LESSEE'S CONSTRUCTION OBLIGATIONS. Lessee shall, at its own cost and expense, build out the Premises for Lessee's exclusive use as depicted in Exhibit "B" Floor Plan, attached hereto. Lessee shall also build out private restroom facilities in its Premises pursuant to ADA guidelines. In addition, Lessee shall, at its own cost and expense, build out the

Storage Area for Lessee's exclusive use as depicted in Exhibit "C" Storage Area Plan, attached hereto. The other tenant of the Retail Center shall assume responsibility for physical construction of the approximately 100 square feet of common space located in the Retail Center, consisting of mechanical space (including its HVAC system and excluding Lessee's HVAC system that will be the sole cost and responsibility of Lessee to install) and fire sprinkler riser (herein the "Utility Room"), as depicted in Exhibit "B" Floor Plan, attached hereto. Lessee and other tenant of the Retail Center shall share the cost of constructing the Utility Room (in an amount equal to their Proportionate Share). The other tenant of the Retail Center responsible for the physical construction of the Utility Room will inform, in advance, Lessee of the estimated cost for said construction and each tenants' proportionate share. The other tenant of the Retail Center responsible for physical construction of the the Utility Room will make arrangements with Lessee for reimbursement of said tenant's Proportionate Share of constructing the Utility Room. Lessor agrees that it shall include a similar cost-sharing clause in any and all leases entered into for space in the Retail Center that shall require all tenants and occupants of the Retail Center to share the Common Area Build out Costs with Lessee as set forth herein.

5. **SIGNAGE.** Lessee will ensure that all its exterior building signage will be neon signage and shall be in the general form and size as depicted on Exhibit "E", General Depiction of Signage. Notwithstanding the previous sentence, the maximum signage area permitted will be in accordance with applicable Las Vegas Municipal Code standards. Lessee will be solely responsible for the cost, installation and maintenance of its signage.

6. **RENT.**

A. PREMISES AND STORAGE AREA RENT. Throughout the term of this Lease, Lessee shall be required to make all rental payments to Lessor. Commencing on the first day of the fourth (4th) month after the Commencement Date, Lessee agrees to pay Lessor, as rent for the Premises and Storage Area, the total sum of \$2,475.00 per month for 1,100 square feet of net useable retail space and 150 square feet of storage area, without demand, offset or reduction, payable monthly in advance to Lessor at City of Las Vegas Department of Finance Services, 400 Stewart Avenue, 6th Floor, Las Vegas, Nevada 89101. Beginning on the third anniversary of the Commencement Date and every anniversary thereafter, the then-current monthly rental fee shall be increased by two percent (2%) through the end of the initial five (5) year and three month term.

B. RESERVED PARKING RENT. Throughout the term of this Lease, Lessee shall be required to make all rental payments for five (5) reserved parking spaces in the SAG to the Lessor. Commencing on the first day of the third month after the Commencement Date, Lessee agrees to pay Lessor, as rent for the five (5) reserved parking spaces in the SAG the monthly amount of \$250.00. The locations of the reserved parking spaces in the SAG will be at the sole discretion of the Lessor. In addition, the reserved parking spaces in the SAG are to be used only by employees of the Lessee. Beginning on the third anniversary of the Commencement Date and every anniversary thereafter, the then-current monthly rental fee shall be increased by two percent (2%) through the end of the initial five (5) year term

C. **LATE CHARGES.** The rent for any calendar month, if not paid by the tenth (10th) day of that month is subject to a five percent (5%) late charge, which must be included with any late payment.

7. **RENT CREDIT.** In place of a tenant improvement allowance, Lessor will give Lessee a rent credit equal to fourteen (14) months of rent for the Premises, Storage Area and Reserved Parking (the "Rent Credit"). Lessor shall begin to apply the Rent Credit towards Lessee's rent for the Premises, Storage Area and Reserved Parking commencing on the first day of the fourth (4th) month after the Commencement Date. Beginning the first day of the eighteenth (18th) month after the Commencement Date, the Rent Credit will no longer be applicable and Lessee shall be required to make all rental payments to Lessor.

8. **DEPOSITS.** Concurrent with the execution of this Lease, Lessee will deposit with Lessor the First Months Rent and the Security Deposit which is equal to one month's rent.

9. **SERVICES.** The following utilities and services will be provided by Lessor (unless otherwise indicated) and shall, where provided by Lessor, shall be included as CAM Charges:

A. **HVAC** Lessor will cause to be supplied to the Premises and the Retail Center heat, ventilation and air conditioning ("HVAC") during normal business hours of Lessee. Any additional HVAC system capacity required by Lessee, over and above what is supplied by Lessor, will be the responsibility of the Lessee to secure at its sole cost and expense. HVAC to the Premises during hours other than Normal Business Hours will be provided, at Lessee's request and expense, at Lessor's actual direct cost, without mark-up, which will be based on Lessor's average energy rate of electricity and natural gas for the Building and average hourly labor rate, if any.

B. **ELECTRICITY.** Lessor will cause to be supplied electricity to the Premises. Any additional electrical system capacity required by Lessee, over and above what is already supplied by Lessor, will be the responsibility of the Lessee to secure at its sole cost and expense. Lessor will also provide electricity for lighting of the common areas of the Retail Center.

C. **WATER.** Lessor will cause water to be supplied for ordinary drinking, lavatory and toilet purposes and to operate the necessary fire sprinkler system at the Retail Center. Any additional water capacity required by Lessee, over and above what is already supplied by Lessor, will be the responsibility of the Lessee to secure at its sole cost and expense.

D. **JANITORIAL.** Lessee shall, at its cost and expense, provide janitorial services to the Premises and Storage Area. Lessee shall also, in common with other tenants of the Retail Center, provide janitorial services to the Utility Room of the Retail Center (on an as needed basis) and the cost thereof shall be shared among said tenants on a pro-rata basis. Lessor agrees that it shall include a similar cost sharing clause in any and all leases entered into for

space in the Retail Center, that shall require all tenants and occupants of the Retail Center to share the janitorial cost associated with the Utility Room of the Retail Center.

E. SECURITY. Lessor shall provide, at its sole cost and expense, security to the SAG in a manner reasonably required by it. Lessee shall, in common with other tenants of the Retail Center, provide security to the Retail Center in a manner reasonably required by said tenants of the Retail Center and Lessor agrees that it shall include a similar cost sharing clause in any and all leases entered into for space in the Retail Center which shall require all tenants and occupants of the Retail Center to share the security cost associated with the common areas of the Retail Center.

F. FIRE SPRINKLER SYSTEM. Lessor shall maintain Fire Sprinkler Riser housed in the Utility Room pursuant to City of Las Vegas Fire Safety and Building Code Requirements.

10. LESSEE PAID EXPENSES.

From the Commencement Date, Lessee shall reimburse Lessor for its Proportionate Share of the CAM charges incurred at the Retail Center within thirty (30) days of Lessee's receipt of Lessor's CAM Charges (as that term is hereinafter defined) invoice detailing such charges. Lessee's "Proportionate Share" of CAM Charges shall be 57.73%, which is equal to a fraction, the numerator of which is the square footage of the Premises or 1,172 square feet and the denominator of which shall be the total rentable square footage of the Retail Center or 2,030 square feet. The Retail Center's "CAM Charges" shall be the reasonable costs directly incurred by Lessor in the operation, maintenance and upkeep of the Retail Center, including, but not limited to utilities (electricity, water, sewer and natural gas charges based on meters or sub-meters serving the Retail Center), fire/life/safety, property taxes (upon the Retail Center portion of the SAG only) and maintenance costs directly associated with the Retail Center (including common area). In the event the cost of any utilities are individually metered or sub-metered to the Premises, Lessee shall be responsible for the actual cost of said utilities consumed at the Premises and the cost of said utilities individually metered to the Premises shall not be included in the CAM Charges for the Lessee. The cost of any utilities that are individually metered to the Premises will be paid directly by the Lessee to the vendors providing the utilities. The Lessee and other tenant of the Retail Center will be responsible for the cost, based on their respective proportionate shares, of installing any meters or sub-meters for utilities serving the Retail Center and should Lessee elect to install any meter or sub-meter for the Premises, Lessee shall be responsible for the cost thereof. The CAM Charges shall specifically exclude any and all costs associated with the maintenance, operation and upkeep of any portion of the SAG, other than the Retail Center. The CAM Charges shall also specifically exclude phone service, garbage dumpster fees and garbage collection fees for the Premises that are to be paid directly by the Lessee to the vendors providing the service.

The CAM charges shall also specifically exclude utilities (including but not limited to electricity, water, sewer and natural gas) for the Storage Area, as well as, costs to provide

utilities (including but not limited to utility connection fees) to the Storage Area. The monthly costs of any and all utilities to the Storage Area shall be paid directly by Lessee to the vendors providing the utilities.

Lessee shall, at its expense, provide janitorial services for the Storage Area.

11. COMMON AREA MAINTENANCE AND UTILITY CHARGES.

Lessee's Proportionate Share of the CAM Charges, starting from the Commencement Date, will be billed monthly by Lessor to Lessee with a detail breakdown of the costs that make up such CAM Charges. Lessee shall have the right to audit Lessor's records as the same relate to the CAM Charges upon written request to Lessor.

12. REPAIRS AND MAINTENANCE. Lessor will maintain and repair the exterior and structure of the Retail Center and Utility Room located therein, all electrical, plumbing, and HVAC components and/or fixtures serving the Retail Center or the Premises, the roof and foundation, all common elements of the Retail Center (including but not limited to the connections for all utilities) in a manner generally consistent with the maintenance and repair of similar properties in the area in which the Premises are located. All such costs shall be included as CAM Charges. If Lessor fails, after receiving thirty (30) days prior written notice from Lessee, to cure such default (except that, in an emergency, Lessee need not provide such notice or period to cure), Lessee may perform the maintenance and repairs and charge the costs to Lessor. Lessee shall maintain the interior of the Premises and its furniture, fixtures and equipment located therein in a good and clean condition.

The Lessee will provide any maintenance and repairs to storage units in the Storage Area.

13. USE OF PREMISES, STORAGE AREA AND RESERVED PARKING.

Lessee agrees to use the Premises solely for the purpose of conducting the normal business of selling hot and cold foods, including, but not limited to, sandwiches, hot and cold drinks, candy, snack food, and various other sundry items generally associated with the operation of a limited restaurant and more fully described in the attached Exhibit "F", Operations Plan.

Lessee shall not use or permit the Premises, Storage Area and Reserved Parking to be used for any purpose, other than as described in the attached Exhibit "F", Operations Plan, without the written consent of Lessor.

Lessor will provide Lessee with access to the Premises, Storage Area and Reserved Parking, 24 hours per day, 365 days per year.

14. LAWS, WASTE, NUISANCE. Lessee covenants that it:

A. Will not use or suffer or permit any person or persons to use the Premises, Storage Area and Reserved Parking, or any part thereof for conducting thereon any activity not authorized in this Lease;

B. Will comply with all laws, ordinances, regulations and requirements, now in force or which hereafter may be in force, of any lawful governmental body or authority having jurisdiction over the Premises, Storage Area and Reserved Parking.

C. Will keep the Premises, Storage Area and Reserved Parking, and every part thereof in a clean, neat and orderly condition, and will in all respects and at all times fully comply with all health and police regulations; and

D. Will not suffer, permit or commit any nuisance or waste on the Premises, Storage Area and Reserved Parking.

15. ALTERATIONS, ADDITIONS AND IMPROVEMENTS. At any time during the Lease term, Lessee, subject to the prior written approval of Lessor and at the expense of Lessee, may make alterations, additions or improvements in and to the Premises and Storage Area. Any such alteration, addition or improvement shall be performed in a workmanlike manner, in accordance with all applicable governmental regulations and requirements, and shall not weaken or impair the structural strength or lessen the value of the Premises and Storage Area.

All alterations, additions or improvements that may be erected or installed in or on the Premises and Storage Area shall become part thereof and the sole property of Lessor, except that all moveable fixtures that may be installed by the Lessee shall be and remain its property and shall not become the property of Lessor if it is removed in a timely manner after abandonment or surrender of the Premises and Storage Area.

16. PAYMENT OF TAXES. Lessor shall be responsible for any real property taxes on, or real property related assessments to the Premises, Storage Area and Reserved Parking. Lessor shall have no responsibility or liability to pay any personal property taxes because of any personal property brought upon or used by Lessee in connection with the Premises, Storage Area or Reserved Parking, and Lessee agrees to pay, and to indemnify Lessor concerning, any such taxes that may be assessed.

17. COMPLIANCE WITH THE LAW. The Lessee shall promptly execute and comply with all statutes, rules, orders, building codes, ordinances, requirements, and regulations of the City, County, State and Federal governments, including OSHA, the Americans with Disabilities Act of 1990 (42 USC Sections 12101 through 12213 and 47 USC Section 225.611) and their underlying regulations and rules, which are applicable to the Premises, Storage Area and Reserved Parking. Nothing herein contained shall be construed to restrict the Lessee from contesting the validity of any such regulation, rule or ordinance, provided the Lessee indemnifies

the Lessor to its reasonable satisfaction against the consequences of non-compliance during the period of dispute.

18. INDEMNIFICATION AND INSURANCE. The Lessee agrees to procure and maintain general liability insurance in the minimum amount of \$1,000,000 per occurrence; \$2,000,000 in the aggregate covering any injury or damage to person or property resulting from the use of the Premises for the corresponding dates set forth in Section 2 hereof. The insurance policies shall name the Lessor as an additional insured.

Lessee hereby agrees to protect, indemnify, and hold the Lessor, its officers, employees and agents, harmless from and against any and all claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, attorneys' fees and court costs, which the Lessor, its officers, employees or agents, may suffer or which may be sought against or are recovered or obtainable from the Lessor, its officers, employees or agents, as a result of, or by reason of, or arising out of or in consequence of any act or omission, negligent or otherwise, of the Lessee or its officers, employees, contractors, subcontractors, agents, volunteers or anyone who is directly or indirectly employed by, or is acting in concert with, the Lessee, officers, its employees, contractors, subcontractors, volunteers or agents in the performance of this Lease.

In this connection, the Lessee expressly agrees, at its sole cost and expense, to defend the Lessor, its officers, employees and agents, in any suit or action that may be brought against it or them, or any of them, by reason of any act or omission, negligent or otherwise, against which the Lessee has agreed to indemnify the Lessor, its officers, employees and agents. If the Lessee fails so to do, the Lessor shall have the right, but not the obligation to defend same and to charge all of the direct and incidental costs of such defense, including attorneys' fees and court costs, to the Lessee.

19. WAIVER OF SUBROGATION. Lessee hereby waives, and Lessor hereby waives, any rights each may have against the other for loss or damage to its property or property in which it may have an interest, where such loss is caused by a peril of the type generally covered by fire or hazard insurance with extended coverage or arising from any cause which the claiming party was obligated to insure against under this Lease, and the Lessee and Lessor, each waives any right of subrogation that it might otherwise have against the other party.

20. SURRENDER OF PREMISES, STORAGE AREA AND RESERVED PARKING. Upon expiration or other authorized termination of this Lease, Lessee shall surrender the Premises, Storage Area and Reserved Parking in the same condition as they were in at the commencement of this Lease except for additions, alterations or changes specifically authorized by Lessor and reasonable wear and tear, and shall deliver all keys to Lessor. Before surrendering the Premises, Storage Area and Reserved Parking, Lessee shall remove all of its personal property and trade fixtures and such alterations or additions to the Premises and Storage Area and Reserved Parking made by Lessee as may be specified for removal by Lessor, and shall repair any damage caused by such property or the removal thereof. If Lessee fails to remove such personal property and fixtures upon the expiration or other authorized termination of this Lease, the same shall be deemed abandoned and shall become the property of Lessor.

21. HOLDING OVER. Any holding over by the Lessee, with the Lessor's consent, after the expiration of the term hereof or of any renewal term shall be construed to be a tenancy from month to month, terminable on one month's written notice, at a negotiated rent to be paid in advance on the first day of each month. Such tenancy shall otherwise be on the terms herein specified so far as possible.

22. SALE OF PREMISES. Lessor reserves the right at any time to sell, convey or otherwise transfer its interest in the Premises, Storage Area and Reserved Parking, or any portion thereof.

23. EMINENT DOMAIN. In case the whole of the Premises, Storage Area or Reserved Parking, or such part thereof as shall substantially interfere with Lessee's use thereof, shall be taken by any lawful power or authority by exercise of the right of eminent domain, or sold to prevent such taking, either Lessor or Lessee may terminate this Lease effective as of the date possession is required to be surrendered to said authority. Lessee shall not because of such taking assert any claim against Lessor or the taking authority for any compensation because of such taking, and Lessor shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Lessee. In the event the amount of property or the type of estate taken shall not substantially interfere with the conduct of Lessee's business, Lessor shall be entitled to the entire amount of the award without deduction for any estate or interest of Lessee. In such event, Lessor shall promptly proceed to restore the Premises, Storage Area or Reserved Parking to substantially their condition prior to such partial taking, and a proportionate allowance shall be made to Lessee for the rent corresponding to the time during which, and to the part of the Premises, Storage Area or Reserved Parking of which, Lessee is so deprived on account of such taking and restoration. Nothing contained in this Section shall be deemed to give Lessor any interest in, or prevent Lessee from seeking any award against the taking authority for the taking of, personal property and fixtures belonging to Lessee or for relocation expenses recoverable against the taking authority.

24. DAMAGE OR DESTRUCTION.

A. Lessee shall give prompt notice to Lessor in case of fire or accidents in or near the Premises, Storage Area or Reserved Parking.

B. If the Premises, Storage Area or Reserved Parking are partially damaged by fire or other casualty, Lessor shall repair such damage at its cost, subject to Lessee's option contained in subsection C of this Section, and rent shall be abated according to the part of the Premises, Storage Area or Reserved Parking which remains unusable by Lessee until such repairs are completed.

C. If the Premises, Storage Area or Reserved Parking are substantially or totally destroyed, or if the Premises, Storage Area or Reserved Parking are damaged so extensively that they cannot, in Lessee's opinion, be repaired within 30 days after commencement of such repairs,

then Lessee may, at its option, within 30 days after such damage or destruction give Lessor written notice thereof and this Lease shall thereupon be canceled effective as of the date of the occurrence of such damage or destruction, or Lessee may elect to repair and rebuild, in which event this Lease shall remain in effect and rent shall be abated in proportion to the part of the Premises, Storage Area or Reserved Parking which are unusable by Lessee. Any amount of money expended to repair and rebuild the Premises, Storage Area or Reserved Parking by Lessee will be credited against future rent payments due.

D. If any damage referred to in this Section is due in whole or in part to the act, neglect, fault or omission of Lessee, there shall be no abatement of rent.

25. LIENS AND ENCUMBRANCES. Lessor agrees to keep the Premises, Storage Area and Reserved Parking and its interest therein free from liens and encumbrances and to indemnify and hold Lessee harmless therefrom. If any lien or other encumbrance is filed against the Premises, Storage Area or Reserved Parking or any part thereof by reason of Lessor's acts or omissions or because of a claim against Lessor, Lessor shall cause the same to be canceled and discharged of record by bond or otherwise within 10 days after notice by Lessee. The failure of Lessor to obtain a cancellation or discharge of record by bond or otherwise as provided herein within the time limit hereby established shall constitute a default of the terms of this Lease. This does not include a loan from a financial institution using the building as collateral.

26. ASSIGNMENT AND SUBLETTING. Lessee shall not transfer, assign, delegate, mortgage or hypothecate this Lease, in whole or in part, or permit the use of the Premises, Storage Area or Reserved Parking Spaces by any person or persons other than Lessee, or sublet the Premises, Storage Area or Reserved Parking, or any part thereof, without the prior written consent of Lessor in each instance. Any assignment, encumbrance or sublease contrary to the provisions of this Section Twenty-Six shall be null and void and constitute a breach by Lessee of this Lease.

27. BREACH, DEFAULT AND REMEDIES. If Lessee or Lessor fails to perform or comply with any covenant, term or condition that this Lease requires said party to perform or comply with, the defaulting party shall have 30 days after it receives written notice of such default or breach within which to remove or cure said default or breach, except that such period in the case of Lessee's failure to pay rent in a timely fashion shall be 15 days after the date the rent payment is due. If a breach or default on the part of Lessee is not removed or cured within the applicable time limit set forth above, Lessor may, in addition to any other remedy it may have under law or equity at its option, terminate this Lease or reenter and retake possession, with or without terminating the Lease. In the case of reentry and retaking of possession, Lessor shall give Lessee reasonable notification so that arrangements for the removal of property can be made.

The remedies provided for in this Lease shall be cumulative and the exercise of any remedy by a party shall not be to the exclusion of any other remedy.

28. NO PARTNERSHIP. Lessor does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Lessee in the conduct of its business or otherwise.

29. FORCE MAJEURE. Lessee and Lessor shall each be excused for the period of any delay in the performance of any obligation hereunder when prevented from doing so by cause or causes beyond that party's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or services, or acts of God.

30. NO WAIVER. Failure of either the Lessee or Lessor to insist upon the strict performance of any provision or to exercise any option hereunder in any one or more instances shall not be deemed a waiver or relinquishment of its right to do so in the future. No provision of this Lease shall be deemed to have been waived by Lessee or Lessor unless such waiver is in writing.

31. BROKER'S COMMISSIONS. Lessee shall be responsible for any and all brokerage commissions or finder's fees in connection with this Lease and agrees to indemnify the Lessor against and hold it harmless from all liability arising from such claims, including any attorney's fees connected therewith.

32. PROVISIONS BINDING. Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their representatives, heirs, successors and assigns.

33. NON-DISCRIMINATION. Lessee agrees that the Premises will not be segregated with respect to race, color, religion or national origin; that it will not segregate or discriminate on such grounds with respect to public utilization of or access to the Premises; and that it will comply with all federal laws and regulations that prohibit discrimination in connection with federally funded programs.

34. ENTIRE AGREEMENT. This Lease, including any exhibits attached hereto, sets forth the entire agreement between the parties. Any prior conversations or writings concerning the lease of the Premises, Storage Area or Reserved Parking are merged herein and extinguished.

35. CAPTIONS AND SECTION NUMBERS. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any section or paragraph.

36. ATTORNEY'S FEES. In the event Lessor/Lessee institutes any judicial proceeding against Lessee/Lessor relating to any default, each party shall bear it's own costs and attorney's fees with respect thereto.

37. NOTICES. Any notice, demand, request, or other instrument which may be or is required to be given under this Lease shall be delivered in person or sent by certified mail, return receipt requested, and shall be sent to the following addresses or to such other addresses as the parties may from time to time designate in writing:

If to the Lessor: City of Las Vegas
 Office of Business Development
 400 Stewart Avenue, 2nd Floor
 Las Vegas, Nevada 89101

If to the Lessee: Port of Subs, Inc.
 Attn: Mr. John Larsen
 5365 Mae Anne Avenue, Suite A-29
 Reno, Nevada 89523

38. OPTION TO RENEW. If Lessee is not then in default of this Lease, Lessee may request to renew this Lease for a five (5) year term by giving a written request to renew at least one hundred and twenty (120) days prior to the expiration of the initial Lease term.

The extension term will be upon all of the terms and conditions of this Lease with rent for the Premises, Storage Area and Reserved Parking being equal to the then current monthly rent (prior to extension and adjustment) multiplied by an adjustment factor ("Adjustment Factor") equal to one hundred percent (100%) of the annual increase, if any, in the U.S. Department of Labor, Bureau of Labor Statistics, Chained Consumer Price Index for All Urban Consumers ("C-CPI-U") which is typically published by August 31st of each year, for the year in which the extension term commences. The rent adjustment will take effect starting January 1st of the year proceeding the start of the extension term. On the anniversary of the Commencement Date in the second year of the extension term and every anniversary thereafter, the rent for the Premises, Storage Area and Reserved Parking shall be multiplied by the Adjustment Factor as measured from the annual percent change in the C-CPI-U for the current year. Rent adjustments will take effect starting January 1st of the year proceeding each rent adjustment.

Any request to renew this Lease shall not be effective nor binding on the Lessor unless and until the same is approved by the Las Vegas City Council.

39. EARLY TERMINATION. This Lease may be terminated prior to the expiration of its initial term or the renewal period if the purpose of this Lease is substantially impaired or obstructed by any event, occurrence or circumstance that is defined, interpreted or construed as breach or default on the part of either party.

40. CUSTOMER PARKING. During the term of this lease, Lessee and other retail tenants of the Retail Center shall be allowed to use ten (10), metered, short-term parking spaces in the SAG for their customers as depicted on Exhibit "D" attached hereto. In addition, a

designated loading zone in the SAG shall also be available for use by the Lessee and other retail tenants of the Retail Center.

41. DISCLOSURE OF PRINCIPALS. Pursuant to Resolution R-105-99 adopted by the City of Las Vegas City Council effective October 1, 1999, Lessee warrants that is has disclosed on the form attached as Exhibit "E", all principals and partners of Port of Subs, Inc., as well as all persons and entities holding more than a one percent (1%) interest in Port of Subs, Inc. Throughout the term hereof, Port of Subs, Inc., shall notify Lessor in writing of any material change in the above disclosure within 15 days of any such change.

42. MODIFICATION OR AMENDMENTS. Upon approval of the Lease by the City Council and after it has been fully executed by signature of all parties, the Lessee designates the City Manager with the authority to complete and execute any additional documents necessary for the completion of the intent of this contractual obligation during the original term of this Lease, such as amendments, adjustments to monetary revenue or expenditure not to exceed twenty-five thousand (\$25,000.00) dollars, and recordings and filing with the City Clerk's Office. No amendment, change or modification of this Lease shall be valid unless in writing and signed by both Lessor and Lessee.

43. MEMORANDUM OF LEASE. This Lease shall not be recorded; however, a memorandum of lease approved and executed by both parties may be recorded during the term of this Lease.

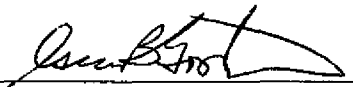
IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

CITY OF LAS VEGAS

"Lessor"

ATTEST:


BARBARA JO RONEMUS, City Clerk

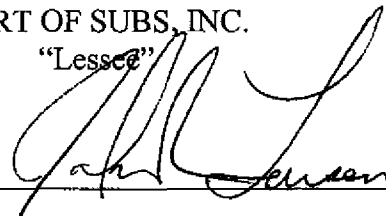
By 
OSCAR B. GOODMAN, Mayor

APPROVED AS TO FORM:

 10/17/03
Date

PORT OF SUBS, INC.

"Lessee"

By 
Its PRESIDENT

Site Map

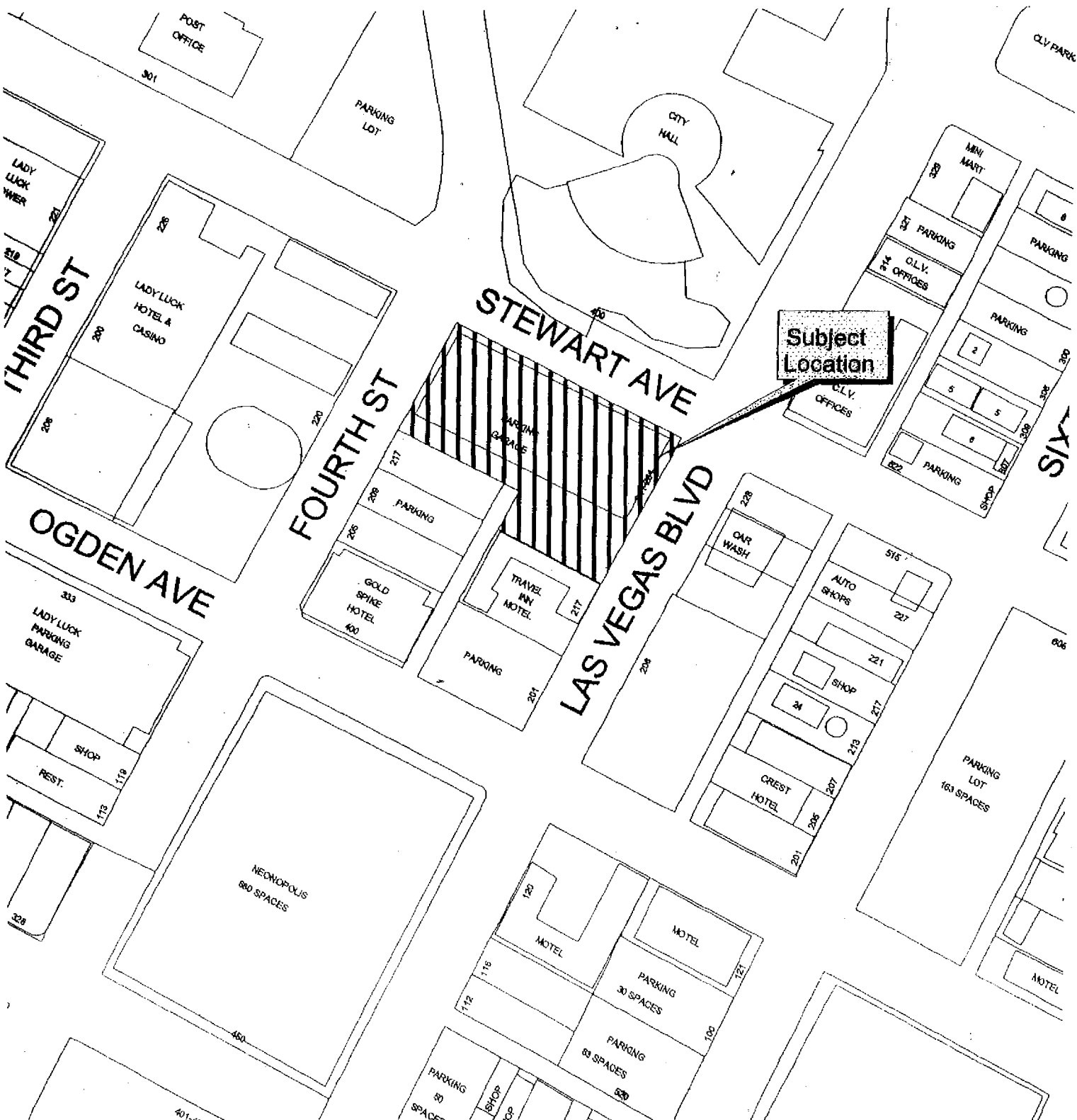
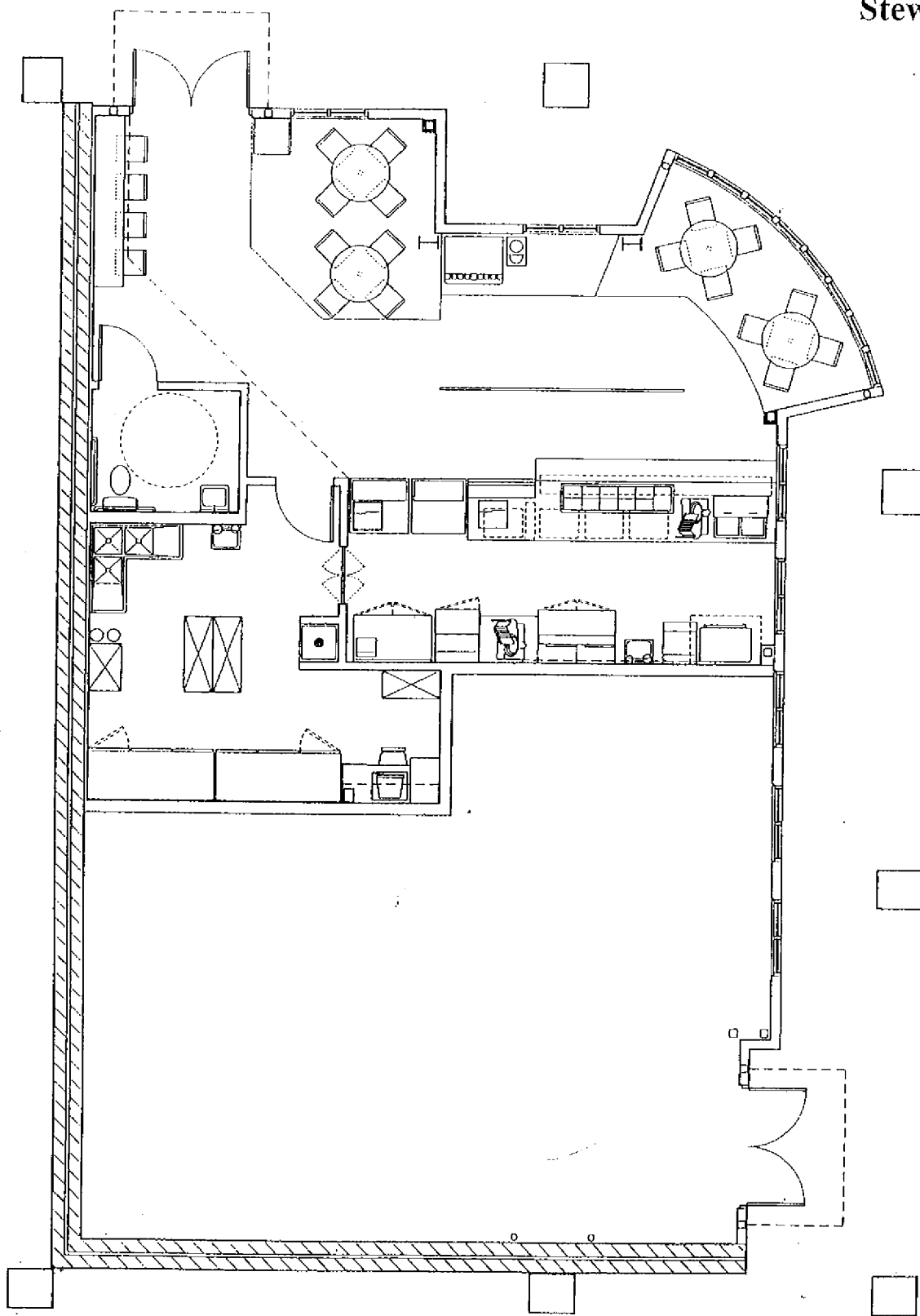


EXHIBIT "B"

Floor Plan

Stewart Ave.



Las Vegas Blvd.

EXHIBIT "C"

Storage Area Plan

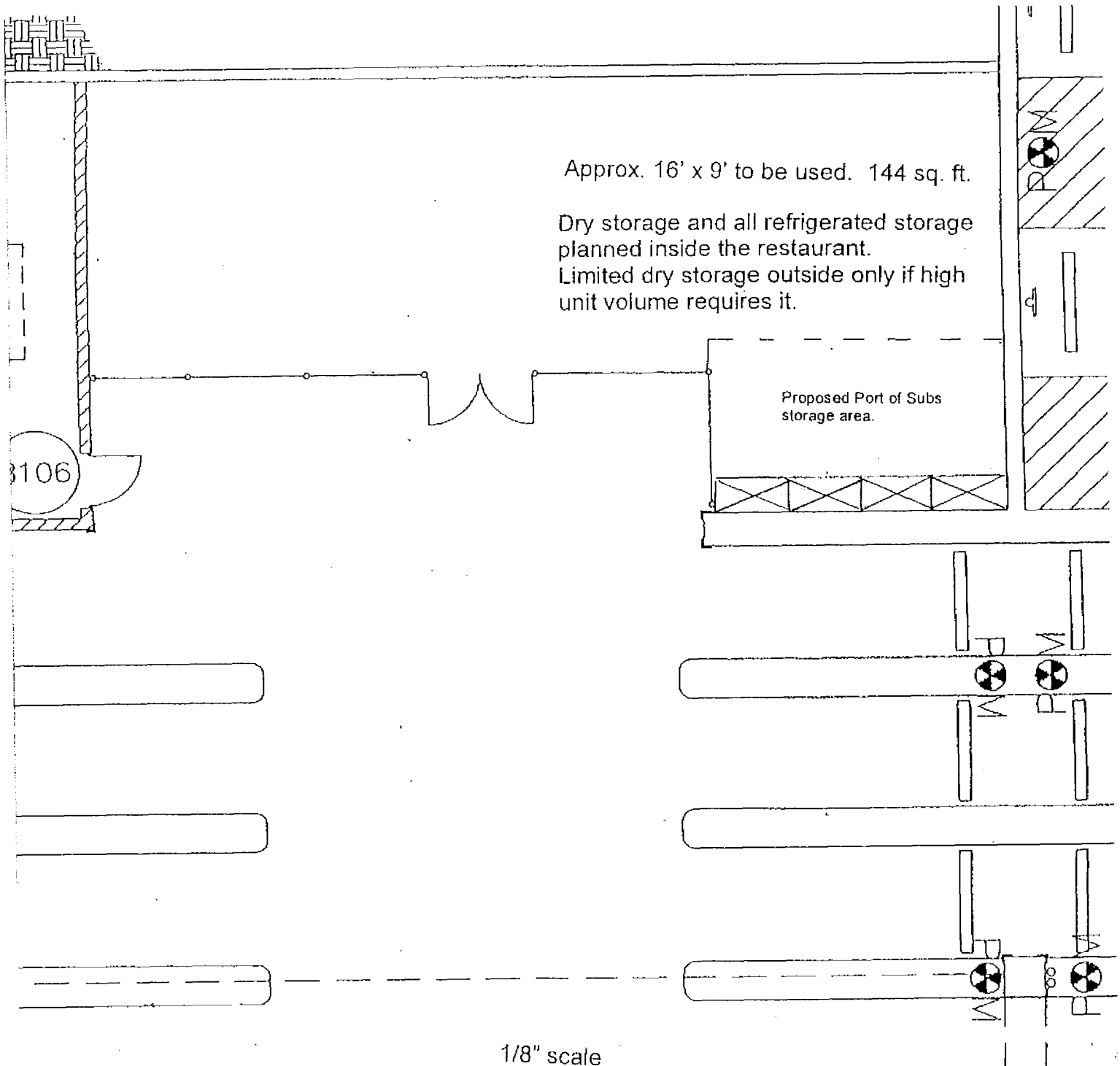
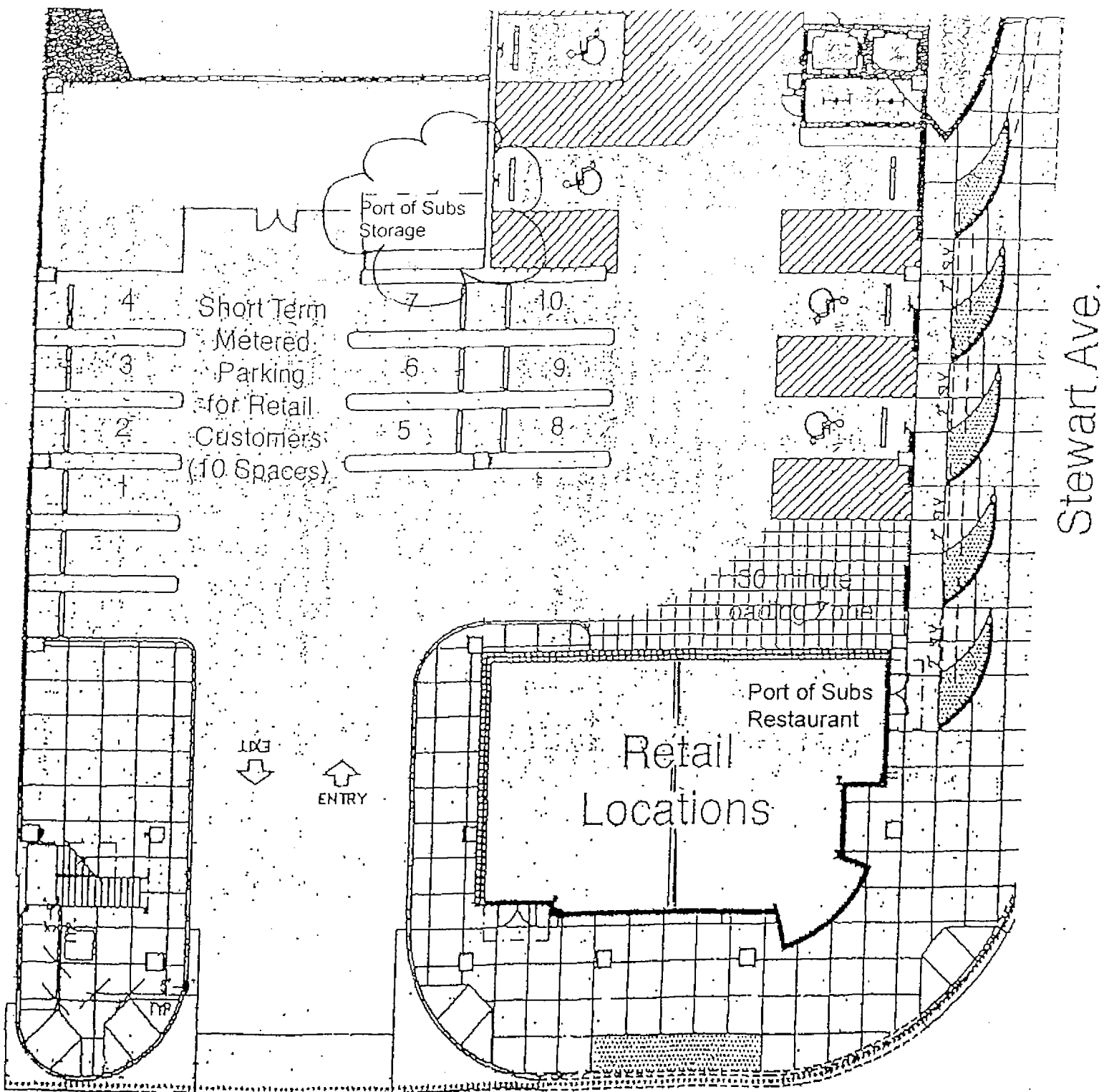


EXHIBIT "C"

Storage Area Plan



Las Vegas Boulevard

EXHIBIT "D"

Customer Parking Plan

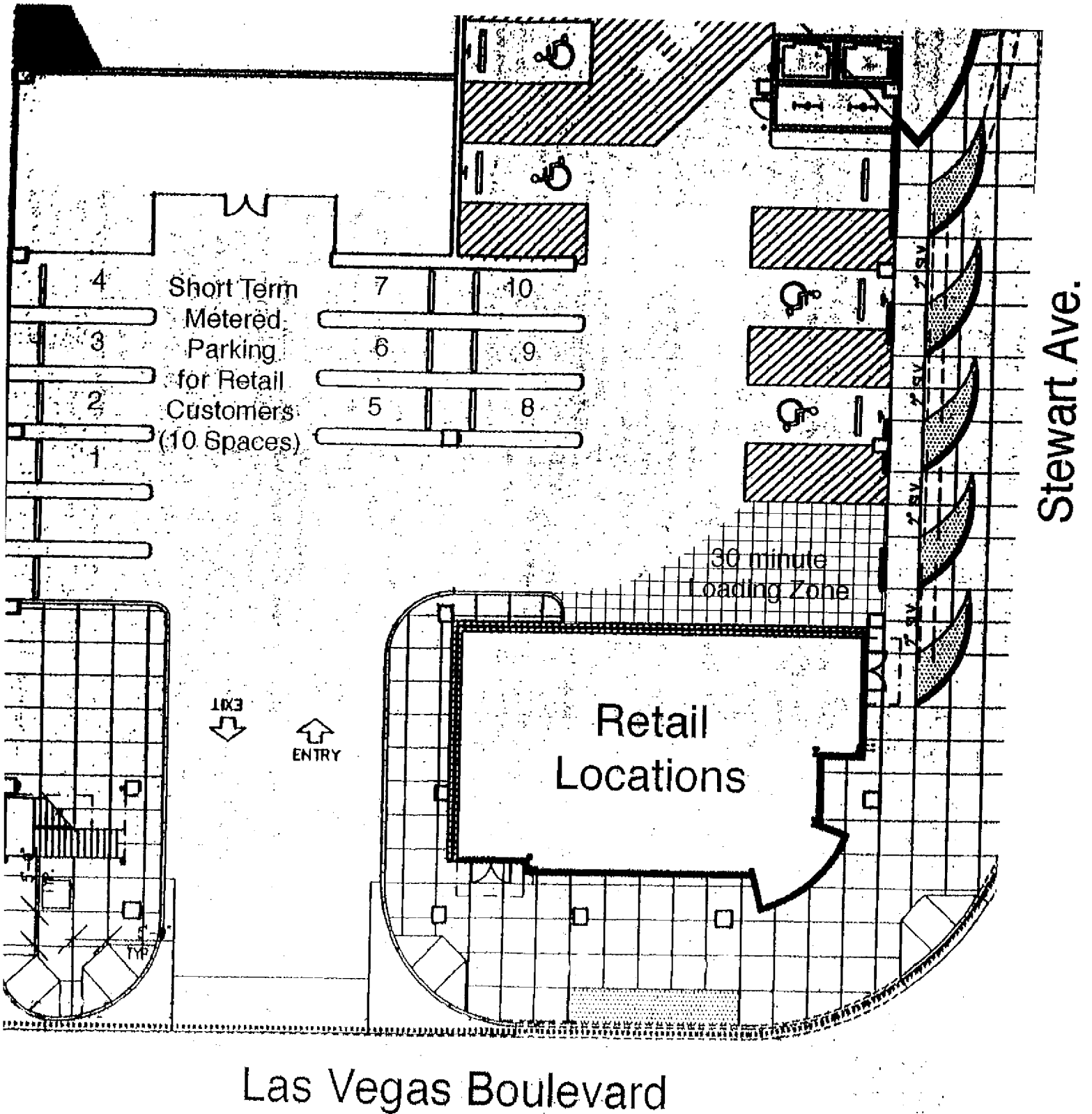
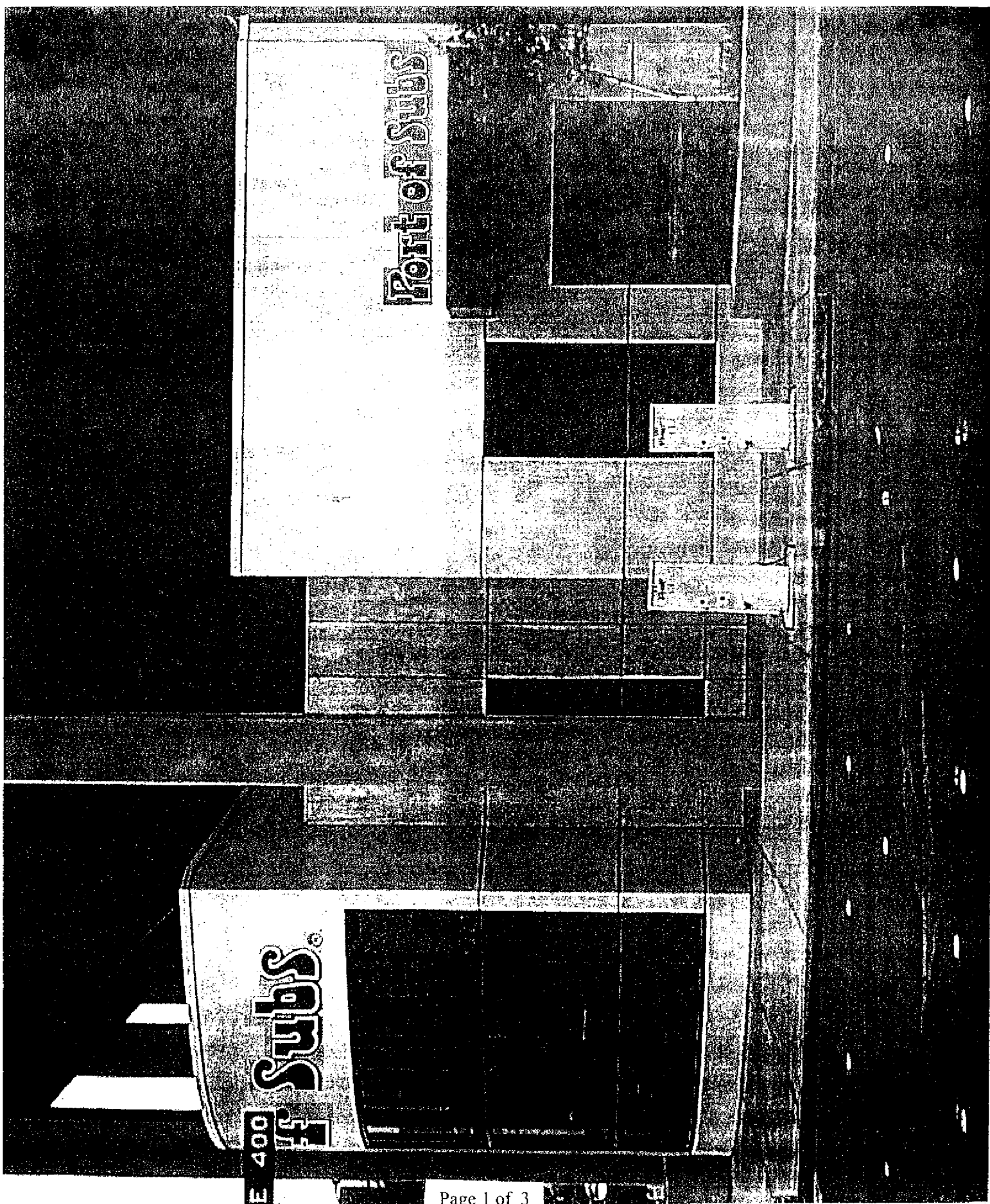
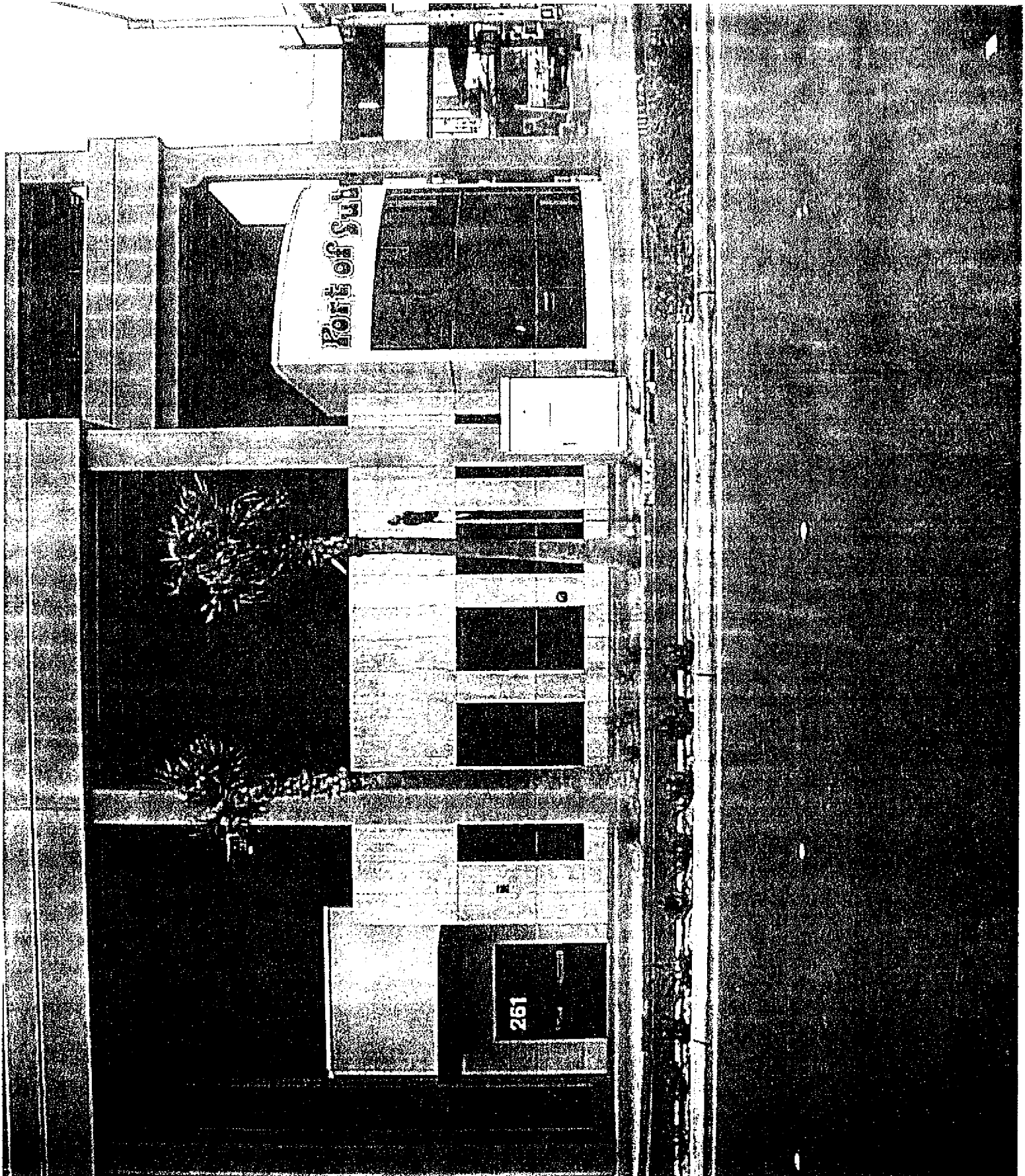


EXHIBIT "E"

General Depiction of Signage (North Elevation)



General Depiction of Signage (East Elevation)



CURVED WALL FRONTAGE 19'

16'

Port of Subs[®]

30"

20"

22 GA. FORMED & WELDED 3" LETTERS
W/ RETURNS PAINTED SAPHIRE BLUE.

2" STANDOFFS TO HOLD OVER RIBS OF METAL FACIA

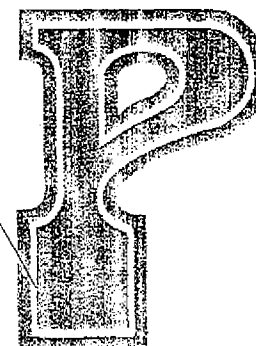
1/2" WEATHER TITE FLEX WITH SPECIAL FITTINGS WITH
670 HIGH VOLTAGE WIRE AND SLEEVE TUBING
AS REQUIRED BY CLARK CO. CODE AND NEC.

15mm DOUBLE STROKE NEO BLUE NEON

PLEX FACES W/ SPECIAL ORDER TRANSLUCENT BLUE
& WHITE 3/4" WHITE TRIM CAP

ENCLOSED TRANSFORMER BOX
WITH SWITCH PLACED ON NON-
COMBUSTIBLE MATERIAL
U.L. COMPLIANT

NEON LAYOUT



ALL WORK WILL BE PERFORMED BY SIGNTECH, BOTH MFG.
AND INSTALL TO ASSURE A QUALITY PRODUCT. SIGNTECH INC.

SIGNTECH INC. NEV. STATE CONTRACTOR #45740 888-800-5969

EXHIBIT “F”

Operations Plan

Port of Subs, Inc. (POS), hereby agrees, to follow the provisions of this Operations Plan to operate its limited restaurant in the Stewart Avenue Garage Retail Space (the Premises).

1. POS will operate a quick-service sandwich deli concept specializing in made to order sandwiches, salads and deli trays.
2. POS will utilize, in its operation, fresh baked breads, premium sliced to order meats and cheeses, top quality produce and additional toppings including avocado, olives, dill pickles and peppers.
3. POS will have Coca-Cola as its beverage partner and offer a full line of fountain, as well as, bottled beverages.
4. POS will offer “Java City” Gourmet Coffees and a full line of pastries and desserts.
5. POS will provide seating for a minimum of 20 people inside the Premises and additional seating for 12 or more people outside the Premises.
6. POS will employ 6 to 8 people including management. Excluding salaried management, the average rate of pay for non-salaried employees will be a minimum of \$6.50 to \$8.00 per hour. POS will offer its full-time employees benefits including, but not limited to, medical insurance, paid vacations, tuition reimbursement and 401K. Part-time employees are eligible for paid vacations and 401k.
7. POS will own and operate the limited restaurant.
8. POS will have minimum hours of operation from 7:00 am to 5:30 pm Monday through Friday and from 10:00 am to 2:00 pm on Saturdays. The limited restaurant will be closed on Sundays and all State of Nevada holidays.
9. POS will install a Type II hood for the Oven. POS will be allowed to bake bread, rolls and similar baked goods in the oven.
10. POS will invest between \$170,000 and \$210,000 for the SAG project

Disclosure of Principals**FORM 1: DISCLOSURE OF PRINCIPALS**

The principals and partners of Port of Subs, Inc. and all persons and entities holding more than 1% (one percent) interest in Port of Subs, Inc.

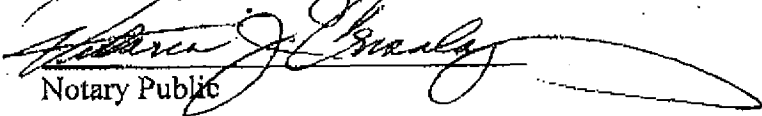
<u>FULL NAME</u>	<u>BUSINESS ADDRESS</u>	<u>BUSINESS PHONE</u>
1. John R. Larsen	5365 Mae Anne Avenue, Suite A-29 Reno, NV 89523	(775) 747-0555
2. Lisa Moore	5365 Mae Anne Avenue, Suite A-29 Reno, NV 89523	(775) 747-0555
3. Pat Larsen	500 Damonte Ranch Pkwy. #625 Reno, NV 89511	(775) 850-7000

I hereby certify under penalty of perjury, that the foregoing list is full and complete.

By: 

John R. Larsen, President

Subscribed and sworn to before me this
1st day of August, 2003


Notary Public

