

EXHIBIT A

Agreement D06-055

PROPERTY MANAGEMENT AGREEMENT

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PROPERTY MANAGEMENT AGREEMENT AGREEMENT FOR ARCHITECT- ENGINEER REAL ESTATE PROPERTY MANAGEMENT AND RELATED SUPPORT SERVICES

THIS AGREEMENT ("Agreement") is made and entered into on _____, 2006, by and between the ORANGE COUNTY FLOOD CONTROL DISTRICT, ("DISTRICT") and GRiver Golf, LLC (MANAGER") to provide 'Architect/Engineer' Real Estate Property Management and Related Support Services on behalf of the DISTRICT, ("Property Management"), as described herein.

RECITALS

WHEREAS, DISTRICT is purchasing property for flood control purposes, as further described in Clause 2., herein ("Property") on behalf of itself and the Riverside County Flood Control and Water Conservation District and the San Bernardino County Flood Control District (Other Districts"); and

WHEREAS, upon completion of the Property purchase, DISTRICT is responsible for the management, maintenance, and security of the Property on behalf of itself and the Other Districts; and

WHEREAS, the Property includes golf courses and golf related operations and services; and

WHEREAS, DISTRICT desires to continue golf operations on portions of the Property to the extent compatible with flood control purposes, and the Other Districts have agreed that DISTRICT may continue operations at DISTRICT'S cost, with the Other Districts receiving no revenue from golf operations and related services; and

WHEREAS, DISTRICT desires to acquire property management services to manage, maintain and secure portions of the Property, and provide golf operation and related services, including food and beverage services on behalf of DISTRICT ("Property Management" or "PM Services"); and

Now therefore, the DISTRICT and MANAGER agree to the following:

1. DEFINITIONS

For the purposes of this Agreement, the following words in this Agreement have the significance attached to them in this clause, unless otherwise apparent from context:

"County" means the County of Orange, a political subdivision of the State of California.

"Board" means the Board of Supervisors of the County, also acting in their capacity as the Board of Supervisors of the DISTRICT.

"RDMD" means the County Resources and Development Management Department, which administers the DISTRICT or behalf of the Board.

"Director" means the Director of the RDMD, or designee, who shall administer this Agreement and may make decisions and take other actions on behalf of the DISTRICT regarding the implementation of this Agreement.

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“Treasurer” means the County Treasurer-Tax Collector, or designee.

“Auditor-Controller” means the County Auditor-Controller with RDMD Accounting Services as the Auditor-Controller’s designee.

“Audit Director” means the County Director of Internal Audit.

“Risk Manager” means the Manager of the County Executive Office, Risk Management.

“Special Services” means the RDMD Administration/special Services Section.

“Fiscal Year” or “FY” means the County fiscal budget year, which shall be from July 1 to June 30 of the following calendar year, unless otherwise determined by the Board of Supervisors.

“Day” shall mean calendar day, unless otherwise specified.

2. PROPERTY: AREA OF PROPERTY MANAGEMENT

The Property to be managed under this Agreement consists of the real property, facilities and improvements, as described in “Exhibit A”, attached hereto and by reference made a part hereof, and personal property to be inventoried at time of close of escrow for the purchase of the Property, From time to time throughout the term of this Agreement including any extension thereto, and upon written notification by the Director to MANAGER at the Director’s sole discretion, portions of the Property will be excluded from MANAGER’S management responsibility due to flood control reasons. The written notification by the Director shall include an Exhibit clearly showing the area(s) of the Property to be excluded from MANAGER’S responsibility for management of such area(s) and will include the effective date of such exclusion. The Director shall provide a separate written notice to MANAGER if and when MANAGER will resume responsibility for any area(s) previously excluded.

3. MANAGER AS DISTRICT AGENT AND SUMMARY SCOPE OF WORK

3.1. MANAGER is hereby appointed as DISTRICT’S agent to provide Property Management, as summarized below and further described herein, to the satisfaction of the Director, whose determination of satisfactory performance shall not be unreasonably withheld, and with the understanding that MANAGER’S obligations to incur expenses to provide Property Management Services are subject to sufficient funds being authorized by the Board or Director as applicable:

- Provide and manage golf operation and related businesses at the Property, including pro/golf shop, professional golf training/lessons, marketing, events planning and implementation , news stands, vending machines, and other sales and services possibly including internet sales;
- Provide and manage overall Property security, maintenance and cleanliness, minor repairs, replacement of specified items - for landscaped and vacant land, access ways/roads, pathways, structures, and parking lots;
- Prepare cost estimates and annual operations and maintenance budgets in consultation with and approved by DISTRICT for all items to be paid by DISTRICT;
- Procure/acquire and pay for all services, including MANAGER’S employees, supplies, furniture, fixtures and equipment required for Property Management that are to be reimbursed by DISTRICT, based on prior approved budget or other authorization by Director.
- Account and report on all DISTRICT expenses and inventory, using DISTRICT accounting and asset management requirements;
- Collect and deposit fees and other revenue related to Property Management, and account

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- and report on such revenue in accordance with DISTRICT requirements;
 - In general, ensure that portions of the Property assigned by DISTRICT to MANAGER are appropriately available to the general public in a manner that is compatible with flood control uses.
- 3.2. MANAGER and MANAGER'S employees shall endeavor to continue to operate the same number of 36 holes, or close to this number of holes, at all times during the term of this Agreement. MANAGER is responsible for conducting all adjustments to golf operations necessitated by flood control related construction activities and/or flooding impacts, unless otherwise directed by Director as provided for herein. Such adjustments to operations may include but are not limited to: impacts to the irrigation systems, water wells, and other utilities located on and/or servicing the Property; and closure, reconfiguration restoration, and/or re-routing of the golf courses/holes to continue operation of a 36 hole facility as feasible.
- 3.2.1. MANAGER is responsible for providing direction to and oversight of the General Manager and Superintendent, as defined in Clause 10.4. herein, and utilizing MANAGER'S employees performing services at the Property ("On-site Employees"), to implement such adjustments.
- 3.2.2. MANAGER will also coordinate with DISTRICT employees/representatives and/or other contractors hired by DISTRICT to perform adjustments including but not limited to earthwork and/or repairs on the Property and/or to its facilities.
- 3.2.3. MANAGER shall inform DISTRICT of those adjustments which MANAGER believes are required pursuant to MANAGER'S responsibilities during the term of this Agreement, but which cannot be implemented or completely implemented by MANAGER'S On-site Employees or DISTRICT forces, and/or which may require extensive or complex evaluation, major design revision and/or re-routing of current golf operations. After consultation with MANAGER, DISTRICT may request MANAGER to further evaluate and prepare proposal(s) and/or plans for adjustments to continue current operations, and/or implement adjustments resulting from said proposals/plans, as an Extra Work assignment pursuant to Clause 7., herein.
- 3.3. MANAGER shall independently provide food and beverage ("F&B") services and supplies on portions of the Property as authorized by DISTRICT, as further described in the Attachment I Food and Beverage Concession Agreement ("Concession Agreement"), hereinafter a part of this Agreement.
- 3.4. MANAGER may assign the Concession Agreement to another party ("Permitted Assignee") upon the written consent of the Director, provided that MANAGER remains jointly and severally liable with Permitted Assignee for all obligations under the Concession Agreement and agrees that any termination of this Agreement shall automatically terminate the Concession Agreement. The Permitted Assignee shall apply with the State of California Alcohol and Beverage Control Board ("ABC") for approval of the transfer of the liquor license which is applicable to the Property ("License") to MANAGER or MANAGER'S Permitted Assignee. Upon ABC approval of the application, the License will be transferred to MANAGER or MANAGER'S Permitted Assignee on behalf of the DISTRICT, based on and in compliance with applicable ABC regulations and directions. Upon termination of this Agreement and direction by the DISTRICT, MANAGER or MANAGER'S Permitted Assignee at that time shall sell the License, and provide net proceeds from the sale to DISTRICT, after deducting any applicable expenses incurred directly by MANAGER or MANAGER'S Permitted Assignee to conduct the sale, that are previously authorized by DISTRICT.
- 3.5. The Permitted Assignee may be changed by the MANAGER upon written consent of the Director which shall not be unreasonably withheld.

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- 3.6. MANAGER is responsible to ensure that DISTRICT receives all revenue resulting from use of the Property, except for revenue directly resulting from MANAGERS provision of F&B or MANAGER'S Permitted Assignee for the Concession Agreement shall retain F&B revenues subject to the payment of such rents, revenue percentages and other payments to DISTRICT as described in the Concession Agreement.
- 3.7. MANAGER is responsible to ensure that services as generally described herein are performed to the reasonable satisfaction of the Director, within the Authorized Expense Limit approved by the Board at the time of approval of this Agreement. The Authorized Expense Limit may be changed by the Board during the term of this Agreement when the Board approves the proposed annual Property Management budget or at other times, as further described, herein.
- 3.8. For purposes of this Agreement and all conditions and requirements therein, the term "MANAGER" includes, and MANAGER is fully responsible for, MANAGERS officers, directors, subsidiaries, affiliated entities, employees, agents invitees, any person/firm under contract sub-contract to, and any other person under the direction of the MANAGER, for the purpose of providing Property Management Services and F&B Services, related equipment and supplies repairs, and construction of minor modifications and improvements, as described herein.

4. LIMITATION OF THE AGREEMENT

- 4.1. This Agreement and the rights and privileges granted MANAGER to the Property, are subject to all covenants, conditions, restrictions, and exceptions of record and as may otherwise be imposed by DISTRICT. Nothing contained in this Agreement or in any document related hereto shall be construed to imply the conveyance to MANAGER of rights in the Property, or any representation or warranty, either expressed or implied, relating to the nature or condition of the Property or DISTRICT'S interest therein.
- 4.2. MANAGER acknowledges that this Agreement conveys no interest in nor attaches to any underlying real property or personal property within the Property. Accordingly, DISTRICT and MANAGER agree that nothing in the Agreement shall entitle or permit or be construed to entitle or permit MANAGER to file any claim, lien or notice against the Property. As material consideration for this Agreement, MANAGER waives any right it may now or hereafter have to record against the Property under Section 405 et. seq. of the California Code of Civil Procedure, or any other provision of law, if a dispute arises under this Agreement.
- 4.3. MANAGER further acknowledges and agrees that this Agreement does not convey, and shall not be construed to imply that MANAGER'S employees, or any employees of Courseco Inc, Z Golf, the Permitted Assignee(s), or any of their respective officers, directors, affiliated entities, partners, agents, invitees, any person/firm under contract/sub-contract, and any other person under the direction of MANAGER CourseCo Inc, Z Golf, and the Permitted Assignee(s) are employees of the DISTRICT, the County of Orange, the Other Districts, the County of Riverside, and the County of San Bernardino; and that MANAGER is responsible to convey this limitation in writing to those described in this Clause as applicable.

5. TERM, TERMINATION. AND TERMINATION PAYMENT

- 5.1. ~~The term of this Agreement is three years commencing on the date identified above ("Term"), and may be extended for an additional two years upon mutual agreement and approval by the Board. MANAGER will be given written notice if a two year extension is approved, at least ninety (90) days prior to the commencement of said extension.~~

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~~The term of this Agreement is five (5) years commencing on August 22, 2006 and continuing to and including August 21, 2011.~~

~~The term of this Agreement is eight (8) years commencing on August 22, 2006 and continuing to and including August 21, 2014.~~

The term of this Agreement is twelve (12) years commencing on August 22, 2006 and continuing to and including August 21, 2018 (“Term”).

- 5.2. MANAGER understands that at the time this Agreement is executed, DISTRICT has not completed the proposed acquisition of the Property. In the event that such acquisition is not completed within ninety (90) days after Board approval of this Agreement, the Director on behalf of DISTRICT, and at Director’s sole discretion, may terminate this Agreement, by issuing a thirty (30) day written notice to MANAGER (“30 Day Termination Period”). During the 30 Day Termination Period, MANAGER shall complete services and tasks as described herein, and DISTRICT shall pay for expenses that are authorized by DISTRICT and incurred to the end of the 30 Day Termination Period, including as provided for in sub-Clauses 5.5. and 6.5., herein, as condition for termination under this sub-Clause; and thereafter, DISTRICT shall have no further obligation to MANAGER.
 - 5.3. MANAGER understands that after acquisition of the Property is complete, Director, on behalf of DISTRICT, and at Director’s sole but reasonable discretion, may terminate this Agreement due to safety or other factors not resulting from MANGER’S acts or omission and are not under the MANAGER’S control. For any termination under this sub-Clause, Director shall issue a ninety (90) day written notice of termination to MANAGER (“90 Day Termination Period”). During the 90 Day Termination Period, MANAGER shall complete services and tasks as described herein, and DISTRICT shall pay for expenses that are authorized by DISTRICT and incurred during the 90 Day Termination Period, including expenses as provided for in Clauses 5.5 and 6.5 herein, as condition for termination under this Clause; and thereafter DISTRICT shall have no further obligation to MANAGER
 - 5.4. If MANAGER commits a Material Default, as further described herein, in addition to any other remedies available to DISTRICT under this Agreement and/or under law or equity, DISTRICT may terminate this Agreement. If the Agreement is terminated due to MANAGER’S—Material Default, MANGER is not entitled to compensation for any services after the date of termination and is not entitled to any damages or compensation including but not limited for lost profits due to the termination.
 - 5.5. In the event DISTRICT terminates this Agreement for any reason other than the Material Default of MANAGER, MANAGER shall be entitled to a portion of the annual Management Fee and if applicable, an early termination Fee (“Early Termination Fee”) as described in Clause 6 of this Agreement, after completion of audits and reconciliations as described herein, and the Concession Agreement.
6. MANAGEMENT and OTHER FEES
- 6.1. MANAGER shall receive a fixed management fee (“Management Fee”) as compensation for Property Management Services performed for DISTRICT under this Agreement. In addition to all services expressly required by this Agreement, Property Management Services shall include monthly and other periodic meetings with DISTRICT regarding integration or consideration of the Santa Ana River Mainstem Project construction, environmental

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responsibilities, recreation planning activities, and Prado Dam operations in relation to providing Property Management Services. Such meetings, discussion and any corresponding preliminary analysis by MANAGER is considered part of MANAGER'S obligations under this Agreement, in addition to routine responsibility to facilitate improved golf operation and revenues resulting from MANAGER'S Property Management practices.

6.2. In addition to the Management Fee, the Director may authorize extra work ("Extra Work") assignments to MANAGER as described in Clause 7., herein.

6.3. The Management Fee shall be as follows:

Time Period	Total Annual Amount	Monthly Payment
During first 12 months	\$162,500.00	\$13,541.67
During second 12 months	\$167,500.00	\$13,958.33
During third 12 months	\$172,500.00	\$14,375.00
During fourth 12 months	\$177,500.00	\$14,791.67
During fifth 12 months*	\$182,500.00	\$15,208.33

~~*(if two year extension authorized by Board)~~

~~The Management Fee shall be directly paid to MANAGER by DISTRICT, starting thirty (30) days after Board approval of this Agreement in equal monthly increments, except when withheld due to non-compliance, and/or audits and reconciliations as specified in this Agreement, including the Concession Agreement.~~

The Management Fee shall be as follows:

Time Period	Total Annual Amount	Monthly Payment
During first 12 months	\$162,500.00	\$13,541.67
During second 12 months	\$167,500.00	\$13,958.33
During third 12 months	\$172,500.00	\$14,375.00
During fourth 12 months	\$177,500.00	\$14,791.67
During fifth 12 months	\$182,500.00	\$15,208.33
During sixth 12 months	\$160,000.00	\$13,333.33
During seventh 12 months	\$165,000.00	\$13,750.00
During eighth 12 months	\$170,000.00	\$14,166.67

~~The Management Fee shall be directly paid to MANAGER by DISTRICT, starting thirty (30) days after Board approval of this Agreement in equal monthly increments, except when withheld due to non-compliance, and/or audits and reconciliations as specified in this Agreement, including the Concession Agreement.~~

The Management Fee shall be as follows:

Time Period	Total Annual Amount	Monthly Payment
During first 12 months (8/22/06-8/21/07)	\$162,500.00	\$13,541.67
During second 12 months	\$167,500.00	\$13,958.33
During third 12 months	\$172,500.00	\$14,375.00
During fourth 12 months	\$177,500.00	\$14,791.67
During fifth 12 months	\$182,500.00	\$15,208.33
During sixth 12 months	\$160,000.00	\$13,333.33

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During seventh 12 months	\$165,000.00	\$13,750.00
During eighth 12 months	\$170,000.00	\$14,166.67
During ninth 12 months	\$170,000.00	\$14,166.67
During tenth 12 months	\$170,000.00	\$14,166.67
During eleventh 12 months	\$170,000.00	\$14,166.67
During twelfth 12 months	\$170,000.00	\$14,166.67

The Management Fee shall be directly paid to MANAGER by DISTRICT, in monthly increments as specified above (“Monthly Payment”), except when withheld due to non-compliance, and/or audits and reconciliations as specified in this Agreement, including the Concession Agreement. The Monthly Payment will be made every month following the receipt of MANAGER’s invoice for the Property Management Services.

6.4. DISTRICT agrees to pay MANAGER, in addition to the Management Fee, a Transition Fee in the amount of \$ 30,000 for analysis and preparation of budgets, reviewing documents and agreements, review and establishing policies and procedures, interviewing and hiring employees and other start - up and transition work. The Transition Fee shall be paid by DISTRICT upon Board approval of this Agreement.

6.5. In addition to the Management Fee and Transition Fee, MANAGER shall receive an Early Termination Fee, if applicable, pursuant to Clause 5.5., herein. Said Early Termination Fee shall be:

<u>Date of Termination</u>	<u>Early Termination Fee</u>
During first 12 months	Three months of Management Fee then in effect
During second 12 months	Two months of Management Fee then in effect
During third 12 months	One month of Management Fee then in effect
Thereafter	None

6.6. In addition to the Management Fee, MANAGER shall be entitled to reimbursement for direct costs and expenses to implement Property Management Services including golf operation for the Property, which shall be reimbursed by DISTRICT pursuant to authorized budgets, expenses and procedures described herein. As applicable, MANAGER will be compensated for costs and expenses related to F&B pursuant to the terms of the Concession Agreement.

7. EXTRA WORK

7.1. In the event that there are service requirements which require additional work, such as described in Clause 3.2., herein, as determined at the reasonable discretion of the Director, then the Director may authorize Extra Work up to \$100,000 during the term of this Agreement. MANAGER agrees to perform Extra Work based on the fees described in this Clause, and upon the written authorization of the Director. MANAGER may be required to provide proof of Professional Liability Insurance to the satisfaction of the Risk Manager depending on the Extra Work assignment; and the Director shall provide written notification to MANAGER of this requirement if applicable.

7.2. Prior to initiating Extra Work (excluding construction management services as described in Clause 7.4. herein), the Director shall provide a Scope of Work for the Extra Work task to be performed, and Manager shall provide its best estimate as to the cost to perform the work per this Scope of Work. The Director shall then decide whether to authorize the Extra Work and the amount authorized. The MANAGER shall perform work as described in the Scope

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with the understanding that the entire amount paid for the Extra Work will not exceed the amount authorized in advance in writing by the Director. In the event that MANAGER believes that additional funds will be required to complete an Extra Work assignment, the MANAGER shall endeavor to advise the Director of the need and proposed amount of additional funds by the time that approximately sixty percent (60%) of the initially authorized funds have been expended.

- 7.3. The Extra Work rate, excluding construction management services, shall be \$150/hour for the first year of the Agreement, increasing by three and one-half percent (3.5%) for each remaining year that the Agreement is in effect, and the reimbursement of the MANAGER'S cost for office supplies, communication, mail and other distribution charges, reproduction charges, clerical support, and other expenses as may be agreed to by, and up to the amount previously authorized in writing by the Director:
- 7.4. Construction management services related to the construction of renovations or improvements to the Property that the Director reasonably determines may be performed through Extra Work under this Agreement, shall be calculated as a percentage of the total construction cost on each project as follows:

On projects less than \$25,000	None
On projects between \$25,000 to \$75,000	10%
On projects between \$75,000 to \$125,000	8%
On Projects in Excess of \$125,000	6%

Construction costs, as determined applicable by the Director, may include engineering and design costs, permits, utilities, inspections, labor, materials, supplies, contracts, subcontracts and all other related out of pocket costs and expenditures. The Construction Management Fee shall be paid on a monthly basis during the course of the construction project, based on procedures specified in the Director's written authorization to perform the Extra Work.

8. GENERAL PROPERTY MANAGEMENT AND MAINTENANCE REQUIREMENTS

- 8.1. Public Purpose: MANAGER understands that the primary purpose of DISTRICT'S acquisition of the Property is for flood control purposes, with the intent to also continue use of the Property for recreation and open space amenities available to the general public, without discrimination, to the extent feasible and compatible with flood control requirements; and with the understanding that MANAGER shall restrict access to the Property for special recreational events, pursuant to the Director's written instruction as to hours, event pricing and other conditions. MANAGER shall cooperate with DISTRICT toward ensuring that recreational and open space use of the Property does not interfere with flood control, based on the Directors direction, at Director's sole discretion, except for those directions and/or actions requiring Board approval.
- 8.2. General Requirement: In general, MANAGER shall provide diligent, first class, professional and competent management, maintenance, and security of the Property, and, within the context of the Property's primary purposes for flood control, operate the Property golf course facilities and business in a manner comparable with other public golf course facilities in Southern California that offer similar services and amenities, and have similar budgets for operation. MANAGER shall endeavor to provide Property management in an efficient and cost-effective manner, using best management practices.
- 8.3. Law and Other Regulations: MANAGER agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning the management, operation and maintenance of the Property, including those for liquor licensees.

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No tobacco products may be sold on the Property. MANAGER shall patrol and make a diligent effort to control smoking on the Property in compliance with County ordinances and as otherwise may be directed by the Director for safety purposes.

- 8.4. Pricing and Pricing Schedule: All prices for goods and/or services supplied to the public on or from the Property shall be based on the general intent to cover the DISTRICT'S expenses to provide services under this Agreement (excluding F&B expenses as applicable), with consideration that prices be fair and reasonably competitive in the applicable market. Proposed fees related to golf operation are subject to approval by the Director or the Board pursuant to applicable regulation and procedure. MANAGER shall determine F&B pricing at MANAGER'S sole discretion, but also in consideration of the Board's objective that pricing to the public is fair and reasonable for the type of F&B product and service that the MANAGER provides.

To initiate this Agreement, Director shall provide an initial pricing schedule for golf operation and related services (excluding F&B services). The price schedule shall be posted for general public review at location(s) determined by the Director. MANAGER shall review and update the pricing schedule (excluding F&B pricing) based on procedures described in Clause 12., herein.

- 8.5. Business Hours: During the entire Agreement term, MANAGER shall continuously keep, on cause to be kept, applicable business operations on and from the Property based on a schedule of days and hours approved by the Board or Director acting as the Board's designee (Business Hours); with the provision that all or any portion of the Property may be closed, and the Business Hours may be modified as determined necessary due to flood control and/or other conditions as determined applicable by the Director. MANAGER shall at all times maintain aid post for view by the general public, at locations determined by the Director, written notice of Business Hours.
- 8.6. Failure To Maintain Business Hours: In the event that MANAGER fails to maintain any portion of the Business Hours, except when authorized by the Director, DISTRICT shall deduct an amount equal to one-thirtieth of the monthly Management Fee payment for each such day of said failure provided that DISTRICT shall send written notice to MANAGER for each day which DISTRICT intends to deduct a portion of the Management Fee, within two work days of the DISTRICTS determination of the need to make said deduction. Furthermore, due to such failure, MANAGER shall be considered in default of this Agreement, and DISTRICT, in addition to the reduction in the Management Fee, may, at its sole option, pursue all available rights and remedies including, but not limited to, termination of this Agreement at no further cost to DISTRICT and obligation to MANAGER.
- 8.7. General Maintenance Requirements: MANAGER shall keep and maintain the Property and all existing improvements of any kind, and/or improvements that may be erected, installed, or made thereon, in good condition and in repair, making such replacements as appropriate or necessary, and as authorized by DISTRICT. Weed abatement, vector control and other services shall be consistently performed pursuant to applicable regulatory agencies' standards. At a minimum, the Property and all such improvements shall be maintained in accordance with a Golf Course Maintenance Program approved by Director. MANAGER shall take necessary and appropriate action to maintain such a standard of condition and repair, satisfactory to the Director. MANAGER shall promptly notify Director of maintenance, repair and replacements items which are expected to exceed MANAGER'S authorized budget and expense! in order to address such issue pursuant to applicable procedures described herein.
- 8.8. Janitorial and Refuse Removal Services: MANAGER shall provide daily janitorial services to

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the Property including all necessary supplies, and to keep the Property in a safe neat, clean and orderly condition, to the satisfaction of Director. MANAGER shall provide a complete and proper arrangement for the adequate sanitary handling and disposal of all trash, garbage, and other refuse on the Property. MANAGER shall provide and use suitable, covered receptacles for all garbage, trash, and other refuse on or in connection with the Property. Piling of boxes, cartons, barrels, or other similar items in an unsightly or unsafe manner, on or about the Property, is forbidden. The Director shall have the right to enter upon and inspect the Property at anytime for cleanliness and safety.

- 8.9. Monthly Meeting: During the term of this Agreement, MANAGER shall meet at least once every month with Directors designee, or more frequently if required by Director, to review and where applicable to resolve issues related to: (1) the status of the currently approved annual budget and Authorized Expense Limit, compared to actual expenses and revenue, and funds management; (2) budget and other planning activities, fee changes, etc.; (3) maintenance and operational issues; (4) construction and flood control issues; and (5) other issues of concern to MANAGER and DISTRICT.
- 8.10. Management Manual: A description of Property Management requirements standards and other information shall be retained by MANAGER in a Management Policies and Procedures Manual ("MPM"), as further described in Clause 9, below.
- 8.11. MANAGERS obligations to provide services hereunder shall be excused or limited to the extent of the annual approved budget for Property Management Services and the Director's authorization to release funds per the approved budget, except where MANAGER'S requests for reimbursements are not timely or include insufficient documentation as reasonably determined by the Director.

9. MANAGEMENT POLICIES AND PROCEDURES MANUAL

- 9.1. Prior to the execution of this Agreement, Director provided MANAGER with DISTRICT policies, procedures or guidelines regarding budget preparation, financial management including cash management, information on operation, including proposed hours and fees for operation/services, maintenance, contracting, safety, security and evacuation planning, and other items which DISTRICT anticipated as necessary, to be considered and/or used by MANAGER in providing services under this Agreement, as directed or authorized by the Director. Upon execution of this Agreement, MANAGER shall implement said policies and procedures as directed by the Director. Such policies and procedures are intended to accompany, and provide more specifications than, those identified in this Agreement — and combined will constitute a draft Management Policies and Procedures Manual ("MPM")

MANAGER shall organize DISTRICT policies and procedures for cash handling including segregation of duties, gross receipts, daily bank deposits, security deposits and other deposits, purchasing/accounts payable, invoicing, fixed assets/inventory, bank reconciliation, financial controls, income statements preparation of financial reports, description of records management filing system and location, and any other information required by the Director, in consultation with the Auditor-Controller, into a Financial Management Section" of the MPM.

- 9.2. MANAGER shall review, and may propose to augment and/or modify some sections of the draft MPM, in consideration of MANAGER'S prior experience, If this is the case, MANAGER and Director shall endeavor to complete a modified MPM, acceptable to Director, within one hundred and twenty (120) days of execution of this Agreement.
- 9.3. The MPM may be modified thereafter, upon direction by Director or by request of the MANAGER that is approved by Director.

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10. EMPLOYEES, KEY PERSONNEL, CONTRACTORS/Subcontractors

- 10.1. MANAGER is directly responsible to hire and dismiss personnel required to implement this Agreement, based on an annual budget approved by DISTRICT, applicable law and regulation, and any other requirements as may apply, including those described herein. MANAGER understands, and shall ensure by written notification to its employees in a form acceptable to Director, that DISTRICT has no responsibility for the hiring and dismissal of MANAGER'S employees, except and only as specified in Clause 10.3., herein, regarding Key Personnel'.
- 10.2. MANAGER shall require and ensure that its employees, and contractor/subcontractors if applicable, are properly dressed, clean, and neat in appearance and courteous at all times. MANAGER is to advise its employees and sub-contractors that using offensive language, or acting in a loud, boisterous, or otherwise improper manner in consideration of services to the general public, shall be grounds for dismissal. MANAGER shall maintain a close check over employees, and sub-contractors to ensure the maintenance of a high standard of service to the public. MANAGER shall replace any employee or sub-contractor whose conduct is detrimental to the best interests of the public, in accordance with applicable law and regulation.
- 10.3. MANAGER shall retain) Key Personnel with minimum qualifications as listed in Clause 10.4. herein, at all times during the term of this Agreement. The Key Personnel positions are: 1) General Manager, 2). Golf Course Superintendent, 3) Director of Golf or Head Golf Professional, and 4) F & B Manager. Key Personnel shall be sufficiently suitable to represent and act for MANAGER. Initial appointment, and subsequent removal and replacement of Key Personnel shall be subject to prior written approval of the Director based on procedures set forth in the MPM. DISTRICT shall have the right to require the removal and replacement of any of MANAGER'S Key Personnel. DISTRICT shall notify MANAGER in writing of such action, and MANAGER shall accomplish the removal within fourteen (14) days after the date of DISTRICT'S notice. MANAGER is fully responsible to ensure that Key Personnel are aware of DISTRICT'S authority regarding appointment, removal and replacement of Key Personnel, and that neither MANAGER or Key Personnel have any recourse regarding DISTRICT decisions in such matters, except if the reason for DISTRICT decision violates applicable law.
- 10.4. Key Personnel shall have the following responsibilities and minimum qualifications:
- 10.4.1. The "General Manager" shall be responsible for the day-to-day operation and maintenance, cleanliness, and general order of the Property. As applicable, such person shall be vested with the authority of MANAGER with respect to the supervision over the operation and maintenance of the Property, including the authority to enforce compliance with the terms and conditions of this Agreement and any and all rules and regulations adopted hereunder. The General Manager shall be either (i) a Class A member of the PGA; (ii) a Class A member of the LPGA; (iii) a person who has a minimum of three years operating experience at a similar golf course; or (iv) a golf course superintendent certified by the Golf Course Superintendent's Association of America (GCSAA).
- 10.4.2. The golf course "Superintendent", for the purposes of golf course management services, shall be certified by the GCSAA. The Superintendent shall be responsible for maintenance of the golf course, golf course equipment, and grounds and shall ensure that any employee responsible for use of any chemical applications to the Property shall be certified and hold all required licenses for the application of fertilizer, insecticides and other chemicals to the satisfaction of the Director.

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- 10.4.3. The "Director of Golf or Head Golf Professional" shall be responsible for the golf shop, instruction, carts, range, merchandise, tournament play and customer service and shall be a Class A member of the PGA or LPGA.
- 10.4.4. The "F&B Manager" shall be qualified to apply for and receive a liquor license and to operate F&B services in compliance with applicable laws and regulations as further described in the Concession Agreement.

11. TYPES OF AUTHORIZED EXPENSES

11.1. Under this Agreement, MANAGER shall be responsible to acquire, provide and pay for (using DISTRICT funds) the specific types or items of expenditures summarized below (Authorized Expenses"). MANAGER shall pay and account for Authorized Expenses in accordance with the policies and procedures set forth herein, and the Financial Management Section of the MPM. (E&B costs applicable to an expense category listed below are further addressed in the Concession Agreement. For F&B expenses initially paid by MANAGER that are to be reimbursed, MANAGER shall ensure that reimbursement of the entire applicable amount is promptly provided, recorded, and deposited pursuant to procedures described in this Agreement.)

- 11.1.1. Utilities (Electricity, Natural Gas, Propane, Water and Reclaimed Water if applicable);
- 11.1.2. Janitorial services, and related supplies and equipment, for all areas of the Property;
- 11.1.3. Fees for security services;
- 11.1.4. Trash and waste services and any related supplies and equipment;
- 11.1.5. Landscaping services, fencing, and related supplies and equipment;
- 11.1.6. Maintenance and repairs, including related supplies and equipment;
- 11.1.7. Parking lot repairs, re-surfacing, and/or replacement;
- 11.1.8. Costs for MANAGER'S employees - Wages, salaries, payroll taxes, benefits, and also costs for Workers' Compensation Insurance (See Clause 29.);
- 11.1.9. MANAGER'S office supplies, communications services computer software, equipment, and furniture, including without limitation all such items used in connection with the pro/golf shop, and specifically including point-of-sale registers, computer equipment, and software;
- 11.1.10. Permits and Licenses;
- 11.1.11. Applicable sales and excise taxes;
- 11.1.12. Bank service fees and credit card transaction charges;
- 11.1.13. Equipment and supplies applicable to providing services;
- 11.1.14. Personal Property Insurance, if required;

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- 11.1.15. Fees of Certified Public Accountants for audits and other documents/reports;
- 11.1.16. Capital expenditures for repairs and improvements;
- 11.1.17. Costs of all items held for sale in pro/golf shop;
- 11.1.16. Costs for all other insurance, including deductibles as applicable, as specified in Clause 29., herein or otherwise required by Director; and
- 11.1.19. Costs for F&B Services interruption, early termination/non-renewal and related reimbursements for capital improvements and other expenses when applicable as authorized by Director and further described in Concession Agreement.

11.2. Notwithstanding the foregoing, Authorized Expenses shall not include the following:

- 11.2.1. Costs and expenses in which MANAGER is reimbursed by a third party (either by an insurer, subcontractor, or otherwise);
- 11.2.2. Wages, salaries, mileage, or other compensation paid to any of MANAGERS owners and/or directors, or any other cost related to management of MANAGER (except as otherwise expressly provided in Clause 6.3., herein);
- 11.2.3. MANAGERS personal property or repair of same;
- 11.2.4. F&B costs pursuant to the terms of the Concession Agreement, except as provided for in sub-Clause 11.1.19., herein; and
- 11.2.5. Any of MANAGER'S other business operations or interests not related to services provided by MANAGER on behalf of DISTRICT, herein;

12. ANNUAL BUDGET AND BUDGET UPDATE PROCESS

12.1. Property Management Budget(s) (which shall exclude F&B expenses, except as provided forth sub-Clause 11.119, herein) shall be by fiscal year.

12.1.1. To initiate services under this Agreement, the Director obtained Board approval of a total budget amount for potential Authorized Expenses to be incurred during the first fiscal year applicable to this Agreement's term. Based on this total amount, MANAGER shall prepare an initial annual budget for Authorized Expenses, which shall be approved by the Director, whose approval shall not be unreasonably withheld.

12.1.2. In preparing the initial and subsequent Management Budgets to implement this Agreement MANAGER shall provide sufficient explanation as Director reasonably requires as necessary for approval of specific proposed expenses; and MANAGER shall endeavor to identify items that *may* be cost effectively shared for implementation of both PM and F&B services, and the appropriate cost share accordingly.

12.2 Within one hundred and twenty days after of execution of this Agreement (unless otherwise approved by the Director at MANAGER'S request), MANAGER shall prepare and submit the following to the Director:

12.2.1. A review of the initial estimates of cost for implementation of this Agreement - as to

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salaries and employee benefits, other services and supplies, minor and major improvements/repairs, and equipment purchase(s) - and recommendations for the current and upcoming annual Property Management Budget(s);

- 12.2.2. An analysis of competitive green fees compared to other courses in the area, and recommendations for any proposed change in green fees and the proposed timing of such change;
 - 12.2.3. A summary of emergency plans and procedures pertaining to potential flooding;
 - 12.2.4. A summary report on revenue received since Agreement execution, by type of rounds played, and by period of time during the day (specific periods to be determined by Director and MANAGER), week, month;
 - 12.2.5. A preliminary outline of a sales and marketing plan for golf course operation, related projected revenue, with preliminary assumptions as to budget and fees;
 - 12.2.6. Any other recommendations regarding pricing for services and hours of operation.
 - 12.2.7. A report on adjustments to golf operations to date, or of proposed adjustments and estimated cost as described in Clause 3.2., herein.
- 12.3 Within one hundred and eighty days after execution of this Agreement (unless otherwise approved by the Director at MANAGER'S request), MANAGER shall prepare and submit the following to the Director:
- 12.3.1. A detailed proposed sales and marketing plan for golf course operation, related projected revenue, with explanation on the assumptions used, and how the proposed budget modifications and/or change in fees may impact said plan;
 - 12.3.2. A more detailed summary of possible alternative plans to manage the Property, and provide golf operations and F&B Services in the event of certain flood control construction and/or related flooding conditions, based on information provided by the Director.
- 12.4. Based on information and recommendations provided per Clause 12.2. and 12.3., herein the Director shall consult with MANAGER and approve recommendations and/or finalize recommendations for Board approval of proposed sales and marketing plan(s), changes in the current approved Management Budget, changes in fees and business hours, and adjustments to golf operations. Director shall advise MANAGER of decisions for implementation, accordingly.
- 12.5. Thereafter by December 15 of each year, MANAGER shall update information and estimates as generally described in Clause 12.2. and 12.3., above, and provide any additional information that MANAGER considers applicable for preparation and recommendations for the next annual Management Budget (for the upcoming fiscal year), and any changes to the then current Management Budget if applicable. Upon Director and/or Board approval as applicable, MANAGER shall implement the Management Budget, accordingly.
13. MANAGEMENT ACCOUNTAND OPERATING FUNDS

All DISTRICT funds provided to MANAGER, and all monetary funds of any kind generated and collected by MANAGER or: DISTRICT'S behalf, shall be managed, deposited, and disbursed in accordance with DISTRICTS policies and procedures which may be modified by DISTRICT and/or

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Auditor-Controller. DISTRICT is responsible to promptly provide said policies and procedures to MANAGER.

- 13.1. Within five (5) days of Board approval of this Agreement, MANAGER shall establish a checking account (the "Management Account") in a form and at a local bank or financial institution approved by the Auditor-Controller. The Management Account shall be a separate account held in trust for DISTRICT. The purpose of the Management Account is to provide a depository for DISTRICT funds to be provided by DISTRICT, to be used by MANAGER for the payment of all expenditures authorized in the Management Budget or otherwise approved in writing by the Director.
 - 13.2. Funds deposited by DISTRICT into the Management Account shall hereinafter be defined as the 'Operating Funds~. In no event shall any funds of MANAGER or any other entity be deposited in, or commingled with, the Operating Funds in the Management Account. Any interest earned on Operating Funds in the Management Account shall be credited to the Management Account.
 - 13.3. Auditor-Controller shall initially deposit funds into the Management Account, as initially authorized by the Board. Thereafter, the Auditor-Controller shall replenish Operating Funds, upon review and approval of monthly invoice statements prepared by MANAGER pursuant to Clauses 16, and 17.! herein.
 - 13.4. Using the Operating Funds in the Management Account, MANAGER shall promptly pay Authorized Expenses that are provided for under the most recently approved Management Budget and Director authorization, and that have been incurred. No other than Authorized Expenses shall be paid by MANAGER using Operating Funds, unless otherwise authorized in writing by the Director, who shall seek Board approval as applicable.
 - 13.5. The Management Account shall be reviewed by the DISTRICT on a semiannual basis. If in the opinion of the Director, the Management Account balance is higher than necessary, the Director shall notify MANAGER and Auditor-Controller, accordingly by written notice. Within five (5) days from the date of the written notice, MANAGER shall issue a check from the Management Account payable to DISTRICT equal to the excess amount, and submit this check directly to Auditor-Controller.
 - 13.6. At the termination of this Agreement, DISTRICT and MANAGER shall consult to determine if the Management Account has Operating Funds in excess of actual expenditures, and, if so, MANAGER shall pay the excess Operating Funds by issuing a check from the Management Account payable to DISTRICT, within five (5) days of said determination by DISTRICT, and submit this check directly to Auditor-Controller.
14. DEFINITION OF PROPERTY GROSS REVENUE
- 14.1. For the purposes of this Agreement, the term: "Property Gross Revenue~ means all amounts collected by MANAGER (excluding F&B revenue pursuant to the Concession Agreement) including all amounts paid to DISTRICT by other parties for all business activities, services provided and any other uses of the Property, pursuant to MANAGERS management obligations under this Agreement as further described, but not necessarily limited to, the items listed below:
 - 14.1.1. The sale price of all goods, wares, merchandise, and products sold or caused to be sold on or from the Property or through the Internet by MANAGER, whether for cash or credit at, in, or from the Property.

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- 14.1.2. The charges made by MANAGER for the sale or rendition on or from the Property of services of any nature or kind whatsoever, whether for cash or credit.
- 14.1.3. All admission entry, rental, and other fees of any nature or kind charged by MANAGER (including but not limited to deposits accepted by MANAGER).
- 14.1.4. All sums deposited in any coin-operated vending machine, telephone, newspaper racks, or other device maintained on the Property, including commission or payment received by MANAGER from a third party, except as provided for in Attachment 1.
- 14.1.5. Charges for credit card transactions, including but not limited to debit cards and ATM cards and any other transaction cards that may be promulgated in the future shall be determined as follows:
 - If card transaction charges are imposed by MANAGER, the gross amount imposed or charged by MANAGER.
 - If card transaction charges are imposed by a third party, the commission or payment received by MANAGER.
- 14.1.5. Miscellaneous Income Sources:
 - Security deposits received by MANAGER;
 - The actual sale price of Discount Coupons/Promotional Activities received by MANAGER;
 - The sale of gift certificates when sold by MANAGER;
 - Interest Income;
 - Payments from Third Parties to MANAGER which are a percent of the third party's profit resulting from services rendered for or at the Property to MANAGER, if not otherwise identified herein;
 - Any amounts collected from other parties through MANAGER'S pursuit of legal actions:
 - Where applicable, the fair rental value of facilities used by MANAGER for purposes other than the purposes provided for under this Agreement when such use is approved by the Director or Board, if applicable, and the value of all consideration, including consideration other than cash, received by MANAGER in exchange for the items sold or services rendered;
 - Property Gross Revenue derived from particular activities not otherwise provided For above, including but not limited to the sale of goods and services via television, mail order, and/or Internet or similar electronic communications networks, originating (1) from the Property or (2) from outside the Property when authorized by the Director or Board, if applicable;
 - Reimbursements for F&B expenses initially paid as an Authorized Expense.
- 14.2. Gratuities/tips accepted on behalf of employees or charged by MANAGER for the benefit of employees and paid to employees are excluded from Gross Revenue.

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- 14.3. Property Gross Revenue sources shall exclude all sales and excise taxes payable by DISTRICT to federal, state, county, or municipal governments as a direct result of services provided under this Agreement. Refunds for goods returned and deposits shall be deducted from current Property Gross Revenues upon return.
 - 14.4. Property Gross Revenue may exclude the value of free or reduced golf privileges provided to employees and/or others in accordance with the MPM.
 - 14.5. Property Gross Revenue may exclude the value associated with reduced prices for special recreation events for charity purposes, upon written pre-approval by the Director or Board directive as applicable, and in accordance with procedures set forth in the MPM.
 - 14.6. DISTRICT and MANAGER agree that in the event of a dispute between DISTRICT and MANAGER with regard to inclusion and categorization of a transaction as Property Gross Revenue, the decision of the Director as to inclusion and categorization shall be final and binding.
15. COLLECTION AND CONTROL OF PROPERTY GROSS REVENUE
- 15.1. Within five (5) days from the date of Board approval of this Agreement, DISTRICT shall establish an account at a bank or financial institution, acceptable to the Auditor-Controller, into which MANAGER is to deposit all Property Gross Revenue. Said account shall hereinafter be defined as the "County Treasurer Account". Bank deposit slips, bags and deposit stamps shall be provided by DISTRICT to MANAGER.
 - 15.2. MANAGER shall properly safeguard and handle all Property Gross Revenue in accordance with DISTRICT'S policies and procedures manual on cash handling ("Cash Handling Procedures") — which DISTRICT shall provide to MANAGER no later than three (3) days after Board approval of this Agreement, and which MANAGER shall incorporate into the MPM. DISTRICT shall promptly provide MANAGER a copy of Cash Handling Procedures amendments or revisions thereof, as they may occur.
 - 15.3. MANAGER shall ensure and is responsible for deposit of all collected Property Gross Revenue at the same time and location each day for the term of this Agreement, based on an established schedule approved by the Director, and pursuant to Cash Handling Procedures. The time and location of deposit may be changed by ten (10) day written notice to MANAGER from the Director. DISTRICT may arrange for an armed carrier to pick-up and make deposits, and provide MANAGER with deposit slips, instructions, and reporting documents/forms; however, it is the MANAGER'S ultimate responsibility to ensure that each scheduled deposit is conducted and reported pursuant to the Cash Handling Procedures.
 - 15.4. MANAGER shall complete and submit to DISTRICT, daily Property Gross Revenue reports in a format provided by the Director, to account for daily deposits to the County Treasurer Account. (The daily Property Gross Revenue report shall identify 'cash received' by the following categories: currency, coin, money orders, cashier checks, personal checks, corporate/company checks and credit cards.)
 - 15.5. If a check is returned as having Non Sufficient Funds (NSF), stop payment or any other reason that the financial institution did not honor the check, MANAGER is responsible for pursuing payment from the payee, using the NSF Collection Procedure outlined in the Cash Handling Procedures. If these attempts are still unsuccessful, MANAGER is to compile all relevant information and documentation for forwarding to the Orange County District Attorney's Bad Check Division for collection.

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16. MONTHLY STATEMENT OF EXPENDITURE AND PROPERTY GROSS REVENUE

- 16.1. Each month during the term of this Agreement, on or before the twentieth day of each month, MANAGER shall prepare the following and submit to DISTRICT for DISTRICT review and approval.
 - 16.1.1. A detailed monthly invoice statement, showing all costs for Authorized Expenses as paid from the Management Account, listing each check, amount paid, and payee. Supporting documentation for each check, including original receipts and invoices, must accompany the monthly invoice for DISTRICT to review and approve. MANAGER shall retain copies of all supporting documentation in accordance with Clause 19., herein.
 - 16.1.2. A summary accounting statement of Property Gross Revenue collected, and deposited by MANAGER ("Property Gross Revenue Statement"), in a form and based on guidelines as described in 'Cash Handling Procedures of the MPM/Financial Management Section. The monthly Property Gross Revenue Statement shall be signed by MANAGER or MANAGER'S responsible agent under penalty of perjury.
 - 16.1.3. A copy of the monthly bank statement and reconciliations for the Management Account.
 - 16.1.4. A report on the monthly and cumulative to date expenses for the applicable fiscal year compared to the current annual approved budget and Authorized Expense Limit, in a format provided by the Director (which shall be provided by Director to MANAGER within five (5) days of Board approval of this Agreement).
 - 16.1.5. A detailed listing of all refunds paid out and a monthly reconciliation of all deposit accounts.
 - 16.1.6. A copy of the computer file of the software containing that portion of the DISTRICT'S Fiscal Year that ends with and includes the last day of the preceding calendar month for all financial transactions applicable to the Property.
- 16.2. MANAGER is responsible to ensure the delivery/filing of all statements, and payments/reimbursements to DISTRICT if applicable, at locations designated in writing by the Director; which may be changed at any time by Director upon ten (10) days written notice to MANAGER. MANAGER assumes all risk of loss if reports and payments are made by mail and not received on schedule by DISTRICT.
- 16.3. All payments shall be paid in lawful money of the United States of America without offset or deduction or prior notice or demand. No payment by MANAGER or receipt by DISTRICT of a lesser amount than the monies due shall be deemed to be other than on account of the monies due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed an accord and satisfaction, and DISTRICT shall accept such check or payment without prejudice to DISTRICT'S right to recover the balance of said monies or pursue any other remedy in this Agreement.

17. REPLENISHMENT OF MANAGEMENT ACCOUNT

- 17.1. Within ten (10) days of the DISTRICT review and approval of statements provided

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pursuant to Clause 16., above, DISTRICT shall pay or wire transfer to the Management Account an amount equal to the DISTRICTS approved reimbursement.

- 17.2. Any items that DISTRICT considers to be questionable shall be debited until DISTRICT and MANAGER can meet to resolve all questionable expenses, and/or until MANAGER submits proper documentation to support questioned expenses.
 - 17.3. MANAGER may prepare an invoice for reimbursement of any or all non-reimbursed expenses at any time during the month, if necessary, to maintain sufficient funds in the Management Account. MANAGER shall promptly notify the Director, provide a partial monthly invoice statement and related documentation as applicable, and advise of any potential proposed alternatives to reduce or eliminate the estimated shortfall. Any additional Operating Funds shall be provided via a direct deposit by DISTRICT into the Management Account within ten (10) days of DISTRICT'S approval of said written request.
 - 17.4. If applicable, MANAGER and Director shall consult on potential change in the annual Management Budget and Authorized Expense Limit; and Director may authorize, or seek Board approval, to modify said budget or limit, and/or modify the level/type of service required under this Agreement.
18. PURCHASING PROCEDURE
- 18.1. MANAGER is authorized to solicit written bids for materials and supplies, equipment, and services to be purchased by MANAGER on behalf of the DISTRICT, pursuant to the annual Management Budget and prior written direction by the Director.
 - 18.2. Except as otherwise provided herein, MANAGER shall acquire three written bids for each proposed purchase, with the lowest bid amount to be selected, unless otherwise authorized by the Director, based on a brief written report and recommendation by the MANAGER. MANAGER shall ensure that instructions for written bids are sufficiently thorough, and provided sufficiently in advance of the time when the purchase item is required, to facilitate receiving complete and low bids.
 - 18.3. MANAGER may purchase from one source ("sole source") without proceeding to the bid process described in Clause 18.2., herein, upon Director's written approval of a written recommendation prepared by MANAGER as to the reason to purchase from a sole source.
 - 18.4. The Director shall provide MANAGER with the County of Orange purchasing policies and procedures, to augment those specified herein, and to be used as the Director considers applicable for provision of Property Management. MANAGER shall retain all applicable procedures in the MPM.
 - 18.5. All records regarding bids, sole source recommendations, and purchases shall be retained by MANAGER pursuant to Clause 19., below.
19. RECORDS AND ACCOUNTS
- 19.1. Supporting Records: MANAGER shall, at all times during the term of this Agreement, keep or cause to be kept true and complete books, records, and accounts of all financial transactions in the operation of all business activities, of whatever nature, conducted pursuant to MANAGER'S Property Management responsibilities under this Agreement ("Property Supporting Records"). Supporting records and accounts for F&B Gross Revenue shall be maintained separately so that a clear and segregated audit trail exists ("F&B

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Supporting Records"). Both the Property and F&B Supporting Records must be supported by source documents as applicable, such as cancelled checks, work orders, pay vouchers, sales slips, cash register tapes, purchase invoices rental payments, invoice payments, expense invoices, receipts, or other pertinent documents supporting the income or expense items. Manual or computerized daily starter sheet utilized to reserve and schedule golf times shall be prepared and maintained.

- 19.2. Files Management: MANAGER shall maintain separate, neatly organized files with a filing system by categories of types of records, of Property Supporting Records and F&B Supporting Records.
- 19.3. Files Location All MANAGER'S books of account and records, and supporting source documents related to this Agreement shall be kept on the Property at a location approved by the Director.
- 19.4. Accounting Software: MANAGER shall maintain, during the term of this Agreement, computer records for all transactions involving Property Gross Revenue, Authorized Expenses, and the Management Account, and separate computer records regarding F&B Gross Revenue as further described in the Concession Agreement. All transactions shall be entered on a timely basis and include all applicable information representative of accounting standards for record keeping.
- Said records shall be entered by MANAGER into an accounting software program that is acceptable to the Director. The setup of all accounts in the software package shall be approved by the Director.
- 19.5. Green Fee Report: MANAGER shall also include a daily activity report listing the number and specific type of golf rounds (Green Fee Report') which shows each type of rate by month, day and period of day, the total collections and a monthly summary.
- 19.6. Method of Data Collection/Recordation:
- 19.6.1. Except as otherwise provided herein, all retail sales and charges, including F&B sales and charges which shall be separately recorded, shall be recorded by means of cash registers computer terminals, or other comparable devices that display to the customer the amount of the transaction and automatically issue a receipt. The registers shall be equipped with devices that lock in sales totals and other transaction records, or with counters which are not re-settable and which record transaction numbers and sales details. Totals registered shall be read and recorded by MANAGER at the beginning and end of each business day.
- 19.6.2. In the event: of admission/entry charges or rentals, MANAGER shall issue serially numbered tickets for each such admission or rental and shall keep an adequate record of said tickets, both issued and un-issued. Any automated controlled system used for entry to the Property shall be subject to the written approval of the Director.
- 19.6.3. Mobile food and beverage sales as further described in the Concession Agreement may be recorded by a system other than cash registers or other comparable devices, provided said system includes daily reporting of such sales and charges and is approved in writing by the Director.

20. EXAMINATION OF RECORDS AND AUDITS

- 20.1. Within ninety (90) business days following the end of each fiscal year during the term of this

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Agreement, and after the termination of this Agreement, MANAGER shall submit to Auditor-Controller a balance sheet and related statements of revenues and operating expenses and cash flows (excluding F&B expenses) audited by a Certified Public Accountant (CPA), who is a member of the American Institute of CPAs, reflecting business transacted on or from the Property during the preceding Fiscal Year, or portion thereof as applicable. The format for audited statements/reports and the CPA(s) performing the audit(s) shall be approved in advance by the Auditor-Controller. The cost for these audits will be paid by DISTRICT, except as applicable when conditions occur as described in Clauses 20.3., 20.4., and 23.4., herein.

- 20.2. DISTRICT shall, through its duly authorized agents or representatives, have the right to examine and audit MANAGER'S books of account, records and supporting source documents at any and all reasonable times for the purpose of determining the accuracy thereof, and of the monthly statements of Property Gross Revenue and Authorized Expenses reported by MANAGER.
- 20.3. Upon demand by the Director, MANAGER shall provide or make available, at any time during the Agreement term, copies of all Property Supporting Records and those F&B Supporting Records related to Gross F&B Revenue. DISTRICT shall, through its duly authorized agents or representatives, have the right to examine and audit MANAGER'S books of account, records and supporting source documents at any and all reasonable times for the purpose of determining the accuracy thereof, and of the monthly statements of Property Gross Revenue and Authorized Expenses and F&B Gross Revenue reported by MANAGER.

The cost for DISTRICTS examinations and audits shall be borne by DISTRICT, except that MANAGER shall pay for DISTRICT costs applicable to an examination/audit when either or both of the following conditions exist:

- 20.3.1. The audit reveals an underpayment or under collection of more than two percent (2%) of Property Gross Revenue and/or five percent (5%) of F&B Gross Revenue which is due as reported and collected by MANAGER in accordance with this Agreement including Concession Agreement, and that which is due as determined by DISTRICT'S examination/audit;
- 20.3.2. MANAGER has failed to maintain true and complete books records, accounts and supporting source documents in accordance with requirements described herein. The adequacy of said documents shall be determined at the sole discretion of the Auditor-Controller and/or Audit Director.
- 20.4. Examination/Audit — DISTRICT Remedies. In addition to any other remedies available to DISTRICT at law or in equity under this Agreement, in the event MANAGER fails to maintain and keep books, records, and accounts and/or source documents relating thereto, or to make the same available to DISTRICT for examination and audit, or to record sales and/or to maintain registers to record sales, or to provide financial statements and other information to DISTRICT regarding Property Gross Revenues, Authorized Expenses, the Management Account, and F&B Gross Revenue as required herein, DISTRICT, at DISTRICT'S option, may:
- 20.4.1. Perform such additional examinations/audits by Auditor-Controllers staff and/or agents as DISTRICT and/or the Auditor-Controller may deem appropriate to confirm the amount of net revenue due DISTRICT under this Agreement; and any and all expenses incurred by DISTRICT in connection therewith shall be paid by MANAGER as directed by the Director pursuant to the procedures outlined herein;

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and/or

- 20.4.2. Provide accounting services and/or a system for recording retail sales and charges, including without limitation, cash registers or computer terminals, for use by MANAGER in business transactions upon or from the Property, and, at DISTRICTS option, maintain personnel on the Property to observe and/or record such sales during MANAGERS business hours, or from time to time, all at MANAGER'S sole cost and expense which shall be paid as directed by the Director pursuant to the procedures outlined herein; and/or
 - 20.4.3. Require that MANAGER pay revenue based on DISTRICT'S best good faith estimate and any such determination made by DISTRICT shall be conclusive and binding upon MANAGER, and paid by MANAGER within thirty (30) day written notice by DISTRICT; and/or
 - 20.4.4. Terminate this Agreement at the sole discretion of DISTRICT without any penalty or liability to DISTRICT/County of Orange, including any liability to pay for any remaining Management Fee or any expenses incurred or committed to by MANAGER after the date of termination by DISTRICT. In such event, MANAGER shall be solely liable to pay for any expenses incurred after DISTRICT'S written notice to MANAGER of Agreement termination.
- 20.5. Reimbursement of DISTRICT Costs. The above costs payable by MANAGER shall include reimbursement to DISTRICT of services provided by DISTRICT, at such rates as DISTRICT may from time to time, in good faith, establish for such services. In the case of services provided by DISTRICT'S employees, such rates shall be sufficient to reimburse DISTRICT for employees' salaries, including employee taxes and benefits and DISTRICTS overhead or, at DISTRICTS option, may be the rate for such services that would be charged by a qualified third party or parties, approved by DISTRICT, if engaged by DISTRICT to perform such services.

21. INVENTORY OF PERSONAL PROPERTY

- 21.1. For the purpose of this Agreement, "personal property" shall mean all property that is moveable and not real property. Real property shall mean land or anything fixed to the land, such as buildings, fences, and those things attached to the buildings or land, such as light fixtures, plumbing, and heating fixtures, or other such items which would be personal property if not attached. Personal property shall not mean property with a useful life of less than one year, such as office supplies, computer disks, cleaning supplies, or other such expendable items.
- 21.2. When provided by DISTRICT to MANAGER, MANAGER shall check the list of DISTRICTS personal property inventory associated with the Property ("Personal Property Inventory"), accompanied by Directors representative, and confirm in writing what said inventory has been received, and identify at that time if any items are missing. DISTRICTS personal property that is used for F&B Services, shall be identified separately and constitute one of the components used as the basis for 'rent as further described in the Concession Agreement. Such written acknowledgement shall constitute that the Personal Property Inventory as confirmed in writing by MANAGER and is considered as part of this Agreement and the MPM, for the purposes of MANAGERS responsibility under this Agreement. All of DISTRICTS personal property, where practical, shall be bar coded by DISTRICT, or MANAGER on behalf of the DISTRICT, identifying each item for inventory purposes and to make subsequent inventories easier and more accurate.

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- 21.3. Any personal property purchased at DISTRICTS cost during the Agreement term, shall become the personal property of DISTRICT, and as applicable per DISTRICT policy, shall be identified by a bar coded identification system, scanned and included in the perpetual Personal Property Inventory list. MANAGER may, upon approval by the Director and Auditor-Controller whose approval shall not be unreasonably withheld, implement a point-of-sale inventory tracking system for items held for sale at the pro/golf shop and may use the records from such' system for such items in lieu of including them on the perpetual Personal Property Inventory list. If a separate inventory control system is maintained for the stock-in-trade at the pro/golf shop, such records shall be maintained at a location approved by the Director, and made available for DISTRICTS review upon five (5) day written notification from DISTRICT to MANAGER, except in cases of emergency as determined at the sole bur reasonable discretion of the Director, whereby MANAGER shall make said record files immediately available upon oral or written request by Director.
- 21.4. As applicable, DISTRICT shall secure the appropriate level of insurance for DISTRICTS personal property, as approved in the Management Budget or as otherwise required by the Risk Manager. The DISTRICT shall provide MANAGER with documentation on the insurance acquired for MANAGERS records. MANAGER shall be responsible for providing DISTRICT with updates to DISTRICTS personal property inventory in order for DISTRICT to maintain the appropriate level of insurance,
- 21.5. MANAGER shall keep record files of receipts and/or invoices of such purchases and maintain all applicable manuals, warranties, guarantees, or licenses that may apply to the Personal Property Inventory. Said record files shall be maintained at a location approved by the Director, and made available for DISTRICT'S review upon five (5) day written notification from DISTRICT to MANAGER, except in cases of emergency as determined at the sole discretion of the Director, whereby MANAGER shall make said record files immediately available upon oral or written request by Director.
- 21.6. MANAGER shall acquire the Directors prior approval, which shall not be unreasonably withheld, to locate MANAGERS personal property brought to or purchased for use on the Property (See Concession Agreement regarding MANAGERS personal property for F&B services). MANAGER shall maintain an updated record of MANAGERS personal property located on the Property, including record as to its location and use; and provide a copy of this record to the Director upon each change/update. (If applicable MANAGERS personal property bar coded inventory system for MANAGER'S personal property located on the Property shall be reasonably consistent with DISTRICT'S inventory identification and reporting procedures.) MANAGER shall also maintain file(s) on MANAGERS personal property used on the Property (at a minimum, instruction manuals for use, safety precautions, etc., as applicable) during the term of this Agreement, and advise the Director of the file(s) location(s). MANAGER shall make file(s) on MANAGER'S personal property available within a reasonable time period upon the DISTRICT'S written request, in the event of inventory issues, accident investigations, or similar purposes; however, in the event of emergency as determined at the sole discretion of the Director, MANAGER shall make record files of MANAGER'S personal property used on the Property, immediately available upon oral or written request by Director.
- 21.7. In every year of this Agreement, an annual inventory shall be undertaken by representatives of both MANAGER and DISTRICT of all of DISTRICT'S personal property on the Property using the bar coded inventory system to verify the existence of said personal property owned by DISTRICT, and an updated Personal Property Inventory list shall be prepared.
22. CONSTRUCTION AND/OR ALTERATION BY MANAGER

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- 22.1. MANAGER may not perform any excavation, construction, modification, alteration, installation of fixed equipment or other fixed' items, removal, demolition, repair, replacement, painting repainting, or other similar action upon/from/within the Property ("Modifications/Improvements") unless approved in advance by the Director and/or otherwise authorized through the Management Budget, and/or the MPM.
 - 22.2. All Modifications/Improvements performed by MANAGER shall be in strict compliance with applicable building codes, rules, and regulations, plans and specifications, and permits as necessary for the Modifications/Improvements. Any conditions relating to the manner, method, design, and construction/installation, etc. of Modifications/Improvements, shall be conditions hereof as though originally stated herein. Modifications/Improvements shall be acceptable to the Director, and the appropriate governmental entity inspecting such work as applicable. At any time, Director may stop work when, at Director's sole decision, the work being conducted by MANAGER or MANAGER'S designee (including but not limited to contractors/sub-contractors) is, or could become, a hazardous or other unsafe condition. MANAGER agrees to hold DISTRICT harmless for any damages resulting from such interruption of work.
23. LABOR CODE AND OTHER COMPLIANCE
- 23.1. MANAGER acknowledges and shall comply with all applicable DISTRICT (State and Federal Government) policies related to the hiring, management, evaluation of performance and termination of MANAGER'S employees.
 - 23.2. MANAGER acknowledges and agrees that Modifications/Improvements performed under this Agreement shall be governed by, and performed in accordance with, the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the Labor Code of the State of California (Sections 1770, et seq.). These provisions are applicable to Modifications/Improvements costing more than One Thousand Dollars (\$1,000).
 - 23.3. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the Director has obtained the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality applicable to this Agreement for each craft, classification, or type of workman which may be needed or applicable in executing/performing Modifications/Improvements and maintenance of the Property, from the Director of the State Department of Industrial Relations. (Copies of said prevailing wage rates may be obtained from the State of California, Department of Industrial Relations or Director).
 - 23.4. MANAGER hereby agrees to pay or cause its contractors/sub-contractors to pay, as a minimum, said prevailing wage rates at all times for Modifications/Improvements and maintenance of the Property, as applicable, as determined at the sole decision of the Director. MANAGER herein agrees that MANAGER shall post, or cause to be posted, a copy of the most current, applicable prevailing wage rates at site(s) determined by the Director.
 - 23.5. Where determined necessary by the Director, for Modification/Improvement and/or maintenance activities on the Property, MANAGER shall provide the Director with applicable certified payroll records for all workers that will be and are assigned to do the work. Said payroll records shall contain, but not be limited to, the complete name, address, telephone number, social security number, job classification, and prevailing wage rate for each worker. MANAGER shall provide the Director bi-weekly updated, certified payroll records for all workers that include, but are not be limited to, the weekly hours worked, prevailing hourly wage rates, and total wages paid.

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24. RIGHT TO WORK AND MINIMUM WAGE LAWS

- 24.1. In accordance with the United States Immigration Reform and Control Act of 1986, MANAGER shall require its employees that directly or indirectly provide service for the Property, pursuant to the terms and conditions of this Agreement, in any manner whatsoever to verify their identity and eligibility for employment in the United States. MANAGER shall also require and verify that its contractors/sub-contractors or any other persons servicing the Property, pursuant to the terms and conditions of this Agreement, in any manner whatsoever, verify the identity of their employees and their eligibility for employment in the United States.
- 24.2. Pursuant to the United States of America Fair Labor Standard Act of 1938, as amended, and State of California Labor Code, Section 1178.5, MANAGER shall pay no less than the greater of the Federal or California Minimum Wage to all its employees that directly or indirectly service the Property, in any manner whatsoever. MANAGER shall require and verify that all its sub-contractors or other persons servicing the Property on behalf of the MANAGER also pay their employees no less than the greater of the Federal or California Minimum Wage.
- 24.3. MANAGER shall comply and verify that its contractors/sub-contractors comply with all other Federal and State of California laws for minimum wage, overtime pay, record keeping, and child labor standards, pursuant to the servicing of the Property or terms and conditions of this Agreement.

25. REQUIREMENTS FOR MODIFICATIONS AND IMPROVEMENTS

- 25.1. Modifications/Improvements which are estimated to exceed Twenty-Five Thousand Dollars (\$25,000) may be required to be undertaken, and shall be in accordance with the requirements of the Uniform Public Construction Cost Accounting Act (Sections 22000 et seq. of the California Public Contract Code) and Orange County Ordinance Code Sections 1-8-1 through 1-8-13) (Contract Law'). The Director or other applicable DISTRICT staff will consult with MANAGER regarding the Contract Law as to the conditions under which formal or informal competitive bidding may be required and policies governing these competitive bidding requirements.
- 25.2. Notwithstanding providing construction management services as described in Clause 7., herein, MANAGER shall as part of Property Management responsibilities coordinate with contractors/sub-contractors as to their performance of Modifications/Improvements in relation to Property Management requirements described herein, and to promptly notify the Director if there are questions or concerns related to said performance in consideration of Property Management requirements.
- 25.3. MANAGER acknowledges that this Agreement is subject to statutory provisions including, but not limited to, Government Code §1090, provisions of the Public Contract Code, the Political Reform Act of 1974, other statutes, regulations, and County policies which prohibit the award of contracts that constitute an impermissible conflict of interest.

26. MECHANICS LIENS OR STOP-NOTICES

For Modifications/Improvements contracts directly managed by MANAGER, MANAGER shall at all times be responsible for ascertaining and confirming that all contractors and subcontractors have in place all insurance policies and bonds required of them, and for having in place a system of payment control to assure that adequate and proper lien releases are obtained from contractors,

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subcontractors and material suppliers prior to or at the time of payment. MANAGER shall indemnify and save DISTRICT harmless from all claims, losses, demands, damages, cost, expenses and from the cost of defending against such claims, including attorney fees and costs which may be incurred by DISTRICT arising out of MANAGER'S failure to have such payment control system in place.

In the event a lien or stop-notice is imposed upon the Property as a result of such construction, repair, alteration, or installation, MANAGER shall, at DISTRICTS approved cost and expense, either:

- Record a valid Release of Lien, or
- Procure and record a bond in accordance with Section 3143 of the Civil Code, which frees the Property from the claim of the lien or stop-notice and from any action brought to foreclose the lien.

Should MANAGER fail to accomplish either of the two optional actions above within fifteen (15) business days after the filing of such a lien or stop-notice, this Agreement shall be in default.

27. DOCUMENT REQUIREMENTS AND PAYMENT FOR PLANS, SPECIFICATIONS AND CONSTRUCTION

For Modifications/Improvements performed by MANAGER, MANAGER shall maintain records, plans and 'as built' drawings, in a format prescribed by the Director.

28. RULES AND REGULATIONS

MANAGER agrees to comply with all rules and regulations of DISTRICT in effect at the time this Agreement is executed as well as those adopted or amended by DISTRICT thereafter with reasonable notice to MANAGER. MANAGER shall be fully responsible to DISTRICT for the observance and abeyance of, and compliance with, any and all rules, regulations, laws, ordinances, statutes or orders of any governmental authority, whether federal, state, or county, lawfully exercising authority over Property or the activities thereon subject to DISTRICTS responsibility to pay for the costs of modifications or improvements to the Property or other out-of-pocket costs of bringing the Property into compliance if applicable. MANAGER shall be fully liable to DISTRICT for any and all claims, demands, damages, fines or penalties of any nature whatsoever which may be imposed upon DISTRICT, including, but not limited to, the payment of any fines or penalties for any violations caused directly or indirectly by the act, omission, negligence or abuse on the part of MANAGER.

29. INSURANCE

29.1. MANAGER agrees to purchase all required insurance, as described herein at DISTRICT'S expense. MANAGER shall deposit with DISTRICT certificates of insurance, including all endorsements required herein, necessary to satisfy DISTRICT that the insurance provisions of this Agreement have been complied with and to keep such insurance coverage and the certificates and endorsements therefore on deposit with DISTRICT during the entire term of this Agreement, including any extensions thereto. This Agreement shall automatically terminate at the same time MANAGER'S insurance coverage is terminated, unless otherwise determined at the sole discretion of the Director. If within ten (10) business days after termination under this Clause, MANAGER obtains and provides evidence of the required insurance coverage acceptable to DISTRICT, this Agreement may be reinstated at the sole discretion of the Director. MANAGER shall pay DISTRICT'S actual costs for processing the reinstatement of this Agreement, within 15 business days of receipt of an invoice from DISTRICT. MANAGER is also responsible to pay any other costs incurred, and

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damages and losses to, DISTRICT/County of Orange resulting from the impacts of interruption of insurance coverage as required herein.

- 29.2. MANAGER agrees that MANAGER shall not operate and perform any services at the Property at any time that the required insurance is not in full force and effect as evidenced by a certificate of insurance and necessary endorsements or, in the interim, an official binder being in the possession of DISTRICT. In no cases shall assurances by MANAGER, its employees, agents, including any insurance agent, be construed as adequate evidence of insurance. DISTRICT will only accept valid certificates of insurance and endorsements, and in the interim, an insurance binder as adequate evidence of insurance. MANAGER also agrees that upon cancellation, termination, or expiration of MANAGER'S insurance. DISTRICT may take whatever steps are necessary to interrupt any services or operation from or on the Property until such time as DISTRICT may reinstate this Agreement.
- 29.3. If MANAGER fails to provide DISTRICT with a valid certificate of insurance and endorsements, or binder at any time during the term of the Agreement, DISTRICT and MANAGER agree that this shall constitute a Material Default of the Agreement if not cured within one business day following notice to MANAGER. Whether or not a notice of default has or has not been sent to MANAGER, said Material Default shall permit DISTRICT to take whatever steps necessary to interrupt any operation from or on the Property, and to prevent any persons, including, but not limited to, members of the general public, and MANAGER'S employees and agents, from entering the Property until such time as the Director is provided with adequate evidence of insurance required herein. MANAGER further agrees to hold DISTRICT/County of Orange harmless for any damages resulting from such interruption of business including F&B business, and prevention of access to and/or possession of Property and to pay DISTRICT for any costs incurred by and damages to DISTRICT/County of Orange, including but not limited to loss of income and business, resulting from DISTRICT'S action.
- 29.4. All sub-contractors performing services on the Property on behalf of MANAGER pursuant to this Agreement including for F&B services and supplies, shall obtain insurance subject to the same terms and conditions as set forth herein for MANAGER, and MANAGER shall not allow contractors/subcontractors to perform services if contractors/sub-contractors have less than the level of coverage required by DISTRICT from MANAGER under this Agreement, or the Concession Agreement where applicable, unless otherwise authorized in writing by Director upon written pre-approval by the Risk Manager. It is MANAGER'S responsibility and obligation to provide written notice of the insurance requirements to every contractor/sub-contractor and to receive proof of insurance prior to allowing any contractor/sub-contractor to begin work within the Property. Such proof of insurance must be maintained by MANAGER through the entirety of this Agreement and be available for inspection by a DISTRICT representative at any reasonable time.
- 29.5. All insurance policies required by this Agreement shall declare any deductible or self insured retention (SIR) in an amount in excess of \$25,000 (\$5,000 for automobile liability), which shall specifically be approved by County's/DISTRICT'S Office of Risk Management. MANAGER shall be responsible for reimbursement of any deductible to the insurer. Any self-insured retentions (SIRs) or deductibles shall be clearly stated on the certificate of insurance. The failure of MANAGER to maintain insurance acceptable to DISTRICT for the full term of this Agreement, and/or the failure to ensure that MANAGER'S contractors/sub-contractors, including those for E&B services and supplies, have maintained insurance as required under this Agreement, or Concession Agreement where applicable, shall be a Material Default of this Agreement.
- 29.6. Qualified Insurer: The policy or policies of insurance must be issued by an insurer licensed to

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do business in the State of California (California Admitted Carrier).minimum insurance company ratings as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com shall be A (Secure Best's Rating) and VIII (Financial Size Category).

If the carrier is a non-admitted carrier in the state of California, *CEO/Office* of Risk Management retains the right to approve or reject carrier after a review of the company's performance and financial ratings.

29.7. The policy or policies of insurance maintained by MANAGER shall provide the minimum limits and coverage as set forth below:

<u>Coverage</u>	<u>Minimum Limits</u>
Commercial General Liability with broad form property damage, contractual liability and products liability	\$1,000,000 combined single limit per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for owned, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Employers Liability Insurance	\$1,000,000 per occurrence
Depositors Forgery and Embezzlement Insurance (aka Employee Dishonesty Coverage)	\$1,000,000 per occurrence

Worker's Compensation Statutory
DISTRICT and the County of Orange shall be added as an additional insured's on all insurance policies required by this Agreement with respect to work done by MANAGER under the terms of this Agreement. An additional insured endorsement evidencing that DISTRICT and the County of Orange are additional insurances shall accompany the certificate of insurance. DISTRICT and the County of Orange shall be loss payees/obliges on the Employee Dishonesty coverage, including for employees providing F&B related services.

29.9. All insurance policies required by this Agreement shall be primary insurance, and any insurance maintained by DISTRICT and/or the County of Orange shall be excess and non-contributing with insurance provided by these policies. An endorsement evidencing that MANAGER'S insurance is primary and non-contributing shall specifically accompany the certificate of insurance for the Commercial General Liability.

29.10. All insurance policies required by this Agreement shall give DISTRICT thirty (30) days notice in the event of cancellation. This shall be evidenced by an endorsement separate from the certificate of insurance. In addition, the cancellation clause must include language as follows, which edits the pre-printed ACORD certificate:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY IS TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. ~~BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENT, OR REPRESENTATIVE~~

29.11. All insurance policies required by this Agreement shall waive all rights of subrogation against DISTRICT and the County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the

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scope of their appointment or employment.

- 29.12. The Commercial General Liability policies shall contain a severability of interest's clause.
- 29.13. MANAGER is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Workers' Compensation or be self-insured in accordance with provisions of that code. MANAGER will comply with such provisions and shall furnish DISTRICT satisfactory evidence that MANAGER has secured, for the period of this Agreement, statutory Workers Compensation insurance and Employers' Liability insurance with minimum limits of \$1,000,000 per occurrence.
- 29.14. MANAGER has the entire responsibility to ensure that Insurance certificates for MANAGER and contractors/sub-contractors are forwarded to DISTRICT at the address provided in the Clause 33 (NOTICES) below or to another address provided by the Director. MANAGER has ten (10) business days to provide adequate evidence of insurance or this Agreement may be cancelled.
- 29.15. DISTRICT expressly retains the right to require MANAGER to increase or decrease insurance of any of the above insurance types throughout the term of this Agreement. Any increase or decrease in insurance will be as deemed by County's/DISTRICT'S Risk Manager as appropriate to adequately protect DISTRICT and the County of Orange.

DISTRICT shall notify MANAGER in writing of changes in the insurance requirements. If MANAGER does not deposit copies of acceptable certificates of insurance and endorsements with DISTRICT incorporating such changes within thirty (30) days of receipt of such notice, this Agreement may be in breach without further notice to MANAGER, and DISTRICT shall be entitled to all legal remedies. In the event that MANAGER'S contractors/sub-contractor(s) do not or cannot comply with changes in insurance requirements within thirty (30) days of receipt of written notice of the changed requirement by DISTRICT to MANAGER, MANAGER is responsible to provide the difference in insurance on behalf of the sub-contractor(s) at MANAGER'S cost, within said thirty (30) day period, to the satisfaction of DISTRICT.

The procuring of such required policy or policies of insurance shall not be construed to limit MANAGER'S liability hereunder or to fulfill the indemnification provisions and requirements of this Agreement.

- 29.16. The County of Orange Certificate of Insurance and the Special Endorsement for the County of Orange can be utilized to verify compliance with the above-mentioned insurance requirements in place of commercial insurance certificates and endorsements.

30. ASSIGNMENT, SUBLETTING, AND ENCUMBERING PROHIBITED

MANAGER agrees that MANAGER has no interest in the Property as a result of this Agreement. Therefore, any effort by FVIANAGER to mortgage, pledge, hypothecate, encumber, transfer, sublease or assign an interest in the Property, or any part or portion thereof, is prohibited, and to do so will constitute default of this Agreement, at no cost to DISTRICT, and DISTRICT shall be entitled to all legal remedies as provided for herein.

31. ASSIGNMENT BY DISTRICT

MANAGER acknowledges that nothing in this Agreement shall preclude DISTRICT from assigning its interest in the Property and/or this Agreement.

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32. HAZARDOUS MATERIALS

- 32.1. Definition of Hazardous Materials. For purposes of this Agreement, the term "Hazardous Material(s)" shall mean any hazardous or toxic substance, material, product, byproduct, or waste which is or shall become regulated by any governmental entity, including, without limitation, DISTRICT acting in its governmental capacity, the State of California or the United States government.
- 32.2. Use of Hazardous Materials. MANAGER shall not cause or permit any Hazardous Materials to be brought upon, stored, kept, used, generated, released into the environment or disposed of on, under, from or about the Property (which for purposes of this clause shall include the subsurface soil and ground water). Notwithstanding the foregoing, MANAGER may keep on or about the Property small quantities of Hazardous Materials that are used in the ordinary, customary, and lawful cleaning of and business operations on the Property. Said permitted Hazardous Materials shall be stored in a suitable, safe location and shall be disposed of in a manner provided by law.
- 32.3. DISTRICT Authorization Required. MANAGER acknowledges that the storage and/or use of ANY toxic, hazardous or flammable materials shall require the prior approval of the Director. This requirement also applies to small quantities of Hazardous Materials that are used in the ordinary, customary, and lawful cleaning of, and business operations on the Property.
- 32.4. MANAGER Obligations. If the presence of any Hazardous Materials on, under or about the Property caused or permitted by MANAGER results in (i) injury to any person, (ii) damage to or contamination of the Property (or a portion thereof), or (iii) to or contamination of any real or personal property wherever situated, MANAGER shall immediately notify the Director of said damages, and/or contamination and/or injuries, and MANAGER, at its sole cost and expense, shall promptly take all actions necessary or appropriate to return the Property to the condition existing prior to the introduction of such Hazardous Materials to the Property and to remedy or repeat any such injury, damage, or contamination. Without limiting any other rights or remedies of DISTRICT under this Agreement, MANAGER shall pay the cost of any cleanup, repair or remedial work performed on, under or about the Property as required by this Agreement or by applicable laws in connection with the removal, disposal, neutralization or other treatment of such Hazardous Materials caused or permitted by MANAGER. Notwithstanding the foregoing, except in cases of emergency or where ordered to do so by a court, governmental agency, or other agency having jurisdiction over the Property, MANAGER shall not take any remedial action in response to the presence, discharge or release, of any Hazardous Materials on, under or about the Property caused or permitted by MANAGER, or enter into any settlement agreement, consent decree or other compromise with any governmental or quasi-governmental entity without first obtaining the prior written consent of DISTRICT. All work performed or caused to be performed by MANAGER as provided for above shall be done in professional and workmanlike manner and in compliance with plans, specifications, permits and other requirements for such work approved by the Director or Board as applicable. Until such remedial work is completed as determined in writing by applicable regulatory agency or agencies, and the Director or Board, and all remediation related costs of MANAGER are fully paid and reported by MANAGER to the Director! payment of the monthly Management Fee to MANAGER will be withheld by DISTRICT. Notwithstanding the foregoing, DISTRICT will not withhold payment of the Management Fee to MANAGER so long as MANAGER is working with due diligence toward the development of any required remediation plan and thereafter commences such work and diligently pursues such work to completion.
- 32.5. Indemnification for Hazardous Materials. To the fullest extent permitted by law, MANAGER hereby agrees to indemnify, hold harmless, protect and defend (with attorneys acceptable to

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DISTRICT) DISTRICT, the County, its elected officials, officers, employees, agents and independent contractors and the Property, from and against any and all liabilities, losses, damages including, but not limited to, damages for the loss or restriction on any use of the Property, diminution in the value of the Property, judgments, fines, demands, claims, recoveries, deficiencies, costs and expenses (including, but not limited to, reasonable attorneys' fees, disbursements and court costs and all other professional or consultant's expenses), whether foreseeable or unforeseeable, arising directly or indirectly out of the presence, use, generation, storage, treatment, on or off-site disposal or transportation of Hazardous Materials on, into, from, under or about the Property by MANAGER. The foregoing indemnity shall also specifically include the cost of any required or necessary repair, restoration, clean-up or detoxification of the Property and the preparation of any closure or other required plans.

- 32.6. Preexisting Conditions. Notwithstanding anything herein to the contrary, MANAGER shall not be responsible for and shall not be obligated to indemnify DISTRICT for any losses, liabilities, damages, rendition or other consequences arising from Hazardous Materials which existed on or under the Property prior to the execution of this Agreement or which migrate onto the Property from contiguous property through no fault of MANAGER. To the extent MANAGER may become involved in managing any aspect of any investigation, response restoration, clean-up, detoxification, monitoring or remediation arising from Hazardous Materials which existed on or under the Property prior to the execution of this Agreement or which migrate onto the Property from contiguous property through no fault of MANAGER, DISTRICT shall pay for all costs of such investigation, response restoration, clean-up, detoxification, monitoring and/or remediation.

33. NOTICES

All notices pursuant to this Agreement shall be addressed as set forth below or as either party may hereafter designate by written notice and shall be sent through the United States mail in the State of California, duly registered or certified, return receipt requested, with postage prepaid. If any notice is sent by registered or certified mail, as aforesaid, the same shall be deemed to have been served or delivered twenty-four (24) hours after mailing thereof as above provided. Notwithstanding the above, DISTRICT may also provide notices to MANAGER by personal delivery or by regular mail and any such notice so given shall be deemed to have been given upon receipt.

TO: DISTRICT

County of Orange/RDMD
Attn: Director, c/o, Merrie Weinstock
Public Works/FCD/SAR Project
P.O. Box 4048
Santa Ana, CA. 92702

TO: MANAGER

GRiver Golf, LLC
CourseCo, Inc
P.O. Box 1019
Petaluma. CA 94953-1019
Attn: Tom Isaak

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IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

APPROVED AS TO FORM:
County Counsel

MANAGER

By: _____

By: CourseCo, Inc

Date: _____

Title: Managing Member

By: _____
John C. Telischak

Title: CFO

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD

ATTEST:

DISTRICT

Darlene J. Bloom
Clerk of the Board of Supervisors

Orange County Flood Control District a
Body Corporate and Politic

By _____

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Chair, Board of Supervisors
Orange County, California

GENERAL CONDITIONS

1. TIME

Time is of the essence of this Agreement. Failure to comply with any time requirement of this Agreement shall constitute a material breach of this Agreement.

2. SIGNS

MANAGER agrees not to construct, maintain or allow any signs, banners, flags, etc., upon the Property except as approved by the Director. Unapproved signs, banners, flags, etc., may be removed by the Director without prior notice to MANAGER, and at MANAGERS cost as determined by the Director, through deduction in the subsequent monthly Management Fee.

3. PERMITS AND LICENSES

MANAGER is required to obtain any and all approvals, permits and/or licenses which may be required in connection with the operation of the Property as set out herein, unless otherwise directed by Director. No permit, approval, or consent given hereunder by DISTRICT, in its regulatory or governmental capacity, shall affect or limit MANAGER'S obligations hereunder, nor shall any approvals or consents given by DISTRICT, as a party to this Agreement, be deemed approval as to compliance or conformance with applicable governmental codes, laws, rules, or regulations.

4. AGREEMENT ORGANIZATION

The various headings and numbers herein, the grouping of provisions of this Agreement into separate clauses and paragraphs, and the organization hereof, are for the purpose of convenience only and shall not be considered otherwise.

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5. AMENDMENTS

This Agreement is the sole and only agreement between the Parties regarding the subject matter hereof; other agreements, either oral or written, are void. Any changes to this Agreement shall be in writing and shall be properly executed by both Parties.

6. UNLAWFUL USE

MANAGER agrees no improvements shall be erected plated upon, operated, or maintained within the Property, nor any business conducted or carried on therein or there from, in violation of the terms of this Agreement, or of any regulation, order of law, statute, bylaw, or ordinance of a governmental agency having jurisdiction.

7. NONDISCRIMINATION

MANAGER warrants and agrees not to discriminate against any person or class of persons by reason of sex, age, race, color, creed, physical handicap, or national origin in employment practices and in the activities conducted pursuant to this Agreement, and shall make reasonable accommodations pursuant to the policies of the County/DISTRICT on employment practices, MANAGER shall make its accommodations and services available to the public on fair and reasonable terms,

8. INSPECTION

DISTRICT or its authorized representative shall have the right at all reasonable times to inspect the Property to determine if the provisions of this Agreement are being complied with.

9. HOLD HARMLESS

MANAGER as defined in this Agreement, hereby waives all claims and recourse against DISTRICT/County, their elected officials, officers, agents and employees, including the right of contribution for loss or damage of persons or property arising from, growing out of or in any way connected with or related to MANAGER'S performance of its obligations and/or exercise of its rights under this Agreement except claims arising from the concurrent active or sole negligence of DISTRICT, their elected officials, officers, agents, and employees. MANAGER hereby agrees to indemnify, hold harmless, and defend, with counsel approved in writing by DISTRICT, DISTRICT/County, their elected officials, officers, agents, and employees against any and all claims, loss, demands, damages, cost, expenses or liability costs arising out of the Property Management actions or inactions in performing services under this Agreement and/or MANAGER'S exercise of the rights under this Agreement, except for liability arising out of the concurrent active or sole negligence or willful misconduct of DISTRICT/County, its elected officials, officers, agents, or employees, including the cost of defense of any lawsuit arising there from. In the event DISTRICT and/or County is named as co-defendant, MANAGER shall notify DISTRICT of such fact and shall represent DISTRICT and/or County in such legal action with counsel approved in writing by DISTRICT unless DISTRICT elects at DISTRICT'S sole discretion to defend DISTRICT/County as codefendant in such legal action, in which event MANAGER shall pay to DISTRICT/County the DISTRICTS/County's reasonable litigation costs, expenses and attorney's fees.

DISTRICT/County hereby waives all claims and recourse against MANAGER including the right of contribution for loss or damage of persons or property arising from, growing out of or in any way connected with or related to DISTRICT'S/County's performance of its obligations under this Agreement except claims arising from the concurrent active or sole negligence of MANAGER. DISTRICT/County hereby agrees to indemnify, hold harmless, and defend MANAGER with counsel

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approved in writing by MANAGER against any and all claims, loss, demands, damages, cost, expenses or liability costs arising out of DISTRICT'S/County's actions or inactions in the performance of its obligations under this Agreement and/or DISTRICTS/County's exercise of its rights under this Agreement, except for liability arising out of the concurrent active or sole negligence or willful misconduct of MANAGER, including the cost of defense of any lawsuit arising there from. In the event MANAGER is named as co-defendant(s), DISTRICT shall notify MANAGER of such fact and shall represent MANAGER in such legal action unless MANAGER undertakes to represent itself as co-defendant in such legal action, in which event DISTRICT shall pay to MANAGER the MANAGER'S reasonable litigation costs, expenses and attorney's fees.

MANAGER acknowledges that the Property adjoins and/or is located near the Prado Dam (which is managed by the U.S. Army Corps of Engineers or Corps) and is located in an area that is subject to periodic inundation of flood water and that DISTRICT and/or Corps will conduct activities in furtherance Of the flood control purposes of DISTRICT or Corps. MANAGER acknowledges that the Property is subject to all hazards associated with such inundation and flood conditions ~and that MANAGER'S access to and use and enjoyment of the Property may be interrupted and MANAGER'S personal property and improvements on the Property may be damaged as a result of DISTRICT'S and/or the Corps' flood control activities. MANAGER'S access to and/or use of the Property may also be interrupted during the period in which DISTRICT'S contractor(s) and/or contractor(s) for the Corps are constructing flood control related improvements on, adjacent to and/or in the vicinity of the Property. The risks described above are hereinafter referred to collectively as Flood Related Risks. Except as otherwise provided for in the Concession Agreement, DISTRICT'S indemnity obligations under this section do not extend to any such Flood Related Risks and MANAGER assumes all risks, financial or otherwise, associated therewith, including, but not limited to, destruction of its improvements and interruption of business operations related in any way to Flood Related Risks

Notwithstanding MANAGER'S duty to indemnify, defend and hold harmless DISTRICT/County described above, such duty shall not include liability for personal injury due to flooding caused by DISTRICT'S or the Corps' flood control related activities, except due to MANAGER'S negligence.

In the event judgment is entered against DISTRICT and MANAGER because of the concurrent active negligence of DISTRICT and MANAGER, their respective, as applicable, elected officials, officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction, but not a jury apportionment unless required by the court.

10. WARRANTIES, GUARANTEES, INSPECTIONS, LICENSES, PERMITS

MANAGER shall maintain accurate and complete records and copies of any manufacturer's product warranties, guarantees and registrations or government licenses and permits that pertain to any Property Management responsibility. Said records shall remain the property of DISTRICT and shall be kept in an orderly manner and be available for inspection by the Director at all times during the term of this Agreement.

11. TAXES AND ASSESSMENTS

DISTRICT shall promptly forward property tax statements and notices to MANAGER which the DISTRICT receives and desires MANAGER to pay. Upon receipt of such statements and notices, it shall be the responsibility of MANAGER to timely pay, at DISTRICTS cost, the taxes and assessments that become due and payable for the Property and/or are associated with performance of Property Management. Provided DISTRICT has provided MANAGER with applicable tax statements and notices in a timely manner, and has provided authorized and budgeted funds for payment, MANAGER shall be responsible for any penalty or other charge for late payment resulting from MANAGER'S failure to promptly pay such taxes.

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12. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE

If DISTRICT or MANAGER shall be delayed or prevented from the performance of any act required hereunder other than the payment of monetary obligations by reason of Acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

13. PARTIAL INVALIDITY

If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

14. WAIVER OF RIGHTS

The failure of DISTRICT or MANAGER to insist upon strict performance of any of the terms, covenants, or conditions of this Agreement shall not be deemed a waiver of any right or remedy that DISTRICT or MANAGER may have, and shall not be deemed a waiver of the right to require strict performance of all the terms, covenants, and conditions of the Agreement thereafter, nor a waiver of any remedy for the subsequent breach or default of any term, covenant, or condition of the Agreement. Any waiver, in order to be effective, must be signed by the party whose right or remedy is being waived.

15. DEFAULT IN TERMS OF THE AGREEMENT BY MANAGER

The occurrence of any one or more of the following events shall constitute a "Material Default" hereunder by MANAGER:

- A. Any act of conversion, theft, gross negligent misrepresentation, fraud or criminal conduct by MANAGER.
- B. The failure by MANAGER to make any payment payable hereunder by MANAGER, as and when due, where such failure shall continue for a period of five (5) days after written notice thereof from DISTRICT to MANAGER;
- C. The material breach of failure or inability by MANAGER to observe or perform any of the provisions of this Agreement to be observed or performed by MANAGER, other than specified in (A) or (B) above, where such failure shall continue for a period of ten (10) days after written notice thereof from DISTRICT to MANAGER; provided, however, that if the nature of such failure is such that it can be cured by MANAGER but that more than ten (10) days are reasonably required for its cure (for any reason other than financial inability in MANAGER shall not be deemed to be in default if MANAGER shall commence such cure within said ten (10) days, and thereafter diligently pursue such cure to completion;
- D. (i) The making by MANAGER of any general assignment for the benefit of creditors; (ii) a case is commenced by or against MANAGER under Chapters 7, 11 or 13 of the Bankruptcy Code, Title 11 of the United States Code as now in force or hereafter amended and if so commenced against MANAGER, the same is not dismissed within sixty (60) days; (iii) the appointment of a trustee or receiver to take possession of substantially all of MANAGER'S assets, where such seizure is not discharged within thirty (30) days; or (iv) MANAGER'S convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts. In the event of any such default, neither this Agreement nor any interests of

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MANAGER which may be in any way related to this Agreement shall become an asset in any of such proceedings and, in any such event and in addition to any and all rights or remedies of the DISTRICT hereunder or by law; provided, it shall be lawful for the DISTRICT to declare the term hereof ended; In the event of any Material Default by MANAGER, then, in addition to any other remedies available to DISTRICT at law or in equity, DISTRICT may terminate this Agreement and all rights of MANAGER hereunder by giving written notice of such termination to MANAGER. In the event that DISTRICT shall so elect to terminate this Agreement, then DISTRICT may recover from MANAGER any other amount necessary to compensate DISTRICT for all the detriment caused by MANAGERS failure to perform its obligations under this Agreement or which in the ordinary course of things would be likely to result there from.

- E. Nothing in this Section shall be deemed to affect MANAGER'S indemnity of DISTRICT liability or liabilities based upon occurrences prior to the termination of this Agreement for personal injuries or property damage under the indemnification clause or clauses contained in this Agreement.

No delay or omission of DISTRICT to exercise any right or remedy shall be construed as a waiver of such right or remedy or any default by MANAGER hereunder. The acceptance of DISTRICT of any sums hereunder shall not be (I) a waiver of any preceding breach or default by MANAGER of any provision thereof, other than the failure of MANAGER to pay the particular sum accepted, regardless of DISTRICT'S knowledge of such preceding breach or default at the time of acceptance of such sum, or (ii) waiver of DISTRICTS right to exercise any remedy available to DISTRICT by virtue of such breach or default.

Any payments due under this Agreement or any other sums not paid to DISTRICT when due (other than interest) shall bear interest at the maximum rate allowed by law from the date such payment is due until paid, provided, however, that the payment of such interest shall not excuse or cure the default.

All covenants and agreements to be performed by MANAGER under any of the terms of this Agreement shall be performed by MANAGER at DISTRICT'S approved cost. If MANAGER shall fail to pay any sum of money, or shall fail to perform any other act on its part to be performed hereunder, or to provide any insurance or evidence of insurance to be provided by MANAGER, at DISTRICTS approved cost, then in addition to any other remedies provided herein, DISTRICT may, but shall not be obligated to do so, and without waiving or releasing MANAGER from any obligations of MANAGER, make any such payment or perform any such act on MANAGER'S part to be made or performed as provided in this Agreement or to provide such insurance. Any payment or performance of any act or the provision of any such insurance by DISTRICT on MANAGERS behalf shall not give rise to any responsibility of DISTRICT to continue making the same or similar payments or performing the same or similar acts.

16. DISPOSITION OF ABANDONED PERSONAL PROPERTY

If MANAGER quits managing the Property thereby causing a termination of the Agreement, title to any of MANAGERS personal property left on the Property thirty (30) days after such event shall, at DISTRICTS option, be deemed to have been transferred to DISTRICT. DISTRICT shall have the right to remove and to dispose of such property without liability therefore to MANGER, or to any other person or entity claiming by, through or under MANAGER, and shall have no need to account therefore.

17. QUITCLAIM OF MANAGER'S INTEREST UPON TERMINATION

Upon termination of this Agreement for any reason, including but not limited to termination because

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of default by MANAGER, and if necessary as determined by DISTRICT, MANAGER shall execute, acknowledge, and deliver to DISTRICT, within thirty (30) days after receipt of written demand therefore, a good and sufficient quitclaim deed whereby all right, title, and interest of MANAGER in the Agreement is quitclaimed to DISTRICT.

18. AUTHORITY OF MANAGER

If MANAGER is a corporation, limited liability corporation, or partnership, each individual executing this Agreement represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said corporation, limited liability corporation or partnership, in accordance with the by-laws of said corporation, limited liability corporation or partnership, and that this Agreement is binding upon said corporation, limited liability corporation or partnership.

19. PUBLIC RECORDS

Any and all written information submitted to and/or obtained by DISTRICT from MANAGER or any other person or entity having to do with or related to this Agreement and/or the Property, either pursuant to this Agreement or otherwise, at the option of DISTRICT, may be treated as a public record open to inspection by the public pursuant to the California Records Act (Government Code Section 6250 et seq.) as now in force or hereafter amended, or any Act in substitution thereof, or otherwise made available to the public and MANAGER hereby waives, for itself, and any other person or entity claiming by, through or under MANAGER, any right or claim that any such information is not a public record or that the same is a trade secret or confidential information and hereby agrees to indemnify and hold DISTRICT harmless from any and all claims, demands, liabilities, and/or obligations arising out of or resulting from a claim by MANAGER or any third party that such information is a trade secret, or confidential, or not subject to inspection by the public, including without limitation reasonable attorneys' fees and costs.

20. RELATIONSHIP OF PARTIES

It is expressly understood and agreed that DISTRICT or MANAGER do not in any way or for any purpose become a partner with the MANAGER in the conduct of DISTRICTS or MANAGER'S business, or a joint venture with MANAGER, and the provisions of this Agreement and the agreements relating to certain monies payable hereunder are included solely for the purpose of providing a method by which such payments are to be measured.

21. WAIVER OF JURY TRIAL

Each party acknowledges that it is aware of and has had the advice of counsel of its choice with respect to its rights to trial by jury, and each party, for itself and its successors and assigns, does hereby expressly and knowingly waive and release all such rights to trial by jury in any action, proceeding or counterclaim brought by any party hereto against the other (and/or against its respective as applicable elected officials, officers, directors, employees, agents, or subsidiary or affiliated entities) on or with regard to any matters whatsoever arising out of or in any way connected with this Agreement and/or any claim of injury or damage.

22. GOVERNING LAW AND VENUE

This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394.

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23. CHILD SUPPORT ENFORCEMENT REQUIREMENTS

In order to comply with child support requirements of the County of Orange, within thirty (30) days after DISTRICT'S execution of this Agreement, MANAGER shall furnish the Director, or designee, DISTRICT'S standard form, District Attorney Child Support Enforcement Certification Requirements (Enclosed). DISTRICT acknowledges receipt of the aforementioned form, which contains the following information:

- A. In the case where MANAGER is doing business as an individual, MANAGER'S name, date of birth, Social Security number, and residence address;
- B. In the case where MANAGER is doing business in a form other than as an individual, the name, date of birth, Social Security number, and residence address of each individual who owns an interest often (10) percent or more in the contracting entity;
- C. A certification that the MANAGER has fully complied with all applicable federal and state reporting requirements regarding its employees; and
- a. A certification that the MANAGER has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment and will continue to so comply.

Failure of MANAGER to continuously comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of this Agreement. Failure to cure such breach within sixty (60) calendar days of notice from Director shall constitute grounds for termination of this Agreement.

It is expressly understood that this data will be transmitted to governmental agencies charged with the establishment and enforcement of child support orders and will not be used for any other purpose.

24. EMPLOYEE ELIGIBILITY VERIFICATION

MANAGER warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens, and others and that all its employees performing work under this Agreement meet the citizenship or alien status requirement set forth in Federal statutes and regulations. MANAGER shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations, including but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. § 1324 et seq., as they currently exist and as they may be hereafter amended. MANAGER shall retain all such documentation for all covered employees for the period prescribed by the law.

MANAGER shall indemnify, defend with counsel approved in writing by DISTRICT, and hold harmless, the DISTRICT, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against MANAGER or DISTRICT or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment for any persons performing work under this Agreement.

25. PAYMENT CARD COMPLIANCE

MANAGER covenants and warrants that it is currently Payment Card Industry Data Security

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Standard (PCI DSS) and Payment Application Data Security Standard (PA DSS) compliant and will remain compliant during the entire duration of this Agreement. MANAGER agrees to immediately notify DISTRICT in the event MANAGER should ever become non-compliant, and will take all necessary steps to return to compliance and shall be compliant within ten (10) days of the commencement of any such interruption. Upon demand by DISTRICT, MANAGER shall provide to DISTRICT written certification of MANAGER's PCI DSS and/or PA DSS compliance.

26. NON-EMPLOYMENT OF DISTRICT AND/OR COUNTY OF ORANGE PERSONNEL

MANAGER agrees that it will neither negotiate, offer, or give employment to any full-time, regular employee of DISTRICT/County in professional classifications of the same skills required for the performance of this Agreement who is involved in this project in a participatory status during the life of this Agreement regardless of the assignments said employee may be given or the days or hours employee may work.

Nothing in this Agreement shall be deemed to make MANAGER, or any of MANAGER'S employees or agents, the agents or employees of DISTRICT. MANAGER shall be an independent contractor and shall have responsibility for and control over the details and means for performing the work, provided that MANAGER is in compliance with the terms of this Agreement. Anything in this Agreement which may appear to give DISTRICT the right to direct MANAGER as to the details of the performance of the work or to exercise a measure of control over MANAGER shall mean that MANAGER shall follow the desires of DISTRICT, only in the results of the work.

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COUNTY OF ORANGE CHILD SUPPORT ENFORCEMENT FORMS

In order to enhance the child support collection efforts of the County of Orange Family Support Enforcement, all contractors are required to provide the following information as listed on the attached form:

- If the Contractor is an individual contractor: Name, date of birth, social security number, and residence address.
- If Contractor is doing business in a form other than as an individual: Name, date of birth, social security number, and residence address of *each* individual who owns an interest of 10 percent or more in the contracting entity.

In addition, all contractors must provide:

- A certification that the contractor has fully complied with all applicable federal and state reporting requirements regarding its employees, and
- A certification that the contractor has fully complied with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment and will continue to so comply.

Information provided shall be transmitted to the Child Support Office, which has been charged with the establishment and enforcement of child support orders. Copies shall not be retained by the requesting agency.

Failure of the Contractor to submit the data and/or certifications required above or to comply with all federal and state reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment shall constitute a material breach of the contract. Failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of the contract.

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COUNTY OF ORANGE CHILD SUPPORT ENFORCEMENT CERTIFICATION REQUIREMENTS

1. For an individual contractor:

Name, date of birth, social security number, and residence address:

Name: _____

D.O.B: _____

Social Security No: _____

Residence Address: _____

2. For contractor doing business in a form other than as an individual:

The name, date of birth, social security number, and residence address of each individual who owns an interest of 10 percent or more in the contracting entity (if no individual owns 10 percent or more, write 'N/A'):

Name: _____

D.O.B: _____

Social Security No: _____

Residence Address: _____

Name: _____

D.O.B: _____

Social Security No: _____

Residence Address: _____

Name: _____

D.O.B: _____

Social Security No: _____

Residence Address: _____

(Additional sheets may be used if necessary)

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Child Support Enforcement Certificate

I certify that _____ is in full compliance with all applicable federal and state reporting requirements regarding its employees and with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments and will continue to be in compliance throughout the term of Contract _____ with the County of Orange. I understand that failure to comply shall constitute a material breach of the contract and that failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of the contract.

*Signature** *Name (Please Print)*

Title *Date*

Company Name

Contract Number

*TWO signatures required if a corporation.

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Exhibit A

Description of the Green River Golf Club (Property & Facilities)

The Green River Golf Club is a daily fee golf course facility consisting of two 18- hole courses and a clubhouse located at 5215 Green River Road in Corona, California, off the 91 Freeway, in the Santa Ana Canyon. The total area of the facility is approximately 317 acres plus there is an additional 100 acres of unimproved land that is to be acquired in conjunction with the facility, making the total Property area approximately 417 acres.

The Green River Golf Club spans the counties of Orange, Riverside and San Bernardino. Originally constructed in 1958, the Green River courses are surrounded by mature native oak, sycamore, cottonwood trees, and nestled below the Chino Hills. The area surrounding the golf course is also known for its equestrian, hiking and biking trails and wildlife. The 417 acre property is borne to many bird species including the endangered golden eagle.

Clubhouse

Green River Golf Club is a full-service public golf course facility with a 19,200 sq. ft. Spanish style Clubhouse and banquet facility, plus a 16,000 sq. ft. golf cart storage basement. The clubhouse improvements were constructed in 1994. There are two separate buildings that comprise the clubhouse; the pro shop and administrative offices of approximately 3,800 sq. ft, and the main clubhouse building of approximately 15,400 sq. ft. The main clubhouse includes dining facilities, a small bar, banquet space that can accommodate groups of up to 500 people, a large well equipped commercial kitchen, men's and women's showers and dressing rooms, and an appropriate number of restrooms. The banquet facilities are flexible because of built-in movable partitions and are often booked for golf tournament banquets, corporate events, outdoor wedding ceremonies & receptions, private parties, and holiday parties. The kitchen is equipped with stainless steel cooking, washing and storage equipment and three walk-in food and beverage coolers.

Golf cart Storage Facility

The lower level of the main clubhouse contains approximately 16,000 sq ft, of which 12,400 sq ft is used for storage of the electric golf cart fleet. The capacity for storage in the lower level is 225 carts. Also included in the basement is a beer storage area, mechanical rooms, maintenance and storage areas and a small office. There is also an exterior wash area and facilities for recharging the carts in between use.

Pro Shop

The golf pro shop, located at the Clubhouse of the Green River Golf Club, is a full-service shop stocked with a large inventory of state-of-the-art equipment, a fine line of clothing for both men and women, as well as golf accessories.

Food and Beverage Outlets

The golf club offers a variety of food and beverage outlets. A full service restaurant is open for breakfast and lunch. The restaurant is located in the clubhouse and overlooks the Santa Ana Canyon. The restaurant also features a full service bar. An outdoor patio grill is located in the courtyard between the main clubhouse and the pro shop. The grill offers burgers, hot dogs, sandwiches, snacks and beverages. Each course also offers a snack bar offering a variety of cold sandwiches, hot dogs, snacks and beverages.

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Additional Golf Club Improvements

The parking lot has a total of 478 paved parking spaces and the entire parking area is striped and lighted. There is a practice putting green area to the east of the clubhouse. The facility also has a practice range west of the parking lot adjacent to the "Orange Course".