

**FOOTHILL GOLF COURSE LEASE AGREEMENT**

**Between**

**SUNRISE RECREATION AND PARK DISTRICT**

**And**

**CHAMP FAMILY PROPERTIES LLC**

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## LIST OF EXHIBITS

Exhibit A	Foothill Golf Course Land Description
Exhibit B	Equipment List
Exhibit C	Certificate Confirming Lease Commencement Date
Exhibit D	Care of Fairways and Greens Standards
Exhibit E	Premises and all Equipment Maintenance
Exhibit F	Definition of the Profit and Loss Statement

**GOLF COURSE LEASE AGREEMENT**  
**Foothill Golf Course**

THIS GOLF COURSE LEASE AGREEMENT (the “Lease”) made and entered into this \_\_\_\_\_, by and between the SUNRISE RECREATION AND PARK DISTRICT (SRPD), a park district formed and existing under authority of Public Resources Code Section 5780 et seq., hereinafter referred to as “Lessor,” and Champ Family Properties LLC, a California limited liability company, hereinafter referred to as “Lessee.”

**ARTICLE 1. PREMISES AND EQUIPMENT**

- 1.1 PREMISES. In consideration of the Rent hereinafter reserved and of the covenants hereinafter contained, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, that certain real property situated in the unincorporated area of the County of Sacramento consisting of approximately 15.27 acres, consisting of a 9-hole golf course, clubhouse with snack bar and pro shop, all as more particularly described in the attached **Exhibit A**, excepting that area subject to the wireless permit dated \_\_\_\_\_, hereinafter referred to as the “Premises.”
- 1.2 EQUIPMENT. In addition to the above, Lessor does hereby lease to Lessee and Lessee does hereby lease from Lessor the equipment located at the Premises as of the Commencement Date, as more particularly described in the Equipment List attached hereto as **Exhibit B**, and is referred to hereinafter as the “Equipment.”
- 1.3 ACCEPTANCE OF PREMISES AND EQUIPMENT. The parties acknowledge and agree that Lessee accepts the Premises and the Equipment “as-is” and in the condition existing as of the Commencement Date.

**ARTICLE 2. TERM**

- 2.1 INITIAL LEASE TERM. The initial term (“Term”) of this Lease shall commence on \_\_\_\_\_ (the “Commencement Date”) and shall expire on \_\_\_\_\_ (the “Expiration Date”); unless terminated early for cause..
- 2.2 HOLDOVER. Should Lessee remain in possession of the Premises after the Expiration Date with Lessor’s consent, then Lessee shall be in holdover and subject to the same terms and conditions with the exception of rent. Rent during holdover shall be One Hundred and Ten Percent (110%) of Lessee’s Rent for the month immediately prior to Lessee holding over and subject to change with thirty (30) days written notice from Lessor. Further, either party may terminate the holdover tenancy by giving thirty (30)

days written notice to the other. The Administrator is authorized, on behalf of Lessor, to execute and deliver the written notices by Lessor provided for herein.

### **ARTICLE 3. RENT**

3.1. Commencing on the Commencement Date, Lessee shall pay Lessor rent payable in advance in equal monthly installments of [\$600.00] (each such monthly installment, "Rent") on the first business day of each month ("Rent Due Date"). Lessee may pre-pay some or all Rent due for a calendar year at any time.

All Rent due and not paid within five (5) days of the Rent Due Date shall incur a late penalty of five percent (5%) of the past due amount. Failure of Lessee to pay Rent within twenty (20) days of the Rent Due Date may result in Lessor terminating this Lease in accordance with Article 6.

If Lessor incurs any expense or pays any monies in order to correct a material breach of this Lease by Lessee, such amounts shall be considered additional rent ("Additional Rent") and shall be payable upon written notice to Lessee specifying such amounts. Lessee shall have thirty (30) days after receiving such notice to pay such Additional Rent. Notwithstanding the above, the parties acknowledge and agree that Lessor shall be under no obligation or duty to incur any such expense or pay any such money.

### **ARTICLE 4. REPORTING REQUIREMENTS**

4.1 RECORDS. Lessee shall, with respect to rounds of golf played and all other business activities conducted on the Premises, keep true and accurate accounts, records, financial statements, books, and data (hereinafter "Records") in a form consistent with good accounting practices. Such accounts, records, books and data shall, among other things, contain a breakdown of gross receipts and sales from the various activities taking place on the Premises. Lessee shall require that any consignees, sublessees, subtenants, or others ("Others") conducting any revenue-producing activity on the Premises keep accurate and complete records and accounts in accordance with this Article 4.

4.2 RETENTION OF RECORDS. Lessee shall retain all Records for not less than four (4) calendar years following the Expiration Date or, if applicable, holdover period or expansion term.

4.3 RIGHT TO INSPECT AND AUDIT BY LESSOR. Lessee hereby agrees that Lessor, its employees, agents, and representatives, at all reasonable times shall have the right to inspect, examine, and audit, at no cost to Lessor, all or any part of the Records, which will enable Lessor, in the sole discretion of the Administrator, to ascertain the amount of Lessee's gross receipts and revenue generated at the Premises Lessor's right described herein shall also apply to Lessee's tenants, concessionaires, or revenue generating invitees and shall be included as an express term in any Lessee agreement with a Lessee tenant, concessionaire or revenue generating invitee.

4.4 ANNUAL REPORTING REQUIREMENT. The parties agree that the fiscal year for the Foothill Golf Course shall be defined as the period from **July 1st to June 30<sup>th</sup>**. The parties further agree that not later than **Thirty (30) Days** prior to the beginning of each subsequent fiscal year, Lessee shall submit to Lessor for review and reasonable approval a proposed annual operating budget in a form reasonably acceptable to Lessor. At a minimum, Lessee's proposed annual operating budget shall set forth Lessee's estimate of the Foothill Golf Course income, operating expenses, and debt service for the coming fiscal year, and shall include a statement of reserves, proposed rent adjustments, and a year to date operating statement. Such operating budget shall show all anticipated income, debt service and expenses of management, operations, reserves and maintenance for each fiscal year or portion thereof following the Commencement Date. Lessee shall operate the Foothill Golf Course in accordance with the approved annual operating budget and the Lease..

4.5 PROFIT AND LOSS STATEMENT. On quarterly basis throughout the Term, Lessee shall provide to the Administrator, without request or demand, Lessee's quarterly profit and loss statement for the Foothill Golf Course business of each previous quarter as described on the Definition of the Profit & Loss Statement attached hereto as **Exhibit F**.

## **ARTICLE 5. USE OF PREMISES**

5.1 USE. Lessee covenants to use the Premises to operate and maintain a public golf course subject only to, and in accordance with, all applicable zoning and other governmental regulations. Any other use of the Premises ("Other Uses") shall require the prior written consent of Lessor. For the elimination of doubt, Lessee or its agents may hold and conduct instructional or competition events including for participants under the age of eighteen (18), and may hold other events typical of public golf courses in the community, from time to time. ("Authorized Events") with advance written notice to Lessor. The Administrator has the authority to consent or to withhold consent on behalf of Lessor for purposes of this Paragraph 5.1; inclusive of Authorized Events.

5.2 REGULAR HOURS. Lessee shall open the Premises to the general public on a regular and consistent basis, generally from dawn to dusk, with evening hours allowed for scheduled events.

5.3 FEES. Lessee will charge and collect fees which have been approved by Lessor's Advisory Board. Fee proposals are due to the District by January 1<sup>st</sup> of each year.

5.4 COMPLIANCE WITH LAWS. Lessee, at its own expense, shall comply with and promptly carry out all orders, requirements of conditions imposed by applicable ordinances, laws, and regulations of all governmental authorities having jurisdiction over the Premises, which are occasioned by or required in the conduct of Lessee's business within the Premises, and obtain all necessary licenses, permits, and authorizations required for Lessee to engage in the permitted uses at the Premises, including, but not

limited to, those required under applicable building and health codes, the regulations of the Department of Alcoholic Beverage Control, and the regulations of the Franchise Tax Board.

5.5 PROHIBITIONS. Lessee shall not:

- a) Permit the Premises, or any part thereof, to be used for any disorderly, unlawful, or hazardous purpose;
- b) Permit the Premises to become a source of annoyance or embarrassment in Lessor's reasonable, good faith judgment;
- c) Commit or allow others to commit waste on the Premises;
- d) Erect, permit to be erected, or allow the existence of any nuisance on the Premises;
- e) Permit any trash or garbage to accumulate on or about the Premises;
- f) Allow the use of firearms or hunting on the Premises; and
- g) Conduct or permit to be conducted any sale by auction on the Premises.

**ARTICLE 6. DEFAULT; REMEDIES**

6.1 LESSEE DEFAULT; TERMINATION BY LESSOR. Lessor shall have the right to terminate this Lease for Lessee's material violations, material noncompliance and/or material nonperformance (individually or collectively hereinafter, "Lessee Default") of any provisions or part of this Lease. The Administrator, on behalf of Lessor, is also authorized to terminate this Lease, without penalty or cause, upon ninety (90) days written notice given to Lessee.

6.2 CURE OF LESSEE DEFAULT. In the event of Lessee Default, Lessor shall notify Lessee in writing identifying the Lessee Default. Lessee shall cure the Lessee Default within ten (10) days of said notice unless an extension of time is granted by the Administrator. In the event a cure cannot reasonably be achieved in such ten (10) day period, Lessee shall have a reasonable time necessary to cure the Lessee Default, provided Lessee takes active steps to initiate a cure and said cure period shall not exceed forty-five (45) days. Should Lessee fail to comply with the Section 6.2 requirements so cure, Lessor, at its sole option, may terminate this Lease by notifying Lessee in writing by registered or certified mail. Thereafter, Lessor shall have the right to enter and take possession of the Premises and Equipment.

6.3 NAMED MANAGER/OPERATOR CONDITION. This Lease is conditioned upon Lessee supervising the management and operation of the Premises. Should Lessee cease to exist (but not where Lessee merely changes its name, jurisdiction of incorporation, form, or similar actions, provided that control of Lessee remains materially the same upon such action), Lessor shall have the right to terminate this Lease by giving ten (10) days written notice thereof and shall thereafter have the right to enter and take possession of the Premises and Equipment.

**ARTICLE 7. UTILITIES, CARE, REPAIRS, AND MAINTENANCE OF PREMISES AND EQUIPMENT**

- 7.1 CARE OF PREMISES AND EQUIPMENT. Lessee shall take good care of the Premises, fixtures, appurtenances, and Equipment therein, and shall, in the use and occupancy of the Premises and Equipment, conform to all laws, orders, and regulations of the Federal, State and local governments or any other departments having jurisdiction concerning the Premises and Equipment.
- 7.2 FAIRWAYS AND GREENS. With specific reference to the care and maintenance of the golf course fairways and greens, Lessee shall perform the duties and conform to the standards listed on the attached Exhibit D.
- 7.3 MAINTENANCE OF PREMISES. Lessee shall, at Lessee's own cost and expense, and at no cost or expense to Lessor, maintain the Premises in good order, and Lessee shall make all necessary repairs to said Premises for matters arising after the Commencement Date, including the structures, sidewalks, landscaping, driveways, or parking areas that are part of or appurtenant to said Premises as described in the attached Exhibit E.
- 7.4 MAINTENANCE OF EQUIPMENT. Lessee shall, at Lessee's own cost and expense, and at no cost or expense to Lessor, maintain the Equipment in good order, and Lessee shall make all necessary repairs to the Equipment.
- 7.5 REPAIRS BY LESSOR. If Lessee fails to maintain the Premises or make any repairs required of Lessee in a diligent manner, Lessor may enter the Premises and make such repairs for the account of Lessee, and Lessee shall pay Lessor, on demand, Lessor's reasonable and necessary costs in making such repairs plus a fee of ten percent (10%) of such actual costs to cover Lessor's overhead.
- 7.6 UTILITIES. Lessee shall be responsible and pay all charges incurred for furnishing of gas, electricity, water, telephone service, garbage or refuse service, and all other public utilities to said Premises during the Term of this Lease or any renewals or extensions thereof.
- 7.7 CLUBHOUSE.. Lessee shall promptly make any necessary repairs to the clubhouse due to vandalism or otherwise, and promptly remove all graffiti to the clubhouse.

## **ARTICLE 8. IMPROVEMENTS AND ALTERATIONS.**

Lessee shall have the right to make alterations and improvements to said Premises subject to the following terms and conditions:

- 8.1 IMPROVEMENTS BECOME PART OF REAL PROPERTY. All improvements made by Lessee to the Premises which are so attached to the Premises that they cannot be removed without material injury to the Premises, shall become part of the property of Lessor upon installation. Not later than the last day of the Term, Lessee shall, at Lessee's expense, remove the entire Lessee's personal property and those improvements made by Lessee which have not become part of the property of Lessor, including trade fixtures, cabinet work, removable paneling, partitions, and the like, and shall surrender the

Premises and Equipment in as good condition as they were at the beginning of the Term, reasonable wear and damage by fire, elements, casualty or other cause not due to the misuse or neglect by Lessee or Lessee's agents, employees, visitors, or licensees, excepted. All property of Lessee remaining on the Premises fifteen (15) days after the Expiration Date or earlier termination date shall be conclusively deemed abandoned and may be removed by Lessor. Lessee shall reimburse Lessor for the cost of such removal.

**8.2 PRIOR WRITTEN APPROVAL REQUIRED.** All material alterations and improvements shall be first approved in writing by the Administrator, including but not limited to removal of trees. If any such alterations or improvements are made by Lessee without Lessor's consent, Lessor may correct or remove them, and Lessee shall be liable for any and all costs and expenses incurred by Lessor in the correction or removal of such work. Except as otherwise provided in this Lease, all plans and specifications for any such work shall be prepared by Lessee at Lessee's expense and shall thereafter be submitted to Lessor for its review. As a further condition of Lessor's consent to Lessee making alterations or improvements to the Premises, Lessee or Lessee's contractor must possess evidence of insurance coverage to include: (a) Worker's Compensation Coverage, and (b) Comprehensive General Liability and Property Damage insurance in the amount of not less than one million dollars (\$1,000,000.00) per occurrence and \$2,000,000 aggregate. Lessee shall require its contractor to name the Sunrise recreation and Park District and the County of Sacramento, their respective governing Boards, officers, directors, officials, employees, and authorized volunteers and agents as Additional Insureds with respect to ongoing and completed operations on their General Liability insurance policy. Contractors' General Liability policy shall be endorsed to be primary insurance as respects the Sunrise Recreation and Park District and the County of Sacramento, their respective governing Boards, officers, directors, officials, employees, and authorized volunteers and agents. Contractors' workers' compensation policy shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the Sunrise Recreation and Park District and the County of Sacramento, their respective governing Boards, officers, directors, officials, employees, and authorized volunteers and agents. All work with respect to such alterations and additions shall be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the Premises shall at all times be a complete unit except during the period necessarily required for such work.

**8.3 STRUCTURAL STABILITY.** No alterations or improvements made by Lessee shall in any way impair the structural stability of any building or any improvement on said Premises or diminish the value of said Premises.

**8.4 FREE OF LIENS.** Lessee shall keep said Premises and every part of said Premises free and clear of any mechanic's liens or materialmen's liens arising out of the construction of any such alterations, improvements, or repairs to the extent the same are Lessee's financial responsibility under this Lease. At least ten (10) days before any work commences or any materials are delivered for any alterations, improvements, or repairs that Lessee is making to said Premises, Lessee shall give notice to the Administrator. The Administrator shall then have the right to post and maintain on said Premises such notices as may be required to protect Lessor and Lessor's interest in said Premises from



any liens for work and labor performed or materials furnished in making the alterations, additions, improvements, or repairs; provided, however, that it shall be the duty of Lessee, and nothing contained in this paragraph shall excuse performance of that duty, to keep said premises free and clear of all liens, claims, and demands, for work performed, materials furnished or operations conducted on said Premises at the insistence or request of Lessee to the extent the same are Lessee's financial responsibility under this Lease. If any such lien be recorded on title for the legal parcel or parcels which contain the Premises, on account of the actions of Lessee, Lessee shall promptly pay the same. If Lessee fails to discharge such lien within twenty (20) days of its filing, then, in addition to any other right or remedy of Lessor, Lessor may, at its election, discharge the lien. Lessee shall pay on demand any amount paid by Lessor for the discharge or satisfaction of any such lien, and reasonable attorneys' fees and other costs and expenses of Lessor incurred in defending any such action or in obtaining the discharge or such lien, together with all necessary disbursements in connection therewith. Lessee hereby recognizes that in no event shall it be deemed the agent of Lessor and no contractor of Lessee shall by virtue of its contract be entitled to assert any lien against the Premises. All alterations or additions or improvements shall become part of the realty and surrendered to Lessor upon the expiration or termination of this Lease, unless Lessor shall at the time of its approval of such work require removal or restoration on the part of Lessee as a condition of such approval.

#### **ARTICLE 9. ADDITIONAL EQUIPMENT**

9.1 Lessee, at its sole cost and expense, may acquire additional equipment for use at the Premises. Any additional equipment so acquired and used for the operation and maintenance of the Premises, shall comply with all applicable federal, State, local rules, laws and regulations; and shall be maintained by Lessee in accordance with the terms of this Lease.

#### **ARTICLE 10. WAIVER OF DUTY TO KEEP PREMISES TENANTABLE**

10.1 Lessee hereby expressly waives the provisions of any statute or other law requiring the Lessor, or any officer, employee, director or agent of Lessor, to put or maintain said Premises in a condition fit for human occupancy or to repair all subsequent dilapidations of the Premises so as to render them tenantable.

#### **ARTICLE 11. DESTRUCTION OF PREMISES; DUTY TO REPAIR**

11.1 Except if caused by Lessor or its agents' negligence or willful misconduct, should the Premises or any building or improvements on said Premises be damaged or destroyed by any cause whatsoever arising during the Term, Lessee shall promptly, at Lessee's own cost and expense, repair the damages and restore said Premises to the same condition

they were in prior to such damage or destruction; During such repair and restoration this Lease shall remain in full force and effect and the Rent payable under this Lease shall not be abated in any way or to any extent.

## **ARTICLE 12. INDEMNITY AND HOLD HARMLESS**

### 12.1

To the fullest extent permitted by law, Lessee shall indemnify, defend, and hold harmless Lessor and the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents, (individually an "Indemnified Party" and collectively "Indemnified Parties") from and against any and all claims, demands, actions, losses, liabilities, damages, and all expenses and costs incidental thereto (collectively "Claims") including cost of defense, settlement, arbitration, and reasonable attorneys' fees, resulting from injuries to or death of persons, including but not limited to employees of either party hereto, and damage to or destruction of property or loss of use thereof, including but not limited to the property of either party hereto, arising out of, pertaining to, or resulting from the acts or omissions of the Lessee, its officers, employees, or agents, or the acts or omissions of anyone else directly or indirectly acting on behalf of the Lessee, or for which the Lessee is legally liable under law regardless of whether caused in part by an Indemnified Party. Lessee shall not be liable for any Claims caused by the sole negligence or willful misconduct of an Indemnified Party. This indemnity shall not be limited by the types and amounts of insurance or self-insurance maintained by the Lessee or the Lessee's subcontractors.

This indemnity shall not be limited by the types and amounts of insurance or self-insurance maintained by the Lessee.

Nothing in this Indemnity shall be construed to create any duty to, any standard of care with reference to, or any liability or obligation, contractual or otherwise, to any third party.

The provisions of this Indemnity shall survive the expiration or termination of the Lease.

**12.2 RELEASE OF LIABILITY.** Lessor shall not be liable for, and is hereby released from, any and all liability to Lessee, Lessee's insurance carrier, or to any person claiming under or through Lessee for any loss or damage whatsoever to the property or effects of Lessee resulting from the discharge of water, or other substance, from pipes, sprinklers, conduits, containers, appurtenances thereof or fixtures thereto, or from any damage resulting from the discharge or failure of electric current, regardless of cause or origin, except that which is caused by the act of negligence of Lessor, its officers,

employees, or agents. Further, Lessee shall be solely responsible for the safety and security of property, equipment, supplies, merchandise, and commodities used or offered for sale by Lessee at the Golf Course and related facilities. Lessor shall have no liability or responsibility whatsoever, and Lessee shall make no claim against Lessor, with respect to such matters.

## **ARTICLE 13. INSURANCE REQUIREMENTS**

**13.1** Without limiting Lessee's indemnification, Lessee shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the Lessee, its agents, representatives or employees. Lessor shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the Lessor's Risk Manager, insurance provisions in these requirements do not provide adequate protection for Lessor and for members of the public, Lessor may require Lessee to obtain insurance sufficient in coverage, form and amount to provide adequate protection. Lessor's requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

### **13.2 VERIFICATION OF INSURANCE**

Lessee shall furnish the Lessor with certificates evidencing coverage required below. Copies of required endorsements must be attached to certificates. The Lessor's Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the Lessor and the general public are adequately protected. All certificates, evidences of self-insurance, and additional insured endorsements are to be received and approved by the Lessor before performance commences. The Lessor reserves the right to require that Lessee provide complete copies of any policy of insurance including endorsements offered in compliance with these specifications.

### **13.3 MINIMUM SCOPE OF INSURANCE**

Coverage shall be at least as broad as:

**GENERAL LIABILITY:** Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, Contractual, and Personal & Advertising Injury, without additional exclusions or limitations, unless approved by the Lessor's Risk Manager. Lessee's Commercial General Liability policy shall also be endorsed to include Liquor Liability.

**AUTOMOBILE LIABILITY:** Insurance Services Office's Commercial Automobile Liability coverage form CA 0001.

Commercial Automobile Liability: auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply.

Personal Lines automobile insurance shall apply if vehicles are individually owned.

**WORKERS' COMPENSATION:** Statutory requirements of the State of California and Employer's Liability Insurance.

**UMBRELLA** or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverage that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Commercial Automobile Liability, Employers' Liability, and any other liability coverage (other than Professional Liability) designated under the Minimum Scope of Insurance.

**CRIME INSURANCE.**

Employee Dishonesty 1A Blanket Coverage

**13.4 MINIMUM LIMITS OF INSURANCE**

LESSEE shall maintain limits no less than:

1. General Liability shall be on an Occurrence basis (as opposed to Claims Made basis).  
Minimum limits and structure shall be:

General Aggregate:	\$2,000,000
Products Comp/Op Aggregate:	\$2,000,000
Personal & Adv. Injury:	\$1,000,000
Each Occurrence:	\$1,000,000
Fire Damage:	\$ 100,000
Liquor Liability (Each Occurrence)	\$1,000,000

2. Automobile Liability:
  - a. Commercial Automobile Liability for Corporate/business owned vehicles including non-owned and hired, \$1,000,000 Combined Single Limit.
  - b. Personal Lines Automobile Liability for Individually owned vehicles, \$100,000 per person, \$250,000 each accident, \$50,000 property damage.
3. Workers' Compensation: Statutory.
4. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
5. Crime Coverage, Employee Dishonesty 1A Blanket Coverage, \$10,000 per occurrence or claim.

**13.5 DEDUCTIBLES AND SELF INSURED RETENTION**

Any deductibles or self-insured retention that apply to any insurance required by this Agreement must be declared and accepted by the Lessor.

**13.6 OTHER INSURANCE PROVISIONS**

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

**13.7 ACCEPTABILITY OF INSURERS:**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than **A-VII**. The Lessor's Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the Lessor and the general public are adequately protected.

**13.8 MAINTENANCE OF INSURANCE COVERAGE:**

The Lessee shall maintain all insurance coverage in place at all times and provide the Lessor with evidence of each policy's renewal within ten days after its anniversary date. Lessee is required by this Agreement to immediately notify Lessor if Lessee receives a communication from its insurance carrier or agent that any required insurance is to be canceled, non-renewed, reduced in scope or limits or otherwise materially changed. Lessee shall provide evidence that such cancelled or non-renewed or otherwise materially changed insurance has been replaced or its cancellation notice withdrawn without any interruption in coverage, scope or limits. Failure to maintain required insurance in force shall be considered a material breach of the Agreement.

**13.9 COMMERCIAL GENERAL LIABILITY AND/OR COMMERCIAL AUTOMOBILE LIABILITY:**

1. **ADDITIONAL INSURED STATUS:** The Sunrise Recreation and Park District and the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents are to be endorsed as additional insureds as respects: liability arising out of activities performed by or on behalf of the Lessee; products and completed operations of the Lessee; premises owned, occupied or used by the Lessee; or automobiles owned, leased, hired or borrowed by the Lessee. The coverage shall contain no endorsed limitations on the scope of protection afforded to The Sunrise Recreation and Park District and the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents.

**13.10 PRIMARY INSURANCE:** For any claims related to this agreement, the Lessee's insurance coverage shall be endorsed to be primary insurance as respects the Sunrise Recreation and Park District, the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents. Any insurance or self-insurance maintained by the Sunrise Recreation and Park District and the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents shall be excess of the Lessee's insurance and shall not contribute with it.

**13.11 SEVERABILITY OF INTEREST:** The Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

**13.12 SUBCONTRACTORS:** Lessee shall be responsible for the acts and omissions of all its subcontractors and shall require all its subcontractors to maintain adequate insurance.

**13.13 WORKERS' COMPENSATION WAIVER OF SUBROGATION:** The Workers' Compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the Sunrise Recreation and Parks District and the County of Sacramento, their governing Boards, officers, directors, officials, employees, and authorized volunteers and agents, which might arise by reason of payment under such policy in connection with performance under this Agreement by the Lessee.

**13.14 PROPERTY:**

Lessee agrees that it shall, during the full term of this lease and at its own expense, keep its contents, non-structural improvements and personal property, including, where required by contract, property of others in Lessee's care, custody and control, located on the leased premises fully insured against loss or damage by fire or other casualty, commonly covered by standard fire and all risk coverage insurance including flood coverage. Valuation shall be on a replacement cost basis. Lessee does hereby release and waive on behalf of itself and its insurer by subrogation or otherwise, all claims against Lessor on account of any fire or other casualty whether or not such fire or other casualty shall have resulted in whole or in part from the negligence of Lessor.

**13.15 NOTIFICATION OF CLAIM.** If any claim for damages is filed with Lessee or if any lawsuit is instituted against Lessee, that arises out of or is in any way connected with Lessee's performance under this Lease and that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect Lessor, Lessee shall give prompt and timely notice thereof to Lessor. Notice shall not be considered prompt and timely if not given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

**ARTICLE 14. EMINENT DOMAIN, REASSIGNMENT**

14.1 **COMPENSATION FOR TAKING.** In the event the Premises or portion thereof is taken in condemnation proceedings or conveyed by Lessor to the State of California, or to any other public body, no part of the awarded compensation or purchase price for said Premises or a portion thereof shall be made to Lessee; the award in its entirety, shall be made to Lessor without deduction.

14.2 **REASSIGNMENT.** Lessor reserves the right, at any time during the Term, to demand and receive reassignment from Lessee of all, or any portion of, the Premises for any purposes other than that authorized by this Lease. Any such demand by Lessor for reassignment shall be made in writing. Lessee agrees that Lessor's decision in the matter shall be conclusive and further agrees to make such reassignment when so requested. If any portion of said Premises is reassigned to Lessor as provided herein, the parties hereto agree that the terms of this Lease shall remain in full force and effect with regard to the Premises not reassigned. Lessor shall not be liable for any of

Lessee's costs associated with Lessor's exercise of its rights herein. Such reassignment shall terminate all of Lessee's obligations with respect to all parts of the Premises so reassigned, and any amounts (of Rent or otherwise) payable to Lessor shall be equitably reduced. Lessee shall have the right to terminate this Lease upon ten (10) days' written notice if Lessee reasonably determines, at any time before or within thirty (30) days immediately subsequent to such reassignment, that it is unreasonable, impractical, or impossible to engage in any actual or intended permitted use.

#### **ARTICLE 15. ASSIGNMENT AND SUBLETTING**

15.1 Lessee shall have no right, authority or power whatsoever to assign, sublet, encumber or transfer any right, license, privilege or duty granted to or imposed upon it hereunder, without the prior written consent of Lessor.

#### **ARTICLE 16. ATTORNEY'S FEES AND COSTS**

16.1 Any party may bring a suit or proceeding to enforce or require performance of the terms of this Lease, and each party in that suit or proceeding shall be responsible for its own attorney's fees and costs.

16.2 Notwithstanding Paragraph 16.1, in the event Lessor initiates an action for unlawful detention and/or an action for the collection of Rent or other fee due and owed to Lessor, and Lessor prevails in an adjudication of such action and receives an order for substantially the relief requested, Lessee shall pay Lessor for its actual and reasonable costs, including reasonable attorney's fees.

#### **ARTICLE 17. SECURITY DEPOSIT/PERFORMANCE BOND**

17.1 Lessor shall maintain with Lessee the sum of fifteen thousand dollars (\$15,000), on file with the Treasurer of Sacramento County, as a security deposit/performance bond (deposit) for the faithful performance by Lessee of the provisions of this Agreement. Lessor is authorized to use the deposit, or any portion of it, to cure any default of Lessee or to compensate Lessor for any damage sustained by Lessor resulting from Lessee's default.

17.2 If a default occurs, Lessee shall immediately on demand pay to Lessor a sum equal to the portion of the security deposit expended or applied by Lessor as provided in this section so as to maintain the deposit in the amount initially deposited with Lessor at all times during the term of this Agreement, or any extension thereof.

17.3 If there is neither default nor damage to the facility or property at the expiration or termination of the term of this Agreement, or any extension thereof, Lessor shall return the security deposit to Lessee.

17.4 Lessor's obligation with respect to the deposit is that of a debtor and not a trustee. Lessor shall maintain such deposit in an interest-bearing account and the interest earned thereon shall be the property of Lessor and shall be used by Lessor for management and promotion of the Golf Course facility. Lessor shall not be required to pay Lessee any interest on such security deposit.

17.5 The provisions of this section are not deemed liquidated damages, and the deposit is not subject to the provisions of Civil Code Section 1950.7, since the primary purpose of this Agreement is not the rental of real property.

## **ARTICLE 18. NOTICES**

All notices required or permitted hereunder shall be deemed to have been properly given if mailed in any United States Post Office by certified or registered mail, postage prepaid, addressed to Lessee or Lessor respectively, at the following addresses or to such other addresses as the parties hereto may designate to the other in writing from time to time:

Lessee:           Champ Family Properties LLC  
                      Attn: Jeff Champ  
                      12657 Alcosta Blvd, Suite 500  
                      San Ramon, CA 94583

Lessor:           District Administrator  
                      Sunrise Recreation and Park District  
                      7801 Auburn Boulevard  
                      Citrus Heights, CA 95610

In lieu of such mailing, all notices may be delivered personally, and shall be effective upon such service.

Lessee hereby elects as Lessee's Premises for the purpose of its address for Lessor's service of all notices, writs of summons, or other legal documents or process, in any suit, action, or proceeding which Lessee may undertake under this Lease.

## **ARTICLE 19. AUTHORITY OF DISTRICT ADMINISTRATOR**

19.1 The District Administrator ("Administrator") shall administer this Lease on behalf of SRPD. Unless otherwise provided herein or required by applicable law, the Administrator shall be vested with all rights, powers, and duties of SRPD hereunder. With respect to matters hereunder subject to the approval, satisfaction, or discretion of SRPD or the Administrator, the decision of the Administrator in such matters shall be final unless otherwise provided in this Lease.



## **ARTICLE 20. ESTOPPELS; SUBORDINATION, NONDISTURBANCE, AND ATTORNMENT**

- 20.1 ESTOPPEL CERTIFICATE. Lessee shall, without charge to Lessor or other third party, at any time and from time to time, within ten (10) days after request by Lessor, any mortgagee, assignee of a mortgagee, or any purchaser of the Premises, execute an estoppel certificate in a form approved by the Administrator. Failure to deliver the certificate within ten (10) days after request by Lessor shall be conclusive upon Lessee for the benefit of Lessor and any successor to Lessor that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate.
- 20.2 SUBORDINATION; NONDISTURBANCE; ATTORNMENT. If the Premises are, as of the date of this Lease, subject to the lien of any mortgage, any deed of trust, or the interest of any lease in which Landlord is the lessee, then Landlord will provide Tenant with a commercially reasonable agreement (Non-disturbance Agreement) executed by such lienholder that will ensure Tenant's right to possession of the Premises and other rights granted under this Lease in accordance with this Lease's terms and conditions. At either party's option or at the lienholder's option, such Non-disturbance Agreement will be recordable with the applicable county recorder's office. Tenant agrees to subordinate this Lease to any future mortgage, trust deed, or ground lease, provided such lienholder executes a commercially reasonable non-disturbance agreement which will ensure Tenant's right to possession of the Premises and other rights granted under this Lease in accordance with this Lease's terms and conditions. Landlord hereby represents and warrants that, as of the date of this Lease, there is no mortgage, trust deed, prime lease, or ground lease encumbering the Premises except as disclosed by Landlord to Tenant in writing.

If a power of sale under any lien encumbering the Premises is exercised or any proceedings are brought for foreclosure (or, in the case of a master lease, termination) under any such lien, provided Tenant has previously received an executed Non-disturbance Agreement from the lienholder in accordance with this section, then Tenant will attorn to the purchaser or lessor under the lease on any foreclosure, sale, or lease termination and recognize the purchaser or lessor as Landlord under this Lease, provided that the purchaser or lessor acquires and accepts the Premises subject to this Lease.

## **ARTICLE 21. FORCE MAJEURE**

- 21.1 Neither Lessor nor Lessee shall be deemed to be in breach of this Lease if either is prevented from performing any of its obligations hereunder by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of a public enemy, act of a superior governmental authority, weather conditions, rebellion, riot, sabotage, or any other circumstance for which it is not responsible, or which is not within its control.

## **ARTICLE 22. TAXES AND OTHER FEES**

- 22.1 Lessee shall, at Lessee's sole cost and expense, timely pay any and all taxes, permit, license, or registration fees, and any other customary or reasonably foreseeable charge or assessment for which Lessee is responsible, or which may be charged or assessed against Lessee, the Premises, or any property of Lessee thereon, whether real or personal.
- 22.2 Under this Lease a possessory interest subject to payment of property taxation and special taxation may be created. Notice is hereby given pursuant to California Revenue and Taxation Code Section 107.6, and Chapter 2.5 (commencing with Section 53311), part 1, Division 2, Title 5, of the Government Code, that such property interest may be subject to property taxation and special taxation if created, and that the party in whom the possessory interest is vested may be subject to payment of property taxes or special taxes levied on such interest.
- 22.3 **FEES CHARGED BY LESSEE.** All fees to be charged by Lessee for the use of the Premises and the Equipment by the general public shall be approved first by the Advisory Board of Directors.

## **ARTICLE 23. MISCELLANEOUS**

- 23.1 **COMPLIANCE WITH ALL LAWS, RULES, AND REGULATIONS.** Lessee shall comply with the rules and regulations hereinafter set forth, which are made a part hereof, and within a reasonable time with such further reasonable rules and regulations as Lessor may prescribe on written notice to Lessee, for the safety, care, and cleanliness of the Premises and/or Equipment. A copy of the rules, that is current as of the date hereof, is attached hereto as Exhibit E.

### 23.2 Statement Regarding a Certified Access Specialist

Pursuant to California Civil Code §1938, the County states that the Subleased Premises:

- Have not undergone an inspection by a Certified Access Specialist (CAsp).
- Have undergone an inspection by a Certified Access Specialist (CAsp) and it was determined that the leased Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.
- Have undergone an inspection by a Certified Access Specialist (CAsp) and it was determined that the leased Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq.

A Certified Access Specialist (CAsp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CAsp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CAsp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CAsp inspection, the payment of the fee for the CAsp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Leased Premises.

23.2 AMERICANS WITH DISABILITIES ACT. Landlord represents and warrants to Tenant that the Premises and any part of the Project where Tenant, its employees, agents, licensees, and invitees may lawfully enter, are in compliance with the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., as amended (“Act”), and any regulations promulgated thereunder. Landlord shall, at its sole cost and expense, remedy any violation of the Act, and Landlord shall indemnify and hold harmless Tenant and its agents, employees, affiliates, officers, and partners against any costs, loss, damage, or actions brought under the Act or based upon any actual or alleged noncompliance with the Act, except where the basis for the same is caused solely by Tenant. Tenant agrees to keep all access to restrooms and restaurant space that are part of the Premises clear of obstructions and accessible.

23.3 NO WAIVER OF RIGHTS. The failure of either party to insist on strict performance of any terms, covenants or conditions hereto, or to exercise any option herein contained, shall not be construed as a waiver of such term, covenant, condition, or option in any instance, now or in the future.

23.4 LESSOR’S RIGHT OF ENTRY. During the Term, Lessor, its officers, agents, employees, contractors, and subcontractors shall have the right, without limitation or cost, to enter upon the Premises for any lawful purpose, including the purpose of: inspecting the Premises and/or Equipment; making any repairs or alterations necessary for the preservation and safety of the Premises; and for determining whether Lessee is complying with its obligations hereunder. Such entry by Lessor shall not be deemed to excuse Lessee’s performance of any promise, term, condition, or covenant required of it by this Lease, and shall not be deemed to constitute waiver thereof by Lessor. Lessor reserves the right to possess, and Lessee shall provide Lessor, copies of all keys to all gates, buildings, and structures on the Premises.

23.5 CERTAIN COSTS AND EXPENSES. Notwithstanding any other provision of this Lease, in no event shall Lessee be responsible to pay any amount to Lessor which amount is claimed to be, or is, attributable to staff time spent in connection with any matter related to this Lease or to Lessee’s uses of the Premises

- 23.6 SIGNS. All signs, emblems, or advertising of any kind or character (hereinafter “Signs”), at or on the Premises must be in compliance with all applicable ordinances, rules and regulations. In addition, Lessee shall obtain the prior written approval of the Administrator for all permanently affixed Signs.
- 23.7 QUIET ENJOYMENT. Lessor covenants that if and so long as Lessee pays the Rent, and the Additional Rent as herein provided, and performs the covenants hereof, Lessee shall peacefully and quietly have, hold, and enjoy the Premises for the Term hereof mentioned subject to the provisions of this Lease.
- 23.8 AGREEMENT CONSTRUCTION. Headings at the beginning of each paragraph and subparagraph are solely for the convenience of the parties and are not a part of the Lease. Whenever required by the context of this Lease, the singular shall include the plural and the masculine shall include the feminine and vice versa. It is agreed and acknowledged by the parties hereto that the provisions of the Lease have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of the Lease and to have such provisions reviewed by legal counsel. Therefore, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Lease. All exhibits referred to in this Lease are attached and incorporated by this reference. This Lease and the relationship of the parties shall be construed to the maximum extent permitted by law except as provided to the contrary in this Lease, as if the two parties were private commercial actors, neither being a governmental or quasi-governmental entity. Notwithstanding the foregoing, Lessee shall enjoy all greater rights that a party to such a Lease as the Lease would enjoy that Lessee otherwise would, if the Lease and the relationship of the parties created hereunder were construed to be between the parties as actually constituted on the Commencement Date.
- 23.9 AUTHORITY FOR AGREEMENT. Lessee warrants and represents that Lessee has the right, power, and legal capacity to enter into and perform its obligations under this Lease, and no additional approvals or consents of any person or entity are necessary in connection therewith. The execution, delivery, and performance of this Lease by the undersigned Lessee has been duly authorized by all necessary corporate or other applicable action and this Lease constitutes a legal, valid, and binding obligation of Lessee, enforceable in accordance with its terms.
- 23.10 TIME OF THE ESSENCE. Time is of the essence in the performance of this Lease.
- 23.11 ENTIRE AGREEMENT. This Lease, together with all exhibits attached hereto, constitutes the entire agreement between the parties hereto, and all other representations or statements heretofore made, verbal or written are merged herein. This Lease may be amended only by written instrument duly executed by the parties.

WHEREFORE, the parties hereto have hereunto set their hands on the date and year first above written.

LESSEE:  
Champ Family Properties LLC, a \_\_\_\_\_ limited liability company

By: \_\_\_\_\_

LESSOR:  
Sunrise Recreation and Park District, a park district formed and  
existing under authority of Public Resources Code section 5780 et seq.

By: \_\_\_\_\_  
                  , Chair                       Date

By: \_\_\_\_\_  
                  Dave Mitchell, District Administrator       Date

ATTEST:

Clerk of the Board of Directors



## EXHIBIT A

All that land situated in the State of California, County of Sacramento, described as follow:

All that portion of Section 28, Township 10 North, Range 6 East M.D.B. & M. described as follows:

BEGINNING at a metal tag marked R. E. 46 in the base of a concrete fence footing, said point being the most Westerly point shown on the "Plat of Survey of a Portion of Section 27, 28, and 33, Township 10 North, Range 6 East, D.D.B. & M.", filed in the office of the County Recorder of Sacramento County, State of California, May 21, 1953, in Book.9 of Surveys, Map No. 47; thence from said point of beginning South.3'00 '4" East. 477. 66ft. to a 1 ¼ inch iron pipe marked R. E. 46, thence South 1'18'22" East 460.00 ft. to a 1 ¼ inch iron pipe marked L. S. 2217, thence South 88'41'38" West 179.50 ft. to similar monument, thence South 38'25'16" West 701.59 ft. to a similar monument, thence North 51'17'23" West 600.00 ft. to a similar monument in the Southeasterly right-of-way line of the "Sacramento-Roseville Freeway", being U.S. Highway 40, thence North 38'42'37" East 219.29 ft. along said line to a 6" X6" concrete monument, thence continuing along said line North 36'43'51" East 300.28 ft. to a similar monument, thence continuing along said line North 38'37'47" East 900.82 ft. to the point of beginning.

All that portion of Section 28, Township 10 North, Range 6 East, M.D.B & M., described as follows:

BEGINNING at a metal tag marked R. E. 46 in the base of a concrete fence footing, said point being in the southeasterly line of the frontage road known as Verner Avenue, 40 ft. in width, paralleling U.S. Highway 40 Freeway, thence from said point of beginning South 3'00'40" East. 477.66 feet along the Westerly line of the lands owned by the "Roman Catholic Bishop of Sacramento, a Corporation Sole", as shown on the "Plat of Survey of a portion of Sections 27, 28, and 33, Township 10 North, Range 6 East, M.D.B. &M.", filed in the office of the County Recorder of Sacramento County, State of California, on May 21 1953 in Book 9 of Surveys, May No. 47, to a 1 ¼ inch iron pipe monument marked R. E. 46, thence North 57'53'53" West 319.46 feet to a 1 ¼ inch iron pipe marked L. S. 2217 in the Southeasterly line of said Verner Avenue; and thence along said Southeasterly line of said Verner Avenue; North 38'37'47" East 393.28 feet to the point of beginning.

**EXHIBIT B**

**FOOTHILL GOLF COURSE**

**EQUIPMENT LIST**

**Equipment**

**Estimated Value**



**EXHIBIT C**  
Certificate Confirming Lease Commencement Date

## **EXHIBIT D**

### **Greens (9):**

The golf course greens shall be smooth, uniform turf, firm but not too hard, well drained, consistent and of suitable speed. Cups placed in accordance with USGA recommendations. Flag sticks are of good quality, standing straight and uniform of all greens.

1. **Quality and Playability:** 100% turf cover, smooth and uniform in texture. Greens hold approach shots hit correctly. Cups are cut cleanly and in proper location. Generally free of weeds, insects, rodents and turf diseases.
  
2. **Appearance:** Turf is uniform in color and mowing direction. Collars and aprons cut to uniform standard.

### **Tees and Amenities:**

Tees are completely turfed, smooth, level and firm. Tees drain well with no mud buildup.

Tee amenities including trash cans, signs tee markers and benches are in good condition and repair.

1. **Tee Quality:** 100% turf cover with smooth level surface. Generally free of weeds, disease and rodents. Uniform mowing, adequate top dressing and seeding program are evident.

### **Fairways:**

Fairways are smooth with a uniform turf color. Turf is firm, but not hard, well defined and properly supports the ball for play.

1. **Quality and Playability:** 100% turf cover, smooth and uniform in texture, fairway turf is properly mowed and supports the ball for play. Generally the fairways are weed free and do not suffer from disease, rodents or insects infestations.
  
2. **Appearance:** Fairways have been mowed consistently throughout the course; turf is uniform in height and color. Yardage markers are properly maintained and uniform throughout the course.

## EXHIBIT E

### Entrance Area and Parking Lot:

Entry area is attractively landscaped and well maintained. Parking lot has good traffic flow and directional signage. Surface is clean and smooth and free of debris and weeds. Entrance signs are clearly visible and in good condition.

1. Entrance area: Entrance area is attractively landscaped with healthy plants suited for the area. All planter areas are generally free of weeds, litter and debris. Entrance signs are in proper locations, attractive and informative.
2. Parking Lot: Parking lot has good traffic flow and directional signage. Surface is clean and smooth and free of debris and weeds.

### Clubhouse, Snack bar and Pro shop:

The Clubhouse is well maintained and has a clean and orderly appearance. The exterior and interior surfaces are well maintained, painted surfaces are clean and in good repair. Walkways are clean and free of litter and debris. Window and floor coverings are also clean and in good repair. The Snack bar operation is of the highest quality. All food service areas are maintained to the highest possible standards and meet or exceed state and local health code requirements. Food service operations are well organized. Food and local health code requirements. Food service operations are well organized. Food items are served at the proper temperatures and in an attractive and appetizing manner. The Pro shop is clean and in good repair. Staff is courteous, all signs clearly marked and there is ample merchandise. Window and floor coverings are clean and in good repair.

1. Clubhouse: The clubhouse area, utility enclosures, walkways and refuse containers are orderly, well maintained, clean and in good repair. Signs and bulletin boards are neat and orderly with current information. Restrooms are clean, stocked and well maintained. All fixtures are operational. Interior and exterior areas are clean and orderly. Restrooms are properly identified for men and women.
2. Snack bar: Food is well prepared and meets customer expectations. Snack bar hours of operation are posted. There is adequate staff to maintain excellent service. All food service areas are clean and orderly. Food is store in the most sanitary of conditions. Refrigeration and cooking equipment is clean and operate at proper temperatures.
3. Pro Shop: Staff is courteous and responsive to the public. Staff is dressed in appropriate attire with a clean and neat appearance. All required signs are prominently displayed and

contain correct and current information. Starter operations are well organized. Merchandise displays are amply supplied with prices clearly marked. Interior and exterior well maintained and in good repair.

Fences:

Perimeter and protective fences are free of holes and are stretched to original design. Support posts are in place and straight and properly anchored. Fence lines are well maintained and free of weeds and other growth.

**EXHIBIT F**  
**FOOTHILL GOLF CENTER**  
**DEFINITION OF THE PROFIT & LOSS STATEMENT**

**INCOME**

1. GREENS FEES – Fees charged to play the course.
2. PRO SHOP REVENUE – Details of all daily pro shot revenues by category.
3. FOOD AND NON-ALCOHOLIC BEVERAGE REVENUE – Details of food and non-alcoholic beverages revenue by the following specific categories: gross revenue, sales taxes, food sales, non-alcoholic beverage sales, and catering.
4. RENTALS – Fees charged to rent pull carts and clubs.
5. GIFT CERTIFICATE – Monies received for gift certificates, which can be used for any of the above items.
6. ALCOHOL BEVERAGE SALES – Monies received for alcoholic beverages.
7. CIGARETTES – Monies received for cigarettes.

**OPERATING EXPENSES**

1. MERCHANDISE – All golf products purchased for sale in the pro shop.
2. SNACK BAR – All items for sale in the snack bar.
3. OUTSIDE SUPPLIES – Items purchased for use on the golf course grounds. They include, but not limited to these items: Seed, plants, trees, irrigation parts, flags and poles, trash cans.
4. SALARY (NET) – Employee net wages – excluding lease operator.
5. SALARY (DEDUCTIONS) – Employee and employer Federal and State withholding.
6. OFFICE SUPPLIES – Paper products such as: score cards, note paper, computer paper, cash register tape and restroom supplies. Also includes pens, pencils, paper clips, rubber bands, calendars and janitorial supplies. Also includes trophies and tournaments.
7. UTILITIES - This includes gas, electric, water, telephone service, garbage or refuse service and all other public utilities.
8. REPAIRS/MAINTANANCE – Costs of repairs to the clubhouse and the course.
9. AUTO/TRUCK REPAIRS – Costs of repairs to the auto, truck and gas powered equipment.
10. INSURANCE – Cost of workman’s comp., the building for fire and damage, theft, general liability and comprehensive and auto and truck.
11. TAXES – Includes sales tax paid to the Board of Equalization, Possessory Interest Tax, and Personal Property Tax.
12. LICENSES – Includes Business Beer, Seller’s Permit, ATF permit, Health permit and Small Water Systems permit.
13. GAS – Gasoline for equipment.
14. EQUIPMENT PURCHASES – Includes equipment purchases for pro shop, snack bar and golf course.

15. ADS – Advertising
16. FERTILIZER – Fertilizer for the golf course.
17. TOOLS – Tools purchased to be used on the course or in the clubhouse. These include hand or gas powered tools.
18. LOANS – This includes payments on equipment and/or working capital.
19. DONATIONS – Includes donations made by Foothill Golf Course to different organizations.
20. DUES – Includes dues paid to professional organizations and for publications.
21. ENTERTAINMENT – Monies spent at Foothill Golf Course clubs' luncheons.
22. ACCOUNTANT FEES – C.P.A.'s Fees for yearly Federal and State tax return.
23. BAD DEBTS – Returned checks.
24. BANK CHARGES – Includes charges for bank fees, bank payroll service, merchant credit card charges and returned check fees.
25. CAPITOL IMPROVEMENTS – Includes proposed capital improvements to be made
26. TOTAL OPERATING EXPENSES – Total of all expenses for operating the Foothill Golf Course.
27. NET PROFIT – Net income after operating expenses.