



COUNTY OF LOS ANGELES
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

Executive Offices • 433 South Vermont Avenue • Los Angeles, CA 90020-1975 • (213) 738-2961

December 10, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF LEASE AGREEMENT FOR THE
MANAGEMENT AND OPERATION OF THE
WHITTIER NARROWS COUNTY GOLF COURSE
(SUPERVISORIAL DISTRICT 1) (3 VOTES)**

SUBJECT

The recommended actions will award a 22 years and five months Lease Agreement with American Golf of Glendale, for the management, operation and maintenance of the Whittier Narrows County Golf Course, from January 1, 2014 through May 31, 2036. The recommended action will ensure that the facility remains open and available to the public.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the approval of the attached Lease Agreement is categorically exempt from the California Environmental Quality Act because the Lease Agreement involves leasing of an existing facility with no expansion of an existing use and for the reasons stated herein and the reasons reflected in the record of the Lease Agreement.
2. Approve and instruct the Director of the Department of Parks and Recreation to execute a 22 years and five months Lease Agreement with American Golf of Glendale, for the management, operation and maintenance of the Whittier Narrows County Golf Course, effective January 1, 2014, resulting in an estimated \$39,194,000 in rent revenue to the Department of Parks and Recreation's Operating Budget, over the term of the Lease Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the Whittier Narrows County Golf Course (County Golf Course) to remain open, for continued and uninterrupted service to the public, by awarding of a 22 years and five months Lease Agreement (attached Attachment 1) with American Golf of Glendale (American Golf). The 22-year-and-5-month term is consistent with remaining term of the Department of Parks and Recreation master lease with the United States Army Corp of Engineers, which owns the subject property.

The County Golf Course is currently operated by VICO, LLC, on a month-to-month Agreement with Los Angeles County (County). American Golf was the highest ranked bidder for the management, operation, and maintenance of the County Golf Course, effective January 1, 2014.

The recommended Lease Agreement term with American Golf is for 22 years and five months, and coincides with the termination date of the County's Master Lease with the United States Army Corp of Engineers (ACOE) for the management and operation of the Whittier Narrows Recreational Facility, which includes the County Golf Course. The attached chart (Attachment 4 2) delineates the rental fee schedule. A portion of the rental fee revenue will be deposited into a Capital Improvement Project Fund, to be used for improvements at the County Golf Course. The remaining amount will be deposited into the Department of Parks and Recreation's (Department) Operating Budget to fund ongoing operations.

Implementation of Strategic Plan Goals

The proposed Lease Agreement will further the County's Strategic Plan of Operational Effectiveness (Goal 1) by maximizing the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public service, and Fiscal Sustainability (Goal 2) by strengthening and enhancing the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship.

FISCAL IMPACT/FINANCING

Your Board's approval of the recommended actions will result in additional benefit to the County, in the form of rental fees. Based on the terms of the Lease Agreement, it is estimated that the Department's Operating Budget will realize County Golf Course estimated rent revenues of \$564,000, for Fiscal Year (FY) 2013-14 (six months) and \$39,194,000, over the recommended term of 22 years and five months. The revenue will be collected on a monthly basis, based on the rental fee schedule (Attachment 4 2). Based on these projections, the Department will adjust its operating revenue estimates for FYs 2013-14 and 2014-15, accordingly. The Department does not expect any operating cost increase resulting from the recommended Lease Agreement. Additional fiscal impact information is identified in Attachment 3.

Additionally, prior to the commencement of the recommended Lease Agreement, American Golf shall deposit with the Department \$375,000, which shall be allocated to the County Golf Course Capital Improvement Fund. Prior to the commencement of year three of the recommended Lease Agreement, American Golf shall deposit with the Department an additional \$375,000, which shall be allocated to the County Golf Course Capital Improvement fund.

OPERATING BUDGET IMPACT

Based on the terms of the recommended Lease Agreement, the Department anticipates rent revenues that is consistent with its Operating Budget during the first four years. The recommended Lease Agreement also has scheduled incremental increases built in to the rent revenues and the Department will address these increases in its Operating Budget as they become material.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board is authorized by the provision of Government Code Section 25907 to lease County parks and recreation real property for the provision of services and property improvements that are consistent with public park and recreation purposes. The proposed Lease Agreement is consistent with said purposes.

This Lease Agreement contains terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Responsibility and Debarment, Los Angeles County Code Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; the Defaulted Property Tax Reduction Program, Los Angeles County Code 2.206; compliance with the County's smoking ban ordinance, Los Angeles County Code Title 17, Sections 17.04.185 through 17.04.650; compliance with the County's policy on restricting its purchase and use of Expanded Polystyrene containers; participation in the County's Artificial Trans Fat Reduction Program; and the standard Board-directed clauses that provide for contract termination or renegotiation.

However, in order to ensure the continued viability of the County Golf Course, the Department recommends the following deviation from the County's standard terms and conditions:

Termination for Convenience: Due to the initial startup costs and capital contribution, American Golf, and the lessee's ability to realize a fair profit over the term of the Lease Agreement, it is recommended, that the County not include the right for the County to terminate for convenience. For this reason, the standard Termination for Convenience provision is not incorporated into the County's golf course leases. It should be noted that the Department attempted to incorporate a Termination for Convenience clause in two prior golf course Request for Proposals (RFP). Neither of the two RFPs yielded a single response. A survey of eligible proposers revealed that the Termination for Convenience provision was the primary reason for not submitting a proposal. However, the provision for Events of Default remains in the Lease Agreement. In the event the Department closes the County Golf Course prior to the termination of the Lease Agreement, the County shall reimburse lessee the non-amortized portion of its initial capital contribution of \$750,000.

American Golf has executed the attached Lease Agreement and will provide the required insurance policies prior to the start of this Lease Agreement naming the County of Los Angeles and the ACOE, as additional insureds.

The ACOE has reviewed and approved the Lease Agreement.

County Counsel has approved the Lease Agreement as to form.

ENVIRONMENTAL DOCUMENTATION

The approval of the Lease Agreement is categorically exempt from the California Environmental Quality Act (CEQA) according to Section 15301 of the State CEQA Guidelines and Class 1(r) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G, because the Agreement involves leasing of an existing facility with no expansion of an existing use.

CONTRACTING PROCESS

On March 4, 2013, the Department issued a Request For Proposal (RFP) for the management, operation and maintenance of the said County Golf Course by posting the RFP on the County's "Doing Business with Us" website. The website included a link to download the solicitation package and bilingual instructions on how to contact the Department regarding this solicitation.

On March 21, 2013, a mandatory Proposers Conference was held and 20 potential proposers attended. A facility walk-through of the facility followed the conference.

On April 18, 2013 the Department received seven proposals. The proposals were reviewed by the Department's staff to ensure compliance with mandatory minimum requirements outlined in the RFP. All seven proposals were deemed to be responsive having met the minimum requirements and were forwarded to the Evaluation Committee for review. The Evaluation Committee consisted of two representatives from the golfing industry and one Department employee.

Using the Informed Averaging Scoring methodology, the evaluation committee evaluated each proposal based on the criteria identified in the RFP, which included: proposer's experience and qualifications; proposed revenue to the County; proposer's maintenance and operational plan; proposer's pro forma; and acceptance/exceptions to terms and conditions of the sample agreement. Based on these criteria, American Golf was the highest ranked proposer. One proposer requested and received a debriefing of its score.

It should be noted that upon final analysis and award, American Golf was selected without regard to gender, race, creed, or color. Proposer's minority participation is reflected as an attachment (Attachment 2 4).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current public services.

CONCLUSION

It is requested that an adopted copy of the action taken by the Board be mailed to American Golf of Glendale, Attention: Keith Brown, 6080 Center Drive, Suite 500, Los Angeles, ca. 90045. In addition, it is requested that one adopted copy be sent to the Treasurer and Tax Collector, one adopted copy be sent to the Assessor, and three adopted copies be forwarded to the Department of Parks and Recreation.

Should you have any questions please contact Jorge Badel at (626) 821-4649 or jbadel@parks.lacounty.gov, Kandy Hays at (626) 821-4600 or khays@parkslacounty.gov, or Kaye Michelson at (213) 738-2955 or kmichelson@parks.lacounty.gov.

The Honorable Board of Supervisors
12/3/2013
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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Russ Guiney". The signature is fluid and cursive, with a prominent flourish at the end.

RUSS GUINEY

Director

RG:RM:KEH

JB:MG:rc

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

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**MANAGEMENT SUBLEASE AGREEMENT FOR THE
MANAGEMENT, OPERATION AND MAINTENANCE OF THE
WHITTIER NARROWS COUNTY GOLF COURSE**

THIS MANAGEMENT SUBLEASE AGREEMENT, made and entered into this ____
____ day of _____, 2014,

BY AND BETWEEN

COUNTY OF LOS ANGELES, a
body corporate and politic,
hereinafter referred to as
"County,"

AND

AMERICAN GOLF OF GLENDALE,
hereinafter referred to as "Lessee,"

RECITALS

WHEREAS, County is authorized by the provision of Government Code Section 25907 to let or grant use recreation lands for concessions and services that are consistent with public park and recreation purposes; and

WHEREAS, the County, as approved by the Board of Supervisors of Los Angeles County on April 14, 1987, is authorized to contract for such services within the Whittier Narrows Recreation Area, pursuant to the provisions of the "Department of the Army Lease for Public Park and Recreational Purposes Whittier Narrows Flood Control Basin Los Angeles, California No. DACW09-1-86-43" granted to County by the Secretary of the Army, under authority of 16 U.S.C. 460d, as amended; and

WHEREAS, a management sublease of the Whittier Narrows County Golf Course property providing for the overall management, operation, maintenance of grounds and facilities, collection of fees, and provision of golf professional, food and beverage services, and containing appropriate controls to ensure public use of the facilities is consistent with said purposes; and

WHEREAS, the District Engineer for the Los Angeles District of the Army Corps of Engineers approves this sublease and use granted herein;

WHEREAS, County and Lessee agree that the primary objective for Lessee's performance under this Sublease is to maximize the public use of Whittier Narrows County Golf Course and the revenue to be received by the County as a result thereof;

WHEREAS, although the Golf Course Manual of the County of Los Angeles Department of Parks and Recreation is attached hereto as Exhibit B, it is the intention hereof that the provisions in the text or body of this Sublease shall prevail over any inconsistent provisions in said manual.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto and each of them does agree as follows:

1.0 APPLICABLE DOCUMENTS

Exhibits A, B, C, D, E, F, G, H, I, J, and K are attached hereto and form a part of this Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Agreement and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Agreement and then to the Exhibits according to the following priority:

- 1.1 EXHIBIT A - Department of the Army Master Lease Agreement
- 1.1 EXHIBIT B - Department Manual for County Golf Course Operations
- 1.2 EXHIBIT C - Demised Premises
- 1.3 EXHIBIT D - County Fees and Charges
- 1.4 EXHIBIT E - General Maintenance Specifications
- 1.5 EXHIBIT F - Internal Revenue Service Notice 1015
- 1.6 EXHIBIT G - Safely Surrendered Baby Law
- 1.7 EXHIBIT H - Lessee's Equal Employment Opportunity Certification
- 1.8 EXHIBIT I - Defaulted Property Tax Reduction Ordinance
- 1.9 EXHIBIT J - Certification of Compliance with Artificial Trans Fat Reduction Program
- 1.10 EXHIBIT K - County's Smoking Ban Ordinance

2.0 DEFINITIONS

- 2.1 The headings herein contained are for convenience and reference only and are not intended to define or limit the scope of any provision thereof.
- 2.2 The following words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used:
- 2.2.1 **Agreement Year:** the 365 day period commencing on the commencement date of this Sublease and each following 365 day period thereafter throughout the term of this Agreement.
- 2.2.2 **Auditor-Controller:** the Auditor-Controller of the County of Los Angeles or an authorized representative thereof.
- 2.2.3 **Beverage:** any liquid prepared by flavoring, heating and/or mixing in advance of consumption thereof, including alcoholic beverages as defined in the State Alcoholic Beverage Control Act.
- 2.2.4 **Board of Supervisors:** The Board of Supervisors of the County of Los Angeles acting as governing body or their designee.
- 2.2.5 **Building Official:** The Director of the County of Los Angeles Department of Public Works or an authorized representative thereof.
- 2.2.6 **Capital Improvement:** any construction project which, as determined by the Director, extends the useful life and/or increases the capacity of the golf course facility(ies).
- 2.2.7 **County:** the County of Los Angeles.
- 2.2.8 **Department:** The Los Angeles County Department of Parks and Recreation or an authorized representative thereof.
- 2.2.9 **Director:** the Director of the County of Los Angeles Department of Parks and Recreation or an authorized representative thereof.
- 2.2.10 **District Engineer:** the District Engineer of the United States Army Corps of Engineers, Los Angeles District, his/her authorized representative, or his/her designee.

2.2.11 **Golf Course Operation:** the privilege of engaging in the golf activities authorized herein on the public property designated therefore.

2.2.12 **Gross Receipts:** Except as specifically provided by policy statement issued by the Director, the term "gross receipts" as used in this Agreement, is defined to be all money, cash receipts, assets, property or other things of value, including but not limited to: gross charges, sales, rentals, fees and commissions made or earned by Lessee whether collected or accrued from any business, use or occupation, or any combination thereof, originating, transacted, or performed in whole or in part, on the premises, including but not limited to rentals, the rendering or supplying of services and the sale of goods, wares or merchandise. Gross receipts shall include the amount of any manufacturer's or importer's excise tax included in the prices of any property or material sold, even though the manufacturer or importer is also the retailer thereof, and it is immaterial whether the amount of such excise tax is stated as a separate charge.

- a. There shall be no deduction from gross receipts for any overhead cost or expense of operations, such as, but without limitation to salaries, wages, costs of goods, interest, debt amortization, credit, collection costs, discount from credit card operations, insurance and taxes.
- b. Except as specifically provided below, gross receipts reported by Lessee must include the full usual charges for any services, goods, rentals or facilities provided by Lessee. Gross receipts shall not include the following: direct taxes imposed upon the consumer and collected there from by the Lessee such as, Federal, State, or Municipal retail sales taxes, or related direct taxes, which are direct taxes paid periodically by Lessee to a governmental agency accompanied by a tax return statement.

c. The Director, by policy statement consistent with recognized and accepted business and accounting practices, upon consultation with Lessee, and with the approval of the Auditor-Controller and County Counsel, may further interpret the term "gross receipts" as used in this Agreement.

2.2.13 **Gross Sales Price:** The total consideration resulting from the transfer of Lessee's interest in the concession, or portion thereof, determined by the total cash payments, or the fair market value of Lessee's interest in the concession, and the market value of all non-cash consideration, including, but not limited to, stocks, bonds, deferred payments, secured and unsecured notes, and forbearances regarding claims and judgments.

2.2.14 **Inclement Weather:** Weather conditions that include, but are not limited to, rain, flooding, extreme cold or heat, that may impair travel conditions, cause power outages, or otherwise impede public safety or make opening a facility impossible or more difficult.

2.2.15 **Percentage Rental Due:** For the purposes of this Sublease, the words "percentage rental due" mean the Lessee's liability for a specific number of years under review as determined by the calculation of rental due to County through the application of the percentages set forth in Section 6.1 of this Sublease.

2.2.16 **State:** the State of California.

3.0 DEMISED PREMISES

3.1 County hereby subleases to Lessee for its management and operation of a golf course upon the designated grounds within the real property consisting of Whittier Narrows County Golf Course. The golf course shall remain the same unless otherwise changed by County.

3.2 The demised premises, as shown on the attached Exhibit C which by this reference is incorporated herein, shall be used only and exclusively for golf course operations and such other purposes as are related thereto

provided express approval therefore is granted by the Director and the District Engineer for no other purposes whatsoever.

- 3.3 Lessee acknowledges personal inspection of the demised premises and the surrounding area and evaluation of the extent to which the physical condition thereof will affect the operation of the golf course. Lessee accepts the demised premises in its present condition and agrees to make no demands upon County for any improvements or alteration thereof, except as otherwise set forth in this agreement hereinafter.
- 3.4 Any improvements, additions, alterations or changes to the demised premises shall be subject to: prior written approval by the District Engineer and the Director; securing of applicable permits by Lessee; and compliance with such terms and conditions as may be imposed thereon by the District Engineer and the Director.
- 3.5 Lessee hereby acknowledges the title of the United States of America, County, and/or any other public agencies having jurisdiction there over, in and to the demised premises and the improvements located thereon, and covenants and agrees never to assail, contest or resist said title.
- 3.6 Ownership of all existing structures, and of all structures, buildings and/or improvements constructed by Lessee upon the demised premises and all alterations, additions or betterments thereto, shall immediately vest and be vested in County at all times during and after the term hereof, without compensation being paid therefore. Such structures, buildings and/or improvement shall be surrendered to County with the remainder of the demised premises upon termination of this Agreement.

4.0 LESSEE'S BASIC OBLIGATION

4.1 Golf Professional

A. Use Granted

Lessee is hereby authorized and required to sell, rent, store and/or repair golf equipment, clothing and supplies; provide instructional services in the play of golf; rent golf carts and operate a driving range.

B. Merchandise

Lessee shall provide and maintain the necessary inventory of golf merchandise required to meet the needs of the public therefore.

C. Golf Instruction

Golf shall be taught only by qualified instructors whose qualifications have been approved in writing by the Director. Golf instructors shall observe the rules and regulations for the play of golf on County golf courses as shown in the Golf Course Manual, a copy of which is attached hereto as Exhibit B, in the use of the golf course for instructional purposes.

D. Golf Carts

1. Lessee shall provide a total of not less than eighty (80) power driven golf carts. In addition, Lessee shall provide enough manually operated golf carts to meet the public demand therefore at the Demised Premises. The Lessee may prohibit the use of golf carts on the golf course whenever weather conditions expose the user to danger or the golf course to damage arising from the operation thereon. All golf carts and the maintenance thereof shall comply with the specifications and maintenance requirements therefore as set forth in Exhibit B attached hereto.

2. Pursuant to the Department's commitment to non-discrimination on the basis of disability, the Lessee shall maintain at least one (1) equally accessible golf cart at the facility that is operational at all times and in addition to the total number golf carts identified above.

E. Junior Golf Program

1. Lessee shall cooperate with the Director in the promotion of the Department's Junior Golf Program by providing without

charge to County or participants therein group lessons, range balls, general golf instruction and junior tournaments. The number of tournaments is identified in the attached Exhibit B, Golf Course Manual, Chapter 1, Section 3, Subsection I, Tournaments, (3)(f).

2. Within the first year from the beginning of this sub-lease, the Lessee is required to implement a Junior Golf Training Program similar to or one in the same as a First Tee Junior Golf Program.

4.2 Clubhouse/Coffee Shop

A. Use Granted

Lessee is hereby authorized and required to sell food and beverages within the Demised Premises, if Lessee otherwise complies with all local, State, and Federal regulations related to the sale of food and beverages.

B. Lessee's Staff

Lessee shall not employ as a member of its food and beverage staff any person who cannot produce a certificate showing that within the last two years the person has been examined and has been found to be free of communicable tuberculosis. "Certificate" means a document signed by the examining physician and surgeon who is licensed under Chapter 5 (commencing with Section 2000), Division 2 of the State Business and Professions Code or a notice from a public health agency that indicates freedom from active tuberculosis.

C. Days and Hours of Operation

Lessee shall open the coffee shop for business each and every day no later than thirty (30) minutes before the first golfer begins play. The coffee shop shall remain open throughout the day and shall be closed no sooner than thirty (30) minutes after

the last golfer finishes play. Lessee may be permitted to close during periods of inclement weather.

D. Merchandise

Lessee shall provide and maintain the necessary inventory of food and beverage merchandise required to meet the needs of the public therefore. All foods and beverages sold or kept for sale shall conform to the Federal, State, and County food laws, ordinances and regulations in all respects. No adulterated, misbranded or impure articles shall be sold or kept for sale by Lessee and all merchandise kept on hand by Lessee shall be stored and handled with due regard for sanitation. In the event food and beverage merchandise are below that of similar public golf courses in the area, the Director shall have the right to order the improvement of the quality of any food and beverage kept or offered for sale.

4.3 Starter Services and Marshaling

A. Use Granted

1. Lessee is hereby required to render and provide golf course starter services including but not limited to: the collection of green fees; collection of tournament fees; taking of reservations from the telephone and from patrons at the course and record on starter sheet; place golfer names on call sheet as necessary; send golfers to the tee and start them off at proper intervals in groups of five, four, three, two or as a single as applicable; receive requests from groups for tournaments, book tournaments and collect appropriate fees fifteen (15) days prior to tournament starting date; take all reasonable actions as necessary to speed play on course; enter golfers names on starter sheet and issue cash register receipt to each golfer as he pays his greens fee; total golf starter sheet at the end of each day's play and

reconcile with fee category totals on cash register detail tape; open and close golf course at appropriate times; maintain daily log book detailing number of rounds played by fee categories and total amount of cash collected by fee category. Totals from the daily log book on the number of rounds of play by fee categories shall be submitted to the Director on a monthly basis within 10 days of the final day of the prior month.

2. Lessee acknowledges that major tournaments are currently and customarily held at Whittier Narrows County Golf Course and agrees to continue to accommodate and encourage such tournaments and to favorably consider suggestions for additional events intended to accommodate the public, increase golf play at the course, and otherwise mutually benefit the parties hereto. Lessee shall schedule reserved starting times for tournaments in accordance with established procedures as indicated in attached Exhibit B.
3. Lessee shall implement a marshaling program designed to speed-up play and said program shall be approved by the Director. Lessee shall provide for a minimum of twenty-four (24) hours of marshaling on a weekly basis, on busy weekdays and all weekends and holidays. The Lessee shall provide golf carts and trained golf course marshals for said program.
 - a. The marshals shall be trained to assist as well as monitor the golfer and to expedite play on the course. The marshal may be a paid employee or a volunteer. The marshal shall work with the golf starter and be part of the golf shop team and must be trained and easily identifiable on the course.

b. The marshal's carts shall be maintained with the regular golf cart fleet. Whether having electric or gas engines, said carts must carry the following equipment: roof; cargo box; and modifications as necessary to carry the special equipment hereinafter listed.

c. Marshals' Carts Special Equipment

All carts are to carry special equipment as follows: first aid kit with blanket, fast play hand-out cards, scorecards, pencils, golf rule book, communication equipment (walkie-talkie or comparable item).

B. Days and Hours of Operation

Lessee shall keep the starter's office open every day, including Sundays and Holidays. The minimum hours of operation shall be 5:30 am to sunset on weekdays and 5:00 am to sunset on weekends and Holidays. Any changes in the days and hours of operation heretofore prescribed shall be subject to written approval by the Director.

C. Equipment

If not otherwise provided, Lessee shall provide scorecards which scorecards shall be subject to prior written approval by the Director. Lessee shall provide the cash register, cash register tape, golf pencils and daily starter sheets required for the Lessee's performance pursuant to the terms of this Agreement.

4.4 Golf Course Advertising

A. In accordance with the guidelines identified in Paragraph 14.1 hereinafter and at the Lessee's sole cost, the Lessee shall publish, at a minimum and on a semi-annual basis, a printed advertisement promoting the Whittier Narrows County Golf Course. Such printed advertisement shall be not less than 4" x

5" in size and shall be published in a local or regional periodical or golf publication.

- B. The Lessee shall maintain a current website to be used in the promotion of the Whittier Narrows County Golf Course. The website may be specific to the Whittier Narrows County Golf Course or may be a link from the Lessees' company website.
- C. Advertisements outside of the Lessee's scope of services and products offered at the Whittier Narrows County Golf Course are prohibited. This includes advertising on, but not limited to: scorecards, benches, tee signs, ball washers, and carts.

4.5 General Maintenance

A. Buildings and Equipment

1. Lessee shall, at its sole cost, keep and maintain the demised premises and all structures, improvements, fixtures, trade fixtures, equipment and utilities, which may now or hereafter exist thereon, in good operable, useable and sanitary order and repair and in a good safe condition throughout the term of this agreement, making such repairs and replacements, and doing such rebuilding and restoration as may be required to comply with the requirements of this Agreement.
2. Should Lessee fail, after ten (10) days notice from the County of the need thereof, to perform its obligations required hereunder, County in addition to all other available remedies may, but shall not be so obliged, enter upon the Demised Premises and perform Lessee's said failed obligations, using any equipment or materials on the Demised premises suitable for such purposes. Lessee shall forthwith on demand reimburse County for its costs so incurred, including direct and indirect overhead.

3. It is hereby understood and agreed by Lessee that the County does not have any duty nor shall it be called upon to make any improvements, replacements or repairs whatsoever to the demised premises and to any structures, improvements, fixtures, trade fixtures, equipment and utilities during the term hereof.

B. Grounds Maintenance

1. The Lessee shall have the exclusive duty, right and privilege to mow, edge, trim, over seed, fertilize, aerate, irrigate, sod, change cups, service tees, top-dress, repair divots, rake traps, spray, mop, spot irrigate, syringe and renovate turf and shrub areas designated hereunder, as well as to provide weed control, disease and pest control, tree maintenance, irrigation system maintenance including mainlines, pumps, boosters and controllers, keep swales in good repair and the necessary maintenance of any appurtenant structures and equipment, and other duties as set forth in the attached Exhibit E, General Maintenance Specifications.
2. In regard to the level of maintenance, all work shall be performed in accordance with the highest industry-wide golf course maintenance standards at established frequencies so as to maintain the aesthetic level of the golf course with that of similar public golf courses in the area. Standards and frequencies may be modified from time to time as deemed necessary by the County for the proper maintenance of the Whittier Narrows County Golf Course.
 - a. Monthly inspections of all areas included in the Agreement shall be made by the County. The results of each inspection shall be recorded and retained for reference.

- b. The Lessee shall provide a maintenance foreman and maintenance crew at the golf course daily during normal working hours, as determined by the County. All of the Lessee's maintenance personnel shall be supervised by a Class "A" superintendent (qualifications are described in the attached Exhibit B, Golf Course Manual) in the full-time employ of the Lessee. The Lessee shall employ sufficient personnel to perform the work as scheduled and approved by the County. All personnel shall be clean and neat at all times and wear appropriate clothing.
3. In regard to emergency services, the Lessee shall provide the County with the names and telephone numbers of at least two (2) qualified persons who can be called by County representatives when emergency maintenance conditions occur during hours when the Lessee's normal work force is not present. The County shall call for such assistance only in the event of a genuine and substantial emergency. This section does not pertain to conditions rendering the course unusable as otherwise set forth herein.
4. In regard to the course being out of operation whenever play must be temporarily suspended on a golf facility due to inclement weather conditions, the decision on when to allow play to resume and when to allow carts to go out on the course, will be made by the Lessee.
5. In regard to equipment and materials to be provided by the Lessee:
 - a. The Lessee, at its own cost and expense, shall furnish all necessary equipment, supplies, and materials of good quality and in the amounts necessary to fulfill this Agreement and to accomplish an acceptable and

professional level of maintenance. This equipment, supplies and materials shall include but not limited to:

- i. all necessary gas, oil and spare parts for all equipment.
 - ii. all necessary top dressing, seed, fertilizers, fungicides, insecticides and herbicides
 - iii. parts necessary for the repair and maintenance of all irrigation systems.
 - iv. tee towels, soap, ball washers, putting green cups and flags, benches, trap rakes, tee markers, tee mats, trash receptacles, cleat brushes, and all other pertinent golf course equipment.
 - v. materials for the installation and maintenance of French drain.
 - vi. USGA or like bunker sand for traps on an as needed basis as determined by the Director.
- b. The Lessee shall secure the County's approval of the type of each supply, material, or equipment prior to its use or installation on golf course facilities.

4.6 Notice of Non-Performance

A. County's Right to Enter

Should the Lessee fail, after ten (10) days notice from the County of the need thereof, to perform its obligations hereunder, the County in addition to all other available remedies may, but shall not be so obliged, enter upon the demised premises and perform Lessee's said failed obligations using any equipment or materials on the premises suitable for such purposes. Lessee shall forthwith on demand, reimburse County for its cost so incurred including direct and indirect overhead.

B. Liquidated Damages

If the Director determines that there are deficiencies in the performance of this Agreement, the Director shall provide a written notice to the Lessee to correct the deficiency. The Lessee shall have ten (10) days upon receipt of written notification to correct the deficiency, except for repair of leaking valves, which must be corrected within twenty-four (24) hours following notification. If said deficiency is not corrected within the ten (10) day period, or the twenty-four (24) hour period as applicable, the sum of Two Hundred Fifty Dollars (\$250.00) is hereby agreed upon as the amount of damages that shall be sustained by the County for each day that the deficiency exists. Said amount has been set by the parties hereto in recognition of the difficulty in fixing actual damages.

5.0 TERM OF AGREEMENT

The term of the Agreement shall be for a period of **twenty-two (22) years and five (5) months** commencing on **January 1, 2014**, following the approval of this Agreement by the Director of the Department of Parks and Recreation.

6.0 CONSIDERATION

6.1 Commencing the effective date of this Sublease and continuing through the end of the **fourth (4TH)** year of the term of this Sublease, the Lessee shall pay the County a monthly amount equal to the sum of the percentages of the total monthly gross receipts received as follows:

6.1.1 During the term of the Sublease, the percentages to be used in calculating the rent do the County from the gross receipts received from the rent categories as follows:

12% for the sale of alcohol

8% for the sale of food and non-alcoholic beverages

25% for facility and room rentals

6% for the sale, repair, rental of golf related merchandise, vending machine sales and/or commissions, ancillary

services and equipment related thereto, and any other miscellaneous sales

6.1.2 During the **first** year of the term of the Sublease:

25% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.1.3 Commencing on the first day of the **second** year of the term of the Sublease:

27% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.1.4 Commencing on the first day of the **third** year of the term of the Sublease:

29% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.1.5 Commencing on the first day of the **fourth** year of the term of the Sublease:

31% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2 Commencing on the first day of the **fifth (5TH)** year of the Sublease, the Lessee shall pay the County a monthly amount equal to the greater of: (1) the monthly minimum as defined in Section 6.2.1 below; or (2) the sum of the percentages of the total monthly gross receipts as defined hereinabove and hereinafter.

6.2.1 The monthly minimum rent shall be established by taking **eighty percent (80%)** of the rent received during the **fourth (4TH)** year of the term of the Sublease and then dividing that amount by twelve.

6.2.2 Commencing on the first day of the **fifth (5TH) year of the term through the twenty-third (23RD)** year of the term of the Sublease, the percentage rent shall be determined as follows:

12% for the sale of alcohol

8% for the sale of food and non-alcoholic beverages

25% for facility and room rentals

6% for the sale, repair, rental of golf related merchandise, vending machine sales and/or commissions, ancillary services and equipment related thereto, and any other miscellaneous sales

6.2.3 Commencing on the first day of the **fifth** year of the term of the Sublease, the percentage rent shall be determined as follows:

32% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2.4 Commencing on the first day of the **sixth** year of the term of the Sublease, the percentage rent shall be determined as follows:

33% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2.5 Commencing on the first day of the **seventh** year of the term of the Sublease, the percentage rent shall be determined as follows:

34% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2.6 Commencing on the first day of the **eight** year of the term of the Sublease, the percentage rent shall be determined as follows:

35% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2.7 Commencing on the first day of the **ninth through tenth** year of the term of the Sublease, the percentage rent shall be determined as follows:

36% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

6.2.8 Commencing on the first day of the **eleventh through the twenty-third** year of the term of the Sublease, the percentage rent shall be determined as follows:

38% from the driving range, golf cart rentals, greens fees, tournament fees, and Senior Cards

- 6.3 The monthly minimum amount established pursuant to Section 6.2.1 above, shall be subject to readjustment commencing with the first day of the **eighth (8TH)** year of Lessee's operation pursuant to this Agreement and at the end of each **third (3RD)** year period thereafter for the remainder of the term herein provided. The adjusted monthly minimum amount shall not be less than the preceding year's monthly minimum amount. The formula to be used in determining the adjusted monthly minimum rent shall be eighty percent (80%) of the average of the previous three (3) years of percentage rental due to the County by the Lessee, and then dividing the product by twelve. For example, assume that the percentage rental paid for the first and second year under review is \$500,000 for each year; the third year under review is \$575,000. Based on this assumption, the adjusted monthly minimum would be \$35,000 per month, because this is the amount that is the result of applying the percentage rental due for the three (3) years under review, adding them together ($\$500,000 + \$500,000 + \$575,000 = \$1,575,000$), dividing that total by three ($\$1,575,000/3 = \$525,000$), multiplying that figure by eighty percent (80%) ($\$525,000 \times 0.80 = \$420,000$) and then dividing by twelve ($\$420,000/12 = \$35,000$).
- 6.4 Commencing on the first day of the **sixth year** of the term of Sublease, the Lessee shall pay to the County, on monthly basis along with the rent to be paid to County, for deposit into the Whittier Narrows CIPF **one percent (1%)** of the previous month's total gross receipts received.
- 6.5 Lessee agrees to pay one dollar of each paid tournament registration fee collected in order to assist the County in funding the County's Junior Golf Program (JGP).
- 6.5.1 Lessee shall report, by separate line item, the aggregate of said payments derived from monthly tournament registration fees in the monthly revenue statement that accompanies its regular rent payment as required by the Sublease.

- 6.5.2 County agrees to use such funds for its JGP only, and shall make every reasonable attempt to provide junior camps, clinics, tournaments and other special events as frequently as possible in accordance with its goals to serve all golf courses within its system.
- 6.6 The parties acknowledge and agree that the County had previously established a Golf Course Capital Improvement Program Fund (CIPF) for the demised premises. Said CIPF names, and is administered by, County as its sole trustee. The distribution of moneys deposited, and any interest earned thereon, shall be based on County's and Lessee's approved Capital Improvement Program as set forth in Section 10 hereinafter.
- 6.6.1 Notwithstanding the Paragraph 6.5.1 above and effective the commencement date of the Lease, the Lessee agrees to collect the Golf Course Improvement Fee (GCIF), as outlined in Attachment D, Golf Course Green Fee Rates, and shall forward to the County one hundred percent (100%) of the GCIF collected.
- a. Said fees are not to be reported as a gross receipt and therefore, shall not be calculated in the rent to be paid to the County.
 - b. Lessee shall report, by separate line item, the aggregate of said payments derived from the GCIF in the monthly revenue statement that accompanies its regular rent payment as required by the sublease.
 - c. County agrees that one hundred percent (100%) of the GCIF will be deposited in a separate Capital Improvement Account exclusively for said funds.
 - d. Lessee agrees that the funds raised by the GCIF will be used for course improvements that directly affect the golfing experience at the course, including, but not limited to, refurbishment of greens, bunkers, tee boxes, etc., and major maintenance.
 - e. Within thirty (30) days of the date first above written, Lessee

shall submit a list of improvements to be funded from this GCIF and an implementation schedule to the Director for approval. Lessee shall, within thirty (30) days of receipt of Director's approval of the proposed improvements and the priority of funding those improvements, post in a public area of the golf course the approved list of improvements and schedule of project timelines so that the public can be aware of the golf course improvements to be funded from the GCIF. As improvements are completed, the Lessee shall update the posted list to reflect the implemented and planned improvements status. Lessee and the Director will coordinate updates to the list as appropriate so that the GCIF will be dedicated to improvements directly affecting the golfing experience. Nothing in this Sublease shall prevent the Lessee and Director from coordinating on the improvements to be funded, or prevent the Director from proposing projects or from determining priority of funding from the GCIF. As the parties agree that the intent of the GCIF is to augment funding to directly improve the golfing experience, the parties agree that: The Director is authorized to make the final determination on improvements to be funded by the GCIF if the parties fail to agree on the list and implementation schedule within six (6) months of the effective date of this Sublease.

- f. County reserves the right from time to time to audit and verify from the related books and records of the Lessee to ensure that disbursement of funds from the GCIF are in keeping with the provisions of this Sublease. In the event any disbursement of funds from the GCIF is not in accordance with the provisions of this Sublease, as determined by the Director, Lessee shall reimburse the County, for deposit into the GCIF, the shortage within thirty (30) days upon receipt of a written notice, plus an

amount equal to the interest that would have accumulated on the amount from the time of disbursement until repayment.

- 6.6.2 It is expressly understood by both parties that any and all distributions from said CIPF shall be used exclusively for Capital Improvements involving the demised premises. At the termination of this Agreement, all unexpended moneys shall be retained by the County.
- 6.7 When the Director and Lessee find that a percentage of gross receipts is not suitable or applicable for a particular activity not otherwise provided for herein, the Director may establish a minimum monthly amount and/or percentage of gross receipts as payment for the privilege of engaging therein. Said amount shall be set by mutual consent of the Director and Lessee and shall be reasonable in accordance with the revenue to be generated there from.
- 6.8 Payment shall be made to the Department on or before the fifteenth (15th) day of the calendar month following each month of the term of this Agreement. Payment shall be by check or draft and made payable to the County of Los Angeles Department of Parks and Recreation. **However, any check that is returned for non-sufficient funds, for any reason, the Lessee shall pay an additional thirty-three dollar (\$33) service fee.** Payments shall be mailed or otherwise delivered to the Treasurer/Tax Collector, P.O. Box 54927, Los Angeles, California 90054-0927. In addition, a late payment charge of two percent (2%) compounded per month shall be added to any late payment received by the Treasurer/Tax Collector after the fifteenth day of the month. However, the late payment charge herein provided may be waived, whenever the Director, in his sole discretion, finds the late payment excusable by reason of extenuating circumstances. At no time during the term of this Agreement shall the County be obligated to notify the Lessee of the accumulation of late payment charges.

7.0 CHANGES AND AMENDMENTS

- 7.1 The County's Board of Supervisors or its designee may require the addition and/or change of certain terms and conditions in the Agreement during the term of this Agreement. The Director reserves the right to add/or change such provisions as required by the County's Board of Supervisors. To implement such orders, an Amendment to the Agreement shall be prepared and executed by the Director and Lessee.
- 7.2 Notwithstanding the above, this document may be modified only by further written Agreement between the parties. Any such modification shall not be effective unless and until executed by Lessee and in the case of County, until approved by Board of Supervisors and the District Engineer.

8.0 ACCOUNTING RECORDS

- 8.1 All sales shall be recorded by means of cash registers which publicly display the amount of each sale and automatically issue a customer's receipt or certify the amount recorded on a sales slip. Said cash registers shall in all cases have locked-in sales totals and transaction counters which are constantly accumulating and which cannot, in either case, be reset. In addition, such cash registers must have a tape located within the register upon which transaction numbers and sales details are imprinted. Beginning and ending cash register readings shall be made a matter of daily record. In the event of a technical or electrical failure of the cash registers, Lessee shall record by hand all collections, and issue a sequentially pre-numbered customer's receipt in like manner.
- 8.2 Lessee shall furnish the Director with a monthly gross receipts report showing the amount payable there from to the County. Such a report shall accompany each monthly payment required to be made as provided herein. The monthly reporting period shall be by calendar month rather than monthly anniversary date of the effective date of this Agreement. In addition thereto, Lessee shall furnish an annual profit and loss statement and a balance sheet prepared by a person and in a form acceptable to the County. The annual profit and loss statement shall be submitted to the

Golf Operations Office within sixty (60) days of the close of the calendar year.

- 8.3 Lessee shall maintain a method of accounting which shall, to the satisfaction of the Auditor-Controller, correctly and accurately reflect the gross receipts and disbursements of Lessee in connection with the operation. The method of accounting, including bank accounts, established for said operation shall be separate from the accounting system used for any other business operated by Lessee or for recording Lessee's personal financial affairs. Such method shall include the keeping of the following documents:
- 8.3.1 Regular books of accounting such as general ledgers;
 - 8.3.2 Journals including any supporting and underlying documents such as vouchers, checks, tickets, bank statements, etc.;
 - 8.3.3 State and Federal income tax returns and sales tax returns and checks and other documents providing payment of sums shown which shall be kept in confidence by County;
 - 8.3.4 Cash register tapes (daily tapes may be separated but shall be retained so that from day to day the sales and/or rentals can be identified);
 - 8.3.5 Any other accounting records that the Auditor-Controller deems necessary for proper reporting of receipts;
- 8.4 All documents, books and accounting records shall be open for inspection and re-inspection at any reasonable time during the term of this Agreement and for five (5) years thereafter. In addition, the County may from time to time conduct an audit and re-audit of the books and business conducted by Lessee and observe the operation of the business so that accuracy of the above records can be confirmed. All information obtained in connection with the County's inspection of records or audit shall be treated as confidential information and exempt from the public disclosure thereof to the extent permitted under the California Public Records Act.

- 8.5 In the event that an audit or review conducted by the Auditor-Controller and/or Director finds that, due to Lessee's non-compliance with its obligation to report gross receipts received in connection with its operations authorized herein, an actual loss and/or a projected loss of revenue to County can be determined, Director may, at his option, (1) bill Lessee for said losses, said amount to be paid to County within thirty (30) days following billing therefore unless otherwise specified by Director; and/or (2) use the Security Deposit as provided for herein; and/or, (3) assess liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to correctly report gross receipts, and a projected loss of revenue due to County. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is Two Hundred Fifty Dollars (\$250.00) per day for each day of the loss period as determined by County, and that the Lessee shall be liable to the County for liquidated damages in said amount.
- 8.6 Should the Director find that the additional rental payment due to County exceeds two percent (2%) of the total amount which should have been paid as determined by such review or audit and observation, and there being no reasonable basis for the failure to report and pay thereon, Lessee shall also pay the cost of the audit as determined by County and pay any penalty heretofore provided for the delinquent payments.

9.0 SECURITY DEPOSIT

- 9.1 Prior to the commencement of this Agreement, Lessee shall pay to the Director the sum of **One Hundred Twenty-Five Thousand Dollars (\$125,000)** in the form of a cashier's check made payable to the Department of Parks and Recreation.
- 9.2 Said Security Deposit shall serve as security for faithful performance of all covenants, promises and conditions assumed herein by Lessee, and may be applied in satisfaction and/or mitigation of damages arising from a breach thereof, including, but not limited to, delinquent payments;

correction of maintenance deficiencies; securing required insurance; loss of revenue due to abandonment, vacation or discontinuance of Lessee's operation; discrimination; refunding of deposits for scheduled future events which are required to be canceled due to abandonment, vacation or discontinuance of Lessee's operation; a breach of obligations assumed by Lessee herein with respect to the requirements therefore by County, including the payment of mechanic's liens. Application of amounts on deposit in satisfaction and/or mitigation of damages shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement.

- 9.3 In the event any or all of said amount is applied in satisfaction and/or mitigation of damages, Lessee shall immediately deposit such sums as are necessary to restore the Security Deposit to the full amount required hereunder.
- 9.4 Said Security Deposit shall be returned to Lessee upon termination of this Agreement less any amounts that may be withheld there from by County as heretofore provided.

10.0 REQUIRED CAPITAL IMPROVEMENT PROGRAM

- 10.1 Lessee shall prepare and annually submit for the review and approval by the Director and the District Engineer, a proposed list of Capital Improvement Program (CIP) projects. Said list shall describe each proposed project, the estimated improvement costs, and the intended time frame for commencement and completion of each proposed project. Implementation of the approved CIP project list shall be subject to the requirements set forth herein and in the Manual.
- 10.2 Lessee shall submit its proposed CIP list to the Director prior to the end of the first year of the term of this Agreement, and thereafter on an annual basis. Director shall notify Lessee of the approval, disapproval, or modification of said list within one hundred eighty (180) days following receipt of same. Director and Lessee may agree, from time to time that various capital improvement(s) mutually agreed upon, shall

be completed as necessary to improve and/or ensure the usability of the premises. In the event that the Director and Lessee do not mutually agree upon capital improvement(s), then the Director has, at all times, the final decision on capital improvement(s) approval and implementation.

- 10.3 Prior to commencement of construction, Lessee shall obtain the District Engineer's and the Director's written approval of all plans, specifications and construction cost estimates, using a minimum of three bids or proposals, for the improvements to be constructed upon the demised premises. No modification of said plans, specifications, or improvements, including landscaping, shall be made by Lessee without approval thereof by the Director and the District Engineer. Lessee agrees that County may have on the site at any time during the construction an inspector who shall have the right of access to the premises and the construction work.
- 10.4 The parties agree that any delay in the construction due to fire, earthquake, war, labor dispute or other events beyond the control of Lessee shall extend the time in which said construction must be completed by the length of time of such delay.
- 10.5 Lessee shall construct, perform, complete and maintain all construction and installations covered by this Agreement in a good and workmanlike manner and with high quality materials, and shall furnish all tools, equipment, labor and material necessary to perform and to complete same. Upon completion of the improvements, Lessee shall furnish the Director with one (1) complete set of as-built construction drawings on Mylar or its equivalent acceptable to the Director (all circuit breakers, mechanical equipment, switches, plumbing and fire sprinkler section and main valves shall be plainly labeled and a master index shall be provided); operating manuals for building equipment and systems; and copies of all written warranties. Upon termination of this Agreement whether by expiration of term or cancellation, Lessee

shall assign to County all express warranties furnished by other persons in connection with the provision of labor and/or material to the works of improvement covered by this Agreement. Upon review by and consultation with County's Risk Manager, Lessee shall provide such insurance coverage as Director may reasonably deem necessary for the contemplated CIP project.

- 10.6 Commencement of construction shall occur after the Lessee receives an advance payment from the County. The Lessee agrees to commence work within a reasonable timeframe but not to exceed thirty (30) days. The Director may administratively adjust the 30-day schedule when, in the opinion of the Director, circumstances occur that are not the fault of the Lessee which cause a delay to the construction start schedule. If this occurs, the Lessee agrees to put the advanced payment into an interest-bearing account and agrees that all interest accrued be applied to the principal for project costs.
- 10.7 It is understood that the construction and/or improvements required herein may, at the discretion of Lessee be constructed in phases, each phase being separated from the other by a period of time to be mutually agreed upon by Lessee and the Director. In the event the required construction is phased as herein provided, and subject to the provisions of paragraph 10.4, diligent prosecution thereof shall require commencement of each phase on or before the date selected for commencement thereof and shall require completion of construction as provided for herein.
- 10.8 Within ten (10) days of the commencement date of this Sublease, the Lessee shall deposit **\$375,000** into the Whittier Narrows CIPF. On or before the first day of the **third (3RD)** year of the term of this Sublease, the Lessee shall deposit an additional **\$375,000** into the Whittier Narrows CIPF.
- 10.9 In order to ensure the Lessee's performance of a Capital Improvement Program and commencing the **first (1ST)** year of the term of the

Sublease, the County shall deposit **ten percent (10%) of the total monthly gross receipts received from the collection of green fees** into the CIPF with the County Treasurer. The fund shall name the County as trustee. The distribution of monies so deposited and the interest earned thereon, if any, shall be based upon County's and Lessee's approved Capital Improvement Program.

10.10 Upon final approval by the Director of the plans, specifications and construction cost estimates for the capital improvement(s), the Director shall instruct the Auditor-Controller to issue a warrant to the Lessee in the amount of ninety percent (90%) of the construction cost estimate. Upon completion of the capital improvement(s) and acceptance by the Director, the Auditor-Controller shall be instructed by the Director to issue a warrant to the Lessee in the amount of the remaining balance of the actual construction cost.

10.11 The monies deposited and accumulated in the Capital Improvement Program fund shall at all time be administered by the County as trustee. At the termination or other expiration of this Agreement, all unexpended funds shall be retained by the County.

10.12 It is expressly understood by County and the Lessee that any and all distributions from said Fund shall be used exclusively for Capital Improvements within the demised premises as identified in Exhibit C.

10.13 **Required Capital Improvement Projects**

Using funds distributed from the CIPF, the Lessee is required to complete the following Capital Improvement Projects, subject to review and written approval by the Director:

1. Parking lot overlay; and
2. Green waste removal.

11.0 BONDS

11.1 The Lessee shall maintain a performance bond in an amount of not less than one hundred percent (100%) of the costs for each construction project to be performed, as estimated by the Director,

payable to the County of Los Angeles and executed by a corporate surety authorized to conduct business as a surety in the State of California. The condition of the bond shall be such that if the Lessee shall well and truly perform the construction herein required, pursuant to the approved plans and specifications therefore, then surety shall no longer be bound thereon. Said bond shall be maintained in full force and effect by the Lessee until said works of improvement have been accepted by the Director.

11.2 The Lessee shall maintain a performance bond in an amount of not less than one hundred percent (100%) of the costs for each construction project to be performed labor, materials, appliances, teams or power, as estimated by the Director, payable to the County of Los Angeles and executed by a corporate surety authorized to conduct business as a surety in the State of California. The payment shall also inure to the benefit of all claimants, as said term is presently defined by Section 3085 of the State Civil Code, or may hereafter be amended, so as to give such claimants a right of action to recover thereon in any suit brought to foreclose the liens provided for in Title 15 of Part 4 of Division 3 of the Civil Code or in a separate suit brought upon the bond. The condition of the bond shall be such that if the Lessee shall well and truly pay, or cause to be paid, all claims for labor, materials, appliances, teams or power, or either or all performed, furnished or contributed in connection with said works of improvement, then surety shall no longer be bound thereon. Said bond shall be maintained in full force and effect until all claims for labor, materials, appliances, teams or power have been paid as evidenced by release of mechanic's liens by claimants.

11.3 The Director may accept in lieu of the bonds heretofore described, the performance and payment bonds of corporations duly authorized to issue surety bonds by the State, naming as principal a licensed contractor employed by the Lessee to construct works of improvement

on the demised premises, provided each bond is in an amount equal to the percentage hereinabove provided; names the County as an additional obligee; contains terms and conditions substantially similar to the requirements heretofore specified; and is satisfactory as to sufficiency and liability of sureties named thereon.

- 11.4 The Director may also accept in lieu of the bonds heretofore described, the deposit and assignment to County of investment certificates and shares of a savings and loan, provided the deposits are in an amount equal to the face value of the bonds and comply with the requirements, conditions and procedures prescribed for the assignment of such accounts by Charter 436 of the Los Angeles County Code.
- 11.5 The Lessee shall have the option to deposit with the County, cash or United States Government securities in all respects satisfactory to the Director in lieu of the surety obligations herein required. Said cash or securities shall be deemed deposited with County to secure full and satisfactory performance of the principal obligations heretofore described for which the surety is required and shall be released upon satisfactory performance thereof as evidenced by certification of completion by the Director and release of mechanic's liens by all claimants. In lieu thereof, the Lessee may deposit the required amount in a bank whose deposits are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) or a savings and loan whose deposits are insured under Title 4 of the National Housing Act (12 U.S.C. 1724 et seq.), provided the account is made payable to the County on demand and the certificate of deposit is delivered to the Director. The Lessee shall be entitled to all interest on the deposit and the return of the certificate of deposit upon satisfactory performance as heretofore defined.

12.0 DESTRUCTION OF THE DEMISED PREMISES

12.1 In the event the Demised Premises shall be totally or partially destroyed by a risk covered by the insurance coverage required herein, Lessee shall either restore the premises or terminate this Agreement. If the destruction is from a risk for which coverage is not required or provided under said policy of insurance, County shall either restore the premises or terminate this Agreement. County shall make the loss adjustment with the insurance company insuring the loss and receive payment of the proceeds of insurance. Said insurance proceeds, if any, shall be held for the benefit of Lessee only in the event of an election by Lessee to restore the premises and shall be disbursed in installments as construction progresses for payment of the costs of restoration upon satisfactory performance of the work required, as evidenced by certification of completion by the Director and release of mechanic's liens by all persons furnishing labor and materials thereon. If the proceeds of insurance are insufficient to pay the actual costs of restoration, Lessee shall deposit the amount of the deficiency with the County upon demand therefore by the Director, and said sums shall be held for payment of said costs and disbursed in the manner heretofore provided. Any undistributed funds shall be retained by County and credited to the rental reserved over the remaining term of this Agreement. In the event Lessee elects to restore the Demised premises, plans, specifications, and construction cost estimates for the restoration thereof shall be prepared by Lessee and forwarded to Director for approval prior to the performance of any work thereon. Said documents shall be prepared and submitted in a timely manner following adjustments of the loss and receipt of the proceeds of insurance by County. The required construction shall be performed by Lessee and/or licensed and bondable contractor(s) thereof who shall be required to carry comprehensive liability and property damage insurance, workers' compensation insurance, and standard fire, and

extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction, in amounts equal to the insurance limits required herein, or as otherwise determined by the County. Said construction shall be commenced promptly following the approval thereof by the Director, issuance of permits therefore by governmental agencies having jurisdiction there over, and posting of the construction site by County with notice of non-responsibility, and shall be diligently prosecuted to completion. All work shall be performed in accordance with the approved plans and specifications, unless changes therein are approved in advance thereof by Director. Lessee agrees that County may have on the site at any time during the construction period an inspector who shall have the right of access to the Demised premises and the work occurring thereon. Lessee, at the commencement of the construction work, shall notify Director in writing of the identity, place of business, and telephone number of responsible person(s) in charge of the construction to be occurring thereon. All construction shall be performed in a good and workmanlike manner. Upon completion of the restoration, Lessee shall immediately record a notice of completion with the Registrar-Recorder.

- 12.2 If the premises are restored, this Agreement shall continue in full force and effect, except that the payment to be made by Lessee shall be abated and/or other relief afforded to the extent that the Director may determine the damage and/or restoration interferes with the agreement operation provided a claim therefore is filed with the Director within one hundred (100) days of notice of election to restore the premises. Any such claim shall be denied if the destruction of the Demised Premises is found by the District Engineer and/or the Director to have been caused by the fault or neglect of Lessee. Lessee agrees to cooperate in the determination of the abatement and/or other relief to be provided by furnishing all information requested relative to the

operation, and permitting examination and audit of all accounting records kept in connection with the conduct thereof.

12.3 Lessee shall cooperate in the restoration of the Demised Premises by vacating and removing there from all items of inventory, trade fixtures, equipment and furnishings for such periods as are required for the restoration thereof.

12.4 The aforesaid provisions for abatement and/or other relief shall also be applicable to a total or partial destruction of the Whittier Narrows County Golf Course by the aforementioned causes, except that the relief to be provided shall be based upon the extent the Director may determine that the reduction in the public's use of said park due to the partial or total closure thereof has affected the Agreement.

12.5 Any restoration construction must comply with environmental laws, National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA). If substantial renovation is to occur, the District Engineer shall review and approve any plans. In addition, any approval provided by the District Engineer shall require a NEPA document; the cost of which shall be the responsibility of the Lessee.

12.6 Lessee agrees to accept the remedy heretofore provided in the event of a destruction of the Demised Premises and hereby waives any and all additional rights and remedies for relief or compensation that are presently available or may hereafter be made available under the laws and statutes of this State.

13.0 CONSTRUCTION BY COUNTY AFFECTING DEMISED PREMISES

13.1 In the event County shall construct or cause construction within the Demised Premises, this Agreement shall continue in full force and effect, except that the payments to be made by Lessee shall be abated and/or other relief afforded to the extent that the County may determine the construction interferes with the authorized operations,

provided a claim therefore is filed with the Director within one hundred (100) days of commencement of construction.

- 13.2 Lessee agrees to cooperate with County in the event the construction affects the Demised Premises by vacating and removing there from all items of inventory, trade fixtures, equipment and furnishings for such periods as are required by the construction of the new facilities. Lessee further agrees to cooperate in the determination of the abatement and/or other relief to be provided by furnishing all information requested relative to the operation and permitting examination and audit of all accounting records kept in connection with the conduct thereof.
- 13.3 Following completion of the new facility, Lessee shall resume its operations there from within thirty (30) days of written notice from the Director that the Demised Premises are tenantable.
- 13.4 The aforementioned provisions of this section shall also be applicable in the event of performance of work at the Whittier Narrows County Golf Course that requires a partial or total closure thereof, except that the abatement and/or other relief to be provided shall be based upon the extent the Director may determine that the reduction in the public's use of the Demised Premises due to the partial or total closure thereof, has affected the Lessee's operations.
- 13.5 Lessee agrees to accept the remedy heretofore provided in the event of construction upon the Demised Premises and hereby waives any and all additional rights and remedies for relief or compensation that are presently available or may be made available hereafter under the laws and statutes of this State.

14.0 OPERATING RESPONSIBILITIES

14.1 Advertising and Publicity Materials

- 14.1.1 Lessee shall not, nor shall it authorize another to promulgate or cause to be distributed any advertising or publicity materials unless prior approval thereof is obtained from Director. Said

approval shall not be unreasonably withheld or delayed. Such materials shall include, but are not limited to: advertising in newspapers, magazines and trade journals, the internet, and radio and/or television commercials.

14.1.2 In recognition of the Lessee's need to identify its services and related clients to sustain itself, the County shall not prohibit the Lessee from publishing in any of its bids, proposals, and sales materials that it has been awarded this Agreement by the County of Los Angeles, with the understanding that such materials are to be prepared in a professional manner, and that the materials are subject to the requirements of this Subsection 14.1.of this Agreement.

14.1.3 Credit for the County and the Corps of Engineers

Lessee agrees that any advertising or promotional materials promulgated by Lessee, which contains the words "Whittier Narrows County Golf Course", or any derivative thereof, shall also include the phrase "a United States Army Corps of Engineers facility and a unit of the County of Los Angeles Department of Parks and Recreation System" with the United States Army Corps of Engineers logo, the County seal and the Parks and Recreation Department logos, unless specifically approved otherwise by the District Engineer and the Director.

14.2 Compliance with Laws, Rules and Regulations

Lessee shall conform to and abide by all municipal and County ordinances, and all State and Federal laws and regulations, insofar as the same or any of them are applicable; and where permits and/or licenses are required for the Agreement, any related activity, and/or construction authorized herein, the same must be first obtained from the regulatory agency having jurisdiction there over. Further, Lessee shall conform to and abide by all rules and regulations and policies of the County's Board of Supervisors, the Director of the Department of

Parks and Recreation, and any other County agencies insofar as the same or any of them are applicable.

14.3 Lessee's Staff and Employment Practices

- 14.3.1 Lessee shall maintain adequate and proper staff for its authorized operations. Lessee shall designate an Operations Manager with whom County may deal with on a daily basis. Any person selected by Lessee as an Operations Manager shall be skilled in the management of businesses similar to the operation and shall be subject to approval by the Director. The Operations Manager shall devote substantial time and attention to the operations authorized herein and renders such services and convenience to the public as are required. The Operations Manager shall be fully acquainted with the operation, familiar with the terms and the conditions prescribed therefore by this Agreement, and authorized to act in the day-to-day operation thereof.
- 14.3.2 The Director may at any time give Lessee written notice to the effect that the conduct or action of a designated employee of Lessee is, in the reasonable belief of the Director, detrimental to the interest of the public patronizing the Demised Premises. Lessee shall transfer or reassign any such employee within a reasonable period of time following notice thereof from the Director, and such employee shall not be assigned to any other County Department of Parks and Recreation facility.
- 14.3.3 The Lessee 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 requirements set forth in Federal and State statutes and regulations. The Lessee shall obtain, from all employees performing work hereunder, all verification and other

documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Lessee shall retain all such documentation for all covered employees for the period prescribed by law. The Lessee shall indemnify, defend and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Lessee or County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Agreement.

- 14.3.4 The Lessee establish an identification system for personnel assigned to the starter service which clearly indicates to golf course patrons the name of the person(s) on duty and responsible for collecting greens fees. The identification system shall be furnished at the Lessee's expense and shall include appropriate attire, name badges and/or name plates as specified by the Director
- 14.3.5 At any time prior to or during the term of this Agreement, the County may require that all of the Lessee's staff performing work under this Agreement undergo and pass, to the satisfaction of the County, a background investigation, as a condition of beginning and continuing to work under this Agreement. The County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the sole expense of the Lessee,

regardless if the Lessee's staff passes or fails the background clearance investigation.

14.4 Days and Hours of Operation

The Lessee shall keep said operation open every day, including Sundays and Holidays. The minimum hours of operation shall be the same as for the golf course starter office on each day the said operation is required to be open. Lessee shall post hours of operation in a visible location. Open play on the course may be suspended during periods of inclement weather. Lessee shall comply with the approved schedule of days and hours of operation unless prior written authorization to deviate from said schedule is obtained from the Director. Lessee shall maintain an answering device in the name of the Lessee and shall respond to any message left by County within a twenty-four (24) hour timeframe.

14.5 Disorderly Persons

Lessee agrees to exercise every reasonable effort to not allow any loud, boisterous or disorderly persons about the Demised Premises.

14.6 Facility Fees and Charges

14.6.1 Green Fees

In accordance with use granted herein, the rates that can be charged to the public for green fees are identified in Exhibit D, County Fees and Charges, which is attached hereto and incorporated herein. Said Fees and Charges are approved and established by the Board of Supervisors and are subject to change by the Board of Supervisors.

14.6.2 Golf Cart Rental Fees

The Director reserves the right to establish the golf cart rental fees, and such fees may not be modified by Lessee without written approval from the Director.

14.7 Filming

In the event that any filming is proposed to be conducted on the Demised Premises, Lessee will be required to obtain required filming permits from Film LA Inc. All filming requires review and approval by the District Engineer.

14.8 Golf Clubs/Organizations

Lessee acknowledges that at the golf facility there is presently organized, active and participating responsible golfing organizations that have over long periods have been helpful to the County in the operation and improvement of said golf course. Without granting any special privileges to any person or group, the Lessee agrees to encourage and accommodate these organizations, and to consult with their authorized representatives on matters of mutual interest. Similarly, the Lessee agrees to encourage formation of additional responsible golfers' organizations by users of the golf facility and to consult with them in the same manner.

14.9 Golf Course Evaluation Report

14.9.1 County and Lessee agree that the overall condition and playability of the golf course, and the condition of the buildings thereon is of the primary importance to both parties. As this Agreement specifies the standards of performance deemed necessary for proper maintenance, the County has developed a Golf Course Evaluation Report to document Lessee's performance pursuant to said standards.

14.9.2 The County's Golf Course Evaluation Report, a sample of which will be provided to Lessee and hereafter shall be included herein by this reference, will be completed by an authorized representative(s) of the Director subsequent to a golf course inspection by said representative(s). The County shall make every reasonable effort to conduct such

inspections on a regular basis, generally once every three to four weeks, and the Lessee or his authorized representative may be invited to participate in the inspection tour of the premises.

14.9.3 The Director reserves the right to modify, update, and/or amend the general content and format of the Evaluation Report forms in order to provide for a suitable instrument for the documentation of Lessee's performance.

14.10 Habitation

No human habitation will be permitted on the premises. This will not be construed to prohibit the Lessee from providing properly designed guard-stations for night watchmen or other patrolmen, as approved in writing by the District Engineer and the Director.

14.11 Illegal Activities

Lessee shall not knowingly permit any illegal activities to be conducted upon the Demised Premises.

14.12 Prices

Lessee shall at all times maintain and post a complete list or schedule of the prices collected for all fees, charges, goods, rentals, and services, or combinations thereof, supplied to the public on or from the Demised premises. The District Engineer and the Director hereby reserves the right to review and approve said fees and any increase requires approval from the District Engineer and the Director. Said prices shall be fair and reasonable and based upon the following considerations: that the Use Granted is intended to serve the needs of the public for the goods and/or services supplied at a fair and reasonable cost; comparability with prices charged for similar goods and/or services supplied in the Los Angeles Metropolitan Area; and reasonableness of profit margin in view of the cost of providing same in compliance with the obligations assumed in this Agreement. In the event the Director notifies Lessee that prices being charged are not

fair and reasonable, Lessee shall have the right to confer with the Director and justify said prices. Following reasonable conference and consultation thereon, Lessee shall make such price adjustments as may be ordered by the Director.

14.13 Public Use

Lessee shall use its best efforts to maximize the public use of the golf course at the demised premises and the facilities thereon.

14.14 Quality of Services

Service to the public is of prime concern to County and is considered a part of the consideration for this Agreement. Therefore, Lessee agrees to operate and conduct its operation in a manner to that of similar public golf courses in the area providing similar activities, programs and services. Lessee, following receipt of written notification therefore, shall immediately withdraw or remove from sale any goods, services, and/or merchandise which may be found objectionable to the Director based on findings that the provision of such terms are not in the best interest of the public welfare.

14.15 Reporting

The Lessee or his representative shall meet with the Director or his representative once every month, and at such other times as may be required by the County to review Lessee's performance under this Agreement and to discuss any problems or matters as determined by the County.

14.16 Safety

14.16.1 Lessee shall immediately correct any unsafe condition of the Demised Premises or unsafe practices occurring thereon, as well as comply with all applicable safety laws. Lessee shall cooperate and comply fully with County, State, Federal or any other regulatory agency having jurisdiction there over regarding any safety inspections and certifications of any

and all Lessee's structures, enclosures, vehicles and/or equipment.

14.16.2 Lessee shall obtain emergency medical care for any member of the public who is in need thereof, because of illness or injury occurring on the Demised Premises and shall cooperate fully with County in the investigation of any accidental injury or death occurring on the Demised Premises. Lessee shall submit a report within twenty-four (24) hours to the Director of any accidental injury or death.

14.16.3 Inclement Weather

Lessee shall make an assessment of the demised premises to determine if it is safe for use by the public.

14.17 Sanitation

No offensive matter or refuse, or substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or remain on the Demised Premises. Lessee shall provide that all refuse is collected as often as necessary, and in no case less than once a week, and shall pay all charges which may be made for the removal thereof. Lessee shall furnish all equipment and materials necessary, including trash receptacles of the size, type, color and number required by the Director, to maintain the Demised Premises in a sanitary condition. Public restrooms shall be cleaned on a daily basis.

14.18 Security Devices

Lessee, at its own expense, may provide any legal devices or equipment and the installation thereof, designated for the purpose of protecting the Demised Premises from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from the Director.

14.19 Signs

Lessee shall not post signs upon Demised Premises or improvements thereon unless prior written approval thereof is obtained from the District Engineer and the Director.

14.20 Trade Fixtures

Lessee shall provide and install all appliances, furniture, fixtures and equipment that are required for the golf course operation as provided for hereinabove. During the last thirty (30) days preceding the termination of this Agreement, Lessee shall remove same from the Demised Premises, other than for those items of personality, which have been furnished by the County or so affixed that their removal there from cannot be accomplished without damage to the realty. Should Lessee fail to so remove said appliances, furniture, fixtures, equipment, door locks and padlocks within said thirty (30) day period, Lessee shall lose all right, title and interest in and thereto, and County may elect to keep same upon the Demised Premises or to sell, remove or demolish same. Lessee shall reimburse County for any and all costs, as determined by the Director, incurred in excess of any consideration received from the sale, removal or demolition thereof.

14.21 Tree Trimming

As instructed by the Director and utilizing funds distributed from the LAGC Capital Improvement Program Fund (CIPF), the Lessee shall trim a minimum of five hundred (500) trees commencing at the start of the term of the Sublease and completed by the end of the first year of the term of the Sublease. Commencing with the second year of the agreement, the Lessee, at its expense, shall trim a minimum of fifty (50) trees per two-year interval during the remaining term of the Sublease. All trees selected and scope of the trimming is subject to approval by the Director.

14.22 Use of Facilities: Restrictions

Lessee shall obtain Director's prior written approval of (1) any events or activities not otherwise specifically provided for and authorized herein, or (2) any events or activities requiring the exclusive use of the demised premises or any portion thereof, including, but not limited to: Exclusive-Use Golf Tournaments; and use of facilities by Special Interest Groups.

14.23 Utilities

The Lessee shall provide and pay for all utilities needed to serve the demised premises, including telephone service. The telephone number shall be placed in the name of the Lessee and shall not be transferred to any other location. Lessee waives any and all claims against County for compensation for loss or damage caused by a defect, deficiency or impairment of any utility system, water system, water supply system, drainage system, waste system, heating or gas system, electrical apparatus or wires serving the demised premises. Lessee shall not in any way alter or modify any of the County's utilities systems and/or equipment. The Lessee has the obligation to pay all utilities associated with all meters located on the demised premises.

14.24 Acceptable Forms of Public Remittance

In addition to cash and checks, the Lessee shall accept at least two (2) major credit cards as a form of payment made by the patrons for the services provided by the Lessee.

14.25 Cooperative Sanctuary Program

Within six (6) months of the Sublease commencement, the Lessee shall join Audubon International, a 501(c)(3) non-profit organization. The Lessee shall participate in the Audubon Cooperative Sanctuary Program for Golf Courses and throughout the term of the contract, the Lessee shall maintain membership with Audubon International. The Whittier Narrows County Golf Course shall be certified within forty-eight (48) months of commencement of this Sublease as a Certified

Audubon Cooperative Sanctuary; the Lessee shall maintain certification throughout the remainder of the term of the Sublease.

14.26 Intentionally Omitted

14.27 Facility Painting and Structure Repair

Using funds distributed from the WNGC CIPF, the Lessee shall be responsible for painting the interior/exterior of the clubhouse, cart storage facilities, and pro shop. The scope of work shall also include, but not be limited to, the removal, repairing, and replacing of the wood damaged from dry/water rot and termite. The painting and structure repair shall be completed by the end of the first year of the term of the Sublease. Upon completion of the initial facility repainting and structure repair, the Lessee shall incorporate future facility painting and structure repair, at their expense, into their overall facility maintenance plan.

14.28 Graffiti Control

14.28.1 Graffiti control shall include, but not be limited to, all surfaces to the following areas as noted.

Exterior

- a. All exterior wall surfaces.
- b. Signs and Fountains
- c. Wooden Bridges and Structures
- d. Restrooms and Comfort Stations - all exterior wall, window and door surfaces
- e. Service Yard and Buildings
- f. Concrete and Block Walls
- g. Cart Paths and Concrete walks throughout the course.
- h. Curbs and bumpers in parking lots and on streets and drives.
- i. Trash Receptacles
- j. Doors
- k. Other surfaces within the golf course.

Interior

- a. Golf Course offices, meeting rooms, and storage rooms
 - b. Restrooms and comfort stations - all interior walls, doors, cabinets and windows.
- 14.28.2 All materials and processes used in graffiti control shall be non-injurious to surfaces and adjacent golf course property, and approved by CAL-O.S.H.A.
- 14.28.3 Appropriate surface preparation shall be made on painted walls, and paint applied shall be the exact shade of color as existing paint, unless otherwise specifically approved by the Director or his Designee.
- 14.28.4 The Lessee shall use special care and attention when removing graffiti from treated or sealed surfaces. Such surfaces shall not be painted. The Lessee shall use materials, and methods of application, as provided and approved by the Director or his Designee.
- 14.28.5 The Lessee is not required to sandblast walls or walkways.
- 14.28.6 The Lessee shall clean spills, spatters, and runs from graffiti removal operations as a part of each operation.

15.0 TERMS AND CONDITIONS

15.1 AGREEMENT ENFORCEMENT

- 15.1.1 The Director shall be responsible for the enforcement of this Agreement on behalf of County and shall be assisted therein by those officers and employees of County having duties in connection with the administration thereof.
- 15.1.2 Any officers and/or authorized employees of County may enter upon the Demised Premises at any and all reasonable times for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of County within the Demised Premises.
- 15.1.3 In the event County commences legal proceedings for the enforcement of this Agreement or recovery of the Demised

Premises herein, Lessee does hereby agree to pay any sum which may be awarded to the County by the Court for attorney's fees and costs incurred in the action brought thereon.

15.2 COMPLAINTS

The Lessee shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

15.2.1 Within ten (10) business days after the effective date of the Agreement, Lessee shall provide the Director with a policy for receiving, investigating and responding to user complaints.

15.2.2 The Director will review the Lessee's policy and provide the Lessee with approval of said plan or with requested changes.

15.2.3 If the Director requests changes in the Lessee's policy, the Lessee shall make such changes and resubmit the plan within five (5) business days for Director's approval.

15.2.4 If, at any time, the Lessee wishes to change the Lessee's policy, the Lessee shall submit proposed changes to the Director for approval before implementation.

15.2.5 The Lessee shall preliminarily investigate all complaints and notify the Director of the status of the investigation within five (5) business days of receiving the complaint.

15.2.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.

15.2.7 Copies of all written responses shall be sent to the Director within three (3) business days of mailing to the complainant.

15.3 CANCELLATION

15.3.1 Upon the occurrence of any one or more of the events of default hereinafter described in Paragraph 15.14, this Agreement shall be subject to cancellation. As a condition precedent thereto, the Director shall give Lessee ten (10)

days notice by registered or certified mail of the date set for cancellation thereof; the grounds therefore; and that an opportunity to be heard thereon will be afforded on or before said date, if request is made therefore.

15.3.2 Upon cancellation, County shall have the right to take possession of the Demised Premises, including all improvements, equipment, and inventory located thereon, and use same for the purpose of satisfying and/or mitigating all damages arising from a breach of this Agreement.

15.3.3 Action by County to effectuate a cancellation and forfeiture of possession shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement.

15.3.4 In the event that, following service of the Notice of Cancellation of this Agreement under the provisions of this clause, the Director, in his sole discretion, it is determined that the Lessee was not in default under the provisions of this clause, that the default was excusable under provisions of this clause, or Lessee has, to the satisfaction of the Director, cured any default, the Director shall issue, within five (5) business days, a rescission of the Notice of Cancellation, and the rights and obligations of the parties shall be the same as if the Notice of Cancellation had not been issued.

15.4 COMPLIANCE WITH CIVIL RIGHTS LAW

The Lessee hereby assures that it will comply with Subchapter VII of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be

otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement. The Lessee shall comply with Exhibit H, Lessee's EEO Certification.

15.5 COMPLIANCE WITH COUNTY'S SMOKING BAN ORDINANCE

This Sublease Agreement is subject to the provisions of the County's ordinance entitled Los Angeles County Code Title 17, Parks, Beaches, and Other Public Places, prohibiting smoking at County Parks ("Smoking Ban Ordinance") as codified in Sections 17.04.185 through 17.04.650 of the Los Angeles County Code.

15.6 LESSEE'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT ENFORCEMENT

Lessee acknowledges that County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Lessee understands that it is County's policy to encourage all County contractors to voluntarily post County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Lessee's place of business. County's District Attorney will supply Lessee with the poster to be used.

15.7 LESSEE'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Lessee acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Lessee understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Lessee's place of business. The Lessee will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business. The County's Department of Children and Family Services will supply the Lessee with the poster to be used.

15.8 LESSEE'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

15.8.1 Lessee acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured toll) in order to mitigate the economic burden otherwise imposed upon County and its tax payers.

15.8.2 Unless Lessee qualifies for an exemption or exclusion, Lessee warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Sublease will maintain compliance, with Los Angeles County code Chapter 2.206.

15.9 LESSEE'S NON-COMPLIANCE AND LIQUIDATED DAMAGES

15.9.1 In the event the Director determines that there are deficiencies in Lessee's operations authorized and required herein, the Director will provide, as specified herein in the section of this Agreement entitled Events of Default, a written notice to the Lessee to correct said deficiencies within specified time frames.

15.9.2 In the event that Lessee fails to correct the deficiencies within the prescribed time frames the Director may, at his option: (1) use the Security Deposit as provided for herein, (2) exercise its rights under the Sub-Section 15.27 (Right of Entry) and/or (3) assess liquidated damages. The parties agree that it would be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to comply with the obligations for Use Granted herein authorized and required. The parties hereby agree that under the current circumstances a reasonable estimate of such damage is \$250.00 per day for each day of the period of time that the deficiencies exist, and that Lessee

shall be liable to County for liquidated damages in said amount.

15.10 LESSEE RESPONSIBILITY AND DEBARMENT

15.10.1 Responsible Lessee

A responsible Lessee is a Lessee who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Agreement. It is the County's policy to conduct business only with responsible Lessees.

15.10.2 Chapter 2.202 of the County Code

The Lessee is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Lessee on this or other Agreements which indicates that the Lessee is not responsible, the County may, in addition to other remedies provided in the Agreement, debar the Lessee from bidding or proposing on, or being awarded, and/or performing work on County agreements for a specified period of time, which generally will not exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing agreements the Lessee may have with the County.

15.10.3 Non-responsible Lessee

The County may debar an Lessee if the Board of Supervisors finds, in its discretion, that the Lessee has done any of the following: (1) violated a term of an agreement with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Lessee's quality, fitness or capacity to perform an agreement with the County, any other public entity, or a nonprofit corporation created by the County, or

engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

15.10.4 Contractor Hearing Board

1. If there is evidence that the Lessee may be subject to debarment, the Department will notify the Lessee in writing of the evidence which is the basis for the proposed debarment and will advise the Lessee of the scheduled date for a debarment hearing before the Contractor Hearing Board.
2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Lessee and/or the Lessee's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Lessee should be debarred, and, if so, the appropriate length of time of the debarment. The Lessee and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed

decision and recommendation of the Contractor Hearing Board.

4. If a Lessee has been debarred for a period longer than five (5) years, that Lessee may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Lessee has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Lessee has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing

Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

15.10.5 Subcontractors of Lessee

These terms shall also apply to Subcontractors of County Lessees.

15.11 LESSEE'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM

15.11.1 Lessee acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through this Agreement are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

15.11.2 As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Lessee's duty under this Agreement to comply with all applicable provisions of law, Lessee warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or

District Attorney Notices of Wage and Earnings Assignment for child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

15.12 CONFLICT OF INTEREST

15.12.1 No County employee whose position with the County enables such employee to influence the award of this Agreement or any competing Agreement, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Lessee or have any other direct or indirect financial interest in this Agreement. No officer or employee of the Lessee who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

15.12.2 The Lessee shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Agreement. The Lessee warrants that it is not now aware of any facts that create a conflict of interest. If the Lessee hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances.

15.13 COUNTY'S QUALITY ASSURANCE PLAN

The County or its agent will evaluate Lessee's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Lessee's compliance with all Agreement terms and

performance standards. Lessee deficiencies that County determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected, will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and Lessee. If improvement does not occur consistent with the corrective action measures, County may terminate this Agreement or impose other penalties as specified in this Agreement.

15.14 EVENTS OF DEFAULT

- 15.14.1 The abandonment, vacation or discontinuance of operations on the Demised Premises for more than five (5) days consecutive days, without approval thereof by the Director.
- 15.14.2 The failure of Lessee to punctually pay or make the payments required herein when due, where the delinquency continues beyond ten (10) days following written notice for payment thereof.
- 15.14.3 The failure of Lessee to operate in the manner required by this Agreement, where such failure continues for more than ten (10) days after written notice from the Director to correct the condition.
- 15.14.4 The failure to maintain the Demised Premises and the improvements constructed thereon in the state of repair required herein, and in a clean, sanitary, safe and satisfactory condition, where such failure continues for more than ten (10) days after written notice from the Director to correct the condition.
- 15.14.5 The failure of Lessee to keep, perform and observe all of the other promises, covenants, conditions and agreements set forth in this Agreement, where such failure continues for more than thirty (30) days after written notice from the Director for correction thereof, provided that where fulfillment

of such obligation requires activity over a period of time and Lessee shall have commenced to perform whatever may be required to cure the particular default within ten (10) days after such notice and continues such performance diligently, said time limit may be waived in the manner and to the extent allowed by the Director.

15.14.6 Determination by the County, the California Fair Employment and Housing Commission, or the Federal Equal Employment Opportunity Commission of discrimination having been practiced by Lessee in violation of State and/or Federal laws thereon.

15.14.7 Transfer of the majority controlling interest of Lessee to persons other than those who are in control at the time of the execution of this Agreement without approval thereof by the Director.

15.14.8 Failure of Lessee to keep, perform and observe all other promises, covenants, conditions and agreements set forth herein.

15.15 FAIR LABOR STANDARDS

The Lessee shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Lessee's employees for which the County may be found jointly or solely liable.

15.16 FORCE MAJEURE

15.16.1 Neither party shall be liable for such party's failure to perform its obligations under and in accordance with this Agreement, if such failure arises out of fires, floods,

epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this subparagraph as "force majeure events").

15.16.2 Notwithstanding the foregoing, a default by a subcontractor of Lessee shall not constitute a force majeure event, unless such default arises out of causes beyond the control of both Lessee and such subcontractor, and without any fault or negligence of either of them. In such case, Lessee shall not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Lessee to meet the required performance schedule. As used in this subparagraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

15.16.3 In the event Lessee's failure to perform arises out of a force majeure event, Lessee agrees to use commercially reasonable best efforts to obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

15.17 GOVERNING LAW, JURISDICTION, and VENUE

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California. The Lessee agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Agreement and further agrees

and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

15.18 INDEPENDENT LESSEE

This Agreement is by and between the County of Los Angeles and Lessee and is not intended, and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association, as between County and Lessee. Lessee understands and agrees that all persons furnishing services on behalf of Lessee pursuant to this Agreement are, for purposes of Worker's Compensation Liability, employees solely of Lessee and not of County. Lessee shall bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services on behalf of Lessee pursuant to this Agreement.

15.19 INDEMNIFICATION

The Lessee shall indemnify, defend and hold harmless the County, its Special Districts, the United States, the County of Los Angeles Flood Control District, their elected and appointed officers, employees, agents, and volunteers ("County Indemnitees") from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Lessee's acts and/or omissions arising from and/or relating to this Agreement, except for such loss or damage arising from the sole negligence or willful misconduct of the County Indemnitees. Lessee's duty to indemnify the County, the United States, and the County of Los Angeles Flood Control District, their agents, officers, and employees shall survive the expiration or other termination of this Agreement.

15.20 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting Lessee's indemnification of County and the United States, and in the performance of this Agreement and until all of its

obligations pursuant to this Agreement have been met, Lessee shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sections 15.20 and 15.21 of this Agreement. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Lessee pursuant to this Agreement. The County in no way warrants that the Required Insurance is sufficient to protect the Lessee for liabilities which may arise from or relate to this Agreement.

15.20.1 Evidence of Coverage and Notice to County

- Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and the County of Los Angeles Flood Control District, their agents, officers, and employees (defined below) has been given Insured status under the Lessee's General Liability policy, shall be delivered to County at the address shown below and provided prior to commencing services under this Sublease.
- Renewal Certificates shall be provided to County not less than 10 days prior to Lessee's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Lessee and/or Sub-Contractor insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Sublease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Lessee identified as the contracting party in this Sublease. Certificates shall provide the full name of

each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand (\$50,000.00) dollars, and list any County required endorsement forms.

- Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Lessee, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.

Certificates and copies of any required endorsements shall be sent to:

County of Los Angeles
Parks and Recreation
Contracts, Golf and Special Districts Division
301 North Baldwin Avenue
Attention: Kandy Hays, Chief

Lessee also shall promptly report to County any injury or property damage accident or incident, including any injury to a Lessee employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Lessee. Lessee also shall promptly notify County of any third party claim or suit filed against Lessee or any of its Sub-Contractors which arises from or relates to this Sublease, and could result in the filing of a claim or lawsuit against Lessee and/or County.

15.20.2 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, the County of Los Angeles Flood Control District, Elected Officials, Officers, Agents, Employees and Volunteers (collectively County and its Agents) shall be provided additional insured

status under Lessee's General Liability policy with respect to liability arising out of Lessee's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status shall apply with respect to liability and defense of suits arising out of the Lessee's acts or omissions, whether such liability is attributable to the Lessee or to the County. The full policy limits and scope of protection also shall apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

15.20.3 Cancellation of or Changes in Insurance

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

15.20.4 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which

County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

15.20.5 Insurer Financial Ratings

Coverage shall be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

15.20.6 Lessee's Insurance Shall Be Primary

Lessee's insurance policies, with respect to any claims related to this Sublease, shall be primary with respect to all other sources of coverage available to Lessee. Any County maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Lessee coverage.

15.20.7 Waivers of Subrogation

To the fullest extent permitted by law, the Lessee hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Sublease. The Lessee shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

15.20.8 Sub-Contractor Insurance Coverage Requirements

Lessee shall include all Sub-Contractors as insureds under Lessee's own policies, or shall provide County with each Sub-Lessee's separate evidence of insurance coverage. Lessee shall be responsible for verifying each Sub-

Contractor complies with the Required Insurance provisions herein, and shall require that each Sub-Contractor name the County and Lessee as additional insureds on the Sub-Contractor's General Liability policy. Lessee shall obtain County's prior review and approval of any Sub-Contractor request for modification of the Required Insurance.

15.20.9 Deductibles and Self-Insured Retentions (SIRs)

Lessee's policies shall not obligate the County to pay any portion of any Lessee deductible or SIR. The County retains the right to require Lessee to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Lessee's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

15.20.10 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date shall precede the effective date of this Sublease. Lessee understands and agrees it shall maintain such coverage for a period of not less than three (3) years following Sublease expiration, termination or cancellation.

15.20.11 Application of Excess Liability Coverage

Lessees may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

15.20.12 Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services

Office, Inc.) separation of insured's provision with no insured versus insured exclusions or limitations.

15.20.13 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Lessee use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents shall be designated as an Additional Covered Party under any approved program.

15.20.14 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

15.21 INSURANCE COVERAGE REQUIREMENTS

15.21.1 Commercial General Liability

Insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured. Policy will be endorsed for golf course operations and will have no exclusions for sporting events, with limits of not less than:

General Aggregate:	\$4,000,000
Products/Completed Operations Aggregate:	\$1,000,000
Personal and Advertising Injury:	\$1,000,000
Each Occurrence:	\$2,000,000

15.21.2 Automobile Liability

Insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance shall cover liability arising out of Lessee's use of autos pursuant to this Sublease, including owned, leased, hired,

non-owned autos, and/or mobile equipment (i.e. golf carts) as each may be applicable.

15.21.3 Workers Compensation and Employers' Liability

Insurance or qualified self-insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Lessee will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also shall include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer, and the endorsement form shall be modified to provide that County will receive not less than thirty (30) days advance written notice of cancellation of this coverage provision. If applicable to Lessee's operations, coverage also shall be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

15.21.4 Sexual Misconduct Liability

Insurance covering actual or alleged claims for sexual misconduct and/or molestation with limits of not less than \$2 million per claim and \$2 million aggregate, and claims for negligent employment, investigation, supervision, training or retention of, or failure to report to proper authorities, a person(s) who committed any act of abuse, molestation, harassment, mistreatment or maltreatment of a sexual nature.

15.21.5 Property Coverage

Contractors given use of County owned or leased property for storage of contractor's personal property, shall carry property coverage at least

as broad as that provided by the ISO special causes of loss (ISO policy form CP 10 30) form. The County and its Agents shall be named as an Additional Insured and Loss Payee on Contractor's insurance as its interests may appear. Automobiles and mobile equipment shall be insured for their actual cash value. Real property and all other personal property shall be insured for their full replacement value.

15.21.6 Periods of Construction

During the period(s) of construction as required or authorized herein, and in addition to the aforementioned insurance coverage, Lessee shall provide the following forms and amounts of insurance:

- a. Builder's All-Risk Insurance: including flood coverage, covering the entire work, against loss or damage until completion and acceptance by the Director. Insurance shall be in an amount for the replacement value of the improvements and endorsed for broad form property damage, breach of warranty, explosion, collapse, and underground hazards. Deductibles shall not exceed five percent (5%) of the construction cost.
- b. Professional Liability: Insurance covering liability arising from any error omission, or negligent act of the Lessee, its officers, employees, contractors, or agents with a limit of not less than One Million Dollars (\$1,000,000) per claim.

15.22 NON-DISCRIMINATION AND AFFIRMATIVE ACTION

15.22.1 The Lessee certifies and agrees that all persons employed by it, its affiliates, subsidiaries or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

- 15.22.2 The Lessee shall certify to and comply with the provisions of Exhibit H, Lessee's EEO Certification.
- 15.22.3 The Lessee shall take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 15.22.4 The Lessee certifies and agrees that it will deal with its subcontractors, bidders and vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 15.22.5 The Lessee certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any other project, program, or activity supported by this Agreement.
- 15.22.6 The Lessee shall allow County representatives access to the Lessee's employment/volunteer records during regular

business hours to verify compliance with the provisions of this Sub-Paragraph 15.22 when so requested by the County.

15.22.7 If the County finds that any provisions of this Sub-Paragraph 15.22 have been violated, such violation shall constitute a material breach of this Agreement upon which the County may terminate or suspend this Agreement. While the County reserves the right to determine independently that the anti-discrimination provisions of this Agreement have been violated, in addition, a determination by the California Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Lessee has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by County that Lessee has violated the anti-discrimination provisions of this Agreement.

15.22.8 The parties agree that in the event Lessee violates the non-discrimination provisions of this Agreement, County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code 1671 as liquidated damages in lieu of canceling, terminating or suspending this Agreement.

15.23 NOTICE TO EMPLOYEES REGARDING FEDERAL EARNED INCOME CREDIT

The Lessee shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015, Exhibit F.

15.24 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW

The Lessee shall notify and provide to its employees, and shall require each subcontractor notify and provide to its employees, a fact sheet

regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit G of this Agreement and is also available on the Internet at www.babysafela.org for printing purposes.

15.25 NOTICES

Any notice required to be given under the terms of this Agreement or any law applicable thereto may be: (1) delivered by personal service; facsimile or email or (2) placed in a sealed envelope, with postage paid, return receipt requested, addressed to the person on whom it is to be served, and deposited in a post office, mailbox, sub-post office, substation or mail chute, or other like facility regularly maintained by the United States Postal Service. The address to be used for any notice served by mail upon Lessee shall be **American Golf of Glendale, Attention: Legal Department, 6080 Center Drive, Suite 500, Los Angeles CA 90045**. The address to be used for any notice served by mail upon County shall be Department of Parks and Recreation, 301 North Baldwin Avenue, Arcadia CA 91007, Attention: Golf Operations, or such other place as may hereafter be designated in writing to Lessee by the Director. Service by mail; facsimile or email and shall be deemed complete upon deposit in the above mentioned manner.

15.26 PUBLIC RECORDS ACT

15.26.1 Any documents submitted by Lessee; all information obtained in connection with the County's right to audit and inspect Lessee's documents, books, and accounting records pursuant to Paragraph 8.0 of this Agreement; as well as those documents which were required to be submitted in response to the solicitation process for this Agreement, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those

elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or "proprietary". The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order of court of competent jurisdiction.

15.26.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked "trade secret", "confidential", or "proprietary", the Lessee agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney's fees, in any action or liability arising under the Public Records Act.

15.27 RECYCLED BOND PAPER

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Lessee agrees to use recycled-content paper to the maximum extent possible on this Agreement.

15.28 RIGHT OF ENTRY

15.28.1 Any officers and/or authorized employees of the Corps of Engineers and County may enter upon the Demised Premises at any and all reasonable times for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof, or for any other purpose incidental to the rights of the County within the Demised Premises.

15.28.2 In the event of an abandonment, vacation or discontinuance of operations for a period in excess of five (5) days, Lessee hereby irrevocably appoints County as an agent for

continuing operation of the use granted herein, and in connection therewith authorizes the officers and employees thereof to (1) take possession of the Demised Premises, including all improvements, equipment and inventory thereon; (2) remove any and all persons or property on said Demised Premises and place any such property in storage for the account of and at the expense of Lessee; (3) sublease or sublicense the Demised Premises; and (4) after payment of all expenses of such subleasing or sublicensing, apply all payments realized there from to the satisfaction and/or mitigation of all damages arising from Lessee's breach of this Agreement. Entry by the officers and employees of County upon the Demised Premises for the purpose of exercising the authority conferred hereon as agent of Lessee shall be without prejudice to the exercise of any other rights provided herein or by law to remedy a breach of this Agreement.

15.28.3 No re-entry or taking of the Demised Premises by County pursuant to Sub-Paragraph 15.28.2 of this section shall be construed as an election to terminate this Agreement unless a written notice of such intention is given to Lessee or unless the termination thereof is decreed by a court of competent jurisdiction.

15.29 SEVERABILITY

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall not be affected thereby and shall remain in full force and effect.

15.30 SUBLEASES

15.30.1 Lessee shall not, without the prior written consent of the Director and the District Engineer, sublease any portion of

the Demised premises, or sublease any of the operation or activities authorized or required by this Agreement.

15.30.2 In the event the County determines that the Lessee has violated the sublease provision contained herein, the same shall constitute a material breach of Agreement upon which the County may, in its sole discretion, determine to cancel, terminate, or suspend this Agreement, or assess liquidated damages. The parties agree that it would be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to comply with the sublease provision. The parties hereby agree that under the current circumstances a reasonable estimate of such damage is One Thousand Dollars (\$1,000.00) and that the Lessee shall be liable to County for liquidated damages in said amount.

15.31 SURRENDER OF DEMISED PREMISES

15.31.1 Upon termination, expiration of the term hereof, or cancellation thereof as herein provided, Lessee shall peaceably vacate the Demised premises and any and all improvements located thereon and deliver up the same to County in a reasonably good condition, ordinary wear and tear excepted, subject to the right of County to demand removal thereof to the extent that Paragraph 3.6 hereinbefore may be applicable thereto.

15.31.2 Upon expiration of the term, Lessee shall execute and deliver to County within thirty (30) days after service of written demand, a good and sufficient quitclaim deed of the Lessee's interest in this Agreement and the Demised premises. Should Lessee fail or refuse to deliver to County a quitclaim deed as aforesaid, a written notice by County reciting the failure of the Lessee to execute and deliver the

quitclaim deed shall, after ten (10) days from the date of recordation of the notice, be conclusive evidence against Lessee and all persons claiming under Lessee, of the termination of this Agreement.

15.32 TAXES AND ASSESSMENTS

15.32.1 The property interest conveyed herein may be subject to real property taxation and/or assessment thereon, and in the event thereof, Lessee shall pay before delinquency all lawful taxes, including but not limited to possessory interest taxes, assessments, fees or charges which at any time may be levied by the State, County, City or any other tax or assessment-levying body upon the Demised premises and any improvements located thereon.

15.32.2 Lessee shall also pay all taxes, assessments, fees and charges on goods, merchandise, fixtures, appliances and equipment owned or used therein.

15.33 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN CHILD SUPPORT COMPLIANCE

Failure of Lessee to maintain compliance with the requirements set for in Sub-section 15.11, Lessee's Warranty of Adherence to County's Child Support Compliance Program, shall constitute a default by Lessee under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure to cure such default within 90 days of notice by the Los Angeles County District Attorney shall be grounds upon which the County Board of Supervisors may terminate this Agreement pursuant to Sub-Section 15.3, Cancellation.

15.34 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM

Failure of Lessee to maintain compliance with the requirements set for in Paragraph 15.8, Lessee's Warranty of Compliance with County's

Defaulted Property Tax Reduction Program, shall constitute default under this Sublease. Without limiting the rights and remedies available to County under any other provisions of this contract, failure of Lessee to cure such default within 10 days of notice shall be grounds upon which County may terminate this Sublease and/or pursue debarment of Lessee, pursuant to County code chapter 2.206.

15.35 TERMINATION FOR IMPROPER CONSIDERATION

15.35.1 County may, by written notice to Lessee, immediately terminate the right of Lessee to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Lessee, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment or extension of the Agreement or the making of any determinations with respect to the Lessee's performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Lessee as it could pursue in the event of default by the Lessee.

15.35.2 Lessee shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the Auditor-Controller's Fraud Hotline at (800) 544-6861 or to such other number as may be provided to Lessee in writing by County

15.35.3 Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

15.36 TERMINATION FOR INSOLVENCY

15.36.1 The County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

- Insolvency of the Lessee. The Lessee shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Lessee is insolvent within the meaning of Federal Bankruptcy Code;

15.36.2 To the extent permitted by law, the County may terminate this Agreement forthwith in the event of the occurrence of any of the following:

- The filing of a voluntary or involuntary petition regarding the Lessee under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for Lessee; or

15.36.3 The rights and remedies of County provided in this Sub-Section 15.36 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

15.37 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE

Lessee and each County Lobbyist or County Lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessee, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code 2.160. Failure on the part of Lessee or any County Lobbyist or County lobbying firm retained by Lessee to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

15.38 TERMINATION UPON TRANSFER OF TITLE OR GOLF COURSE CLOSURE

15.38.1 Notwithstanding any other provision of this Agreement, in the event the United States Army Corps of Engineers (USACOE) transfers its interest in the Whittier Narrows Regional Recreation Area and the Demised Premises to an assignee, or otherwise terminates the Master Lease between the USACOE and County, such transfer or termination shall be subject to the terms and conditions of the Master Lease between USACOE and County. In the event the Master Lease is terminated as a result of the above described transfer, this Sublease shall also terminate. County shall provide the Lessee with notice of termination or assignment of this Agreement pursuant to this provision.

15.38.2 Notwithstanding any other provision of this Agreement, in the event the County closes the Whittier Narrows Regional Recreation Area and the Demised Premises, or a portion(s) thereof, this Agreement shall be terminated upon the effective date of such closure. Upon the effective date of closure, Lessee shall immediately cease its operations, and within fifteen (15) days there from remove all items of its personal property, equipment, and inventory. County shall provide advance notice to the Lessee of such closure. For a closure to be effective and this Lease terminated as described above, County shall not engage in golf related activities at the Demised Premises at any time during the originally contemplated term of this Agreement following said closure, without Lessee's written consent. County and Lessee expressly agree that any closure prior to the fifteenth (15th) Agreement Year will only occur if County and Lessee mutually consent to such Closure and in the event Lessee

provides consent to said closure the provisions of the immediately preceding sentence shall not apply. However, Lessee's consent to close the golf course shall not be required if said closure of the golf course is a result of the termination of the Master Lease between the USACOE and County.

15.38.3 In the event of a termination described in 15.38.1 and 15.38.2 above, the County shall pay Lessee an amount equal to the unamortized portion of Lessee's actual and documented capital investment amount expended, plus any interest accrued on unamortized portion to the CIPF, not to exceed \$750,000, on a straight line basis from the date of execution to the date of termination.

15.39 TRANSFERS

15.39.1 Lessee shall not assign its rights, delegate its duties, sublease, hypothecate, or mortgage this Agreement, whether in whole or in part, with or without consideration, without the prior written consent of County. Any attempted assignment, delegation, sublease license, hypothecation, or mortgage without the consent shall be null and void, and at County's sole discretion, such assumption, assignment, delegation, or takeover of any of the Lessee's duties, responsibilities, obligations, or performance of same by any entity other than the Lessee, without County's express prior written approval, may result in the termination of the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against the Lessee as it could pursue in the event of a default by Lessee. For purposes of this paragraph, County consent shall require a written amendment to the Agreement, which is formally approved and executed by the parties. Any payments by

County to any approved delegate or assignee on any claim under the Agreement shall be deductible, at County's sole discretion, against the claims which Lessee may have against County.

15.39.2 Each and all of the provisions, agreements, terms, covenants and conditions herein contained to be performed by Lessee shall be binding upon any transferee thereof.

15.39.3 The use granted shall not be transferable by testamentary disposition or the State laws of interstate succession, as the rights, privileges, and use conferred by this Agreement shall terminate prior to the date for expiration thereof in the event of the death of Lessee occurring within the term herein provided. Additionally, neither this Agreement nor any interest therein shall be transferable in proceedings in attachment or execution against Lessee, or in voluntary or involuntary proceedings in bankruptcy or insolvency or receivership taken by or against Lessee, or by any process of law including proceedings under Chapter X or XI of the Bankruptcy Act.

15.39.4 Shareholders, partners, members or other equity holders of Lessee may transfer, sell, exchange, assign or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment or divestment is affected in such a way as to give majority control of Lessee to any person(s), corporation, partnership or legal entity other than the majority controlling interest therein at the time of the execution of this Agreement, such disposition is an assignment requiring the prior written consent of the County in accordance with applicable provisions of this Agreement and the transfer fee provided in Section 15.39.6 shall be assessed. Consent to any such

transfer shall be refused if the Director, in his sole discretion, finds that the transferee is lacking in experience and/or financial ability to conduct the operation of the Whittier Narrows County Golf Course.

- 15.39.5 At any time prior to the end of the **fifth (5TH)** year of the term of this Sublease Agreement, the Director may determine this Sublease Agreement null and void in the event that any of the qualifying individuals of the leasehold entity at the time of execution of this sublease agreement is/are no longer a partner in said entity, unless that individual is replaced by an individual who, in the Director's sole discretion, possesses the necessary qualifications and experience identified in the Request for Proposal (RFP). The Director's ability to determine the Sublease Agreement null and void shall be effectuated by providing Lessee with sixty (60) days written notice of such determination.
- 15.39.6 Any initial transfer, sale, exchange, assignment, or divestment of its rights and obligations pursuant to this Agreement, as described in Paragraph 15.39.4 above, shall result in the Lessee paying to the County a transfer fee of \$100,000. For any subsequent transfer, sale, exchange, assignment or divestment of its rights and obligations pursuant this Agreement, as described in Paragraph 15.39.4 above, Lessee shall pay County a transfer fee equal to the greater of: (1) \$50,000 or (2) two percent (2%) of the greater of (a) the gross sale price or (b) the fair market value of Lessee's interest in the concession . The Director, in his sole discretion, may require Lessee to obtain, at Lessee's sole cost, an appraisal of the FMV of the Lessee's interest in the concession. The Director, at his sole discretion, may have the appraisal reviewed by an independent appraiser

retained by County. The Director then reserves the right to require the Lessee, at Lessee's sole cost, to obtain an additional appraisal by a different appraiser. Said sum shall be payable to the County of Los Angeles Department of Parks and Recreation in full either within thirty (30) days after said consent is given or prior to the close of any escrow, whichever occurs first. Prior to Director's consent to such assignment, the assignor shall first deliver to assignee a written schedule of all sums due and owing to County from the assignor with such schedule in a form subject to the approval of the Director in all respects, and second, shall deliver to Director, as part of the acceptance of the assignment, a written acknowledgment by the assignee that the assignee (a) affirms the sums due and owing to County and (b) accepts responsibility for payment of such sums directly to County. Exempted from said transfer fee shall be the following:

- a. A transfer of an undivided interest in the agreement between affiliated entities which results in a change in method of holding title, but does not result in a change to the proportional interests held by the affiliated entities prior to the transfer;
- b. An assignment which serves as security for the repayment of a loan from any lender, but which does not entitle the assignee to an immediate right to use, occupy, possess or receive the rents or profits from the agreement for so long as the assignor makes the required periodic payments and complies with other provisions of the loan;
- c. Such other assignment for which the Director, in his sole discretion, determines that the ownership interests

in the agreement have remained unchanged, such as a change in the legal or fictitious name of the Lessee without any other change in the equity, in beneficial use of, or legal title to the agreement as an asset, or the income produced thereby. The Director's decision in such cases shall be appealable to the Board of Supervisors within ten (10) days after receipt of written notice of the Director's decision. Any such appeal request shall be accompanied by a Certificate of Deposit filed with the Director in the full amount of the transfer fee; the Certificate of Deposit shall be payable to County of Los Angeles Department of Parks and Recreation, and the interest thereon shall accumulate, but the principal sum and interest shall remain the property of Lessee in the event the Director's decision is reversed.

15.40 WAIVER

- 15.40.1 Any waiver by County of any breach of any one or more of the covenants, conditions, terms and Agreements herein contained shall not be construed to be a waiver of any subsequent or other breach of the same or of any other covenant, condition, term or Agreement herein contained, nor shall failure on the part of County to require exact, full and complete compliance with any of the covenants, conditions, terms or agreements herein contained be construed as in any manner changing the terms of this Agreement or stopping County from enforcing the full provisions thereof.
- 15.40.2 No delay, failure, or omission of County to re-enter the Demised Premises or to exercise any right, power, privilege or option, arising from any default, nor any subsequent

acceptance of payments then or thereafter accrued shall impair any such right, power, privilege or option, or be construed as a waiver of or acquiescence in such default or as a relinquishment of any right.

15.40.3 No notice to Lessee shall be required to restore or revive "time of the essence" after the waiver by County of any default.

15.40.4 No option, right, power, remedy or privilege of County shall be construed as being exhausted by the exercise thereof in one or more instances. The rights, powers, options and remedies given County by this Agreement shall be cumulative.

15.41 WARRANTY AGAINST CONTINGENT FEES

15.41.1 The Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any Agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Lessee for the purpose of securing business.

15.41.2 For breach of this warranty, the County shall have the right to terminate this Agreement and, at its sole discretion, deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

15.42 ARTIFICIAL TRANS FAT REDUCTION PROGRAM

15.42.1 Lessee agrees that it will participate in the County's Artificial Trans Fat Reduction (ATFR) Program, which mandates that no foods containing 0.5 grams or more of artificial trans fat per serving be stored, distributed, held for service, and/or used in the preparation of any menu item or in the Demised

Premises, except for food that is being served directly to consumers in a manufacturer's original sealed package. Lessee shall provide the written certification attached hereto as Exhibit J stating that it has reviewed and is familiar with the requirements of the ATFR Program and will promptly obtain approval as a participant from the County's Public Health Department. Further information can be found at www.lapublichealth.org.

- 15.42.2 Within 5 days of the County's execution of this Sublease, Lessee shall submit to the County's Public Health Department all required application materials for participation in the ATFR Program, and shall thereafter diligently pursue approval as an ATFR participant. Lessee's failure to do either of the foregoing shall constitute a material breach of this Sublease and shall be grounds for immediate termination by the County. County shall have the right, in its sole discretion, to extend the time limit for submission of any and all application documents.
- 15.42.3 Upon County's approval of the Lessee's participation in the ATFR Program, Lessee shall have the same rights and obligations as any voluntary member of the ATFR Program (e.g., use of Program decal/logo, status updating, etc.), except for the right to terminate participation and as otherwise set forth herein.
- 15.42.4 In addition to any remedies provided the County by the ATFR Program's rules, any failure by Lessee to comply with the ATFR Program standards shall constitute a material breach of this Sublease entitling the County to terminate the Sublease in its entirety or, if the Lessee provides service to multiple Demised Premises, with respect to the non-compliant facility. Prior to and/or in lieu of termination, the

County may also, at its discretion, do any or all of the following:

- a. Impose liquidated damages. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from Lessee's breach of this Section 15.42. The parties hereby agree that under the current circumstances a reasonable estimate of such damages is \$100 per day per non-compliant facility and that Lessee shall be liable to County for that amount.
- b. Require removal of all ATFR Program logo, signage and other advertising materials from the non-compliant Demised Premises and from any other location where such materials are used by the Lessee, including without limitation menus, menu boards, and dining table tent cards.
- c. Require Lessee to cure its non-compliance with ATFR Program standards within a period prescribed by the County, in its discretion.

15.43 LESSEE PERFORMANCE

The County maintains databases that track/monitor lessee performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

15.44 USE OF EXPANDED POLYSTYRENE (EPS) FOOD CONTAINERS

The Lessee is required to comply with the County's policy on restricting its purchase and use of EPS food containers on County-owned facilities.

15.45 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT

The Lessee shall maintain accurate and complete financial records of its activities and operations relating to this Sublease in accordance with generally accepted accounting principles. The Lessee shall also

maintain accurate and complete employment and other records relating to its performance of this Sublease. The Lessee agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Sublease. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, appropriate documentation for voided transactions (including approval for the void), and proprietary data and information, shall be kept and maintained by the Lessee and shall be made available to the County during the term of this Sublease and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Lessee at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Lessee shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

15.45.1 In the event that an audit of the Lessee is conducted specifically regarding this Sublease by any Federal or State auditor, or by any auditor or accountant employed by the Lessee or otherwise, then the Lessee shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Lessee's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Sublease. Subject to applicable law, the County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

15.45.2 Failure on the part of the Lessee to comply with any of the provisions of this Sub-paragraph 15.45 shall constitute a

material breach of this Sublease upon which the County may terminate or suspend this Sublease.

15.45.3 If, at any time during the term of this Sublease or within five (5) years after the expiration or termination of this Sublease, representatives of the County conduct an audit of the Lessee regarding the work performed under this Sublease, and if such audit finds that the County's dollar liability for any such work is less than the payments made by the County to the Lessee, then the difference shall be either: a) repaid by the Lessee to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Lessee from the County, whether under this Sublease or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Lessee, then the difference shall be paid to the Lessee by the County by cash payment, provided that in no event shall the County's maximum obligation for this Sublease exceed the funds appropriated by the County for the purpose of this Sublease.

15.45.4 If the County notifies the Lessee that the Lessee did/does not, to the reasonable satisfaction of the County (1) adequately maintain the documents required under Section 15.45 of the Sublease, and/or (2) did/does not have adequate internal controls, such that financial records could contain errors and/or omissions that would not be prevented and/or detected in the normal course of business, and/or (3) if the County is not able to reasonably determine whether the Lessee reported and paid the correct amount due to the County under this Sublease, then the County will assess penalties specified in this section upon the Lessee.

- 15.45.5 The parties hereby agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Lessee to meet the requirements of this section of the Sublease, and that a reasonable estimate of such damages shall range from (1) **1% to 3%** of the total gross receipts for the period of time that the County determines the Lessee did not meet the requirements under this section of the Sublease, and/or (2) termination of this Sublease, determined at the sole discretion of the County.
- 15.45.6 In the event the County hires an Independent Certified Public Accounting firm (CPA) to perform an audit of the Lessee's gross receipts and/or payments to the County, and if the CPA concludes that, due to inadequate records maintained by the Lessee, the CPA is unable to issue an unqualified opinion as to gross receipts for the Lessee, the CPA may employ alternative methods to impute rent for the period of inadequate records and calculate rent due. The CPA (or the Count) may use the Lessee's gross receipts last audited (in which an unqualified audit opinion was expressed), inflated by the Consumer Price Index for All Urban Consumers for the Los Angeles, Riverside, and Orange County areas. Interest/late fees may also be separately applied. In addition, the County may require the Lessee to pay for the cost of the CPA's audit.
- 15.45.7 In the event the County and/or a CPA firm concludes that the Lessee under-reported Gross Receipts to the County, and that under-reporting is equal to or greater than **5%** of the current or previous year's Gross Receipts reported by the Lessee, as determined at the sole discretion of the County, the Lessee shall pay for the cost of the CPA's audit and/or the

County's review (including County costs associated with the CPA's audit, such as monitoring the audit, etc.).

15.45.8 Lessee shall at all times during contract period and for five (5) years after the termination/expiration of the Sublease, keep, or cause to be kept, locally, to the reasonable satisfaction of the County true, accurate, and complete records for all accounting years covered by this Sublease. Records will show all transactions relative to the conduct of operations, and be supported by data of original entry. Records shall detail transactions conducted on or from the premises separate and apart from those in connection with Lessee's other business operations, if any.

15.45.9 All sales and/or services shall be recorded by cash registers or computers which automatically issue a customer's receipt or certify the amount in a sales slip. Cash registers shall have locked in sales totals and transaction counters that constantly accumulate and cannot be reset, and issue a tape (or other equivalent security mechanism) that imprint sequential transaction numbers and sales details. Beginning and ending cash register readings shall be made a matter of daily record. Signs shall be visibly posted near all cash registers requesting the payer to ask the cashier for a receipt and, if possible, the sign should include a sample of the appropriate receipt.

15.46 GREEN INITIATIVES

Lessee shall use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits. Lessee shall purchase, store, and use environmentally and human friendly products that are compatible with products used by County. County shall determine and approve Lessee's products prior to their use.

16.0 MAJOR LEASE PROVISIONS AND REQUIREMENTS

This Lessee is granted subject to all rights and privileges retained by the United States of America, Department of the Army, (hereinafter: United States) within the Whittier Narrows Recreation Area pursuant to the provisions and conditions of the "Department of the Army Lease for Park and Recreational Purposes Whittier Narrows Flood Control Basin, No. DACW09-1-86-43" (hereinafter "Master Lease", as approved by the Board of Supervisors of Los Angeles County on April 14, 1987 and granted to County by the Secretary of the Army under authority of 16 U.S.C. 460d, as amended. Accordingly, the terms of the Master Lease are incorporated by reference herein. Lessee accepts and agrees to be bound by the following conditions:

- a. That the primary purpose of the Whittier Narrows Flood Control Basin is the flood risk management, and nothing herein expressed or implied shall be construed so as to conflict with that purpose.
- b. That the Demised Premises, as described hereinafter in Section 4, shall be subordinate to the use thereof by the United States in the operation and maintenance of the Whittier Narrows Flood Control Basin.
- c. That the exercise of the privileges granted herein shall conform to such rules and regulations as may be prescribed by the Secretary of the Army to govern the public use of the Whittier Narrows Recreation Area, and shall be subject to the general supervision of the District Engineer.
- d. That the United States shall be held harmless from all claims which may arise from or be incident to the exercise of the privileges granted herein.
- e. That the United States and the Los Angeles County Flood Control District shall not be liable for damages to property or injuries to persons which may arise from or be incidental to the exercise of the privileges granted herein or for damages to the property of Lessee, or for damages to the property or injuries to the person of Lessee and/or the officers, agents, servants or employees or others who may be on the Demised Premises at their invitation or the invitation of any one of them, arising from or incident to the flooding of said Demised Premises by the United States or the Los Angeles County

Flood Control District, or flooding from any other cause, or arising from or incident to any other governmental activities on the Demised Premises, and Lessee shall hold the United States, the Los Angeles County Flood Control District and the County of Los Angeles harmless from any and all such claims.

- f. That this Sublease shall be subject to the prior approval of the District Engineer.
- g. That charges for services rendered and for the use of the Demised Premises shall be reasonable and shall have the prior written approval of the District Engineer.
- h. That Lessee shall hold the United States, the Los Angeles County Flood District and the County of Los Angeles harmless from any and all claims or rights of action for damages which may or might arise or accrue to Lessee and/or the officers, agents, servants, employees or others who may be on the Demised Premises at their invitation or the invitation of any one of them, by reason of injuries to the property, or the person of any of them resulting from the entry upon or the use of the Demised Premises, by the United States, the Los Angeles County Flood Control District, the County of Los Angeles or any one of them at anytime, for any purpose necessary or convenient in connection with river and flood risk management work, or for the removal of timber required or necessary for such work, or by reason of the flooding of the Demised Premises, or any part thereof, when in the judgment of any of them such flooding is necessary in connection with flood risk management work.
- i. That no human habitation will be permitted on the premises. This will not be construed to prohibit the Lessee from providing properly designed guard-stations night watchmen or patrolmen. Any such night watchmen or patrolmen, and any structures or trailers located on the Demised Premises for the use of such persons shall be subject to the prior approval thereof by the District Engineer.

- j. That the United States, its officers, agents and employees may enter upon the Demised Premises at any time for any purpose necessary or convenient in connection with river and flood risk management work, and to remove therefrom timber or other material required or necessary for such work, to flood said Demised Premises when necessary, and/or to make any other use thereof as may be necessary in connection with flood risk management work, and Lessee shall have no claim for damages of any character on account thereof against the United States or any agent, officer, or employee thereof.
- k. That the United States may construct, or permit the construction of, facilities for military requirements and for communications, electrical distribution or transmission, water supply, flood channels, sewage disposal and similar purposes on the Demised Premises, and Lessee shall have no claim for compensation for damage of any character on account thereof.
- l. That this Agreement may be revoked by the Secretary of the Army in the event the County and/or Lessee violates any of the terms and conditions of this Sublease and persists therein for a period of thirty (30) days after notice thereof in writing by the District Engineer. Upon any such revocation, Lessee shall vacate the Demised Premises, remove all property therefrom and restore said Demised Premises to a condition satisfactory to the District Engineer within such time as the District Engineer may designate. In the event of failure or neglect to remove property and/or restore the Demised Premises, then, at the option of the District Engineer, said property shall either become the property of the United States without compensation therefor, or the District Engineer may cause it to be removed and the Demised Premises to be so restored at the expense of Lessee, and no claim for damages against the United States or its officers or agents shall be created by or made on account of such removal and restoration work.
- m. That no member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this Lease or of the benefits arising from the Lessee's operations at Whittier Narrows Recreation Area pursuant to this Sublease. Nothing, however, herein contained shall be construed to extend

to any incorporated company, if said Sublease is for the general benefit of such corporation or company.

17.0 ENTIRE AGREEMENT

This document and the Exhibit(s) attached hereto constitute the entire Agreement between County and Lessee for the use granted at the Whittier Narrows County Golf Course for the management, operation and maintenance of a golf course facility. All other agreements, promises and representations with respect thereto, other than contained herein, are expressly revoked, as it has been the intention of the parties to provide for a complete integration within the provisions of this document, and the Exhibit(s) attached hereto, the terms, conditions, promises and covenants relating to the management, operation and maintenance of a golf course facility and the Demised Premises to be used in the conduct thereof. The unenforceability, invalidity, or illegality of any provision of this Agreement shall not render the other provisions thereof unenforceable, invalid or illegal.

17.0 AUTHORIZATION WARRANTY

Lessee represents and warrants that the signatory to this Agreement is fully authorized to obligate Lessee hereunder and that all corporate acts necessary to the execution of this Agreement have been accomplished.

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IN WITNESS WHEREOF, Lessee has executed this Agreement, or caused it to be duly executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Sublease Agreement to be executed on its behalf by the Director of the Department of Parks and Recreation, the month, the day and year first above written.

COUNTY OF LOS ANGELES

By _____
Russ Guiney, Director
Department of Parks and Recreation

LESSEE
American Golf of Glendale

By _____

APPROVED AS TO FORM:

JOHN KRATTLI
County Counsel

By _____
Christina A. Salseda
Principal Deputy County Counsel

**WHITTIER NARROWS COUNTY GOLF COURSE
RENTAL FEE SCHEDULE**

LEASE AGREEMENT TERM: 22 YEARS 5 MONTHS		
Fiscal Year	22 Year 5 Month Rental Schedule	Estimated Incoming Rent
2013 - 2014	6 months	\$564,000
2014 - 2036	263 months	\$38,536,000
TOTAL		\$39,100,000

FISCAL IMPACT – RECOMMENDED PROPOSER

Based on the terms of the Lease Agreement, the Department of Parks and Recreation's (Department) Operating Budget will realize Whittier Narrows County Golf Course estimated rent revenue of \$564,000, for FY 2013-14 (6 Months) and a combined \$39,100,000, over the recommended twenty two-year, 5 month term. The revenue will be collected on a monthly basis. The projections are based on a 2% annual fee increase which is consistent with the past history of County golf course fee increases.

The rent payments for years 1-4 to the County are based upon a percentage of revenue, specifically 25-31% of green fees, carts and driving range fees. The Department anticipates receiving an estimated \$3,600,000 in revenues for years 1-4. Commencing with year 5 of this agreement, County shall be entitled to the greater of a minimum rent of eighty percent (80%) of the actual rent paid to the County in Year 4 of the agreement or a percentage of revenue based on the revenue fee schedule discussed below.

Additionally, upon execution of the recommended Lease Agreement with American Golf of Glendale (AGG), it shall deposit with the Department \$375,000, which shall be allocated to the Whittier Narrows Golf Course Capital Improvement Fund. Moreover, prior to the commencement of year three (3) of the recommended Lease Agreement, AGG shall deposit with the Department an additional \$375,000, which shall be allocated to the Whittier Narrows Golf Course Capital Improvement fund. The Department has preliminarily earmarked these funds for the construction of a replacement banquet facility, which will result in additional rental revenue to the County.

FISCAL IMPACT - CURRENT OPERATOR

The current lease between the County and VICO LLC (VICO) was assigned to VICO in 2006. It is presently on a month to month term and subject to cancellation upon 30 day written notice. The minimum monthly rent due on the current lease is the greater of \$67,000/monthly (\$804,000 annually) or a percentage of revenues. However, VICO is delinquent in its rent obligations to the County. The Department, in conjunction with the Auditor Controller and County Counsel, is preparing to commence action for the recovery of all rents due to County.

WATER EXPENSE

Pursuant to the terms of the current lease agreement with VICO, it does not pay for the water costs incurred at the facility. The current cost of water at this facility incurred by the Department for Fiscal Year 2012/13 was \$530,000, FY 2011/12 \$482,000, and FY 2010/11 \$462,000.

Upon commencement of the new lease agreement with AGG, AGG will assume all water costs associated with the facility. The assumption of the water cost by the operator was a requirement of the RFP. The cost savings for DPR is estimated at \$530,000 annually. Additionally, the Department will no longer assume responsibility for any future increase in water rates.

AMERICAN GOLF OF GLENDALE – PROPOSED RENT TO THE COUNTY

<u>Year</u>	<u>Rent % (green fees, carts, driving range)</u>
1	25%
2	27%
3	29%
4	31%
5	32%
6	33%
7	34%
8	35%
9	36%
10	36%
11-22	38%



County of Los Angeles - Community Business Enterprise (CBE) Program

Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form

INSTRUCTIONS: All Proposers/Bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.

LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:

FIRM NAME: American Golf of Glendale

- I AM NOT A Local SBE certified by the County of Los Angeles Office of Affirmative Action Compliance as of the date of this proposal/bid submission.
- I AM
- As an eligible Local SBE, I request this proposal/bid be considered for the Local SBE Preference.

My County (WebVen) Vendor Number: To be registered prior to lease award.

II. FIRM/ORGANIZATION INFORMATION: The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to gender, race, creed or color.

Business Structure: <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Non-Profit <input type="checkbox"/> Franchise <input type="checkbox"/> Other (Please Specify) _____						
Total Number of Employees (including owners): for Scholl Canyon Golf Course						
Race/Ethnic Composition	Owner/Partners/Associate Partners		Managers		Staff	
	Male	Female	Male	Female	Male	Female
Black / African American						
Hispanic / Latino					8	
Asian or Pacific Islander					2	1
American Indian/ Alaskan Native						
Filipino American			1		1	
White			1		7	1

III. PERCENTAGE OF OWNERSHIP IN FIRM: Please indicate by percentage (%) how ownership of the firm is distributed. **N/A**

	Black / African American	Hispanic/ Latino	Asian or Pacific Islander	American Indian/ Alaskan Native	Filipino American	White
Men	%	%	%	%	%	%
Women	%	%	%	%	%	%

IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES: If your firm is currently certified as a minority, women, disadvantaged or disabled veteran business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form if necessary.)

Agency Name	Minority	Women	Dis-advantaged	Disabled Veteran	Expiration Date

V. DECLARATION: I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.

Authorized Signature: 	Title: President	Date: 04/17/13
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