



DATE: June 10, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Economic and Community Development Department

SUBJECT: **APPROVAL OF AN OPERATION AND MANAGEMENT AGREEMENT WITH OCEANSIDE GOLF, LLC, FOR THE CENTER CITY GOLF COURSE**

SYNOPSIS

Staff recommends that the City Council approve a one-year operation and management agreement with Oceanside Golf, LLC, to manage the Center City Golf Course, with minimum total revenue to the City in the amount of \$72,000; and authorize the City Manager to execute the agreement.

BACKGROUND

In 1982, the City of Oceanside (City) entered into a 20-year Lease Agreement with Oceanside Golf Institute (OGI) for the Center City Golf Course (Course). After two successive five-year extensions the lease was set to expire in November of 2012. OGI's failure to pay minimum rents and percentage rents when due caused an eventual termination of their lease on March 5, 2009. In order to keep the golf course open to the public, and keep revenue flowing to the City, the City staff negotiated an Operation and Management Agreement (Agreement) with Oceanside Golf, LLC (OGL), which OGL executed on March 5, 2009. Pursuant to that Agreement, which can be terminated for any reason within 90 days' notice, OGL undertook the operation and management of the golf course.

ANALYSIS

In response to the sudden termination of the previous lease agreement with OGI, the City created the Agreement with OGL to manage the day-to-day operations at the Course. OGL has experience in the management and operation of both municipal golf courses and privately-owned public courses, and is currently the lessee at the City's Municipal Golf Course at 825 Douglas Drive. Staff is of the opinion that OGL's local presence has led to more efficient management of the Course, and higher revenues.

The pertinent terms of the proposed Agreement are summarized as follows:

- One year initial management term, with three annual performance-related extension options.
- OGL shall receive a fixed monthly management fee of \$6,000.
- OGL shall be responsible for paying operation costs.
- City has the right to terminate the Agreement for any reason upon ninety days notice.
- City shall receive a fixed monthly revenue payment of \$6,000.
- City shall set aside 1 percent of total gross revenues on a monthly basis into a small capital improvement reserve.
- City shall receive for each monthly period during the term of the Agreement an additional payment equal to 50 percent of the remaining net income.
- Per the Agreement OGL will open a joint bank account with the City as authorized users. All operating expenses and utilities bills, will be paid out of the joint bank account by OGL. The City will be responsible for paying water bills out of the gross revenue from the Course.

FISCAL IMPACT

Retroactive to March 6, 2009, the City will receive a fixed monthly revenue payment of \$6,000 or \$72,000 of annual revenue. Under the prior lease agreement with OGI, OGI paid a minimum monthly rent of \$3,125 and an additional percentage rent of approximately \$3,000 a month. Under the Agreement with OGL, if available, the City will receive for each monthly period during the term of the Agreement an additional payment equal to 50 percent of any remaining net income, or approximately \$2,000-\$4,000 per month. The net income payment could increase the City and OGL's revenue by approximately \$40,000 annually, bringing total revenues to the City and OGL to approximately \$120,000 each annually. The City's revenue and expenses will be recorded and identified as Center City Golf Course in 414800.4895.58785 and associated expenses in 414800.5229.58785 and 414800.5355.58785.

INSURANCE REQUIREMENTS

OGL will be required to maintain the City's standard insurance requirements over the term of the Agreement.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a one-year operations and management agreement with Oceanside Golf, LLC, to manage the Center City Golf Course, with minimum total revenue to the City in the amount of \$72,000; and authorize the City Manager to execute the agreement.

PREPARED BY:

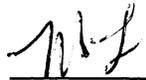
SUBMITTED BY:


Curtis M. Jackson
Property Agent

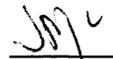

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager



Jane McVey, Economic & Community Development Director



Douglas E. Eddow, Real Property Manager



Teri Ferro, Financial Services Director



GOLF COURSE MANAGEMENT AGREEMENT

FOR

CENTER CITY GOLF COURSE

This **GOLF COURSE MANAGEMENT AGREEMENT** (“Agreement”) is made and entered into as of this 5th day of March, 2009 (the “Effective Date”), by and between the **CITY OF OCEANSIDE**, a municipal corporation (“City”) and **OCEANSIDE GOLF, LLC**, an Arizona limited liability company (“Manager”).

RECITALS

WHEREAS, City is the owner of an 18-hole public golf course commonly known as “Center City Golf Course,” located in Oceanside, San Diego County, California, including all improvements and personal property relating to the Center City Golf Course (the “Facility”) and more particularly described on Exhibit A attached hereto.

WHEREAS, Manager is knowledgeable and experienced in managing a public golf course facility, and has adequate time, energy, resources and qualified personnel to perform and complete its obligations under this Agreement.

WHEREAS, City desires to engage Manager to undertake and oversee all operations of the Facility and Manager desires to be engaged in such capacity, on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing recitals and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

AGREEMENT

1. ENGAGEMENT OF MANAGER.

1.1 Management of the Golf Course by Manager. City hereby contracts with Manager, during the Term (as hereinafter defined), to manage and operate the Facility pursuant to the terms of this Agreement, and Manager agrees it shall manage and operate the Facility in such manner. Subject to the terms of this Agreement, Manager shall have authority and responsibility to: (a) implement the policies and standards for the Facility as determined by the City; (b) manage and supervise all day-to-day operations of the Facility including starting, course

marshals, pro shop, building and course maintenance, security, cart rental, driving range, food and beverage service, golf instruction, and other administration/management duties relating to the Facility; (c) hire, train, and supervise all employees required to carry out Manager's responsibilities; (d) acquire all goods and services necessary to carry out Manager's responsibilities; (e) acquire all necessary licenses and permits for the operation of the Facility including related to food preparation and alcoholic beverages; (f) manage all course reservations, tee times, and tournaments; (g) manage all marketing and promotional activities and customer service relations; (h) manage accounting and payroll procedures and functions; and (i) prepare such annual marketing and other plans and reports as set forth in this Agreement. City agrees it shall cooperate with Manager to permit and assist Manager to carry out its duties under this Agreement.

1.2 Authority and Controls. Manager shall have no authority to execute any contract or incur any liability on behalf of City or the Facility unless specifically approved in writing by City.

1.3 Exclusivity. During the Term (as hereinafter defined), Manager shall be the exclusive manager of the Facility and City shall not engage any other person or entity to perform any of the duties of the Manager as set forth in this Agreement without the reasonable written approval of Manager.

2. TERM OF AGREEMENT.

2.1 Term. The term of this Agreement shall be for a period of one (1) year, commencing on the Effective Date and terminating March 4, 2010.

2.2 Renewals. The Term shall automatically renew for three (1) consecutive additional periods of one (1) year each unless (a) either party terminates the Agreement by providing the other party with the requisite written notice of such termination as set forth in Section 9 of this Agreement, or (b) the Agreement is earlier terminated pursuant to the terms of the Agreement.

3. RESPONSIBILITIES OF MANAGER.

3.1 Specific Duties. Manager shall, in addition to other obligations and responsibilities set forth in this Agreement, perform the following services, or cause the same to be performed for the Facility, and all expenditures of Manager and costs and expenses incurred by Manager in performing these services, including the Management Fees (as hereinafter defined) shall be Operating Expenses:

3.1.1 Manager shall supervise and direct the management of the day-to-day operations of the Facility and take all actions Manager deems necessary and appropriate in connection with the management of the Facility, in its reasonable discretion, so long as any such action or decision is consistent with the operation of the Facility by managers of other golf course facilities in the San Diego County area, similar in size to the Facility (collectively, "Other Facilities") and all federal, state and local laws applicable to the operation and management of the Facility.

3.1.2 Subject to the reasonable written approval of City, Manager shall enter into such contracts for the maintenance and operations of the Facility (“Contracts”) in its own name for the furnishing of utilities (other than water and sewer services from the City of Oceanside Water/Utilities Department) and maintenance and other services to the Facility.

3.1.3 Subject to the reasonable written approval of City, Manager shall enter into Contracts in its own name, with all concessionaries, licensees, contractors, employees, vendors and professionals whom City approves and Manager deems necessary to assist it in meeting its responsibilities hereunder and to supervise, train and discharge any and all of said persons;

3.1.4 Manager shall keep the Facility, the fixtures, furnishings and equipment and operating supplies in good order, repair and condition, reasonable and ordinary wear and tear excepted, and shall make such repairs, replacements, improvements, decorations, additions, revisions and substitutions to the Facility as Manager shall deem reasonably necessary for the maintenance of the Facility in good order, condition and repair, subject to the terms of this Agreement (collectively, “Maintenance and Repairs”), provided that any capital repair or improvement (as defined in accordance with generally accepted accounting principles (“GAAP”)) shall be subject to the prior written consent of City in its sole discretion;

3.1.5 Manager shall recruit, hire, pay, train, supervise and terminate all professional and non-professional persons who are required for the operations of the Facility;

3.1.6 Manager shall negotiate, renegotiate, enter into (in its own name) and terminate all vendor services and product agreements and other Contracts directly or indirectly related to the management, maintenance or operation of the Facility;

3.1.7 Manager shall purchase and obtain the delivery of all operating supplies necessary for the operation of the Facility, including, without limitation, furnishings and equipment;

3.1.8 Manager shall maintain a level of inventory deemed reasonably appropriate by Manager and consistent with the Operating Plan and Budget for supplying the needs of the Facility and its customers;

3.1.9 Manager shall pay expenses incurred in maintaining and operating the Facility (including, without limitation, the Sales Tax (as hereinafter defined) to the appropriate taxing authority) in accordance with the terms and provisions of this Agreement;

3.1.10 Manager shall maintain the landscaping within the boundaries of the Facility in a manner consistent with the landscaping practices for Other Facilities and reasonably acceptable to City;

3.1.11 Manager shall comply with all federal, state and local laws applicable to the Facility, including, without limitation, those related to withholding taxes, social security taxes, workers’ compensation, unemployment compensation and other employment laws and regulations;

3.1.12 Manager shall comply with all State and local laws, ordinances, statutes and requirements related to the operation of a golf course, including, without limitation,

any reports or forms necessary to maintain the real estate tax status of the Facility and with respect to any water or well rights.

3.1.13 Manager shall keep full and accurate books of account and such other records as are necessary to reflect the results of the operation of the Facility. All accounting records shall be maintained in accordance with generally accepted accounting principles and shall be maintained in an accrual format. All such books, records, and reports shall be maintained separately from other facilities operated by Manager. Manager agrees to maintain reasonable and necessary accounting, operating, and administrative controls relating to the financial aspects of the Facility and such controls shall provide checks and balances designed to protect the Facility, Manager, and City. Manager shall maintain all financial and accounting books and records for a period of at least three (3) years after the expiration or earlier termination of this Agreement, and City shall have the right to inspect and audit such books and records during any period as provided in Section 5.6 below;

3.1.14 Manager shall implement a marketing, advertising and promotional plan for the Facility reasonably acceptable to City, including, without limitation, implementing an upgrade to the Facility's website and installing an Internet reservation system;

3.1.15 Manager shall provide adequate security systems including, without limitation, cash control security cameras, for the Facility in compliance with all applicable laws and reasonably acceptable to City; and

3.1.16 Subject to the reasonable written approval of City, Manager shall, from time to time, set the amount for fees and charges for services at the Facility, including greens fees, cart rental, club rental and other space rental. All such fees, charges and prices shall be consistent with existing practices of Other Facilities and are subject to change as required/requested by City.

3.1.17 Within thirty (30) days after the Effective Date, Manager shall install a Point of Service system (the "POS System") and shall maintain the POS System in good working order throughout the Term. Manager shall cause City to be granted a suitable license for use of the POS System, including the right to create and commercially implement derivative works of the POS software and/or platform.

3.1.18 Within ninety (90) days of the Effective Date, Manager shall submit to the City for its review and approval, a plan setting forth how cash receipts at the Facility will be handled and controlled to reasonably insure that cash receipts from all golf course related operations can be protected from loss or theft. In this regard, the Manager hereby recognizes the right of the City to conduct periodic unscheduled audits to compare daily pay sheets and sales records with actual cash on hand. Such unscheduled audits by the City will be conducted in such a way as to minimize disruption of golf play and clubhouse activities.

3.2 Licenses and Certifications. Manager shall apply for and maintain in its own name and in effect at all times during the Term hereof all licenses and permits necessary and appropriate to operate the Facility, including, without limitation, those relating to food preparation and alcoholic beverages (the "Licenses"), and City agrees to execute any and all applications and such other documents as shall be reasonably required and to otherwise cooperate, in all reasonable respects, with Manager in the application for, and obtaining and

maintaining of, such licenses and permits. Without limiting the generality of the foregoing, within five (5) days after the Effective Date, Manager hereby agrees to commence the process to transfer the existing liquor license for the Facility into its own name and shall file all necessary documentation and provide all necessary information to the applicable governmental authority in connection therewith. Promptly after the existing license is transferred to Manager, Manager may apply for such other liquor license it deems reasonably necessary for the Facility similar to Other Facilities.

3.3 Insurance. Manager shall take out and maintain at all times during the term of this Agreement the following insurance at its sole expense:

(a) Manager shall maintain the following minimum limits:

General Liability

Combined Single Limit Per Occurrence \$1,000,000

General Aggregate \$3,000,000

(b) All insurance companies affording coverage to the Manager shall be required to add the City of Oceanside as "additional insured" under the insurance policy(s) required in accordance with this Lease.

(c) All insurance companies affording coverage to the Manager shall be insurance organizations acceptable to the City, and authorized by the Insurance Commissioner of the State Department of Insurance to transact business of insurance in the State of California.

(d) All insurance companies affording coverage shall provide thirty (30) days written notice to the City of Oceanside should the policy be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.

(e) Manager shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.

(f) Manager shall provide a substitute certificate of insurance no later than thirty (30) days prior to the policy expiration date. Failure by the Manager to provide such a substitution and extend the policy expiration date shall be considered a default by Manager and may subject the Manager to a termination of this Agreement.

(g) Maintenance of insurance by the Manager as specified in this Agreement shall in no way be interpreted as relieving the Manager of any responsibility whatever and the Manager may carry, at its own expense, such additional insurance as it deems necessary.

(h) If Manager fails or refuses to take out and maintain the required insurance, or fails to provide the proof of coverage, City has the right to obtain the insurance. Manager shall reimburse City for the premiums paid with interest at the maximum allowable legal rate then in effect in California. City shall give notice of the payment of premiums within thirty (30) days of payment stating the amount paid, name of the insurer(s) and rate of interest. Said reimbursement and interest shall be paid by Manager on the first (1st) day of the month following the notice of payment by City.

Notwithstanding the preceding provisions of this subsection, any failure or refusal by Manager to take out or maintain insurance as required in this Agreement, or failure to provide the proof of insurance, shall be deemed a default under this Agreement.

3.3.1 City, at its discretion, may require the revision of amounts and coverage at any time during the term of this Agreement by giving Manager sixty (60) days prior written notice. City's requirements shall be designed to assure protection from and against the kind and extent of risk existing at the Facility. Manager also agrees to obtain any additional insurance required by City for new improvements, in order to meet the requirements of this Agreement.

3.4 Accident Reports. Manager shall, within seventy-two (72) hours after occurrence, report to City any accident causing property damage or any serious injury to persons at the Facility. This report shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses and other pertinent information.

4. GOLF COURSE OPERATION.

4.1 Operating Expenses. On behalf of City, Manager shall pay, from Gross Revenues (as hereinafter defined), all Operating Expenses (as hereinafter defined) which have been incurred pursuant to the Operating Plan and Budget (as hereinafter defined) approved by the Manager and City. Manager will not pay from Gross Revenues (nor will Manager be entitled to reimbursement for) general expenses for or on the account of Manager not directly related to operation of the Facility, such as for the maintenance of Manager's business, general corporate licenses for the Manager, meals for Facility employees (except to the extent the cost of such meals is included in and specifically delineated the Operating Plan and Budget), and insurance, any other home office, regional office or other offsite charges (except for charges for any off-site storage facility used solely for the storage of all books and records for the Facility), expenses or costs of any kind or nature incurred or sustained by Manager, and Manager shall not be entitled to reimbursement therefor. In conjunction with the reports issued by Manager pursuant to Section 5 below, Manager will code all invoices and bills related to the Facility paid by Manager pursuant to this Section for purposes of comparison to the Operating Plan and Budget.

4.2 Operating Bank Accounts. Manager shall establish a bank account or accounts for the Facility at a banking institution or institutions reasonably acceptable to the City

to be in the name of the Facility (the "Facility Accounts"). Individuals designated by the Manager and approved in writing by the City as well as City employees designated by the City shall be signatories on the accounts and Manager will not change the signatories of such accounts or close such accounts without the prior written consent of City. The City shall not close the accounts without ten (10) days written notice to Manager. Any interest earned on the Facility Accounts shall be the property of the Facility and shall not be counted as Gross Revenues (as defined in Section 5.4). Manager shall be responsible for the payment of Operating Expenses on a monthly basis as incurred in accordance with the approved Operating Plan and Budget (as defined in Section 6) and for Compensation and Payments (as defined in Section 5) from the Facility Accounts. Manager shall not commingle funds in the Facility Accounts with other money or accounts and shall not take any funds from the Facility Accounts except to make payments for approved expenses as set forth above.

If necessary, City may deposit up to **Twenty-Five Thousand and No/100 Dollars (\$25,000.00)** as initial start-up capital into the Facility Accounts ("Start-up Capital") which Start-up Capital shall not be counted towards Gross Revenues in any given accounting period. Manager shall thereafter deposit in the Facility Accounts all monies received from the operation of the Facility. If and when the Facility Accounts have sufficient Gross Revenues to allow Manager to operate the Facility, said Start-up Capital shall be paid back to the City by Manager. In the event City elects, at its sole discretion, to deposit additional funds into the Facility Accounts at a later time ("Advances") in order to operate the Facility, said Advances shall also be treated as Start-up Capital regarding the definition of Gross Revenues and repayment to the City.

5. COMPENSATION, PAYMENTS AND REPORTS.

5.1 Forms of Manager Compensation. Manager shall receive as compensation for its services during the Term: a fixed management fee (the "Fixed Management Fee") as described in Section 5.1.1 below. Manager may also receive as compensation for its services during the Term an incentive fee (the "Incentive Management Fee") based on a percentage of Net Income, if any, as further described in Section 5.1.2 below. The Fixed Management Fee and the Incentive Management Fee are collectively referred to hereinafter as the "Management Fees". The payment of Management Fees is further defined below and is subject to the terms and conditions set forth in this Agreement.

5.1.1 Fixed Management Fee. For each monthly period during the Term, Manager shall be entitled to the payment of a Fixed Management Fee in the amount of **Six Thousand and No/100 Dollars (\$6,000.00)**, prorated for any partial month. The monthly Fixed Management Fee shall be deducted by Manager from the Facility's Gross Revenues at the end of each month of the Term after the deduction of the monthly Operating Expenses. In the event that there are not sufficient funds to pay Manager said Fixed Management Fee, City shall pay to Manager, within ten (10) days after the end of each calendar month of the Term the Fixed Management Fee. Any monthly installment of the Fixed Management Fee owing as of the expiration or earlier termination of this Agreement shall be payable to Manager on a pro-rata basis within five (5) business days after such expiration or earlier termination of this Agreement and receipt of an invoice for same from Manager.

5.1.2 Incentive Management Fee. For each monthly period during the Term, Manager shall receive from City, as the Incentive Management Fee, if applicable, **Fifty Percent (50%)** of that portion of the "Net Income" (as defined in Section 5.4 below) derived from the operation of the Facility. The amounts set forth herein are subject to readjustment in the

event an audit conducted by City as described in Section 5.6 below discloses any irregularity in the “Net Income”.

5.2 Forms of City Payments.

5.2.1 Fixed City Payment. After the monthly Operating Expenses are deducted from the monthly Gross Revenues and prior to establishing the Net Income for purposes of determining the Incentive Fee, Manager shall pay to City for each monthly period during the Term a “Fixed City Payment” in the amount of **Six Thousand and No/100 Dollars (\$6,000.00)**, prorated for any partial month. Said Fixed City Payment shall be paid by Manager to City within ten (10) days after the end of each calendar month of the Term. Failure by Manager to timely pay the Fixed City Payment to City that is due and owing, shall cause the unpaid portion of the Fixed City Payment to accrue interest at the rate equal to (15%) per annum.

5.2.2 Additional City Payment. For each monthly period during the Term, Manager shall pay to City, an Additional City Payment, if applicable, equal to **Fifty Percent (50%)** of that portion of the “Net Income” (as defined in Section 5.4 below) derived from the operation of the Facility. The amounts set forth above are subject to readjustment in the event an audit conducted by City as described in Section 5.6 discloses any discrepancy in the “Net Income”.

5.2.3 Equivalent Cost of Water Payment. For each monthly period during the Term, Manager shall pay to City, an Equivalent Cost of Water (as defined in Section 5.4 below) Payment applicable to the operation of the Facility.

5.2.4 Capital Improvement Reserve Payment. For each monthly period during the Term, Manager shall pay to City, a Capital Improvement Reserve (as defined in Section 5.4 below) Payment equal to one percent (1%) of the Gross Revenues derived from the operation of the Facility.

5.3 Timely Payments. Manager shall pay the City Payment, the Additional City Payment (if applicable), the Equivalent Cost of Water Payment and the Capital Improvement Reserve Payment Additional City Payment within ten (10) days after the end of each calendar month of the Term. Failure by Manager to timely pay to City any payments that are due and owing, shall cause the unpaid portion of any such payments to accrue interest at the rate equal to (15%) per annum, which interest shall not be deducted from the Gross Revenues and shall be Manager’s sole responsibility.

5.4 Certain Definitions. For the purposes of this Agreement, the following terms are defined as follows:

(a) “Gross Revenues” means, except as provided below, all money received as a result of the operation of the Facility and the sale of goods and services at the Facility, determined on an accrual basis in accordance with generally accepted accounting principles consistently applied. By way of example, and without limitation, Gross Revenues shall include all green fees; rental fees for golf carts, golf clubs and bags, and other rental items; range balls; reservation fees; fees for golf handicap service; rental and concession payments (including vending machines); revenue generated from tournaments, and other group gatherings; any portion of golf instruction fees paid to the Facility; interest earned on monies in any Golf Course Accounts (as hereinafter defined); and proceeds from business interruption insurance. Gross Revenues shall be reduced by any cash refunds or credits allowed on returns by customers.

Gross Revenues shall not include the following:

(1) Sales taxes, excise taxes, gross receipts taxes and other similar taxes now or later imposed upon the sale of food, beverages, merchandise or services and paid to the appropriate taxing authority, whether added to or included in the selling price (collectively, "Sales Tax");

(2) Those fees charged by a golf professional for the teaching of golf lessons and instruction which are not paid by the golf professional to the Facility operation;

(3) The amount of any gratuities paid or given by customers to Facility employees, or service charges added to customer billings which represent gratuities to Facility employees;

(4) Receipts received by licensees or concessionaires, except to the extent any portion of such receipts is received by the Facility;

(5) Proceeds of insurance other than business interruption insurance or similar types of insurance;

(6) Proceeds of any borrowings by or loans to Manager or City;

(7) Any amount received by Manager or City in connection with any claim, demand, or lawsuit, except when such amount is for (i) interruption or loss of Facility business, or (ii) punitive damages relating to conduct occurring at the Facility; and

(8) any additional funds provided by City for, or paid by City for, any Facility purpose.

(b) "Net Income" means on a monthly basis, the difference between Gross Revenues net of Operating Expenses and net of the Fixed City Payment, the Equivalent Cost of Water (as defined below) and an amount equal to **one percent (1%)** of Gross Revenues as a Capital Improvement Reserve (as defined in Section 5.4 below).

(c) "Operating Expenses" means all those ordinary and actual expenses incurred in the operation of the Facility as contemplated by this Agreement and the applicable Operating Plan and Budget, including salaries, wages and costs of benefits for all Facility personnel, meals for Facility employees on working days (only to the extent the cost of such meals is set forth on the Operating Plan and Budget) the Fixed Management Fee, the cost of Maintenance and Repairs and utilities (excluding the cost of water, water service and sewer service (as described below), the costs of marketing, advertising and business promotion, taxes (other than Sales Tax), insurance premiums, equipment rental fees, landscaping costs and any other amounts payable in connection with the operation and management of the Facility as set forth in this Agreement.

(d) "Equivalent Cost of Water" means equivalent water and sewer charges allocated to the Facility as determined by the rates established by the City of Oceanside Water/Utility Department for the water provided to the Facility and the cost of the water service and sewer services associated with the Facility.

(e) "Capital Improvement Reserve" means an account set up by the City to fund capital improvements needed to the Facility. The type of capital improvements to be paid for by the Capital Improvement Reserve shall be at the sole discretion of the City. The City, at its sole discretion, may consult with Manager and to the use of said Capital Reserve and

may elect to include items of a capital improvement nature into Operating Plan and Budget as a separate capital improvement line item.

5.5 Reports to City. Manager shall deliver to City the following financial statements, in a form acceptable to City:

(a) (i) Within ten (10) days after the end of each calendar month, a profit and loss statement showing the results of the operation of the Facility for such month and for the calendar year to date, which statement shall include sufficient detail to reflect all Gross Revenues, Operating Expenses paid by Manager, the Fixed Management Fee, the Incentive Fee (if applicable), the City Payment, the Additional City Payment (if applicable), the Equivalent Water Cost Payment and the Capital Reserve Payment; and (ii) within sixty (60) days after the end of each calendar year (or within sixty (60) days after the termination of this Agreement if such termination does not occur at the end of a calendar year), a profit and loss statement showing the results of operation of the Facility for such calendar year which statement shall include sufficient detail to reflect all Gross Revenues, Operating Expenses paid by Manager, the Fixed Management Fee, the Incentive Fee (if applicable), the City Payments, the Additional City Payments (if applicable), the Equivalent Water Cost Payments and the Capital Reserve Payments.

(b) If requested by City, at its own expense, these financial statements shall be certified by an independent certified public accountant acceptable to City.

5.6 Inspection. Upon three (3) days prior written notice to Manager, which notice shall set forth the date and time that City desires to inspect the books and records, City or its authorized agents, auditors, or representatives shall have the right during normal business hours to review, inspect, audit, and copy the books, records, invoices, deposit receipts, canceled checks, and other accounting and financial information maintained by Manager in connection with the operation of the Facility and the calculation of the Incentive Fee. All such books and records shall be made available to City at the Facility unless City and Manager agree upon another location. City, at its own expense, shall have the right to retain an independent accounting firm to audit the books and records of the Facility on an annual basis. In the event City discovers any discrepancy in the calculation of the Incentive Fee, such amounts shall be duly adjusted by the parties such that in the event (a) City has overpaid the Incentive Fee, Manager will reimburse City for such overpayment within ten (10) days after request therefore or (b) City has underpaid the Incentive Fee, City shall pay the additional amount to Manager within ten (10) days after request therefor. If any such audit reveals that City has overpaid the Incentive Fee by more than two percent (2%) due to a discrepancy in the books and records of the Facility maintained by Manager, in addition to reimbursing City for such overpayment, Manager shall also reimburse City for all actual, third-party costs and expenses of City related to the audit.

6. OPERATING PLAN AND BUDGET.

6.1 Preparation and Approval. Manager shall submit to the City, initially within thirty (30) days after the Effective Date hereof, and thereafter annually on or before 30 days prior to January 1 of each year, the annual plan for the Facility for the next calendar year ("Operating Plan and Budget"). The Operating Plan and Budget shall include a monthly operating budget containing bona fide good faith estimates of all Operating Expenses for the next calendar year, including, without limitation, expenditures for (a) Maintenance and Repairs, (b)

capital improvements, (c) furnishings and equipment and operating inventory, and (d) advertising, sales, and business promotion.

The Operating Plan and Budget shall be subject to the prior written approval of City. City agrees to examine each Operating Plan and Budget submitted by Manager and to work with Manager to develop an acceptable Operating Plan and Budget. If City fails to either approve the Operating Plan and Budget or to advise Manager in writing of its objections to the Operating Plan and Budget within thirty (30) days after the same is submitted to City for approval, then the City shall be deemed to have disapproved the Operating Plan and Budget as submitted.

In the event of a dispute with regard to the Operating Plan and Budget, pending the resolution of such dispute, Manager shall continue to manage and operate the Facility in accordance with the standards set forth in this Agreement at a level of expenditures comparable to those of the preceding calendar year plus up to an additional two percent (2%) of such amount on a line item basis as and if applicable. This two percent (2%) shall apply to actual course costs, and shall not include any expenditure not authorized as an Operating Expense pursuant to this Agreement, and shall not apply to the Fixed Management Fee, or the Incentive Fee.

6.2 Quarterly Review of Annual Plan. Every three (3) months, the City and Manager shall meet and discuss the operating results of the Facility, and they shall agree in writing on any necessary amendments or revisions to the Operating Plan and Budget to take into consideration variables or events that did not exist, or could not be anticipated by Manager or City, at the time the Operating Plan and Budget was prepared.

6.3 Major Decisions. From time to time, Manager may submit to City for approvals proposals for major expenditures, improvements or events that impact the Facility, including, but not limited to, capital improvements and other expenditures not set forth in the Operating Plan and Budget. Manager shall secure City's prior written approval of such major proposals. Manager shall, to the best of its ability, operate the Facility in accordance with the major policy decisions approved by City.

7. INDEMNIFICATION.

7.1 Manager's Indemnification. Manager agrees to defend, indemnify and hold harmless City and City's officers, officials, directors, members, employees, affiliates, agents and representatives, from and against any and all claims, demands, actions, lawsuits, proceedings, damages, losses, liabilities, judgments, penalties, fines, expert witness fees, reasonable attorneys' fees, costs, and expenses, which results from one or more of the following:

(a) any act or omission by Manager or any officer, director, member, employee, agent or representative of Manager in connection with Manager's performance under this Agreement that constitutes negligence or willful misconduct; or

(b) any action taken by Manager relating to the Facility (i) that is expressly prohibited by this Agreement, (ii) that is not within the scope of Manager's duties under this Agreement, (iii) that is not within Manager's delegated authority under this Agreement, or (iv) that is a default or breach of Manager's obligations under this Agreement, or

(c) Manager's breach of the covenant contained in Section 8 of this Agreement.

Manager's indemnity obligations under this Section shall not apply to (i) any acts or omissions taken (or in the case of omissions, not taken) either at the written direction of City or with the written approval of City, or (ii) claims arising out of the sole negligence or willful misconduct of City, or its officers, officials, directors, members, employees, agents, representatives or volunteers.

7.2 City's Indemnification. City agrees to indemnify and hold harmless Manager against environmental issues related to the Facility as long as those issues are not caused by Manager.

7.3 Survival. The indemnities set forth in this Section 7 shall survive the expiration or earlier termination of this Agreement until the expiration of the applicable statute of limitations.

8. REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of City. City represents and warrants to Manager the following:

8.1.1 City is the sole owner of the Facility.

8.1.2 City has full power and authority to enter into and perform in accordance with the terms and provisions of this Agreement.

8.1.3 To City's actual knowledge, there are no actions, suits or proceedings pending or threatened against City that would materially and adversely affect the Facility or the performance by City or Manager of their obligations under this Agreement except for any claims that may be alleged by the prior manager of the Facility.

8.1.4 To City's actual knowledge, subject to Section 12 hereof, this Agreement will not result in any breach of the terms or conditions of, or constitute a default under, any material agreement or instrument under which City is a party or is obligated.

8.1.5 To City's actual knowledge, City is not in default in the performance or observance of its obligations under its mortgage or other loan documents or other agreements in connection with the Facility, if any.

8.2 Representations and Warranties of Manager. Manager represents and warrants to City the following:

8.2.1 Manager is a limited liability company, organized and validly existing in the State of Arizona.

8.2.2 Manager has full power and authority to enter into and perform in accordance with the terms and provisions of this Agreement.

8.2.3 To Manager's actual knowledge, there are no actions, suits or proceedings pending or threatened against Manager that would materially and adversely affect the Facility or the performance by City or Manager of their obligations under this Agreement.

8.2.4 To Manager's actual knowledge, this Agreement will not result in any breach of the terms or conditions of, or constitute a default under, any material agreement or instrument under which Manager is a party or is obligated.

8.2.5 To Manager's actual knowledge, Manager is not in default in the performance or observance of its obligations under any agreements in connection with the Facility.

9. TERMINATION RIGHTS.

9.1 Termination by City. In addition to any other rights of City to terminate this Agreement that are set forth in this Agreement, City shall also have the right to terminate this Agreement upon the occurrence of any of the following events:

9.1.1 if (i) Manager commits any Prohibited Act (as hereinafter defined), (ii) Manager commits an act of fraud against City as determined by a court of competent jurisdiction or (iii) Manager has made any materially false or misleading representation or warranty in this Agreement; in any such event, City shall have the right to immediately terminate this Agreement; or

9.1.2 if Manager fails to maintain the insurance for the Facility required by Section 3.3 and such failure continues for a period of five (5) days after receipt of written notice of such default by City to Manager in which event City shall have the right to immediately terminate this Agreement; or

9.1.3 if Manager fails to keep, observe or perform any material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by Manager, and such default continues for a period of ten (10) days after receipt of written notice of such default by City to Manager in which event City shall have the right to immediately terminate this Agreement; or

9.1.4 (i) Manager applies for or consents to the appointment of a receiver, trustee or liquidator of Manager or of all or a substantial part of its assets; (ii) Manager files a voluntary petition in bankruptcy or commences a proceeding seeking reorganization, liquidation, or an arrangement with creditors; (iii) Manager files an answer admitting the material allegations of a bankruptcy petition reorganization proceeding, or insolvency proceeding filed against Manager; (iv) Manager admits in writing its inability to pay its debts as they come due; (v) Manager makes a general assignment for the benefit of creditors; or (vi) an order, judgment or decree is entered by a court of competent jurisdiction, on the application of a creditor, adjudicating Manager a bankrupt or insolvent or approving a petition seeking reorganization of Manager or appointing a receiver, trustee or liquidator of Manager or of all or a substantial part of its assets, and such order, judgment or decree continues unstayed and in effect for any period of sixty (60) consecutive days. In any of such events, Manager shall provide written notice to City of the occurrence of such event and City shall have the right to terminate this Agreement upon ten (10) days written notice to Manager.

For the purposes of this Agreement, "Prohibited Act" shall mean (a) any theft or misapplication of Gross Revenues, insurance proceeds or other deposits received in connection with the Facility; (b) a material violation by the Manager of any applicable law or regulation respecting Facility; or (c) Manager is found guilty of a felony.

9.2 Termination by Manager. In addition to any other rights of Manager to terminate this Agreement that are set forth in this Agreement, Manager shall also have the right to terminate this Agreement upon the occurrence of any of the following events:

9.2.1 if (i) City commits an act of fraud against Manager as determined by a court of competent jurisdiction, or (ii) City has made any materially false or misleading representation or warranty in this Agreement in any such event Manager shall have the right to immediately terminate this Agreement; or

9.2.2 if City fails to keep, observe, or perform any other material covenant, agreement, term or provision of this Agreement to be kept, observed or performed by City, and such default continues for a period of thirty (30) days after receipt of notice of such default by Manager to City in which event Manager shall have the right to immediately terminate this Agreement;

9.2.3 (i) City applies for or consents to the appointment of a receiver, trustee or liquidator of City or of all or a substantial part of its assets; (ii) City files a voluntary petition in bankruptcy or commences a proceeding seeking reorganization, liquidation, or an arrangement with creditors; (iii) City files an answer admitting the material allegations of a bankruptcy petition reorganization proceeding, or insolvency proceeding filed against City; (iv) City admits in writing its inability to pay its debts as they come due; (v) City makes a general assignment for the benefit of creditors; or (vi) an order, judgment or decree is entered by a court of competent jurisdiction, on the application of a creditor, adjudicating City a bankrupt or insolvent or approving a petition seeking reorganization of City or appointing a receiver, trustee or liquidator of City or of all or a substantial part of its assets, and such order, judgment or decree continues unstayed and in effect for any period of sixty (60) consecutive days. In any of such events, City shall provide written notice to Manager of the occurrence of such event and Manager shall have the right to terminate this Agreement upon ten (10) days written notice to City.

9.3 Effect of Termination. The termination of this Agreement under the provisions of this Section shall not affect the rights of the terminating party with respect to any damages it has suffered as a result of any breach of this Agreement, nor shall it affect the rights of either party with respect to any liability or claims accrued, or arising out of events occurring, prior to the date of termination.

9.4 Remedies Cumulative. Neither the right of termination, nor any other remedy available to a party under this Agreement shall be exclusive of any other remedy given under this Agreement or now or hereafter existing at law or in equity.

9.5 Termination Without Cause.

9.5.1 Notwithstanding any contrary provision of this Agreement, City may terminate this Agreement at any time during the Term by delivering a written termination notice to Manager specifying the effective date of such termination (the "City's Early Termination Date"), which date shall be at least ninety (90) days following the date of such written notice.

9.5.2 Notwithstanding any contrary provision of this Agreement, Manager may terminate this Agreement at any time after the expiration of the Initial Term by delivering a written termination notice to City specifying the effective date of such termination, which shall be at least one hundred twenty (120) days following the date of such written notice.

9.6 Actions To Be Taken Upon Termination. Upon termination of this Agreement for any reason, the parties covenant and agree to comply with the provisions of this Section 9.6, which shall expressly survive termination of this Agreement. The provisions set forth in this Section 9.6 shall not be deemed to impair the rights of the nondefaulting party to pursue any other remedies available under applicable law.

9.6.1 Manager shall peacefully vacate and surrender the Facility to City promptly upon City's written request that Manager do so.

9.6.2 Manager shall assign and transfer to City and City shall assume and accept from Manager:

(a) all books and records respecting the Facility and all Contracts, and other documents respecting the Facility;

(b) all of Manager's right, title and interest in and to all liquor, operating and any other licenses and permits used by Manager in the operation of the Facility, to the extent such assignment or transfer is permitted under California law; and

(c) to the extent assignable under applicable law, all contracts, permits, licenses, documents or other agreements relating to the Facility shall be assigned to City as purchaser under the Purchase Agreement to the extent the same were not assigned or transferred to City prior to the termination of this Agreement. City agrees to assume obligations of Manager for all contracts, permits, licenses, documents or other agreements relating to the Facility upon assignment to City as previously approved by City.

9.7 Manager shall provide City with a certificate from Manager, dated as of the date of the expiration or earlier termination of this Agreement, certifying to City that all Manager's employees' accrued benefits, if any, including, without limitation, any compensation for vacation days or "sick days" have been paid in full.

9.8 City shall pay to Manager any accrued but unpaid Management Fees outstanding as of the date of termination of this Agreement.

9.9 Employee Non-Compete. In the event City elects to terminate this Agreement without cause during the Initial Term, for the period of one (1) year after the termination date, City hereby agrees that it will not hire Manager's on-site golf course manager as an employee of or a consultant for the Facility unless Manager otherwise approves of such employment in writing.

10. ENVIRONMENTAL MATTERS.

Manager, its agents or employees, shall not bring or permit to remain on the Facility any asbestos, petroleum or petroleum products, explosives, toxic materials, or substances defined as hazardous wastes, hazardous materials, or hazardous substances under any federal, state, or local law or regulation (“**Hazardous Materials**”). Manager’s violation of the foregoing prohibition shall constitute a material breach and default hereunder and Manager hereby indemnifies, holds harmless and defends City from and against any claims, damages, penalties, liabilities, and costs (including reasonable attorney fees and court costs) caused by or arising out of (i) a violation of the foregoing prohibition by Manager, (ii) the presence of any Hazardous Materials on, under, or about the Facility during the Term, which presence is the result of, or caused by, or arising, in whole or in part, out of the actions of Manager, its agents or employees, or (iii) the Manager’s (or any party within Manager’s control) violation of any and all laws pertaining to Hazardous Materials or that otherwise deal with, or relate to, air or water quality, air emissions, soil or ground conditions or other environmental matters of any kind (“**Environmental Laws**”). Such indemnity shall survive the termination or expiration of this Agreement. Manager shall clean up, remove, remediate and repair, in conformance with the requirements of applicable law, any soil or ground water contamination and damage caused by the presence and any reAgreement of any Hazardous Materials in, on, under or about the Facility during the Term and caused by or arising, in whole or in part, out of the actions of Manager, its agents or employees. Manager shall immediately give City written notice of any suspected breach of this section upon learning of the presence of any Hazardous Materials, and upon receiving any notices from governmental agencies pertaining to Hazardous Materials which may affect the Facility. The obligations of Manager hereunder shall survive the expiration or earlier termination, for any reason, of this Agreement.

11. MISCELLANEOUS.

11.1 Notices, Consents, Approvals. Any notice, consent, request, approval or other communications required or permitted under this Agreement shall be deemed to have been validly given, made or served if in writing and delivered by and/or mailed by certified United States Mail, return receipt requested, postage prepaid and properly addressed, or sent by overnight express, or sent by telex or telecopy with electronic confirmation when actually received by the party to whom sent, or hand delivered when actually received by the party to whom sent, to the respective party to whom such notice, consent, instructions, approval or other communication relates to the following addresses:

If to Manager:

Oceanside Golf, LLC
1415 North Mill Ave
Tempe, AZ 85281
Attn: Jim Bellows

And to

Landscapes Golf Group, LLC
1201 Aries Drive
Lincoln, NE 68512
Attn: Mike Jenkins

If to City:

City of Oceanside
Property Management
300 North Coast Highway
Oceanside, CA 92054
Attn: Real Estate Manager

11.2 Each party hereby agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

11.3 This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California.

11.4 The captions or headings, in this Agreement are made for convenience and general reference only and shall not be construed to describe, define or limit the scope or intent of the provisions of this Agreement.

11.5 The provisions of this Agreement shall be severable and if any provisions shall be invalid or void or unenforceable in whole or in part for any reason, the remaining provisions shall remain in full force and effect.

11.6 This Agreement may not be changed or terminated orally, but may only be changed by an agreement in writing signed by both parties.

11.7 This Agreement may be executed in several counterparts each of which, when so executed, shall be deemed to be an original, and such counterparts shall, together, constitute and be one and the same instrument.

11.8 This Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their respective successors and assigns, and no other person shall have any right under or by virtue of this Agreement.

11.9 Manager shall not sell, assign or otherwise transfer its rights, obligations, and interest under this Agreement without the prior written consent of City which consent may be withheld in City's sole and absolute discretion. City shall have the right to sell, assign or otherwise transfer its rights, obligations and interest under this Agreement without the prior written consent of Manager.

11.10 It is expressly understood and agreed by the parties hereto that Manager shall at all times during the performance of the services pursuant to this Agreement be acting as an independent contractor and that no act, or commission or omission of any act, by any party hereto shall be construed to make the other party a principal, agent, employee, joint venturer or associate of such party.

11.11 Time is of the essence of this Agreement.

11.12 Manager hereby agrees, for itself and all persons retained or employed by Manager in performing its services hereunder, to hold in confidence, and not to use or disclose to others, any confidential or proprietary information of City heretofore or hereafter disclosed to such party, or any such persons, and designated as such by the other party, including any data (including data collected or maintained by or in connection with the POS System), information, plans, programs, processes, equipment, costs, operations, customers or tenants which may come within the knowledge of Manager, or any such persons, in the performance of, or as a result of, its services, except where (i) such disclosure reasonably results from the performance of Manager's duties hereunder, or (ii) such written data or information shall have theretofore been made publicly available by parties other than Manager.

11.13 If any mechanic's lien or other encumbrance shall be filed against the Facility or any portion thereof because of any negligence, willful misconduct or contractual breach of Manager, whether or not arising from the development of the Facility or subsequent repair, maintenance, alteration or otherwise, Manager shall, at its own cost and expense, cause the same to be discharged of record, bonded over (in such form and amount as is commercially reasonable) or insured over (in such form and amount as is commercially reasonable) by the title insurer for the benefit of City, within thirty (30) days after the filing thereof. If Manager complies with the preceding sentence, Manager may contest any such lien or encumbrance so long as such contest does not create an imminent danger of foreclosure of such lien or encumbrance. If Manager fails to comply with the foregoing provisions, City may elect, on five (5) business days' prior notice to Manager, of discharging, bonding or insuring over any such lien, charge, order or encumbrance, and Manager shall reimburse City for all reasonable costs and expenses thereof, including attorneys' fees and costs.

11.14 Manager agrees that it shall look solely to the City and any of its applicable permitted successors and assigns for the performance of City's obligations under this Agreement, and neither City nor any of its officers, directors, affiliates, members or managers shall have any personal liability for such obligations. City agrees that it shall look solely to Manager for the performance of Manager's obligations under this Agreement, and neither Manager nor any of its directors, affiliates, members or managers shall have any personal liability for such obligations.

11.15 In the event of any dispute between the parties, whether based on contract, tort or other cause of action or involving bankruptcy or similar proceedings, in any way related to this Agreement, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding

(including arbitration proceedings, any appeals and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment. The “prevailing party” shall be determined based upon an assessment of which party’s major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party’s major arguments or positions on major disputed issues.

11.16 No exercise by City of its right to elect to terminate this Agreement or to take over any services provided by Manager pursuant to this Agreement (the “Basic Services”), in whole or in part, shall operate as a waiver of any other of its rights, or prevent it from exercising such rights, and the right of City to so act is without prejudice to its rights and without waiver of the liabilities and obligations of Manager nor shall such act impair the right of City to pursue any remedy available to City pursuant to this Agreement. The right of City hereunder to stop all or a portion of the Basic Services shall not give rise to any duty on the part of City to exercise such right for the benefit of Manager or any other person or entity and all of City’s rights and remedies hereunder may be exercised concurrently or successfully and as often as City elects or deems necessary or appropriate. No exercise by Manager of its right to elect to terminate this Agreement shall operate as a waiver of any other of its rights, or prevent it from exercising such rights, and the right of Manager to so act is without prejudice to its rights and without waiver of the liabilities and obligations of City nor shall such act impair the right of Manager to pursue any remedy available to Manager pursuant to this Agreement. All of Manager’s rights and remedies hereunder may be exercised concurrently or successfully and as often as Manager elects or deems necessary or appropriate.

12. CONDITION OF AGREEMENT.

This Agreement shall not be effective unless or until that certain Golf Course Lease Agreement dated October 27, 1982 between the City of Oceanside and Oceanside Golf Institute for the Facility is terminated.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the Manager and the City.

IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Golf Course Management Agreement to be executed by setting hereunto their signatures on the day and year respectively written herein below.

City:

THE CITY OF OCEANSIDE

Date: _____

By: _____

Its: City Manager

APPROVED AS TO FORM:

By: 
City Attorney

Manager:

OCEANSIDE GOLF, LLC, an Arizona limited liability company

Date: 3-4-09

By: 
James Bellows, Manager

**NOTARY ACKNOWLEDGMENTS OF
MANAGER'S SIGNATURE(S) MUST BE ATTACHED**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Diego }

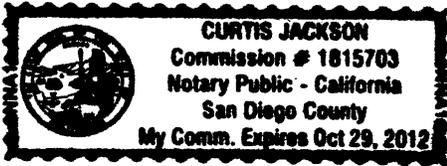
On 3/4/09 before me, Curtis Jackson, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jim Bellows
Name(s) of Signer(s)

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature [Handwritten Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Golf Course Management Agreement

Document Date: 3/4/09 Number of Pages: _____

Signer(s) Other Than Named Above: NA

Capacity(ies) Claimed by Signer(s)

Signer's Name: Jim Bellows

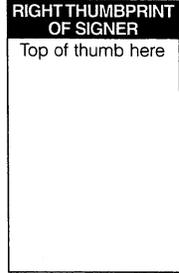
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Exhibit A

A regulation 18-hole municipal golf course situated on approximately 72 acres located at the end of Saratoga Street in Oceanside, California, including golf course improvements and amenities and as more particularly depicted on the plat map attached as Exhibit "A-2".