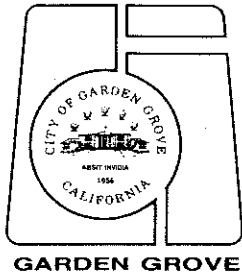


AGREEMENT BIBLIOGRAPHY

Agreement With:	Donovan Golf Courses Management, Inc.
Agreement Type:	Operation and maintenance of Willowick Golf Course
Date Approved:	04 24 2001
Start Date:	04 24 2001
End Date:	12 31 2020
Contract Amount:	\$2,460,000
Comments:	Public Works
Insurance Expiration:	07 01 2006
Date Archived:	



CITY OF GARDEN GROVE

55
241 73.13
Bruce A. Broadwater
Mayor
Mark Rosen
Mayor Pro Tem
William J. Dalton
Councilman
Mark Leyes
Councilman
Van T. Tran
Councilman

August 7, 2001

(714) 741-5040

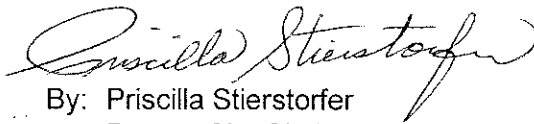
Donovan Golf Courses Management, Inc.
c/o Mike Donovan
3017 West Fifth Street
Santa Ana, CA 92703

Enclosed for your file is a copy of the Agreement by and between the City of Garden Grove and Donovan Golf Courses Management, Inc. for the operation and maintenance of Willowick Golf Course.

The Agreement was approved by the City Council on April 24, 2001.

Sincerely,

Ruth E. Smith
City Clerk


By: Priscilla Stierstorfer
Deputy City Clerk

Enclosure

c: Controller
Public Works

AGREEMENT FOR OPERATION AND MAINTENANCE
OF WILLOWICK GOLF COURSE
(Donovan Golf Courses Management, Inc. - Willowick Golf Course)

THIS AGREEMENT is made and entered into this 24th day of April, 2001, by and between the CITY OF GARDEN GROVE, a Municipal corporation, hereinafter designated as "CITY," and DONOVAN GOLF COURSES MANAGEMENT, INC., a California corporation, hereinafter designated as "OPERATOR."

RECITALS

1. CITY is the owner of the Garden Grove Willowick Recreational Facility, Inc., located at 3017 West Fifth Street in the City of Santa Ana, more particularly delineated on plot map in Exhibit A, attached hereto and made a part hereof (the "Premises").

2. CITY desires to retain a professional firm as an independent contractor for the purpose of operating Willowick Golf Course (the "Course"), in accordance with the terms and limitations provided herein.

3. OPERATOR is fully qualified by past experience and present ability to provide the service required herein.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

4. COURSE PREMISES:

The Premises are fully set forth in Exhibit A. It is understood and agreed by and between the parties hereto that this agreement shall be for the operation and maintenance of all grounds and facilities of the course, including without limitation, the clubhouse building, bar, restaurant, banquet facilities, pro-shop, mid-course restrooms, office space, and beverage cart, as well as operation and maintenance of the electric carts, pull carts, maintenance shop, and course maintenance equipment.

5. TERM:

This Agreement shall be legally effective from date of execution through December 31, 2020. The CITY may, at its sole discretion, grant an option for an additional five (5) year extension. OPERATOR shall submit to CITY a written request to exercise the option one (1) year in advance of the termination date.

6. OPERATOR'S OBLIGATIONS:

OPERATOR shall have the following responsibilities:

(a) Operation and Maintenance. Conduct the business of a golf course including operation and maintenance of same. The operation shall include ticket sales and reservations for play; starter and course play monitoring services, operation of a pro-shop for retail sales of golfing supplies; rental and maintenance of electric and pull golf carts; providing sufficient professional staff to serve the public; full maintenance operations of the course grounds and facilities; full maintenance and operation of food, beverage, and banquet facilities and services; and other services normally provided by golf course operators.

(b) Promotion of Play. Promote play on the 18-hole golf course by the general public as well as industry and organizations; arrange and provide tournaments with banquets and such other activities as are normally inherent in a public golf course/restaurant facility.

(c) Percentage Distribution of Revenue Receipts to CITY. OPERATOR is financially responsible for paying to City a portion of revenue from the operation of the course and premises in accordance with the Payment Schedule, attached as Exhibit B, and incorporated herein by reference.

More specifically, OPERATOR shall pay to CITY twenty three (23%) percent of the green fees, cart fees and range fees, 8% of gross revenue from Club Repair, Hand Carts, and Pro Shop Sales, and 5% of the gross receipts of every kind and nature, excluding sales tax receipts, from the sale of food, beverages, or related services. OPERATOR may pay to CITY, a minimum payment of \$240,000 per year, in equal monthly installments, with the balance of operational revenue due at the end of twelve months.

At the end of twelve (12) months, CITY and OPERATOR shall recompute operational revenue to determine balance due the CITY.

(d) Financing and Construction of Clubhouse, Restrooms and Related Improvements. OPERATOR shall construct, on behalf of the CITY, a new clubhouse/restaurant, along with improvements to the parking lot and adjacent landscape areas. OPERATOR shall also replace the restrooms near the 15th green. A detail of the improvements are more fully described in the attached Exhibit C ("Scope of Development"). OPERATOR agrees to commence construction of the new Clubhouse/restaurant, restrooms, and parking lot, improvements by ~~July 1, 2001~~ ^{Sept. 1, 2001} (WBD). Completion of the Clubhouse/restaurant shall occur no later than ~~June 30, 2002~~ ^{Sept. 30, 2002} (WBD). OPERATOR shall administer the design and construction of the Clubhouse/Restaurant and related improvements, obtain financing to fund the construction of the improvements, and pay the debt service.

In recognition of this, the CITY shall contribute 21.5% of its 23% share of any increase in gross receipts generated by future increase(s) in green fees, commencing with the effective date of this agreement. The current green fees are described in Exhibit "D", attached and incorporated herein by reference. Commencing with the effective date of this agreement, any increase in one or all of the categories will constitute an increase in gross revenues from green fees. The CITY's share of such increase shall be identified as the CITY's contribution to debt service. The CITY contribution toward debt service shall continue until the debt for the

construction of the Clubhouse/Restaurant has been fully retired. For illustrative purposes the following provides an example on how an increase in green fees for one or all of the categories would be applied to the CITY's contribution towards debt service.

Types of Play	Current Fees	Increase Fees	Difference	# of Rounds	Increase Revenue	CITY's Contributed 21.5%
18 Hole WD	\$20	\$21	\$1	20,000	\$20,000	\$4,300
18 Hole WE	\$30	\$31.50	\$1.50	30,000	\$45,000	\$9,675
9 Hole WD	\$14	\$15	\$1	10,000	\$10,000	\$2,150
9 Hole WE	\$20	\$21.50	\$1.50	12,000	\$18,000	\$3,870
Early 9 WD	\$10	\$10.50	\$.50	5,000	\$2,500	\$538
Early 9 WE	\$17	\$18	\$1	10,000	\$10,000	\$2,150
Twilight WD	\$14	\$15	\$1	6,000	\$6,000	\$1,290
Twilight WE	\$20	\$21.50	\$1.50	5,000	\$7,500	\$1,612
Super Twilight WD	\$7	\$7	0	3,000	0	0
Super Twilight WE	\$10	\$10.50	\$.50	4,000	\$2,000	\$430
Totals				105,000	\$121,000	\$26,015

In this example, the increase in gross revenue from the increase in green fees would be \$121,000. The CITY's 21.5% share of the increase would be \$26,015. Therefore, the CITY's contribution in this year towards debt service would be \$26,015. In any year where the CITY's share of the increase in green fees exceeds the annual debt service payment, the CITY shall retain the surplus amount in that year.

(e) Payment for Lease of House. OPERATOR shall pay to CITY, per year, in monthly installments, rent for the lease of the 1,414 sq. ft. residential structure located at 3001 W. Fifth Street, in accordance with the terms and conditions of the Lease between the CITY and OPERATOR, provided in Exhibit E.

(f) Taxes. OPERATOR shall pay any and all property taxes assessed by the County Assessor's Office. OPERATOR shall promptly pay to CITY the amount of taxes assessed by County upon CITY's receipt of the subject tax bill.

(g) Capital Improvements. At the beginning of each fiscal year OPERATOR will review with the City Manager or his designee the proposed capital improvements and the estimated associated costs. The City Manager or his designee and the OPERATOR will mutually agree and approve the project list for implementation during the current fiscal year.

(h) Tournaments. OPERATOR shall provide the golf course, for a weekday golf tournament, for the purpose of raising money to support a non-profit, charitable or community based organization designated by CITY.

7. EQUIPMENT AND FURNISHINGS:

OPERATOR agrees to exercise diligent care in the custody of all buildings, equipment, furnishings and materials and property of the CITY placed in its hands in connection with this agreement, and to set up such rules and regulations as are necessary for the personnel under the OPERATOR's direction to insure a minimum of wear, tear, breakage and depreciation for all equipment, furnishings and materials and property of CITY. Any additional equipment or replacement equipment deemed necessary shall be at the sole expense of the OPERATOR.

8. MAINTENANCE:

(a) It shall be the obligation of OPERATOR to maintain all grounds, including landscaping, lighting, parking lot, driveways and walkways. Maintenance of fences, all buildings and all equipment, furnishings and fixtures provided by CITY to OPERATOR as part of this agreement shall be the responsibility of OPERATOR.

(b) Maintenance as defined in this agreement shall mean to keep in good working condition by reasonable means, all fixtures, furnishings, and equipment provided to OPERATOR by CITY under this agreement, in order to preserve it in an efficient, usable, working order for the purpose that it is intended to be and for its normal usable life expectancy. Such maintenance shall include, but not necessarily be limited to, periodic servicing, repairs, replacement of parts after breakdown, and such other functions as are necessary to preserve and conserve said furnishings, fixtures and equipment.

(c) Maintenance as defined herein shall also include the replacement of worn-out, unrepairable, or obsolete furnishings, fixtures, or equipment. It shall not include major repairs to buildings due to partial or total destruction of the premises herein.

(d) At a minimum, the course and all such improvements shall be maintained in accordance with Exhibit F (Willowick Golf Course Maintenance Program), attached hereto. It shall be OPERATOR's responsibility to take all steps necessary or appropriate to maintain such standards of condition and repair. OPERATOR shall designate in writing to CITY an on-site representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness, and general order.

(e) OPERATOR shall keep the aforementioned premises clean and sanitary at all times. In the event OPERATOR fails to keep and perform the preceding, CITY shall have the right to enter onto the premises and perform said work required by this contract and charge OPERATOR for the cost to perform said work. Cost to perform work shall be the cost of direct labor and materials required, plus an overhead cost of thirty percent (30%) of direct cost. OPERATOR shall furnish all equipment and materials necessary to keep premises clean and sanitary at all times, including trash receptacles of a type and number approved by CITY for use by the public.

9. ADVERTISING AND PROMOTION:

OPERATOR agrees to conduct an advertising and promotion program, at its sole expense, in connection with the conduct of business as set forth in this agreement. Advertising shall include the continuance of Telephone Directory advertisements now under obligation to the Willowick Golf Course as well as in media as determined by OPERATOR to be that which best designed to attract business to the premises.

It is understood and agreed that the CITY may find it desirable to promote the 18-hole public golf course from time to time and that where possible, the advertising programs of CITY and OPERATOR will be jointly financed and jointly conducted. This kind, type, quantity and cost of said joint advertising shall be by mutual agreement of the parties hereto.

10. BUDGET:

For purposes of guidance of CITY, its Council and staff, OPERATOR shall, prior to thirty (30) days before close of each of OPERATOR's fiscal year, prepare and submit to CITY, a detailed budget for the forthcoming fiscal year, showing the number of employees proposed by OPERATOR, cost of operation contract and wages of employees, compensation of all persons connected with the operation of the facility, and a detailed list of all other operating costs and the proposed cost of all pro-shop inventory. The budget shall include OPERATOR's proposed schedule of salary increases to be paid during the budget year and employee incentive programs, if any.

It is understood and agreed by and between the parties hereto that said proposed budget is provided to CITY for informational purposes only and that OPERATOR shall have complete freedom to operate said premises as entrepreneur without budget restrictions.

11. QUALITY OF SERVICE:

OPERATOR shall stock and display a reasonable supply of golf equipment, supplies and apparel which shall be offered for sale to the public, and particularly to the patrons of the golf course, at prices reasonable and comparable with the prices charged for equipment, supplies, and apparel at other golf courses in the County. All merchandise display areas on the exterior of the shop shall be subject to prior approval of the CITY.

Restaurant shall be operated during all hours necessary to provide service compatible with the hours of golf course operations. In addition to remaining open daily, nothing herein shall require OPERATOR to keep the restaurant open in violation of any law or contrary to the requirements of any public emergency situation.

The premises shall be kept open to all persons regardless of sex, race, color, creed or national origin. The OPERATOR shall promote and stage golf tournaments and shall endeavor to promote golf as a sport among patrons of the golf course.

OPERATOR, as authorized by law, shall not permit any intoxicated person or persons to remain upon the premises or to allow profane, indecent language, or improper, boisterous or loud conduct to take place in or about the premises. Upon notice from CITY, OPERATOR shall correct such problems.

12. ASSIGNMENT, TRANSFER, AND LIENS:

(a) OPERATOR shall not assign, or in any manner hypothecate, this Agreement, or assign any specific right to any third party to utilize the Course Premises for any use other than herein specified, without the written consent of CITY, nor shall OPERATOR transfer, assign, or in any manner convey, any of the rights or privileges herein granted without the said written consent of CITY, or as otherwise provided herein. It is further provided that neither said contract nor the rights herein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceedings and insolvency or bankruptcy, either voluntary or involuntary, or receivership proceedings; and in the event of the insolvency or bankruptcy, either voluntary or involuntary by OPERATOR, CITY may at its option, terminate and cancel said agreement, in which event all rights of OPERATOR thereunder shall immediately cease and terminate and it or its representatives shall immediately deliver up possession to CITY. OPERATOR shall remain responsible to CITY for all obligations to CITY for periods prior to termination.

The majority ownership of shares of OPERATOR's corporation shall not be transferred without prior written consent of CITY, except that, said majority interest, or any interest, in the shares of OPERATOR corporation may be transferred to a related party without such consent of CITY. In the event the transfer does take place other than as provided herein without obtaining the consent of CITY, CITY reserves the right to terminate this agreement without further compensation due or payable to William J. Donovan, his successors, or assignments in interest of DONOVAN GOLF COURSE MANAGEMENT, INC., or any other party.

"Related party" is defined to only include a spouse, son or daughter of William J. Donovan, President of Donovan Golf Course Management, Inc., a California corporation.

(b) OPERATOR shall hold CITY, its elected and appointed officials harmless from any and all construction liens which might be filed by contractors or sub-contractors against OPERATOR.

13. BOOKKEEPING AND AUDITING:

OPERATOR shall be required to maintain a method of accounting of all the receipts and disbursements in connection with the Operation which shall correctly and accurately reflect the gross receipts from the Operation. The method of accounting, including bank accounts established for the Operation, shall be separate from the accounting system used for any other business operated by OPERATOR or for recording OPERATOR's personal financial affairs.

Such accounting method shall include the keeping of the following documents:

- (a) Regular double-entry books of accounting, such as general ledgers.
- (b) Journals including any supporting and underlying documents such as vouchers, checks, tickets, banks statements, etc.
- (c) State and Federal Income tax returns; and sales tax returns and checks and other documents proving payment sums shows.
- (d) OPERATOR further agrees that CITY shall have the right to stipulate in writing any other accounting records that CITY, in its sole discretion, deems necessary for proper reporting of receipts.

OPERATOR's documents, books, and gross related to the Operation shall be open for inspection and reinspection at any reasonable time and for a reasonable period during the term of this agreement. Failure to keep any records required to be maintained per paragraphs (a), (b) and (c) immediately above, or failure to allow full inspection or reinspection of such records shall be considered a default of this Agreement, entitling CITY to remedies described elsewhere in this agreement.

In addition to the right of inspection, CITY shall have the right from time to time, to conduct an audit and reaudit of the books and business conducted by OPERATOR and to observe operation of the business by OPERATOR, so that accuracy of the above records can be confirmed. The costs of a gross receipts audit and reaudit of the gross receipts and business shall be paid by OPERATOR. The cost shall not exceed the actual cost of the audit. In the event that the report of gross sales made by OPERATOR to CITY shall be found to be more than two percent (2%) less than the amount of gross sales disclosed by such audit and observation, OPERATOR shall pay within thirty (30) days after billing thereof to CITY the cost of such audit, as well as any additional rentals disclosed by such audit. In the event that the discrepancy exceeds two percent (2%) and no reasonable explanation is given for such discrepancies, then, in addition to the above provisions, CITY shall have the right to declare OPERATOR in default of the contract and subject to CITY's remedies in case of default as described elsewhere in this agreement.

14. INDEMNITY:

OPERATOR shall indemnify, save and defend CITY, its elected and appointed officials, and employees harmless from and against any and all claims, demands, suits, actions and proceedings, of any kind or nature, for damages to property or injuries to or death of any persons, or claims of malfeasance or omission by any third parties, including any environmental claims of any kind, arising out of OPERATOR's actions and activities in performing its rights and obligations under this independent contractor agreement.

15. CONTROL OF COURSE PREMISES:

During the term of this agreement, OPERATOR shall be in full control of all facilities covered by this agreement, both land and structures. However, CITY shall have the right, at reasonable times and on reasonable notice, to make such changes and alterations as may be determined by the CITY and at CITY expense unless otherwise agreed to between the parties. CITY shall not unreasonably interfere with OPERATOR's operation in exercising rights under this paragraph.

16. DEFAULT AND TERMINATION:

(a) If either party fails to comply with any terms, covenants, or conditions of this Agreement, the other party shall serve notice of default on the defaulting party. That party shall cure such default within thirty (30) days, providing such default can be reasonably cured within thirty (30) days. If the default requires more time to cure, then the defaulting party shall commence the cure within thirty (30) days' notice of the default and complete the cure within a reasonable period of time as specified by the notice of default. If the default is not cured, then a mediation process shall be instituted to resolve the matter. Mediation shall also be utilized to resolve any other controversy arising under the Agreement. The parties shall select one mediator from any available mediation service. If the mediation has not resolved the matter within a reasonable period of time, the parties may then resort to any remedies at law to enforce the terms of the Agreement.

(b) The acceptance of all or part of a monthly consideration by CITY for any period or periods after a default in the faithful performance of any of the terms, covenants and conditions contained in the agreement shall not be deemed a waiver of any right existing to CITY to cancel the contract on account of such default. Any waiver by CITY of a default on the part of OPERATOR shall not be construed as, or constitute a waiver of, any subsequent default of the same or any other term, covenant and condition herein contained to be kept and performed by OPERATOR. CITY shall be entitled to recover all damages caused to CITY by a default under this section, including all reasonable attorney's fees which CITY may be required to incur in recovering possession of said property from OPERATOR.

17. EGRESS AND INGRESS:

CITY, its authorized representatives, agents and employees shall have the privilege to enter upon said premises at any and all reasonable times during the term of the agreement for the purpose of inspection to determine whether or not OPERATOR is complying with the terms and conditions of this agreement or for any other purpose incidental to the rights of CITY. Such visits by CITY, its authorized representatives, agents and employees are not to hinder the normal operation of said facility.

18. EXPIRATION OF CONTRACT:

Upon expiration of the term covered by this agreement or any extension thereof, as allowed by the terms provided herein, OPERATOR shall have the right to remove his equipment and furnishings from the facilities within thirty (30) days of the termination of the agreement or extension thereof. Items not removed within the period stated, shall be and become property of CITY or at the CITY's option, removed at OPERATOR's expense.

Specific improvements made by OPERATOR under agreement with the CITY shall remain with the CITY according to the provisions of said agreement.

Equipment and furnishings provided by CITY shall be returned to the CITY as specified elsewhere within this agreement.

19. GARBAGE AND RUBBISH:

No boxes, barrels, supplies or rubbish in any form, shall be kept, piled or stored outside the building unless approved by CITY. OPERATOR shall provide, in a place to be designated, as directed by CITY, standard garbage receptacles, and shall place therein all refuse that is collected at least twice a week. OPERATOR shall pay any charges for the removal of garbage and refuse.

20. HOURS:

OPERATOR shall keep the facilities open daily during such hours as required by CITY to adequately serve public demand. Any deviation from such days and hours shall be subject to approval of CITY.

21. LAWS AND ORDINANCES:

OPERATOR shall conduct all of his business activities on the premises in accordance with all the laws, ordinances, rules and regulations applicable to such business as set forth by the CITY, County, State and Federal Government. All foods, drinks, beverages, confections, refreshments, etc., sold or kept for sale by OPERATOR shall be first-class in quality, wholesome and pure, and shall conform to Federal, State, County and Municipal food laws, ordinances and regulations in all respects.

22. AMERICANS WITH DISABILITIES ACT OF 1990:

OPERATOR shall have and be allocated the sole responsibility to comply with the Americans with Disabilities Act of 1990 ('ADA') with respect to all premises. OPERATOR shall defend, indemnify and hold CITY harmless from and against any and all claims of failure to comply or of violation of the ADA.

23. HAZARDOUS MATERIALS:

OPERATOR shall not cause or permit any "Hazardous Material," as hereinafter defined, to be brought upon, kept, or used in or about the Premises. Pesticides, herbicides, fertilizers and other materials commonly used in the operation of a golf course are acceptable for use provided such use is in compliance with all laws and government regulatory agency requirements. If OPERATOR breaches the obligations stated herein, or if contamination of the Premises by Hazardous Materials otherwise occurs for which OPERATOR is legally liable to CITY for damage resulting therefrom, then OPERATOR shall indemnify, defend, and hold CITY harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space in the Premises or portion of any building of which the Premises is a part and sums paid in settlement of claims, attorneys fees, consultant fees, and expert witness fees) which arise during or after the Lease term as a result of such contamination. This indemnification includes without limitation, costs incurred by CITY in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or legal governmental entity because of Hazardous Material being present in the soil or ground water or under the Premises. OPERATOR shall promptly take all actions at its sole cost and expense as are necessary to clean, remove, and restore the Premises to its condition prior to the introduction of such Hazardous Material by OPERATOR, provided OPERATOR shall first have obtained CITY's approval and the approval of any necessary governmental entities.

OPERATOR acknowledges that CITY may become legally liable for the costs of complying with laws relating to Hazardous Material which are not the responsibility of CITY hereunder, including the following: (i) Hazardous Material present in the soil or ground water on the Premises of which CITY has no knowledge as of the effective date; (ii) a change in laws, statutes, ordinances, and other governmental regulations which relate to Hazardous Material which could cause any material now or hereinafter located on the Premises to be deemed hazardous, whether known or unknown to CITY, or a violation of any such laws; (iii) Hazardous Material that migrates, flows, percolates, defuses, or in any way moves on to or under the Premises after the execution and delivery of this agreement. CITY and OPERATOR agree that the cost of complying with such laws, statutes, ordinances, or governmental regulations relating to such matters for which the CITY is or may become legally liable shall be paid by OPERATOR to CITY, within ten (10) days following the receipt by OPERATOR of a written demand from CITY to do so. In the event CITY subsequently recovers or is reimbursed from a third party of all or any portion of the sums paid by OPERATOR, CITY shall reimburse OPERATOR to the extent of any such recovery or reimbursement.

As used herein the term "Hazardous Material" means any hazardous or toxic substance, material, or waste which is or shall become regulated by any governmental entity, including without limitation, CITY acting in its governmental capacity, the State of California or the United States government.

24. STORMWATER RUNOFF:

OPERATOR shall be solely responsible for compliance with all federal, state and local statutes, rules and regulations regarding stormwater runoff into adjacent waters and/or wetland areas. Such compliance shall include avoiding the overuse of pesticides, herbicides, fertilizers, gasoline, and other chemicals which, if mobilized by stormwater runoff, would be deleterious to fish and wildlife. All pesticides, herbicides, fertilizers, gasoline, and other toxic or potentially toxic substances shall be stored in enclosed, locked structures with hardscape floors in quantities sufficient to be used within six (6) months or less. OPERATOR is responsible for obtaining all necessary permits and approvals from federal, state and local agencies and authorities having jurisdiction over such matters.

25. OTHER CONTRACTS:

OPERATOR shall have the privilege of using the premises solely for the purposes as set forth in this agreement.

26. PERMITS AND LICENSES:

OPERATOR shall be required to obtain any and all permits or licenses that may be required in connection with the operation of the facilities including those permits and licenses required by the State of California, County of Orange, City of Santa Ana, and City of Garden Grove.

27. PERSONAL ATTENTION:

OPERATOR shall be required to devote the greater part of his personal time and attention to the operation of the facility and shall promote, increase and develop the business and render every possible service and convenience to the public, or shall appoint a manager to do so who shall remain subject to the direction and control of OPERATOR.

The principals of OPERATOR's corporation shall remain personally involved in the operation of the golf course and restaurant facilities. Additionally, the OPERATOR may appoint managers who shall be required to perform the duties required hereinabove of an individual OPERATOR. OPERATOR agrees that such managers shall be considered to have full authority for operation of the facilities. Furthermore, OPERATOR agrees that in his employment of a manager, he shall seek to employ an individual skilled in management of businesses similar to the facilities and that OPERATOR shall require his managers to utilize sound business methods.

28. STORAGE:

OPERATOR shall not rent, sell, lease or offer any space for storage of any articles or article whatsoever with or upon the premises occupied by this operation, other than his own equipment and the rental of equipment lockers, without the written consent of CITY.

29. UTILITIES:

OPERATOR shall pay all charges for fuel, gas, electricity, water and telephone service necessary to carry on the operations of OPERATOR unless otherwise specified in this agreement.

30. INSURANCE REGULATIONS:

OPERATOR shall file with CITY, upon execution of this agreement, two (2) copies of a policy of public liability and property damage insurance in the following amounts:

Golf Course Facility - Two million dollars (\$2,000,000) single limit bodily liability and property damage.

Restaurant Facility - One million dollars (\$1,000,000) single limit bodily injury liability and property damage.

Said policies shall meet the following requirements:

(a) No deductible clause is permitted.

(b) Provide coverage for all operations of the insured conducted on CITY-leased property, and contain descriptions of the work performed by insured. (This may require policy covering premises occupied, products sold, amusement liability or automobiles used.)

(c) All signatures must be handwritten on any policy, certificate, or endorsement; rubber stamp signatures are not acceptable.

(d) The following are to be additional named insureds:

(i) The CITY of Garden Grove;

(ii) The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation;

(e) Said policy shall contain a cancellation clause reading substantially as follows: "It is agreed that this policy shall not be canceled nor the amounts of coverage provided herein reduced until thirty (30) days after

(i) City of Garden Grove
11222 Acacia Parkway
Garden Grove, California 92840

(ii) Garden Grove Recreational Facility, Inc.
11222 Acacia Parkway
Garden Grove, California 92840

shall have received written notice of such cancellation or reduction as evidenced by return receipt of registered mail.”

(f) No policy shall be acceptable unless first approved by the City Attorney. Additional insurance coverage's required are:

(i) Workmen's Compensation Insurance

All policies, certificates, and endorsements shall be sent in duplicate to the City Clerk of the City of Garden Grove, 11222 Acacia Parkway, Garden Grove, California 92840.

31. RADIO TOWER EASEMENT AS ENCUMBRANCE:

OPERATOR agrees and understands that CITY has granted an easement in favor of “Voice of Orange Empire, Inc.” for repair and maintenance of radio towers, including ingress and egress thereto, as further described in the easement document which is on file with CITY's City Clerk. OPERATOR shall insure that it undertakes no actions which impair or interfere with the radio tower operations.

32. TERMS OF PREVIOUS AGREEMENTS/ENTIRE AGREEMENT:

All previous agreements between the parties with respect to the operation of the Willowick facility and lease of residential building are hereby terminated.

This Agreement contains the entire Agreement of the parties hereto with respect to the matters covered hereby, and no other previous agreements, statements or promises made by any party hereto which is not contained herein shall be binding or valid.

33. OPERATOR AS INDEPENDENT CONTRACTOR:

The parties agree that OPERATOR shall act and be an independent contractor and not an agent or employee of City.

34. TERMINATION FOR PURPOSES OF SELLING OR DEVELOPING THE PROPERTY:

CITY reserves the right to terminate the agreement at anytime, for purposes of selling the property or developing the property for another use but not for the purpose of changing operators if operator is otherwise in compliance with the terms of this agreement. Calculations for determining amount due OPERATOR, should the City terminate shall be in accordance with Exhibit “G” attached hereto.

35. NOTICES:

All notices, demands, consents, or other communications required to be given under this Agreement shall be accomplished by first class mail, postage prepaid, and deposited in the U.S.


mails, or personally served upon the other party at the address identified below. The address for delivery of notice can be changed by either party giving written notice of the new address.

To City:
City Manager
City of Garden Grove
PO Box 3070
Garden Grove, CA. 92642

To OPERATOR:
Donovan Golf Courses Management, Inc.
c/o Mike Donovan
3017 West Fifth Street
Santa Ana, CA 92703

parties have executed this Agreement the day and year first above written.

ATTEST:



City Clerk


City of Garden Grove

By:



Mayor

APPROVED AS TO FORM:



City Attorney

Donovan Golf Courses
Management, Inc.

By:



William Donovan

EXHIBIT B

SCHEDULE OF PAYMENTS (Willowick Golf Course)

Percentage of Revenue Paid to City*:

Club Repair	8%
Driving Range	23%
Electric Carts	23%
Green Fees	23%
Hand Carts	8%
Pro Shop Sales	8%
Food and Beverage Sales (Restaurant)	5%

**Operator may pay to City, a minimum payment of \$240,000 per year, in equal monthly installments, with the balance of operational revenue due at the end of twelve months.*

Rent for 1,412 Sq. Ft. Office Space:

\$1,214.62 per month**

*** Subject to CPI adjustment every two years.*

EXHIBIT C

SCOPE OF DEVELOPMENT

I. GENERAL

This Scope of Development sets forth general requirements for all improvements to the Site, including on-site and off-site public improvements (collectively, the "Improvements"). Detailed requirements, specification, and materials will be addressed in the development review process and approval of specific construction plans and documents.

II. DEVELOPMENT CONCEPT

The Site on which the development will occur is located at 3017 W. Fifth Street, Santa Ana. The Site contains approximately 100 acres and contains the City-owned Willowick Golf Course.

The development concept includes the demolition of the existing Clubhouse and the 4,200 square foot clubhouse/restaurant. The Operator has to submit to the City of Santa Ana a Site Plan application for the development of the Site. The development of the Site shall conform to the provisions of the Site Plan, as hereafter approved by the City of Santa Ana attached as Attachment 1.

The improvements to be constructed on the Site shall be landscaped and effectively and aesthetically designed. The shape, scale of volume, exterior design and exterior finish of the Improvements shall be of a high quality. Landscape and hardscape treatments shall complement the proposed structures.

All on-site and off-site Improvements required to be constructed by the City of Santa Ana pursuant to the approved Site Plan shall be coordinated and administered by the Operator.

III. ON-SITE DEVELOPMENT AND IMPROVEMENTS

A. Structural Improvements

The operator shall develop the Site with an approximately 4,200 square foot building as a clubhouse/restaurant for the convenience and use of the patrons of the Willowick Golf Course. The building shall include kitchen, snack bar, dining area, restrooms, storage and office area.

It is anticipated that this clubhouse/restaurant will be a major component of the existing Willowick Golf Course development. Therefore, the architectural treatment of all sides of the structure must be equal in character, quality, and materials. The structure will be constructed of wood frame and cement plaster exterior finish. A split face or textured type block shall be used to provide texture and interest.

All loading areas, service areas and/or trash storage areas shall be screened or designed in such a manner as to reduce or mitigate their visual impact.

The Site shall be designed and developed as part of an integrated complex in which the buildings shall have architectural excellence. The improvements to be constructed on the Site shall be landscaped, and effectively and aesthetically designed. Particular detail shall be given to the north elevation of the building. The minimal landscape setback will accentuate the need to articulate the building face to achieve an attractive building appearance. Building relief and/or detailed windows shall be incorporated into the design of this facade.

B. Site Design and Landscaping

The site and Improvements are a major factor in continuing the quality of the Willowick Golf Course. The manner in which the Site is landscaped and hardscaped will have a substantial impact on maintaining the quality of appearance and attracting additional customers to the Golf Course.

All loading areas, service areas, and trash storage areas shall be screened or designed in such a manner as to reduce and mitigate their visual impact. Effectively designed landscape may be used to screen or mitigate such areas.

IV. PUBLIC IMPROVEMENTS

A. Utility Connection

The necessary utility connections within the boundaries of the site including water, sanitary sewer, storm drains, or other public utilities, or electric, gas, telephone or other public lines owned by a public utility company shall be installed. The Operator shall secure any permits required for any such installation.

B. Right-of-Way Improvement

The Operator shall be responsible for any and all improvements from the back of curb face necessary to construct all of the improvements as set forth in the approved Site Plan.

V. DEVELOPMENT STANDARDS

All developments on the Site shall conform with the Basic Concept Drawings and the Site Plan, as approved, by the City of Santa Ana and by the City of Garden Grove.

A. Building Design

The Operator shall strive to design and construct an architecturally interesting building which is compatible with the existing Willowick Golf Course and incorporates the following:

1. Textured block and/or plaster with relief to add interest to the appearance of the structures.
2. All elevations shall be treated equally in terms of quality of materials, finish, and roof treatments.
3. The north facing elevation shall be designed with architectural relief, including columns or accented windows or block treatments, to enhance the appearance of the building and lessen the impact of the proximity of the building to the parking lot.
4. Lighting should be used to accentuate the building.

VI. SIGNAGE

The Operator will be required to develop an integrated sign program that identifies the building and does not detract from the quality of the structure and the Improvements. The use of signs must be compatible with the existing Willowick Golf Course.

EXHIBIT D

**WILLOWICK GOLF COURSE
CURRENT GREEN FEES (Effective 9-4-99)**

	<u>Weekday</u>	<u>Weekend</u>
18 Hole Green Fee	20.00	30.00
With Cart	31.00	41.00
9 Hole Green Fee	14.00	20.00
With Cart	20.00	26.00
Early Back 9	10.00	17.00
With Cart	16.00	23.00
Twilight Green Fee	14.00	20.00
With Cart	25.00	31.00
Super Twilight Green Fee	7.00	10.00

EXHIBIT E

LEASE

THIS LEASE ("Lease") is entered into as of the Effective Date set forth in Section 1.1. by and between Landlord and Tenant (as both parties are defined in Article 1).

ARTICLE 1

BASIC LEASE PROVISIONS

- 1.1 Effective Date: April 24, 2001
- 1.2 Landlord: CITY OF GARDEN GROVE
- 1.3 Tenant: DONOVAN GOLF COURSE MANAGEMENT, INC.
- 1.4 Premises: All that certain land located (Article 3)
in the City of Santa Ana, County of Orange,
State of California, as crosshatched on Exhibit A
and legally described on Exhibit B.
- 1.5 Term: Twenty-four (24) months automatically renewable for
additional two (2) year terms. (Article 4)
- 1.6 Rental: \$1,214.62 per month (Article 6)
Subject to adjustment pursuant to Section 6.2 upon renewal
- 1.7 Use of
Premises: Office and Storage
- 1.8 Insurance Limit Requirements: \$1,000,000 minimum (Article 11)
- 1.9 Reserved
- 1.10 Addresses for Notices and Payments: (Article 17)

LANDLORD

Notices To:

City of Garden Grove
Public Works Department
13802 Newhope Street
Garden Grove, CA 92843

TENANT

Notices To:

Donovan Golf Course
Management, Inc.
3017 W. 5th Street
Santa Ana, CA 92703

This Article 1 is intended to supplement and/or summarize the provisions set forth in the balance of this Lease. If there is any conflict between any provisions contained in this Article 1 and the balance of this Lease, the balance of this Lease shall control.

ARTICLE 2

EXHIBITS

The following Exhibits are attached to, and by this reference made a part of, this Lease:

EXHIBIT A - Description of Leasehold

ARTICLE 3

PREMISES

3.1 PREMISES

(a) Landlord leases to Tenant and Tenant leases from Landlord, for the Term (as defined in Article 4) and upon the covenants and conditions set forth in this Lease, that certain parcel of land crosshatched on Exhibit A and buildings attached hereto and made a part hereof ("Premises").

(b) During the Term (As defined in Section 4.1), all improvements to be erected, attached or used on or in connection with the Premises shall remain the property of Tenant; provided, however, that upon the termination of this Lease either by expiration of the Term or otherwise, at the sole discretion of Landlord such improvements shall either (i) become and remain the absolute property of landlord, or (ii) be removed by Tenant at its sole cost and expense, and Tenant shall restore the Premises to the condition existing at the time of delivery of possession of same to Tenant. On the effective date of such termination, Tenant shall surrender to Landlord the Premises and, if Landlord has elected to retain repair, reasonable wear and tear excepted, free and clear of all liens and encumbrances (other than those permitted hereby or otherwise created or consented to by Landlord).

ARTICLE 4

TERM

4.1 TERM OF LEASE. The term of this lease ("Term") shall be the number of full calendar months specified in Section 1.5, plus any partial month following the Term Commencement Date, if such date is other than the first day of a month. For purposes of this Lease, the first "calendar year" shall be a period commencing on the Term after the first calendar year, the term, "Calendar year" shall mean a fiscal year of 12 consecutive calendar months commencing on January 1 of each year. If this Lease terminates on a day other than December 31, the last calendar year shall be the period commencing on the January 1 following the last full calendar year and ending on such termination date.

4.2 DATE OF LEASE AND LEGAL EFFECT. The terms, covenants and conditions of this Lease shall become legally binding on the Effective Date set forth in Section 1.1. Subject to Tenant's obligation to pay Rental and all other monetary obligations of Tenant including, but not

limited to, the obligation to pay Taxes and any other sum of money or charges shall commence as of the Term Commencement Date.

ARTICLE 5

ALTERATIONS TO THE PREMISES

5.1 IMPROVEMENTS. tenant shall not install any temporary improvements on the Premises without Landlord's prior written consent and in no event shall Tenant install any permanent improvements to the Premises. As used herein, "temporary improvements" shall mean storage sheds and asphaltic concrete paving only. Landlord shall have the right at the end of the Term or earlier termination to take exclusive possession of all such improvements ("Improvements") made by Tenant to the Premises or require Tenant, at its sole cost and expense, to remove same and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition.

ARTICLE 6

RENTAL

6.1 RENTAL. Tenant shall pay the sum specified in Section 1.6 as "Dollars Per Annum" ("Rental") in the monthly installments so specified, in advance, on or before the first day of each month, without prior demand and without offset or deduction, commencing on the Term Commencement Date. Should the Term Commencement Date be a day other than the first day of a calendar month, then the monthly installment of Rental for the first fractional month shall be equal to 1/30th of the monthly installment of Rental for each day from the Term Commencement Date to the end of the partial month.

6.2 ADJUSTMENT TO RENTAL. The Rental payable under Section 1.6 and this Article 6 shall be adjusted on each renewal of this Lease ("Adjustment Date") to reflect any changes in the cost of living in accordance with the "Index", as set forth in Section 18.17, using as the "Base Month" (Base Month") the month 90 days prior to the Term Commencement Date and using as the "Comparison Month" ("Comparison Month") the month 90 days prior to the Adjustment Date.

6.3 ADDITIONAL RENTAL. Tenant shall pay, as "Additional Rental", all sums required to be paid by Tenant to Landlord pursuant to this Lease in addition to Rental (including, without limitation, interest, late charges, Service Charges [as defined in Section 18], application fees, reimbursement for attorneys' fees and auditing costs) whether or not the same are designated as "Additional Rental" ("Additional Rental"). Landlord shall have the same rights and remedies for the nonpayment of Additional Rental as it has with respect to nonpayment of Rental. It is the intention of the parties hereto that the Rental and Additional Rental to be paid hereunder shall be paid to Landlord absolutely net, without deduction of any amount of any nature whatsoever, except as in the Lease otherwise expressly provided.

6.4 PLACE OF PAYMENT. Tenant shall pay Rental and Additional Rental to landlord at the address specified as "Landlord's Address for Payments and Reports" in Section 1.11 or to such other address and/or person as Landlord may from time to time designate in writing to Tenant.

6.5 LATE PAYMENTS. If Tenant fails to pay when the same is due and payable any Rental or Additional Rental, the unpaid amounts shall bear interest at the Interest Rate (as defined in Section 18.15) from the date due to and including the date of payment. In addition, Tenant acknowledges that the late payment of any installment of Rental or Additional Rental will cause landlord to incur certain costs and expenses, the exact amount of which are extremely difficult or impractical to fix. These costs and expenses may include, without limitation, administrative and collection costs and processing and accounting expenses. Therefore, if any installment of Rental or Additional Rental is not received by Landlord from Tenant within five days after the installment is due, Tenant shall immediately pay to Landlord a late charge equal to \$50.00 a week or portion thereof for each item of Rental or Additional Rental due. Landlord and Tenant agree that this late charge represents a reasonable estimate of the costs and expenses Landlord will incur and is fair compensation to Landlord for its loss suffered by reason of the late payment by Tenant. Upon accrual, all such late charges shall be deemed Additional Rental. Further, and without in any manner waiving Tenant's default or limiting Landlord's remedies in equity or at law, should Tenant fail to make a timely payment of Rental or Additional Rental two or more times during the Term, Landlord, at its option, may require (a) Tenant to pay Rental or Additional Rental in quarterly installments, in advance for the balance of the Term; or (b) the amount specified in Section 1.9 as "Security Deposit" be increased by 100%.

ARTICLE 7

TERM OF LEASE AUTOMATICALLY RENEWABLE

7.1 LEASE TERM EXTENDED AUTOMATICALLY IN ABSENCE OF NOTICE BY PARTY. This lease shall be extended automatically for successive two year terms, on the same terms and conditions unless at least sixty (60) days before the expiration of the term or succeeding terms, a party gives written notice to the other party of intent not to renew or to extend the lease. The rental rate shall be adjusted as provided for in paragraph 6.2 effective at commencement of each automatic renewal term of the lease.

ARTICLE 8

TENANT'S CONDUCT OF BUSINESS

8.1 SPECIFIC USE RESTRICTIONS. Unless approved by Landlord, which approval may be granted or withheld by Landlord in its sole discretion, Tenant shall not do any of the following:

(a) Zoning Restrictions. Use, develop or attempt to use or develop the Premises or any portion thereof for any purpose other than those purposes expressly allowed (without the

benefit of a conditional use permit, zone variance, exception or amendment) as of the Term Commencement Date under the Planned Community District Regulations for the City in which the Premises are located;

(b) Zone Change. Change or attempt any change in zoning, or the obtaining of or application for a conditional use permit, zoning variance or exception or other similar approval with respect to the use or development of the Premises or any portion thereof not expressly allowed under such existing zoning as of the Term Commencement Date;

(c) Noncomplying Facilities. Construct or maintain any temporary structure or other improvements on the Premises not in full compliance with all requirements of law, the provisions of this Lease or in any recorded covenants, conditions and restrictions existing from time to time covering the Premises; or

(d) Resubdivisions. Effect any change or amendment to any parcel or final map covering the Premises or record any further parcel or final map of the Premises or any portion thereof or facilities thereon, pursuant to California Government Code Sections 66410 et seq., or any similar statute hereafter enacted and any local ordinances adopted pursuant thereto.

8.2 RULES AND REGULATIONS. Tenant shall keep the Premises in a neat and clean condition, free from any objectionable noises, odors or nuisances and shall comply with all applicable health, safety and police laws, ordinances and regulations of any governmental authority having jurisdiction over the Premises. Tenant shall deposit trash and rubbish only within receptacles approved by Landlord. Tenant shall cause trash receptacles to be emptied at Tenant's cost and expense; provided, however, at Landlord's option, Landlord may provide trash removal services, the cost of which shall be paid for by Tenant. Tenant shall not display or sell merchandise or allow carts, signs or any other objects to be stored or to remain outside the Premises. Landlord, from time to time, may establish further rules and regulations as Landlord, in its reasonable business judgment, deems desirable, and Tenant shall abide by same.

8.3 ADVERTISING MEDIA. Tenant shall not affix upon the Premises any sign, advertising placard, name, insignia, trademark, descriptive material or other like item unless approved by Landlord in advance.

ARTICLE 9

MAINTENANCE, REPAIRS AND ALTERATIONS

9.1 TENANT'S MAINTENANCE OBLIGATIONS. Tenant agrees at all times during the Term, and at its own cost and expense, to keep and maintain the Premises and every part thereof in first class order, condition and repair. Should Tenant fail to make these repairs and replacements or otherwise maintain the Premises as set forth in this Article 9 within three days after written demand by Landlord, or should Tenant commence but fail to complete any repairs or replacements within a reasonable time after written demand by Landlord, Landlord may, but shall in no event be obligated to, make the repairs or replacements without liability to Tenant for

any loss or damage that may accrue to Tenant's stock or business as a result thereof, and Tenant shall pay to Landlord, as Additional Rental, the costs incurred by Landlord in the making of such repairs or replacements together with interest at the maximum lawful rate from the date of commencement of the work to and including the date of payment.

9.2 LANDLORD'S RIGHT OF ENTRY. Landlord, its agents, contractors, servants and employees may enter the Premises at all reasonable times (a) to examine the Premises; (b) to perform any obligation, or exercise any right or remedy, of Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises as Landlord deems necessary or desirable; (d) to perform work necessary to comply with laws, ordinances, rules or regulations of any public authority or of any insurance underwriter; and (e) to perform work that Landlord deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence its required repairs within three days after written demand by Landlord or, after commencing such repairs, fail to diligently pursue same to completion. If Landlord makes any repairs which Tenant is obligated to make pursuant to the term of this Lease, Tenant shall pay the cost of the repair to Landlord, as Additional Rental, promptly upon receipt of a bill for same.

ARTICLE 10

ASSIGNMENT AND SUBLETTING

10.1 NO ASSIGNMENT. Tenant shall not be entitled to transfer, assign, sublet, enter into franchise, license or concession agreements, change of ownership or voting control, mortgage, encumber, pledge or hypothecate (collectively "Assignment") all or any part of this Lease during the Term or any extension thereof. Tenant acknowledges that this Lease is personal to Donovan Golf Course Management, Inc. and does not run with the Premises and that any attempted Assignment shall render this Lease null and void and that the term "Tenant," as used in this Lease, does not include successors, assigns, or heirs.

BY PLACING THEIR INITIALS AT THE END OF THIS SENTENCE, LANDLORD AND TENANT HEREBY CERTIFY THAT THIS SECTION 10.1 HAS BEEN FREELY NEGOTIATED.

LANDLORD: _____

Tenant: _____

ARTICLE 11

INSURANCE, INDEMNITY AND LIENS

11.1 TENANT'S INSURANCE. Tenant shall procure, pay for and keep in full force and effect the following types of insurance, at its sole cost and expense, commencing on the earlier of (i) the date of delivery of possession of the Premises to Tenant; or (ii) the date Tenant is given earlier access to the Premises, and continuing during the Term in at least the amounts and in the form specified below:

(a) Commercial general liability insurance with coverage limits of not less than \$1,000,000.00 combined single limits for bodily injury, personal injury, or property damage liability per occurrence, insuring against any and all liability of the insureds with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises and all areas appurtenant thereto, or related to the exercise of any rights of Tenant pursuant to this Lease. All such commercial general liability insurance shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons or damage to property in Section 11.5. Further, liability insurance required herein shall include coverage for owned, nonowned and hired vehicles.

(b) Insurance covering any non-structural Improvements to the Premises, including, without limitation, trade fixtures, merchandise and personal property in on or about the Premises, in an amount not less than their full replacement value, providing protection against any peril included within the classification Fire and Extended Coverage, vandalism, malicious mischief and such other additional perils as covered in a standard "all risk" insurance policy.

11.2 POLICY FORM. All policies of insurance provided for herein shall be issued by insurance companies with general policy holder's ratings of not less than B+ and financial ratings of not less than Class VI, as rated in the most current available "Best's Key Rating Guide", and which are qualified to do business in the State of California or as may be approved by the City. All such policies shall name and be for the mutual and joint benefit and protection of Landlord, The City of Garden Grove, Tenant and Landlord's mortgagee(s) or beneficiary(ies), if any, as additional insureds. Executed copies of the policies of insurance or certificates thereof shall be delivered to Landlord prior to Tenant, its agents or employees entering the Premises for any purpose. Thereafter, executed copies of renewal policies or certificates thereof shall be delivered to Landlord must contain a provision that the company issuing the policy will give to Landlord 30 days notice in writing in advance of any cancellation, lapse, or material changes, of the insurance coverage. All public liability, property damage and other casualty policies shall be endorsed to read that such policies are primary policies and any insurance carried by Landlord shall be noncontributing with such policies.

11.3 INCREASED PREMIUMS DUE TO USE OF PREMISES. Tenant shall not do any act in or about the Premises which will tend to increase the insurance rates upon the Premises. Tenant agrees to pay to Landlord upon demand the amount of any increase in premiums for insurance resulting from Tenant's use of the Premises, whether or not Landlord shall have consented to the act on the part of Tenant. If Tenant installs upon the Premises any electrical equipment which constitutes and overload of the electrical lines servicing the Premises, Tenant, at its own expense, shall make whatever changes are necessary to comply with the requirements of the insurance underwriters and any appropriate governmental authority.

11.4 INDEMNITY. To the fullest extent permitted by law, Tenant covenants with Landlord that Landlord and the City of Garden Grove shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant or any other person occurring from and after delivery of possession of the Premises to Tenant (or

such earlier date if Tenant is given earlier access to the Premises) from any cause whatsoever related to the use, occupancy or enjoyment of the Premises by Tenant or any person thereon or holding under Tenant including, but not limited to, damages resulting from any labor dispute, and Tenant shall defend, indemnify and save Landlord harmless from all liability whatsoever on account of any real or alleged damage or injury and from liens, claims and demands related to the use of the Premises and its facilities, or any repairs or Improvements which Tenant may make or cause to be made with respect to the Premises, and Tenant shall in all cases accept any tender of the defense of any action or proceeding in which Landlord is named or made a party and shall, notwithstanding any allegations of negligence or misconduct on the part of Landlord and the City of Garden Grove and their officers, board, employees, and agents, and defend Landlord and the City of Garden Grove and their officers, boards, employees and agents as provided herein. Tenant shall not be liable for such damage ultimately determined to be attributable to the negligence or misconduct of Landlord, the City of Garden Grove or their designated agents, servants, or employees. This obligation to indemnify shall include reasonable attorney fees and investigation costs and all other reasonable costs, expenses and liabilities incurred by Landlord, the City of Garden Grove or their counsel from the first notice that any claim or demand is to be made or may be made.

11.5 LIENS. Tenant agrees that it will pay or cause to be paid all costs for work done by it or caused to be done by it on the Premises of a character which will or may result in liens on Landlord's reversionary estate therein, and Tenant shall keep the Premises free and clear of all mechanic's liens and other liens on account of work done for Tenant or persons claiming under it. If any such lien shall at any time be filed against the Premises, Tenant shall either cause the same to be discharged within 30 days after the recording thereof, or if Tenant, in Tenant's discretion and in good faith, determines that such lien should be contested shall furnish such security as may be necessary or required to prevent any foreclosure proceeding against the Premises during the pendency of such contest. If Tenant shall fail to furnish such security, then, in addition to any other right or remedy of Landlord resulting from Tenant's said default, Landlord may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by giving security or in such other manner as is, or may be, prescribed by law. Tenant shall repay to Landlord, as Additional Rental, on demand, all sums disbursed or deposited by Landlord pursuant to the provisions of this Section 12.6, including all costs, expenses and attorney fees incurred by Landlord in connection therewith. Nothing contained herein shall imply any consent or agreements on the part of Landlord to subject Landlord's estate to liability under any mechanic's lien or the lien law.

Should any claims of lien be filed against the Premises or any action affecting the title to the Premises be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof. Landlord or its representative shall have the right to post and keep posted upon the Premises notices of nonresponsibility or such other notices which Landlord may deem to be proper for the protection of Landlord's interest in the Premises. Tenant shall, before the commencement of any work which might result in any such lien, give to Landlord written notice of its intention to do so in sufficient time to enable the posting of such notices.

11.6 EXEMPTION OF LANDLORD. Landlord shall endeavor to conduct its activities with respect to the Premises in a prudent and businesslike manner. However, Landlord shall not be liable for any damage to property entrusted to employees of Landlord, its partners, or agents, not for loss of or damage to any property entrusted to employees of Landlord, its partners or agents, nor for loss of or damage to any property by theft or otherwise. Landlord shall not be liable for injury, damage or loss of business which may be sustained by the person, goods, wares, merchandise or property of Tenant, its employees, invitees or customers or any other person in or about the Premises caused by or resulting from, but not limited to, fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures of the same, whether the injury, damage or loss results from conditions arising upon the Premises or other sources. Landlord shall not be liable for interference with the light or other incorporeal hereditaments. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or of defects therein.

11.7 FAILURE BY TENANT TO MAINTAIN INSURANCE. If Tenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Article 11, Landlord may secure the appropriate insurance policies and Tenant shall pay, upon demand, the cost of same to Landlord as Additional Rental.

11.8 SERVICE CHARGE. In the event Tenant fails to furnish any policy or certificate required pursuant to this Article 11, Tenant shall pay to Landlord, as Additional Rental, a Service Charge of \$50.00 for each week or portion thereof that said failure continues.

ARTICLE 12

DAMAGE

12.1 NONTERMINATION AND NONABATEMENT. Unless the destruction or the damage to the structure causes the Tenant to vacate the premises due to uninhabitability, no damage to the Premises by fire, windstorm or other casualty, whether insured or uninsured, shall entitle Tenant to terminate this Lease.

12.2 WAIVER OF STATUTORY RIGHTS. Tenant waives any statutory rights of termination which may arise by reason of any partial or total destruction of the Premises.

ARTICLE 13

EMINENT DOMAIN

Tenant agrees and acknowledges that the Rental has been arrived at by mutual agreement of the parties and the amount of the Rental and terms of this Lease account for any and all compensation, damages and costs, including relocation assistance and costs to which Tenant might be entitled. Tenant hereby acknowledges that it is a post-acquisition tenant and waives

any claim to relocation assistance and relocation benefits based upon California Government Code Sections 7260 through 7266 or any other similar federal, state or local enactment ("Relocation Benefits") and Tenant agrees to defend, indemnify and hold harmless Landlord, and any of its respective officers, agents and employees from and against any claim for relocation assistance with respect to use of the Premises prior to the expiration or earlier termination of the Term.

ARTICLE 14

DEFAULT BY TENANT

14.1 DEFINITION OF DEFAULT. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant ("Default"):

(a) The failure by Tenant to make, as and when due, any payment of Rental and Additional Rental or other charges payable by Tenant hereunder or to timely discharge any other monetary obligation hereunder, where such failure has continued for a period of three days after written notice thereof from Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under section 1161 of the Code of Civil Procedure of California or any similar or superseding statute.

(b) The abandonment or vacation of the Premises by Tenant. As used herein, "abatement" is defined to include without limitation, any absence of Tenant's personnel from the Premises for three days after written notice thereof from Landlord to Tenant while Tenant is failing to make, as and when due, any payment of Rental, Additional Rent or other charges payable by Tenant hereunder or to timely discharge any other monetary obligation hereunder, and/or failing to observe or perform any of the express or implied nonmonetary covenants, promises, agreements or provisions of this Lease to be observed or performed by Tenant; provided, however, that such notice shall be required under Section 1161 of the Code of Civil Procedure of California or any similar or superseding statute. The definition of abandonment provided herein is made and agreed to by the parties pursuant to Section 1951.3 (f) of the Code of Civil Procedure of California or any similar or superseding statute, and is intended to be in addition to, and not in lieu of, the statutory definition of abandonment found in Section 1951.3 of said Code or of any similar or superseding statute.

(c) The failure by Tenant to observe or perform any of the express or implied nonmonetary covenants, promises, agreements or provisions of this Lease to be observed or performed by Tenant [other than as specified in Sections 14.1 (a), 14.1 (b) and 14.1 (d)] where such failure has continued for a period of 10 days after written notice thereof from Landlord to Tenant specifying the particulars of such failure;; provided, however that such notice shall be in lieu of, and not in addition to, any notice required under Section 1161 of the Code of Civil Procedure of California or any similar or superseding statute.

(d) The falsification by Tenant or an agent of Tenant of any statement required to be furnished to Landlord pursuant to the terms of this Lease including, without limitation, the

statement required to be furnished by Tenant pursuant to Article 7. The falsification of any such document shall be deemed an incurable breach of this Lease and shall, at Landlord's option, provide good cause for an immediate termination of Tenant's right to possession of the Premises.

14.2 EFFECTS OF NOTICES. The notices specified in Sections 14.1 (a) (b) and (c) shall meet the requirements of Sections 1161 and 1162 of the code of Civil Procedure of California and no further notice shall be necessary prior to Landlord's assertion of any rights respecting regaining possession of the Premises. The purpose of the 10-day notice specified in Section 14.1(c) is to extend the notice time requirements of the unlawful detainer statutes of the State of California. In all other respects, the statutory notice periods shall apply. Except as might otherwise be provided at law, no notice of default shall be required under Section 14.1 (d).

14.3 REMEDIES OF LANDLORD. Landlord and Tenant agree upon Landlord's remedies as set forth in this Article 14 for any Default by Tenant described hereunder. In the event of any Default by Tenant, Landlord may without further notice to Tenant, in addition to any or all other rights or remedies available to Landlord hereunder, at law or in equity, exercise any or all rights or remedies set forth in this Article 14. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of any such right or remedy or of any Default.

14.4 TERMINATION OF LEASE. Except as otherwise provided in Section 14.8, if Tenant breaches this Lease and abandons the Premises prior to the end of the Term, or if Tenant's right to possession is terminated by Landlord because of a Default by Tenant under this Lease, this Lease shall terminate at the option of Landlord. Upon such termination, Landlord may recover from Tenant the following, as provided in Section 1951.2 of the Civil Code of California:

(a) The worth at the time of award of the unpaid Rental and Additional Rental that had been earned at the time of termination;

(b) The worth at the time of award of the amount by which the reasonable value of the unpaid Rental and Additional Rental which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have reasonably avoided;

(c) The worth at the time of award of the amount by which the reasonable value of the unpaid Rental and Additional Rental for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and

(d) Any other amount necessary to compensate Landlord for all of the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom.

14.5 TERMS DEFINED. As used in Section 14.4 the following terms are defined:

(a) "Worth at the Time of Award". The "worth at the time of award" of the amounts referred to in Sections 14.4 (a) and 14.4 (b) is computed by allowing interest at the maximum lawful rate. The "worth at the time of award" of the amount referred to in Section 14.4 (c) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent.

(b) "Time of Award". The "time of award" as used in Sections 14.4(a), 14.4(b), 14.4(c), and 14.5(c), is the date on which judgment is entered by a court of competent jurisdiction.

(c) "Reasonable Value". The "reasonable value" of the amount referred to in Section 14.4 (b) is computed by determining the mathematical product of (I) the "reasonable annual rental value" [as defined in this Section 14.5 (c)], and (ii) the number of years, including fractional parts thereof, between the date of termination and the time of award. The "reasonable annual rental value", and (ii) the number of years, including fractional parts thereof, remaining in the balance of the Term after the time of award. As used in this Section 14.5 (c), the term "reasonable annual rental value" is computed by obtaining the sum of the following components: (I) the Rental and (ii) all Additional Rental paid or payable during the calendar year immediately preceding the time of award.

14.6 MITIGATION BY LANDLORD. No effort or efforts by Landlord to mitigate the damage caused by Tenant's Default under this Lease shall be deemed a waiver of Landlord's right to recover damages under this Lease; provided, however, that except as otherwise specifically set forth in this Lease or as required by applicable California law, Landlord shall have no duty to mitigate damages arising out of Tenant's failure to comply with any term, covenant or agreement of this Lease.

14.7 INDEMNIFICATION UNAFFECTED. Nothing contained in this Article 14 shall affect the right of Landlord under this Lease to indemnification for liability arising under Section 11 prior to termination of this Lease.

14.8 NO TERMINATION.

(a) Even though Tenant has breached this Lease and abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover Rental and Additional Rental as it becomes due.

(b) In the event that Landlord elects the remedy provided for in this Section 14.8, and only in such event, Tenant shall have the right to assign its interest in this Lease, conditioned upon the prior consent of Landlord, not to be unreasonably withheld, but which consent shall be contingent upon the satisfaction of each of the following factors, (I) The use to which said proposed assignee shall put the Premises shall be the same as provided for in this Lease: (ii) the financial strength (as measured by such factors as audited net worth and credit rating) of the proposed assignee shall be at least as strong as that of Tenant as of the date hereof; and (iii) the nature, character and quality of the proposed assignee shall be first class. Nothing contained

herein shall be construed as conferring any right upon Tenant to sublet the Premises, and Tenant shall have no such right whatsoever.

(c) For the purpose of this Section 14.8, the following shall not constitute a termination of Tenant's right to possession: (i) Acts of maintenance or reservation or efforts to relet the Premises; or (ii) the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease.

15.9 TERMINATION AND ENTRY.

(a) In the event of a Default by Tenant, Landlord may terminate this Lease by express written notice to Tenant, in which event (i) Landlord may re-enter the Premises and take possession thereof; (ii) Landlord may remove all persons from the Premises; and (iii) Tenant shall have no further claim under this Lease. Termination of this Lease under this Section 14.9 shall not relieve Tenant of any obligation under this Lease that has accrued prior to the date of termination specified in Section 14.4. Tenant hereby expressly waives any and all rights of redemption granted by Section 1179 of the Code of Civil Procedure of California and any similar or superseding law in the event of Tenant being evicted or dispossessed of the Premises for any cause, or in the event of Landlord obtaining possession of the Premises by reason of the violation by Tenant of this Lease or otherwise.

(b) In the event Landlord re-enters the Premises pursuant to Section 14.9 (a), Landlord may take possession of all property of Tenant and of any other person which is located upon the Premises and may store all such property for the account, and at the risk and cost, of Tenant. Such property shall be disposed of pursuant to the provisions of Section 1980 et seq. of the Civil Code of California or of any similar or superseding statute. However, at Landlord's option, Landlord may choose to employ the following procedure (in which event Tenant agrees that its rights as hereinafter set forth are just and adequate remedies and, in such instance, expressly waives any and all rights provided in Section 1980 et seq. of the Civil Code of California): (i) Tenant shall have 30 days after Landlord takes possession of the Premises within which to recover the property by paying to Landlord all sums owing from Tenant to Landlord under this Lease as well as all costs incurred by Landlord in storing the property; (ii) should Tenant fail to reclaim the property in such manner, then Landlord may sell or dispose of the property in any manner Landlord chooses and apply the proceeds, if any, thereby obtained first against the costs of storage, then against any other sums owing to Landlord under this Lease.

14.10 LANDLORD'S RIGHT TO CURE DEFAULT AND SECURE COMPLIANCE.

Landlord shall have the right, but shall not be so obligated, to elect to cure, at any time and without notice, any default of Tenant under this Lease. Whenever Landlord so elects, Tenant shall immediately upon demand pay to Landlord, as Additional Rental, all costs and expenses thereby incurred by Landlord. In addition, Tenant shall pay to Landlord, as Additional Rental, all costs and attorneys fees incurred by Landlord in enforcing against Tenant any covenant, condition or term of this Lease.

ARTICLE 15

SECURITY DEPOSIT

15.1 SECURITY DEPOSIT. Upon execution of this Lease, Tenant shall deposit with Landlord the sum specified in Section 1.9 as "Security Deposit". The Security Deposit shall be held by Landlord, without obligation or liability for payment of interest thereon, as security for the faithful performance by Tenant of all of the terms of this Lease to be observed and performed by Tenant. The Security Deposit shall not be mortgagee, assigned, transferred or encumbered by Tenant without the prior written consent of Landlord. Landlord shall not be required to keep the Security Deposit separate from its general funds.

15.2 APPLICATION OF SECURITY DEPOSIT. Should Tenant at any time during the Term hereof be in Default of any provision of this Lease, Landlord may, at its option and without prejudice to any other remedy which Landlord may have at law or in equity, appropriate the Security Deposit, or the portion thereof as may be deemed necessary, and apply same toward payment of Rental, Additional Rental or to loss or damage sustained by Landlord due to the Default on the part of Tenant. Within five days after written demand by Landlord, Tenant shall deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the original sum deposited.

15.3 REFUND. Should Tenant perform all of its obligations under this Lease, the Security Deposit, or any balance thereof then remaining, shall be returned to Tenant within 60 days of the expiration of the Term or the earlier termination of this Lease, or as otherwise prescribed by law. Tenant hereby expressly waives the benefit of any statutory right to the return of any unused portion of the Security Deposit earlier than 60 days after the expiration of the Term or earlier termination of this Lease.

15.4 SALE OF PREMISES. Landlord may deliver the Security Deposit to the purchaser of Landlord's interest in the Premises and Landlord shall then be discharged from any further liability with respect to the Security Deposit. This Section 15.4 shall also apply to any subsequent transfers of Landlord's interest in the Premises.

ARTICLE 16

QUIET ENJOYMENT

Upon Tenant's payment of Rental and Additional Rental and its observation and performance of all of the covenants, terms and conditions of this Lease to be observed and performed by Tenant, Tenant shall peaceably and quietly hold and enjoy the Premises from and after delivery thereof to Tenant, subject, however, to (a) the rights of the parties as set forth in this Lease; (b) any mortgage or deed of trust to which this Lease is subordinate; (c) any ground or underlying leases, agreements and encumbrances to which this Lease is subordinate; (d) all matters of record.

ARTICLE 17

NOTICES

Except as otherwise required by law, any notice, information, request or reply ("Notice" for purposes of this Article 17 only) required or permitted to be given under the provisions of this Lease shall be in writing and shall be given or served either personally or by mail. If given or served by mail, such Notice shall be deemed sufficiently given if (a) receipt requested, postage prepaid; or (b) sent by Express Mail, or other similar overnight service, provided proof of service is available, addressed to the addresses of the parties specified as "Addresses for Notices and Payments" in Section 1.11. Any Notice given or served by mail shall be deemed given or served as of the date of deposit in the mails. Either party may, by written notice to the other in the manner specified herein, specify an address within the United States for Notices in lieu of the address specified in Section 1.10.

ARTICLE 18

MISCELLANEOUS

18.1 WAIVER. Any waiver by Landlord of a breach of a term, covenant or condition of this Lease by Tenant shall not be construed as a waiver of a subsequent breach of the same term, covenant or condition. The consent or approval by Landlord to anything requiring Landlord's consent or approval shall not be deemed a waiver of Landlord's right to withhold consent or approval of any subsequent similar act by Tenant. The approval of any subsequent similar act by Tenant. The subsequent acceptance of rental hereunder by Landlord shall not be deemed to be a waiver of any prior occurring breach of Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such prior existing breach at the time of acceptance of such rental. No breach by Tenant of any term, covenant or condition of this Lease shall be deemed to have been waived by Landlord unless the waiver is in writing and is signed by Landlord.

18.2 RIGHTS CUMULATIVE. Except as provided herein to the contrary, the rights and remedies of Landlord specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

18.3 ENTIRE AGREEMENT. It is understood that there are no oral or written agreements or representations between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant.

18.4 AMENDMENTS IN WRITING. No provision of this Lease may be amended except by an agreement in writing signed by both Landlord and Tenant.

18.5 NO PRINCIPAL-AGENT RELATIONSHIP. Nothing contained in this Lease shall be construed as creating the relationship of principal and agent, partnership or joint venture between Landlord and Tenant.

18.6 LAWS OF CALIFORNIA TO GOVERN. This Lease shall be governed by and construed in accordance with the laws of the State of California.

18.7 SEVERABILITY. If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, the determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

18.8 SUCCESSORS. All rights and obligations of Landlord and Tenant under this Lease shall extend to and bind the respective heirs, executors, administrators and the permitted successors and assignees of the parties hereto. If there is more than one Tenant, each shall be bound jointly and severally by the terms, covenants and agreements contained in this Lease.

18.9 TIME OF ESSENCE. Except for the delivery of possession of the Premises to Tenant, time is of the essence with respect to the performance of all terms and obligations set forth in this Lease.

18.10 WARRANTY OF AUTHORITY. If Tenant is a corporation or partnership, each individual executing this Lease on behalf of the corporation or partnership represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation or partnership and that this Lease is binding upon the corporation or partnership. If Tenant is a corporation, the persons executing this Lease on behalf of Tenant hereby covenant and warrant that (a) Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in the State of California; (b) all franchise and corporate taxes have been paid to date; and (c) all future forms, reports, fees and other documents necessary to comply with applicable laws will be filed when due.

18.11 WAIVER OF RIGHTS OF REDEMPTION. Tenant waives any and all rights of redemption granted under any present and future laws in the event Landlord obtains the right to possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

18.12 BROKERS. Tenant represents and warrants that it has not had any dealings with any Realtors, brokers or agents in connection with the negotiation of this Lease and agrees to pay any Realtors, brokers or agents and to hold Landlord Harmless from Tenant's failure to pay any Realtors, brokers or agents and from any cost, expense or liability for any compensation, commission or charges claimed by any other Realtors, brokers or agents claiming by, through or on behalf of Tenant with respect to this Lease and/or the negotiation hereof.

18.13. RECORDING. Tenant shall not record this Lease or any short form memorandum of this Lease. Upon the expiration or earlier termination of this Lease for any reason, Tenant,

within three days following the date of request by Landlord, shall deliver to Landlord a quitclaim deed conveying to Landlord any and all interest Tenant may have under this Lease.

18.14 TRANSFER OF LANDLORD'S INTEREST. Should Landlord sell, exchange or assign this Lease (other than a conditional assignment as security for a loan), then Landlord, as transfer or, shall be relieved of any and all obligations on the part of Landlord accruing under this Lease from and after the date of the transfer. No holder of a mortgage or a deed of trust to which this Lease is subordinate shall be responsible in connection with the Security Deposit unless the mortgagee or holder of a deed of trust actually receives the Security Deposit.

18.15 INTEREST ON PAST DUE OBLIGATIONS. Unless otherwise specifically provided in this Lease, any amount due from Tenant to Landlord under this Lease which is not paid when due, and any amount due as reimbursement to Landlord for costs incurred by Landlord in performing obligations of Tenant upon Tenant's failure to so perform, shall bear interest at the "Interest Rate" from the date of delinquency to and including the date of payment. The term "Interest Rate", as used in this Lease, shall mean the rate per annum equal to the reference rate of the Bank of American National Trust and Savings Association from time to time in effect plus two percent. During the period of any delinquency, the Interest Rate shall be adjusted quarterly. In no event shall the rate of interest hereunder be greater than the highest rate than allowable by law.

18.16 ACCESS BY LANDLORD. Landlord and Landlord's agents, contractors, servants and employees shall have the right to enter the Premises at all reasonable times (a) to examine the Premises or for the purpose of performing any obligation of Landlord or exercising any right or remedy reserved to Landlord in this Lease; (b) to exhibit the Premises to prospective buyers; (c) to make such repairs, alterations, improvements or additions as Landlord may deem necessary or desirable; and (d) to take all materials into and upon the Premises that may be required in connection with such repairs, alterations, improvements or additions without the same constituting a constructive or actual eviction of Tenant, in whole or in part, and the Rental and Additional Rental shall not abate while such repairs, alterations, improvements or additions are being made. If, during the last month of the Term, Tenant shall have removed all or substantially all of Tenant's property therefrom, Landlord may immediately enter, alter and renovate the Premises without elimination or abatement of Rental and Additional Rental and without other compensation, and such action shall have no effect upon this Lease. Nothing contained herein, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever for the care, supervision or repair of the Premises except as otherwise provided in this Lease.

18.17 INDEX. Wherever in this Lease there is a reference to the "Index", such reference shall refer to the following:

(a) The "Index", as used in this Lease, shall be deemed to mean the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers, Los Angeles-Anaheim-Riverside Average, Subgroup "All items", (1982/84=100) ("Index"). If at any time there shall not exist the Index in the format recited

(b) The sum to be increased in accordance with the provisions of the Index shall be increased using the following formula: Such sum shall be increased by a percentage equal to the percentage increase, if any, in the Index published for the Comparison Month over the Index published for the Base Month; provided, however, in no event shall said sum be less than that which was due immediately preceding the date of adjustment.

18.19 PERSONAL PROPERTY AND ALTERATIONS. Upon the expiration of earlier termination of the Term, Landlord shall have the option to (a) take exclusive possession of and title to Tenant's fixtures, furniture, equipment, signs, additions and Improvements to the extent any of these items are affixed to the Premises; or (b) require Tenant to remove same, at its sole cost and expense, and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition.

[illegible]

18.20 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, and

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THE FOREGOING LEASE
ON THE DAY AND YEAR FIRST ABOVE WRITTEN IN PARA 1.1.




DONOVAN GOLF COURSE MANAGEMENT, INC.

CITY OF GARDEN GROVE

BY: 


MAYOR

ATTEST:



CITY CLERK

Approved as to form:



CITY ATTORNEY

DESCRIPTION OF LEASEHOLD

A four bedroom, 1,414 sq. ft. residential structure

located at: 3001 W. Fifth Street
Santa Ana, CA 92703

Legal description: S10, TR50005.R10, APN 198-291-05

EXHIBIT F

WILLOWICK GOLF COURSE MAINTENANCE PROGRAM

CITY and OPERATOR agree that the Golf Course Maintenance Program delineated below is the minimum maintenance schedule required for the maintenance of the golf course ("Golf Course") covered under this Agreement, and that such criteria shall not limit CITY from requiring a more extensive maintenance program if such revised program becomes necessary. CITY acknowledges, however, that the frequency of performance of any function by OPERATOR may be delayed or temporarily suspended to the extent OPERATOR is hindered or prevented from performance by acts of God, or adverse weather.

Subject to the provisions set forth above, OPERATOR agrees to maintain the Golf Course and perform its obligations as outlined below:

PUTTING GREENS

FUNCTION	FREQUENCY	DETAIL
Mowing	Twice a week year-round except when weather and Maintenance Practices prohibit mowing.	Height 5/32' to 1/4" with a self-propelled greens mower. Always remove clippings.
Irrigation	As necessary dependent on weather conditions.	Application of water must be matched with penetration rate so that excessive leaching or runoff are avoided.
Fertilization	As required by soil and plant tissue analysis.	General application of N-P-K-fertilizer with minor elements per soil and plant tissue analysis.
Pest Control	A combination of preventative and curative on an as needed basis.	An environmentally sensitive program of insecticides, fungicides and herbicides for preventative along with a curative program to minimize chemical application to be applied as required.
Verticutting/ Grooming	Monthly or as needed to maintain a smooth even putting surface.	Greens verticut or groomed lightly to eliminate thatch and grain for a quality putting surface.
Aerification	Bi-annually.	Machine capable of minimum penetration to 3" depth, topdress with original greens mix soil structure. Additional aerification as needed according to traffic and compaction to keep turf in excellent condition.

FUNCTION	FREQUENCY	DETAIL
Turf Damage	As needed.	Reseed or sod damaged areas with same turf and soil structure.
Cup Relocation	Daily or as required.	Pin placement to be varied to minimize turf wear.
Green Collar	Mowed 1 - 3 times per week.	Mow from 3/8" to 1/2" height.
Sand Traps	Raked daily or as required.	Sufficient sand to provide excellent playability (minimum 4" depth). Traps to be weed free and edged properly.

TEES

FUNCTION	FREQUENCY	DETAIL
Mowing	1 - 3 times per week.	Mow 3/8" to 1/2" height.
Irrigation	As needed dependent on weather conditions.	1" of water, application of water must be matched with penetration rate to avoid run-off. Excessive leaching may be required due to reclaimed water.
Fertilization	Monthly or as per tissue and soil analysis.	Application of balanced N-P-K fertilizer with minor elements.
Aerification	Bi-annually.	Topdress as required.
Tee Marker Relocation	Daily or as required.	Tee markers should be moved in a systematic routine manner as to spread traffic and wear throughout all useable teeing surface.

FAIRWAYS

FUNCTION	FREQUENCY	DETAIL
Mowing	As needed to maintain a smooth even hitting surface.	Height 1/2" to 3/4".
Irrigation	As needed dependent on weather conditions.	Application of water must be matched with penetration rate so that excessive leaching and run-off are avoided.
Fertilization	As per soil and tissue requirements.	Application of balanced N-P-K, as per analysis, fertilizer.

FUNCTION	FREQUENCY	DETAIL
Pest Control	As needed	Incorporate into a Best Management Practices (BMP) program an environmentally sensitive pesticide program that minimizes the use of chemical applications.
Aerification	Annually or as required.	3" Depth. Use fairway aerifier and drag in cores.
Overseeding	As needed.	The need for overseeding is subject to evaluation by OPERATOR.
Weed Control	Curative.	Spray for Broadleaves as needed.
Re-Sodding/ Stolonizing	As needed.	Resod/Stolonize damaged areas, smooth soil, sod, roll, fertilize and topdress.

ROUGHS

FUNCTION	FREQUENCY	DETAIL
Mowing	As needed to maintain consistant playing conditions.	Height 1" to 1-3/4".
Irrigation	As necessary dependent on weather conditions.	Application of water must be matched with penetration rate so that excessive leaching or run-off are avoided.
Fertilization	As needed per soil and plant tissue analysis.	General application of NPK fertilizer with minor elements per soil and plant tissue analysis.
Pest Control	As needed.	An environmentally sensitive program of insecticides, fungicides, and herbicides preventative along with a curative program to minimize chemical application to be applied as required.
Trees	As needed.	Turf around trees and other interference to be trimmed as needed.

DRIVING RANGE & SURROUNDING AREAS

FUNCTION	FREQUENCY	DETAIL
Driving Range	Once per week mowing.	Maintained as per fairways on the golf course.
Driving Range Tees	Mats only.	Replace mats as needed
Clean Restrooms	Daily.	Clean and service daily.

GENERAL

1. Any depression on the Golf Course capable of holding "casual water" exceeding twenty-four (24) hours will be filled with topdressing and reseeded. In areas where topdressing will not eliminate the problem a perforated drain pipe system will be installed in these areas.
2. All trimmings, clippings, etc., will be placed daily in an acceptable refuse container. Greens clippings will be scattered in rough areas.
3. All departments will be staffed with experienced supervisory personnel.
4. Electric golf cart paths will be maintained in an acceptable condition by OPERATOR.
5. Electric golf carts will be maintained to permit a complete contract without breakdown (emergencies excepted).
6. Miscellaneous:
 - a) Ball washer serviced daily. Clean water twice per week, and towels as required.
 - b) The premises will be maintained free of visible trash at all times.
 - c) Trash containers to be provided on golf courses as needed, and emptied on a routine basis.
7. All areas within the golf courses boundaries will be maintained. All areas under irrigation will require mowing, fertilization, etc., as per this program.
8. Pumping plants will be maintained per the manufacturer's recommendations.
9. All lakes will maintained at acceptable levels. Algae, weeds and pests will be controlled by environmentally sound methods conforming to environmental and safety regulations established by governmental agencies.

EXHIBIT "G"

VALUATION FORMULA - DONOVAN GOLF COURSE MANAGEMENT, INC.

1. Determine the average of the immediate past four years pretax cash flow earned from Willowick Golf Course operations.
2. Adjust the cash flow for the non-operating items, including, but not limited to, changes in indebtedness, changes or conversions of fixed assets or other non-current assets and changes in capitalization.
3. After subtracting the amounts determined under Item 2 above from the amount determined on Item 1, the resulting amount would be termed the pretax operating net cash flow. This amount will be increased by 5% per annum for the remaining duration of the lease. The amounts represent the unadjusted gross aggregate future value of the pretax operating net cash flow.
4. From the amount determined in Item 3 above, the following shall be deducted:

At the point of termination of the agreement, any amounts previously identified on a present value basis and agreed to by the City and the Donovan Golf Course Management, Inc., of any maintenance (normal wear and tear exempted) on all course greens, tees, fairways, range areas, fixtures, signs, furnishings, equipment, buildings, and parking areas.

After subtracting the amounts determined in this item, on a present value basis, from the amount determined in Item 3, the result will be termed the adjusted gross future value of the pretax operating net cash flow.

To the resultant amounts determined will be applied an annual discount rate of 9% and the summation of the products will be termed the present value of the pretax operating net cash flow.

DONOGOL-01 RACR

ACORD™ CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 3/27/2006
PRODUCER (562) 923-9631 Bowermaster & Associates Insurance P.O. Box 100 10631 Paramount Blvd. Downey, CA 90241-0100		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED Arroyo Trabuco Golf Course Donovan Bros. Golf, LLC 26772 Avery Parkway Mission Viejo, CA 92692-		INSURERS AFFORDING COVERAGE INSURER A: Safeco Insurance Company of America INSURER B: Continental Casualty Co. <i>AXV</i> INSURER C: INSURER D: INSURER E:
		NAIC # <i>AXV</i>

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	02CE10484910	7/1/2005	7/1/2006	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	02CE10849310	7/1/2005	7/1/2006	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
B		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	CUP2082536259	7/1/2005	7/1/2006	EACH OCCURRENCE \$ 20,000,000 AGGREGATE \$ 20,000,000
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	01-WC-055388-10	7/1/2005	7/1/2006	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
		OTHER				Reviewed and approved as to insurance language and/or requirements. <i>Pam Valentine 04/10/06</i> Risk Management

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
If this policy cancels for non-payment the company will issue 10 day notice of cancellation.

This coverage also applies to golf course located at: Willowick Golf Course, 3017 West 5th Street, Santa Ana, CA 92703

City of Garden Grove is Additional Insured as respects to General Liability, per form CG 7635 1001 attached.

CERTIFICATE HOLDER	CANCELLATION
City of Garden Grove Attn: Ann Cao 13802 Newhope Street Garden Grove, CA 92843-	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE <i>[Signature]</i>

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**LIABILITY PLUS ENDORSEMENT**

CG 76 35 10 01

COMMERCIAL GENERAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART**SCHEDULE**

Name of Person or Organization:

***Blanket Form Per Schedule on File
with Company*****ADDITIONAL INSURED - BY WRITTEN CONTRACT,
AGREEMENT OR PERMIT, OR SCHEDULE**The following paragraph is added to WHO IS AN INSURED
(Section II):

5. Any person or organization shown in the Schedule or for whom you are required by written contract, agreement or permit to provide insurance is an insured, subject to the following additional provisions:

- a. The contract, agreement or permit must be in effect during the policy period shown in the Declarations, and must have been executed prior to the "bodily injury," "property damage," "personal and advertising injury."
- b. The person or organization added as an insured by this endorsement is an insured only to the extent you are held liable due to:

(1) The ownership, maintenance or use of that part of premises you own, rent, lease or occupy, subject to the following additional provisions:

- (a) This insurance does not apply to any "occurrence" which takes place after you cease to be a tenant in any premises leased to or rented to you;
- (b) This insurance does not apply to any structural alterations, new construction or demolition operations performed by or on behalf of the person or organization added as an insured;

(2) Your ongoing operations for that insured, whether the work is performed by you or for you;

(3) The maintenance, operation or use by you of equipment leased to you by such person or organization, subject to the following additional provisions:

- (a) This insurance does not apply to any "occurrence" which takes place after the equipment lease expires;
- (b) This insurance does not apply to "bodily injury" or "property damage" arising out of the sole negligence of such person or organization;

(4) Permits issued by any state or political subdivision with respect to operations performed by you or on your behalf, subject to the following additional provision:

This insurance does not apply to "bodily injury," "property damage," "personal and advertising injury" arising out of operations performed for the state or municipality;

c. The Insurance with respect to any architect, engineer, or surveyor added as an insured by this endorsement does not apply to "bodily injury," "property damage," "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 4/10/06
Risk Management

CG 75 36 10 01

COMMERCIAL GENERAL LIABILITY

- (1) The preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
 - (2) Supervisory, inspection or engineering services.
- d. This insurance does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard."

A person's or organization's status as an insured under this endorsement ends when your operations for that insured are completed.

No coverage will be provided if, in the absence of this endorsement, no liability would be imposed by law on you. Coverage shall be limited to the extent of your negligence or fault according to the applicable principles of comparative fault.

NON-OWNED WATERCRAFT AND NON-OWNED AIRCRAFT LIABILITY

Exclusion g. of COVERAGE A (Section I) is replaced by the following:

- g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading."

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 52 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in paragraph f.(2) or f.(3) of the definition of "mobile equipment."
- (6) An aircraft you do not own provided it is not operated by any insured.

TENANTS' PROPERTY DAMAGE LIABILITY

When a Damage to Premises Rented to you Limit is shown in the Declarations, Exclusion J. of Coverage A, Section I is replaced by the following:

J. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations, or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

CG 76 35 10 01

COMMERCIAL GENERAL LIABILITY

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

Paragraph 6. of Section III is replaced by the following:

6. Subject to 5. above, the Damage To Property Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

The Tenants' Property Damage to Premises Rented to You limit is the higher of \$200,000 or the amount shown in the Declarations as Damage to Premises Rented to You Limit.

WHO IS AN INSURED - MANAGERS

The following is added to Paragraph 2.a. of WHO IS AN INSURED (Section II):

Paragraph (1) does not apply to executive officers, or to managers at the supervisory level or above.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B - BAIL BONDS

Paragraph 1.b. of SUPPLEMENTARY PAYMENTS - COVERAGES A AND B is replaced by the following:

- b. Up to \$2,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

EMPLOYEES AS INSURED - HEALTH CARE SERVICES

Provision 2.a.(1) d. of WHO IS AN INSURED (Section II) is deleted, unless excluded by separate endorsement.

EXTENDED COVERAGE FOR NEWLY ACQUIRED ORGANIZATIONS

Provision 4.a. of WHO IS AN INSURED (Section II) is replaced by the following:

- a. Coverage under this provision is afforded only until the end of the policy period.

EXTENDED "PROPERTY DAMAGE"

Exclusion a. of COVERAGE A. (Section I) is amended to read:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

INCREASED MEDICAL EXPENSE LIMIT

The medical expense limit is amended to \$10,000.

KNOWLEDGE OF OCCURRENCE

The following is added to Paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

Knowledge of an "occurrence," claim or "suit" by your agent, servant or employee shall not in itself constitute knowledge of the named insured unless an officer of the named insured has received such notice from the agent, servant or employee.

UNINTENTIONAL FAILURE TO DISCLOSE ALL HAZARDS

The following is added to Paragraph 6. Representations of COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

LIBERALIZATION CLAUSE

The following paragraph is added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

10. If a revision to this Coverage Part, which would provide more coverage with no additional premium, becomes effective during the policy period in the state shown in the Declarations, your policy will automatically provide this additional coverage on the effective date of the revision.

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)

11/16/2001

PRODUCER (415)982-1012 FAX (415)434-1562
 San Francisco Ins Center
 130 Sutter Street Ste 650
 San Francisco, CA 94104

Stephanie Dodd

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED Donovan Golf Management, Inc.
 Mesa Verde Partners DBA: Costa Mesa Country C
 c/o SFIC
 130 Sutter St. #650
 San Francisco, CA 94104

INSURER A: Unigard Insurance Company *AVIII*
 INSURER B: Firemans Fund Insurance Company *A+XV*
 INSURER C: State Compensation Insurance Fund *B+XIII*
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	CM004382	11/09/2001	11/09/2002	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$ 100,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 10,000
	<input checked="" type="checkbox"/> Liquor Liability				PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE \$ 3,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				PRODUCTS - COMP/OP AGG \$ 3,000,000
A	AUTOMOBILE LIABILITY	CM004382	11/09/2001	11/09/2002	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
					AUTO ONLY: AGG \$
B	EXCESS LIABILITY	XYZ00084778323	11/09/2001	11/09/2002	EACH OCCURRENCE \$ 20,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$ 20,000,000
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	1591833-01	10/20/2001	10/20/2002	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER \$
					E.L. EACH ACCIDENT \$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
					E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	OTHER All Risk Equipment Floater	CM004382	11/09/2001	11/09/2002	\$1,679,000. Blanket Limit

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Re: Leased premises at 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course.
 Additional Insured: City of Garden Grove; The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation.

Reviewed and approved as to insurance language and/or requirements,

Lam Valentine 12/6/01

CERTIFICATE HOLDER ☒ ADDITIONAL INSURED; INSURER LETTER

CANCELLATION

Risk Management

The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation
 Attn: Priscilla Stiersturfer
 11222 Acacia Parkway
 Garden Grove, CA 92840

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ~~NOTIFY BY MAIL~~
 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,
 XX
 XX
 AUTHORIZED REPRESENTATIVE

Fred Hagler

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

11/16/2001

San Francisco Ins Center
130 Sutter Street Ste 650
San Francisco, CA 94104

FAX (415)434-1562

Stephanie Dodd

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED	Donovan Golf Management, Inc. Mesa Verde Partners DBA: Costa Mesa Country CT c/o SFIC 130 Sutter St. #650 San Francisco, CA 94104
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INSURER A:	Unigard Insurance Company	AVIII
INSURER B:	Firemans Fund Insurance Company	A+XV
INSURER C:	State Compensation Insurance Fund	B+XI
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY	CM004382	11/09/2001	11/09/2002	EACH OCCURRENCE	\$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire)	\$ 100,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP. (Any one person)	\$ 10,000
	<input checked="" type="checkbox"/> Liquor Liability				PERSONAL & ADV INJURY	\$ 1,000,000
					GENERAL AGGREGATE	\$ 3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$ 3,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
A	AUTOMOBILE LIABILITY	CM004382	11/09/2001	11/09/2002	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident)	\$
	<input type="checkbox"/> HIRED AUTOS					
<input type="checkbox"/> NON-OWNED AUTOS						
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC	\$
	<input type="checkbox"/>				AUTO ONLY: AGG	\$
B	EXCESS LIABILITY	XYZ00084778323	11/09/2001	11/09/2002	EACH OCCURRENCE	\$ 20,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE	\$ 20,000,000
	<input type="checkbox"/> DEDUCTIBLE					\$
	<input type="checkbox"/> RETENTION \$					\$
						\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	1591833-01	10/20/2001	10/20/2002	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTHER	
	E.L. EACH ACCIDENT				\$ 1,000,000	
	E.L. DISEASE - EA EMPLOYEE				\$ 1,000,000	
	E.L. DISEASE - POLICY LIMIT				\$ 1,000,000	
A	OTHER All Risk Equipment Floater	CM004382	11/09/2001	11/09/2002	\$1,679,000. Blanket Limit	

Re: Leased premises at 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course.

Additional Insured: City of Garden Grove; The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation.

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 12/07/01

CERTIFICATE HOLDER	X	ADDITIONAL INSURED: INSURER LETTER
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CANCELLATION

Risk Management

City of Garden Grove
Attn: Priscilla Stiersturfer
11222 Acacia Parkway
Garden Grove, CA 92840

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL INDEXVOR300 MAIL

30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,
XX
BY ANY KIND OR BY THE COMPANY XXX AGENTS OR REPRESENTATIVES XXXXXXXXXXXX

AUTHORIZED REPRESENTATIVE

ACORD 25-S (7/97)

FAX: (714)741-5205

©ACORD CORPORATION 1988

POLICY NUMBER: CM004382
INSURED: Donovan Golf Management

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MANAGERS OR LESSOR OF
PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of premises: 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course
2. Name of Person or Organization: City of Garden Grove and The Garden Grove Willowick Recreational Facility, Inc.
3. Additional Premium: Included

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 8/7/01
Risk Management

Pam Valentine 12/07/01

CG 20-11-11-85

Copyright. Insurance Services Office, Inc., 1984

DATE (MM/DD/YY)
07/13/2001

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURER A: Unigard Insurance Company AVIII

INSURER B: Firemans Fund Insurance Company A+XV

INSURER C: State Compensation Insurance Fund B+XIII

INSURER D: _____

INSURER E: _____

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	CM004382	11/09/2000	11/09/2001	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 5,000
	<input checked="" type="checkbox"/> Liquor Liability				PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> Includes OCP				GENERAL AGGREGATE \$ 3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COM/OP AGG \$ 3,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO- JECT <input type="checkbox"/> LOC				
A	AUTOMOBILE LIABILITY	CM004382	11/09/2000	11/09/2001	COMBINED SINGLE LIMIT (Es accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
					AUTO ONLY: AGG \$
B	EXCESS LIABILITY	XYZ00096411327	11/09/2000	11/09/2001	EACH OCCURRENCE \$ 20,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$ 20,000,000
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
					\$
					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	1591833	10/20/2000	10/20/2001	<input checked="" type="checkbox"/> WC STATU- TORY LIMITS <input type="checkbox"/> OTHER
					E.L. EACH ACCIDENT \$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
					E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	OTHER Golf Carts/All Risk Coverage	CM004382	11/09/2000	11/09/2001	\$1,425,000 Blanket Limit \$500. Deductible

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS	
---	--

Additional Insured: City of Garden Grove; The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation.

Sam Valentine 8/7/01

CERTIFICATE HOLDER	X	ADDITIONAL INSURED; INSURER LETTER
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CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ~~NOTICE BY~~ MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

POLICY NUMBER: CM004382
INSURED: Donovan Golf Management

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MANAGERS OR LESSOR OF
PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of premises: 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course
2. Name of Person or Organization: City of Garden Grove and The Garden Grove Willowick Recreational Facility, Inc.
3. Additional Premium: Included

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 8/7/01
Risk Management

CG 20-11-11-85

Copyright. Insurance Services Office, Inc., 1984

ACORD CERTIFICATE OF LIABILITY INSURANCEDATE (MM/DD/YY)
07/13/2001

PRODUCER (415)982-1012 FAX (415)434-1562
 San Francisco Ins Center
 130 Sutter Street Ste 650 *Stephanie Padd*
 San Francisco, CA 94104

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION
 ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE
 HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR
 ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED Donovan Golf Mgmt

C/O Western Hills Golf Club
 1800 Carbon Canyon Road
 Chino Hills, CA 91709

INSURER A: **Unigard Insurance Company** *AVIII*
 INSURER B: **Firemans Fund Insurance Company** *ATTXV*
 INSURER C: **State Compensation Insurance Fund** *BTHXIII*
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	CM004382	11/09/2000	11/09/2001	FACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 5,000
	<input checked="" type="checkbox"/> Liquor Liability				PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> Includes OCP				GENERAL AGGREGATE \$ 3,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER				PRODUCTS - COM/OP AGG \$ 3,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				
A	AUTOMOBILE LIABILITY	CM004382	11/09/2000	11/09/2001	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN EA ACC \$
					AUTO ONLY: AGG \$
B	EXCESS LIABILITY	XY200096411327	11/09/2000	11/09/2001	EACH OCCURRENCE \$ 20,000,000
	<input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				AGGREGATE \$ 20,000,000
	<input type="checkbox"/> DEDUCTIBLE				\$
	<input type="checkbox"/> RETENTION \$				\$
					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	1591833	10/20/2000	10/20/2001	<input checked="" type="checkbox"/> WORKERS COMPENSATION LIMITS <input type="checkbox"/> OTHER
					E.L. EACH ACCIDENT \$ 1,000,000
					E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
					E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	OTHER Golf Carts/All Risk Coverage	CM004382	11/09/2000	11/09/2001	\$1,425,000 Blanket Limit \$500. Deductible

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

Re: Leased premises at 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course.

Additional Insured: City of Garden Grove; The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation.

Reviewed and approved as to insurance language and/or requirements.

*Pam Valentine 8/7/01*CERTIFICATE HOLDER ☒ ADDITIONAL INSURED; INSURER LETTER**CANCELLATION**

Risk Management

The Garden Grove Willowick Recreational Facility, Inc., a non-profit corporation
 Attn: Priscilla Stiersturfer
 11222 Acacia Parkway
 Garden Grove, CA 92840

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE
 EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ~~NOTIFY BY MAIL~~

30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT,
 XX
 XX

AUTHORIZED REPRESENTATIVE

Fred Tagles

ACORD 25-S (7/97)

FAX: (714)741-5205

©ACORD CORPORATION 1988

POLICY NUMBER: CM004382
INSURED: Donovan Golf Management

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED – MANAGERS OR LESSOR OF
PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

1. Designation of premises: 3017 West 5th Street, Santa Ana, California 92701, Willowick Golf Course
2. Name of Person or Organization: City of Garden Grove and The Garden Grove Willowick Recreational Facility, Inc.
3. Additional Premium: Included

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 8/7/01
Risk Management

CG 20-11-11-85

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CONSIDERATION OF AGREEMENT WITH DONOVAN GOLF COURSE
MANAGEMENT FOR THE OPERATION AND MAINTENANCE OF WILLOWICK GOLF
COURSE (F: 55) (XR: 73.13)

Staff report dated April 24, 2001, was introduced.

The City Manager noted that this matter was discussed at the Council Work Session held in January 2001.

Mayor Broadwater noted that the Willowick Golf Course is the second busiest municipal golf course in Orange County. He further commented that the Clubhouse currently is a disaster, and Donovan, Inc., has been doing a good job operating the course.

It was noted that entering into a revised agreement with Donovan, Inc., for the operation and maintenance of Willowick Golf Course will allow complete reconstruction of the Clubhouse/Restaurant without the City having to provide any of the initial funding. Moreover, the project will be fully funded by increases in green fees over a 20-year period. Under the terms of the agreement, the operator is responsible for obtaining all of the construction financing. Of the total debt paid, including principle and interest of approximately \$2.46 million, the City's share is approximately \$1.5 million and the operator's share is \$944,625.

It was moved by Councilman Leyes, seconded by Councilman Dalton, and carried by unanimous vote, that the Agreement by and between the City of Garden Grove and Donovan Golf Courses Management, Inc., for the operation and maintenance of Willowick Golf Course that allows for the construction and financing of a new Clubhouse/Restaurant, be and hereby is approved; and the Mayor and City Clerk are authorized to execute the agreement.

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	George L. Tindall	From:	Les M. Jones II Matthew Fertal
Dept:	City Manager	Dept:	Public Works Community Development
Subject:	AGREEMENT WITH DONOVAN, INC. FOR OPERATION AND MAINTENANCE OF WILLOWICK GOLF COURSE		
		Date:	April 24, 2001

OBJECTIVE

To receive City Council approval to enter into a revised agreement with Donovan, Inc. for the Operation and Maintenance of Willowick Golf Course that allows for the construction and financing of a new Clubhouse/Restaurant.

BACKGROUND

Over the last several years, there has been increasing concern regarding the condition and need for repair of the Clubhouse/Restaurant at Willowick Golf Course. As owners of the Golf Course, the City is responsible for repairs and upgrades to the Clubhouse. The City's operator, Donovan, Inc., as well as the Orange County Health Department, have contacted the City regarding the need for upgrades and repairs. To identify the necessary repairs and the potential for renovating the existing building, Donovan, Inc. retained an architect that identified the following concerns:

- Over half of the existing structure requires rebuilding because it is out of compliance with the Americans with Disabilities Act. The kitchen, bar, and restrooms were not built with the space allocations for maneuvering and access that buildings are required to comply with today.
- The flammable wood shake roof must be replaced with lightweight concrete tile to comply with the City of Santa Ana Fire Department requirements.
- The masonry construction of the Clubhouse poses a hazard in a seismic event; consequently, a seismic upgrade, potentially requiring extensive reconstruction, is required.
- Due to the age of the building the electrical and plumbing systems need to be replaced to meet current standards.
- The exterior of the Clubhouse requires major reconstruction to eliminate dry-rot and termite damage.
- The replacement of large glass windows, that do not appear to be tempered, is necessary to comply with current building codes.

The Clubhouse was built in the late 1930's and no substantial modifications have been made since that time. Based on the identification of serious access, structural, and aesthetic deficiencies, it has been determined that it would not be a prudent long-term investment to renovate the Clubhouse/Restaurant and would be more cost effective to construct a new building. Therefore, to address the costs of constructing a new Clubhouse, staff has been discussing alternative financing plans with Donovan Inc.

DISCUSSION

The estimated cost to construct a new Clubhouse/Restaurant is \$1,431,860. In order to amortize the construction costs over the next 20 years, it is necessary to amend the existing agreement to account for the construction and financing of the new building and to extend the term from 2010 to 2020.

AGREEMENT WITH DONOVAN, INC.

April 24, 2001

Page 2

The City does not have \$1,431,860 set aside to rebuild the Clubhouse. As a result, staff has been working with Donovan Inc. to propose a financing mechanism to pay for the improvements through increases in green fees over the next twenty years. Under the terms of the revised agreement, Donovan Inc. will construct on behalf of the City, a new Clubhouse/Restaurant, fairway restrooms, and improvements to the parking lot and adjacent landscape areas. Over a twenty-year period, Donovan Inc. will contribute \$944,625 for the proposed construction. Correspondingly, the City proposes to extend the agreement with Donovan Inc. for an additional ten years.

Donovan Inc. will administer the design and construction of the Clubhouse/Restaurant and related improvements, obtain private financing to fund the construction of the improvements, and pay the debt service. In recognition of this, the City will contribute 21.5% of its 23% share of any increase in gross receipts generated by future increases in green fees, beginning with the effective date of the agreement. However, the City will continue to receive its full share of revenue from cart fees, driving range, pro shop, and food and beverage sales. The City's contribution toward debt service will continue until the debt for the construction of the Clubhouse/Restaurant has been fully retired. Construction on the project will begin by July 1, 2001, and will be complete by June 30, 2002. It should be noted that Donovan Inc. has already processed paperwork to obtain permits to comply with the City of Santa Ana's zoning requirements and that the \$1,431,830 construction cost includes costs associated with compliance.

In addition to including revisions that allow for construction and financing of the new Clubhouse/Restaurant and related improvements, the revised agreement also includes modifications that clarify responsibility for environmental compliance and liability with the Course operator, require more stringent maintenance standards, and reformat the agreement to facilitate administration and comprehension.

FISCAL IMPACT

Entering into a revised agreement with Donovan Inc. for the operation and maintenance of Willowick Golf Course will allow complete reconstruction of the Clubhouse/Restaurant without the City having to provide any of the initial funding. Moreover, the project will be fully funded by increases in green fees over a twenty-year period. Under the terms of the agreement, the operator is responsible for obtaining all of the construction financing. Of the total debt paid, including principle and interest of approximately \$2.46 million dollars, the City's share is approximately \$1.5 million and the operator's share is \$944,625.

RECOMMENDATION

It is recommended that the City Council:

- Approve the attached agreement with Donovan Inc. for the Operation and Maintenance of Willowick Golf Course.
- Authorize the Mayor and City Clerk to execute the agreement on behalf of the City.


LES M. JONES II
Director of Public Works


MATTHEW FERTAL
Director, Community Development

By: 
Maria Stipe
Sr. Administrative Analyst

Attachment: Agreement

RECOMMENDED FOR APPROVAL:


George L. Tindall
City Manager