

# City of Los Angeles

California

DEPARTMENT OF RECREATION  
AND PARKS

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(213) 202-3280

April 10, 2026

## REQUEST FOR PROPOSAL LOS ANGELES EQUESTRIAN CENTER, HANSEN DAM EQUESTRIAN CENTER AND STONEY POINT RANCH EQUESTRIAN CENTER CONCESSIONS (RFP# CON-M25-008)

### QUESTIONS & ANSWERS No.5

1. Q: Are existing promoter, show producer or rental agreements currently in effect that will transfer to the Selected Proposers?

A: No, however the selected concessionaire may negotiate those terms directly with the incumbent or the City if allowed by the terms of the agreement.

2. Q: Who owns the existing associated website domains and social media accounts such as Facebook, Instagram, Tik Tok, etc.?

Do these digital assets transfer to the Selected Proposer?

A: Please see the applicable language in Section 5. A. 29. of the current LAEC/ASM property management agreement:

*Develop a new temporary website, logo, branding, keeping all up to date, including but not limited to the calendar and promotional information in collaboration with the DEPARTMENT. ASM will coordinate and manage all social media apps for the LAEC including, but not limited to Twitter, Facebook, Instagram or other designated ASM social media outlets. ASM shall provide full administrative access to City staff, including log in information and passwords, to all social media accounts during the term of this AGREEMENT. Upon expiration or termination of this AGREEMENT, ASM shall provide administrative access and information to all social media accounts and, if necessary, assign or transfer ownership of said accounts to the City. ASM shall provide designated City staff with access to the FACILITY's highest-speed available non-public Wi-Fi, including log in information and passwords for such Wi-Fi.*

RAP will review requests from Selected Proposer.



3: Q: Will website ownership transfer to the Selected Proposer?

- a. www.hansendamhorsepark.com
- b. www.hdhorsepark.com
- c. www.thelaec.com
- d. www.stoneypoint-ranch.com
- e. www.equestrianla.com
- f. Any others known?

A: See language below, Section PSC-21, in part, from current LAEC/ASM management agreement, Exhibit A, Standard Provisions for City Contracts:

**PSC-21. Ownership and License**

*Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.*

RAP will review requests from Selected Proposer.

4. Q: Will historical event sales data/contracts, digital marketing, CRM, etc. be transferred to Selected Proposer?

A: See answer to Question 3. RAP will review requests from Selected Proposer.

5. Q: Does City or RAP retain ownership of digital content created during the previous concessionaire or management?

Specifically, will existing photo and video assets used on the socials and websites assets be transferred to the Selected Proposer?

Who owns existing photography, video, and promotional materials?

A: See answer to Question 3. RAP will review requests from Selected Proposer.

6. Q: Will historical website analytics and marketing data be available from previous concessionaire or management to the Selected Proposer?

A: See answer to Question 3. RAP will review requests from Selected Proposer.

7. Q: Are intellectual property rights transferable to Selected Proposer?

A: See answer to Question 3.

8. Q: Are there restrictions on future commercial use of existing media assets?

A: See answer to Question 3. RAP will review requests from Selected Proposer.

9. Q: Is a Selected Proposer required to create new marketing assets?

A: Yes

10. Q: Does RAP have the ability to provide full financial statements, Profit & Loss Statements or any more detailed breakdown for any or all of the past five (5) fiscal years?

The revenue summary in the RFP is generalized into 2 categories of Boarding Gross Sales and Events, Food & Beverages, Filming, Rentals Gross Sales.

A: These records are available for review generally for the past few years through a California Public Records Act (CPRA) request with the RAP Board of Commissioners Office, at [rap.commissioners@lacity.org](mailto:rap.commissioners@lacity.org).

11. Q: Are electronic financial downloads accessible?

A: No. See answer to Question 10.

12. Q: Can a breakdown of Boarding Revenue be shared for event/show boarding vs annual or trainer boarding?

A: This data may be available in the submitted LAEC Financial Statements and HDEC Rental Details reports accessible through a California Public Records Act (CPRA) request with the RAP Board of Commissioners Office, at [rap.commissioners@lacity.org](mailto:rap.commissioners@lacity.org).

13. Q: Can a breakdown of Food & Beverage revenue be provided for commission on third party food trucks vs in house operations?

A: See answer to Question 12.

14. Q: Does RAP/City or the Selected Proposer pay utilities to the Subject Property?

A: Generally, utilities are the responsibility of the concession operator.

15. Q: The RFP does not mention if any City or RAP centralized services are used or available at the Subject Facilities as part of the Agreement. Or does the Agreement operate similar to a Triple Net Lease?

A: Generally, RAP Construction staff is available to review any major operational concerns and building exterior needs. Typically the concession agreement calls for the concessionaire to operate and maintain the facility.

15. Q: Will prior RAP agreements be made available?

A: RAP prior/current facility agreements for LAEC, HDEC and Stoney Point Ranch are attached.

16. Q: Is there a centralized due diligence repository or data room?

A: Not provided/paid for by RAP.

17. Q: Regarding reported storm damage to barns (AA, BB, HH, JJ, KK, LL), quarantine barn, main office, box barns:

- a. When did the damage occur?
- b. Was an insurance claim filed?
- c. If not, why not?
- d. If filed, was the claim denied or partially paid?

A: Information is not available to date regarding insurance claims stemming from the January 2025 windstorms.

18. Q: Regarding storm damage to the canopy and the pavilion at Sycamore Park Food Court:

- a. Was a claim filed?
- b. Was the claim denied?
- c. Why were these damages not repaired?

A: See answer to Question 17.

19. Q: Is it possible for a future concessionaire to assume or pursue any outstanding insurance claim related to these claims?

A: Unknown.

20. Q: Is it reasonable to provide the Subject Property's insurance claims history or a loss run report for the past five (5) years?

A: Information unavailable.

21. Q: Any survey documents available?

A: Surveys performed for fencing projects at Stoney Point Ranch are attached. If available, documents may be searched/reviewed in-person at 221 N. Figueroa Street, LA, by appointment only through the Contract Coordinator or searched on-line with the Los Angeles Department of Building & Safety, at <https://dbs.lacity.gov/services/search-online-building-records>.

22. Q: Any known water, sewer or electrical capacity issues or known problems that are not included in the RFP?

A: Unknown at this time. Septic systems are in use at Hansen Dam Equestrian Center (HDEC) and Stoney Point Ranch.

23. Q: Does the City or RAP have any digital or physical plan sets on file and available for any of the Subject Properties?

A: Digital property plan files for LAEC are attached. Additional documentation, if available, may be reviewed/searched in-person at 221 N. Figueroa Street, LA, by appointment only through the Contract Coordinator.

24. Q: Are any mechanical drawings available for any of the three Subject Properties?

A: If available, hard copies could be reviewed/searched in-person at 221 N. Figueroa Street, LA, by appointment only through the Contract Coordinator.

25. Q: At Stoney Point has RAP or anyone evaluated the feasibility of replacing septic systems versus connecting to the mainline sewer?

A: Only preliminary discussions have occurred.

26. Q: Are there engineering or environmental reports available for any of the three Subject Properties?

A: A building roof truss report for LAEC and asbestos testing report for Stoney Point Ranch, are contained in the response to Q & A No.3, previously posted.

27. Q: Are any formal condition assessment reports or service notes available for:  
a. Rodeo arena at Hansen Dam?  
b. Barn structures?  
c. Septic systems?  
d. Roofing systems?

A: Dated HDEC windstorm (2025) damage report may be reviewed by filing a CPRA request at [rap.commissioners@lacity.org](mailto:rap.commissioners@lacity.org). Dated HDEC rodeo arena ADA reports are attached.

28. Q: Has RAP conducted structural or safety evaluations that can be shared?

A: LAEC RAP roof craft inspection and LAEC roof truss reports were posted in response to Q & A No. 1 & No. 3, respectively. A RAP Fire/Life/Safety report was posted in response within Q & A No.4. Additional dated RAP craft inspection reports, Risk

Management, Safety Division and Animal Services Department reports on LAEC are attached.

29. Q: Will all required and optional capital improvements immediately vest in and become the property of the City upon installation? Or at the end of the Term or termination of the Agreement?

A: Upon installation.

30. Q: In the event of early termination not due to Concessionaire default, is there any mechanism for recovery of unamortized capital investment?

A: Not aware of it. Subject to RAP review.

31. Q: What approvals are required for capital improvements that are not included in the RFP Minimum Required Concession Improvements required in the first 24 months of the Term or included in mid-term refurbishment plan?

a. For example, during the Term will the Selected Proposer's General Manager and Executive Team be unreasonably withheld from making capital improvements to drive revenue, meet evolving standards, etc.?

A: All facility capital improvements are subject to RAP review and approval.

32. Q: Are there removal rights for concessionaire-funded improvements?

A: Not if City owned.

33. Q: For financial reporting purposes, should the two five-year extension options be considered reasonably assured if the Concessionaire is in good standing?

A: RAP reviews all requests to extend and has sole discretion.

34. Q: Will any FF& E, movable equipment, or non-structural assets purchased by the Concessionaires remain Concessionaire-owned during the term?

A: If it is deemed personal property.

35. Q: In the event of casualty, how are insurance proceeds for Concessionaire-funded improvements allocated and who controls rebuild decisions?

A: Governed by concessionaire insurance policy, City Risk Management policies and concession agreement language.

36. Q: Please provide a detailed City or RAP asset ownership schedule:

a. Are the tractors and any of the operational equipment at the Subject Properties outside of what's used for food and beverage operations owned by the City or RAP?

b. Please provide a detailed inventory of any commercial kitchen and concession equipment to be transferred to the Selected Proposer.

c. What equipment is City-owned versus operator-owned?

i. What is the remaining useful life of major equipment?

ii. Are maintenance records available?

A: LAEC equipment list provided in Q & A No. 1 response, previously posted. HDEC equipment list and LAEC maintenance records requests are outstanding. City owns farm related equipment at LAEC and equipment connected to City owned structures or land.

37. Q: Please provide a comprehensive list of temporary stalls, stock or arena panels, carts, office equipment, and support facilities. We know some are stated to be in dispute and seek clarification on undisputed FFE and more.

A: To date, at Stoney Point Ranch, documentation has not been located to question the operator's claim of ownership of approximately seventy pipe stalls and related ranch equipment.

38. Q: Are there easements or shared-use agreements affecting operations?

A: Unknown. Information may be found with the County of Los Angeles at <https://pw.lacounty.gov/general/servicelocator/>.

39. Q: Have public grants funded prior capital improvements?

A: Unaware

40. Q: Are there compliance or claw back obligations tied to grant-funded infrastructure?

A: Unaware

41. Q: Are there pending capital projects not yet completed?

A: LAEC has an on-going electrical upgrade project in Barns A & B.

42. Q: Are there use restrictions associated with grant-funded facilities?

A: Subject to RAP review and approval.

43. Q: Can Selected Proposer work with RAP and City to receive grants for the Subject Properties?

A: Subject to RAP review and approval.

44. Q: Please provide a current roster of boarders and trainers.

A: Some information is claimed as proprietary. A number of trainers may be viewed on the facility site websites, for LAEC, <https://thelaec.com/> and for HDEC, <https://hansendamhorsepark.com/>. Additional boarder and trainer documents may be available by filing a California Public Records Act (CPRA) request with the RAP Board of Commissioners Office, at [rap.commissioners@lacity.org](mailto:rap.commissioners@lacity.org) or with the facility.

45. Q: Are existing boarding contracts assignable?

A: Varies by facility.

46. Q: Any data available for the historical boarding stall occupancy rate?

A: No

47. Q: Will we have access to a floor plan for the main house, or is one available?

A: Not aware of a floor plan. If available, plans may have been stored after the 2007 City purchase of the site. To review/search in the real estate plans room in-person at 221 N. Figueroa Street, LA, an appointment is required through the Contract Coordinator.

48. Q: Also, do you happen to know approximately how many stalls would be removed if the current owner's purchase is confirmed?

A: At Stoney Point Ranch, approximately 70 pipe stalls.

EXPIRES  
1/21/2020

**HANSEN DAM EQUESTRIAN CENTER  
CONCESSION AGREEMENT**



HANSEN DAM EQUESTRIAN CENTER CONCESSION AGREEMENT  
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## HANSEN DAM EQUESTRIAN CENTER CONCESSION AGREEMENT

THIS AGREEMENT, made and entered into this 22<sup>nd</sup> day of October, 1997, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS, ("CITY") and Eddie J. Milligan, Sole Proprietor, (hereinafter referred to as "CONCESSIONAIRE").

### RECITALS

CITY is the lease holder of the Hansen Dam Recreation Area ("RECREATION AREA"), including the property on which is located an equestrian boarding, training and exhibition facility known as the Hansen Dam Equestrian Center ("EQUESTRIAN CENTER"); and

CITY advertised for proposals for the refurbishment, further development and operation of the Hansen Dam Equestrian Center located at 11127 Orcas Avenue, Lake View Terrace, California 91342; and

CITY'S Board of Recreation and Park Commissioners ("BOARD"), received and carefully analyzed the single proposal received on November 29, 1989; and

BOARD determined that Eddie J. Milligan was the best responsible proposer, and selected him to operate the subject concession in accordance with the terms and conditions of this Agreement; and

The sole purpose of CITY in entering into this Agreement is to provide the visitors of the Hansen Dam Recreation Area excellent equestrian activities and equestrian related services and products.

The parties therefore agree as follows:

I. DEFINITIONS

For the purpose of this Agreement, the following words and phrases are defined and shall be construed as hereinafter set forth:

- CITY: City of Los Angeles, acting by and through its Board of Recreation and Park Commissioners
- UNITED STATES, CORPS OF ENGINEERS (COE): The United States of America, acting by and through the District Engineer, Los Angeles District, United States Army Corps of Engineers and his officers and staff
- CONCESSION: The contract granted by CITY and the rights and privileges granted thereunder
- CONCESSION MANAGER: The person with whom the GENERAL MANAGER deals on a daily basis regarding the subject concession. Such person is usually the CONCESSIONAIRE personally.
- CONCESSIONAIRE: Eddie J. Milligan, Sole Proprietor
- EQUESTRIAN CENTER: The Hansen Dam Equestrian Center in the Hansen Dam Recreation Area (Exhibit C)
- GENERAL MANAGER: General Manager of the Department of Recreation and Parks, or that person's authorized representative, acting on behalf of CITY. All actions of the General Manager are subject to review at the pleasure of the Board of Recreation and Park Commissioners
- BOARD: Board of Recreation and Park Commissioners
- RECREATION AREA: Hansen Dam Recreation Area, Lake View Terrace, California
- SUB-LICENSEE: Any person or persons other than CONCESSIONAIRE that is granted any of the rights and privileges contained in this

Agreement, said grant to be given by CONCESSIONAIRE, subject to prior approval by CITY and COE, including sub-concessionaires, sub-lessees, if any, and all other persons or entities who rent ground facilities or banquet facilities more than once per year.

CHIEF, REAL ESTATE  
DIVISION:

Chief, Real Estate Division, Los Angeles  
District, United States Army Corps of  
Engineers, or that person's authorized  
representative

## II. CONCESSION GRANTED

For and in consideration of the payment of the fees and charges as hereinafter provided, CITY hereby grants to the CONCESSIONAIRE, subject to all of the terms, covenants and conditions of this Agreement, the right and obligation to equip, furnish, operate and maintain the Equestrian Center.

The concession rights herein granted shall be exclusively exercised within the boundaries of EQUESTRIAN CENTER.

CONCESSIONAIRE, by accepting this Agreement, agrees for itself, its successors and assigns that it will not make use of the EQUESTRIAN CENTER in any manner which might interfere with the recreational uses of RECREATION AREA. In the event, the aforesaid covenant is breached, CITY reserves the right to enter upon said Premises and cause the abatement of such interference at the expense of CONCESSIONAIRE which expense CONCESSIONAIRE hereby agrees to pay CITY upon demand.

It is understood and agreed that CONCESSIONAIRE may exercise some of the rights granted hereunder and perform some of the services required hereunder through SUB-LICENSEES. Said SUB-LICENSEES shall include any service associated with operation of the center, including trainers and their services. Whenever reference is made herein to duties, liabilities and obligations imposed on CONCESSIONAIRE, they shall apply regardless of whether CONCESSIONAIRE determines to exercise the respective rights or perform the respective rights or perform the respective services directly or through a SUB-LICENSEE. CONCESSIONAIRE shall be

solely responsible for informing its SUB-LICENSEES of the CONCESSIONAIRE'S duties, liabilities and obligations under this contract and for insuring that its performance through any such SUB-LICENSEES complies therewith. Each SUB-LICENSE agreement shall be submitted to CITY and COE for their prior review and approval and shall not be effective until such approval is obtained in writing. Nothing contained in this contract shall be deemed or construed as creating any privity of contract or contractual relationship or rights whatsoever between any such SUB-LICENSEES and the CITY or COE.

It is also understood that human habitation is allowed in the two mobile units located in the northeast corner of the EQUESTRIAN CENTER. COE has given permission for a total of four specific persons to reside in these two units. All persons living in the permitted mobile units must sign the waiver of liability (see Exhibit G.) However, no minor children are allowed to reside at the center. Said mobile units will be secured so they will not float away during a flood. CONCESSIONAIRE is required to develop a plan for securing the mobile units and said plan is subject to the approval of the COE. No additional human habitation will be authorized.

For the purpose of this Agreement, the term "food" shall include prepared food, vending machine foods, soft drinks, ice-cream products, and other related foods, dairy and beverage products. For the purpose of simplification, these items herein allowed to be sold by CONCESSIONAIRE are hereinafter referred to as "food." CONCESSIONAIRE shall be solely responsible for obtaining, preparing, selling and delivering said food. All food and related merchandise carried in stock, displayed, offered for sale and/or sold by CONCESSIONAIRE in said EQUESTRIAN CENTER shall be of high quality, appetizing, and fresh at all times.

CITY reserves the right to require changes in the level and quality of CONCESSIONAIRE'S maintenance and repair of the EQUESTRIAN CENTER. CITY reserves the right to further develop or improve the RECREATION AREA as it sees fit, regardless of the desires or view of CONCESSIONAIRE without interference or hindrance by CONCESSIONAIRE.

A. IMPROVEMENTS AND SERVICES OF CONCESSIONAIRE AND SUB-LICENSEES

CITY hereby acknowledges that CONCESSIONAIRE has provided the following equestrian improvements to the EQUESTRIAN CENTER premises under the terms and conditions of a revocable permit dated December 26, 1989:

Quantity    Improvements

- 1    Manager Quarters 36 x 60 mobile unit with 2-car carport and wood decking with spa
- 1    Assistant Manager Quarters 24 x 64 mobile unit with 2-car carport and wood decking with spa
- 1    Remodeled building 24 x 48 with office and restrooms
- 1    Remodeled barn 36 x 100 with office, 10 stalls and tack rooms
- 3    Barns 24 x 264 with 120 stalls, offices and tack rooms
- 2    Paddocks 24 x 264 for 40 horses with grooming stalls
- 2    Paddocks 24 x 120 for 10 horses without grooming stalls
- 8    Turnout paddocks 50 x 50
- 1    Wash rack with 9 stalls
- 32    Grooming stalls 6 x 12
- 1    Storage room 24 x 70
- 12    Arenas (sizes)
  - 1        50 x 100
  - 2        75 x 150
  - 1        70 x 200
  - 2        100 x 200
  - 1        120 x 220

2	120 x 240
2	125 x 250
1	150 x 300

In addition, CONCESSIONAIRE shall, at all times during the life of this Agreement, provide the following services:

1. Stall and paddocks boarding for a minimum of 80 horses (45 in stalls and 35 in paddocks) for members of the general public.
2. Maintain at least one training ring open for public use at a fee, except that CONCESSIONAIRE may restrict its use on any day the ring is required for a show or event. CONCESSIONAIRE may also prohibit use of the training ring by those persons who, in the reasonable judgement of CONCESSIONAIRE, do not possess horsemanship ability of a degree sufficient to insure their safe use of the ring and their equipment therein.
3. As needed, maintain and operate a refreshment stand or provide some other acceptable facilities where food and beverages including beer, malt beverages, and light wines may be sold. Such services must be approved in advance of dispensing alcoholic beverages of any sort (including malt beverages and light wines) in a separate written document by COE. CONCESSIONAIRE must also obtain prior written approval from CITY.
4. Provide riding instructional services.
5. Provide the equestrian community safe access to the facility and the use of facilities within the EQUESTRIAN CENTER such as restrooms and drinking water.

At CONCESSIONAIRE'S option, CONCESSIONAIRE or SUB-LICENSEES may provide:

1. Farrier and/or veterinary services on a Non-exclusive basis.

2. Maintain and operate a western and saddle goods retail store and/or saddlery and tack repair shop.
3. Maintain and operate hay barn and hay rides.
4. Pony Rides.
5. Stage Coach Rides.

All improvements to said facility required to accommodate any of the above required or optional services shall be subject to the terms and conditions indicated in Section IX. (IMPROVEMENTS) of this Agreement.

CONCESSIONAIRE shall employ, train and supervise personnel with appropriate qualifications and experience to assist in such functions; perform or supervise employees in the performance of all other tasks related to the operation; and pay for and obtain all licenses and permits necessary for the operations granted.

### 3. EXCLUSIVITY

CITY hereby grants CONCESSIONAIRE exclusivity within the boundaries of RECREATION AREA specifically for the operation of the equestrian facilities and activities described hereinabove. No other similar equestrian concession rights shall be granted in the RECREATION AREA except for the following rights which may overlap with said concession rights and which CITY has given or may in the future grant to others, including CONCESSIONAIRE, in separate Agreements:

#### 1. SPECIAL EVENTS

CITY reserves the right to authorize the erection, use and operation of temporary concession stands to serve the general public in connection with CITY-sponsored special community equestrian activities and events in RECREATION AREA, excluding Premises, not exceeding a total of five (5) consecutive days per event and two events per year.

#### 2. FOOD AND BEVERAGE CONCESSION

CITY reserves the right to grant food and beverage concessions as it deems appropriate anywhere in the

RECREATION AREA other than the EQUESTRIAN CENTER.

3. PONY RIDE AND STAGE COACH RIDE

CITY reserves the right to authorize development and operation of a children's pony ride and stage coach ride within the RECREATION AREA if the CONCESSIONAIRE does not provide such service as part of the CONCESSION. The CONCESSIONAIRE will have the right of first refusal for any children's pony ride and stage coach ride located in the RECREATION AREA such right must be exercised within 60 days.

C. PROHIBITED SERVICES

The following services are specifically prohibited under this Concession Agreement.

1. Hotel, Motel, or Lodge
2. Any store not specifically approved by CITY or COE in writing.
3. Any activity not expressly permitted under Section II.A hereinabove unless it is specifically related to the offering of equestrian activities to the general public, except upon receipt of written approval by CITY.
4. Any permanent improvements not specifically given prior approval in writing by CITY and COE.
5. The sale of horse stalls to private individuals or entities.
6. Any gambling including the installation or operation of any illegal device.
7. Any illegal business or any illegal purpose.
8. Any activity which would constitute a nuisance.

In the event of a conflict between CONCESSIONAIRE and any other concessionaire or any lessee at RECREATION AREA as to

the services to be offered or products to be sold by respective concessionaires or lessees, GENERAL MANAGER shall meet and confer with all necessary parties in order to determine the services to be offered or products to be sold by each, and CONCESSIONAIRE hereunder agrees thereafter to be bound by said determination.

Except as specifically set forth above, CITY shall not confer any right upon, nor suffer or allow, by concession, license, permit or other authority, any person, firm or corporation to sell equestrian services and/or activities in RECREATION AREA. CONCESSIONAIRE and SUB-LICENSEES shall and does have the exclusive right to use the EQUESTRIAN CENTER for such purposes.

### III. PREMISES

#### A. IDENTIFICATION

Those premises located at 11127 Orcas Avenue, Lake View Terrace, more particularly described as authorized for exclusive use by CONCESSIONAIRE and more particularly described in Exhibit C, attached hereto and incorporated herein.

The EQUESTRIAN CENTER'S acreage includes large trees such as sycamore, cottonwood, catalpa and black willow which should be saved. Appropriate activities within the EQUESTRIAN CENTER shown on Exhibit C near the Little and Big Tujunga washes would be practice rings or paddocks. COE has indicated that chain link fencing will be allowed near the washes, only if at a minimum, every fourth fence post is set in concrete and the fencing material is attached to the posts with metal straps. If this type of fencing became dislodged during a flood, it could cause damage to the flood gates and thereby render them inoperable.

In the fall of 1988, a nursery leased the Southern California Edison hillside acreage located under the power lines adjacent to the north boundary of the EQUESTRIAN CENTER.

The nursery fenced off this area thereby precluding its use by equestrians and eliminating a valuable interior circulation trail in the basin. The CITY has re-established this

trail by utilizing the existing fence and erecting a second fence 10-ft. to the south. This new trail shall be designated for equestrian use only and its maintenance is the responsibility of CITY.

B. USE OF PREMISES

CONCESSIONAIRE shall not use or permit the EQUESTRIAN CENTER to be used, in whole or in part, during the term of this Agreement, for any purpose other than as hereinabove set forth except with the prior, written consent of CITY; nor for any use in violation of any laws, ordinances, valid rules and regulations at any time applicable thereto of any public or governmental authority or agencies, departments or officers thereof, including CITY, relating to sanitation or the public health, safety or welfare or operations at or from RECREATION AREA, or to animal health, safety or welfare. CONCESSIONAIRE hereby expressly agrees at all times during the term of this Agreement, at its own cost, to maintain, use and operate the EQUESTRIAN CENTER and all improvements and appurtenances thereon in a clean, wholesome and sanitary condition, and in compliance with any and all laws, ordinances and rules and regulations including but not limited to those relating to public health, safety and welfare and animal health, safety and welfare; provided, however, that CITY expressly agrees to use its best efforts to prevent any unlawful inhibition or restriction of CONCESSIONAIRE's rights hereunder.

IV. TERM OF CONCESSION AGREEMENT 50 Year Lease (signed 4/25/69)

The term of this Concession Agreement shall be for a period to coincide with the remainder of the term of Lease No. DACW09-1-69-45 (Exhibit D) between the City of Los Angeles, Department of Recreation and Parks and the COE commencing upon the date of execution by both parties ;subject, however to earlier termination as hereinafter provided. In the event that Lease No. DACW09-1-69-45 is extended or renewed CITY, at its sole option and with the approval of COE, may elect to renew the Concession Agreement under the same terms and agreements for an additional ten (10) year period. At the conclusion of the final year of the term specified hereinabove, all parties may mutually agree to continue the Agreement in effect with all terms and conditions unchanged except that thereafter the Agreement shall be subject

to cancellation by either party by giving 30 days notice by registered mail to the other party.

V. RENTAL

A. PAYMENTS

As consideration for CITY'S granting the concession rights hereinabove set forth, CONCESSIONAIRE shall pay to CITY a minimum annual rental of \$20,000 or a percentage of annual gross receipts determined in accordance with the following, whichever such is greater:

1. HORSE BOARDING AND SERVICES

4 percent of all gross receipts received by CONCESSIONAIRE, or its SUB-LICENSEES, or any person licensed by CONCESSIONAIRE for boarding of horses and/or stall cleaning and mucking and feeding of boarded horses, visiting horses, or concession-owned horses.

2. FOOD AND NON-ALCOHOLIC BEVERAGES

2 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES from the sale of food and non-alcoholic beverages whether sold at events, or in a restaurant, or refreshment stands, provided, however, that whenever banquet and/or grounds facilities are rented to third parties for purposes of an event which is open to members of the public and said third party serves food and non-alcoholic beverages to members of the public which have not been purchased from CONCESSIONAIRE or its SUB-LICENSEES and which will generate gross receipts for that third party, the CITY shall be paid 2 percent of the gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES as a result of such rental. Third parties, for the purposes of this section are limited to two events per year. All entities or agencies renting any portions of the Premises more than twice each year shall be considered SUB-LICENSEES.

3. ALCOHOLIC BEVERAGES

2 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES from the sale of

alcoholic beverages whether sold at events or in any food service facilities.

4. BANQUET AND GROUNDS FACILITY RENTAL

4 percent of all gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES for the rental of banquet and/or grounds facilities provided, however, that whenever banquet and/or grounds facilities are rented to third parties for purposes of an event which is open to members of the public and which will generate gross receipts for that third party, the CITY shall be paid 10 percent of the gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES as a result of such rental. Third parties, for the purpose of this section, are limited to two events per year. All entities or agencies renting any portion(s) of the Premises more than twice each year shall be considered SUB-LICENSEES.

If CONCESSIONAIRE or its SUB-LICENSEE jointly conduct an event with a third party and the CONCESSIONAIRE or its SUB-LICENSEE shares both expenses and revenues with the third party, CONCESSIONAIRE shall pay to the CITY 4 percent of its or its SUB-LICENSEE's share of the gross receipts received from said event.

If CONCESSIONAIRE or its SUB-LICENSEE conducts an event for which it pays all expenses and collects all revenues, CONCESSIONAIRE shall pay to the CITY 4 percent of its or its SUB-LICENSEE's share of the gross receipts received from said event.

If a third party or a number of third parties rent any portion of the EQUESTRIAN CENTER from CONCESSIONAIRE or its SUB-LICENSEE for which the third parties receive all revenues collected from the public during such use of the premises, CONCESSIONAIRE shall pay to the CITY 10 percent of the amount paid to CONCESSIONAIRE or its SUB-LICENSEE by such third parties.

5. RETAIL STORES

2 percent of all rentals received by CONCESSIONAIRE if operated by CONCESSIONAIRE, or 10 percent of a negotiated flat rate rental between CONCESSIONAIRE and

SUB-LICENSEE if retail stores are operated by SUB-LICENSEE; however, the flat rate rental and any subsequent adjustments shall be subject to prior approval by the BOARD. All SUB-LICENSEE agreements must be approved in writing prior to implementation.

6. ADMISSIONS

4 percent of all gross receipts received from admissions during events whether produced and operated by CONCESSIONAIRE or its SUB-LICENSEES. This category does not include third party rentals.

7. EQUESTRIAN CONSULTATION AND INSTRUCTION

\$5.00 flat rate per horse per month for equestrian consultation and instruction on or from the EQUESTRIAN CENTER, regardless of who furnishes the services. CONCESSIONAIRE shall have prior approval of all trainers.

8. LIVERY RENTALS

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEE from horse rentals whether for horseback riding by the general public or for training purposes, or competition.

9. VEHICLE PARKING FEES

4 percent of all gross receipts received from parking services provided on the EQUESTRIAN CENTER or off Premises for events held on the EQUESTRIAN CENTER, whether the parking services are provided by concession employees, event producer, or by contracted parking services.

10. MEMBERSHIP DUES AND INITIATION FEES

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES for memberships, dues, or initiations for any clubs, associations, or leagues.

11. COMMISSIONS

4 percent of all gross receipts received as commission revenues received at special events by CONCESSIONAIRE or SUB-LICENSEES for auction sales or other sales of merchandise or livestock where the majority of items sold at such sale are owned by persons not affiliated

with CONCESSIONAIRE or SUB-LICENSEES.

12. COMMERCIAL FILMING

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES for commercial filming on the EQUESTRIAN CENTER.

13. HORSE SALES

2 percent of all gross receipts received from the sale of CONCESSIONAIRE-owned or SUB-LICENSEE-owned horses in excess of ten horses per year, unless such livestock has been retained as partial or full payment for unpaid stall rent or has been used for CONCESSION business and sold as CONCESSION assets.

14. ALL OTHER REVENUES

4 percent of all other gross receipts received by CONCESSIONAIRE or SUB-LICENSEES except as excluded hereinbelow. It is the intent of this Agreement that all revenues of any sort which are generated on or in the Recreation Area (except as excluded below) be subject to the above percentage revenue calculations.

Notwithstanding the foregoing, CONCESSIONAIRE shall pay to CITY a minimum of \$20,000 per operating year in the event the above monthly payments total less than said minimum.

Computations of rental due the CITY based on a percent of receipts received "by CONCESSIONAIRE or its SUB-LICENSEES," whichever makes the sale or renders the service to the public for which payment is received, shall be made using the gross receipts figures of CONCESSIONAIRE or its SUB-LICENSEE whichever is greater and would, therefore, give the CITY the larger rental payment.

Independent of and in addition to any monthly rentals or minimum annual guarantees, CONCESSIONAIRE will pay \$400.00 monthly total rent to the CITY on the two plots of land on which the mobile units are situated. The amount of rent was determined by surveying comparable mobile unit rental rates in the immediate area. Such rental rate will be surveyed by CITY every five years throughout the term of the Concession Agreement with appropriate adjustments made at those times.

CONCESSIONAIRE shall pay all such increases upon demand by CITY.

B. GROSS RECEIPTS DEFINED

Except as otherwise provided herein, the term "gross receipts" as used in this contract shall mean and is defined as follows:

The total amount of the sale price of all sales, the total amount charged or received for the performance of any other act, service or employment or whatever nature it may be, whether such service, act or employment is done as a part of or in connection with the sale of goods, wares, merchandise or not, for which a charge is made or credit allowed, including all receipts, cash, credits and property of any kind or nature, any amount for which credit is allowed by the seller to the purchaser without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid and payable, losses or any other expenses whatsoever; provided, that cash discounts allowed or taken on sales shall not be included. But gross receipts shall not include the amount of any federal tax imposed on or with respect to retail sales whether imposed upon the retailer or upon the consumer and regardless of whether or not the amount of federal tax is stated to customers as a separate charge, or any California state, or city and county sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, or such part of the sales price of any property previously sold and returned by the purchaser to the seller which is refunded by the seller by way of cash or credit allowances given or taken as part of payment on any property so accepted for resale exclusive of:

1. Receipts from the sale of or the trade-in value of any furniture, fixtures or equipment used on the EQUESTRIAN CENTER, and owned by CONCESSIONAIRE or SUB-LICENSEE; and
2. The value of any merchandise, supplies or equipment exchanged or transferred from or to other business

locations of CONCESSIONAIRE or SUB-LICENSEE where such exchanges or transfers are not made for the purpose of avoiding a sale by CONCESSIONAIRE which would otherwise be made from or at the EQUESTRIAN CENTER; and

3. Receipts in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers; and
- \* 4. The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers; and
5. Receipts from the sales of merchandise that are sold at wholesale, i.e. within 2% of cost to CONCESSIONAIRE or SUB-LICENSEE, in order to move dated merchandise from inventory; and
6. Proceeds from any arbitration, lawsuit, judgment or settlement of a lawsuit or other dispute; and
7. Entry fees paid by or for contestants to enter horse shows. The entire amount of entry fees may be retained by CONCESSIONAIRE or SUB-LICENSEE to offset the expense of the horse show. Entry fees shall not include stall fees, tack room fees, grounds fees or RV fees.
8. Revenues and/or services received for advertisements listed in show announcements.
9. Revenues received by the CONCESSIONAIRE from program brochures by third-party renters.
10. Prize money paid or contributed by sponsors for prizes awarded at specific events.
11. Equipment, machinery, supplies, and/or vehicles contributed by sponsors for promotional purposes.
12. Auction price of livestock (not including commissions) paid to livestock owner (other than CONCESSIONAIRE or SUB-LICENSEE) during or as a

result of an auction conducted on EQUESTRIAN CENTER.

13. Revenues received by third parties who rent the EQUESTRIAN CENTER and collect admissions and other service fees from the public. "Third Parties" for the purposes of this provision are defined as non-profit associations and/or members of the public who rent grounds facilities or banquet facilities from CONCESSIONAIRE or its SUB-LICENSEES not more than twice per year.
14. Money received by CONCESSIONAIRE or SUB-LICENSEE for the sale of CONCESSIONAIRE-owned or SUB-LICENSEE-owned livestock which has been used for concession business and sold as concession assets.
15. Revenues received by the CONCESSIONAIRE from its SUB-LICENSEES and which are generated by activities for which the revenues to the SUB-LICENSEE are included in computing the rental payments which CONCESSIONAIRE is required to make pursuant to the Rental Payments Section of this Agreement.
16. Revenues received by SUB-LICENSEES for equestrian consultation, instruction and supplemental services such as grooming, exercising, and feeding vitamins and supplemental food to horses in training.

CONCESSIONAIRE shall not be credited with nor allowed to have any reduction in the amount of the gross receipts, as herein defined, which results from any arrangements for a rebate, kickback or hidden credit given or allowed to any customer.

#### C. METHOD OF PAYMENT

The procedure for the payment of rentals shall be as follows:

The payment to be paid by CONCESSIONAIRE to CITY hereunder shall be payable in monthly installments during each year of the term of this Agreement. Each payment shall be due postmarked within fifteen (15) days after the end of each calendar month for the previous month for which the revenues

were received by CONCESSIONAIRE or its SUB-LICENSEES.

CONCESSIONAIRE shall transmit with its rental payment a Monthly Gross Receipts and Rent Report for the month for which rent is submitted. The GENERAL MANAGER shall provide a form for this purpose, and the completed form shall include a statement of the Gross Receipts by source of sales, and such other information as the GENERAL MANAGER may properly require. Unless CONCESSIONAIRE is notified otherwise in writing by the GENERAL MANAGER the rental payment shall be addressed to:

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
6335 WOODLEY AVENUE  
VAN NUYS, CALIFORNIA 91406  
ATTN: REVENUE MANAGEMENT

1. PRO RATA PAYMENT

If execution or termination of this Agreement falls on any date other than the first or last day of any calendar month, the applicable rental for said month shall be paid by CONCESSIONAIRE to CITY pro rata in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

2. LIQUIDATED DAMAGES FOR LATE PAYMENT

Failure of CONCESSIONAIRE to pay the rentals herein on time is a material breach of this Agreement for which CITY may terminate same or take such other legal action as it deems necessary. CITY expects all compensation to be paid on time and CONCESSIONAIRE agrees to pay on time.

Without waiving any rights available under this Agreement or by law in the event of late or delinquent payments by CONCESSIONAIRE, the latter recognizes that CITY will incur certain expenses as a result thereof, the amount of which is difficult to ascertain. Therefore, in addition to monies owing, CONCESSIONAIRE agrees to pay the charges set forth below to compensate CITY for all expenses and/or damages and loss resulting from said late or delinquent payments.

The charges for late or delinquent payments shall be \$50.00 plus interest calculated at the rate of eighteen percent (18%) per annum, assessed monthly on the remainder of the unpaid balance.

D. RENTAL DURING CONSTRUCTION PHASE

During the construction period, there is no minimum annual rent payment, but the CONCESSIONAIRE shall pay all rental percentages and flat rates agreed to in Section A of these rental provisions.

The \$20,000 Minimum Annual Guarantee shall not go into effect until CONCESSIONAIRE has completed the required improvements listed herein and a Certificate of Occupancy has been issued by the Department of Building and Safety. In no instance shall this grace period be longer than eighteen (18) months from the date this Concession Agreement goes into effect.

VI. ADDITIONAL FEES AND CHARGES

If CITY has paid any sum or has incurred any obligations or expense which CONCESSIONAIRE has agreed to pay or reimburse CITY for, or if CITY is required or elects to pay any sum or to incur any obligations or expense by reason of the failure, neglect or refusal of CONCESSIONAIRE to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement, or as a result of an act or omission of CONCESSIONAIRE contrary to said conditions, covenants and agreements, CONCESSIONAIRE agrees to pay the sum so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder, and each and every part of the same shall be and become additional fees and charges, recoverable by CITY in the same manner and with like remedies as if it were originally a part of the basic rentals set forth in Section V hereof.

For all purposes under this Section VI, and in any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum by CITY for any work done or material furnished shall be prima facie evidence against CONCESSIONAIRE that the amount of such payment was necessary and

reasonable. Should CITY elect to use its own operating and/or maintenance personnel in making any repairs, replacements and/or alterations and to charge CONCESSIONAIRE with the cost of same, any time sheet of any employee of CITY showing hours of labor or work allocated to any such repair, replacement and/or alteration, or any stock requisition of CITY showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against CONCESSIONAIRE that the amount of such charge was necessary and reasonable.

#### VII. OPERATING RESPONSIBILITIES

In the operation of the concession business herein authorized and the manner and method of the conduct thereof at the EQUESTRIAN CENTER, CONCESSIONAIRE shall provide only high quality food and merchandise, shall furnish prompt, courteous and efficient service adequate to meet all reasonable requests therefor and shall ensure polite and inoffensive conduct and demeanor on the part of its representatives, agents, servants and employees.

In particular, CONCESSIONAIRE shall, at all times during the term of this Agreement, strictly comply with the following conditions and requirements:

##### A. CLEANLINESS.

CONCESSIONAIRE shall keep the EQUESTRIAN CENTER clean and sanitary at all times. CONCESSIONAIRE shall specifically maintain the public restrooms in a clean and sanitary condition and provide adequate paper supplies for public use in said restrooms at all times.

CONCESSIONAIRE at its own expense, shall see that all garbage or refuse is collected as often as necessary and in no case less than twice a week. It shall furnish all equipment and materials necessary therefore, including trash receptacles of a size, type and number approved by CITY for use by the public. CONCESSIONAIRE shall provide at its own expense and with the GENERAL MANAGER'S approval, an enclosed area concealing the trash storage from public view. It shall empty trash receptacles into the trash storage area as often as reasonably necessary.

In addition to the requirements set forth above,

CONCESSIONAIRE shall daily remove debris and broken glass from the parking lot, and clean all manure from the Premises. Also on a daily basis CONCESSIONAIRE will clean all stalls and paddocks, remove all manure and remove and replace wet and or soiled shavings, sawdust, or straw. CONCESSIONAIRE shall store manure in a manure compound, dumpster, trash container or similar device which shall be located in a remote area to prevent offensive odors and insects from bothering patrons. Manure shall be removed from the Premises at least three times each week. If CONCESSIONAIRE fails to perform the action necessary to comply with these provisions, the GENERAL MANAGER may immediately exercise its applicable options under the default and termination provisions in Section XVI herein.

CONCESSIONAIRE is responsible for removal of any and all silt or other debris deposited by flooding, water storage, conservation or other Hansen Dam project purposes.

CONCESSIONAIRE expressly agrees to make no claim under flood insurance issued under any federal government program for loss to any property located on the premises which claim arises from or is incident to the flooding of the premises by COE.

B. CONDUCT

CONCESSIONAIRE and its representatives, agents, servants and employees shall at all times conduct its business in a quiet and orderly manner to the satisfaction of the GENERAL MANAGER.

C. DISORDERLY PERSONS

CONCESSIONAIRE shall use their best efforts to permit no intoxicated person or persons, profane or indecent language, or boisterous or loud conduct in or about the Premises and will call upon the aid of peace officers to assist in maintaining peaceful conditions. It shall not knowingly permit the use or possession of illegal narcotics on the Premises, and shall promptly notify the authorities should it find persons doing so.

D. AFFIRMATIVE ACTION

CONCESSIONAIRE and its SUB-LICENSEES agree to abide by the requirements of the Los Angeles City Affirmative Action Plan attached hereto as Exhibit B.

E. MINORITY BUSINESS ENTERPRISE/WOMEN BUSINESS ENTERPRISE AND OTHER BUSINESS OUTREACH REQUIREMENTS

If CONCESSIONAIRE determines to sublease or subcontract any of the work or operations hereunder, such subleasing and/or subcontracting shall be performed in compliance with Mayor's Executive Directives Nos 1-B and 1-C and the Department of Recreation and Park's Minority/Women's Business Enterprise and Other Business Outreach Program, a copy of which is attached hereto as Exhibit B.

F. PERSONNEL

CONCESSIONAIRE shall keep on file certificates on each of its employees and the employees of SUB-LICENSEES indicating freedom from communicable tuberculosis as required by Section 5163 of the Public Resources Code.

CONCESSIONAIRE shall, in the operation of the services under this Agreement, employ or permit the employment of only such personnel as will assure a high standard of service to the public and cooperation with the Department. All such personnel, while on or about the EQUESTRIAN CENTER, shall be clean, neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification, in such instances as are appropriate. No personnel employed by CONCESSIONAIRE, while on or about the EQUESTRIAN CENTER, shall mistreat any animals, use improper language, act in a loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. In the event an employee is not satisfactory, as herein defined, the GENERAL MANAGER may direct CONCESSIONAIRE to remove him from the Premises within a reasonable time after written notice is received by CONCESSIONAIRE.

G. MANAGER AND RESPONSIBLE REPRESENTATIVE

CONCESSIONAIRE shall select and appoint, subject to approval by GENERAL MANAGER, a managing director of CONCESSIONAIRE'S operations at the Hansen Dam EQUESTRIAN CENTER. Such person must be an outstanding, highly qualified and experienced manager as set forth in the experience requirements of the Request for Proposals (Exhibit A) or supervisor of operations, vested with full power and authority to accept service of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of merchandise and the appearance, conduct and demeanor of CONCESSIONAIRE'S agents, servants and employees. Said managing director shall be assigned to a duty station or office within the EQUESTRIAN CENTER where such person shall ordinarily be available during regular business hours and where, at all times during that person's absence, a responsible subordinate shall be in charge and available.

The CONCESSION MANAGER shall devote the greater part of his working time and attention to the operation of the concession and shall promote, increase and develop the business and render every possible service and convenience to the public. If the CONCESSION MANAGER is not the CONCESSIONAIRE personally, said CONCESSION MANAGER shall be fully acquainted with CONCESSIONAIRE'S operations and contract obligations, and authorized by CONCESSIONAIRE to act in its behalf and fulfill its obligations in the day-to-day operation of the subject concession. During the days and hours established for the operation of the subject concession, the CONCESSION MANAGER'S personal attention shall not be directed toward the operation of any other business activity.

If, for reasons of ill health, incapacitation or death, the CONCESSION MANAGER becomes incapable of performing each and all terms and provisions of the Concession Agreement, CITY may, at its determination, suspend the Agreement and all terms and conditions contained therein until such time as CONCESSIONAIRE provides a qualified manager acceptable to CITY. If such a circumstance continues for a period of thirty days or more, whether or not the CITY has exercised its option to suspend the Agreement, CITY shall have the right to terminate this Agreement under Section XVI.

#### H. MERCHANDISE AND SERVICES

1. PRICE SCHEDULES

CITY agrees that CONCESSIONAIRE'S food, beverage and merchandise products, including its schedule of prices, charges and rates for same, shall be within CONCESSIONAIRE'S discretion: subject, however, to approval by GENERAL MANAGER and COE. The amount of any fees to be charged by CONCESSIONAIRE and all rates and prices charged by CONCESSIONAIRE for accommodations, food (except packaged goods), and services furnished or sold to the public shall be subject to regulations and the prior approval of the COE's District Engineer. This paragraph applies to services provided by the CONCESSIONAIRE including but not limited to horse boarding, lessons, parking, horse rentals, training ring rental, show ring rental, grounds rental etc.

CONCESSIONAIRE shall not less than 30 days prior to 30 April and 31 October of each year that this Agreement remains in effect, submit to GENERAL MANAGER (CITY) for approval a list of the fees, rates and prices proposed for the following 6 months. Following CITY approval, GENERAL MANAGER shall submit the same with recommendations for COE approval.

CONCESSIONAIRE shall furnish justification for any proposed fee, rate or price and will, if appropriate, state an approved fee, rate or price for each item to which an objection has been made.

CONCESSIONAIRE shall keep a schedule of such fees, rates or prices posted at all times in a conspicuous place on the EQUESTRIAN CENTER.

CONCESSIONAIRE may charge admission or user fees with the prior written approval of CITY and the subsequent written confirmation of COE.

2. QUALITY

All merchandise including but not limited to sporting goods, garments, footwear, curios, food, drinks, beverages, confections, refreshments, etc., sold, kept for sale, or rented by CONCESSIONAIRE shall be first class in quality and shall conform to all federal,

state and municipal Laws, ordinances and regulations in every respect. No imitation, adulterated, misbranded or impure articles shall be sold or kept for sale by CONCESSIONAIRE, and all edible merchandise kept on hand shall be stored and handled with due regard for sanitation. All merchandise kept for sale or rented by the CONCESSIONAIRE shall be kept subject to the approval or rejection of the GENERAL MANAGER and CONCESSIONAIRE shall remove from the Premises any article which may be rejected and shall not again offer it for sale without the consent of the GENERAL MANAGER. The GENERAL MANAGER may order the improvement of the quality of any merchandise kept or offered for sale or rental.

The sale of beer, malt beverages or light wines shall be permitted at food service facilities and adjacent patio areas only. CONCESSIONAIRE shall post signs prohibiting the sale of alcoholic beverages to minors and shall take all additional necessary action(s) to ensure that spirituous liquors, including beer and wine, are not dispensed to minors. CONCESSIONAIRE shall post signs at all exits stating that " All alcoholic beverages purchased on the premises must be consumed or discarded on the premises."

#### I. HOURS/DAYS OF OPERATION

CONCESSIONAIRE shall not divert, cause, allow or permit any business to be diverted from the EQUESTRIAN CENTER and shall take all reasonable measures, in every proper manner, to develop, maintain and increase the business conducted under this Agreement.

CONCESSIONAIRE shall submit in writing to the GENERAL MANAGER its proposed hours of operation for each activity conducted by CONCESSIONAIRE on the EQUESTRIAN CENTER, receive written approval from the GENERAL MANAGER for said hours, and post the approved hours of operation in appropriate locations throughout the Premises. The signs used to post the hours must be legible and visible and are subject to approval by the GENERAL MANAGER. Hand written signs are not acceptable.

The hours approved by the GENERAL MANAGER are substantially

minimum hours. CONCESSIONAIRE may operate the concession additional hours; except that such additional hours of operation may not extend beyond any hour determined by the GENERAL MANAGER to be the latest allowed hour of operation.

CONCESSIONAIRE may not deviate from the approved hours set forth hereinabove without written permission from the GENERAL MANAGER.

J. EQUIPMENT, FURNISHINGS AND EXPENDABLES

1. PURCHASE AND INSTALLATION

CONCESSIONAIRE shall provide and install at its sole cost and expense, all equipment, furnishings, and materials necessary to the operations licensed.

2. TERMINATION AND REMOVAL

If, upon, termination of the Concession Agreement, CITY does not renew the Concession Agreement, CONCESSIONAIRE shall have the right to remove its equipment and furnishings, excluding fixtures and improvements (as defined in Section IX), from the Premises and shall be allowed a period of forty five (45) days to make such removal; and if not removed within that period, said equipment, furnishings and expendables shall be and become the property of CITY. When applicable, CONCESSIONAIRE should make every effort to minimize changeover expenses by negotiating a fair sale of said equipment and furnishings owned by CONCESSIONAIRE, with the new operator.

3. MAINTENANCE, REFURBISHING AND REPAIR OF EQUIPMENT

CONCESSIONAIRE shall, at all times and at its expense, keep and maintain the EQUESTRIAN CENTER and any structural or other improvements installed by CONCESSIONAIRE, together with all of its fixtures, plate and mirror glass, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance. To accomplish this requirement, CONCESSIONAIRE and SUB-LICENSEES shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by the GENERAL MANAGER.

K. MAINTENANCE OF PREMISES

CONCESSIONAIRE shall be responsible for maintenance and repair of all areas and surfaces of the subject Premises. CONCESSIONAIRE'S duties shall include all sweeping, washing, servicing, repairing, replacing, cleaning and painting that may be required to properly maintain the Premises in a safe, clean, wholesome, sanitary, orderly and attractive condition. CONCESSIONAIRE shall also be responsible for electrical, mechanical and plumbing maintenance on the Premises.

In addition, CONCESSIONAIRE shall, immediately upon commencement of the term hereof, prepare and submit to GENERAL MANAGER for approval a schedule for the periodic and systematic refurbishing of the concession areas. Said refurbishing shall include, but shall not be limited to, all refinishing, repair, replacement, redecorating and painting necessary to keep said areas in first class condition. In the event CONCESSIONAIRE fails to accomplish such non-structural repairs, replacements, rebuilding, redecorating or painting required hereunder within a period of ten (10) days after written notice from GENERAL MANAGER so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all the Premises required to be repaired, replaced, rebuilt, redecorated or painted by CONCESSIONAIRE pursuant to said schedule, CITY may, at its option, and in addition to all other remedies which may be available to it, repair, replace, rebuild, redecorate or paint any such Premises included in said notice; and assess CONCESSIONAIRE the cost thereof, plus fifteen percent (15%) for administrative overhead. CONCESSIONAIRE shall remit said amount to CITY on demand.

In the event that any structural or other improvements or furnishings and supplies constructed or installed by CONCESSIONAIRE in the EQUESTRIAN CENTER are damaged or destroyed, in whole or in part, from any cause whatsoever, CONCESSIONAIRE shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed EQUESTRIAN CENTER to the condition they were in

prior to the occurrence of such damage or destruction and all costs and expenses incurred in connection therewith shall be paid by CONCESSIONAIRE.

#### L. SIGNS AND ADVERTISEMENTS

CONCESSIONAIRE shall not erect, construct or place any signs or displays pertaining to its concession business upon any portion of RECREATION AREA other than upon the EQUESTRIAN CENTER. Prior to the erection, construction or placing of any such signs or displays at the EQUESTRIAN CENTER, CONCESSIONAIRE shall submit to GENERAL MANAGER, for approval in writing, drawings, sketches, design dimensions and type and character of the proposed sign or display. Any conditions, including multilingual requirements, restrictions or limitations in respect to the use thereof specified by said GENERAL MANAGER in the latter's written approval shall become conditions hereof as if specifically set forth at length herein.

Upon the expiration or earlier termination of this Agreement CONCESSIONAIRE shall remove, obliterate, or paint out as directed by GENERAL MANAGER, any and all of its signs and displays on the EQUESTRIAN CENTER. In connection therewith, CONCESSIONAIRE shall restore said Premises and improvements thereto to the same condition as prior to the placement of any such signs or displays. In the event that there is a failure by CONCESSIONAIRE to comply with this provision, GENERAL MANAGER may, at GENERAL MANAGER'S option, cause to be performed the necessary work at the expense of CONCESSIONAIRE.

In the facility licensed hereunder, a sign shall be posted in a prominent place stating that the concession is operated under a Concession Agreement issued by CITY. Such signs shall be provided by CITY at no cost to CONCESSIONAIRE.

In addition, CONCESSIONAIRE shall not, at any time, under any circumstances, install, place or maintain any type of advertising anywhere on the exterior of the EQUESTRIAN CENTER or on RECREATION AREA without the written consent of GENERAL MANAGER.

#### M. PERMITS AND LICENSES

CONCESSIONAIRE shall be required to obtain at its sole expense any and all permits or licenses that may be required in connection with the operation of the concession including, but not limited to: tax permits, business licenses, health permits, Animal Regulation permits and licenses, Building and Safety Permits, Police and Fire permits, etc.

#### N. TAXES

CONCESSIONAIRE shall pay or cause to be paid all taxes of whatever character that may be levied or charged upon the rights of CONCESSIONAIRE to use the EQUESTRIAN CENTER, or upon CONCESSIONAIRE'S improvements, fixtures, equipment or other property thereon or upon CONCESSIONAIRE'S operations hereunder. CONCESSIONAIRE shall also obtain and pay for all licenses or permits necessary or required by law for the conduct of said operations.

##### 1. POSSESSORY INTEREST TAX

By executing this Agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation. CONCESSIONAIRE, as the party in whom the possessory interest is vested, shall be liable for the payment of the property taxes levied upon such interest.

##### 2. BUSINESS TAX REGISTRATION

CONCESSIONAIRE represents that it has obtained and presently hold the Business Tax Registration Certificate(s) required by the CITY'S Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, CONCESSIONAIRE shall maintain, or obtain as necessary, all such certificates required of CONCESSIONAIRE under said Ordinance and shall not allow any such certificate to be revoked or suspended.

##### 3. OCCUPANCY TAX

Pursuant to Section 21.3.3 of Article 1.3 of the Los Angeles Municipal Code Commercial Tenants Occupancy Tax, CONCESSIONAIRE must pay to the CITY of Los Angeles for the privilege of occupancy an excise tax at the rate of \$1.25 per calendar quarter or fractional part

thereof for the first \$1,000 or less of charges (rent) attributable to said calendar quarter, plus \$1.25 per calendar quarter for each additional \$1,000 of charges or fractional part thereof in excess of \$1,000. Said tax shall be paid to the Department of Recreation and Parks per quarter.

O. UTILITIES

CONCESSIONAIRE shall pay all charges for fuel, electricity, gas, and telephone service necessary to carry on the licensed operations. The telephone number shall be placed in the name of the facility and shall not be transferable to any other location. CITY shall furnish all domestic, industrial and irrigation water consumed on the Premises. In all instances where damage to any utility service line is caused by CONCESSIONAIRE, its employees, contractors, suppliers, agents or invitees, CONCESSIONAIRE shall be responsible for the cost of repairs.

P. COIN OPERATED MACHINES

CONCESSIONAIRE shall first receive written approval from the GENERAL MANAGER before installing or permitting vending machines to be installed. Video games and other coin-operated games for public use are not permitted on the EQUESTRIAN CENTER. The GENERAL MANAGER shall have the right to order removal of any and all coin operated vending machines upon thirty (30) days notice in writing.

Q. SAFETY

CONCESSIONAIRE shall correct safety deficiencies and violations of safety practices immediately and shall cooperate fully with CITY in the investigation of accidents occurring on the EQUESTRIAN CENTER. In the event of injury to a patron or customer, CONCESSIONAIRE shall ensure that the injured person receives prompt and qualified medical attention, and as soon as possible thereafter, it shall submit to the Department a City Form General No. 87 "Non-Employee Accident or Illness Report." If CONCESSIONAIRE fails to correct hazardous conditions which have led or, in the opinion of CITY agents, could lead to injury, the GENERAL MANAGER may at its option, and in addition to all other

remedies which may be available to it, take the necessary action to remedy that condition and recover the cost thereof, plus fifteen percent (15%) for administrative overhead, to be paid by CONCESSIONAIRE to CITY on demand.

CONCESSIONAIRE shall ensure that all fuel, oil, paints, hazardous and toxic materials and other flammable substances shall be properly stored in accordance with all applicable laws, rules and regulations.

CONCESSIONAIRE is also responsible for the safety of animals on the EQUESTRIAN CENTER and shall know and comply with the rules and regulations set forth by the Department of Animal Regulations to ensure humane treatment to animals as well as safety to persons in proximity to animals.

Specifically, CONCESSIONAIRE shall not allow any animals (horses, dogs or otherwise) on the EQUESTRIAN CENTER which are not contained in a carrier or stall or held by a leash, or ridden by a person.

#### R. EVACUATION PLAN

CONCESSIONAIRE shall provide an evacuation plan for all rolling stock, livestock, personnel and mobile units. Said plan will be submitted to CITY for approval by the COE upon execution of this agreement. The plan will be reviewed and updated prior to each flood season.

#### S. ENVIRONMENTAL MITIGATION PLAN

CITY shall develop and implement an environmental mitigation plan in accordance with the terms and conditions set forth in the attached Revegetation/Mitigation Plan (Exhibit F). CONCESSIONAIRE acknowledges that the Revegetation/Mitigation Plan is an agreement between CITY and COE. CONCESSIONAIRE agrees that his consent or approval is not required in order to amend or modify the Revegetation/Mitigation Plan. CONCESSIONAIRE shall not engage in or permit any activity at the Equestrian Center or construct any structure or operate any device which interferes with CITY's implementation of the plan.

CITY shall be responsible for the maintenance of the

mitigation areas identified in the Revegetation/Mitigation Plan. This land, once developed into a natural state, will be kept free of noxious weeds (i.e. Arundo, Castor Bean) during the existence of the equestrian center development and subsequent recreation uses for the life of the Hansen Dam Flood Control Basin.

CITY shall post signage at regular intervals along the border of the mitigation areas identifying the environmental mitigation zones and prohibiting trespassing.

CITY and CONCESSIONAIRE acknowledge that a drainage problem created by the overhead water filler pipe for CONCESSIONAIRE's water trucks may cause drainage through the mitigation area and over the equestrian trail possibly making both areas wet and unsafe. CITY shall act to initially remedy this drainage problem. Following these actions by CITY, CITY shall not make any further corrections of this problem. Maintenance and/or future replacement of the drainage system shall be CONCESSIONAIRE's responsibility. It shall be solely CONCESSIONAIRE's responsibility to make any additional or future corrections to remedy or to eliminate the drainage problem. In the event that any of CONCESSIONAIRE's actions (operation of the equestrian center, construction or improvements, etc.), heavy rains or any other extenuating circumstances create a drainage problem which effects the mitigation area or the equestrian trail and/or any other part of the RECREATION AREA, it shall be CONCESSIONAIRE's responsibility to correct the problem.

#### VIII. QUIET ENJOYMENT

CITY agrees that CONCESSIONAIRE, upon payment of the fees and charges specified herein, and all other charges and payments to be paid by CONCESSIONAIRE under the terms of this Agreement, and upon observing and keeping the required conditions and covenants of this Agreement, shall lawfully and quietly hold, use and enjoy the EQUESTRIAN CENTER during the term of this Agreement.

#### IX. IMPROVEMENTS

##### A. GENERAL IMPROVEMENTS AND REPAIRS

CITY undertakes and agrees to deliver to CONCESSIONAIRE the concession areas specified herein in Exhibit A as improved. CONCESSIONAIRE shall obtain prior written approval from CITY and COE prior to removing, remodeling or materially altering the use of any of the existing Premises.

As additional consideration for the execution of this Agreement by CITY, CONCESSIONAIRE undertakes and agrees, as soon as practicable after its occupying the concession areas, to maintain all improvements and equipment necessary to operate the concession.

Prior to the construction and installation of any concession improvements, decor and equipment, CONCESSIONAIRE shall first prepare an overall program, including a time schedule, for same which shall be subject to the approval of GENERAL MANAGER and/or BOARD as required hereunder; and thereafter CONCESSIONAIRE shall, as applicable, and at its sole cost and expense, provide all environmental assessments and documentation required, employ competent architects, engineers and interior decorators who will prepare detailed plans, specifications, interior design and decorations and cost estimates of all concession improvements decor and equipment to be installed in the concession areas. All such plans, specifications, equipment, interior design and decor and cost estimates shall be first submitted to GENERAL MANAGER and COE for required approvals before CONCESSIONAIRE does the work by himself or directs his staff to do it or awards or lets any contract for the construction of said concession improvements, enters into contracts for the purchase of any equipment to be installed in the concession areas or enters into any contracts for the installation of the interior decor and design therefor. In addition, CONCESSIONAIRE must obtain all other applicable City, County, State, and Federal approvals and permits prior to, during and after any construction of improvements to the EQUESTRIAN CENTER as required by the appropriate governmental agencies.

GENERAL MANAGER and COE shall, within sixty (60) days of receipt of any such plans and specifications, either approve or disapprove the same. Said Approvals shall extend to and include architectural and aesthetic matters and GENERAL MANAGER and COE reserve the right to reject any such data

submitted and to require CONCESSIONAIRE to resubmit design and layout proposals until they meet with GENERAL MANAGER'S and COE'S approval. One (1) copy of plans for all improvements or subsequent changes therein or alterations thereof shall, within fifteen (15) days after approval by GENERAL MANAGER and COE, be signed by a representative of CONCESSIONAIRE and deposited with CITY.

Upon approval by GENERAL MANAGER and COE of the detailed plans, specifications, equipment, cost estimates and the interior design and decor of the concession improvements, CONCESSIONAIRE shall forthwith cause the work called for as approved by said GENERAL MANAGER and COE to be forthwith commenced and completed with reasonable dispatch. No substantial change, addition or alteration shall be made in the scope of the work so approved without first obtaining GENERAL MANAGER'S and COE'S approval in writing.

Upon completion of the concession improvements, CONCESSIONAIRE shall, within a reasonable time thereafter, furnish CITY, at no charge: (1) a certificate certifying that the improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all laws, rules, ordinances and governmental rules, regulations and orders; (2) two complete, reproducible sets of as-built drawings covering the structural and other improvements installed by CONCESSIONAIRE in the concession areas plus the location and details of installation of all equipment, utility lines, heating, ventilating, air conditioning ducts and related matters. CONCESSIONAIRE shall keep said drawings current by updating the same in order to reflect thereon any changes or modifications which may be made in or to the Premises. As installation of the foregoing structural and equipment items, including counters, partitions and furnishings, and the interior design and decor is completed, CONCESSIONAIRE shall submit to CITY duplicated receipted invoices on all materials and labor costs incurred in their installation which CONCESSIONAIRE enters on its records as representing its capital expenditures in the concession areas.

All structural or other improvements, equipment and interior design and decor constructed or installed by CONCESSIONAIRE in the concession areas, including the plans and specifica-

tions therefor, shall in all respects conform to and comply with the applicable statutes, ordinances, building codes, rules and regulations of CITY and such other authorities as may have jurisdiction over the concession areas or CONCESSIONAIRE'S operations therein. The approval by GENERAL MANAGER and COE as provided above shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefor shall at all times remain in CONCESSIONAIRE. CONCESSIONAIRE, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction of the structural and other improvements, equipment installation and the interior design and decor. Prior to commencement of any such construction, CONCESSIONAIRE shall first require the contractor to submit to CITY proof of insurance evidencing the fact that the contractor maintains workers' compensation and employers liability coverage in the amounts and form required by the Workers' Compensation Act and insurance laws of the State of California. Such documentation shall contain the applicable policy number and the inclusive dates for same, shall bear an original signature of an authorized representative of the insurance carrier and shall also provide thereon that the insurance shall not be subject to cancellation, reduction in coverage or non-renewal except after written notice by certified mail, return receipt requested, to the City Attorney of the CITY of Los Angeles at least thirty (30) days prior to the effective date thereof.

In addition, CONCESSIONAIRE shall require by any contract that it awards in connection with the structural or other improvements, equipment installation and/or the interior designing and decor; that the contractor doing, performing or furnishing the same shall comply with all applicable statutes, ordinances, codes, rules and regulations, and submit to CITY evidence of required insurance coverage.

CONCESSIONAIRE or his contractor shall provide a construction bond to secure payment of labor, material, equipment and supplies, in an amount to equal 100% of the contract price, and a construction bond to secure the faithful performance of the contractor, in an amount equal to 100% of the contract price. The form of said bonds shall be such that the CITY may proceed against CONCESSIONAIRE,

the contractor, and their sureties on the bonds immediately upon any default in the orderly completion of the work or in payments for labor, material, equipment, and supplies without waiting for the completion of the work and the accumulation of damages. No work may commence before said bonds are received in a form satisfactory to CITY as approved by the City Attorney, and said construction bonds shall thereafter be kept in full force and effect until CITY accepts work.

If at any time during the continuance of the proposal, the sureties, or any of them, shall, in the opinion of the General Manager become irresponsible, he shall have the right to require additional sufficient sureties, which CONCESSIONAIRE shall furnish to the satisfaction of the CITY within 10 days after notice. In the event of CONCESSIONAIRE'S failure to do so, the contractor may be declared in default by CITY and the work completed by the CITY.

All construction work done, equipment supplied and installed and interior design and decor furnished by CONCESSIONAIRE pursuant to this Section shall be at its sole cost and expense, free and clear of liens for labor and material and CONCESSIONAIRE shall hold CITY and COE harmless from any liability in respect thereto. After completion of the structural or other improvements and installation of equipment and interior design and decor, as above provided, CONCESSIONAIRE shall not make any structural alterations to the ceilings, walls or floors of any permanent improvements which it constructs or installs in the concession areas without first obtaining GENERAL MANAGER'S and COE'S written consent; provided, however, that CONCESSIONAIRE may make nonstructural alterations which the exigencies of the operation of its concession demand in order to promote efficiency in the operation thereof.

All improvements to the EQUESTRIAN CENTER provided by CONCESSIONAIRE or its SUB-LICENSEES during the term of this Agreement, or by any concessionaires or SUB-LICENSEES during the terms of any previous Agreements, shall be and become the property of CITY upon termination of the Concession Agreement. For the purposes of this provision, improvements shall include all buildings and appurtenances recessed into

owned facilities (such as buildings, fences, posts, signs, electrical hookups, plumbing, tracks, tanks, etc.)

**1. WATER AND POWER REQUIREMENTS**

CONCESSIONAIRE shall, at all times, comply with the requirements of the Department of Water and Power. In addition, prior to being opened to the public, the requirements of the Department of Water and Power shall be met for any portions of the CONCESSION not listed as existing improvements on Page 4, Section A of this agreement.

**2. CONCESSION OPERATIONS**

All operations on the Premises shall meet the rules and regulations of the County and State Health Departments and the Los Angeles Regional Water Quality Control Board. Violation of the aforesaid rules and regulations could constitute cause for the Department of Water and Power to close down the concession operation after notifying the Department of Recreation and Parks.

**3. MODIFICATIONS TO REQUIREMENTS**

Upon approval by the Chief Engineer of Waterworks and Assistant Manager, modifications to these requirements may be accepted.

**X. PROHIBITED ACTS**

CONCESSIONAIRE shall not:

- A. Do or permit to be done anything which may interfere with the effectiveness or accessibility of utility, systems or portions thereof to the Concession Premises or elsewhere on RECREATION AREA, nor do or permit to be done anything which may interfere with free access and passage into the Concession Premises or the public areas adjacent thereto, or in the streets or sidewalks adjoining the Concession Premises, or hinder police, fire fighters or other emergency personnel in the discharge of their duties.
- B. Interfere with the public's enjoyment and use of Concession Premises or surrounding public property for the purpose for which they were intended. It shall not use the Concession Premises for any purpose which is not essential to the concession operations.
- C. Rent, sell, lease or offer any space for storing of any articles whatsoever within or on the Concession Premises other than its own equipment, without the written consent of the GENERAL MANAGER, do or permit to be done anything which may interfere with the effectiveness or accessibility of lines, pipes, wires, conduits and utility equipment in or adjacent to the Concession Premises. CONCESSIONAIRE may, however, allow show participants to store their equestrian trailers and other equine transport vehicles on the property during shows (not to exceed seven days) for a fee.
- D. Overload any floor in the Concession Premises.
- E. Place any additional lock of any kind upon any window or interior or exterior door in the Concession Premises, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefor is maintained on the Concession Premises, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to GENERAL MANAGER any and all keys to the interior or exterior doors on the Concession Premises, whether said keys were furnished to or otherwise procured by CONCESSIONAIRE, and in the event of the loss of any keys furnished by GENERAL MANAGER, CONCESSIONAIRE shall pay CITY, on demand, the cost for replacement thereof.
- F. Do or permit to be done any act or thing upon the Concession Premises which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by CITY, covering the Concession Premises, or the buildings in which the same are located or which, in the opinion of GENERAL MANAGER, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by reason of any failure on the part of CONCESSIONAIRE, after receipt of notice in writing from CITY to comply with the provisions of this

or attached by any method to the ground or to another object which is recessed or attached to the ground or to other CITY-owned facilities (such as buildings, fences, posts, signs, electrical hookups, plumbing, tracks, tanks, etc.)

1. WATER AND POWER REQUIREMENTS

CONCESSIONAIRE shall, at all times, comply with the requirements of the Department of Water and Power. In addition, prior to being opened to the public, the requirements of the Department of Water and Power shall be met for any portions of the CONCESSION not listed as existing improvements on Page 5, Section A of this agreement.

2. CONCESSION OPERATIONS

All operations of the PREMISES shall meet the rules and regulations of the County and State Health Departments and the Los Angeles Regional Water Quality Control Board. Violation of the aforesaid rules and regulations could constitute cause for the Department of Water and Power to close down the concession operation after notifying the Department of Recreation and Parks.

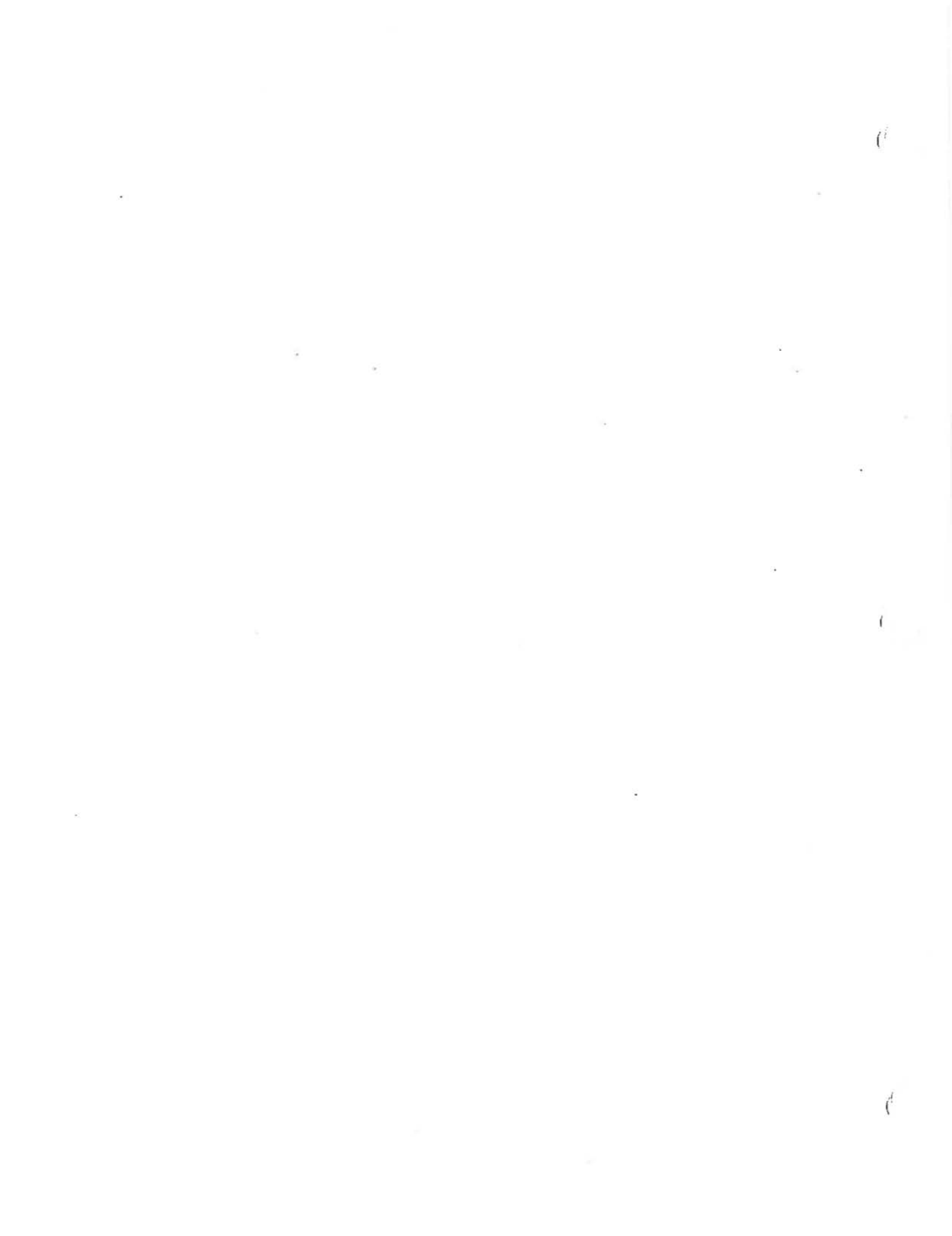
3. MODIFICATIONS TO REQUIREMENTS

Upon approval by the Chief Engineer of Waterworks and Assistant Manager, modifications to these requirements may be accepted.

I. PROHIBITED ACTS

CONCESSIONAIRE shall not:

- A. Do or permit to be done anything which may interfere with the effectiveness or accessibility of utility, heating, ventilating or air conditioning systems or portions thereof on the PREMISES or in any of the areas controlled by the CITY, nor do or permit to be done anything which may interfere with free access and passage in the PREMISES, or hinder police, firefighters or other emergency personnel in the discharge of their duties;
- B. Interfere with the public's enjoyment and use of



EQUESTRIAN CENTER or surrounding public property for the purpose for which they were intended. It shall not use the EQUESTRIAN CENTER for any purpose which is not essential to the concession operations.

- C. Rent, sell, lease or offer any space for storing of any articles whatsoever within or on the EQUESTRIAN CENTER other than its own equipment, without the written consent of the GENERAL MANAGER, do or permit to be done anything which may interfere with the effectiveness or accessibility of, lines, pipes, wires, conduits and utility equipment in or adjacent to the EQUESTRIAN CENTER. CONCESSIONAIRE may, however, allow show participants to store their equestrian trailers and other equine transport vehicles on the property during shows (not to exceed seven days) for a fee.
- D. Overload any floor in the EQUESTRIAN CENTER.
- E. Place any additional lock of any kind upon any window or interior or exterior door in the EQUESTRIAN CENTER, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefor is maintained on the EQUESTRIAN CENTER, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to GENERAL MANAGER any and all keys to the interior or exterior doors on the EQUESTRIAN CENTER, whether said keys were furnished to or otherwise procured by CONCESSIONAIRE, and in the event of the loss of any keys furnished by GENERAL MANAGER, CONCESSIONAIRE shall pay CITY, on demand, the cost for replacement thereof.
- F. Do or permit to be done any act or thing upon the EQUESTRIAN CENTER which will invalidate, suspend or increase the rate of any fire insurance policy required under this Agreement, or carried by CITY, covering the EQUESTRIAN CENTER, or the buildings in which the same are located or which, in the opinion of GENERAL MANAGER, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by reason of any failure on the part of CONCESSIONAIRE, after receipt of notice in writing from CITY to comply with the provisions of this paragraph, any fire insurance

- rate on the EQUESTRIAN CENTER, or any part thereof, or on the buildings in which the same are located, shall at any time be higher than it normally would be, then CONCESSIONAIRE shall pay CITY, on demand, that part of all fire insurance premiums paid by CITY which have been charged because of such violation or failure of CONCESSIONAIRE; provided, however, that nothing contained herein shall preclude CONCESSIONAIRE from bringing, keeping or using on or about the EQUESTRIAN CENTER such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.
- G. Allow any sale by auction upon the EQUESTRIAN CENTER without first obtaining written permission from the GENERAL MANAGER.
- H. Permit undue loitering on or about the EQUESTRIAN CENTER.
- I. Except as provided in Section II above, use the EQUESTRIAN CENTER, or any part thereof, for caretaker lodging or sleeping purposes; except that visitors may use their own recreational vehicle for lodging in designated areas with electrical connections not more than fourteen consecutive days, only if such recreational vehicle's waste water and sewerage is fully self-contained. CONCESSIONAIRE, whenever possible, shall make its best efforts to notify CITY up to 30-days in advance of all horse shows that will require temporary overnight lodging by visitors. CONCESSIONAIRE shall take steps necessary to assure that the size and frequency of such shows shall not adversely impact the overall operation and accessibility of the Hansen Dam Recreation Area.
- J. Sell or offer for sale any horse stalls.
- K. Use or allow the EQUESTRIAN CENTER to be used for any improper, immoral, unlawful or objectionable purposes.
- L. Store personal property such as boats, trailers and non-essential vehicles and other items on the EQUESTRIAN CENTER.

- M. Additional buildings (garage, storage buildings, etc.) are not allowed in the area of the mobile units.

## XI. LIABILITY

### A. INDEMNIFICATION

Except for the active negligence or willful misconduct of CITY and/or COE, CONCESSIONAIRE undertakes and agrees to defend, indemnify and hold harmless CITY and COE and any and all of their respective officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and costs of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including CONCESSIONAIRE'S employees and agents, or damage or destruction of property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, or omissions, or willful misconduct incident to the performance of this Agreement by the CONCESSIONAIRE or its sub-contractor of any tier.

CONCESSIONAIRE or licensee, in consideration of the granting of this concession or license, agrees to hold the United States, the Los Angeles County Flood Control District, and the City of Los Angeles harmless for any and all claims or rights of action for damages which may or might arise or accrue to said CONCESSIONAIRE or licensee, his officers, agents, servants, employees, or others who may be on the licensed premises at his invitation or the invitation of any one of them by reason of injury to the property, or the persons of any of them resulting from the entry upon or the use of the licensed premises, by the United States, The Los Angeles County Flood Control District, The City of Los Angeles, or any of them, at any time, for any purpose necessary or convenient in connection with river and flood control work, water conservation or for the removal of timber required or necessary for such work. or by reason of the flooding of the licensed premises, or any part thereof, when in the judgment of any of them, such flooding is necessary in connection with flood control work.

B. INSURANCE

1. GENERAL CONDITIONS

During the term of this Agreement and without limiting CONCESSIONAIRE'S indemnification of CITY and COE, CONCESSIONAIRE shall provide and maintain at its own expense insurance having the limits customarily carried and actually arranged by CONCESSIONAIRE but not less than the amounts and types listed on Form General 146/IR in Exhibit E hereto covering its operations hereunder subject to the following conditions as they may variously apply:

a. Additional Insured/Additional Interest/Loss Payee:

The CITY, its BOARDS, officers, agents and employees and COE shall be included as:

Additional Insureds in all required General Liability and Additional Interests in all required Automobile Liability insurance.

Named Insured in a required Owners and Contractors Protective Liability insurance.

Loss Payee As Its Interest May Appear in a required property, fidelity or surety coverages.

The CITY need not be named on Workers' Compensation/Employer's Liability, Professional Errors and Omissions and second-party Legal Liability coverages (such as Garagekeeper's Legal).

b. Insurance Approval:

All insurance required hereunder shall conform to CITY requirements established by Charter, ordinance or policy. Evidence of insurance shall be submitted to the cognizant Department's Risk Control Coordinator and approved by the City Attorney prior to commencement of any work or tenancy under this Agreement in accordance with Los Angeles Administrative Code Sections 11.47 through 11.56.

c. Alternative Programs:

Alternative Risk Financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers and captive insurance programs are subject to review of their financial statements by the CITY before approval can be granted by the City Attorney.

- d. Admitted Carrier/Licensed California Broker: Insurance shall be obtained from brokers or carriers authorized to transact insurance business in California. Surplus lines insurance from carriers who are not admitted in California must be submitted through a California-licensed broker or agency.

Surplus lines coverage must also contain a Service of Suit provision whereby the underwriters will submit as necessary to any court of competent jurisdiction in California and agree that all matters arising thereunder will be determined in accordance with the law and practice of such court. It must further give the name and address of the underwriter's agent for service of process located within California or must nominate the California Insurance Commissioner as such agent.

- e. Priority of Coverage: CONCESSIONAIRE'S insurance shall not call on CITY'S or COE's program for contributions.

- f. Cancellation/Reduction in Coverage Notice: With respect to the interests of the CITY and COE, if an insurance company elects to cancel insurance before the stated expiration date, or declines to renew in the case of a continuous policy, or materially reduces the coverage period by changing the retroactive date (if any), or the extended discovery period (if any), or reduces the stated limits other than by impairment of an aggregate limit, or materially reduces the scope of coverage which affects the CITY'S interest or COE's interest, the company will provide the CITY and COE at least thirty (30) days prior written notice of such election. Notice will be made by receipted delivery addressed as follows: City Attorney, Insurance and Bonds, 1800 City Hall East, 200 North Main Street,

Los Angeles, California 90012-4168 and the U.S. Army Corps of Engineers, Real Estate Division, Management and Disposal Branch, P.O. BOX 2711, Los Angeles, California 90053. It is understood, however, that such notice to the CITY shall not affect the company's right to give a lesser notice to the Named Insured in the event of nonpayment of premium. (L.A. Administrative Code Section 11.54)

g. Acceptable Evidence:

The appropriate CITY Special Endorsement forms, attached hereto as Exhibit E, are the preferred form of evidence of insurance. Alternatively, CONCESSIONAIRE may submit two (2) certified copies of the policy or other evidence acceptable to the City Attorney containing language which complies with subparagraphs a. through f. above. With respect to Professional Liability insurance, either a signed copy of the policy Declarations Page or a letter from CONCESSIONAIRE'S insurance broker certifying coverage, together with a 30-day cancellation notice endorsement in favor of the CITY and COE as specified in subparagraph f. will satisfy this requirement.

h. Separation of Insureds:

Except with respect to the insurance company's limits of liability, each liability insurance policy shall apply separately to each insured against whom a claim or suit is brought. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included.

i. Renewal:

Once the insurance has been approved by CITY, evidence of renewal of an expiring policy may be submitted on a manually signed renewal endorsement or certificate form. If the policy or the carrier has changed, however, new evidence as specified in paragraph a. through h. above must be submitted.

2. AGGREGATE LIMITS/REDUCTION IN COVERAGE

Alternative Risk Financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers and captive insurance programs are subject to review of their financial statements by the CITY before approval can be granted by the City Attorney.

- d. Admitted Carrier/Licensed California Broker: Insurance shall be obtained from brokers or carriers authorized to transact insurance business in California. Surplus lines insurance from carriers who are not admitted in California must be submitted through a California-licensed broker or agency.

Surplus lines coverage must also contain a Service of Suit provision whereby the underwriters will submit as necessary to any court of competent jurisdiction in California and agree that all matters arising thereunder will be determined in accordance with the law and practice of such court. It must further give the name and address of the underwriter's agent for service of process located within California or must nominate the California Insurance Commissioner as such agent.

- e. Priority of Coverage:  
CONCESSIONAIRE'S insurance shall not call on CITY'S or COE's program for contributions.

- f. Cancellation/Reduction in Coverage Notice:  
With respect to the interests of the CITY and COE, if an insurance company elects to cancel insurance before the stated expiration date, or declines to renew in the case of a continuous policy, or materially reduces the coverage period by changing the retroactive date (if any), or the extended discovery period (if any), or reduces the stated limits other than by impairment of an aggregate limit, or materially reduces the scope of coverage which affects the CITY'S interest or COE's interest, the company will provide the CITY and COE at least thirty (30) days prior written notice of such election. Notice will be made by receipted delivery addressed as follows: City Attorney, Insurance and Bonds, 1800 City Hall East, 200 North Main Street,

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i. Renewal:

Once the insurance has been approved by CITY, evidence of renewal of an expiring policy may be submitted on a manually signed renewal endorsement or certificate form. If the policy or the carrier has changed, however, new evidence as specified in paragraph a. through h. above must be submitted.

2. AGGREGATE LIMITS/REDUCTION IN COVERAGE

If any of the required insurance coverages contain aggregate limits, or apply to other operations or tenancy of CONCESSIONAIRE not related to this Agreement. CONCESSIONAIRE shall give CITY and COE prompt, written notice of any incident, occurrence, claim, settlement or judgment against such insurance which in CONCESSIONAIRE'S best judgment may diminish the protection such insurance affords CITY or COE. Further, CONCESSIONAIRE shall immediately take all reasonable and available steps to restore such aggregate limits or shall provide other insurance protection for such aggregate limits. CITY or COE may, at its option, specify a minimum acceptable aggregate for each line of coverage required. See paragraph E. below.

CONCESSIONAIRE shall not make any substantial reduction in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) which may affect CITY'S or COE'S protection without CITY'S or COE'S prior written consent.

3. SELF-INSURANCE AND SELF-INSURED RETENTIONS

Self-insurance programs and self-insured retentions in insurance policies are subject to separate approval by CITY upon review of evidence of CONCESSIONAIRE'S financial capacity to respond. Additionally, such programs or retentions must provide CITY and COE with at least the same protection from liability and defense of suits as would be afforded by first-dollar insurance.

4. MODIFICATION OF COVERAGE

CITY reserves the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving CONCESSIONAIRE ninety (90) days advance written notice of such change. If such change should result in substantial additional cost to CONCESSIONAIRE, the CITY agrees to negotiate compensation proportional to the increased benefit to CITY.

5. FAILURE TO PROCURE INSURANCE

The required coverages and limits are subject to

availability on the open market at reasonable cost as determined by CITY. Non-availability or non-affordability must be documented by a letter from CONCESSIONAIRE'S insurance broker or agent indicating a good faith effort to place the required insurance and showing as a minimum the names of the insurance carriers and the declinations or quotations received from each.

Within the foregoing constraints, CONCESSIONAIRE'S failure to procure and maintain required insurance or a self-insurance program during the entire term of this Agreement shall constitute a material breach of this Agreement under which CITY may immediately suspend or terminate this Agreement or, at its discretion, procure or renew such insurance to protect CITY'S and COE'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONCESSIONAIRE.

8. UNDERLYING INSURANCE

CONCESSIONAIRE shall be responsible for requiring indemnification and insurance as it deems appropriate from its employees receiving mileage allowance, consultants, agents and subcontractors, if any, to protect CONCESSIONAIRE'S, CITY'S and COE'S interests, and for ensuring that such persons comply with any applicable insurance statutes. CONCESSIONAIRE is encouraged to seek professional advice in this regard.

C. WORKERS' COMPENSATION

By signing this Agreement, CONCESSIONAIRE hereby certifies that it is aware of the provisions of Section 3700 et seq., of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions throughout its performance of the work pursuant to this Agreement.

A waiver of Subrogation in favor of CITY and COE will be required when work is performed on CITY or COE premises under hazardous conditions.

D. TYPICAL COVERAGES REQUIRED

The coverages required in B. above shall be at least as broad as:

1. General Liability: Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01).
2. Automobile Liability: Insurance Services Office form number CA 00 01 (ED. 1/87) covering Automobile Liability, code 1 (any auto).
3. Professional Liability: If applicable, errors and omissions liability appropriate to the CONCESSIONAIRE'S profession, with a discovery period of not less than 12 months after completion of work or termination of contract.

E. TYPICAL LIMITS OF LIABILITY

Unless otherwise specific on Form Gen. 146/IR, CONCESSIONAIRE shall maintain limits no less than:

1. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the project/location or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage, combined or equivalent in split limits.
3. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
4. Professional Liability: \$1,000,000 per occurrence.

XII. FAITHFUL PERFORMANCE BOND

CONCESSIONAIRE shall provide a Faithful Performance Bond within ten calendar days after written notification of the award of the concession has been mailed by CITY. One or more extensions of time for providing the bond may be granted by the Department at the discretion of the GENERAL MANAGER; however, CITY shall not execute the Concession Agreement and CONCESSIONAIRE may not begin operations on the licensed Premises until said bond has been received and approved. The Faithful Performance Bond must meet all the following requirements:

A. AMOUNT OF BOND

\$10,000.00

B. FORM OF BOND

The term "Faithful Performance Bond" does not mean that only a formal bond from a bonding company is acceptable. Any of the following instruments are acceptable if they meet the requirements spelled out in this Section. CONCESSIONAIRE'S bond shall be in any one of the following forms but may not be a combination of two or more types:

1. A cash deposit made at the Cashier's window of the Department of Recreation and Parks.
2. A cashier's check drawn on any bank that is a member of the Los Angeles Clearing House Association, which cashier's check is payable to the order of the CITY of Los Angeles.
3. A check drawn on and certified by any bank that is a member of the Los Angeles Clearing House Association, payable to the order of the CITY of Los Angeles.
4. United States Government negotiable securities (i.e., treasury bills, treasury notes, or treasury bonds).
5. A certificate of time deposit in a bank that is a member of the Los Angeles Clearing House Association, payable to the order of the CITY of Los Angeles.

6. A corporate surety bond of a surety company satisfactory to the GENERAL MANAGER.

CONCESSIONAIRE should note that the use of United States Government negotiable securities or of a certificate of time deposit as bond, allows CONCESSIONAIRE to collect interest on capital held by CITY. Interest shall not be accumulated on CONCESSIONAIRE'S capital otherwise.

In the event CONCESSIONAIRE has placed a corporate surety bond and defaults in the performance of any of the terms of the Concession Agreement, the sum guaranteed by said bond shall be available to reimburse CITY for any damages and costs, as determined by the GENERAL MANAGER, occasioned by reason of said default. The form of said bond shall be such that CITY may proceed against CONCESSIONAIRE and his surety immediately upon any default in the performance of the Concession Agreement.

#### C. AGREEMENT OF DEPOSIT AND INDEMNITY

The above instruments shall be accompanied by an agreement of deposit and indemnity, approved as to form and legality by the CITY Attorney, wherein CONCESSIONAIRE unconditionally agrees that in the event of any default, CITY shall have full power and authority to use the deposit in whole or in part to indemnify CITY. Every deposit of securities or certificates of time deposit must be accompanied by express authority for the GENERAL MANAGER to convert same into cash and to deposit said cash in the CITY Treasury in the manner governing deposit of cash in the CITY Treasury by the Charter of the CITY of Los Angeles. All deposits of cash or checks must be immediately so deposited by the Department.

The BOARD of Recreation and Park Commissioners shall authorize and request the CITY Treasurer to receive said United States Government negotiable securities, together with the properly executed agreement of indemnity and deposit, for safekeeping. A receipt shall be issued by the Treasurer to the Department therefor. In the event said securities are to be converted to cash because of default, the BOARD may authorize and request the Treasurer to sell said securities on its behalf.

D. MAINTENANCE OF DEPOSIT

Said bond shall be held by CITY during the entire term of the Concession Agreement. If the surety, in the opinion of the GENERAL MANAGER, becomes irresponsible, GENERAL MANAGER shall have the right to require additional and sufficient sureties suitable to CITY, which CONCESSIONAIRE shall furnish within ten days after written notice thereof has been mailed by the Department to CONCESSIONAIRE. United States Government negotiable securities shall at all times have both a par value and a market value of not less than the amount specified in this Concession Agreement and, in the event the market value of said securities declines, CONCESSIONAIRE shall, upon written demand of the GENERAL MANAGER, within ten days of the mailing by the Department of such demand, pledge and furnish such additional United States Government negotiable securities with appropriate agreement of indemnity and deposit approved as to form and legality by the City Attorney, as may be necessary to maintain both a par and market value of securities on deposit of not less than the amount specified in this Concession Agreement. If such additional securities are not received by the Department within ten days after the mailing of written notice as stated above, all default provisions may be exercised at the discretion of CITY. In the event of maturity of the securities prior to termination of the Concession Agreement for which they were deposited, the BOARD shall authorize and request the Treasurer to redeem the securities. The BOARD shall then use the proceeds of the redeemed securities to purchase a sufficient amount of United States Government negotiable securities to be at least equal as to both par and market value to the original amount of the deposit, and place them with Treasurer on receipt. If the redemption proceeds are not sufficient, CONCESSIONAIRE shall deposit cash with the Department in an amount sufficient to make up the difference within ten days of mailing of notice of deficiency by the Department.

The surety on said Bond shall, by appropriate notation thereon, stipulate and agree that no change, extension of time, alteration or addition to the terms of this Agreement or to the work to be performed hereunder, shall in any way affect its obligation under said Bond, and shall consent to waive notice of any such matters.

### XIII. ASSIGNMENT, SUBLEASE, BANKRUPTCY

#### A. CONSENT TO ENCUMBRANCE

CITY consents to the estate created by the Concession Agreement being encumbered by a note and Deed of Trust in favor of the lender and, if necessary, to the conveyance of said estate by judicial foreclosure or trustee's sale. However, the purchaser under the foreclosure or sale shall be subject to all of the provisions of this Agreement, including obtaining written consent of CITY, to the purchaser receiving the assignment. In such case consent of CITY shall not be unreasonably withheld; however CITY may consider the factors mentioned in subsection XIII.B. hereafter entitled "Assignment and Transfer".

#### B. ASSIGNMENT AND TRANSFER

Neither the Concession Agreement nor the rights herein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceeding in insolvency or bankruptcy either voluntary or involuntary, or receivership proceedings. Any attempted assignment, mortgaging, hypothecation, or encumbering of the concession rights or other violation of the provisions of this Section XII shall be voidable at BOARD's option and shall confer no right, title or interest in or to this Concession Agreement or right of use of the whole or any portion of the EQUESTRIAN CENTER upon any such assignee, mortgagee, encumbrancer, pledgee or other lienholder, successor or purchaser.

There shall be no assignment or transfer of this Agreement without the express, prior written consent of CITY and COE which shall not be unreasonably withheld. However, in giving or refusing consent to the assignment or transfer, CITY and COE will require that the prospective assignee or transferee conduct the activities required by this contract and will consider, among other matters, the activity proposed to be conducted by the prospective assignee, or transferee, and its abilities, resources, conduct and experience necessary for the successful operation of equivalent business and equestrian activities.

C. RECEIVERSHIP OR BANKRUPTCY

In the event CONCESSIONAIRE shall be adjudicated as bankrupt or become involved in any proceedings under bankruptcy laws of the United States, or if the leasehold interest created hereby or any improvements executed pursuant to this lease shall be transferred by operation of law, including but not limited to, enforcement of a judgement, the trustee in bankruptcy, receiver, assignee or judgement purchases shall be bound by all provisions of this lease including but not limited to the provision that operation of the Premises be operated as an EQUESTRIAN CENTER to provide services to the public.

D. SUB-LICENSES

CONCESSIONAIRE shall not under-let or sub-let the subject Premises or any part thereof or allow the same to be used or occupied by any other person or for other use than that herein specified, nor assign said Concession Agreement nor transfer, assign or in any manner convey any of the rights or privileges therein granted without the prior written consent of CITY and COE. Any purported SUB-LICENSEE or sub-lessee without such consent shall receive no right thereby, and said assignment, transfer or sub-license shall be void and of no force and effect.

However, CITY and CONCESSIONAIRE contemplate that CONCESSIONAIRE will request CITY's approval to sub-license certain services authorized by this Agreement. Approval of such sub-licenses shall be requested by CONCESSIONAIRE in writing and approved by GENERAL MANAGER in writing prior to any binding Agreement between CONCESSIONAIRE and SUB-LICENSEE. Any agreement to sub-license any service authorized herein shall be in writing and shall be subject to the terms of this Agreement, a copy of which, in its entirety, shall be attached to said sub-license agreement. All SUB-LICENSEE agreements shall include the Hansen Dam Recreation Master Lease Number DACW09-1-69-45 (Exhibit D, attached) and all supplements thereto. If any conflicts are discovered between the agreements, the Master Lease will prevail. CONCESSIONAIRE shall be responsible to CITY for any and all sub-licenses and SUB-LICENSEES and their compliance with the terms and conditions of their sub-

licenses, this Agreement, and any directives set forth by CITY and/or GENERAL MANAGER. Should for any reason this Agreement be terminated, all sub-licenses granted by CITY and CONCESSIONAIRE shall, unless the contrary is stated, at the CITY'S option, be terminated on the same date.

GENERAL MANAGER may, in connection with review of any potential sub-license agreement, interview, review and evaluate the proposed SUB-LICENSEE and SUB-LICENSEE's resume prior to recommending approval of said SUB-LICENSEE. Said CITY approval shall be conditional upon the sub-license being in compliance with established City Ordinances and adopted BOARD Policies. Regarding these sub-licenses or subleases, it is understood that CITY shall receive a flat rate rental based on the gross sales, not on the percentage paid by the SUB-LICENSEE to CONCESSIONAIRE except as otherwise provided herein.

#### XIV. BUSINESS RECORDS

CONCESSIONAIRE shall maintain, during the term of this Agreement, permanent books, ledgers, journals and accounts wherein are kept all entries reflecting the gross receipts received or billed by it from the business transacted pursuant to this Agreement. Such books, ledgers, journals, accounts and records shall be available for audit, inspection and examination by GENERAL MANAGER, or a duly authorized representative, during ordinary business hours and shall be maintained for a minimum of five (5) years.

##### A. EMPLOYEE FIDELITY BONDS

At the GENERAL MANAGER'S discretion adequate employee fidelity bonds may be required to be maintained by CONCESSIONAIRE covering all its employees who handle money.

##### B. CASH AND RECORD HANDLING REQUIREMENTS

CONCESSIONAIRE shall prepare a description of their cash handling and sales recording systems and equipment which shall be submitted to GENERAL MANAGER for approval. When approved by GENERAL MANAGER, such systems and equipment, including any revisions thereto approved by GENERAL MANAGER, shall be utilized by CONCESSIONAIRE in its operations hereunder.

CONCESSIONAIRE shall be required to maintain a method of accounting of all the receipts and disbursements in connection with the subject concession which shall correctly and accurately reflect the gross receipts and disbursements received or made by CONCESSIONAIRE and SUB-LICENSEES from the operation of said concession. The method of accounting, including bank accounts, established for the subject concession shall be separate from the accounting systems used for any other business operated by CONCESSIONAIRE or for recording CONCESSIONAIRE'S personal financial affairs. Such method shall include the keeping of the following documents:

1. Regular books of accounting including but not limited to general ledgers and payroll ledgers.
2. Cash receipts journal, cash disbursements journal and general journals including any supporting and underlying documents such as purchase orders, check vouchers, petty cash vouchers and receipts, tickets, bank statements, etc.
3. State and Federal income tax returns and sales tax returns and checks and other documents proving payment of sums shown.
4. Cash register tapes shall be retained so that day to day sales can be identified. A cash register must be used in public view which prints a dated double tape, indicating each sale and the daily total.
5. Any other accounting records that CITY, in its sole discretion, deems necessary for proper reporting of receipts.

CONCESSIONAIRE shall obtain and install a cash register(s) on which it shall record all gross sales. The cash register shall be non-resettable and sufficient to supply an accurate recording of all sales on tape. CONCESSIONAIRE shall not purchase or install the cash register before obtaining the GENERAL MANAGER'S written approval of the specific register to be purchased. All cash registers shall have a price display which is visible to the public.

All documents, books and accounting records shall be open for inspection and reinspection at any reasonable time during the term of Concession Agreement or Permit and for a reasonable period, not to exceed five years, thereafter. In addition, CITY may from time to time conduct an audit and re-audit of the books and business conducted by CONCESSIONAIRE and SUB-LICENSEES and observe the operation of business so that accuracy of the above records can be confirmed. If the report of gross sales made by CONCESSIONAIRE to CITY shall be found to be less than the amount of gross sales disclosed by such audit and observation, CONCESSIONAIRE shall pay to CITY any additional rentals disclosed by such audit. If any discrepancy exceeds 2% and no reasonable explanation is given for such discrepancy, CONCESSIONAIRE shall also pay the cost of the audit.

CONCESSIONAIRE shall transmit a Financial Statement for all concession and sub-licensed operations, prepared in a form and by a certified public accountancy firm acceptable to the GENERAL MANAGER, within 60 days of the close of each CONCESSIONAIRE'S fiscal year during the term of the Concession Agreement. Said Financial Statement shall set forth an expense account entitled "Compensation to Officers" or an account having some similar title. The amount shown opposite this item shall include all salaries or other compensation for services derived from the concession operations by CONCESSIONAIRE and SUB-LICENSEES, members of its family, officers of the CONCESSIONAIRE'S and SUB-LICENSEES' corporation, directors, shareholders, partners of CONCESSIONAIRE and SUB-LICENSEES, or any member of the family of an officer, director, shareholder or partner of CONCESSIONAIRE and SUB-LICENSEES, or any individual owning stock indirectly and other persons employed by CONCESSIONAIRE and SUB-LICENSEES to manage the operations or supervise CONCESSIONAIRE'S and SUB-LICENSEES' employees. These salaries or other compensation shall not be indicated in any other expense category. Said Financial Statement shall clearly and accurately present the profits and losses of each activity conducted on the EQUESTRIAN CENTER by CONCESSIONAIRE and its SUB-LICENSEES.

CONCESSIONAIRE shall also include with the required financial statement a separate report showing computation of

the rent due the CITY.

If CONCESSIONAIRE fails to submit to CITY an acceptable Financial Statement as described hereinabove, within 60 days following the close of CONCESSIONAIRE's calendar year, CITY shall hire a qualified auditor experienced in auditing such multiple activity entertainment businesses to conduct an audit of the concession; and assess CONCESSIONAIRE the cost of the audit. Notwithstanding the provisions of this paragraph, CITY reserves the right to audit and re-audit CONCESSIONAIRE's and SUB-LICENSEE'S records at any time and observe the operation of CONCESSIONAIRE's and SUB-LICENSEE'S businesses, to determine the accuracy of CONCESSIONAIRE's reported gross receipts and rent due the CITY and/or substantiate information presented in CONCESSIONAIRE's Financial Statement.

CONCESSIONAIRE shall immediately, upon execution of this Agreement, develop and implement written policies and procedure for effectively controlling and accounting for all cash transactions of concession operations; and transmit a copy of said written policy and procedures to the GENERAL MANAGER upon their completion.

#### XV. REGULATIONS, INSPECTION, AND DIRECTIVES

##### A. REGULATIONS

The operations conducted by CONCESSIONAIRE pursuant to this Agreement shall be subject to:

1. All applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by CITY with respect to the operation of the Department of Recreation and Parks;
2. All orders, directions or conditions issued, given or imposed by GENERAL MANAGER with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the EQUESTRIAN CENTER;
3. All applicable laws, ordinances, statutes, rules, regulations or orders, including environmental, of

any governmental authority federal, state or municipal, lawfully exercising authority over the Department of Recreation and Parks or CONCESSIONAIRE'S operations; and

4. All applicable local, state and federal laws and regulations relative to the design and installation of facilities to accommodate persons with disabilities.
5. All applicable local, state and federal laws and regulations relative to the care and safety of animals.

#### B. PERMISSIONS

Any permission required by the Concession Agreement shall be secured in writing prior to the occurrence for which such permission is sought by CONCESSIONAIRE from CITY, GENERAL MANAGER or COE and any errors or omissions therefrom shall not relieve CONCESSIONAIRE of its obligations to faithfully perform the conditions therein. CONCESSIONAIRE shall immediately comply with any written request or order submitted to it by CITY, GENERAL MANAGER or COE.

#### C. RIGHT OF INSPECTION

At CITY'S and COE'S discretion, responsible representatives of CITY, COE and CONCESSIONAIRE will confer for the purpose of making a complete inspection of CONCESSIONAIRE'S operations hereunder, including a review of the quality of service, merchandise and prices, maintenance of Premises, furnishings and equipment, and such other items as CITY and COE may wish to review. It is intended that the standards, obligations and duties imposed by this Section XV shall be maintained and complied with by CONCESSIONAIRE and SUB-LICENSEES in addition to its compliance with all applicable governmental laws, ordinances and regulations. In the event that any of said laws, ordinances and regulations are more stringent than the standards, duties and obligations imposed on CONCESSIONAIRE hereunder, then CONCESSIONAIRE shall comply with such laws, ordinances and regulations in its operations under this Agreement.

CITY, GENERAL MANAGER, COE and their authorized representatives, agents and employees shall have the right to enter upon the EQUESTRIAN CENTER at any and all reasonable times for the purpose of inspection and observation of CONCESSIONAIRE'S and SUB-LICENSEES' operations. During these inspections, they shall have the right to utilize photographic devices and other instruments for recording conditions and events taking place upon the EQUESTRIAN CENTER. Said inspections may be made by persons identified to CONCESSIONAIRE as CITY or COE Employees, or may be made by independent contractors engaged by CITY or COE. Inspections may be made for the purpose set forth below, however, the enumerations below shall not be construed to limit CITY'S or COE'S right of inspection for any purpose incidental to the rights of CITY or COE.

In order to accommodate CITY inspections of concession events, CONCESSIONAIRE shall make available to the GENERAL MANAGER a minimum of six passes and three parking passes for each event held on the Premises regardless of the contractual arrangement with the event operator:

1. To determine if the terms and conditions of the Concession Agreement or Permit are being complied with.
2. To observe transactions between the CONCESSIONAIRE and SUB-LICENSEES and patrons in order to evaluate the quality and quantities of services provided or items sold or dispensed, the courtesy extended to and method of dealing with the public, the performance and caliber of employees and the methods for recording receipts.

The information gathered on these inspections will be used to evaluate CONCESSIONAIRE in order to provide a basis for an action by CITY or COE for the termination, renewal or denial of the concession.

#### D. NON-DISCRIMINATION

All recreational facilities, under the jurisdiction of CITY and COE which are open to the public, shall be available for use and enjoyment by the public without regard to race,

religion, national origin, ancestry, sex, sexual orientation, age or disability. CONCESSIONAIRE shall comply with The Americans With Disabilities Act And attendant Americans With Disabilities Act Accessibility Guidelines published by the Architectural and Transportation Barriers Compliance Board.

E. NAME OF CONCESSION

The name of the concession, as it appears in the Concession Agreement for the subject concession, shall not be used by CONCESSIONAIRE in conjunction with any other business venture during the term of the Concession Agreement.

XVI. TERMINATION

A. TERMINATION BY CITY

CITY shall have the right to terminate this Agreement in its entirety and all rights ensuing therefrom upon giving a thirty (30) day prior, written notice to CONCESSIONAIRE and/or to order the termination of a SUB-LICENSED agreement if any one or more of the following events occur:

1. CONCESSIONAIRE fails to pay the fees and charges or to make any other payments required hereunder when due to CITY within three (3) days after receipt of written notice from CITY of non-payment therefor;
2. The happening of any act which results in the suspension or revocation of the rights, powers, licenses, permits or authorities necessary for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;
3. The interest of CONCESSIONAIRE under this Agreement is transferred, passes to or devolves upon, by operation of law or otherwise, any other person, firm or corporation without the written consent of BOARD or COE;
4. CONCESSIONAIRE becomes, without the prior, written approval of BOARD, a successor or merged corporation in a merger, a constituent corporation in a consolidation or a corporation in dissolution;

5. CONCESSIONAIRE or SUB-LICENSEE fails to keep, perform and observe any promise, covenant or condition set forth in this Agreement on its part to be kept, performed or observed after receipt of written notice of default from BOARD or GENERAL MANAGER, except where fulfillment of CONCESSIONAIRE'S obligation requires activity over a period of time and CONCESSIONAIRE has commenced to perform whatever may be required within ten (10) days after receipt of such notice and continues such performance without interruption except for causes beyond its control;
6. The levy of any attachment or execution, or the appointment of any receiver, or the execution of any other process of any court of competent jurisdiction which is not vacated, dismissed or set aside within a period of ninety (90) days and which does, or as a direct consequence of such process will, interfere with CONCESSIONAIRE'S or SUB-LICENSEE'S use of the EQUESTRIAN CENTER or with its operations under this Agreement;
7. CONCESSIONAIRE becomes insolvent, or takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States, or of any state law, or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property or its property located within the concession areas;
8. By order or decree of court, CONCESSIONAIRE is adjudged bankrupt, or an order is made approving a petition filed by any of the creditors or stockholders of CONCESSIONAIRE seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any

law or statute of the United States, or any state thereof;

9. A petition under any part of the federal bankruptcy laws, or an action under any present or future solvency law or statute is filed against CONCESSIONAIRE and is not dismissed within one hundred twenty (120) days;
10. By or pursuant to, or under authority of, any legislative act, resolution or rule, order or decree of any court, governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator takes possession or control of all or substantially all of the property of CONCESSIONAIRE and such possession or control continues in effect for a period of one hundred twenty (120) days;
11. Cessation or deterioration of service for any period which, in the opinion of BOARD, materially and adversely affects the operation of service required to be performed by CONCESSIONAIRE under this Agreement;
12. Any lien is filed against the EQUESTRIAN CENTER because of any act or omission of CONCESSIONAIRE and such lien is not removed, enjoined or a bond for satisfaction of such lien is not posted within sixty (60) days; or
13. CONCESSIONAIRE voluntarily abandons, deserts, vacates or discontinues its operation of the business herein authorized.
14. Termination of CITY's lease with COE.

B. CITY'S RIGHT OF REENTRY

CITY shall, as an additional remedy, upon the giving of written notice of termination as above provided, have the right to reenter the Premises and every part thereof on the effective date of termination without further notice of any kind, remove any and all persons therefrom and may regain

and resume possession either with or without the institution of summary or legal proceedings or otherwise. Such reentry, however, shall not in any manner affect, alter or diminish any of the obligations of CONCESSIONAIRE under this Agreement.

C. ADDITIONAL RIGHTS OF CITY

CITY, upon termination of this Agreement, or upon reentry, regaining or resumption of possession of the EQUESTRIAN CENTER, may occupy said Center and shall have the right to permit any person, firm or corporation to enter upon the EQUESTRIAN CENTER and use the same. Such occupation by others may be of only a part of the Premises, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. CITY shall also have the right to repair or to make such structural or other changes in the EQUESTRIAN CENTER as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of CONCESSIONAIRE hereunder.

D. SURVIVAL OF CONCESSIONAIRE'S OBLIGATIONS

In the event this Agreement is terminated by CITY, or in the event CITY reenters, regains or resumes possession of the EQUESTRIAN CENTER, all of the obligations of CONCESSIONAIRE hereunder shall survive and shall remain in full force and effect after the termination of this Agreement. And, subject to CITY'S obligation to mitigate damages, the amount of the fees and charges shall become due and payable to CITY to the same extent, at the same time and in the same manner as if no termination, reentry, regaining or resumption of possession had taken place. CITY may maintain separate actions to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency.

The amount of damages for the period of time subsequent to termination, reentry, regaining or resumption of possession, subject to an offset for any fees and charges received by CITY from a succeeding CONCESSIONAIRE, shall be the greater.

of:

1. CONCESSIONAIRE'S minimum annual fee obligation, the cumulative total thereof less the amount paid prior to the effective date of termination; or
2. CONCESSIONAIRE'S percentage of annual gross receipts, the appropriate amount if in excess of said minimum annual fee, which gross receipts would have been received by CONCESSIONAIRE during the balance of the term hereof if there had been no termination, reentry, regaining or resumption of possession. For the purpose of calculation hereunder, the amount of gross receipts shall be derived by taking CONCESSIONAIRE'S total gross receipts during the year immediately preceding termination, dividing said total by three hundred sixty-five (365) and then multiplying the result by the number of days in the balance of the term hereof.

It is understood and agreed that the damages specified above shall not affect or be construed to affect CITY'S right to such damages in the event of termination, reentry, regaining or resumption of possession where CONCESSIONAIRE has not received any actual gross receipts under this Agreement.

#### E. WAIVER OF REDEMPTION AND DAMAGES

CONCESSIONAIRE hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event CITY obtains or retains possession of the EQUESTRIAN CENTER in any lawful manner.

Nothing in this Section XVI shall require CONCESSIONAIRE to observe or conform to any governmental authority's requirements or to pay any tax, lien, claim, charge or demand so long as the validity or enforceability thereof is contested in good faith and to the extent appropriate, unless in BOARD'S judgment the performance of CONCESSIONAIRE'S obligations is being materially and adversely affected thereby.

No acceptance by CITY of the fees and charges or other payments

specified herein, in whole or in part, and for any period, after a default of any of the terms, covenants and conditions to be performed, kept or observed by CONCESSIONAIRE, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of CITY to terminate this Agreement on account of such default.

No waiver by CITY at any time of any default on the part of CONCESSIONAIRE in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by CONCESSIONAIRE shall be or be construed to be a waiver at any time thereafter by CITY of any other or subsequent default in performance of any of said terms, covenants or conditions, and no notice by CITY shall be required to restore or revive time as of the essence hereof after waiver by CITY of default in one or more instances.

The acceptance of all or part of a rental payment by CITY for any period after a default shall not be deemed a waiver of any default by CONCESSIONAIRE of any of its obligations, nor a waiver of any other term, covenant or condition. Any waiver by CITY of a default on the part of the CONCESSIONAIRE shall not be construed as, or constitute a waiver of, any subsequent default of the same or any other term.

#### F. TERMINATION BY CONCESSIONAIRE

This Agreement may be terminated by CONCESSIONAIRE by giving a thirty (30) day written notice to CITY upon the happening of one or more of the following events:

1. The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of the RECREATION AREA, or any substantial part thereof, in such manner as to materially restrict CONCESSIONAIRE from operating thereon for a period of at least ninety (90) days;
2. The complete destruction of all or a substantial portion of the EQUESTRIAN CENTER from a cause other than the negligence or omission to act of CONCESSIONAIRE, its agents or employees.
3. Any exercise of authority as which so interferes

with CONCESSIONAIRE'S use and enjoyment of the EQUESTRIAN CENTER as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the laws of the State of California; or

4. The default by CITY in the performance of any covenant or agreement herein required to be performed by CITY and the failure of CITY to remedy such default for a period of sixty (60) days after receipt from CONCESSIONAIRE of written notice to do so.

#### XVII. SURRENDER OF POSSESSION

CONCESSIONAIRE covenants and agrees to yield and deliver possession of the EQUESTRIAN CENTER to CITY on the date of the expiration or earlier termination of this Agreement promptly, peaceably, quietly and in as good order and condition as the same now are or may be hereafter improved by CONCESSIONAIRE or CITY; except for normal use and wear and tear thereof.

Upon expiration or earlier termination of this Agreement, CONCESSIONAIRE shall have the right to remove their equipment, supplies, furnishings, inventories of expendables, removable fixtures and trade fixtures and personal property from the EQUESTRIAN CENTER. If CONCESSIONAIRE or SUB-LICENSEE fails to remove said property, said property shall be considered abandoned and CITY may dispose of same as it sees fit.

No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by the duly authorized representatives of CITY and CONCESSIONAIRE. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of CITY shall be deemed an acceptance of a surrender of the EQUESTRIAN CENTER utilized by CONCESSIONAIRE under this Agreement.

#### XVIII. WAIVER

Every provision herein imposing an obligation upon CITY or CONCESSIONAIRE is a material inducement and consideration for the execution of this Agreement. No waiver by CITY or CONCESSIONAIRE of any breach of any provision of this Agreement shall be deemed

for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

**XIX. CONDITIONS AND COVENANTS**

Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto.

**XX. FORCE MAJEURE**

Neither party hereto shall be liable to the other for any failure, delay or interruption in the performance of any of the terms, covenants or conditions of this Agreement due to causes beyond the control of that party including, without limitation, strikes, boycotts, labor disputes, embargoes, shortage of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage or any other circumstance for which such party is not responsible or which is not in its power to control.

**XXI. REMEDIES ARE NON-EXCLUSIVE**

No right, power, remedy or privilege of CITY shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. And it is agreed that each and all of said rights, powers, remedies or privileges shall be deemed cumulative and additional and not in lieu or exclusive of each other or of any other remedy available to CITY at law or in equity.

**XXII. DAMAGE OR DESTRUCTION TO PREMISES**

In the event all or a substantial portion of the EQUESTRIAN CENTER are completely destroyed by fire, explosion, the elements, flood, public enemy or other casualty, or are so damaged that they are uninhabitable and cannot be replaced except after more than thirty (30) days, CITY and COE shall be under no obligation to repair, replace or reconstruct said Premises, and an appropriate portion of the fees and charges payable hereunder shall abate as of the time of such damage or destruction and shall henceforth cease until such time as the said Premises are fully restored. If within Four (4) months after the time of such damage or destruction said Premises have not been repaired or

reconstructed, CONCESSIONAIRE may terminate this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding the foregoing, if the said Premises, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of CONCESSIONAIRE, its agents or employees, said fees and charges shall not abate and CITY may, in its discretion, require CONCESSIONAIRE to repair and reconstruct said Premises within twelve (12) months of such destruction and pay the cost therefor, or CITY may repair and reconstruct the same within twelve (12) months of such destruction and CONCESSIONAIRE shall be responsible for reimbursing CITY for the cost and expenses incurred in such repair.

#### XXIII. CONCESSION AGREEMENT BINDING UPON SUCCESSORS

This Agreement shall be binding upon and shall inure to the benefit of the successors, heirs, executors, administrators and assigns of the parties hereto. The term "CONCESSIONAIRE" shall include any assignee of CONCESSIONAIRE under any assignment permitted and approved by BOARD.

#### XXIV. LAW OF CALIFORNIA APPLIES

This Agreement, and every question or controversy arising hereunder, shall be construed, resolved, or determined according to the laws of the State of California.

#### XXV. AGENT FOR SERVICE OF PROCESS

It is expressly agreed and understood that if CONCESSIONAIRE is not a resident of the State of California, or is a partnership or joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event CONCESSIONAIRE does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and CITY or COE arising out of or based upon this Agreement, and the service shall be made as provided by the laws of the State of California for service upon a non-resident. It is further expressly agreed, covenanted and stipulated that if, for any reason, service of such process is not possible, as an alternative method of service of process, CONCESSIONAIRE may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to CONCESSIONAIRE at the address set out hereafter in this Agree-

ment, and that such service shall constitute valid service upon CONCESSIONAIRE as of the date of mailing, and CONCESSIONAIRE shall have thirty (30) days from the date of mailing to respond thereto. CONCESSIONAIRE hereby agrees, to the process so served, submits to the jurisdiction of the Court and waives any and all objection and protest thereto.

**XXVI. VENUE**

Venue of any action brought under this Agreement shall lie in Los Angeles County.

**XXVII. ATTORNEY'S FEES**

If CITY shall, without any fault, be made a party to any litigation commenced by or against CONCESSIONAIRE arising out of CONCESSIONAIRE'S use or enjoyment of the EQUESTRIAN CENTER and as a result of which CONCESSIONAIRE is finally adjudicated to be solely liable, then CONCESSIONAIRE shall pay all costs and reasonable attorney's fees incurred by or imposed upon CITY in connection with such litigation. In any action by CITY or CONCESSIONAIRE for recovery of any sum due under this Agreement, or to enforce any of the terms, covenants or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

**XXVIII. WAIVER OF CLAIMS**

CONCESSIONAIRE hereby waives any claim against CITY and COE, their respective officers, agents or employees, for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

**XXIX. PAYMENTS AND NOTICES**

All fees and charges payable hereunder shall be paid to:

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
6335 WOODLEY AVENUE  
VAN NUYS, CALIFORNIA 91406  
ATTN: REVENUE MANAGEMENT

unless and until CITY designates some other party to receive or place for the payment of said fees and charges.

Written notices to CITY hereunder shall, until CONCESSIONAIRE'S receipt of written notice otherwise from these parties, be addressed to said parties at:

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
6335 WOODLEY AVENUE  
VAN NUYS, CALIFORNIA 91406  
ATTN: ADMINISTRATIVE SERVICES

Written notices to COE shall be to

U.S. ARMY CORPS OF ENGINEERS  
REAL ESTATE MANAGEMENT AND DISPOSAL BRANCH  
P.O. BOX 2711  
LOS ANGELES, CALIFORNIA 90053

Written notices to CONCESSIONAIRE hereunder shall, until CITY'S receipt of written notice otherwise from CONCESSIONAIRE, be addressed to CONCESSIONAIRE at:

MR. EDDIE J. MILLIGAN  
HANSEN DAM EQUESTRIAN CENTER  
11127 ORCAS AVENUE  
LAKE VIEW TERRACE, CALIFORNIA 91342

The execution of any such notice by GENERAL MANAGER shall be as effective for CONCESSIONAIRE as if it were executed by BOARD, or by Resolution or Order of said BOARD, and CONCESSIONAIRE shall not question the authority of GENERAL MANAGER to execute any such notice.

All such notices may either be delivered personally to GENERAL

MANAGER, Department of Recreation and Parks, in the one case, or to any officer or responsible employee of CONCESSIONAIRE in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

**XXX. INTERPRETATION**

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either CITY or CONCESSIONAIRE.

In each instance herein where CITY'S, BOARD'S or GENERAL MANAGER'S approval or consent is required before CONCESSIONAIRE may act, such approval or consent shall not be unreasonably withheld.

The section headings appearing herein are for the convenience of CITY and CONCESSIONAIRE, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

The use of any gender herein shall include all genders and the use of any number shall be construed as the singular or the plural, all as the context may require.

**XXXI. CONCESSION AGREEMENT CONTAINS ENTIRE AGREEMENT**

The provisions of this Agreement contain the entire Agreement between the parties hereto and said Agreement may not be changed or modified in any manner except by formal, written amendment fully executed by CITY and CONCESSIONAIRE.

XXXIII. PRIORITY OF MASTER LEASE

The provisions of this Agreement are subordinate to the master lease (Lease No. DACWO9-1-69-45 between CITY and COE - Exhibit D) and subject to all of the terms and conditions therein. Any inconsistencies between the terms of this Agreement and the master lease shall be resolved in favor of the master lease. All obligations of the lessee in the master lease shall be obligations of the CITY under this Agreement. All obligations of CONCESSIONAIRE or licensees in the master lease shall be obligations of the CONCESSIONAIRE under this Agreement. CONCESSIONAIRE and CITY specifically acknowledge and agree to act in accord with the terms of revocation, termination and expiration contained in Paragraph 33 of the master lease.

XXXIII. INCORPORATION OF DOCUMENTS

The following documents are attached hereto and incorporated herein by this reference:

- EXHIBIT A - CITY'S Request for Proposals dated November 28, 1989.
- B - CONCESSIONAIRE'S proposal dated September 26, 1989, which includes:
  - 1. Affirmative Action Requirements and Plan
  - 2. MBE/WBE and Other Business Outreach Policy Statement
- C - Concession Premise Map and Development Plan (Site Plan)
- D - Lease No. DACWO9-1-69-45 between the CITY of Los Angeles, Department of Recreation and Parks and the CCE (including Amendments)
- E - Insurance Requirement Forms
- F - Revegetation/Mitigation Plan
- G - Department of the Army Consent to Mobile Home Structures and Waiver of Liability (3)

XXXIV. TIME OF EFFECTIVENESS

This Agreement shall take effect when all of the following events have occurred:

- A. The terms and conditions of this Agreement are approved by COE's District Engineer;
- B. This Agreement has been approved by the CITY's Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Agreement as to form and legality;
- D. This Agreement has been signed on behalf of the CITY by the person designated to so sign by the CITY's Council or by the board, officer or employee authorized to enter into this Agreement.
- E. This Agreement has been signed on behalf of the CONCESSIONNAIRE by the person or persons authorized to bind the CONCESSIONNAIRE hereto;

IN WITNESS WHEREOF, THE CITY OF LOS ANGELES, has caused this Agreement to be executed in its behalf by its duly authorized BOARD of Recreation and Park Commissioners, and CONCESSIONAIRE has executed the same.

THE CITY OF LOS ANGELES  
acting by and through its  
Board of Recreation and  
Park Commissioners

BY *Stan Potoff*  
President

BY *S L Gandy*  
Secretary

BY *Eddie J. Milligan*  
Eddie J. Milligan,  
CONCESSIONAIRE and Sole Proprietor

Approved as to Form and Legality

\_\_\_\_\_ 19 \_\_\_\_\_

JAMES K. HAEN  
CITY ATTORNEY

BY \_\_\_\_\_  
Deputy City Attorney

PRINTED September 20, 1996

IN WITNESS WHEREOF, THE CITY OF LOS ANGELES, has caused this Agreement to be executed in its behalf by its duly authorized BOARD of Recreation and Park Commissioners, and CONCESSIONAIRE has executed the same.

THE CITY OF LOS ANGELES  
acting by and through its  
Board of Recreation and  
Park Commissioners

BY \_\_\_\_\_  
President

BY \_\_\_\_\_  
Secretary

BY Eddie J. Milligan  
Eddie J. Milligan,  
CONCESSIONAIRE and Sole Proprietor

Approved as to Form and ~~Legality~~

Oct. 22 1997

JAMES K. HAEN  
CITY ATTORNEY

BY Maria Haber Kemene  
Deputy City Attorney

PRINTED September 20, 1996

AMENDED AND RESTATED CONTRACT  
BETWEEN THE CITY OF LOS ANGELES  
AND  
LAEC INC.

FOR THE OPERATION AND MAINTENANCE  
OF THE  
LOS ANGELES EQUESTRIAN CENTER  
IN  
GRIFFITH PARK

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS

AMENDED AND RESTATED CONTRACT, LAEC

THIS AMENDED AND RESTATED CONTRACT is made and entered into this 20<sup>th</sup> day of May, 1993 by and between the CITY OF LOS ANGELES, a municipal corporation, acting by and through its BOARD OF RECREATION AND PARK COMMISSIONERS, (hereinafter referred to as "CITY") and LAEC Inc., a California Corporation (hereinafter referred to as "CONCESSIONAIRE.")

W I T N E S S E T H

WHEREAS, CITY is the owner of Griffith Park (hereinafter PARK), including the property on which is located an equestrian boarding, training and exhibition facility known as the Los Angeles Equestrian Center hereinafter referred to as the Equestrian Center; and

WHEREAS, CITY, by Ordinance dated August 30, 1976, awarded a concession agreement to Better Built Enterprises, Inc., a California Corporation, for the development and operation of the Equestrian Center; and

WHEREAS, to facilitate financing of the development and operation of the Equestrian Center, CITY approved assignment of said CONCESSION from Better Built Enterprises, Inc. to Ride-A-Way Corporation, and a subsequent reorganization which resulted in a corporation known as Equestrian Centers of America Inc., Los Angeles Equestrian Center Inc., and Los Angeles Polo Club Inc.; and

WHEREAS, to facilitate further financing for the development and operation of the Equestrian Center, the operators obtained a \$10,000,000 loan from Gibraltar Savings and Loan, secured by the concession agreement for the operation of the equestrian center; and

WHEREAS, in 1984 the operators were in default of their debt service as well as rent to the City; and

WHEREAS, in September of 1984, Equestrian Centers of America Inc., Los Angeles Equestrian Center Inc., and Los Angeles Polo Club Inc., filed voluntary petitions for protection from their creditors pursuant to Chapter 11 of the Bankruptcy Code; and

WHEREAS, on December 22, 1987, the Bankruptcy Court granted Gibraltar Savings relief from automatic stay to allow foreclosure; and

AMENDED AND RESTATED CONTRACT, LAEC

WHEREAS, on April 15, 1988, Gibraltar Savings foreclosed on its liens and security interests in the Concession Agreement and, pursuant to Paragraph 1(a) of the June 2, 1983 Amendment to Concession Agreement No. 183, succeeded to all of the rights and obligations of the Equestrian Centers of America, Inc. thereunder; and

WHEREAS, Gibraltar Savings assigned its interest in Concession Agreement No. 183, to LAEC Inc.; and

WHEREAS, the principal purpose of CITY in entering into this Concession Agreement is to provide the visitors of Griffith Park excellent equestrian and equestrian-related services, products and activities;

WHEREAS, over recent years. CITY has become aware of the necessity for an amended Concession Agreement which would include, among other revisions, revised financial requirements that permit the operator of the Equestrian Center to operate in a financially viable manner; and

WHEREAS, CONCESSIONAIRE agrees to enter into a concession agreement in accordance with the foregoing and undertakes to provide adequate services of the type and character required by CITY to meet the needs of the PARK patrons who desire equestrian and equestrian related services, products and activities; and

WHEREAS, in view of the foregoing, CITY and CONCESSIONAIRE agree that it is desirable to further amend and restate Concession Agreement No. 183;

NOW THEREFORE, for and in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties, the CITY and CONCESSIONAIRE do hereby agree to amend and restate Concession Agreement No. 183, as follows:

AMENDED AND RESTATED CONTRACT, LAEC

SECTION 1. DEFINITIONS

For the purpose of this Agreement, the following words and phrases are defined and shall be construed as hereinafter set out:

CITY: City of Los Angeles, acting by and through its Board of Recreation and Park Commissioners.

CONCESSION: The Amended and Restated Contract granted by CITY and the rights and privileges granted therein.

CONCESSION MANAGER: The person with whom the General Manager deals on a daily basis regarding the subject concession. Such person is usually the CONCESSIONAIRE personally.

CONCESSIONAIRE: LAEC Inc.

EQUESTRIAN CENTER: The Los Angeles Equestrian Center in Griffith Park.

GENERAL MANAGER: General Manager of the Department of Recreation Parks, or his authorized representative, acting on behalf of CITY. All actions of the General Manager are subject to review at the pleasure of the Board of Recreation and Park Commissioners.

BOARD: Board of Recreation and Park Commissioners

PARK: Griffith Park, Los Angeles, California

SUB-LICENSEE: Any person or persons other than CONCESSIONAIRE that is granted any of the rights and privileges contained in this Agreement, said grant to be given by CONCESSIONAIRE subject to prior approval by CITY, including sub-concessionaires, sub-licensees, sub-lessees, if any, and all other persons or entities who rent ground facilities or banquet facilities more than once per year.

SECTION 2 CONCESSION GRANTED

For and in consideration of the payment of the fees and charges hereinafter provided, CITY hereby grants to the CONCESSIONAIRE, subject to all of the terms, covenants and conditions of this Agreement, the right and obligation to equip, furnish, operate and maintain the Equestrian Center.

The concession rights herein granted shall be carried on at PARK solely and exclusively within the limits and confines of said areas designated as PREMISES.

CONCESSIONAIRE, by accepting this Agreement, agrees for itself, its successors and assigns that it will not make use of the concession PREMISES in any manner which might interfere with the recreational uses of PARK. In the event the aforesaid covenant is breached, CITY reserves the right to enter upon said PREMISES and cause the abatement of such interference at the expense of CONCESSIONAIRE.

It is understood and agreed that CONCESSIONAIRE may exercise some of the rights granted hereunder and perform some of the services required hereunder through SUB-LICENSEES. Whenever reference is made herein to duties, liabilities and obligations imposed on CONCESSIONAIRE, they shall apply regardless of whether CONCESSIONAIRE determines to exercise the respective rights or perform the respective services directly or through a SUB-LICENSEE. CONCESSIONAIRE shall be solely responsible for informing its SUB-LICENSEES of the CONCESSIONAIRE'S duties, liabilities and obligations under this contract and for insuring that its performance through any such SUB-LICENSEES complies therewith. Each SUB-LICENSE agreement shall be submitted to CITY for its prior review and approval and shall not be effective until such approval is obtained. Nothing contained in this contract shall be deemed or construed as creating any privity of contract or contractual relationship or rights whatsoever between any such SUB-LICENSEES and the CITY.

For the purpose of this Agreement, the term "food" shall include prepared food, vending machine foods, soft drinks, ice-cream products, and other related foods, dairy and beverage products. For the purpose of simplification, these items herein allowed to be sold by CONCESSIONAIRE are hereinafter referred to as "food." CONCESSIONAIRE shall be solely responsible for obtaining, preparing, selling and delivering said food. All food and related merchandise carried in stock, displayed, offered for sale and/or sold by

AMENDED AND RESTATED CONTRACT, LAEC

CONCESSIONAIRE in said concession PREMISES shall be of high quality, appetizing, and fresh at all times.

CITY reserves the right to require changes in the level and quality of CONCESSIONAIRE's maintenance and repair of the concession PREMISES. CITY reserves the right to further develop or improve PARK as it sees fit, regardless of the desires or view of CONCESSIONAIRE and without interference or hindrance by CONCESSIONAIRE.

**2.01 Services of CONCESSIONAIRE and SUB-LICENSEES:**

CONCESSIONAIRE shall provide the following equestrian services to PARK patrons at the Equestrian Center:

- 2.0102 Provide boarding stalls for a minimum of 500 horses for members of the general public to board their horses;
- 2.0103 Provide a horse rental service for members of the general public. At least 20 horses must be available for rental throughout the term of the Agreement.
- 2.0104 Maintain a covered show arena with 4000 seats for spectators, an international grand prix show jumping course with grandstands for 4000 spectators, 9 outdoor lighted teaching, training and show arenas, and two dressage rings.
- 2.0105 Maintain at least one training ring open for public use at a fee, except that CONCESSIONAIRE may restrict its use on any day the ring is required for a show or event. CONCESSIONAIRE may also prohibit use of the training ring by those persons who, in the reasonable judgement of CONCESSIONAIRE, do not possess horsemanship ability of a degree sufficient to insure their safe use of the ring and their equipment therein.
- 2.0106 Maintain and operate a restaurant which may include alcoholic beverage sales. Such operation is subject to availability of satisfactory SUB-LICENSEE. However, CONCESSIONAIRE agrees to use its best efforts to obtain SUB-LICENSEE to operate the restaurant.

AMENDED AND RESTATED CONTRACT, LAEC

- 2.0107 Maintain and operate refreshment stands.
- 2.0108 Provide riding instructional services for both English and Western riding styles.

At CONCESSIONAIRE'S option, CONCESSIONAIRE may provide:

- 2.0110 Farrier and/or veterinary services
- 2.0111 Maintain and operate a western and saddle goods retail store and/or saddlery and tack repair shop.
- 2.0112 Maintain and operate hay barn and hay rides
- 2.0113 Riding and instructional service for styles other than English and Western.
- 2.0114 Provide banquet facilities with the capability of accommodating up to 350 patrons in one area and up to 250 patrons in another area, both of which may be rented by members of the general public.
- 2.0115 Provide a culinary school in conjunction with the operation of the restaurant.

CONCESSIONAIRE shall employ, train and supervise personnel with appropriate qualifications and experience to assist in such functions; perform or supervise employees in the performance of all other tasks related to the operation; and pay for and obtain all licenses and permits necessary for the operations granted.

**2.02 Exclusivity:**

CITY hereby grants CONCESSIONAIRE exclusivity within the boundaries of PARK specifically for the operation of the equestrian facilities and activities described hereinabove. No other similar equestrian concession rights shall be granted in PARK except for the following rights which may overlap with said concession rights and which CITY has given or may in the future grant to others, including CONCESSIONAIRE, in separate agreements:

**2.0202 Special Events**

CITY reserves the right to authorize the erection, use and operation of temporary concession stands to serve the general public in connection with CITY-sponsored

AMENDED AND RESTATED CONTRACT, LAEC

special community equestrian activities and events in PARK, excluding PREMISES, not exceeding a total of five (5) consecutive days per event and two events per year.

**2.0203 Use of Martinez Equestrian Arena**

CITY reserves the right to authorize an unlimited number of equestrian events at the Martinez Equestrian Arena in PARK.

**2.0204 Griffith Park Pony Ride Concession**

CITY reserves the right to continue the services currently offered under a concession agreement at the Griffith Park Pony Ride as described hereinbelow.

**2.0205 Food and Beverage Concession**

City reserves the right to grant food and beverage concessions as it deems appropriate anywhere in the PARK other than the Equestrian Center.

**2.03 Prohibited Services**

The following services are specifically prohibited under this concession agreement.

2.0301 Stage Coach Ride

2.0302 Pony Cart Ride

2.0303 Pony Ride -- This restriction does not forbid CONCESSIONAIRE from renting ponies to be ridden on PARK equestrian trails, but it does prohibit the construction of any trail, corral or structures specifically for a pony ride.

2.0304 Hotel, Motel, or Lodge

2.0305 Any retail store not specifically approved by CITY in writing.

2.0306 Any activity not expressly permitted under Section 2.01 hereinabove unless it is specifically related to the offering of equestrian activities to the general public, except upon receipt of written approval by CITY.

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- 2.0307 Any permanent improvements not specifically approved by CITY in writing.
- 2.0308 The sale of horse stalls to private individuals or entities.

In the event of a conflict between CONCESSIONAIRE and any other concessionaire or any lessee at PARK as to the services to be offered or products to be sold by respective concessionaires or lessees, GENERAL MANAGER shall meet and confer with all necessary parties in order to determine the services to be offered or products to be sold by each, and CONCESSIONAIRE hereunder agrees thereafter to be bound by said determination.

Except as specifically set forth above, CITY shall not confer any right upon, nor suffer or allow, by concession, license, permit or other authority, any person, firm or corporation to sell equestrian services and/or activities in PARK. CONCESSIONAIRE and SUB-LICENSEES shall and does have the exclusive right to use the Equestrian Center for such purposes.

SECTION 3 PREMISES:

3.01 Identification

Those premises located at 480 Riverside Drive, City of Los Angeles authorized for exclusive use by CONCESSIONAIRE and more particularly described in Exhibit A, attached hereto and incorporated herein.

3.02 Use of PREMISES

CONCESSIONAIRE shall not use or permit the concession PREMISES to be used, in whole or in part, during the term of this Agreement, for any purpose other than as hereinabove set forth except with the prior, written consent of CITY; nor for any use in violation of any laws, ordinances, valid rules and regulations at any time applicable thereto of any public or governmental authority or agencies, departments or officers thereof, including CITY, relating to sanitation or the public health, safety or welfare or operations at or from PARK, or to animal health, safety or welfare. CONCESSIONAIRE hereby expressly agrees at all times during the term of this Agreement, at its own cost, to maintain, use and operate the concession PREMISES and all improvements and appurtenances thereon in a clean, wholesome and sanitary condition, and in compliance with any and all laws, ordinances and rules and regulations including but not limited

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to those relating to public health, safety, and welfare and animal health, safety and welfare; provided, however, that CITY expressly agrees to use its best efforts to prevent any unlawful inhibition or restriction of CONCESSIONAIRE'S rights hereunder.

**SECTION 4. TERM OF CONCESSION AGREEMENT:**

The term of this concession agreement shall be for a period of twenty-five (25) years, commencing upon May 25, 1990, and expiring twenty-five years later at midnight of the last day prior to the commencement day and month in the twenty-fifth year; subject, however to earlier termination as hereinafter provided.

In addition, CITY and CONCESSIONAIRE may agree to extend the term of the concession agreement to two additional five-year terms exercisable at the option of CONCESSIONAIRE; but subject to CITY'S verification of CONCESSIONAIRE'S compliance with the required standards of operation, adequate level of service to the public, adherence to City Policies and all other contractual obligations.

At the conclusion of the 25-year term and each of the two five-year options (if exercised), if any time elapses prior to execution of the next concession agreement, all parties may mutually agree to continue the Agreement in effect with all terms and conditions unchanged except that thereafter the Agreement shall be subject to cancellation by either party by giving 60 days notice by registered mail to the other party.

**SECTION 5. RENTAL**

**5.01 Payments**

For the period commencing May 25, 1990 through and including January 31, 1993, CONCESSIONAIRE shall pay to the City the amount of \$675,624. Payment of said sum by Concessionaire to City is hereby acknowledged.

All monies paid to CITY for the period beginning February 1, 1993 and ending on the date of execution of this Agreement, shall be returned to Concessionaire minus the amounts due City based on the rental provisions set forth below. Said returned monies shall be used exclusively for capital improvement programs and various deferred maintenance projects at the LAEC facility; subject to the prior approval of City as set forth in Section 9.01. CONCESSIONAIRE shall pay to CITY the following rentals for the period commencing February 1, 1993 through and including January 31, 1998:

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YEAR	PERIOD	ANNUAL RENT	MONTHLY RENT
1	2-1-93 - 1-31-94	\$ 50,004	\$ 4,167
2	2-1-94 - 1-31-95	50,004	4,167
3	2-1-95 - 1-31-96	75,000	6,250
4	2-1-96 - 1-31-97	75,000	6,250
5	2-1-97 - 1-31-98	100,008	8,334

In addition to these flat-rate rentals, during the period commencing February 1, 1993 through and including January 31, 1998, CONCESSIONAIRE shall pay to CITY on a monthly basis five (5) percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEE for the operation of a Culinary Institute; including but not limited to registration fees, tuitions, sale of books, pamphlets and cooking materials, sale and/or rental of tools, supplies and facilities.

In the event that CONCESSIONAIRE requests and CITY approves any non-traditional and/or non-equestrian activities, services and/or goods to be offered at the CONCESSION premises, CONCESSIONAIRE shall negotiate a separate rental with CITY and shall pay to CITY the negotiated rental in addition to the flat-rate rental required from February 1, 1993, through and including January 31, 1998, and continue paying said rental for the remainder of the term of this agreement.

If during the period commencing February 1, 1993 through and including January 31, 1998, CONCESSIONAIRE receives any pre-payment of revenues for services, goods, or activities to be offered in the following years, CONCESSIONAIRE shall, upon receipt of any pre-payments, pay the rentals on said revenues as required herein for the period beginning February 1, 1998 throughout the remainder of the agreement. Said rentals shall be paid in addition to the required flat rate rentals.

Beginning February 1, 1998 and continuing throughout the term of this Concession Agreement, adjusted as provided elsewhere in this Agreement, CONCESSIONAIRE shall pay to CITY a minimum annual rental of \$100,000 or a percentage of gross receipts determined in accordance with the following, whichever sum is greater:

**5.0101 Horse Boarding and Services**

4 percent of all gross receipts received by CONCESSIONAIRE, or its SUB-LICENSEES, or any person licensed by CONCESSIONAIRE for boarding of horses and/or stall cleaning and mucking and feeding of

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boarded horses, visiting horses, or concession-owned horses.

**5.0102 Food and Non-Alcoholic Beverages**

2 percent of all gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES from the sale of food and non-alcoholic beverages whether sold at events or in the restaurant or refreshment stands, provided, however, that whenever banquet and/or grounds facilities are rented to third parties for purposes of an event which is open to members of the public and said third party serves food and non-alcoholic beverages to members of the public which have not been purchased from CONCESSIONAIRE or its SUB-LICENSEES and which will generate gross receipts for that third party, the City shall be paid 10 percent of the gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES as a result of such rental. Third parties, for the purposes of this section are limited to two events per year. All entities or persons renting any portions of the PREMISES more than twice each year shall be considered SUB-LICENSEES.

**5.0103 Alcoholic Beverages**

3 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES from the sale of alcoholic beverages whether sold at events or in the restaurant or refreshment stands.

**5.0104 Banquet and Grounds Facility Rental**

4 percent of all gross receipts received by CONCESSIONAIRE or its SUB-LICENSEE for the rental of banquet and/or grounds facilities provided, however, that whenever banquet and/or grounds facilities are rented to third parties for purposes of an event which is open to members of the public and which will generate gross receipts for that third party, the CITY shall be paid 10% of the gross receipts received by CONCESSIONAIRE or its SUB-LICENSEES as a result of such rental. Third parties, for the purposes of this section are limited to two events per year. All entities or agencies renting any portion(s) of PREMISES more than twice each year shall be considered SUB-LICENSEES.

If CONCESSIONAIRE or its SUB-LICENSEE jointly conduct an event with a third party and the CONCESSIONAIRE or its SUB-LICENSEE shares both expenses and revenues with

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the third party, CONCESSIONAIRE shall pay to the CITY 4 percent of its or its SUB-LICENSEE's share of the gross receipts received from said event.

If CONCESSIONAIRE or its SUB-LICENSEE conducts an event for which it pays all expenses and collects all revenues, CONCESSIONAIRE shall pay to the CITY 4 percent of its or its SUB-LICENSEE's share of the gross receipts received from said event.

If a third party or a number of third parties rent any portion of the concession premises from CONCESSIONAIRE or its SUB-LICENSEE for which the third parties receive all revenues collected from the public during such use of the premises, CONCESSIONAIRE shall pay to the CITY 10 percent of the amount paid to CONCESSIONAIRE or its SUB-LICENSEE by such third parties.

**5.0105 Retail Stores**

10 percent of all rentals received by CONCESSIONAIRE if operated by CONCESSIONAIRE, or 10 percent of a negotiated flat rate rental between CONCESSIONAIRE and SUB-LICENSEE if retail stores are operated by SUB-LICENSEE; however, the flat rate rental and any subsequent adjustments shall be subject to prior approval by the Board.

**5.0106 Admissions**

4 percent of all gross receipts received from admissions during events whether produced and operated by CONCESSIONAIRE or its SUB-LICENSEES. This category does not include third-party rentals.

**5.0107 Equestrian Consultation and Instruction**

4 percent of all gross receipts received by CONCESSIONAIRE either directly or from its SUB-LICENSEES for equestrian consultation and instruction on or from the concession PREMISES, regardless of who furnishes the services; and any fees paid to CONCESSIONAIRE or its SUB-LICENSEES for any referrals for consultation or instruction.

**5.0108 Livery Rentals**

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEE from horse rentals

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whether for horseback riding by the general public or for training purposes, or competition.

**5.0109 Vehicle Parking Fees**

4 percent of all gross receipts received from parking services provided on the concession PREMISES or off PREMISES for events held on the concession PREMISES, whether the parking services are provided by concession employees, event producer, or by contracted parking services.

**5.0110 Membership Dues and Initiation Fees**

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES for memberships, dues, or initiations for any clubs, associations, or leagues.

**5.0111 Commissions**

4 percent of all gross receipts received as commission revenues at special events by CONCESSIONAIRE or SUB-LICENSEES for auction sales or other sales of merchandise or livestock where the items sold at such sale are owned by persons not affiliated with CONCESSIONAIRE or SUB-LICENSEES.

**5.0112 Polo League Entry Fees**

4 percent of all gross receipts received as entry fees paid to CONCESSIONAIRE or SUB-LICENSEES by teams or contestants to enter, perform and/or compete in regular polo league games.

**5.0113 Advertising**

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES for display of advertising materials or promotions on the concession PREMISES other than for specific single events or tournaments.

**5.0114 Commercial Filming**

4 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEES for commercial filming on the concession PREMISES.

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5.0115 Horse Sales

2 percent of all gross receipts received from the sale of CONCESSIONAIRE-owned or SUB-LICENSEE-owned horses in excess of a combined total of ten horses per year, unless such livestock has been retained as partial or full payment for unpaid stall rent or has been used for CONCESSION business and sold as CONCESSION assets.

5.0116 Culinary School

5 percent of all gross receipts received by CONCESSIONAIRE or SUB-LICENSEE for the operation of a Culinary Institute; including but not limited to registration fees, tuitions, sale of books, pamphlets and cooking materials, sale and/or any rental of tools, supplies and facilities by the SUB-LICENSEE to the students.

5.0117 All Other Revenues

4 percent of all other gross receipts received by CONCESSIONAIRE or SUB-LICENSEES except as excluded hereinbelow.

Computations of rental due the CITY based on a percent of gross receipts received "by CONCESSIONAIRE or its SUB-LICENSEES," whichever makes the sale or renders the service to the public for which payment is received, shall be made using the gross receipts figures of CONCESSIONAIRE or its SUB-LICENSEE whichever is greater and would, therefore, give the CITY the larger rental payment. Unless expressly stated otherwise, the rental percentage shall not apply to the revenues received by CONCESSIONAIRE from its SUB-LESSEES.

5.02. Gross Receipts Defined:

The term, "gross receipts," is defined to mean the total amount charged or received for any goods, wares, merchandise, or the performance of any act or service (whether such act or service is done as a part of or in connection with the sale of goods, wares, merchandise or not), for which a charge is made or credit is allowed, including all receipts, cash, credits, and property of any kind or nature. However, "gross receipts" does not include cash discounts allowed or taken on sales, nor the amount of any sales or use tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser. In the event merchandise is taken in trade, "gross receipts" means the full price of the merchandise sold, less the fair market

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trade-in allowance less retail sales taxes. When the traded merchandise is sold, "gross receipts" means the actual selling price, less retail sales taxes. In the case of vending machines, "gross receipts" shall be the total amount taken by the vending machines after sales and excise taxes.

The term "gross receipts" shall not include:

5.0201 Receipts from the sale of or the trade-in value of any furniture, fixtures or equipment used on the concession PREMISES, and owned by CONCESSIONAIRE or SUB-LICENSEE; and

5.0202 The value of any merchandise, supplies or equipment exchanged or transferred from or to other business locations where such exchanges or transfers are not made for the purpose of avoiding a sale which would otherwise be made from or at the concession PREMISES; and

5.0203 Receipts in the form of refunds from or the value of merchandise, supplies or equipment returned to shippers, suppliers or manufacturers; and

5.0204 The amount of any cash or quantity discounts received from sellers, suppliers or manufacturers; and

5.0205 Receipts from the sales of merchandise that are sold at wholesale, i.e. within 2% of cost to CONCESSIONAIRE or SUB-LICENSEE, in order to move dated merchandise from inventory; and

5.0206 Proceeds from any arbitration, lawsuit, judgment or settlement of a lawsuit or other dispute.

5.0207 Entry fees paid by or for contestants to enter horse shows as distinguished from regular polo league games. The entire amount of entry fees may be retained by CONCESSIONAIRE or SUB-LICENSEE to offset the expense of the horse show.

5.0208 Entry fees paid by or for contestants to enter perform and/or compete in tournament polo competition as distinguished from regular polo league games.

5.0209 Prize money paid or contributed by sponsors for prizes awarded at specific events.

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5.0210 Equipment, machinery, supplies, and/or vehicles contributed by sponsors for promotional purposes.

5.0211 Auction price of livestock (not including commissions) paid to livestock owner (other than CONCESSIONAIRE or SUB-LICENSEE) during or as a result of an auction conducted on concession PREMISES.

5.0212 Revenues received by third parties who rent the concession PREMISES and collect admissions and other service fees from the public. "Third Parties" for the purposes of this provision are defined as non-profit associations and/or members of the public who rent grounds facilities or banquet facilities from CONCESSIONAIRE or its SUB-LICENSEES not more than twice per year.

5.0213 Money received by CONCESSIONAIRE or SUB-LICENSEE for the sale of CONCESSIONAIRE-owned or SUB-LICENSEE-owned livestock which has been used for concession business and sold as concession assets.

5.0214 Revenues received by the CONCESSIONAIRE from its SUB-LICENSEES and which are generated by activities for which the revenues to the SUB-LICENSEE are included in computing the rental payments which CONCESSIONAIRE is required to make pursuant to Section 5.01.

5.0215 Revenues received by SUB-LICENSEES for equestrian consultation, instruction and supplemental services such as grooming, exercising, and feeding vitamins and supplemental food to horses in training.

CONCESSIONAIRE shall not be credited with nor allowed to have any reduction in the amount of the gross receipts, as herein defined, which results from any arrangements for a rebate, kickback or hidden credit given or allowed to any customer.

**SECTION 5.03 Method of Payment:**

The procedure for the payment of rentals shall be as follows:

During the period commencing February 1, 1993 through and including January 31, 1998, CONCESSIONAIRE shall submit each flat-rate monthly rental in advance, on or before the first day of each month. However, CONCESSIONAIRE shall submit with its flat-rate monthly rental payment a report which accurately states its monthly gross receipts

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for the prior month. Concessionaire shall also submit each rental required to be based on a percentage of gross receipts within 15 days after the end of the calendar month for which payment is due. Said report shall be due within fifteen (15) days after the end of each calendar month for which the revenues were received by CONCESSIONAIRE or its SUB-LICENSEES.

During the remainder of the term, the rentals to be paid by CONCESSIONAIRE to CITY hereunder shall be payable in monthly installments during each year of the term of this Agreement. Rent shall be due within fifteen (15) days after the end of each calendar month for the previous month for which the revenues were received by CONCESSIONAIRE or its SUB-LICENSEES.

CONCESSIONAIRE shall transmit with its rental payment a Monthly Gross Receipts and Rent Report for the month for which rent is submitted. The GENERAL MANAGER shall provide a form for this purpose, and the completed form shall include a statement of the Gross Receipts by source of sales, and such other information as the GENERAL MANAGER may properly require. Unless CONCESSIONAIRE is notified otherwise in writing by the GENERAL MANAGER, the rental payment shall be addressed to:

CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS  
PO Box 5385  
Glendale, CA 91201  
Attn: Revenue Management

**5.0301 Pro Rata Payment**

If the termination of this Agreement falls on any date other than the first or last day of any calendar month, the applicable rental for said month shall be paid by CONCESSIONAIRE to CITY pro rata in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

**5.0302 Late Payment Charges**

Failure of CONCESSIONAIRE to pay the rentals herein on time is a material breach of this Agreement for which CITY may terminate same or take such other legal action as it deems necessary. CITY expects all compensation to be paid on time and CONCESSIONAIRE agrees to pay on time.

Without waiving any rights available under this Agreement or by law in the event of late or delinquent payments by CONCESSIONAIRE, the latter recognizes that CITY will incur

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certain expenses as a result thereof, the amount of which is difficult to ascertain. Therefore, in addition to monies owing, CONCESSIONAIRE agrees to pay the charges set forth below to compensate CITY for all expenses and/or damages and loss resulting from said late or delinquent payments.

The charges for late or delinquent payments shall be \$50.00 plus interest calculated at the rate of eighteen percent (18%) per annum, assessed monthly on the remainder of the unpaid balance.

**SECTION 6. ADDITIONAL FEES AND CHARGES:**

If CITY has paid any sum or has incurred any obligations or expense which CONCESSIONAIRE has agreed to pay or reimburse CITY for, or if CITY is required or elects to pay any sum or to insure any obligations or expense by reason of the failure, neglect or refusal of CONCESSIONAIRE to perform or fulfill any one or more of the conditions, covenants or agreements contained in this Agreement, or as a result of an act or omission of CONCESSIONAIRE contrary to said conditions, covenants and agreements, CONCESSIONAIRE agrees to pay the sum so paid or the expense so incurred, including all interest, costs, damages and penalties, and the same may be added to any installment of the fees and charges thereafter due hereunder, and each and every part of the same shall be and become additional fees and charges, recoverable by CITY in the same manner and with like remedies as if it were originally a part of the basic rentals set forth in Section 5 hereof.

For all purposes under this Section 6, and in any suit, action or proceeding of any kind between the parties hereto, any receipt showing the payment of any sum by CITY for any work done or material furnished shall be prima facie evidence against CONCESSIONAIRE that the amount of such payment was necessary and reasonable. Should CITY elect to use its own operating and/or maintenance personnel in making any repairs, replacements and/or alterations and to charge CONCESSIONAIRE with the cost of same, any time sheet of any employee of CITY showing hours of labor or work allocated to any such repair, replacement and/or alteration, or any stock requisition of CITY showing the issuance of materials for use in the performance thereof, shall be prima facie evidence against CONCESSIONAIRE that the amount of such charge was necessary and reasonable.

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SECTION 7. OPERATING RESPONSIBILITIES:

In the operation of the concession business herein authorized and the manner and method of the conduct thereof at the various concession PREMISES, CONCESSIONAIRE shall provide only high quality food and merchandise, shall furnish prompt, courteous and efficient service adequate to meet all reasonable requests therefor and shall ensure polite and in-offensive conduct and demeanor on the part of its representatives, agents, servants and employees.

In particular, CONCESSIONAIRE shall, at all times during the term of this Agreement, strictly comply with the following conditions and requirements:

7.01 Cleanliness:

CONCESSIONAIRE shall keep the concession PREMISES and the surrounding area within a minimum of 25 feet clean and sanitary at all times. CONCESSIONAIRE shall specifically maintain the public restrooms in a clean and sanitary condition and provide adequate paper supplies for public use in said restrooms at all time.

CONCESSIONAIRE at its own expense, shall see that all garbage or refuse is collected as often as necessary and in no case less than twice a week. It shall furnish all equipment and materials necessary therefore, including trash receptacles of a size, type and number approved by CITY for use by the public. CONCESSIONAIRE shall provide at its own expense and with the GENERAL MANAGER'S approval, an enclosed area concealing the trash storage from public view. It shall empty trash receptacles into the trash storage area as often as reasonably necessary.

In addition to the requirements set forth above, CONCESSIONAIRE shall daily remove debris and broken glass from the parking lot, and clean all manure from the PREMISES. Also on a daily basis CONCESSIONAIRE will clean all stalls and paddocks, remove all manure and remove and replace wet and or soiled shavings, sawdust, or straw. CONCESSIONAIRE shall store manure in a manure compound, dumpster, trash container or similar device which shall be located in a remote area to prevent offensive odors and insects from bothering patrons. Manure shall be removed from the PREMISES at least three times each week. If CONCESSIONAIRE fails to perform the action necessary to comply with these provisions, the GENERAL MANAGER may immediately exercise its applicable options under the default and termination provisions in Section 16 herein.

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**7.02 Conduct:**

CONCESSIONAIRE shall at all times conduct its business in a quiet and orderly manner to the satisfaction of the GENERAL MANAGER.

**7.03 Disorderly Persons:**

CONCESSIONAIRE shall use their best efforts to permit no intoxicated person or persons, profane or indecent language, or boisterous or loud conduct in or about the PREMISES and will call upon the aid of peace officers to assist in maintaining peaceful conditions. It shall not knowingly permit the use or possession of illegal narcotics on the PREMISES, and shall promptly notify the authorities should it find persons doing so.

**7.04 Affirmative Action:**

7.0401 CONCESSIONAIRE, in its CONCESSION operations at PARK, for itself, its personal representatives, successors in interest and assigns, as part of the consideration hereof, do hereby covenant and agree that: (1) no person on the grounds of race, color, national origin, religion, ancestry, sex, age, physical handicap or sexual orientation shall be excluded from participation, denied the benefits of or be otherwise subjected to discrimination in the use of the facilities covered by this Agreement; (2) that in the construction of any improvements on, over or under the PREMISES authorized to be utilized herein and the furnishing of services thereon, no person on the grounds of race, color, national origin, religion, ancestry, sex, age, physical handicap or sexual orientation shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination in connection with said construction.

7.0402 CONCESSIONAIRE agrees that in the event of breach of any of the above non-discrimination covenants, CITY shall have the right to terminate this Agreement and to reenter and repossess said land and the facilities as provide in Section 16.01.

7.0403 In addition, CONCESSIONAIRE, during the term of this Agreement, agrees not to discriminate in their employment practices against any employees or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, physical handicap, or sexual orientation. All subcontracts entered into by CONCESSIONAIRE and SUB-LICENSEES shall contain a like provision.

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**7.0404** CONCESSIONAIRE also agrees to abide by the provisions of Division 10 of CITY'S Administrative Code, a copy of which is printed on the CERTIFICATION FOR CONTRACTS OF MORE THAN \$5,000, which Certification CITY acknowledges CONCESSIONAIRE has previously submitted, along with a copy of CONCESSIONAIRE'S Affirmative Action Plan. Said Plan, having been approved by CITY, shall remain valid for one (1) year from the date of approval and, with said Certification, shall be incorporated by reference in and become part of this Agreement as Exhibit "B". CONCESSIONAIRE agrees that prior to the expiration of said Plan, CONCESSIONAIRE will again submit to CITY CONCESSIONAIRE'S revised and/or updated Affirmative Action Plan for approval as well as another completed Certification.

### **7.05 Minority Business Enterprise/Women Business Enterprise and other Business Outreach Requirements**

If CONCESSIONAIRE determines to sublease or subcontract any of the work or operations hereunder, such subleasing and/or subcontracting shall be performed in compliance with Mayor's Executive Directives Nos 1-B and 1-C and the Department of Recreation and Park's Minority/Women's Business Enterprise and Other Business Outreach Program, a copy of which is attached hereto.

### **7.06 Personnel**

CONCESSIONAIRE shall keep on file certificates on each of its employees and the employees of SUB-LICENSEES, indicating freedom from communicable tuberculosis as required by Section 5163 of the Public Resources Code.

CONCESSIONAIRE shall, in the operation of the services under this Agreement, employ or permit the employment of only such personnel as will assure a high standard of service to the public and cooperation with the Department. All such personnel, while on or about the concession PREMISES, shall be clean, neat in appearance and courteous at all times and shall be appropriately attired, with badges or other suitable means of identification, in such instances as are appropriate. No personnel employed by CONCESSIONAIRE while on or about the concession PREMISES, shall mistreat any animals, use improper language, act in a loud, boisterous or otherwise improper way or be permitted to solicit business in an inappropriate manner. In the event an employee is not satisfactory, as herein defined, the GENERAL MANAGER may direct CONCESSIONAIRE to remove him from the PREMISES within

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a reasonable time after written notice is received by CONCESSIONAIRE.

**7.07 Manager and Responsible Representative**

CONCESSIONAIRE shall select and appoint, subject to approval by GENERAL MANAGER, a managing director of CONCESSIONAIRE'S operations at the Los Angeles Equestrian Center Complex. Such person must be an outstanding, highly qualified and experienced manager or supervisor of operations, vested with full power and authority to accept service of all notices provided for herein and regarding operation of the concession business herein authorized, including the quality and prices of merchandise and the appearance, conduct and demeanor of CONCESSIONAIRE'S agents, servants and employees. Said managing director shall be assigned to a duty station or office at or near PARK where such person shall ordinarily be available during regular business hours and where, at all times during that person's absence, a responsible subordinate shall be in charge and available.

The Concession Manager shall devote the greater part of his working time and attention to the operation of the concession and shall promote, increase and develop the business and render every possible service and convenience to the public. If the Concession Manager is not the CONCESSIONAIRE personally, said Concession Manager shall be fully acquainted with CONCESSIONAIRE'S operations and contract obligations, and authorized by CONCESSIONAIRE to act in its behalf and fulfill its obligations in the day-to-day operation of the subject concession. During the days and hours established for the operation of the subject concession, the Concession Manager's personal attention shall not be directed toward the operation of any other business activity.

If, for reasons of ill health, incapacitation or death, the Concession Manager becomes incapable of performing each and all terms and provisions of the Concession Agreement, CITY may, at its determination, suspend the Agreement and all terms and conditions contained therein until such time as CONCESSIONAIRE provides a qualified manager acceptable to CITY. If such a circumstance continues for a period of thirty days or more, whether or not the CITY has exercised its option to suspend the Agreement, CITY shall have the right to terminate this agreement under Section 16.

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**7.08 Merchandise and Services**

**7.0801 Price Schedules**

CITY agrees that CONCESSIONAIRE'S merchandise, food and beverage products, including its schedule of prices, charges and rates for same, shall be within CONCESSIONAIRE'S discretion; subject, however, to disapproval by GENERAL MANAGER if, in the opinion of the GENERAL MANAGER, the selection of items offered is inadequate or if any of said prices, charges and rates are excessive. The prices to be charged for food, beverages and merchandise shall be uniform at all times and seasons and shall be comparable to prices charged in similar establishments. The GENERAL MANAGER shall meet and confer with CONCESSIONAIRE regarding such matters but CONCESSIONAIRE acknowledges that BOARD'S or GENERAL MANAGER'S determination as to same shall be conclusive.

CONCESSIONAIRE shall annually provide the GENERAL MANAGER with a list of charges for food, beverages, and merchandise sold by CONCESSIONAIRE. This list shall be updated whenever charges are changed.

Upon execution of this Agreement, CONCESSIONAIRE shall submit to the BOARD for its approval CONCESSIONAIRE'S proposed schedule of fees to be charged to the public for the rental of horse stalls. Thereafter, CONCESSIONAIRE may adjust the horse boarding fees annually; however, said adjustments may not exceed the percentage of increase of the California/Long Beach Consumer Price Index for the preceding 12 months. Prior to any adjustment, CONCESSIONAIRE must submit to the GENERAL MANAGER its proposed adjustments along with copies of the applicable California/Long Beach Consumer Price Index documents.

Upon execution of this Agreement, CONCESSIONAIRE shall submit to the BOARD for its approval CONCESSIONAIRE'S proposed schedule of fees to be charged to the public for all other services provided by CONCESSIONAIRE, including, but not limited to lessons, parking, horse rentals, training ring rental, equidome rental, grounds rental, etc. Except for horse boarding rentals, all fees for services provided to the public by CONCESSIONAIRE shall be approved by the BOARD in advance of any adjustments thereto.

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7.0802 Quality

All merchandise including but not limited to sporting goods, garments, footwear, curios, food, drinks, beverages, confections, refreshments, etc., sold, kept for sale, or rented by CONCESSIONAIRE shall be first class in quality and shall conform to all federal, state and municipal Laws, ordinances and regulations in every respect. No imitation, adulterated, misbranded or impure articles shall be sold or kept for sale by CONCESSIONAIRE, and all edible merchandise kept on hand shall be stored and handled with due regard for sanitation. All merchandise kept for sale or rented by the CONCESSIONAIRE shall be kept subject to the approval or rejection of the GENERAL MANAGER and CONCESSIONAIRE shall remove from the PREMISES any article which may be rejected and shall not again offer it for sale without the consent of the GENERAL MANAGER. The GENERAL MANAGER may order the improvement of the quality of any merchandise kept or offered for sale or rental.

7.09 Hours/Days of Operation:

CONCESSIONAIRE shall not divert, cause, allow or permit any business to be diverted from the concession PREMISES and shall take all reasonable measures, in every proper manner, to develop, maintain and increase the business conducted under this Agreement.

CONCESSIONAIRE shall submit in writing to the GENERAL MANAGER its proposed hours of operation for each activity conducted by CONCESSIONAIRE on the concession PREMISES, receive written approval from the GENERAL MANAGER for said hours, and post the approved hours of operation in appropriate locations throughout the PREMISES. The signs used to post the hours must be legible and visible and are subject to approval by the GENERAL MANAGER. Hand written signs are not acceptable.

The hours approved by the GENERAL MANAGER are substantially minimum hours. CONCESSIONAIRE may operate the concession additional hours; except that such additional hours of operation may not extend beyond any hour determined by the GENERAL MANAGER to be the latest allowed hour of operation.

CONCESSIONAIRE may not deviate from the approved hours set forth hereinabove without written permission from the GENERAL MANAGER.

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**7.10 Equipment, Furnishings and Expendables:**

**7.1001 Purchase and Installation**

CONCESSIONAIRE shall provide and install at its sole cost and expense, all equipment, furnishings, and materials necessary to the operations licensed.

**7.1002 Termination and Removal**

If, upon, termination of the Concession Agreement, CITY does not renew the Concession Agreement, CONCESSIONAIRE shall have the right to remove its equipment and furnishings, excluding fixtures and improvements (as defined in Section 9), from the PREMISES and shall be allowed a period of thirty (30) days to make such removal; and if not removed within that period, said equipment, furnishings and expendables shall be and become the property of CITY. When applicable, CONCESSIONAIRE should make every effort to minimize changeover expenses by negotiating a fair sale of said equipment and furnishings owned by CONCESSIONAIRE with the new operator.

**7.1003 Maintenance, Refurbishing and Repair of Equipment:**

CONCESSIONAIRE shall, at all times and at its expense, keep and maintain the concession PREMISES and any structural or other improvements installed by CONCESSIONAIRE, together with all of its fixtures, plate and mirror glass, equipment and personal property therein, in good repair and in a clean and orderly condition and appearance. To accomplish this requirement, CONCESSIONAIRE shall establish an adequate preventive maintenance program and the provisions of same shall be subject to periodic review by the General Manager.

**7.11 Maintenance of PREMISES:**

CONCESSIONAIRE shall be responsible for maintenance and repair of all areas and surfaces of the subject PREMISES. CONCESSIONAIRE'S duties shall include all sweeping, washing, servicing, repairing, replacing, cleaning and painting that may be required to properly maintain the PREMISES in a safe, clean, wholesome, sanitary, orderly and attractive condition. CONCESSIONAIRE shall also be responsible for electrical, mechanical and plumbing maintenance on the PREMISES.

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In addition, CONCESSIONAIRE shall, immediately upon commencement of the term hereof, prepare and submit to GENERAL MANAGER for approval a schedule for the periodic and systematic refurbishing of the concession areas. Said refurbishing shall include, but shall not be limited to, all refinishing, repair, replacement, redecorating and painting necessary to keep said areas in first class condition. In the event CONCESSIONAIRE fails to accomplish such non-structural repairs, replacements, rebuilding, redecorating or painting required hereunder within a period of ten (10) days after written notice from GENERAL MANAGER so to do, or fails to diligently repair, replace, rebuild, redecorate or paint all the PREMISES required to be repaired, replaced, rebuilt, redecorated or painted by CONCESSIONAIRE pursuant to said schedule, CITY may, at its option, and in addition to all other remedies which may be available to it, repair, replace, rebuild, redecorate or paint any such PREMISES included in said notice; and assess CONCESSIONAIRE the cost thereof, plus fifteen percent (15%) for administrative overhead. CONCESSIONAIRE shall remit said amount to CITY on demand.

In the event that any structural or other improvements or furnishings and supplies constructed or installed by CONCESSIONAIRE in any one or all of the various concession PREMISES are damaged or destroyed, in whole or in part, from any cause whatsoever, CONCESSIONAIRE shall forthwith proceed with the removal of the debris and damaged or destroyed structural or other improvements, equipment, furnishings and supplies and thereafter shall proceed with all dispatch with the reconstruction work necessary to restore the damaged or destroyed concession PREMISES to the condition they were in prior to the occurrence of such damage or destruction and all costs and expenses incurred in connection therewith shall be paid by CONCESSIONAIRE.

### 7.12 Signs and Advertisements:

CONCESSIONAIRE shall not erect, construct or place any signs or displays pertaining to its concession business upon any portion of PARK other than upon the concession PREMISES. Prior to the erection, construction or placing of any such signs or displays at the Equestrian Center, CONCESSIONAIRE shall submit to GENERAL MANAGER, for approval in writing, drawings, sketches, design dimensions and type and character of the proposed sign or display. Any conditions, including multilingual requirements, restrictions or limitations in respect to the use thereof specified by said GENERAL MANAGER in the latter's written approval shall become conditions hereof as if specifically set forth at length herein.

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Upon the expiration or earlier termination of this agreement CONCESSIONAIRE shall remove, obliterate, or paint out as directed by GENERAL MANAGER, any and all of its signs and displays on the concession PREMISES. In connection therewith, CONCESSIONAIRE shall restore said PREMISES and improvements thereto to the same condition as prior to the placement of any such signs or displays. In the event that there is a failure by CONCESSIONAIRE to comply with this provision, GENERAL MANAGER may, at GENERAL MANAGER'S option, cause to be performed the necessary work at the expense of CONCESSIONAIRE.

In the facility licensed hereunder, a sign shall be posted in a prominent place stating that the concession is operated under a Concession Agreement issued by CITY. Such signs shall be provided by CITY at no cost to CONCESSIONAIRE.

In addition, CONCESSIONAIRE shall not, at any time, under any circumstances, install, place or maintain any type of advertising anywhere on the exterior of the concession PREMISES or on PARK without the written consent of GENERAL MANAGER.

**7.13 Permits and Licenses:**

CONCESSIONAIRE shall be required to obtain at its sole expense any and all permits and licenses that may be required in connection with the operation of the concession including, but not limited to: tax permits, business licenses, health permits, Animal Regulation permits and licenses, Building and Safety Permits, Police and Fire permits.

**7.14 Taxes:**

CONCESSIONAIRE shall pay or cause to be paid all taxes of whatever character that may be levied or charged upon the rights of CONCESSIONAIRE to use the concession PREMISES, or upon CONCESSIONAIRE'S improvements, fixtures, equipment or other property thereon or upon CONCESSIONAIRE'S operations hereunder. CONCESSIONAIRE shall also obtain and pay for all licenses or permits necessary or required by law for the conduct of said operations.

**7.1401 Possessory Interest**

By executing this Agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest" and such property interest will be subject to property taxation.

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CONCESSIONAIRE, as the party in whom the possessory interest is vested, shall be liable for the payment of the property taxes levied upon such interest.

**7.1402 Business Tax Registration**

CONCESSIONAIRE represents that it has obtained and presently hold the Business Tax Registration Certificate(s) required by the CITY's Business Tax Ordinance (Article 1, Chapter 2, sections 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, CONCESSIONAIRE shall maintain, or obtain as necessary, all such certificates required of CONCESSIONAIRE under said Ordinance and shall not allow any such certificate to be revoked or suspended.

**7.1403 Occupancy Tax**

Pursuant to Section 21.3.3 of Article 1.3 of the Los Angeles Municipal Code Commercial Tenants Occupancy Tax, CONCESSIONAIRE must pay to the CITY of Los Angeles for the privilege of occupancy an excise tax at the rate of \$1.25 per calendar quarter or fractional part thereof for the first \$1,000 or less of charges (rent) attributable to said calendar quarter, plus \$1.25 per calendar quarter for each additional \$1,000 of charges or fractional part thereof in excess of \$1,000. Said tax shall be paid to the Department of Recreation and Parks per quarter.

**7.15 Utilities**

CONCESSIONAIRE shall pay all charges for fuel, electricity, gas, and telephone service necessary to carry on the licensed operations. The telephone number shall be placed in the name of the facility and shall not be transferable to any other location. CITY shall pay for all domestic, industrial and irrigation water consumed on the PREMISES.

In all instances where damage to any utility service line is caused by CONCESSIONAIRE, its employees, contractors, suppliers, agents or invitees, CONCESSIONAIRE shall be responsible for the cost of repairs.

**7.16 Coin Operated Machines:**

CONCESSIONAIRE shall first receive written approval from the GENERAL MANAGER before installing or permitting vending machines to be installed. Video games and other coin-operated games for public use are not permitted on the

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concession PREMISES. The GENERAL MANAGER shall have the right to order removal of any and all coin operated vending machines upon thirty days notice in writing.

**7.17 Safety:**

CONCESSIONAIRE shall correct safety deficiencies and violations of safety practices immediately and shall cooperate fully with CITY in the investigation of accidents occurring on the concession PREMISES. In the event of injury to a patron or customer, CONCESSIONAIRE shall ensure that the injured person receives prompt and qualified medical attention, and as soon as possible thereafter, it shall submit a CITY Form General No. 87 "Non-Employee Accident or Illness Report." If CONCESSIONAIRE fails to correct hazardous conditions which have led or, in the opinion of CITY agents, could lead to injury, the GENERAL MANAGER may at its option, and in addition to all other remedies which may be available to it, repair, replace, rebuild, redecorate or paint any such PREMISES included in said notice, the cost thereof, plus fifteen percent (15%) for administrative overhead, to be paid by CONCESSIONAIRE to CITY on demand.

CONCESSIONAIRE is also responsible for the safety of animals on the concession PREMISES and shall know and comply with the rules and regulations set forth by the Department of Animal Regulations to ensure humane treatment to animals as well as safety to persons in proximity to animals.

Specifically, CONCESSIONAIRE shall not allow any animals (horses, dogs or otherwise) on the concession PREMISES which are not contained in a carrier or stall or held by a leash, or ridden by a person.

**SECTION 8. QUIET ENJOYMENT:**

CITY agrees that CONCESSIONAIRE, upon payment of the fees and charges specified herein, and all other charges and payments to be paid by CONCESSIONAIRE under the terms of this Agreement, and upon observing and keeping the required conditions and covenants of this Agreement, shall lawfully and quietly hold, use and enjoy the concession PREMISES during the term of this Agreement.

**SECTION 9. IMPROVEMENTS:**

**9.01 General Improvements and Repairs**

CITY undertakes and agrees to deliver to CONCESSIONAIRE the concession areas specified herein in Exhibit A as improved

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in an "as is" condition. CITY makes no representation or warranty as to the ownership of the temporary buildings and other personalty on the premises. CONCESSIONAIRE shall obtain written approval from CITY prior to removing, remodeling or materially altering the use of any of the existing improvements on the PREMISES, including, but not limited to: Barns A, B, and C, containing 360 12-foot by 12-foot box stalls with automatic watering facilities and tack lockers and 24 cross ties; Barn D containing 120 pipe stalls with automatic watering facilities; the Polo Barns containing 185 stalls with automatic watering facilities; the Show Barns containing 385 show stalls; the Livery Stable containing four partially covered pipe stalls and a partially covered paddock with automatic watering facilities, feed troughs and tie racks to accommodate 30 horses; two regulation dressage rings; two bull pens; four hot walkers accommodating four horses each; twelve 12-foot by 12-foot sun pens; six 20-foot by 20-foot turn-out pens; five lighted and fenced paddocks; three 120-foot by 240-foot lighted and fenced jumping arenas; two 120-foot by 60 foot lighted and fenced riding arenas; two show enclosed and lighted arenas; the Equidome; the polo practice arena; a maintenance building; a restaurant and commercial building; a snack stand; three restroom buildings with showers; and a camper parking area with electricity and water hook-ups.

Upon execution of this Agreement, CONCESSIONAIRE shall submit a program of deferred maintenance and improvement projects to be completed by January 31, 1998, including a time schedule, for same which shall be subject to the approval of the BOARD. CONCESSIONAIRE undertakes and agrees to complete all such projects by January 31, 1998, and to maintain and repair, as necessary, all improvements and equipment necessary to operate the concession throughout the term of the Agreement. The deferred maintenance and improvements required hereunder shall be completed with CONCESSIONAIRE funds representing an amount equal to at least the difference between the flat rate to be paid to City for the period from February 1, 1993 through January 31, 1998, and 5.5% of gross receipts for each corresponding rental period. Concessionaire shall be obligated to spend an amount equal to at least said differential for such deferred maintenance and improvement projects. With respect to any other construction and installation of concession improvements, decor and equipment, CONCESSIONAIRE shall first prepare an overall program, including a time schedule, for same which shall be subject to the approval of GENERAL MANAGER and/or BOARD as required hereunder, prior to construction.

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CONCESSIONAIRE shall, as applicable, and at its sole cost and expense, employ competent architects, engineers and interior decorators who will prepare detailed plans, specifications, interior design and decorations and cost estimates of all concession improvements decor and equipment to be installed in the concession areas. All such plans, specifications, equipment, interior design and decor and cost estimates shall be first submitted to GENERAL MANAGER for required Department approvals before CONCESSIONAIRE awards or lets any contract for the construction of said concession improvements, enters into contracts for the purchase of any equipment to be installed in the concession areas or enter into any contracts for the installation of the interior decor and design therefor. In addition, CONCESSIONAIRE must obtain all other applicable City, County, State, and Federal approvals and permits prior to, any construction of improvements to the concession PREMISES as required by the appropriate governmental agencies.

GENERAL MANAGER shall, within sixty (60) days of receipt of any such plans and specifications, either approve or disapprove the same. Said Approvals shall extend to and include architectural and aesthetic matters and GENERAL MANAGER reserves the right to reject any such data submitted and to require CONCESSIONAIRE to resubmit design and layout proposals until they meet with GENERAL MANAGER'S approval. One (1) copy of plans for all improvements or subsequent changes therein or alterations thereof shall, within fifteen (15) days after approval by GENERAL MANAGER, be signed by a representative of CONCESSIONAIRE and deposited with CITY.

Upon approval by GENERAL MANAGER of the detailed plans, specifications, equipment, cost estimates and the interior design and decor of the concession improvements, CONCESSIONAIRE shall forthwith cause the work called for as approved by said GENERAL MANAGER to be forthwith commenced and completed with reasonable dispatch. No substantial change, addition or alteration shall be made in the scope of the work so approved without first obtaining GENERAL MANAGER'S approval in writing.

Upon completion of the concession improvements, CONCESSIONAIRE shall, within a reasonable time thereafter, furnish CITY, at no charge: (1) a certificate certifying that the improvements have been constructed in accordance with the approved plans and specifications and in strict compliance with all laws, rules, ordinances and governmental rules, regulations and orders; (2) two complete, reproducible sets of as-built drawings covering the structural and other improvements installed by CONCESSIONAIRE in the

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concession areas plus the location and details of installation of all equipment, utility lines, heating, ventilating, air conditioning ducts and related matters. CONCESSIONAIRE shall keep said drawings current by updating the same in order to reflect thereon any changes or modifications which may be made by CONCESSIONAIRE in or to the PREMISES. As installation of the foregoing structural and equipment items, including counters, partitions and furnishings, and the interior design and decor is completed, CONCESSIONAIRE shall submit to CITY duplicated receipted invoices on all materials and labor costs incurred in their installation which CONCESSIONAIRE enters on its records as representing its capital expenditures in the concession areas.

All structural or other improvements, equipment and interior design and decor constructed or installed by CONCESSIONAIRE in the concession areas, including the plans and specifications therefor, shall in all respects conform to and comply with the applicable statutes, ordinances, building codes, rules and regulations of CITY and such other authorities as may have jurisdiction over the concession areas or CONCESSIONAIRE'S operations therein. The approval by GENERAL MANAGER as provided above shall not constitute a representation or warranty as to such conformity or compliance, but responsibility therefor shall at all times remain in CONCESSIONAIRE. CONCESSIONAIRE, at its sole cost and expense, shall also procure all building, fire, safety and other permits necessary for the construction of the structural and other improvements, equipment installation and the interior design and decor. Prior to commencement of any such construction, CONCESSIONAIRE shall first require the construction contractor to submit to CITY proof of insurance evidencing the fact that the contractor maintains workers' compensation and employers liability coverage in the amounts and form required by the Workers' Compensation Act and insurance laws of the State of California. Such documentation shall contain the applicable policy number and the inclusive dates for same, shall bear an original signature of an authorized representative of the insurance carrier and shall also provide thereon that the insurance shall not be subject to cancellation, reduction in coverage or non-renewal except after written notice by certified mail, return receipt requested, to the City Attorney of the CITY of Los Angeles at least thirty (30) days prior to the effective date thereof.

In addition, CONCESSIONAIRE shall require in any contract that CONCESSIONAIRE awards in connection with the structural or other improvements, equipment installation and/or the interior designing and decor, that the contractor doing,

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performing or furnishing the same shall comply with all applicable statutes, ordinances, codes, rules and regulations, and submit to CITY evidence of required insurance coverage.

All construction work done, equipment supplied and installed and interior design and decor furnished by CONCESSIONAIRE pursuant to this Section shall be at its sole cost and expense, free and clear of liens for labor and material and CONCESSIONAIRE shall hold CITY harmless from any liability in respect thereto. After completion of the structural or other improvements and installation of equipment and interior design and decor, as above provided, CONCESSIONAIRE shall not make any structural alterations to the ceilings, walls or floors of any permanent improvements which they construct or install in the concession areas without CONCESSIONAIRE first obtaining GENERAL MANAGER'S written consent; provided, however, that CONCESSIONAIRE may make nonstructural alterations which the exigencies of the operation of its concession demand in order to promote efficiency in the operation thereof.

CONCESSIONAIRE acknowledges and agrees to comply with the terms and conditions of a parking variance issued by the Zoning Department of the City of Los Angeles and attached hereto in Exhibit A.

All improvements to the concession PREMISES provided by CONCESSIONAIRE during the term of this agreement, or by any concessionaires during the terms of any previous agreements, shall be and become the property of CITY upon termination of the concession agreement. For the purposes of this provision, improvements shall include all buildings and appurtenances recessed into or attached by any method to the ground or to another object which is recessed or attached to the ground or to other CITY-owned facilities (such as buildings, fences, posts, signs, electrical hookups, plumbing, tracks, tanks, etc.) A list of improvements which exist at the inception of this Amended and Restated Contract, is included in Exhibit A, Concession Premises.

### 9.0101 Department of Water and Power Requirements

There exists an indenture, dated December 21, 1926, between the City of Los Angeles and the Board of Water and Power Commissioners of the City of Los Angeles, that gives the Department of Water and Power all water and mineral rights, both surface and subsurface; all exploration and water and power development rights and all necessary rights-of-way and easements to the entire

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concession PREMISES. The Department of Water and Power has therefore established the following requirements relative to the use of concession PREMISES.

### 9.010101 Grading

Grade the entire area such that surface runoff will occur without causing ponding around any of the well sites. Any area within 50 feet of a well shall be graded to drain away from the well at a slope of not less than 1% for a paved area and not less than 2% for an unpaved area.

### 9.010102 Sewers

No sewer line shall be located within 50 feet of any well. All sewers on the concession PREMISES shall be constructed of vitrified clay pipe with Type "F", "G" OR "H" joints, or Class 150 cast iron pipe with leaded joints, and shall be maintained by the City of Los Angeles. Any sewer line crossing over or crossing less than three feet under a well collecting line shall be cast iron pipe.

The cast iron pipe shall extend horizontally to at least a perpendicular distance of 10 feet beyond the edge of the well collecting line, and no joints shall be allowed within a perpendicular distance of five feet from the edge of the collecting line.

### 9.010103 Structures

No structure, show arena training ring, horse wash rack, stable, corral, horse tie bar, or other type facility which would cause horses to congregate shall be constructed within 50 feet of any well, ten feet of any steel or 25 feet of any concrete collecting line, or within five feet of any power underground conduit. All relocated collecting lines shall be welded steel pipe with welded joints. No taps or connections of any nature shall be permitted on the collecting lines.

### 9.010104 Construction and Grading Plans

All construction and grading plans shall be submitted to the Department of Water and Power for review and approval before CONCESSIONAIRE begins

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construction or alteration of any improvements. The Department of Water and Power shall approve or disapprove said plans and shall return same to CONCESSIONAIRE within thirty days after receipt of the plans.

**9.010105 Horses**

Positive means shall be provided to keep horses at least 50 feet away from all wells.

**9.010106 Site Requirements**

In addition to the existing wells and collecting lines, the Department of Water and Power has future site requirements for approximately seven (7) new wells, collecting lines, electrical conduits and related facilities. The area required for construction of a well is approximately 100 square feet. The most probable location for these wells is in the northerly portion of the site. The actual location of each well is undetermined and shall be located to facilitate the development of the property as an equestrian center. In addition to the seven stated well sites, the Department of Water and Power shall have transmission line easements to connect said sites to the perimeter of the concession PREMISES such that it will facilitate the development by the CONCESSIONAIRE.

**9.010107 Notification of Start of Work**

The Department of Water and Power shall be notified at least 48 hours in advance of any construction or grading.

**9.010108 Right of Inspection**

The Department of Water and Power shall have the right of inspection at any time.

**9.010109 Stopping Work**

The Department of Water and Power shall have the right to stop construction or grading at any time, if in the opinion of the Department's representative, that work is endangering, or could endanger, existing or future use of the property for water supply purposes.

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**9.010110 Irrigation**

Irrigation with reclaimed water and use of the property shall be subject to all requirements of the Los Angeles Regional Water Quality Board Resolution Number 67-22, dated September 17, 1967.

**9.010111 Water Supply**

Due to the adjudicated nature of the water rights in the San Fernando Valley, neither the CITY (other than the Department of Water and Power) nor CONCESSIONAIRE shall drill or operate a well on the PREMISES for the purpose of supplying water.

**9.010112 Maintenance of Area Not Covered**

The Department of Recreation and Parks shall maintain the equestrian area in the Headworks Wells property not covered by this Agreement, free of manure, litter and other trash on a weekly basis.

**9.010113 Water and Power Requirements**

The requirements of the Department of Water and Power shall be met prior to any concession being opened to the public.

**9.010114 Concession Operations**

All operations on the PREMISES shall meet the rules and regulations of the County and State Health Departments and the Los Angeles Regional Water Quality Control Board. Violation of the aforesaid rules and regulations could constitute cause for the Department of Water and Power to close down the concession operation after notifying the Department of Recreation and Parks.

**9.010115 Modifications to Requirements**

Upon approval by the Chief Engineer of Waterworks and Assistant Manager, modifications to these requirements may be accepted.

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SECTION 10. PROHIBITED ACTS

CONCESSIONAIRE shall not:

10.01 Do or permit to be done anything which may interfere with the effectiveness or accessibility of utility, systems or portions thereof to the concession PREMISES or elsewhere on PARK, nor do or permit to be done anything which may interfere with free access and passage into the concession PREMISES or the public areas adjacent thereto, or in the streets or sidewalks adjoining the concession PREMISES, or hinder police, fire fighters or other emergency personnel in the discharge of their duties.

10.02 Interfere with the public's enjoyment and use of concession PREMISES or surrounding public property for the purpose for which they were intended. It shall not use the concession PREMISES for any purpose which is not essential to the concession operations.

10.03 Rent, sell, lease or offer any space for storing of any articles whatsoever within or on the concession PREMISES other than its own equipment, without the written consent of the GENERAL MANAGER, do or permit to be done anything which may interfere with the effectiveness or accessibility of, lines, pipes, wires, conduits and utility equipment in or adjacent to the concession PREMISES. CONCESSIONAIRE may, however, allow show participants to store their equestrian trailers and other equine transport vehicles on the property during shows (not to exceed seven days) for a fee.

10.04 Overload any floor in the concession PREMISES.

10.05 Place any additional lock of any kind upon any window or interior or exterior door in the concession PREMISES, or make any change in any existing door or window lock or the mechanism thereof, unless a key therefor is maintained on the concession PREMISES, nor refuse, upon the expiration or sooner termination of this Agreement, to surrender to GENERAL MANAGER any and all keys to the interior or exterior doors on the concession PREMISES, whether said keys were furnished to or otherwise procured by CONCESSIONAIRE, and in the event of the loss of any keys furnished by GENERAL MANAGER, CONCESSIONAIRE shall pay CITY, on demand, the cost for replacement thereof.

10.06 Do or permit to be done any act or thing upon the concession PREMISES which will invalidate, suspend or increase the rate of any fire insurance policy required under this

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Agreement, or carried by CITY, covering the concession PREMISES, or the buildings in which the same are located or which, in the opinion of GENERAL MANAGER, may constitute a hazardous condition that will increase the risks normally attendant upon the operations contemplated under this Agreement. If, by reason of any failure on the part of CONCESSIONAIRE, after receipt of notice in writing from CITY to comply with the provisions of this paragraph, any fire insurance rate on the concession PREMISES, or any part thereof, or on the buildings in which the same are located, shall at any time be higher than it normally would be, then CONCESSIONAIRE shall pay CITY, on demand, that part of all fire insurance premiums paid by CITY which have been charged because of such violation or failure of CONCESSIONAIRE; provided, however, that nothing contained herein shall preclude CONCESSIONAIRE from bringing, keeping or using on or about the concession PREMISES such materials, supplies, equipment and machinery as are appropriate or customary in carrying on its business, or from carrying on said business in all respects as is customary.

10.07 Allow any sale by auction upon the concession PREMISES without first obtaining written permission from the GENERAL MANAGER.

10.08 Permit undue loitering on or about the concession PREMISES.

10.09 Use the concession PREMISES, or any part thereof, for lodging or sleeping purposes or in any manner that will constitute waste; except that visitors may use their own recreational vehicle for lodging in designated areas with electrical connections not more than five consecutive days, only if such recreational vehicle's waste water and sewerage is fully self-contained.

10.10 Sell or offer for sale any horse stalls.

10.11 Use or allow the concession PREMISES to be used for any improper, immoral, unlawful or objectionable purposes.

SECTION 11. LIABILITY:

11.01 Hold Harmless:

CONCESSIONAIRE shall defend, indemnify and keep and hold CITY and CITY'S officers, agents, and employees, harmless from any and all suits, causes of action, claims, demands, costs, liability, damage or expense (including, but not limited to, costs of suit and fees and reasonable expenses

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of legal services) alleged to have resulted by reason of injury to or death of persons or damage to or destruction of property, including property of CONCESSIONAIRE, sustained in, on or about the concession PREMISES, or arising out of CONCESSIONAIRE'S operations in or on said PREMISES, as a proximate result of the acts or omissions of CONCESSIONAIRE, or its agents, servants, officers or employees, or arising out of any condition of the concession PREMISES; excepting such liability as may be the direct and proximate result of the sole active negligence of CITY, or its officers, agents, servants or employees while acting in the scope of their official duties, agency or employment.

### 11.02 Insurance

CONCESSIONAIRE shall procure at its expense, and keep in effect at all times during the term of this Agreement for all concession and sub-licensed operations, the types and amounts of insurance specified on the Required Insurance page attached hereto, marked Exhibit "C" and made a part hereof. The specified insurance (except for Workers' Compensation and Employers Liability and fire and extended coverages) shall also, either by provisions in the policies, by CITY'S own endorsement form or by other endorsement attached to such policies, include and insure CITY, its Department of Recreation and Parks, BOARD and all of CITY'S officers, employees and agents, their successors and assigns, as insureds, against the areas of risk described in said Exhibit "C" as respects CONCESSIONAIRE'S acts or omissions in its operations, use and occupancy of the PREMISES hereunder or other related functions performed by or on behalf of CONCESSIONAIRE at PARK.

Each specified insurance policy (other than Workers' Compensation and Employers Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under insured's Concession Agreement with the CITY of Los Angeles."

All such insurance shall be primary and non-contributing with any other insurance held by CITY'S Department of Recreation and Parks where liability arises out of or results from the acts or omissions of CONCESSIONAIRE, or its officers, employees or agents, its successors or assigns, or

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any person or entity acting for or on behalf of CONCESSIONAIRE. Such policies may provide for reasonable deductibles and/or retentions acceptable to GENERAL MANAGER based upon the nature of CONCESSIONAIRE'S operations and the type of insurance involved.

CITY shall have no liability for any premiums charged for such coverages. The inclusion of CITY, its Department of Recreation and Parks, BOARD and all of CITY'S officers, employees and agents, their successors and assigns, as insureds, is not intended to, and shall not, make them, or any of them, a partner or joint venturer with CONCESSIONAIRE in CONCESSIONAIRE'S operations at the Department of Recreation and Parks. Upon failure of CONCESSIONAIRE to provide and maintain the insurance required herein after a ten (10) day prior, written notice to comply, CITY may, but shall not be required to, procure such insurance at CONCESSIONAIRE'S expense and CONCESSIONAIRE agrees to promptly reimburse CITY for the cost thereof plus fifteen percent (15%) for administrative overhead.

CONCESSIONAIRE shall provide proof of all specified insurance and related requirements to CITY by use of CITY'S own endorsement forms and, if requested, by production of the actual insurance policies. The documents evidencing all specified coverages shall be filed with CITY prior to CONCESSIONAIRE occupying the concession PREMISES. They shall contain the applicable policy number, the inclusive dates of policy coverages and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier and shall provide that such insurance shall not be subject to cancellation, reduction in coverage or non-renewal except after written notice by certified mail, return receipt requested, to the CITY Attorney of the CITY of Los Angeles at least thirty (30) days prior to the effective date thereof. CITY reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

CONCESSIONAIRE agrees that the insurance limits specified by CITY herein shall be reviewed for adequacy annually throughout the term of this Agreement by GENERAL MANAGER who may, thereafter, require CONCESSIONAIRE to adjust the amounts of insurance coverage to whatever amounts said GENERAL MANAGER deems to be adequate.

**11.03 Worker's Compensation:**

CONCESSIONAIRE shall at all times during the term of the Concession Agreement subscribe to and comply with the

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Worker's Compensation laws of the State of California and pay such premiums as may be required thereunder. CONCESSIONAIRE shall submit to the CITY as evidence of coverage, CITY form "Special Endorsement Worker's Compensation," and hold CITY harmless from any and all liability arising from or under such law.

SECTION 12. FAITHFUL PERFORMANCE BOND:

CONCESSIONAIRE shall provide a Faithful Performance Bond within ten calendar days after written notification of the award of the concession has been mailed by CITY. One or more extensions of time for providing the bond may be granted by the Department at the discretion of the GENERAL MANAGER; however, CITY shall not execute the Concession Agreement and CONCESSIONAIRE may not begin operations on the licensed PREMISES until said bond has been received and approved. The Faithful Performance Bond must meet all the following requirements:

12.01 Amount of Bond: \$50,000.00

12.02 Form of Bond:

The term "Faithful Performance Bond" does not mean that only a formal bond from a bonding company is acceptable. Any of the following instruments are acceptable if they meet the requirements spelled out in this Section. CONCESSIONAIRE'S bond shall be in any one of the following forms but may not be a combination of two or more types:

12.021 A cash deposit made at the Cashier's window of the Department of Recreation and Parks.

12.022 A cashier's check drawn on any bank that is a member of the Los Angeles Clearing House Association, which cashier's check is payable to the order of the CITY of Los Angeles.

12.023 A check drawn on and certified by any bank that is a member of the Los Angeles Clearing House Association, payable to the order of the CITY of Los Angeles.

12.024 United States Government negotiable securities (i.e., treasury bills, treasury notes, or treasury bonds).

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12.025 A certificate of time deposit in a bank that is a member of the Los Angeles Clearing House Association, payable to the order of the CITY of Los Angeles.

12.026 A corporate surety bond of a surety company satisfactory to the GENERAL MANAGER.

CONCESSIONAIRE should note that the use of United States Government negotiable securities or of a certificate of time deposit as bond, allows CONCESSIONAIRE to collect interest on capital held by CITY. Interest shall not be accumulated on CONCESSIONAIRE'S capital otherwise.

In the event CONCESSIONAIRE has placed a corporate surety bond and defaults in the performance of any of the terms of the Concession Agreement, the sum guaranteed by said bond shall be available to reimburse CITY for any damages and costs, as determined by the GENERAL MANAGER, occasioned by reason of said default. The form of said bond shall be such that CITY may proceed against CONCESSIONAIRE and his surety immediately upon any default in the performance of the Concession Agreement.

**12.03 Agreement of Deposit and Indemnity:**

The above instruments shall be accompanied by an agreement of deposit and indemnity, approved as to form and legality by the CITY Attorney, wherein CONCESSIONAIRE unconditionally agrees that in the event of any default, CITY shall have full power and authority to use the deposit in whole or in part to indemnify CITY. Every deposit of securities or certificates of time deposit must be accompanied by express authority for the GENERAL MANAGER to convert same into cash and to deposit said cash in the CITY Treasury in the manner governing deposit of cash in the CITY Treasury by the Charter of the CITY of Los Angeles. All deposits of cash or checks must be immediately so deposited by the Department.

The Board of Recreation and Park Commissioners shall authorize and request the CITY Treasurer to receive said United States Government negotiable securities, together with the properly executed agreement of indemnity and deposit, for safekeeping. A receipt shall be issued by the Treasurer to the Department therefor. In the event said securities are to be converted to cash because of default, the BOARD may authorize and request the Treasurer to sell said securities on its behalf.

**12.04 Maintenance of Deposit:**

Said bond shall be held by CITY during the entire term of the Concession Agreement. If the surety, in the opinion of

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the GENERAL MANAGER, becomes irresponsible, GENERAL MANAGER shall have the right to require additional and sufficient sureties suitable to CITY, which CONCESSIONAIRE shall furnish within ten days after written notice thereof has been mailed by the Department to CONCESSIONAIRE. United States Government negotiable securities shall at all times have both a par value and a market value of not less than the amount specified in this Concession Agreement and, in the event the market value of said securities declines, CONCESSIONAIRE shall, upon written demand of the GENERAL MANAGER, within ten days of the mailing by the Department of such demand, pledge and furnish such additional United States Government negotiable securities with appropriate agreement of indemnity and deposit approved as to form and legality by the CITY Attorney, as may be necessary to maintain both a par and market value of securities on deposit of not less than the amount specified in this Concession Agreement. If such additional securities are not received by the Department within ten days after the mailing of written notice as stated above, all default provisions may be exercised at the discretion of CITY.

In the event of maturity of the securities prior to termination of the Concession Agreement for which they were deposited, the BOARD shall authorize and request the Treasurer to redeem the securities. The BOARD shall then use the proceeds of the redeemed securities to purchase a sufficient amount of United States Government negotiable securities to be at least equal as to both par and market value to the original amount of the deposit, and place them with Treasurer on receipt.

If the redemption proceeds are not sufficient, CONCESSIONAIRE shall deposit cash with the Department in an amount sufficient to make up the difference within ten days of mailing of notice of deficiency by the Department.

The surety on said Bond shall, by appropriate notation thereon, stipulate and agree that no change, extension of time, alteration or addition to the terms of this Agreement or to the work to be performed hereunder, shall in any way affect its obligation under said Bond, and shall consent to waive notice of any such matters.

**SECTION 13. ASSIGNMENT, SUBLEASE, BANKRUPTCY:**

**13.01 Consent to Encumbrance**

CITY consents to the estate created by the Concession Agreement being encumbered by a note and Deed of Trust in

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favor of the lender and, if necessary, to the conveyance of said estate by judicial foreclosure or trustee's sale. However, the purchaser under the foreclosure or sale shall be subject to all of the provisions of this Agreement, including obtaining written consent of CITY to the purchaser receiving the assignment. In such case consent of CITY shall not be unreasonably withheld; however CITY may consider the factors mentioned in subsection 13.02 hereafter entitled "Assignment and Transfer."

### 13.02 Assignment and Transfer

Neither the Concession Agreement nor the rights therein granted shall be assignable or transferable by any process or proceedings in any court, or by attachment, execution, proceeding in insolvency or bankruptcy either voluntary or involuntary, or receivership proceedings. Any attempted assignment, mortgaging, hypothecation, or encumbering of the concession rights or other violation of the provisions of this Section 12 shall be voidable at BOARD's option and shall confer no right, title or interest in or to this Concession Agreement or right of use of the whole or any portion of the concession PREMISES upon any such assignee, mortgagee, encumbrancer, pledgee or other lienholder, successor or purchaser.

Consent of CITY to assign or transfer this Agreement shall not be unreasonably withheld. However, in giving or refusing consent to the assignment or transfer, CITY will require that the prospective assignee or transferee conduct the activities required by this contract and will consider, among other matters, the activity proposed to be conducted by the prospective assignee, or transferee, and its abilities, resources, conduct and experience necessary for the successful operation of equivalent business and equestrian activities.

### 13.03 Receivership or Bankruptcy

In the event CONCESSIONAIRE shall be adjudicated as bankrupt or become involved in any proceedings under bankruptcy laws of the United States, or if the leasehold interest created hereby or any improvements executed pursuant to this lease shall be transferred by operation of law, including but not limited to, enforcement of a judgement, the trustee in bankruptcy, receiver, assignee or judgement purchases shall be bound by all provisions of this lease including but not limited to the provision that operation of the PREMISES be operated as an equestrian center to provide services to the public.

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**13.04 SUB-LICENSES**

CONCESSIONAIRE shall not under-let or sub-let the subject PREMISES or any part thereof or allow the same to be used or occupied by any other person or for other use than that herein specified, nor assign said Concession Agreement nor transfer, assign or in any manner convey any of the rights or privileges therein granted without the written consent of CITY. Any purported SUB-LICENSEE or sub-lessee without such consent shall receive no right thereby, and said assignment, transfer or sub-license shall be void and of no force and effect.

However, CITY and CONCESSIONAIRE contemplate that CONCESSIONAIRE will request CITY's approval to sub-license certain services authorized by this Agreement. Approval of such sub-licenses shall be requested by CONCESSIONAIRE in writing and approved by BOARD in writing prior to any binding agreement between CONCESSIONAIRE and SUB-LICENSEE. Any agreement to sub-license any service authorized herein shall be in writing and shall be subject to the terms of this AGREEMENT, a copy of which, in its entirety, shall be attached to said sub-license agreement. CONCESSIONAIRE shall be responsible to CITY for any and all sub-licenses and SUB-LICENSEES and their compliance with the terms and conditions of their sub-licenses, this Agreement, and any directives set forth by CITY and/or GENERAL MANAGER. Should for any reason this Agreement be terminated, all sub-licenses granted by CITY and CONCESSIONAIRE shall, unless the contrary is stated, at the City's option, be terminated on the same date.

GENERAL MANAGER may, in connection with review of any potential sub-license agreement, interview, review and evaluate the proposed SUB-LICENSEE and SUB-LICENSEE's resume prior to recommending approval of said SUB-LICENSEE. Said CITY approval shall be conditional upon the sub-license being in compliance with established City Ordinances and adopted Board Policies. Regarding these sub-licenses or subleases, it is understood that CITY shall receive rental, based on the gross receipts sales, not on the percentage paid by the SUB-LICENSEE to CONCESSIONAIRE except as otherwise provided herein.

**SECTION 14. BUSINESS RECORDS:**

CONCESSIONAIRE shall maintain, during the term of this Agreement, permanent books, ledgers, journals and accounts wherein are kept all entries reflecting the gross receipts received or billed by it from the business transacted

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pursuant to this Agreement. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by GENERAL MANAGER, or a duly authorized representative, during ordinary business hours and shall be maintained for a minimum of five (5) years.

**14.01 Employee Fidelity Bonds**

At the GENERAL MANAGER'S discretion adequate employee fidelity bonds may be required to be maintained by CONCESSIONAIRE covering all its employees who handle money.

**14.02 Cash and Record Handling Requirements:**

CONCESSIONAIRE shall prepare a description of its cash handling and sales recording systems and equipment which shall be submitted to GENERAL MANAGER for approval. When approved by GENERAL MANAGER, such systems and equipment, including any revisions thereto approved by GENERAL MANAGER, shall be utilized by CONCESSIONAIRE in its operations hereunder.

CONCESSIONAIRE shall be required to maintain a method of accounting of all the receipts and disbursements in connection with the subject concession which shall correctly and accurately reflect the gross receipts and disbursements received or made by CONCESSIONAIRE and SUB-LICENSEES from the operation of said concession. The method of accounting, including bank accounts, established for the subject concession shall be separate from the accounting systems used for any other business operated by CONCESSIONAIRE or for recording CONCESSIONAIRE'S personal financial affairs. Such method shall include the keeping of the following documents:

14.0201 Regular books of accounting including but not limited to general ledgers and payroll ledgers.

14.0202 Cash receipts journal, cash disbursements journal and general journals including any supporting and underlying documents, such as purchase orders, check vouchers, petty cash vouchers and receipts, tickets, bank statements, etc.

14.0203 State and Federal income tax returns and sales tax returns and checks and other documents proving payment of sums shown.

14.0204 Cash register tapes shall be retained so that day to day sales can be identified. A cash register

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must be used in public view which prints a dated double tape, indicating each sale and the daily total.

14.0205 Any other accounting records that CITY, in its sole discretion, deems necessary for proper reporting of receipts.

CONCESSIONAIRE shall obtain and install a cash register(s) on which it shall record all gross sales. The cash register shall be non-resettable and sufficient to supply an accurate recording of all sales on tape. CONCESSIONAIRE shall not purchase or install the cash register before obtaining the GENERAL MANAGER'S written approval of the specific register to be purchased. All cash registers shall have a price display which is visible to the public.

All documents, books and accounting records shall be open for inspection and reinspection at any reasonable time during the term of Concession Agreement or Permit and for a reasonable period, not to exceed five years, thereafter. In addition, CITY may from time to time conduct an audit and re-audit of the books and business conducted by CONCESSIONAIRE and SUB-LICENSEES and observe the operation of business so that accuracy of the above records can be confirmed. If the report of gross sales made by CONCESSIONAIRE to CITY shall be found to be less than the amount of gross sales disclosed by such audit and observation, CONCESSIONAIRE shall pay to CITY any additional rentals disclosed by such audit. If any discrepancy exceeds 5% and no reasonable explanation is given for such discrepancy, CONCESSIONAIRE shall also pay the cost of the audit.

CONCESSIONAIRE shall transmit a Financial Statement for all concession and sub-licensed operations, prepared in a form and by a Certified Public Accountancy Firm acceptable to the GENERAL MANAGER, within 60 days of the close of each CONCESSIONAIRE'S fiscal year during the term of the Concession Agreement. Said Financial Statement shall set forth an expense account entitled "Compensation to Officers" or an account having some similar title. The amount shown opposite this item shall include all salaries or other compensation for services derived from the concession operations by CONCESSIONAIRE and SUB-LICENSEES, members of its family, officers of the CONCESSIONAIRE'S and SUB-LICENSEES' corporation, directors, shareholders, partners of CONCESSIONAIRE and SUB-LICENSEES, or any member of the family of an officer, director,

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shareholder or partner of CONCESSIONAIRE and SUB-LICENSEES, or any individual owning stock indirectly and other persons employed by CONCESSIONAIRE and SUB-LICENSEES to manage the operations or supervise CONCESSIONAIRE'S and SUB-LICENSEES' employees. These salaries or other compensation shall not be indicated in any other expense category. Said Financial Statement shall clearly and accurately present the profits and losses of each activity conducted on the Concession PREMISES by CONCESSIONAIRE and its SUB-LICENSEES.

CONCESSIONAIRE shall also include with the required financial statement a separate report showing computation of the rent due the CITY.

If CONCESSIONAIRE fails to submit to CITY an acceptable Financial Statement as described hereinabove, within 60 days following the close of CONCESSIONAIRE'S calendar year, CITY shall hire a qualified auditor experienced in auditing such multiple activity entertainment businesses to conduct an audit of the concession; and assess CONCESSIONAIRE the cost of the audit. Notwithstanding the provisions of this paragraph, CITY reserves the right to audit and re-audit CONCESSIONAIRE'S and SUB-LICENSEE'S records at any time and observe the operation of CONCESSIONAIRE'S and SUB-LICENSEE'S businesses, to determine the accuracy of CONCESSIONAIRE'S reported gross receipts and rent due the CITY and/or substantiate information presented in CONCESSIONAIRE'S Financial Statement.

CONCESSIONAIRE shall immediately, upon execution of this Agreement, develop and implement written policies and procedure for effectively controlling and accounting for all cash transactions of concession operations; and transmit a copy of said written policy and procedures to the GENERAL MANAGER upon their completion.

SECTION 15. REGULATIONS, INSPECTION, AND DIRECTIVES:

15.01 Regulations

The operations conducted by CONCESSIONAIRE pursuant to this Agreement shall be subject to:

15.0101 Any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by CITY with respect to the operation of the Department of Recreation and Parks;

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15.0102 Any and all orders, directions or conditions issued, given or imposed by GENERAL MANAGER with respect to the use of the roadways, driveways, curbs, sidewalks, parking areas or public areas adjacent to the concession PREMISES;

15.0103 Any and all applicable laws, ordinances, statutes, rules, regulations or orders, including environmental, of any governmental authority, federal, state or municipal, lawfully exercising authority over the Department of Recreation and Parks or CONCESSIONAIRE'S operations; and

15.0104 Any and all applicable local, state and federal laws and regulations relative to the design and installation of facilities to accommodate handicapped persons.

15.0105 Any and all applicable local, state and federal laws and regulations relative to the care and safety of animals.

15.02 Permissions:

Any permission required by the Concession Agreement shall be secured in writing by CONCESSIONAIRE from CITY or the GENERAL MANAGER and any errors or omissions therefrom shall not relieve CONCESSIONAIRE of its obligations to faithfully perform the conditions therein. CONCESSIONAIRE shall immediately comply with any written request or order submitted to it by CITY or the GENERAL MANAGER.

15.03 Right of Inspection:

At CITY'S discretion, responsible representatives of CITY and CONCESSIONAIRE will confer for the purpose of making a complete inspection of CONCESSIONAIRE'S operations hereunder, including a review of the quality of service, merchandise and prices, maintenance of PREMISES, furnishings and equipment, and such other items as CITY may wish to review. It is intended that the standards, obligations and duties imposed by this Section 15 shall be maintained and complied with by CONCESSIONAIRE and its SUB-LICENSEES in addition to its compliance with all applicable governmental laws, ordinances and regulations. In the event that any of said laws, ordinances and regulations are more stringent than the standards, duties and obligations imposed on CONCESSIONAIRE hereunder, then CONCESSIONAIRE shall comply with such laws, ordinances and regulations in its operations under this Agreement.

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CITY and the GENERAL MANAGER, their authorized representatives, agents and employees shall have the right to enter upon the concession PREMISES at any and all reasonable times for the purpose of inspection and observation of CONCESSIONAIRE'S and its SUB-LICENSEES' operations. During these inspections, they shall have the right to utilize photographic devices and other instruments for recording conditions and events taking place upon the concession PREMISES. Said inspections may be made by persons identified to CONCESSIONAIRE as CITY Employees, or may be made by independent contractors engaged by CITY. Inspections may be made for the purpose set forth below, however, the enumerations below shall not be construed to limit CITY'S right of inspection for any purpose incidental to the rights of CITY.

In order to accommodate CITY inspections of concession events, CONCESSIONAIRE shall make available to the GENERAL MANAGER a minimum of six passes and three parking passes for each event held on the PREMISES regardless of the contractual arrangement with the event operator.

15.0301 To determine if the terms and conditions of the Concession Agreement or Permit are being complied with.

15.0302 To observe transactions between the CONCESSIONAIRE and SUB-LICENSEES and patrons in order to evaluate the quality and quantities of services provided or items sold or dispensed, the courtesy extended to and method of dealing with the public, the performance and caliber of employees, and the methods for recording receipts.

The information gathered on these inspections will be used to evaluate CONCESSIONAIRE in order to provide a basis for an action by CITY for the termination, renewal or denial of the concession.

**15.04 Non-Discrimination:**

All recreational facilities, under the jurisdiction of CITY which are open to the public, shall be available for use and enjoyment by the public without regard to race, religion, natural origin, ancestry, sex, sexual orientation, age or physical handicap.

**15.05 Anti-apartheid Policy**

This Concession Agreement is subject to CITY'S Anti-Apartheid policy, Section 10.31 et seq., Article 5, Chapter 1,

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Division 10 of the Los Angeles Administrative Code. The policy restricts the City from contracting for goods and services with persons or entities doing business in or with South Africa and requires contracting parties to submit a statement under penalty of perjury regarding their South Africa business connections. Under the provision of Section 10.31.5 of the Los Angeles Administrative Code, CITY shall have the authority to terminate this Agreement and to refuse payment to CONCESSIONAIRE for services performed, if CITY determines that CONCESSIONAIRE was ineligible under said Article at the time of entering into this Agreement or became ineligible thereafter.

15.06 Name of Concession:

The name of the concession, as it appears in the Concession Agreement for the subject concession, shall not be used by CONCESSIONAIRE in conjunction with any other business venture during the term of the Concession Agreement.

SECTION 16. TERMINATION

16.01 Termination by CITY

CITY shall have the right to terminate this Agreement in its entirety and all rights ensuing therefrom upon giving a thirty (30) day prior, written notice to CONCESSIONAIRE if any one or more of the following events occur:

16.0101 CONCESSIONAIRE fails to pay the fees and charges or to make any other payments required hereunder when due to CITY within three (3) days after receipt of written notice from CITY of non-payment therefor;

16.0102 The happening of any act which results in the suspension or revocation of the rights, powers, licenses, permits or authorities necessary for the conduct and operation of the business authorized herein for a period of more than thirty (30) days;

16.0103 The interest of CONCESSIONAIRE under this Agreement is transferred, passes to or devolves upon, by operation of law or otherwise, any other person, firm or corporation without the written consent of BOARD;

16.0104 CONCESSIONAIRE becomes, without the prior, written approval of BOARD, a successor or merged

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corporation in a merger, a constituent corporation in a consolidation or a corporation in dissolution;

16.0105 CONCESSIONAIRE fails to keep, perform and observe any promise, covenant or condition set forth in this Agreement on its part to be kept, performed or observed after receipt of written notice of default from BOARD or GENERAL MANAGER, except where fulfillment of CONCESSIONAIRE'S obligation requires activity over a period of time and CONCESSIONAIRE has commenced to perform whatever may be required within ten (10) days after receipt of such notice and continues such performance without interruption except for causes beyond its control;

16.0106 The levy of any attachment or execution, or the appointment of any receiver, or the execution of any other process of any court of competent jurisdiction which is not vacated, dismissed or set aside within a period of ninety (90) days and which does, or as a direct consequence of such process will, interfere with CONCESSIONAIRE'S use of the concession PREMISES or with its operations under this Agreement;

16.0107 CONCESSIONAIRE becomes insolvent, or takes the benefit of any present or future insolvency statute, or makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law or statute of the United States, or of any state law, or consents to the appointment of a receiver, trustee or liquidator of all or substantially all of its property or its property located within the concession areas;

16.0108 By order or decree of court, CONCESSIONAIRE is adjudged bankrupt, or an order is made approving a petition filed by any of the creditors or stockholders of CONCESSIONAIRE seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws, or under any law or statute of the United States, or any state thereof;

16.0109 A petition under any part of the federal bankruptcy laws, or an action under any present or future solvency law or statute is filed against CONCESSIONAIRE and is not dismissed within one hundred twenty (120) days;

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16.0110 By or pursuant to, or under authority of, any legislative act, resolution or rule, order or decree of any court, governmental board, agency or officer having jurisdiction, a receiver, trustee or liquidator takes possession or control of all or substantially all of the property of CONCESSIONAIRE, and such possession or control continues in effect for a period of one hundred twenty (120) days;

16.0111 Cessation or deterioration of service for any period which, in the opinion of BOARD, materially and adversely affects the operation of service required to be performed by CONCESSIONAIRE under this Agreement;

16.0112 Any lien is filed against the concession PREMISES because of any act or omission of CONCESSIONAIRE and such lien is not removed, enjoined or a bond for satisfaction of such lien is not posted within sixty (60) days; or

16.0113 CONCESSIONAIRE voluntarily abandons, deserts, vacates or discontinues its operation of the business herein authorized.

**16.02 CITY'S Right of Reentry**

CITY shall, as an additional remedy, upon the giving of written notice of termination as above provided, have the right to reenter the PREMISES and every part thereof on the effective date of termination without further notice of any kind, remove any and all persons therefrom and may regain and resume possession either with or without the institution of summary or legal proceedings or otherwise. Such reentry, however, shall not in any manner affect, alter or diminish any of the obligations of CONCESSIONAIRE under this Agreement.

**16.03 Additional Rights of CITY**

CITY, upon termination of this Agreement, or upon reentry, regaining or resumption of possession of the concession PREMISES, may occupy said PREMISES and shall have the right to permit any person, firm or corporation to enter upon the concession PREMISES and use the same. Such occupation by others may be of only a part of the PREMISES, or the whole thereof or a part thereof together with other space, and for a period of time the same as or different from the balance of the term remaining hereunder, and on terms and conditions the same as or different from those set forth in this Agreement. CITY shall also have the right to repair or to make

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such structural or other changes in the concession PREMISES as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement without affecting, altering or diminishing the obligations of CONCESSIONAIRE hereunder.

**16.04 Survival of CONCESSIONAIRE'S Obligations**

In the event this Agreement is terminated by CITY, or in the event CITY reenters, regains or resumes possession of the concession PREMISES, all of the obligations of CONCESSIONAIRE hereunder shall survive and shall remain in full force and effect after the termination of this Agreement. And, subject to CITY'S obligation to mitigate damages, the amount of the fees and charges shall become due and payable to CITY to the same extent, at the same time and in the same manner as if no termination, reentry, regaining or resumption of possession had taken place. CITY may maintain separate actions to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency.

The amount of damages for the period of time subsequent to termination, reentry, regaining or resumption of possession, subject to an offset for any fees and charges received by CITY from a succeeding CONCESSIONAIRE, shall be:

16.0401 On account of CONCESSIONAIRE'S minimum annual fee obligation, the cumulative total thereof less the amount paid prior to the effective date of termination;  
or

16.0402 On account of CONCESSIONAIRE'S percentage of annual gross receipts, the appropriate amount if in excess of said minimum annual fee, which gross receipts would have been received by CONCESSIONAIRE during the balance of the term hereof if there had been no termination, reentry, regaining or resumption of possession. For the purpose of calculation hereunder, the amount of gross receipts shall be derived by taking CONCESSIONAIRE'S total gross receipts during the year immediately preceding termination, dividing said total by three hundred sixty-five (365) and then multiplying the result by the number of days in the balance of the term hereof.

It is understood and agreed that the damages specified above shall not affect or be construed to affect CITY'S right to such damages in the event of termination, reentry, regaining or resumption of possession where CONCESSIONAIRE has not received any actual gross receipts under this Agreement.

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16.05 Waiver of Redemption and Damages

CONCESSIONAIRE hereby waives any and all rights of redemption granted by or under any present or future law or statute in the event it is dispossessed for any cause, or in the event CITY obtains or retains possession of the concession PREMISES in any lawful manner. CONCESSIONAIRE further agrees that in the event the manner or method employed by CITY in reentering or regaining possession of the concession PREMISES gives rise to a cause of action in CONCESSIONAIRE in forceable entry and detainer under the laws of the State of California, the total amount of damages to which CONCESSIONAIRE shall be entitled in any such action shall be the sum of One Dollar (\$1), and CONCESSIONAIRE agrees that this provision may be filed in any such action as its stipulation fixing the amount of damages to which it is entitled.

Nothing in this Section 16 shall require CONCESSIONAIRE to observe or conform to any governmental authority's requirements or to pay any tax, lien, claim, charge or demand so long as the validity or enforceability thereof is contested in good faith and to the extent appropriate, unless in BOARD's judgment the performance of CONCESSIONAIRE'S obligations is being materially and adversely affected thereby.

No acceptance by CITY of the fees and charges or other payments specified herein, in whole or in part, and for any period, after a default of any of the terms, covenants and conditions to be performed, kept or observed by CONCESSIONAIRE, other than the default in the payment thereof, shall be deemed a waiver of any right on the part of CITY to terminate this Agreement on account of such default.

No waiver by CITY at any time of any default on the part of CONCESSIONAIRE in the performance of any of the terms, covenants or conditions hereof to be performed, kept or observed by CONCESSIONAIRE shall be or be construed to be a waiver at any time thereafter by CITY of any other or subsequent default in performance, of any of said terms, covenants or conditions, and no notice by CITY shall be required to restore or revive time as of the essence hereof after waiver by CITY of default in one or more instances.

The acceptance of all or part of a rental payment by CITY for any period after a default shall not be deemed a waiver of any default by CONCESSIONAIRE of any of its obligations, nor a waiver of any other term, covenant or condition. Any waiver by CITY of a default on the part of the CONCESSIONAIRE shall not be construed as, or constitute a

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waiver of, any subsequent default of the same or any other term.

16.06 Termination By CONCESSIONAIRE

This Agreement may be terminated by CONCESSIONAIRE by giving a thirty (30) day written notice to CITY upon the happening of one or more of the following events:

16.0601 The lawful assumption by the United States government, or any authorized agency thereof, of the operation, control or use of the Park, or any substantial part thereof, in such manner as to materially restrict CONCESSIONAIRE from operating thereon for a period of at least ninety (90) days;

16.0602 The complete destruction of all or a substantial portion of the concession PREMISES from a cause other than the negligence or omission to act of CONCESSIONAIRE, its agents or employees.

16.0603 Any exercise of authority as which so interferes with CONCESSIONAIRE'S use and enjoyment of the concession PREMISES as to constitute a termination, in whole or in part, of this Agreement by operation of law in accordance with the laws of the State of California; or

16.0604 The default by CITY in the performance of any covenant or agreement herein required to be performed by CITY and the failure of CITY to remedy such default for a period of sixty (60) days after receipt from CONCESSIONAIRE of written notice to do so.

SECTION 17. SURRENDER OF POSSESSION

CONCESSIONAIRE covenants and agrees to yield and deliver possession of the concession PREMISES to CITY on the date of the expiration or earlier termination of this Agreement promptly, peaceably, quietly and in as good order and condition as the same now are or may be hereafter improved by CONCESSIONAIRE or CITY; except for normal use and wear and tear thereof.

Upon expiration or earlier termination of this Agreement, CONCESSIONAIRE shall have the right to remove their equipment, supplies, furnishings, inventories of expendables, removable fixtures and trade fixtures and personal property from the concession PREMISES. If CONCESSIONAIRE or SUB-LICENSEE fails to remove said property, said property shall

AMENDED AND RESTATED CONTRACT, LAEC

be considered abandoned and CITY may dispose of same as it sees fit.

No agreement of surrender or to accept a surrender shall be valid unless and until the same has been reduced to writing and signed by the duly authorized representatives of CITY and CONCESSIONAIRE. Neither the doing nor omission of any act or thing by any of the officers, agents or employees of CITY shall be deemed an acceptance of a surrender of the concession PREMISES utilized by CONCESSIONAIRE under this Agreement.

SECTION 18. WAIVER

Every provision herein imposing an obligation upon CITY or CONCESSIONAIRE is a material inducement and consideration for the execution of this Agreement. No waiver by CITY or CONCESSIONAIRE of any breach of any provision of this Agreement shall be deemed for any purpose to be a waiver of any breach of any other provision hereof nor of any continuing or subsequent breach of the same provision.

SECTION 19. CONDITIONS AND COVENANTS

Each covenant herein is a condition, and each condition herein is as well a covenant by the parties bound thereby, unless waived in writing by the parties hereto.

SECTION 20. FORCE MAJEURE

Neither party hereto shall be liable to the other for any failure, delay or interruption in the performance of any of the terms, covenants or conditions of this Agreement due to causes beyond the control of that party including, without limitation, strikes, boycotts, labor disputes, embargoes, shortage of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, floods, riots, rebellion, sabotage or any other circumstance for which such party is not responsible or which is not in its power to control.

SECTION 21. REMEDIES ARE NON-EXCLUSIVE

No right, power, remedy or privilege of CITY shall be construed as being exhausted or discharged by the exercise thereof in one or more instances. And it is agreed that each and all of said rights, powers, remedies or privileges shall be deemed cumulative and additional and not in lieu or exclusive of each other or of any other remedy available to CITY at law or in equity.

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**SECTION 22. DAMAGE OR DESTRUCTION TO PREMISES**

In the event all or a substantial portion of the concession PREMISES are completely destroyed by fire, explosion, the elements, public enemy or other casualty, or are so damaged that they are uninhabitable and cannot be replaced except after more than thirty (30) days, CITY shall be under no obligation to repair, replace or reconstruct said PREMISES, and an appropriate portion of the fees and charges payable hereunder shall abate as of the time of such damage or destruction and shall henceforth cease until such time as the said PREMISES are fully restored. If within Four (4) months after the time of such damage or destruction said PREMISES have not been repaired or reconstructed, CONCESSIONAIRE may terminate this Agreement in its entirety as of the date of such damage or destruction. Notwithstanding the foregoing, if the said PREMISES, or a substantial portion thereof, are completely destroyed as a result of the negligence or omission to act of CONCESSIONAIRE, its agents or employees, said fees and charges shall not abate and CITY may, in its discretion, require CONCESSIONAIRE to repair and reconstruct said PREMISES within twelve (12) months of such destruction and pay the cost therefor, or CITY may repair and reconstruct the same within twelve (12) months of such destruction and CONCESSIONAIRE shall be responsible for reimbursing CITY for the cost and expenses incurred in such repair.

**SECTION 23. CONCESSION AGREEMENT BINDING UPON SUCCESSORS**

This Agreement shall be binding upon and shall inure to the benefit of the successors, heirs, executors, administrators and assigns of the parties hereto. The term "CONCESSIONAIRE" shall include any assignee of CONCESSIONAIRE under any assignment permitted and approved by BOARD.

**SECTION 24. LAW OF CALIFORNIA APPLIES**

This Agreement, and every question or controversy arising hereunder, shall be construed, resolved, or determined according to the laws of the State of California.

**SECTION 25 AGENT FOR SERVICE OF PROCESS**

It is expressly agreed and understood that if CONCESSIONAIRE is not a resident of the State of California, or is a partnership or joint venture without a partner or member

AMENDED AND RESTATED CONTRACT, LAEC

resident in said State, or is a foreign corporation, then in any such event CONCESSIONAIRE does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and CITY arising out of or based upon this Agreement, and the service shall be made as provided by the laws of the State of California for service upon a non-resident. It is further expressly agreed, covenanted and stipulated that if, for any reason, service of such process is not possible, as an alternative method of service of process, CONCESSIONAIRE may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to CONCESSIONAIRE at the address set out hereafter in this Agreement, and that such service shall constitute valid service upon CONCESSIONAIRE as of the date of mailing, and CONCESSIONAIRE shall have thirty (30) days from the date of mailing to respond thereto. CONCESSIONAIRE hereby agrees, to the process so served, submits to the jurisdiction of the Court and waives any and all objection and protest thereto.

SECTION 26. VENUE

Venue of any action brought under this Agreement shall lie in Los Angeles County.

SECTION 27. ATTORNEY'S FEES

If CITY shall, without any fault, be made a party to any litigation commenced by or against CONCESSIONAIRE arising out of CONCESSIONAIRE'S use or enjoyment of the concession PREMISES and as a result of which CONCESSIONAIRE is finally adjudicated to be solely liable, then CONCESSIONAIRE shall pay all costs and reasonable attorney's fees incurred by or imposed upon CITY in connection with such litigation. In any action by CITY or CONCESSIONAIRE for recovery of any sum due under this Agreement, or to enforce any of the terms, covenants or conditions contained herein, the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements incurred in such action. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

SECTION 28. WAIVER OF CLAIMS

CONCESSIONAIRE hereby waives any claim against CITY, its officers, agents or employees, for loss of anticipated profits caused by any suit or proceeding directly or indirectly attacking the validity of this Agreement or any part

AMENDED AND RESTATED CONTRACT, LAEC

hereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void or voidable, or delaying the same, or any part hereof, from being carried out.

SECTION 29. PAYMENTS AND NOTICES

All fees and charges payable hereunder shall be paid to the CITY of Los Angeles, Department of Recreation and Parks, PO Box 5385, Glendale, CA 91201, Attention Revenue Management, unless and until CITY designates some other party to receive or place for the payment of said fees and charges.

Written notices to CITY hereunder shall, until CONCESSIONAIRE'S receipt of written notice otherwise from these parties, be addressed to said parties at Department of Recreation and Parks, 3900 W Chevy Chase Drive, Los Angeles, CA 90039, Attention Administrative Services.

Written notices to CONCESSIONAIRE hereunder shall, until CITY'S receipt of written notice otherwise from CONCESSIONAIRE, be addressed to CONCESSIONAIRE at

LAEC Inc.  
480 Riverside Drive  
Burbank, CA 91506

The execution of any such notice by GENERAL MANAGER shall be as effective for CONCESSIONAIRE as if it were executed by BOARD, or by Resolution or Order of said BOARD, and CONCESSIONAIRE shall not question the authority of GENERAL MANAGER to execute any such notice.

All such notices may either be delivered personally to GENERAL MANAGER, Department of Recreation and Parks, in the one case, or to any officer or responsible employee of CONCESSIONAIRE in the other case, or may be deposited in the United States mail, properly addressed as aforesaid with postage fully prepaid for delivery by registered or certified mail. Service in such manner by registered or certified mail shall be effective upon receipt.

SECTION 30. INTERPRETATION

The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either CITY or CONCESSIONAIRE.

In each instance herein where CITY'S, BOARD'S or GENERAL MANAGER'S approval or consent is required before

AMENDED AND RESTATED CONTRACT, LAEC

CONCESSIONAIRE may act, such approval or consent shall not be unreasonably withheld.

The section headings appearing herein are for the convenience of CITY and CONCESSIONAIRE, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

The use of any gender herein shall include all genders and the use of any number shall be construed as the singular or the plural, all as the context may require.

**SECTION 31. CONCESSION AGREEMENT CONTAINS ENTIRE AGREEMENT**

The provisions of this Agreement contain the entire Agreement between the parties hereto and said Agreement may not be changed or modified in any manner except by formal, written amendment fully executed by CITY and CONCESSIONAIRE.

**SECTION 32. INCORPORATION OF DOCUMENTS**

The following documents are attached hereto and incorporated herein by this reference:

- EXHIBIT A - Concession Premises and Parking Variance
- B - CONCESSIONAIRE'S Proposal
- C - Affirmative Action Requirements and Plan
- D - Minority/Women Business Enterprise and Other Business Outreach Program
- E - Statement Regarding South Africa Business Connections
- F - Additional Insured Endorsement

IN WITNESS WHEREOF, THE CITY OF LOS ANGELES, has caused this Agreement to be executed in its behalf by its duly authorized Board of Recreation and Park Commissioners, and

AMENDED AND RESTATED CONTRACT, LAEC

CONCESSIONAIRE has executed the same as of the day and year hereinbelow written.

Approved as to Form

May 20 1993

JAMES HAHN  
CITY Attorney

By *Peter B. Schwenn*  
Assistant

THE CITY OF LOS ANGELES  
acting by and through its  
Board of Recreation and  
Park Commissioners

BY *John J. Soren*  
President

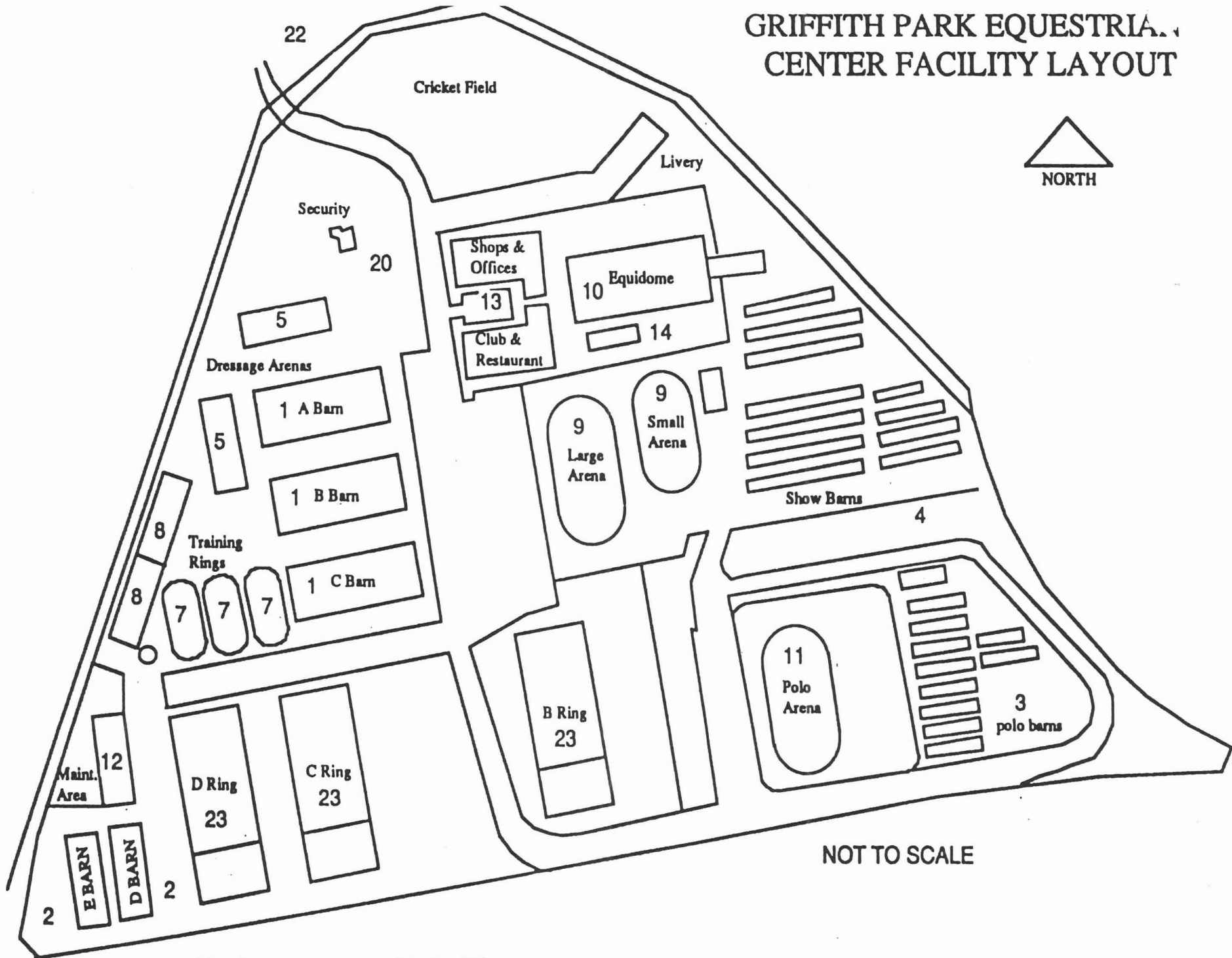
BY *John J. Soren*  
Secretary

LAEC INC.

BY *T. G. Behurin*  
Timothy G. Behurin,  
President

BY *Gregory C. Daggett*  
Gregory C. Daggett  
Vice President

# GRIFFITH PARK EQUESTRIAN CENTER FACILITY LAYOUT



NOT TO SCALE

Numbers correspond to facilities listed on pages 2 and 3

EXHIBIT A

IMPROVEMENTS  
CITY-OWNED UPON TERMINATION OF AGREEMENT

1. Barns A, B, and C containing 360 12-foot by 12-foot box stalls with automatic watering facilities and tack lockers and 24 cross ties, and all other appurtenances.
2. Barns D and E containing 120 pipe stalls with automatic watering facilities, and all other appurtenances.
3. Ten Polo Barns containing 186 stalls with automatic watering facilities, two double wash racks, one shaving storage area and all other appurtenances.
4. Eleven show barns containing 385 show stalls and all other appurtenances.
5. Two regulation dressage rings and all appurtenances.
6. Five lighted and fenced paddocks.
7. Three 120 foot by 24-foot lighted and fenced jumping arenas.
8. Two 120-foot by 60-foot lighted and fenced riding arenas.
9. Two show enclosed and lighted arenas, 125-feet by 250-feet and 150-feet by 300-feet.
10. One covered arena with seating for 4000 spectators and all other appurtenances.
11. One polo practice arena.
12. One maintenance building and all appurtenances.
13. Restaurant, banquet rooms, commercial area, offices, show offices and all appurtenances.
14. Snack Stand building and all appurtenances.
15. Three restroom buildings and all other appurtenances.
16. Camper parking area with 20 electrical and water hook-ups.
17. All pipe railing, chain link, wood railing, and plastic railing fencing attached to posts recessed into the ground.
18. All block walls.
19. All concrete and asphalt paving.
20. Security Building.

21. All water, gas and electrical systems.
22. Sign structure at entrance approximately. 60-feet high and 72-feet wide.
23. Three 150-foot x 300-foot training rings, two of which are lighted.

CITY OF LOS ANGELES

CALIFORNIA



TOM BRADLEY  
MAYOR

WARREN M. CAMPBELL  
CHAIRMAN  
MARY SANDBERG  
VICE-CHAIRPERSON  
BOURNEY S. MOON  
MEMBER  
MICHAEL A. NOGUEIRA  
MEMBER  
NIKOLAS PATSAOURAS  
MEMBER  
GILBERT R. CALDWELL  
SECRETARY

SD

DEPARTMENT OF  
CITY PLANNING  
CALVIN S. HAMILTON  
DIRECTOR

BOARD OF  
ZONING APPEALS  
ROOM 561, CITY HALL  
LOS ANGELES 900  
485-3505

August 30, 1982

Harold Smith  
996 Riverside Drive #20  
Burbank, CA 91506  
  
City of Glendale  
c/o Dennis H. Schuck  
Sr. Assistant City Attorney  
613 East Broadway, Suite 220  
Glendale, CA 91206

B.Z.A. Case No. 3023  
B.Z.A. Case No. 3026  
ZV 82-148  
500 Riverside Drive  
Hollywood District  
Zone R1-1  
D.M. 168-B-193  
Council District No. 2  
EIR: Exempt

Department of Recreation  
and Parks  
City of Los Angeles  
Room 1585, City Hall East  
Los Angeles, CA 90012

Calvin S. Hamilton  
Director of Planning

Frank P. Eberhard  
Chief Zoning Administrator

Department of Building and Safety

Greetings:

The Board of Zoning Appeals conducted a public hearing on August 24, 1982 protesting the entire decision of the Associate Zoning Administrator in granting a variance on a site located at 500 Riverside Drive, Hollywood District (all as more particularly described by metes and bounds within the file) to permit the improvement and maintenance of 588 parking spaces, out of the required 1,119 spaces, to be surfaced with decomposed granite, in lieu of the normally required asphalt paving, all in conjunction with the Griffith Park Equestrian Center, under the jurisdiction of the Department of Recreation and Parks.

After thorough consideration of all records and evidence previously introduced before the Associate Zoning Administrator, his findings,



B.Z.A. Case No. 3023  
B.Z.A. Case No. 3026  
August 30, 1982

Page Two

determinations and subsequent arguments and comments, the Board found that the Associate Zoning Administrator did not err in his determination or findings since the requested area being surfaced with decomposed granite will not subtract from the normally required vehicular parking spaces, particularly since the horse-drawn vehicles actually constitute a segment of the required parking demand.

The animal (horse) cargo also can be more safely accommodated by allowing the decomposed granite surfacing as a more positive footing for the animals.

The Board of Zoning Appeals, therefore, by virtue of authority contained in Section 99 of the City Charter and Section 12.28 of the Municipal Code, sustained the Associate Zoning Administrator's determination dated July 9, 1982 and denied the two protesting appeals filed under B.Z.A. Case No. 3023 and 3026, resulting in the maintenance of 588 parking spaces, of the required 1,119 spaces, to be surfaced with decomposed granite rather than the normally required asphalt paving, all in conjunction with the Griffith Park Equestrian Center, subject to the conditions imposed by the Associate Zoning Administrator and also with the added Conditions Nos. 4, 5, and 6 as follows:

ADDED CONDITION NO. 4

That all horse-drawn trailers and vehicles shall be kept separated from parking spaces utilized for standard vehicles.

ADDED CONDITION NO. 5

By the acceptance of this variance, it shall be understood that the Zoning Administrator reserves the right to impose additional conditions, in the event it becomes necessary to provide such protection for the benefit of the surrounding property owners.

ADDED CONDITION NO. 6

All other conditions imposed by the Associate Zoning Administrator's grant dated July 9, 1982 shall also be effective and in full force.

Prior to taking the above-described action, the Board of Zoning Appeals noted that the subject variance involves a project which is categorically exempt under the City Guidelines and the environmental process was not required.

3505

B.Z.A. Case No. 3023  
B.Z.A. Case No. 3026  
August 30, 1982

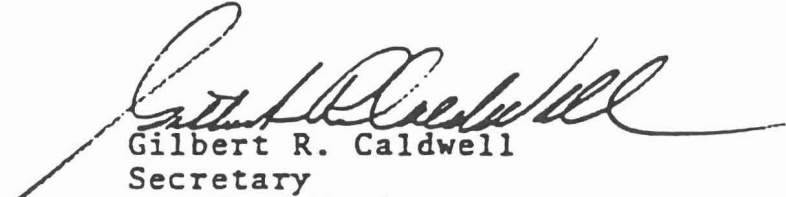
Page Three

1

The Board's action on this matter is further appealable to the City Council within 15 days after the mailing date of the Board's determination. Appeals to the City Council shall be filed in duplicate in a public office of the Department of City Planning on the forms provided. The last day for filing an appeal on this matter is September 14, 1982.

Very truly yours,

  
Warren M. Campbell  
Chairman

  
Gilbert R. Caldwell  
Secretary  
Board of Zoning Appeals

WMC:GRC:zlw

cc: Council District No. 2

CITY OF LOS ANGELES  
CALIFORNIA

THOMAS W. GOLDEN  
CHIEF ZONING ADMINISTRATOR

ASSOCIATE ZONING ADMINISTRATORS  
ROY W. BUNDICK  
CHARLES V. CADWALLADER  
JAMES J. CRISP  
WILLIE H. GERARD  
LOUIS J. MUTO  
JACK C. SEDWICK  
ARDEN E. STEVENS



TOM BRADLEY  
MAYOR

DEPARTMENT OF  
CITY PLANNING  
CALVIN S. HAMILTON  
DIRECTOR

OFFICE OF  
ZONING ADMINISTRATION

ROOM 600 CITY HALL  
LOS ANGELES, CA 90012  
485-3851

July 9, 1982

Department of Recreation and Parks  
City of Los Angeles  
Room 1385, City Hall East  
Los Angeles, CA 90012

Re: CASE NO. ZV 82-148  
500 Riverside Drive  
Hollywood District  
Zone R1-1  
D.M. 168-B-193  
C.D. No. 2  
EIR: Exempt

Department of Building and Safety

In the matter of the application of the Department of Recreation and Parks, City of Los Angeles, for a variance from the provisions of the zoning regulations, please be advised that based upon the Findings of Fact hereinafter set forth and by virtue of authority contained in Section 98 of the City Charter and Section 12.27-B of the Municipal Code, the Zoning Administrator hereby grants a variance from the provisions of Article 2, Chapter I of said Code, on a site described as a portion of Griffith Park, as more fully described on the legal description attached to the file, located at 500 Riverside Drive, Hollywood District, but only insofar as said variance is necessary to permit:

the improvement and maintenance of 588 parking spaces of the required 1,119 parking spaces with decomposed granite, in lieu of the normally required paving, all in conjunction with the "Griffith Park Equestrian Center" under the jurisdiction of the Department of Recreation and Parks,

upon the following terms and conditions:

1. That the use and development of the property shall be in substantial conformance with the plot plan submitted with the application and marked Exhibit "A".
2. That all other use, height and area regulations of the Municipal Code be strictly complied with in the development and use of the property, except as such regulations are herein specifically varied or required.



3. The variance hereby allowed is conditional upon the privileges' being utilized within one year after the effective date hereof, and if they are not utilized or construction work is not begun within said time and carried on diligently to completion of at least one usable unit, this authorization shall become void and any privilege or variance granted hereby shall be deemed to have lapsed unless a Zoning Administrator has granted an extension of the time limit after sufficient evidence has been submitted indicating that there was unavoidable delay in taking advantage of the variance. Once any portion of the variance privilege is utilized, the other conditions thereof become immediately operative and must be strictly observed.

The applicant's attention is called to the fact that this variance is not a permit or license and that any permits and licenses required by law must be obtained from the proper public agency. Furthermore, if any condition of this grant is violated or not complied with, then this variance shall be subject to revocation as provided in Section 12.27 of the Municipal Code. In the event the property is to be sold, leased, rented or occupied by any person or corporation other than yourself, it is incumbent that you advise them regarding the conditions of this grant. The Zoning Administrator's determination in this matter will become effective after July 26, 1982 unless an appeal therefrom is filed with the Board of Zoning Appeals. Any appeal must be filed on the prescribed forms, accompanied by the required fee and received and receipted at a Public Office of the Department of City Planning on or before the above date or the appeal will not be accepted.

#### FINDINGS OF FACT

After thorough consideration of the statements contained in the application, the plans submitted therewith, and the report of the City Planning Associate thereon, all of which are by reference made a part hereof, as well as personal knowledge of the property and surrounding district, I find that practical difficulties, unnecessary hardships or results inconsistent with the general purpose of the zoning regulations would result from a strict enforcement thereof, and that the five requirements and prerequisites for granting a variance as enumerated in the City Charter and Section 12.27-B,1 of the Municipal Code have been established by the following facts:

1. The subject property is a large, irregularly shaped parcel of land generally bounded by Riverside Drive on the north, the Burbank Wash on the east, a Los Angeles County Flood Control Channel on the south and the City of Burbank on the west. The property is classified in the R1-1 Zone and is part of Griffith Park under the jurisdiction of the Department of Recreation and Parks. The property is presently being developed as the Griffith Park Equestrian Center with barns, stables, etc., in various stages of completion. Adjacent properties are either vacant, improved for park use or developed with flood control channel facilities, with the exception of those along Riverside Drive to the north which are developed for residential uses interspersed with horse stables and other equestrian facilities. Access to the site is provided by Riverside Drive and local streets located in the cities of Burbank and Glendale.

A review of information attached to the file indicates that, as stated previously, the site is being developed as a Griffith Park Equestrian Center. When completed, the center will have a one-half mile dirt track, a covered arena accommodating 3,564 persons, two outside show arenas, three additional outside arenas, two commercial buildings, stables and other facilities. To provide adequate parking, a total of 1,175 parking spaces will be provided although only 1,119 parking spaces are required. Further, it is proposed that 588 of the required parking spaces be surfaced with decomposed granite, in lieu of the required paving, in order to provide a park-like atmosphere and accommodate the unique physical characteristics of horse and rider. It is for the purpose that the request has been filed seeking variance relief.

In the opinion of the Associate Zoning Administrator, the request has merit. The involved site is large and removed from residential properties being buffered by public improvements and vacant land. By surfacing the 588 parking spaces with decomposed granite, the parking areas can serve a dual use providing for such activities as the loading and unloading of horses and equipment. Finally, paved parking areas are dangerous to both horse and rider making footing extremely difficult and such paving, in the instant case, defeats the purpose of creating an open park-like setting. Therefore, it is deemed that the strict application of the provisions of the Zoning Ordinance would result in practical difficulties or unnecessary hardships inconsistent with the general purpose and intent of the zoning regulations.

2. There are exceptional circumstances applicable to the subject property which do not generally apply to other properties in the same zone and vicinity in which the site is located. These circumstances include the large size of the property being part of Griffith Park, the properties location being buffered by public improvements and vacant land on three sides, the development of the property as the "Griffith Park Equestrian Center" which compliments existing equestrian facilities and horsekeeping in conjunction with residential uses along Riverside Drive, the intent of developing the equestrian center with a park-like setting, the dual use which the unpaved parking spaces can provide and the critical safety factor involved as a protection for both horse and rider which the decomposed granite surfacing provides.
3. The granting of the variance is necessary for the preservation and enjoyment of a substantial property right or use generally possessed by other properties in the same size and zone classification, but is denied the property in question because of the special circumstances described in Findings 1 and 2 above.
4. The granting of such variance will not be materially detrimental to the public welfare, or injurious to the property or improvements in the same zone or vicinity in which the property is located. As stated previously, it is the intent of the Department of Recreation and Parks to develop the subject property as the Griffith Park Equestrian Center providing equestrian facilities for a substantial regional population. To that end, construction of the center has been started. In relation to the concern of developing the center with a park-like setting as a part of Griffith Park; and, in recognition of the particular safety needs of horse and rider, approximately half of the 1,119 required parking spaces will be

surfaced with decomposed granite. Due to the large size of the involved property and its location, no material detriment to the public welfare is in evidence and no adverse impacts are apparent which would be injurious to adjacent properties and improvements. Therefore, the categorical exemption issued for the project on April 12, 1982 is certified and it is noted that the property is not located in a flood hazard area subject to the provisions of the Flood Hazard Management Specific Plan.

5. The granting of the variance will not adversely affect any element of the General Plan.



JAMES J. CRISP  
Associate Zoning Administrator

JJC:gl:hb

cc: Director of Planning  
County Assessor  
Councilman Joel Wachs  
Second District  
Adjoining Property Owners

3824z

LOS ANGELES CITY AFFIRMATIVE ACTION PLAN

LOS ANGELES CITY AFFIRMATIVE ACTION REQUIREMENTS  
FOR NONCONSTRUCTION CONTRACTORS

Notwithstanding any other provision of Division 10, Chapter I, Article I, of the Los Angeles Administrative Code, to the contrary, every nonconstruction contract involving an expenditure in excess of \$5,000 of City funds, except in cases of urgent necessity, as provided in Section 386 of the Charter of the City of Los Angeles and except as provided in Section 10.8.6 and Section 10.9(a), (b) and (d) of Division 10, shall contain by insertion therein, as part of the bid specifications, an affirmative action plan substantially as follows and which by the Contractor's signature affixed thereto, shall constitute and be established as his Affirmative Action Plan:

1. NONCONSTRUCTION CONTRACTS INCLUDED

The Contractor and the subcontractor will not be eligible for an award of a City nonconstruction contract in excess of \$5,000, unless he has submitted as part of his bid a written affirmative action plan embodying both (1) goals and time tables of minority manpower utilization, (Members of "Minority Groups" include women and any person or group described by race, religion, sex, ancestry, national origin, age, or physical handicap.) and (2) specific affirmative action steps directed at increasing minority manpower utilization by means of applying good faith efforts to carrying out such steps or is deemed to have submitted such a program pursuant to Subsection 3 of this section. Both the goals and timetables, and the affirmative action steps must be taken in good faith to attempt to meet the requirements of this section and as set forth below, whether subcontracted or not.

2. GOALS AND TIMETABLES

The plan must set forth the following minimum ranges of goals for minority manpower utilization by the bidder and all contractors and subcontractors with the City of Los Angeles in each occupational category and at all levels for work performed within the County of Los Angeles:

		Ethnic Minorities	Females
1/1/79	Until further notice	21%	21%

Where work is performed outside the County of Los Angeles, the Affirmative Action Plan Goals must be equivalent to the minority and female representation of the recruitment area work force in which the work is performed.

The contractor may be exempted from the above Goals and Timetables if he agrees to enter into a joint venture with a minority contractor. The contractor must describe how he will utilize the minority employees. The exemption shall extend only to the Goals and Timetables of this Plan.

In the event that under a contract which is subject to these bid conditions any work is performed in a year later than the latest year for which acceptable ranges of minority manpower utilization have been determined herein, the ranges for 1979 shall be applicable to such work.

In no event may a Contractor or subcontractor utilize the goals, timetables or affirmative action steps required by this part in such a manner as to cause or result in discrimination against any person on account of race, religion, sex, ancestry, national origin, age, or physical handicap.

### 3. AN AFFIRMATIVE ACTION PLAN

The Contractor certifies and agrees that he shall immediately make a good faith effort to include within his employ said minorities in numbers proportionate with the said minority composition of the population of the County of Los Angeles or the recruitment area work force if the Contractor is located outside Los Angeles County as set forth hereinabove, including but not limited to the following affirmative actions:

- (a) He shall recruit and make efforts to obtain minorities through:
  - (1) Advertising employment opportunities in minority community news media;
  - (2) Notifying minority community organizations of employment opportunities;
  - (3) Maintaining contact with schools with minority students to notify them of employment opportunities;
  - (4) Encouraging present minority employees to refer their friends and relatives;
  - (5) Promoting after school and vacation employment opportunities for minority youth;
  - (6) Validating all employment specifications, selection requirements, tests, etc.;
  - (7) Maintaining a file of the names and address of each minority worker referred to him and what action he took concerning such worker; and
  - (8) Notifying the appropriate awarding authority of the City in writing when a union with whom he has a collective bargaining agreement has failed to refer a minority worker to him.
  
- (b) He shall continually evaluate personnel practices to assure that hiring, upgrading promotions, transfers, demotions, and layoffs are made to achieve and maintain an ethnically balanced work force.

- (c) He shall utilize training programs and assist minority employees in locating, qualifying for, and engaging in such training programs to enhance their skills and advancement.
- (d) He shall secure cooperation or compliance from the labor referral agency to his contractual affirmative action obligations.
- (e) He shall establish a person at the management level of the contracting entity to be his Equal Employment Opportunity Officer; such individual to have the authority to disseminate and enforce the company's Equal Employment and Affirmative Action Policies.
- (f) He shall maintain such records as are necessary to determine compliance with equal employment and affirmative action obligations, and make such records available to City, State, and Federal authorities upon request.

4. The Contractor shall make a good faith effort to contract with said minority contractors, subcontractors, and vendors for services and supplies by taking affirmative actions which include but are not limited to the following:

- (a) He shall advertise invitations for subcontractor bids in minority community news media.
- (b) He shall contact minority contractor organizations for referral of prospective subcontractors.
- (c) He shall contact any other source likely to yield qualified minority contractors and vendors.
- (d) He shall make purchases from qualified minority vendors where practical.

5. The Contractor and each subcontractor shall make a good faith effort with respect to apprenticeship and training programs to:

- (a) Recruit and refer minority employees to such programs.
- (b) Establish training programs within his company and/or his association that will prepare minority employees for advancement opportunities.
- (c) Abide by the requirements of the Labor Code of the State of California with respect to the provision of apprenticeship opportunities.

6. The Contractor and each subcontractor shall establish written company policies, rules, and procedures which shall be encompassed in a company-wide Affirmative Action Plan for all his operations and contracts. Said policies shall be provided to all his employees, subcontractors, vendors, unions, and all others with whom he may become involved in fulfilling any of his contracts. The contractor's Affirmative Action Plan shall encompass the requirements contained herein as a minimum.

7. Where problems are experienced by the Contractor or the subcontractor in complying with his affirmative action obligations, the Contractor or subcontractor shall document his good faith effort to comply with the requirements by the following procedure:

- (a) He shall state the nature of the problem.
- (b) He shall state what he attempted to do, how, and on what date.
- (c) He shall state to whom his efforts were directed.
- (d) He shall state the response received and date.
- (e) He shall state what other steps he has taken or will take to comply and when.
- (f) He shall state why he has been or will be unable to comply.

8. The Contractor and each of his known subcontractors shall complete and file with the awarding authority acceptable Affirmative Action Plans with the Contractor's bid.

9. The Contractor and each of his known subcontractors shall submit an "Ethnic Composition of the Company's Total Work Force" report (by employees) with the bid.

10. No contract or subcontract shall be executed until the Office of Contract Compliance of the City of Los Angeles has approved the Contractor's or subcontractor's Affirmative Action Plan.

11. It shall be no excuse that the union with which the Contractor or the subcontractor has a collective bargaining agreement providing for referral, exclusive or otherwise, failed to refer minority employees.

12. Subject to this subsection, the Contractor shall execute such further forms and documentation at such times and as may be required by the appropriate awarding authority or the Office of Contract Compliance of the City of Los Angeles.

13. Where the Contractor or his subcontractor has failed to comply with the Affirmative Action requirements contained in this section, any and all sanctions allowed by law may be imposed upon the Contractor or any subcontractor.

14. The Office of Contract Compliance within the Department of Public Works shall be responsible for administering the City's Contract Compliance Program in the manner described in the Los Angeles Administrative Code.

CERTIFICATION FOR CONTRACTS OF MORE THAN \$5,000  
Affirmative Action Practices

A. During the performance of this contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, age or physical handicap.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work, or service category.
3. The contractor or subcontractor agrees to post a copy of Paragraph A. hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, age or physical handicap.

C. At the request of the awarding authority or the office of Contract Compliance, the contractor shall certify on a form to be supplied, that the contractor has not discriminated in the performance of this contract against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, age or physical handicap.

D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program of this contract, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any contractor or subcontractor to comply with the Affirmative Action Program of this contract may be deemed to be a material breach hereof. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor or subcontractor in accordance with the provisions of Section 22.359.3 of the Los Angeles Administrative Code.

F. Upon a finding duly made that the contractor or subcontractor has breached the Affirmative Action Program of this contract, this contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor or subcontractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he shall establish and carry out a program in conformance with the provisions hereof.

In the event of a finding by the Fair Employment Practice Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any Court of competent jurisdiction that the contractor or subcontractor has been guilty of a willful violation of the Fair Employment Practice Act of California, or the Affirmative Action Program of this contract, there may be deducted from the amount payable to the contractor or subcontractor by the City of Los Angeles under this contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of this contract.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for each breach hereof.

H. The Office of Contract Compliance shall promulgate rules and regulations and forms for the implementation of the Affirmative Action Program of this contract, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.

I. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. At the time its bid is submitted, the contractor shall submit an AFFIRMATIVE ACTION PLAN to the awarding authority which shall meet the requirements of this ordinance. The awarding authority may also require contractors and suppliers to take part in a prebid or preaward conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months next succeeding the date of first approval by the Office of Contract Compliance whichever is the earlier.

J.(1). Every contract or subcontract in excess of \$5,000 which may provide construction, demolition, renovation, conservation, or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

J.(2). A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance.

K. Contractors and suppliers who are members in good standing of a trade association which has negotiated an Affirmative Action Program with the Board of Public Works, Office of Contract Compliance may make the program of such association their commitment for the specific contract upon approval of the Office of Contract Compliance, without the process of a separate prebid or preaward conference. Such an association agreement shall be effective for a period of twelve months next succeeding the date of approval by the Office of Contract Compliance. Trade associations shall provide the Office of Contract Compliance with a list of members in good standing in such association.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed approved Affirmative Action Nondiscrimination Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any affirmative action plan or change the affirmative action plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.

M. The Affirmative Action Plan required to be submitted hereunder and the prebid or preaward conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment actively, be concerned with such employment practices as:

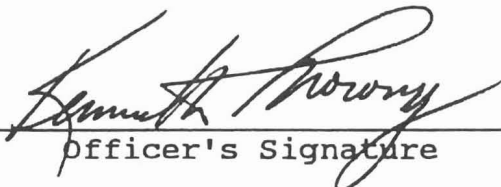
1. Apprenticeship where approved programs are functioning, and other on-the-job training for nonapprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Preapprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions, and practices generally observed in private industries in the contractor's, subcontractor's, or supplier's geographical area for such work; and
6. The entry of qualified women and minority journeymen into the industry.
7. The provisions of needed supplies or job conditions to permit persons with some unusual physical condition to be employed, and minimize the impact of any physical handicap.

N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either or both an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, lay-off, demotion, or change in grade.

O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the prebid or preaward conferences shall not be confidential and may be publicized by the contractor at his discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.

P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by contractors, subcontractors or suppliers engaged in the performance of City contracts."

2/16/90  
Date

  
Officer's Signature

700 S. Victory Blvd. Burbank CA.  
Location

Kenneth Mowry - President.  
Officer's Name and Title

LOS ANGELES CITY AFFIRMATIVE ACTION PLAN

ETHNIC COMPOSITION OF TOTAL WORK FORCE

To be completed, signed, and submitted by nonconstruction contractors

by Del Rey Properties  
700 S. Victory Blvd  
818-843-6955

Prime  
 Subcontractor  
 Spec. No. \_\_\_\_\_  
 Contract No. \_\_\_\_\_

Below the number of employees in each occupational category for each of the ethnic groups listed below for your firm's total work force.

OCCUPATIONS	EMPLOYMENT BY RACE, OCCUPATION, AND SEX										Total All Employees	Total Minority	P-M	
	MALE EMPLOYEES					FEMALE EMPLOYEES								
	Total Males	MINORITY GROUPS				Total Females	MINORITY GROUPS							
	Negro	Oriental	American Indian	Spanish American		Negro	Oriental	American Indian	Spanish American					
OFFICIALS AND MANAGERS	1													
PROFESSIONALS														
TECHNICIANS														
UNSKILLED WORKERS														
OFFICE AND CLERICAL						1								
RAFTSMEN (skilled)														
OPERATIVES (skilled)														
LABORERS (skilled)						1								
SERVICE WORKERS														
<b>TOTAL</b>	<b>1</b>					<b>1</b>						<b>3</b>	<b>1</b>	<b>3</b>

(Figures for the following classifications shall also be included in the appropriate category above the "Total" line.)

APPRENTICES	White Collar	Production												

EMPLOYMENT STATISTICS WERE OBTAINED FROM  
 AVAILABLE RECORDS       VISUAL CHECK       OTHER (Specify) \_\_\_\_\_

The Contractor by his signature affixed hereto declares under penalty of perjury that:

- he has read the above Los Angeles City Affirmative Action Requirements for Nonconstruction Contractors.
- he shall accept the requirements contained therein as the basic Affirmative Action Plan for all his operations within the County of Los Angeles or the applicable work force recruitment area of the contractor, if the contractor is located outside of the County of Los Angeles.
- the information contained hereon is true and correct.

*Demetrius Throwing*  
 Signature  
President  
 Title  
Del Rey Properties  
 Company Name  
 2/16/90

DEPARTMENT OF RECREATION AND PARKS  
MINORITY/WOMEN BUSINESS ENTERPRISE  
AND OTHER BUSINESS OUTREACH PROGRAM

POLICY

It is the policy of the Department of Recreation and Parks, hereafter referred to as Department, in accordance with the Mayor's Executive Directives Nos. 1-B and 1-C (Revised), to provide Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs) and all other business enterprises an equal opportunity to participate in the performance of all types of contracts awarded by this Department.

DEFINITIONS

For purposes of this policy, the following terms and phrases shall be defined as set forth herein:

"Controlled", for the purpose of determining whether a business is a Minority Business Enterprise or Women Business Enterprise, shall mean that the minority(ies), women, or combination of minority(ies) and women, as the context requires, shall (1) possess legal authority and power to manage business assets, goodwill and daily operations of the business; and (2) actively and continuously exercise such authority and power in determining the policies and directing the daily operations of the business.

"Minority", "Minorities", or "Minority person" shall have the same meaning as the term "Minority person" as defined in the California Public Contract Code Section 2000(f), that is, Black Americans, Hispanic Americans, Native Americans (including American Indians, Eskimos, Aleuts, and Native Hawaiians), Asian-Pacific Americans (including persons whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan), or any other group of natural persons identified as minorities in the project specifications by the Department.

"Minority Business Enterprise (MBE)" shall mean an independent and continuing business for profit, which performs a commercially useful function, and which is owned and controlled by one or more minority persons residing in the United States or one of its territories.

"Owned", for purposes of determining whether a business is a Minority Business Enterprise or a Women Business Enterprise, shall mean that the minorities or women, as the context requires, shall possess an ownership interest of at least fifty percent (50%) of the business or, in the case of a publicly owned corporation, that at least fifty-one percent (51%) of the stock is owned by one or more minorities or women, as the context requires, and that such minorities or women:

1. Possess incidents of ownership, such as an interest in profit and loss, equal to at least the required ownership interest percentage; and
2. Contribute capital, equipment and expertise to the business equal to at least the required ownership percentage.

Ownership shall be measured as though not subject to the community property interest of a spouse, if both spouses certify that (a) only one spouse participates in the management of the business, and (b) the non-participating spouse relinquishes control over his or her community property interest in the subject business.

"Women Business Enterprise (WBE)" shall mean an independent and continuing business for profit which performs a commercially useful function, and which is owned and controlled by one or more women residing in the United States or one of its territories.

#### OUTREACH REQUIREMENTS

Bidders and proposers shall assist the Department in implementing this policy by taking all reasonable steps to ensure that all available business enterprises, including local MBEs and WBEs, have an equal opportunity to compete for and participate in Department contracts. Bidders' or proposers' good faith efforts to reach out to MBEs, WBEs and all other business enterprises shall be determined by the following factors:

(1) The bidder's or proposer's efforts to obtain participation by MBEs, WBEs and other business enterprises could reasonably be expected by the Board of Recreation and Park Commissioners (the "Board") to produce a level of participation by interested sub-contractors, including \_\_\_\* percent of MBE and \_\_\_\* percent WBE as established by the Board.

\* (The expected level of participation for each type of contract is set forth below).

(2) The bidder or proposer attended pre-solicitation or pre-bid meetings, if any, scheduled by the Department to inform all bidders or proposers of the requirements for the project for which the contract will be awarded. The Department may waive this requirement if the bidder or proposer certifies it is informed as to those project requirements.

(3) The bidder or proposer identified and selected specific items of the project for which the contract will be awarded to be performed by sub-contractors to provide an opportunity for participation by MBEs, WBEs and other business enterprises. The Bidder or proposer shall, when economically feasible, divide total contract requirements into small portions or quantities to permit maximum participation of MBEs, WBEs and other business enterprises.

(4) The bidder or proposer advertised for bids or proposals from interested business enterprises not less than ten calendar days prior to the submission of bids or proposals, in one or more daily or weekly newspapers, trade association publications, minority or trade oriented publications, trade journals, or other media specified by the Department.

(5) The bidder or proposer provided written notice of its interest in bidding on the contract to those business enterprises, including MBEs and WBEs, having an interest in participating in such contracts. All notices of interest shall be provided not less than ten calendar days prior to the date the bids or proposals were required to be submitted. In all instances, the bidder or proposer must document that invitations for sub-contracting bids were sent to available MBEs, WBEs and other business enterprises for each item of work to be performed.

The Mayor's Office of Small Business Assistance shall be available to help identify interested MBEs, WBEs and other business enterprises.

(6) The bidder or proposer documented efforts to follow up initial solicitations of interest by contacting the business enterprises to determine with certainty whether the enterprises were interested in performing specific portions of the project.

(7) The bidder or proposer provided interested enterprises with information about the plans, specifications and requirements for the selected sub-contracting work.

(8) The bidder or proposer requested assistance from organizations that provide assistance in the recruitment and placement of MBEs, WBEs and other business enterprises not less than fifteen days prior to the submission of bids or proposals.

(9) The bidder or proposer negotiated in good faith with interested MBEs, WBEs and other business enterprises and did not unjustifiably reject as unsatisfactory bids or proposals prepared by any enterprise, as determined by the Board. As documentation the bidder or proposer must submit a list of all sub-bidders for each item of work solicited, including dollar amounts of potential work for MBEs, WBEs and other business enterprises.

(10) The bidder or proposer documented efforts to advise and assist interested MBEs, WBEs and other business enterprises in obtaining bonds, lines of credit, or insurance required by the Department or contractor.

1) Construction Contracts

It is expected, based upon past experience of the Department, that compliance with the Outreach Requirements will result in a level of participation of 15% MBE and 2% WBE in all construction project contracts, measured by the dollar value of each such contract. Such participation may consist of all tier levels of subcontractors, or material suppliers, or any one of two or more entities which comprise a joint venture, or any combination thereof.

2) Professional, Technical and Personal Services Contracts

It is expected, based upon past experience of the Department, that compliance with the Outreach Requirements will result in a combined level of MBE/WBE participation of 25% for all professional, technical and personal services contracts awarded by this Department during the fiscal year based upon the total dollar amount of all such contracts. This category includes but is not limited to contracts for engineers, architects, soil engineers, surveyors, appraisers, nutritionists, auditors, directors for specialized functions or facilities, senior citizen related specialists, outreach specialists, etc. This expected level of participation refers to the total combined MBE/WBE participation in all such contracts awarded during the fiscal year. Such participation may consist of all tier levels of subcontractors, or suppliers, or any one of two or more entities which comprise a joint venture, or any combination thereof.

3) Concession and Lease Contracts

It is expected, based upon past experience of the Department, that compliance with the Outreach Requirements will result in a combined level of MBE/WBE participation of 25% for all concession and lease contracts in effect during the fiscal year by this Department based upon the anticipated gross revenues of those operations. This expected level of participation refers to the total combined MBE/WBE participation in all such contracts and leases in effect during the fiscal year. Such participation may consist of all tier levels of subcontractors, or suppliers, or any one of two or more entities which comprise a joint venture, or any combination thereof.

4) Procurements of Materials and Supplies

Procurements of materials and supplies by this Department is limited to not more than \$200.00 per month for emergency purchases of materials and supplies not stocked or out of stock in the City Stores and not available through a contract awarded by the Purchasing Agent, Department of General Services. Because of the limited size and nature of such purchases, the Department's policy for participation in such procurements by MBEs, WBEs and all other business enterprises will be to provide MBEs, WBEs and all other business enterprises an equal opportunity to participate in such purchases.

SANCTIONS

Failure of the Contractor to demonstrate a good faith effort to comply with the Outreach Requirements may result in the bid or proposal being found to be non-responsive and the contract not being awarded or being awarded to another contractor.

Achievement of expected levels of participation for each contract may only be used as one of the ten indicia, above, of whether a bidder or proposer has made a good faith effort to recruit MBEs, WBEs and other business enterprises. Even though the Board has established expected levels of participation for MBE and WBE subcontractors, failure to meet those levels shall not by itself be the basis for disqualification of the bidder or proposer. The Board's determination of the adequacy of a bidder's or proposer's good faith effort must be based on due consideration of all indicia of good faith as set forth above.

In the event that the Board is considering awarding away from the lowest bidder or not awarding a contract to a proposer because the bidder or the proposer is determined to be non-responsive for failure to comply with the good faith indicia set forth above, the Board shall, if requested, and prior to the award of the contract, afford the bidder or proposer the opportunity to present evidence to the Board in a public hearing of the bidder's or proposer's good faith efforts in making its outreach. In no case will the Board award away pursuant to this program if a bidder or proposer makes a good faith effort but fails to meet the expected levels of participation.

Nothing herein restricts the discretion of the Board to reject all bids or proposals in accord with Charter Section 386.

#### MBE/WBE RECORDS

The Contractor shall maintain records of all subcontracts entered into with subcontractors and records of materials purchased from suppliers. Such records shall show the name and business address of each subcontractor and vendor and the total dollar amount actually paid each subcontractor and vendor.

Upon completion of the Contract, a summary of these records shall be prepared on the "FINAL REPORT OF SUBCONTRACTING AND PURCHASES" form (Schedule "G") and certified correct by the Contractor or his authorized representative, and shall be furnished to the General Manager within 15 days after final inspection and prior to final payment certification.

Failure to provide the required forms and information will result in withholding of progress payments or final retention monies to the prime contractor until all requirements are fulfilled.

#### SUBCONTRACTING

If a subcontractor or material supplier is to be replaced or eliminated, the Contractor shall notify the General Manager in writing and obtain his approval thereof prior to taking such action.

#### PREDESIGNATION AS A CERTIFIED MBE/WBE FIRM, ADDITIONAL INFORMATION AND ASSISTANCE

Requests for predesignation as a certified Minority or Women owned Business Enterprise and questions or additional information and assistance should be forwarded to the Department of Recreation and Parks Contract Compliance Administrator at 200 North Main Street, Room 1290 City Hall East, Los Angeles, California 90012, or by calling (213) 485-5671.

MINORITY/WOMEN BUSINESS ENTERPRISE (MBE/WBE) AND OTHER BUSINESS  
SUBCONTRACTORS INFORMATION FORM - SCHEDULE "A"

Bidders shall submit with their bid the MINORITY/WOMEN BUSINESS ENTERPRISE (MBE/WBE) AND OTHER BUSINESS SUBCONTRACTORS INFORMATION FORM," provided in the Bidding Documents as Schedule "A". The Bidder shall list itself and all subcontractors and/or supplier regardless of the amount of money involved. Bidders are requested to indicate if they and any of the other firms listed qualify as MBES or WBEs. MBE/WBE qualifications are defined and outlined in the accompanying Minority and Women Business Enterprise (MBE/WBE) and Other Business Outreach Program packet. The Bidder shall list on Schedule "A" the names and addresses of all firms to be used with a complete description of work or supplies to be provided by each and the dollar value of such transaction. In the case of joint ventures who bid as primer, any one of two or more entities which comprise the joint venture may be listed as an MBE or WBE subcontractor if the entity is otherwise qualified as such.

AFFIDAVIT REGARDING COMPLIANCE WITH MBE/WBE AND OTHER BUSINESS  
OUTREACH PROGRAM REQUIREMENT (SCHEDULE "B")

Each bidder or proposer must complete and execute the affidavit regarding Compliance With MBE/WBE and Other Business Outreach Program Requirement (Schedule "B") and provide it with its bid. The apparent low bidder or best proposer will be requested to provide documentation of its good faith efforts to comply with the Outreach Program Requirements prior to award of the contract. Failure to provide said Affidavit or to provide the documentation of good faith efforts when requested will render the bid or proposal nonresponsive and may result in its rejection.

MINORITY/WOMEN BUSINESS ENTERPRISE QUESTIONNAIRE AND MBE/WBE  
AFFIDAVIT FORMS

The apparent successful Bidder will be required to submit within five (5) working days of notification the "MINORITY/WOMEN BUSINESS ENTERPRISE QUESTIONNAIRE" (Schedule "C") and the "MBE/WBE" AFFIDAVIT" form (Schedule "D") for each MBE and WBE subcontractor and supplier listed on the Schedule "A" - BIDDER MINORITY/WOMEN BUSINESS ENTERPRISE (MEB/WBE) AND OTHER BUSINESS SUBCONTRACTORS INFORMATION FORM and for the Bidder (prime) if they claim to be an MBE or WBE firm. Additionally, if applicable, the "INFORMATION FOR DETERMINING MINORITY/WOMEN JOINT VENTURE STATUS" form (Schedule "E") and MBE/WBE JOINT VENTURE AFFIDAVIT" form (Schedule "F") for each joint venture MBE and WBE participant listed must be submitted within the above five (5) working day period. The required forms are included in these instructions.

# STATEMENT REGARDING SOUTH AFRICA BUSINESS CONNECTIONS

DATE: 12/05 )

BID NO. \_\_\_\_\_



Nature of Goods or Services to be provided

LAEC, INC.

Company Name

480 RIVERSIDE DR.

Company Address

BURBANK, CA 91506

City

State

Zip Co.

Los Angeles Administrative Code Section 10.31 et seq. provides that, unless specific exemptions apply, the City of Los Angeles shall not

- (1) purchase goods or services from South Africa; or
- (2) purchase goods or services from companies and individuals that do business in or with South Africa; or
- (3) enter into any contract or agreement with any entity which does business in or with South Africa.

Your answers to the following series of questions will enable the City to determine your business relations, if any, with South Africa. When completing this statement, please keep in mind:

- The City is prohibited by law from reviewing your bid without this statement. Failure to complete this statement (all questions answered) or to respond to a request for clarification or additional information will cause a person or entity to be deemed to be doing business in South Africa.
- The information provided on this statement is being submitted by you under oath. Failure to complete this statement accurately could result in prosecution for perjury.
- This statement must be completed by an authorized officer or authorized representative of your company.
- Should you eventually enter into a contract with the City, the City will regard your provision of incorrect information on this statement as a substantial breach of that contract entitling the City to all rights and remedies provided in the City contract or otherwise available in law or equity.
- The City takes a very broad view of what constitutes "doing business" in or with South Africa.
- Should your present bid be successful, you will be under a continuing obligation for the duration of your contract with the City to notify the City of any change whatsoever in the information contained in this statement.

If services provided relate to Investments, Banking, Bond Underwriting, or other financial activities, or Insurance, the Addendum must be completed and attached.

Check the appropriate box

**I. Does your company:**

- (A) Have an agent or employee in South Africa? ..... Yes  No
- (B) Own property in South Africa in connection with a business? ..... Yes  No
- (C) Permit, with or without consideration, its name, trademark, trade name, trade secret, copyright or patent to be used by an entity doing business in or with South Africa? ..... Yes  No
- (D) Pay a tax, levy, fee, duty, charge or similar sum to the government of South Africa, except for those payments necessary to prevent the use of its name, trademark, trade name, trade secret, copyright or patent in South Africa? ..... Yes  No
- (E) Participate in a financial transaction which begins in, ends in, or passes through South Africa except for activities required to assure repayment of credit extended before August 6, 1986? ..... Yes  No
- (F) Do business with the government of South Africa or has it done business with the government of South Africa within the preceding twelve (12) months? ..... Yes  No

**II. Does any other person or entity:**

- (A) Own or control 50 percent or more of the voting securities of your company? ..... Yes  No
- (B) Beneficially own or control (whether directly or indirectly) 25 percent or more of the voting securities of your company, while no other person or entity owns or controls (whether directly or indirectly) an equal or larger percentage? ..... Yes  No
- (C) Operate your company under an exclusive management contract? ..... Yes  No
- (D) Have members of its Board of Directors who also constitute a majority of your company's Board of Directors? ..... Yes  No
- (E) Have the authority to appoint a majority of the Board of Directors of your company? ..... Yes  No
- (F) Have the authority to appoint the chief operating officer of your company? ..... Yes  No
- (G) Have, through any other mechanism, the authority or ability to establish or direct the general policies or day-to-day operations of your company? ..... Yes  No

Bidders shall submit this information (only if requested) within five (5) working days of receiving written notice from the General Manager. Information from Bidders will be requested only if they are being considered for an award of contract.

IF YOU ANSWERED "YES" TO ANY OF THE QUESTIONS II (A) THROUGH II (G), THEN ANSWER QUESTIONS (H) THROUGH (M) BELOW:

Check the appropriate box

Does the person or entity referred to in questions (A) through (G), above:

- (H) Have an agent or employee in South Africa? ..... Yes  No
- (I) Own property in South Africa in connection with a business? ..... Yes  No
- (J) Permit, with or without consideration, its name, trademark, trade name, trade secret, copyright, or patent to be used by entity doing business in or with South Africa? ..... Yes  No
- (K) Pay a tax, levy, fee, duty, charge or similar sum to the government of South Africa except those payments necessary to prevent the use of its name, trademark, trade name, trade secret, copyright, or patent in South Africa? ..... Yes  No
- (L) Participate in a financial transaction which begins in, ends in, or passes through South Africa except for activities required to assure repayment of credit extended before August 6, 1986? ..... Yes  No
- (M) Do business with the government of South Africa or has it done business with the government of South Africa within the preceding twelve (12) months? ..... Yes  No

III. Does your company:

- (A) Own or control 50 percent or more of the voting securities of any other company? ..... Yes  No
- (B) Beneficially own or control (whether directly or indirectly) 25 percent or more of the voting securities of any other entity, while no other person or entity owns or controls (whether directly or indirectly) an equal or larger percentage? ..... Yes  No
- (C) Operate another entity under an exclusive management contract? ..... Yes  No
- (D) Have members of your Board of Directors who also constitute a majority of another entity's Board of Directors? ..... Yes  No
- (E) Have the authority to appoint a majority of another entity's Board of Directors? ..... Yes  No
- (F) Have the authority to appoint the chief operating officer of another entity? ..... Yes  No
- (G) Have, through any other mechanism, the authority or ability to establish or direct the general policies or day-to-day operations of any other entity? ..... Yes  No

IF YOU ANSWERED "YES" TO ANY OF THE QUESTIONS III (A) THROUGH III (G), THEN ANSWER QUESTIONS (H) THROUGH (M) BELOW:

Does the person or entity referred to in questions (A) through (G), above:

- (H) Have an agent or employee in South Africa? ..... Yes  No
- (I) Own property in South Africa in connection with a business? ..... Yes  No
- (J) Permit, with or without consideration, its name, trademark, trade name, trade secret, copyright, or patent to be used by entity doing business in or with South Africa? ..... Yes  No
- (K) Pay a tax, levy, fee, duty, charge or similar sum to the government of South Africa except those payments necessary to prevent the use of its name, trademark, trade name, trade secret, copyright, or patent in South Africa? ..... Yes  No
- (L) Participate in a financial transaction which begins in, ends in, or passes through South Africa except for activities required to assure repayment of credit extended before August 6, 1986? ..... Yes  No
- (M) Do business with the government of South Africa or has it done business with the government of South Africa within the preceding twelve (12) months? ..... Yes  No

- IV. (A) Who is the manufacturer of the goods to be provided? .....
- (B) Are you authorized by written agreement with this manufacturer to sell or distribute these goods? ..... Yes  No
- (C) Are any of the finished or unfinished goods or products that you will be providing to the City pursuant to this contract manufactured, produced, assembled, grown, or mined in South Africa? ..... Yes  No
- (D) Does your company hold outstanding export licenses from the U.S. Department of Commerce authorizing export or reexport of its products to or in South Africa? ..... Yes  No
- (E) Does your company have oral or written agreements currently in effect with any other company or companies, whether or not related to your company, which authorize resale of your company's products to or in South Africa? ..... Yes  No

I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE MADE DILIGENT INQUIRY INTO THE OPERATIONS OF THE ENTIRE ENTITY AND THAT FOREGOING IS TRUE AND CORRECT.

Signature of Authorized Officer or Representative <i>Kenneth Mowry</i>	Date & Place 12/05/90 THE LOS ANGELES EQUESTRIAN CENTER
Print or Type Name KENNETH MOWRY	Company Name LAEC, INC.
Title SEC. - GENERAL MANAGER	Company Phone Number 818/840-9063

FOR CITY USE ONLY - THIS SECTION MUST BE COMPLETED BY CITY AWARDDING AUTHORITY

Bidder is  Is Not  South Africa connected. Date: *December 1, 1990*

Department/Bureau: *Recreation & Parks* Representative: *[Signature]*

This section should be completed by City awarding authority and transmitted daily to the City Administrative Officer.

**INSURANCE REQUIREMENT**

for Contractors, Vendors, Lessees and Permittees doing business with the City of Los Angeles  
(FOR INFORMATION ONLY - DO NOT RETURN THIS PAGE TO THE CITY)

Name: LAEC INC., A CALIFORNIA CORPORATION AND DEL REY PROPERTIES Date: AUGUST 13, 1990

LOS ANGELES - GRIFFITH PARK EQUESTRIAN CENTER

Agreement/Reference: \_\_\_\_\_

Evidence of coverages checked having as a minimum the limits shown must be submitted and approved prior occupancy/start of operations. Amounts shown are Combined Single Limit. Split limits may be substituted if the total occurrence equals or exceeds the CSL amount.

Workers' Compensation (statutory) / Employer's Liability \$ 250,000

( ) Broad Form All States Endorsement

( ) Jones Act

( ) Voluntary Compensation Endorsement

(  ) waiver of subrogation

( ) Longshore and Harbor Workers' Compensation Act

Aircraft Liability \$ \_\_\_\_\_

Aviation/Airport Liability \$ \_\_\_\_\_

General Liability \$ 1,000,000

Automobile Liability \$ 300,000

( ) Passenger Liability (per seat) \$ \_\_\_\_\_

(  ) Premises and Operations

( ) Explosion Hazard

(  ) Contractual Liability

( ) Collapse/Underground Hazard

(  ) Independent Contractors

( ) Garagekeeper's Legal Liability

(  ) Products/Completed Operations

( ) Hangarkeeper's Legal Liability

(  ) Broad Form Property Damage

(  ) Owned Automobiles

(  ) Personal Injury

(  ) Nonowned/Hired Automobiles

(  ) Broad Form Liability Endorsement

( ) Hookup (limited)

( ) Watercraft Liability

~~( ) Other Legal Liability~~

( ) Incidental Medical Malpractice

Professional Liability (Errors and Omissions) \$ \_\_\_\_\_

Discovery period: \_\_\_\_\_

Property Insurance \$ \_\_\_\_\_  Fine Arts Floater \$ \_\_\_\_\_  Fire Legal Liability \$ \_\_\_\_\_

\_\_\_\_\_ % Co-insurance  Actual Cash Value  Replacement Value  Agreed Amount

( ) All Risk Coverage

( ) Boiler & Machinery

( ) Fire and Extended Coverage

( ) Debris Removal

( ) Vandalism & Malicious Mischief

( ) Sprinkler Leakage

( ) Flood \$ \_\_\_\_\_

( ) Windstorm

( ) Earthquake \$ \_\_\_\_\_

Crime Insurance \$ \_\_\_\_\_

( ) Comprehensive Dishonesty Disappearance & Destruction ( ) Blanket Crime

Fidelity Bond \$ 50,000

( ) Blanket Position ( ) Commercial Blanket ( ) \_\_\_\_\_

Owner's Protective Liability \$ \_\_\_\_\_

Ocean Marine Liability \$ \_\_\_\_\_  Ocean Cargo \$ \_\_\_\_\_

( ) Protection & Indemnity

( ) Jones Act

( ) Running Down Clause

( ) Wharfinger's Liability

( ) Pollution

( ) Ship Repairer's Liability

To accompany  
report

ability

*Ref*

Notes: \_\_\_\_\_

Exhibit F

Concessionaire's  
Proposal  
and  
Business Plan

# DEL REY PROPERTIES

February 19, 1990

Mr. Sheldon Jensen - Asst. General Mgr.  
Griffith Region  
Department of Recreation and Parks  
3900 W. Chevy Chase Dr.  
Los Angeles, California. 90039

RE: The Los Angeles Equestrian Center.

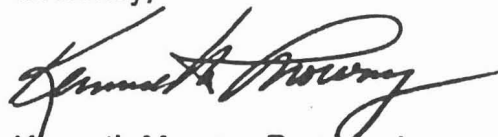
Dear Mr. Jensen:

We are pleased to submit with this letter our proposal and financial information for approval as the new assignee of the Concession Agreement for the operation of the Los Angeles Equestrian Center.

As you know, we have for the past two years been approaching Gilbralter Savings and Loan for the right to purchase this concession from them. In the relatively short time from the disapproval of the previous bidders to now we have not only been approved by Gilbralter and the RTC, but have opened escrow with Commerce Escrow for \$100,000.00

We are working hard to meet all anticipated time tables and appreciate the assistance of your staff in providing us information. We are looking forward to your Board's approval and a long and rewarding association with the City of Los Angeles.

Sincerely,



Kenneth Mowry - President  
Del Rey Properties

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- II. Proforma Projections**
- III. Organizational Chart**
- IV. Resumes of Key People**
- V. Project Financing**
- VI. List of Anticipated Repair and Upkeep work to be done.**

## I. BUSINESS PLAN

### *Introduction*

At its conception, the purpose of the L.A. Equestrian Center was to provide a basic horse stable and training facility for the citizens of Los Angeles. The actualization of the facility resulted in a "World Class Equestrian Center" complete with restaurant facilities, banquet rooms, show arenas for a wide variety of equestrian disciplines. Now, in today's environment with the history that the center has had, the idea of a financially sound operation consistent with the above concepts is being considered. We subscribe to all of these concerns and offer the addition of a strong, experienced management team with "horse sense".

It appears, however, that many of the equestrian services that have evolved with the Center are currently operated independent of the terms and conditions of the Concession Agreement which was written to govern all activities on and of the Los Angeles Equestrian Center and its sub-licensees. Although the success of each activity of the Center is dependent upon the success of the others, and even more dependent upon the success of the whole; the individual entities do not contribute a proportionately fair amount of profits to the Center. It is our intention to operate the Center in compliance with the existing Concession Agreement. All sub-licensees etc. will also have to conform to this Agreement or cease to do business in the Center.

We will be using our property management skills, programs and experience to monitor, maintain, control, and effectively manage the Center. We will do this in much the same manner that we now operate our own stable, "Triple R". We have owned and operated this facility at a profit since we purchased it in May of 1984.

To manage the over 35 projects now owned by Del Rey Properties, we employ a computer software program called the Yardi Property Management Program. The program is a sophisticated system which maintains a continuous balance of the revenues and expenses for each individual property. It keeps track of the cash flow and provides a multitude of management reports. The programs also maintains a schedule of routine maintenance tasks to be performed for each property and a report of special items to be repaired. The program records the completed repairs and maintenance tasks, bills the appropriate vendors and prepares the appropriate checks on the required payment due dates.

Kenneth Mowry, the current President of Del Rey Properties will assume the duties of General Manager of the Los Angeles Equestrian Center. We are currently interviewing applicants to assume Mr. Mowry's present duties at Del Rey to allow him to give his full attention to the Center. Mr. Mowry is well qualified for this position and has proven to be a capable manager of Del Rey Properties. In the last two years he has served in this position, Del Rey Properties has increase its assets from 19 properties to 35 profitable properties. Mr. Mowry's resume is attached.

To every extent possible we will rely on the expertise available to us from current employees at the Center and endeavor to recruit additional managers with specific expertise to manage the food service and special equestrian activities within the Center.

## Proforma Projections

As the purchaser/assignee of the existing concession agreement from Gilbraiter/RTC, we will be paying 3.6 million dollars. We will also be lending from time to time the support of our two companies, their equipment, staff and financial position. In doing so we are assuming that a 12% return on investment is a sound and adequate return. We have, therefore, prepared our business plan and proforma projections showing how we expect to achieve this return with the agreement as it stands today.

Our projections are not based on the revenues as they are currently produced or have been produced in the past. It is our understanding that in order to comply with the provisions of the Concession Agreement, all sub-licensees will be required to report their gross receipts and we will be required to pay to the City a percentage of their gross receipts.

In order to operate profitably we must also collect and apply a percentage of the sub-licensee's gross receipts towards the profits of the Center. Therefore, one major assumption which would affect the projections of the revenues from sub-licensees is that they are willing to operate in compliance with the Concession Agreement. We do not know at this time which, if any, of the sub-licensees will be willing to continue to operate in compliance with the existing agreement nor do we have access to their financial information which would indicate their ability to perform under those conditions. Therefore, our projections are based solely on the profits from the stable operations.

Our projections for the revenues derived from the boarding operations are based upon our profitable operation of the Triple R Stables. From our own experience we can project a return of 12% on our investment from the stable operations alone. Any profits derived from those sub-licensed operations which continue to operate and contribute to the success of the Center will be a welcome addition to the projected 12% return.

Attached herewith is a 20-year projection of revenues and expenses from the horse stabling operation at the Los Angeles Equestrian Center.

**Proforma Projections**  
**Estimated Monthly Income and Expense**

**REVENUES:** \$180,000.00  
(Estimated and rounded based on January 30, 1990)

**LABOR EXPENSES:**

Barn - Labor *	36,270.00
Yard & Landscaping	4,305.00
Maintenance & Repair	4,550.00
Equipment operations	5,050.00
Equipment maintenance	3,229.00
Janitorial	1,451.00
Security	4,352.00
Bookkeeping and Office	4,637.00
Management (3)	14,400.00
Secretary	<u>3,000.00</u>
Total Labor Expenses	\$ 81,244.00

**OTHER EXPENSE:**

Fuel & Equipment upkeep	2,500.00
Utilities	9,000.00
Insurance	8,500.00
Taxes - Real Property	8,000.00
Ground Lease *	10,000.00
Feed & Bedding *	37,852.00
Disposal Service	<u>2,000.00</u>
Total Other Expenses	\$ 77,852.00

**FINANCIAL EXPENSE:**

Interest and Principal (On \$2.5 million)	\$ 30,000.00
--	--------------

REVENUE	\$180,000.00
LABOR EXPENSE	81,244.00
OTHER EXPENSE	77,852.00
FINANCIAL EXPENSE	<u>30,000.00</u>
	\$189,096.00
 PROFIT OR LOSS	 (9,096.00)

These figures are based on current vacancy factor of 20% which we believe can be reduced to 5% during the next year of operation. The resulting estimated figures are as follows:

	<u>Revenue</u>	<u>Expense</u>	<u>Profit or Loss</u>
80%	\$180,000.00	\$189,096.00	-\$9,096.00
95%	\$213,750.00	\$201,443.00	\$12,307.00

(\* = items increased by 15% to total \$201,443.00)

At \$12,307 per month or \$147,684.00 annually it represents a 13% return on \$1,100,000.00 in capital.

TWENTY YEAR FINANCIAL PROJECTION		First Month	1990	1991	1992	1993	1994	1995	1996	1997	1998
Revenue		\$180,000.00	\$2,160,000.00	\$2,565,000.00	\$2,654,775.00	\$2,747,692.13	\$2,843,861.35	\$2,943,396.50	\$3,046,415.37	\$3,153,039.91	\$3,263,396.
Labor Exp											
Barn - Labor		\$36,270.00	\$435,240.00	\$516,847.50	\$534,937.16	\$553,659.96	\$573,038.06	\$593,094.39	\$613,852.70	\$635,337.54	\$657,574.
Yard & Landscaping		\$4,305.00	\$51,660.00	\$51,660.00	\$53,468.10	\$55,339.48	\$57,276.37	\$59,281.04	\$61,355.87	\$63,503.33	\$65,725.
Maintenance & repair		\$4,550.00	\$54,600.00	\$54,600.00	\$56,511.00	\$58,488.88	\$60,536.00	\$62,654.76	\$64,847.67	\$67,117.34	\$69,466.
Equipment operations		\$5,050.00	\$60,600.00	\$60,600.00	\$62,721.00	\$64,916.23	\$67,188.30	\$69,539.89	\$71,973.79	\$74,492.87	\$77,100.
Equipment maintenance		\$3,229.00	\$38,748.00	\$38,748.00	\$40,104.18	\$41,507.83	\$42,960.60	\$44,464.22	\$46,020.47	\$47,631.19	\$49,298.
Janitorial		\$1,451.00	\$17,412.00	\$17,412.00	\$18,021.42	\$18,652.17	\$19,305.00	\$19,980.67	\$20,679.99	\$21,403.79	\$22,152.
Security		\$4,352.00	\$52,224.00	\$52,224.00	\$54,051.84	\$55,943.65	\$57,901.68	\$59,928.24	\$62,025.73	\$64,196.63	\$66,443.
Bookkeeping and office		\$4,637.00	\$55,644.00	\$55,644.00	\$57,591.54	\$59,607.24	\$61,693.50	\$63,852.77	\$66,087.62	\$68,400.68	\$70,794.
Management (3)		\$14,400.00	\$172,800.00	\$172,800.00	\$178,848.00	\$185,107.68	\$191,586.45	\$198,291.97	\$205,232.19	\$212,415.32	\$219,849.
Secretary		\$3,000.00	\$36,000.00	\$36,000.00	\$37,260.00	\$38,564.10	\$39,913.84	\$41,310.83	\$42,756.71	\$44,253.19	\$45,802.
Total Labor Expenses		\$81,244.00	\$974,928.00	\$1,056,535.50	\$1,093,514.24	\$1,131,787.24	\$1,171,399.79	\$1,212,398.79	\$1,254,832.74	\$1,298,751.89	\$1,344,208.
Other Exp											
Fuel & Equipment upkeep		\$2,500.00	\$30,000.00	\$30,000.00	\$31,050.00	\$32,136.75	\$33,261.54	\$34,425.69	\$35,630.59	\$36,877.66	\$38,168.
Utilities		\$9,000.00	\$108,000.00	\$108,000.00	\$111,780.00	\$115,692.30	\$119,741.53	\$123,932.48	\$128,270.12	\$132,759.58	\$137,406.
Insurance		\$8,500.00	\$102,000.00	\$102,000.00	\$105,570.00	\$109,264.95	\$113,089.22	\$117,047.35	\$121,144.00	\$125,386.04	\$129,772.
Taxes - Real Property		\$8,000.00	\$96,000.00	\$96,000.00	\$99,360.00	\$102,837.60	\$106,436.92	\$110,162.21	\$114,017.89	\$118,008.51	\$122,138.
Ground Lease		\$10,000.00	\$120,000.00	\$142,500.00	\$147,487.50	\$152,649.56	\$157,992.30	\$163,522.03	\$169,245.30	\$175,168.88	\$181,299.
Feed & Bedding		\$37,852.00	\$454,224.00	\$539,391.00	\$558,269.68	\$577,809.12	\$598,032.44	\$618,963.58	\$640,627.30	\$663,049.26	\$686,255.
Disposal Service		\$2,000.00	\$24,000.00	\$24,000.00	\$24,840.00	\$25,709.40	\$26,609.23	\$27,540.55	\$28,504.47	\$29,502.13	\$30,534.
Total Other Expense		\$77,852.00	\$934,224.00	\$1,041,891.00	\$1,078,357.18	\$1,116,099.69	\$1,155,163.18	\$1,195,593.89	\$1,237,439.67	\$1,280,750.06	\$1,325,576.
Financial											
Principal and Interest		\$30,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.
Total Finance Expense		\$30,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.
Total Expenses		\$189,096.00	\$2,269,152.00	\$2,458,426.50	\$2,544,471.43	\$2,633,527.93	\$2,725,701.40	\$2,821,100.95	\$2,919,839.49	\$3,022,033.87	\$3,127,805.
Profit or Loss		(\$9,096.00)	(\$109,152.00)	\$106,573.50	\$110,303.57	\$114,164.20	\$118,159.94	\$122,295.54	\$126,575.89	\$131,006.04	\$135,591.
Accumulated Profit and Loss		(\$109,152.00)	(\$2,578.50)	\$216,877.07	\$224,467.77	\$232,324.14	\$240,455.49	\$248,871.43	\$257,581.93	\$266,597.	

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
13,377,615.18	\$3,405,831.71	\$3,618,185.82	\$3,744,822.32	\$3,875,891.11	\$4,011,547.29	\$4,151,951.45	\$4,297,269.75	\$4,447,674.19	\$4,603,342.79	\$4,764,459.79	\$4,931,215.88	
\$680,589.46	\$704,410.09	\$728,064.44	\$754,581.70	\$780,992.06	\$808,326.78	\$836,618.22	\$865,899.85	\$896,206.35	\$927,573.57	\$960,038.55	\$993,640.00	
\$68,028.35	\$70,407.28	\$72,871.53	\$75,422.04	\$78,061.81	\$80,793.97	\$83,621.76	\$86,548.52	\$89,577.72	\$92,712.94	\$95,957.89	\$99,316.42	
\$71,897.77	\$74,414.20	\$77,018.69	\$79,714.35	\$82,504.35	\$85,392.00	\$88,380.72	\$91,474.05	\$94,675.64	\$97,989.29	\$101,418.91	\$104,968.57	
\$79,798.63	\$82,591.58	\$85,482.28	\$88,474.16	\$91,570.76	\$94,775.74	\$98,092.89	\$101,526.14	\$105,079.55	\$108,757.34	\$112,563.85	\$116,503.58	
\$51,023.72	\$52,809.55	\$54,657.88	\$56,570.91	\$58,550.89	\$60,600.17	\$62,721.18	\$64,916.42	\$67,188.49	\$69,540.09	\$71,973.99	\$74,493.08	
\$22,928.28	\$23,730.77	\$24,561.35	\$25,420.99	\$26,310.73	\$27,231.60	\$28,184.71	\$29,171.17	\$30,192.16	\$31,248.89	\$32,342.60	\$33,474.59	
\$68,769.04	\$71,175.95	\$73,667.11	\$76,245.46	\$78,914.05	\$81,676.04	\$84,534.70	\$87,493.42	\$90,555.69	\$93,725.14	\$97,005.52	\$100,400.71	
\$7	\$7.52	\$7.837.06	\$81,238.55	\$84,081.90	\$87,024.77	\$90,070.64	\$93,223.11	\$96,485.92	\$99,862.93	\$103,358.13	\$106,975.66	
\$277,544.60	\$235,508.66	\$243,751.47	\$252,282.77	\$261,112.66	\$270,251.61	\$279,710.41	\$289,500.28	\$299,632.79	\$310,119.94	\$320,974.13	\$332,208.23	
\$47,405.13	\$49,084.30	\$50,781.56	\$52,558.91	\$54,398.47	\$56,302.42	\$58,273.00	\$60,312.56	\$62,423.50	\$64,608.32	\$66,869.61	\$69,210.05	
1,391,255.49	\$1,439,949.44	\$1,490,347.67	\$1,542,509.84	\$1,596,497.68	\$1,652,375.10	\$1,710,208.23	\$1,770,065.51	\$1,832,017.81	\$1,896,138.43	\$1,962,503.28	\$2,031,190.89	
\$39,504.27	\$40,886.92	\$42,317.96	\$43,799.09	\$45,332.06	\$46,918.68	\$48,560.84	\$50,260.46	\$52,019.58	\$53,840.27	\$55,724.68	\$57,675.04	
\$142,215.38	\$147,192.91	\$152,344.67	\$157,676.73	\$163,195.41	\$168,907.25	\$174,819.01	\$180,937.67	\$187,270.49	\$193,824.96	\$200,608.83	\$207,630.14	
\$134,314.52	\$139,015.53	\$143,881.07	\$148,916.91	\$154,129.00	\$159,523.52	\$165,106.84	\$170,885.58	\$176,866.58	\$183,056.91	\$189,463.90	\$196,095.13	
\$128,413.67	\$130,838.15	\$135,417.48	\$140,157.09	\$145,062.59	\$150,139.78	\$155,394.67	\$160,833.49	\$166,462.66	\$172,288.85	\$178,318.96	\$184,560.13	
\$187,645.29	\$194,212.87	\$201,010.32	\$208,045.68	\$215,327.28	\$222,863.74	\$230,663.97	\$238,737.21	\$247,093.01	\$255,741.27	\$264,692.21	\$273,956.44	
\$710,274.94	\$735,134.57	\$760,864.28	\$787,494.53	\$815,056.83	\$843,583.82	\$873,109.26	\$903,668.08	\$935,296.46	\$968,031.84	\$1,001,912.95	\$1,036,979.91	
\$31,603.42	\$32,709.54	\$33,854.37	\$35,039.27	\$36,265.65	\$37,534.95	\$38,848.67	\$40,208.37	\$41,615.66	\$43,072.21	\$44,579.74	\$46,140.03	
1,371,971.48	\$1,419,990.49	\$1,469,690.15	\$1,521,129.31	\$1,574,368.83	\$1,629,471.74	\$1,686,503.25	\$1,745,530.87	\$1,806,624.45	\$1,869,856.30	\$1,935,301.28	\$2,003,036.82	
\$36	7.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	
\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	\$360,000.00	
3,237,278.23	\$3,350,562.97	\$3,467,853.37	\$3,589,228.24	\$3,714,851.23	\$3,844,871.02	\$3,979,441.51	\$4,118,721.96	\$4,262,877.23	\$4,412,077.93	\$4,566,500.66	\$4,726,328.18	
\$140,336.95	\$145,248.74	\$150,332.45	\$155,594.08	\$161,039.88	\$166,676.27	\$172,509.94	\$178,547.79	\$184,796.96	\$191,264.85	\$197,959.12	\$204,887.69	
\$275,928.20	\$285,585.69	\$295,581.19	\$305,926.53	\$316,633.96	\$327,716.15	\$339,186.21	\$351,057.73	\$363,344.75	\$376,061.82	\$389,223.98	\$402,846.82	

	1990	1991	1992	1993	1994	1995	1996
ROI on \$1,100,000	-9.92%	-0.23%	19.72%	20.41%	21.12%	21.86%	22.62%
Accumulated Average ROI %	-9.92%	-5.08%	3.19%	7.49%	10.22%	12.16%	13.65%

**Assumptions**

- First Column 80% occupancy
- Second Column 95% occupancy annualized with proportional increases to labor, ground lease and Feed & bedding
- Third Column = Second Column plus 3.5% CPI increase annualized
- Fourth Column thru end continues 3.5% CPI per year annualized
- June to June Physical Year Ends

III. Organizational Chart

Behunin Construction Co., Inc.  
(Current)

```
*****
* Shareholders *
* Tim Behunin 50% *
* Greg Daggett 50% *
*****
*
*
*
*
*****
* Tim Behunin - President *
* Greg Daggett - V.P. *
*****
* *
* *
* *
*****
*Controler *
*Fred Reiner *
*****
* *
* *
*****
*Accounting *
*****
*
*****
*Office Staff *
*****
*
*
*
*
*****
*Superintendent *
*Glen Daggett *
*****
*
*
*****
*Foreman *
*****
*
*****
*Labor & Yard *
*****
```

Del Rey Properties  
(Current)

\*\*\*\*\*  
\*General Partnership \*  
\*Tim Behunin 50% \*  
\*Greg Daggett 50% \*  
\*\*\*\*\*

\*  
\*  
\*

\*\*\*\*\*  
\*President \*  
\*Kenneth Mowry \*  
\*\*\*\*\*

\* \* \*  
\* \* \*

*****	*	*****
*Accounting *	*	*Managers of Apt *
*Office Staff *	*	*Manager of Stable*
*****	*	*****

\*  
\*

\*\*\*\*\*  
\*Maintenance Staff\*  
\*\*\*\*\*



#### **IV. Resumes of Key People**

**Kenneth B. Mowry**  
**330 S. California St.**  
**Burbank, California. 91505**

## **SUMMARY OF QUALIFICATIONS**

My professional experience has been in the areas of Management, Administration, Marketing, Finance and Lending. I possess a strong business sense and bring a cost-conscious, profit-oriented attitude to every task or activity. I enjoy the challenge and responsibility of leadership, with proven successes; and offer personal maturity, a dedication to hard work and the desire to progress, both personally and professionally.

## **EXPERIENCE HIGHLIGHTS**

*DEL REY PROPERTIES*, January 1988 to present. Early in 1988, I was asked by Messrs. Behunin and Daggett, my two long-time business associates to accept a newly formed position as President of the Property Development and Management Company in Burbank. As president, I am responsible for all aspects of managing 35 office and apartment buildings, plus a stable in Burbank, valued in excess of \$30 million.

*MOWRY ENTERPRISES, INC.*, May 1987 to January 1988. President. Consultant to different middle market companies in various capacities. Assisted Now Courier and Intercept Delivery, a service company with \$25 million in sales and 700 employees. Acted as Chief Financial Officer of Now and Intercept and implemented new policy and procedures in the accounting department. Procured new financing and negotiating loans on the company's behalf. In addition, consulted with California Security Mortgage Co. in Burbank and provided them financial guidance. Implemented their budgeting process and business plan. Suggested and installed a new marketing approach. I also worked with other companies to assist them in obtaining financing (i.e. Chatham & Becker, Bonner Rents, Electrotec etc.).

*WESTERN SECURITY BANK*, October 1985 to May 1987. Vice President and commercial lending officer. Responsible for business development and portfolio management. During my tenure there, the bank grew from \$22 million in commercial loans to \$35 million. I originated \$12 million in new loans and brought in \$8 million in new deposits. I produced \$175,000 in fee income. (To verify, call Mr. Herb Prinz President -(818) 843-0707).

*FIRST PACIFIC BANK*, March 1984 to October 1985. Senior Vice President and commercial lending officer. As part of a team of commercial bankers, I moved from the First National Bank of Beverly Hills to assist in changing the fixed rate portfolio of real estate loans to variable rate commercial loans and generate deposits and fee income. In addition to my duties as a member of the corporate team, I was in charge of the headquarters branch. (To verify, call Mr. Doug Shearer, now President of Camarillo Community Bank - (805) 987-6981).

*FIRST NATIONAL BANK OF BEVERLY HILLS*, February 1983 to March 1984. Vice President responsible for the development and implementation of marketing strategies to penetrate the Los Angeles business community and develop an effective network of referral sources. I personally developed \$5 million in new deposits, \$5 million in middle market loans and approximately \$135,000 in fee and other income for the bank. (Bank is no longer in Business under this name.)

*STERLING BANK*, December 1980 to February 1983. Private Banker and member of the Finance Committee. Personally developed \$8 million in middle market loans for this new bank which grew \$32 million in deposits during my tenure. I also personally sold 125,000 shares totalling \$1.5 million. (To verify, call Mr. Allan E. Dalshaug, Chairman of the Board of Sterling Bank-(213) 384-4444).

*SECURITY PACIFIC BANK*, 1973 to December 1980. I held various positions with this bank including commercial lending officer of a newly opened commercial loan center and branch manager of a sixteen person office that grew from \$17 million to \$27 million under my direction. I completed the bank's formal credit analysis programs Credit I, II and III, in addition to commercial finance analysis.

#### **NON BANKING JOBS.**

*IBM* - computer operations, programming and office administration.

*BEKINS VAN & STORAGE* - data processing operations, payroll and accounting.

#### **EDUCATION**

*UNIVERSITY OF PACIFIC*, Stockton, 1968. Bachelor of Arts degree in Business Administration. I was student body treasurer and a member of the varsity golf team.

#### **OTHER DATA**

I am married with three children. I own a horse which is boarded in my own backyard in Burbank near the LAEC. I ride regularly in Griffith Park. I also enjoy horseback riding, hunting and playing golf.

**Tim Behunin and Greg Daggett**  
**Partners In Behunin Construction and Del Rey Properties**

**Resume and History**

*History: 1974 - Present*

The resumes of Tim Behunin and Gregory Daggett are presented within one resume document due to the fact that they have worked together as partners for most of their careers.

Both Tim Behunin and Greg Daggett attended Burroughs High School in Burbank and worked independently and together in the construction industry. They formed Behunin Construction Co. Inc. in 1974. As the corporation grew they started to build and acquire property. Initially, they held the ownership of the properties under their personal names.

*1978 - Present*

In 1978, the Behunin shareholders formed Del Rey Properties a General Partnership. This partnership has also prospered and now develops, manages and also participates in joint ventures for it's own portfolio.

*Behunin Construction Inc.*

Behunin Construction Company is an active builder in the Burbank area but has and is now building in other cities through out Southern California. The company initially specialized in building small apartment and commercial building for others and themselves and later graduated into development of large commercial and industrial space. The company has to date built over 1,000,000 square feet in commercial and industrial space and over 350 apartment units. It currently has 25 employees which at times expands to 50. The company does over \$8,000,000 on an annual basis and has been operating since incorporation under license number #301135 B1 C8.

(See attach list of specific properties developed.)

*Del Rey Properties.*

As a natural out growth of the construction company, Del Rey Properties was formed to manage, develop and acquire property for it's own portfolio. Currently the partnership operates 35 properties primarily in the Burbank area. These range from a horse stable to apartments and to commercial office space. The partnership currently employees 4 people on a full time basis. It's net worth at market value is \$25,000,000 with a positive net cash flow of \$50,000 per month on a completed project basis. Both Del Rey and Behunin work out of the same offices with Behunin renting space and all transactions being at arms length.

*Tim Behunin - Personal*

Residing and working in Burbank has afforded Tim with gaining not only local respect but recognition as person concerned with his community. He participates and has given advised on many city matters. He is a participating director for the holding company of Sterling Bank. He is also active with his children in community sports. He is a member of Lakeside golf club. He likes to go hunting and regularly goes horseback riding on his own horse in Griffith Park. Tim's personal net worth is \$6,500,000.

*Greg Daggett - Personal*

Greg also resides and works in Burbank. He has gained the respect of the local building industry and is often called upon for advise. His children also attended school here in Burbank and Greg serves on the Career Education Advisory Council of the Burbank School Board. He is active in the sport of boat racing. He also enjoys hunting and riding. He has his own stable of 7 horses in his backyard and rides regularly in Griffith Park. His personal net worth is 6,300,000.

*Del Rey - Sterling Bank.*

Del Rey is the largest outside stock holder of Sterling Bank which has four branches and total assets of \$140,000,000.

*Del Rey - "Triple R" Stables.*

Del Rey currently operates the Triple R Stables located at 1830 Riverside Drive, which is on the northeast side of the LAEC. It has 84 stalls. It also houses Burbank Pet and Equestrian Supply a feed store that sells tack and other items known as Burbank Pet and Equestrian Supply. (The company that is currently supplying hay to the LAEC) The facility also includes a veterinarian's office and an exercise and training area.

*Dey Rey - Charities and Community Support.*

Behunin Construction and Del Rey Properties provide continued support to their community. Among those community activities supported by the companies are:

- 1.) YMCA Child Care Center Burbank - \$25,000.00 donation.
- 2.) Run for the Hungry - A 10k run put on by Michale Hastings City Councilman - \$2000.00 in 1988, 89, 90.
- 3.) Trucks and Equipment - Burbank on Parade last six years
- 4.) AYSO Soccer - Burbank team last six years
- 5.) Little League Baseball - Burbank team last six years
- 6.) YMCA hole in one sponser 1985 to present
- 7.) Burbank Police Dept - support groups

AFFIRMATIVE ACTION REQUIREMENT INSTRUCTIONS

INSTRUCTIONS TO BIDDERS

As a bidder for a City of Los Angeles contract, you are required to comply with the nondiscrimination provisions as defined in Division 10 of the Los Angeles Administrative Code, which was amended to include Ordinance No. 147,030. Pertinent provisions appear on bid, contract, and purchase order forms.

2. NONDISCRIMINATION CLAUSE - REQUIRED IN ALL CONTRACTS

Every contract which is let, awarded, or entered into on behalf of the City of Los Angeles, shall contain by insertion therein a nondiscrimination clause obligating the contractor not to discriminate in his employment practices during the performance of the contract against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. All subcontracts awarded under any contract with the City shall contain a like nondiscrimination clause.

3. NOTICE TO PROSPECTIVE CONTRACTORS PERTAINING TO NONDISCRIMINATION IN EMPLOYMENT

A. "In contractual proceedings where a notice inviting proposals for the work services, information or property required to be furnished or supplied to the City or to be sold to the City is published either in accordance with Sections 386 or 387 of the Charter of said City or is otherwise published, such notice shall specify that the provisions of Section 10.8 through 10.8.6 hereof applicable to any such notice will be part of any contract awarded by the City pursuant to such notice."

B. "In contractual proceedings where a notice is not published as provided in subsection A, the contractor or contractors will be advised at the outset of negotiations that the provisions of subsection 10.8.6 hereof will be a part of any contract entered into by the City as a result of such negotiations."

4. AFFIRMATIVE ACTION PROGRAM CERTIFICATION - REQUIRED FOR ALL CONTRACTS IN EXCESS OF \$5,000

For every contract or subcontract with or on behalf of the City of Los Angeles for which the consideration is in excess of \$5,000, the bidder shall sign and submit the following with the bid:

A. A signed Affirmative Action Program Certification Form (See Exhibit B).

B. A signed Affirmative Action Plan. The bidder must submit one of the three following plans:

1. "Los Angeles City Affirmative Action Requirements for Nonconstruction Contractors," if bidding on a nonconstruction contract; or "Los Angeles City Affirmative Action Requirements for Construction Contractors," if bidding on a construction contract.

2. A trade association plan, if the contractor is a member in good standing of the association. This plan must be reviewed and approved by the Office of Contract Compliance. Such plan, if approved, shall be effective for 12 months following the date of approval.
3. The contractor's (bidder's) Affirmative Action Plan. This plan must be reviewed and approved by the Office of Contract Compliance. Such plan, if approved, shall be effective for 12 months following the date of approval.

The signed Affirmative Action Plan shall be attached as the second following and subsequent pages.



BOARD OF COMMISSIONERS

**SYLVIA PATSAOURAS**  
PRESIDENT

**LYNN ALVAREZ**  
VICE PRESIDENT

**TAFARAI BAYNE**  
**NICOLE CHASE**  
**JOSEPH HALPER**

**TAKISHA SARDIN**  
BOARD SECRETARY  
(213) 202-2640



**ERIC GARCETTI**  
MAYOR

**JIMMY KIM**  
GENERAL MANAGER

**ANTHONY-PAUL (AP) DIAZ, ESQ.**  
EXECUTIVE OFFICER &  
CHIEF OF STAFF

**CATHIE SANTO DOMINGO**  
ASSISTANT GENERAL MANAGER

**MATTHEW RUDNICK**  
ASSISTANT GENERAL MANAGER

**BELINDA JACKSON**  
ACTING ASSISTANT GENERAL MANAGER

(213) 202-2633 FAX (213) 202-2614

August 10, 2022

Sent via email

ASM Global  
800 W. Olympic Blvd., Suite 309  
Los Angeles, CA 90015

Attention: President

Gentlepersons:

Attached is Agreement No. 3947, executed on August 9, 2022 between the City of Los Angeles, by and through its Board of Recreation and Park Commissioners, and your organization for the operation and management of the Los Angeles Equestrian Center for a two-year term with a one-year extension option.

If you have any questions with regard to the Agreement at this time, please contact the undersigned at (213) 202 - 2640.

Very truly yours,

BOARD OF RECREATION AND  
PARK COMMISSIONERS

**TAKISHA SARDIN**  
Acting Commission Executive  
Assistant II

Attachment: Agreement No. 3947

cc: Rachel Ramos, Sr. Management Analyst, Special Operations Branch



AGREEMENT  
FOR TEMPORARY FACILITY  
MANAGEMENT OF THE LOS  
ANGELES EQUESTRIAN CENTER

Between

THE CITY OF LOS ANGELES DEPARTMENT OF  
RECREATION AND PARKS

And

ASM Global

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## **AGREEMENT FOR OVERSIGHT MANAGEMENT OF THE LOS ANGELES EQUESTRIAN CENTER**

**THIS AGREEMENT** is made and entered into between the CITY OF LOS ANGELES, a municipal corporation (hereinafter referred to as CITY), acting by and through the Department of Recreation and Parks ("RAP"), and ASM Global Arena Management, LLC ("ASM" or "CONTRACTOR") this 9<sup>th</sup> day of August, 2022 ("EFFECTIVE DATE").

**WHEREAS**, RAP seeks to hire a facility management company for a short term engagement to oversee management of the Los Angeles Equestrian Center (LAEC) while RAP develops and releases a Request for Proposal seeking a long-term operator; and

**WHEREAS**, ASM has extensive operational experience in managing large equestrian venues around the United States, including venues owned by state and local governments, and is able to engage quickly by taking advantage of staffing synergies via ASM's operational presence at event venues in the Los Angeles area;

**WHEREAS**, the services required are of a professional and expert quality and are temporary and occasional in nature; therefore, competitive bidding under Charter Section 371(e)(2) is neither practicable nor advantageous; and

**WHEREAS**, pursuant to Charter Section 371(e)(10) the services required involve the performance of professional, scientific, expert or technical services and the use of competitive bidding would be undesirable, impractical or impossible or is otherwise excused by the common law; and

**WHEREAS**, RAP, finds, in accordance with Charter Section 1022, that it is necessary, feasible and economical to secure these services by contract as it lacks sufficient and necessary personnel to undertake these specialized professional services; and

**WHEREAS**, ASM agrees to enter into this AGREEMENT to assist the RAP in providing the public with high-quality management services at LAEC.

**NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter to be kept and performed by the respective parties, it is agreed as follows:**

## **SECTION 1. DEFINITIONS**

For the purpose of this AGREEMENT, the following words and phrases are defined and shall be construed as hereinafter set forth:

AGREEMENT or CONTRACT:	This AGREEMENT consisting of thirty-three (33) pages and Exhibits (A thru K) attached thereto.
BOARD:	The Board of Recreation and Park Commissioners.
CITY:	The City of Los Angeles, acting by and through the Board of Recreation and Park Commissioners.
DEPARTMENT:	The Department of Recreation and Parks. Whenever approval of the DEPARTMENT is sought or otherwise required in this AGREEMENT, such approval may be given by the General Manager.
EFFECTIVE DATE:	[August 9 <sup>th</sup> , 2022]
EXECUTIVE DIRECTOR:	The ASM employee designated to oversee, operate and manage the Los Angeles Equestrian Center
FACILITY:	Los Angeles Equestrian Center, located at 480 Riverside Drive., Los Angeles, CA 90027
LAAC:	Los Angeles Administrative Code
LAMC:	Los Angeles Municipal Code

NET OPERATING INCOME	All OPERATIONAL REVENUE plus all interest earned by ASM on any OPERATIONAL REVENUE, minus the NOT-TO-EXCEED EXPENSES authorized to be incurred by ASM in Section 7(B)
NOT-TO-EXCEED EXPENSES	The annual maximum amount DEPARTMENT is obligated to pay ASM for services provided and expenses incurred per this Agreement. Any amount incurred or expended by ASM beyond the amounts authorized in Section 7(B), below, may only be reimbursed following separate approval by the Board.
OPERATIONAL REVENUE	All gross receipts, including but not limited to the total amount charged for any goods, services, venue rentals, filming, special events, catering, or concessions, generated as a result of any and all operations of ASM at LAEC
PREMISES:	The geographical area as defined in Section 3 of this Agreement, which is further depicted in Exhibit C
TRANSITION EXPENSE:	Expenses incurred by ASM in connection with ASM'S preparation to assume operational control of the FACILITY during the period of time between the EFFECTIVE DATE and the date ASM commences full time, on-site operations at the Facility.

## **SECTION 2. PERMISSION GRANTED**

The CITY hereby grants to ASM, subject to all of the terms and conditions of this AGREEMENT, the right to provide operational oversight and coordinated management of the Los Angeles Equestrian Center and to act as the DEPARTMENT'S agent, working with and under the direction of the DEPARTMENT'S staff with respect to the day to day operations of the FACILITY.

The CITY reserves the right to further develop or improve the PREMISES as it sees fit, without interference or hindrance; however the CITY shall consider recommendations of ASM in the planning process and may assign any operation of such improvements to ASM in accordance with this terms of this AGREEMENT. DEPARTMENT agrees that it will consider the impact on horse shows or events that have already been booked when scheduling facility improvement projects.

## **SECTION 3. PREMISES**

The PREMISES (hereinafter referred to as PREMISES) authorized for use by ASM shall only include the Los Angeles Equestrian Center property, as depicted in Exhibit C, which is comprised of administrative offices and banquet facilities; barns; arenas; an equidome; numerous parking lots; polo fields; an equitation school; and other auxiliary buildings within the PREMISES.

ASM shall not use or permit the FACILITY to be used, in whole or in part, for any other purpose other than those set forth in this AGREEMENT except with the prior, written consent of BOARD, nor allow any use in violation of any present or future laws, ordinances, rules and regulations relating to sanitation or the public health, safety or welfare of operations at and use of the FACILITY.

ASM hereby expressly agrees that within 90 days of execution of this Agreement, and at all times during the term of this AGREEMENT, to maintain, use and operate the FACILITY in a safe, clean, wholesome and sanitary condition, and in compliance with any and all present and future laws and ordinances, as well as all rules and regulations and DEPARTMENT standards and directives relating to public health, safety, or welfare.

ASM and CITY agree that the PREMISES will be delivered in an as-is condition.

## **SECTION 4. TERM OF AGREEMENT**

The term of the AGREEMENT shall commence on the EFFECTIVE DATE of this AGREEMENT, and shall be for two (2) years, with a one (1) year extension option, exercisable, via 120 days written notice to ASM, at the sole discretion of the DEPARTMENT.

Termination of this AGREEMENT shall done in accordance with the termination provisions (e.g. PSC-9) in the attached Standard Provisions for City Contracts (Rev.

10/21)[v.4]. Neither CITY, nor any BOARD member, officer, or employee thereof shall be liable to ASM in excess of the then-applicable fees or expense reimbursements, as set forth in Section 7 below, because of any action taken to terminate this AGREEMENT or to decline to exercise an option to extend the AGREEMENT.

## **SECTION 5. SERVICES TO BE PROVIDED AND OPERATING RESPONSIBILITIES**

ASM shall, at all times, provide the following services and comply with the following conditions:

### **A. Operations:**

ASM shall provide management staff which shall, at a minimum, include: Executive and Administrative, Operations, Barn Management, Grounds Keeping, Sales/Special Events, Food and Beverage and IT positions. The DEPARTMENT may require additions to or removals from the list of positions stated above and as shown in the organizational chart in Exhibit D. Any changes to this list of positions must be pre-approved by the DEPARTMENT.

At a minimum, the ASM staff will be responsible for the following duties and responsibilities:

1. Provide operational oversight management at the LAEC.
2. Collect all fees for FACILITY services, maintain proper accounting records for the FACILITY, pay for (as operations and insurance expenses) and obtain all licenses, permits, and insurance (Insurance Requirements and Instructions, Exhibit B).
3. Manage the rental of boarding stalls and provide customer service to boarders and trainers.
4. Facilitate the sub-contracting of peripheral services including, but not limited to: food and beverage service, banquet services, riding school, equine support services, retail shops, veterinary services, horse shows and others as RAP may deem necessary. ASM will provide oversight on behalf of RAP to ensure the sub-contractors are complying with the terms and conditions of their respective agreements. ASM may negotiate short-term sub-license agreements, subject to the approval of the DEPARTMENT.
5. Ensure barns and surrounding areas such as cross ties and wash racks are in good functional condition and regularly maintained.
6. Ensure stalls are in good condition upon move in: gates working; stall ground surfaces should be level; waterers functional and clean; no dangerous, sharp objects or edges; and pest control.
7. Mitigate, throughout the FACILITY, vermin, flooding, and excessive dust, especially, with respect to the latter, during periods of dry weather.
8. Regular maintenance of leveling of stall floors.
9. Within 30 days execution of this Agreement, ASM must submit a plan to RAP for approval for scheduling, management and coordination of overall barn cleaning.

The level of service must exceed the current cleaning schedule. (Specific areas to be cleaned must include aisles, crosstie areas, ceilings, beams, pipes above reach, around tack lockers, and the feed room.)

10. Ensure that all facilities, buildings, enclosures, and footing are well maintained (interiors and exteriors).
11. Ensure that the entire FACILITY and PREMISES are always maintained in a safe and clean condition, including landscape maintenance, irrigation repairs, tree trimming, turf maintenance and building maintenance (clean gutters, make repairs, paint, etc.).
12. Provide bedding (with a minimum standard of quality for material and volume).
13. Facilitate daily stall cleaning: mucking, cleaning of auto-waterer, and additional optional services.
14. Within 30 days of the execution of this Agreement, ASM must submit to RAP for approval a horse-feeding schedule for implementation. The plan must include additional service options for boarders.
15. Ensure access to cool drinking water for horses. ASM agrees to provide RAP with a detailed plan to provide solutions for hot months within 60 days of the EFFECTIVE DATE.
16. Ensure that the entire FACILITY and PREMISES are always maintained in a safe and clean condition, including:
  - a. Plumbing: (water for horses: access to cool drinking water), proximate spigots/hoses for cleaning, and any kitchens and restrooms.
  - b. Electrical: for barn and facility lights, running fans in stalls and aisles, plugging in small appliances like grinders for supplements.
  - c. Natural gas service.
17. Manage, set standards and assign storage for boarders, which may include spaces for:
  - a. riding equipment, tack, supplies
  - b. Feed: hay, grains, carrots, supplements
  - c. Muck bucket(s), muckrakes
18. Within 30 days of the execution of this Agreement, develop and enforce standards for running fans in stalls and elsewhere. Also propose alternative cooling methods such as misters or other solutions.
19. Ensure fair and equitable use of facilities, including: lunge/circular rings, pens, wash racks, cross ties, all internal trails, and hot-walker, et. al.
20. Upon taking over the operation of the Facility, transition and manage the booking of **horse shows** and **special events**. ASM shall provide a report to the DEPARTMENT and stakeholders on the first day of every month which lists all scheduled events for that month and clearly and timely communicate to boarders and trainers any anticipated impacts to access or operations of equestrian activities.
21. Oversee the care of boarded horses including hiring and managing staff who conduct mucking, feeding, cleaning and maintenance of the FACILITY.
22. Coordinate and collaborate with horse show promoters and special event clients before, during and after the event.
23. Maintain public and event staff ingress and egress at all times to the LAEC.

24. Manage all **parking operations**, including subcontracting (if necessary) of the operation as well as collecting and remitting all parking fees levied by RAP.
25. Prepare and manage a **traffic control plan** with the community, RAP and City of Burbank for large scale (over 500 participants and spectators) events, as necessary. This number may be adjusted by written approval of the General Manager of the Department.
26. Be reasonably accessible to stakeholders, including the **surrounding community**, to answer questions and to collaborate on all aspects of the operation.
27. Coordinate with **RAP Park Rangers, Los Angeles Fire and Police Department** on all large-scale (over 500 attendees) scheduled events regarding Fire, EMS and Security services necessary for public protection. In an emergency call 911.
28. Perform annual **Fire/Life testing** of the LAEC with a licensed contractor in conformance with LAFD Regulation 4.
29. Develop a new temporary website, logo, branding, keeping all up to date, including but not limited to the calendar and promotional information in collaboration with the DEPARTMENT. ASM will coordinate and manage all social media apps for the LAEC including, but not limited to Twitter, Facebook, Instagram or other designated ASM social media outlets. ASM shall provide full administrative access to City staff, including log in information and passwords, to all social media accounts during the term of this AGREEMENT. Upon expiration or termination of this AGREEMENT, ASM shall provide administrative access and information to all social media accounts and, if necessary, assign or transfer ownership of said accounts to the City. ASM shall provide designated City staff with access to the FACILITY's highest-speed available non-public Wi-Fi, including log in information and passwords for such Wi-Fi.
30. Ensure the FACILITY is reasonably safe and clean.
31. Coordinate with RAP for the use of the LAEC for programming that may provide equine experiences for youth from communities throughout Los Angeles.
32. Manage the **transition** of the LAEC from the current operator. This includes but is not limited to determining best strategies for ensuring continuity of service to current boarders, trainers and sub-tenants; coordinating with possible horse show or event promoters that could be holding dates with the current operator; touring the facility and identifying any fire life safety concerns that should be immediately addressed; and managing the transition and hosting of any special events that were booked as of the EFFECTIVE DATE of this AGREEMENT.
33. Provide a representative at the meetings of the **Los Angeles Equine Advisory Committee** and host regular meetings for boarders, trainers, and other stakeholders to exchange ideas and provide updates on happenings at the LAEC.
34. Provide owners with 24-hour access to their horse(s).
35. Provide security twenty-four hours/day, seven days a week.
36. Direct staff to conduct minimum twice nightly horse safety checks.
37. ASM agrees to use its Venue Management Software, at no additional cost to DEPARTMENT, to manage, book and coordinate the execution of all events. ASM will provide DEPARTMENT access to all information and databases related to the FACILITY. All data captured within the Venue Management Software belongs to

the DEPARTMENT and shall 1) be provided to the DEPARTMENT upon request, and 2) exported and delivered to the DEPARTMENT prior to the termination of this AGREEMENT.

38. Within 30 days of execution of this Agreement, ASM may request written approval from the DEPARTMENT to offer additional premium service upgrades to boarders and trainers for services that are provided above and beyond the minimum standards listed above.
39. ASM shall within the first 30 days of execution of this Agreement, start a community engagement process for all boarders, instructors, community members, sub-contractors, sub-licensees, etc. and be held monthly on an on-going basis.
40. ASM shall within the first 60 days of execution of this Agreement, provide a detailed assessment with recommendations and projected costs to resolve any fire/life/safety issues.
41. ASM shall within the first 90 days of execution of this Agreement, present the DEPARTMENT with a proposal for horse rental operations. These services may be provided by a sub-licensee.
42. ASM shall coordinate with the Department of Water and Power and other City Departments to facilitate possible future installation of solar panels throughout the Facility.
43. ASM shall provide continuous dust control of the Facility.
44. ASM will coordinate with RAP for the boarding of the park ranger mounted unit boarding and expenses.
45. ASM shall serve as RAP's fiscal agent for the procurement of supplies, equipment, and horses for the park ranger mounted unit.
46. Create an emergency evacuation plan in coordination with the City, to be posted and shared at all areas of the FACILITY.
47. Create a biosecurity action plan in coordination with the City to protect horses from infectious diseases, including EHV-1, in conformance with California Department of Agriculture standards.

## **B. Fiscal Responsibilities**

ASM shall act as the DEPARTMENT'S fiscal agent for the LAEC facility. Accordingly, ASM will collect all fees associated with FACILITY operations, including food and beverage and merchandise sales by ASM or third-party vendors, and will ensure proper accounting for all monies collected and any interest earned. Any proposed increases to the rental rates for boarding stalls and fees and charges for any associated services must be approved by the BOARD. ASM shall propose increases in such rates, fees and charges only for a reasonable amount and reflecting the economic diversity of the region.

ASM will include any sub-licensee financial sales data in all financial reports. This includes monthly gross revenues and rent paid to ASM; and profit and loss statements for each operating year.

ASM will prepare an annual FACILITY operating budget, monthly financial reports (using the form attached as Exhibit G), marketing plans and pro-forma for the length

of the AGREEMENT. In addition, ASM will submit audited financials, profit and loss statements, on an annual basis. DEPARTMENT may request additional reports to assist DEPARTMENT with managing the FACILITY, including an accounting detailing all revenues and expenditures for each horse show/special event. ASM will cooperate with DEPARTMENT to provide the requested reports. The reports may be changed from time to time to include additional information as required by the DEPARTMENT.

### **C. Sub-Licenses**

ASM may elect to retain the current food, beverage and banquet sub-licensee and shall retain the riding school sub-licensee and the retail shop licensee; as well as, continue the existing commercial rental agreements with equine service providers and trainers. After six months of operation ASM shall evaluate existing sub-licensee relationships and make a recommendation to RAP as to any changes to service providers and/or sub-licensees.

### **D. Transition Management**

ASM agrees to manage the transition of the FACILITY from the current operator, including but not limited to implementing a strategy for retaining existing LAEC staff in accordance with the CITY's worker retention ordinance.

ASM, will designate an agreed upon number of employees to work on transition activities, as requested by DEPARTMENT. The cost for the employee(s) is a TRANSITION EXPENSE and will be reimbursed to ASM.

### **E. Filming and Special Events**

It is the policy of the CITY to facilitate the use of CITY properties as film locations when appropriate. DEPARTMENT has established a Park Film Office to coordinate the use of park property for film production purposes. All fees for use of park property by film production companies shall be established and collected in accordance with CITY and DEPARTMENT policies. ASM shall establish a FACILITY rental fee schedule for filming, and collect, on behalf of the DEPARTMENT, any fees for film production conducted at FACILITY. All filming conducted at FACILITY must be approved in advance by the DEPARTMENT.

ASM may host equestrian and non-equestrian special events as long as they do not unreasonably impede or disrupt the use of the FACILITY by boarders and trainers. Any non-equestrian special event with more than 499 expected attendees shall be pre-approved in writing, prior to booking, by the DEPARTMENT. ASM shall emphasize service to boarders and trainers and prioritize the booking of equestrian shows. Filming and special events shall be secondary.

### **F. Community Satisfaction**

ASM shall be accessible to the surrounding community to address questions and concerns and to collaborate on all aspects of FACILITY operations in conjunction with DEPARTMENT'S designated representative(s).

### **G. Facility Management Meetings**

ASM shall attend meetings upon the request of the DEPARTMENT, including, but not limited to, the Board of Recreation and Park Commissioners and CITY Council and Committee meetings relating to the management and operations of the Facility. ASM may be called upon and agrees to assist the DEPARTMENT in the preparation and presentation of these matters.

### **H. Cleanliness**

ASM shall ensure the FACILITY is always maintained in a reasonably safe and clean condition and will work in conjunction with the DEPARTMENT to keep the PREMISES, including all equine, administrative, commercial, and banquet structures, parking lots, perimeter property, including fencing, clean, uncluttered, and sanitary at all times.

Horse barn cleanliness shall follow the guidelines as issued by the United States Equestrian Federation (USEF) as well as the State of California.

ASM shall not permit any offensive or refuse matter, nor any substance constituting an unnecessary, unreasonable, or unlawful fire hazard, nor any material detrimental to the public health, to remain on the PREMISES, and ASM shall prevent any such matter or material from being or accumulating upon said PREMISES.

### **I. Conduct**

ASM and its representatives, agents, servants, and employees shall at all times conduct its business in a quiet and orderly manner to the satisfaction of the DEPARTMENT.

### **J. Disorderly Persons**

ASM shall use its commercially reasonable efforts to permit no intoxicated person or persons, profane or indecent language, or boisterous or loud conduct in or about the PREMISES and will call upon the aid of peace officers to assist in maintaining peaceful conditions. ASM shall not knowingly allow the use or possession of illegal drugs, narcotics, or controlled substances on the PREMISES.

### **K. Personnel**

Within 30 days of the execution of this Agreement, ASM shall develop and submit a protocol, for the DEPARTMENTs approval, for the engagement of any employee or subcontractor. ASM's protocol shall comply with all applicable CITY, STATE,

and/or Federal labor laws.

**i. Existing Personnel**

ASM may choose to retain current LAEC management staff, including: the General Manager, Stabling Manager; Operations/Event Manager; Finance Manager; Receptionist; Event Manager; and stable, custodial and maintenance workers upon consultation with DEPARTMENT staff. ASM shall comply with the CITY's worker retention ordinance.

Existing LAEC salary schedules and job descriptions shall be considered as well as the existing work force employment promotional process.

The positions listed in this subsection shall at all times be filled as much as possible and maintained to perform the services required in this AGREEMENT. Failure to maintain these positions may be considered a material breach and may result in reductions of the NOT-TO-EXCEED EXPENSES authorized in Section 7(B) and/or termination of AGREEMENT.

**ii. Qualified Personnel**

ASM will employ or permit the employment of only such personnel as will assure a high standard of service to the public and cooperation with the CITY. All personnel will be trained in accordance with ASM'S submitted training plan prior to starting work at the PREMISES. All such personnel, while on or about the PREMISES, shall be neat in appearance and directed to be courteous at all times and shall be appropriately attired in conjunction with agreed upon appearance standards attached, with badges or other suitable means of identification. ASM shall prohibit persons employed by ASM, while on or about the PREMISES, to be under the influence of illegal drugs, narcotics, other controlled substances or alcohol, or use inappropriate language, or engage in otherwise inappropriate conduct for a work environment. In the event an employee is not satisfactory, the DEPARTMENT may direct ASM to remove that person from the PREMISES. ASM will create an employee handbook that will delineate these requirements to be signed by all employees.

**iii. EXECUTIVE DIRECTOR of the Los Angeles Equestrian Center:**

The EXECUTIVE DIRECTOR must be a qualified and experienced manager or supervisor of operations with a minimum of ten years' experience in equestrian venue management, vested with full power and authority to accept service of all notices provided for herein and to manage and supervise the operation of the FACILITY, including the quality services to boarders, and the appearance, conduct, and demeanor of SMG's agents, servants, and employees. The EXECUTIVE DIRECTOR shall be available during regular business hours, including show times and, at all times during that person's absence, a responsible subordinate shall be in charge and available. The authority of the EXECUTIVE DIRECTOR includes, but is not limited to the ability to: hire, fire,

and schedule personnel; order merchandise and materials; oversee inventory control and tracking; implement a marketing plan; maintain accounting records; book parties and events; oversee operations; train employees (to include such areas as customer service); and have ultimate on-site decision-making responsibility.

The EXECUTIVE DIRECTOR shall devote the greater part of their working time and attention to the operation of the FACILITY and shall promote, increase and develop the business. During the days and hours established for the operation of the subject FACILITY, the EXECUTIVE DIRECTOR'S personal attention shall not be directed toward the operation of any other business activity.

#### **iv. Approval of Personnel**

THE DEPARTMENT shall have the right to approve or disapprove senior level employees of ASM who are providing services to the LAEC.

#### **L. Diversion of Business**

ASM shall not divert, cause, allow, or permit to be diverted any commercially-viable business from the PREMISES and shall take all reasonable measures, in every proper manner, to develop, maintain, and increase the business conducted by it under the AGREEMENT.

#### **M. Equipment and Furnishings**

All equipment, furnishings, and expendables required to operate the PREMISES shall be purchased using the funds provided for the NOT-TO-EXCEED EXPENSES authorized in Section 7(B) of this AGREEMENT. The equipment, furniture, and expendables shall remain the CITY'S real or personal property (all such property being referred to herein as "CITY'S FF&E"). ASM shall deliver an inventory of all existing equipment within 90 days of the EFFECTIVE DATE of this AGREEMENT and at the beginning of each calendar year for each year of the term of the AGREEMENT thereafter. The inventory report shall include updated equipment lists as well as equipment status, length of remaining useful life, and explanations of any reduction in inventory.

Office space and utilities at the FACILITY will be provided to ASM by CITY at no cost to ASM, but it shall but used for no purpose other than the operation of the FACILITY.

#### **N. Maintenance of Equipment**

ASM shall, at all times, keep and maintain all CITY FF&E, in good repair and in a clean, sanitary, and orderly condition and appearance. ASM will be

responsible for maintenance and repair of the PREMISES, the FACILITY, and all CITY FF&E. This maintenance shall be paid for using the funds provided for the NOT-TO-EXCEED EXPENSES authorized in Section 7(B) of this AGREEMENT.

The CITY reserves the right to conduct inspections of the FACILITY and make additional requirements to the maintenance of equipment at any time. No equipment provided by CITY shall be removed or replaced by ASM without the prior written consent of the DEPARTMENT.

**O. Permits and Licenses**

ASM shall obtain any and all permits, approvals, and licenses that may be required in connection with the operation of the FACILITY including, but not limited to: tax permits, business licenses, LA County Health permits and CITY Los Angeles Police Department, Animal Services Department, Fire Department and Building and Safety Department permits. All permits, approvals and licenses shall be posted in the appropriate areas on a year-round basis.

**P. Signs and Advertisements**

ASM shall not erect, construct, or place any signs, banners, ads, or displays of any kind whatsoever upon any portion of CITY property without the prior written approval from the DEPARTMENT, who may require the removal or refurbishment of any previously approved sign.

ASM shall not permit vendors to display wares inside or outside the FACILITY or on said property unless written permission is secured from the DEPARTMENT in advance of installation, and such permission shall be subject to revocation at any time but shall not be unreasonably withheld, unless signage is part of a concessionaire or approved horse show/special event merchandise. The type of sign or advertisement and the duration of display shall be approved in advance and in writing by the DEPARTMENT.

At the FACILITY, a sign shall be posted in a public place stating that the FACILITY is operated under an AGREEMENT issued by CITY through the DEPARTMENT.

**Q. Utilities**

The DEPARTMENT shall directly pay for all water, electricity, and gas utility charges associated with the PREMISES and FACILITY. ASM shall obtain and directly pay for (as an operations expense) telephone and internet service. The telephone number shall be placed in the FACILITY'S name and shall not be transferable to any other location.

ASM will comply with all water and energy saving policies and produce a yearly report on achieving improvements in water and energy usage.

Except to the extent of CITY's fault, including failure to maintain and repair as provided in this AGREEMENT, ASM hereby expressly waives all claims for compensation, or for any diminution or abatement of the revenue-sharing payment provided for herein, for any and all loss or damage sustained by reason of any defect, deficiency, or impairment of the water, heating, or air conditioning systems, electrical apparatus, or wires furnished to the PREMISES which may occur from time to time and from any cause or from any loss resulting from water, earthquake, wind, civil commotion, or riot; and ASM hereby expressly releases and discharges CITY and its officers, employees, and agents from any and all demands, claims, actions, and causes of action arising from any of the aforesaid causes.

In all instances of damage to any utility service line, CITY shall be responsible for the cost of repairs and any and all damages occasioned thereby, except to the extent that such damage is caused by the negligence of ASM or its employees or subcontractors.

ASM shall use best efforts to assure that water and energy are utilized by ASM and its subcontractors in the most efficient manner possible, and ASM expressly agrees to comply with all CITY water and energy conservation programs.

## **R. Safety**

ASM will prepare a safety plan with specific training programs for all employees. ASM will designate a safety officer to report on safety statistics including employee and patron injuries on a monthly basis. ASM will review all workers compensation claims that arise from PREMISES.

ASM shall correct violations of safety practices immediately and shall cooperate fully with CITY in the investigation of accidents occurring on the PREMISES. ASM agrees to respond to and correct any safety or hazardous condition or incident identified by the DEPARTMENT immediately or to provide a written response within twenty-four (24) hours of necessary corrective action. In the event of injury to an employee, staff person, manager, boarder or other person(s) while at the FACILITY, ASM shall summon medical attention as soon as reasonably possible thereafter. ASM shall keep internal documentation of the incident and shall submit to the DEPARTMENT a CITY Form General No. 87 "Non-Employee Accident or Illness Report" (Exhibit E) within forty-eight (48) hours of the incident, two (2) copies of all Accident/Incident reports shall be sent to address identified in SECTION 20. NOTICES.

If after reasonable notice, ASM fails to correct hazardous conditions which have

led or, in the reasonable opinion of the DEPARTMENT, could lead to injury, the DEPARTMENT may, at its option, and in addition to all other remedies (including termination of this AGREEMENT) which may be available to it, take the necessary action to remedy that condition and recover the cost thereof, to be paid by ASM to CITY; provided that ASM shall not be responsible for such hazardous conditions to the extent caused by CITY or which are otherwise an obligation of the CITY.

## **S. Security**

ASM shall be responsible for the security of the PREMISES. ASM will designate a security director to report on security statistics on a quarterly basis. ASM may install equipment, which will assist in protecting the PREMISES from theft, burglary, or vandalism. Any security equipment purchased, installed, and maintained by ASM shall be CITY FF&E and paid for using the funds provided for the NOT-TO-EXCEED EXPENSES authorized in Section 7(B) of this AGREEMENT. ASM shall obtain the DEPARTMENT'S prior written approval for any security equipment expenditure.

## **T. Intellectual Property**

The "Los Angeles Equestrian Center" is a trademark of the CITY. Use of this trademark without permission may constitute trademark infringement and unfair competition in violation of federal and state law. Except as permitted in this AGREEMENT or by prior written consent of the DEPARTMENT, ASM may not:

1. Use the trademark in connection with any products or services unrelated to this AGREEMENT;
2. Use any trademarks confusingly similar to the CITY's trademark in connection with any products or services unrelated to this AGREEMENT;
3. Create or maintain a website, unrelated to this AGREEMENT, using a domain name confusingly similar to the trademark or including the words "Los Angeles Equestrian Center" or "LAEC";
4. Register or attempt to register the trademark or any marks confusingly similar to it; and
5. Challenge or dispute CITY's ownership of and rights to the trademark and the validity of any of CITY's registrations or applications for the trademark.

## **SECTION 6. HOURS / DAYS OF OPERATION**

ASM shall manage and operate the FACILITY twenty-four hours a day, seven days a week, on a year-round basis per applicable CITY and DEPARTMENT codes,

rules, regulations, ordinances, and laws regarding levels of noise and public/private access. The DEPARTMENT recognizes the need for periods of closure of certain areas for maintenance and facility improvements.

## **SECTION 7. OPERATIONAL REVENUES AND EXPENSE REIMBURSEMENT**

### **A. OPERATIONAL REVENUE AND NET OPERATING INCOME**

Except as authorized in Section 7(C) below, ASM shall remit to DEPARTMENT one hundred percent (100%) of all NET OPERATING INCOME.

ASM shall act as the DEPARTMENT's fiscal agent in collecting OPERATIONAL REVENUE and shall ensure proper accounting for all monies collected.

For the duration of the AGREEMENT, ASM shall transfer NET OPERATING INCOME to the DEPARTMENT as follows:

- i. NET OPERATING INCOME shall be remitted to the DEPARTMENT in one single payment each AGREEMENT year. The annual payment shall be due from ASM no later than sixty (60) days after the end of ASM's fiscal year, or in the event the AGREEMENT is terminated prior to the end of an AGREEMENT year, no later than sixty (60) days after the termination of the AGREEMENT. ASM's obligation to pay the DEPARTMENT shall survive the termination of this Agreement.
- ii. In any time when the combined total of 1) NOT-TO-EXCEED EXPENSES authorized in Section 7(B) and 2) the base management fee in Section 7(C) exceeds the combined total of OPERATIONAL REVENUE and any interest earned by ASM on that OPERATIONAL REVENUE for the current Fiscal Year, the DEPARTMENT agrees to pay to ASM, as reimbursement, within 30 days of receipt of a written demand from ASM, the actual shortfall. ASM agrees, upon request from the DEPARTMENT, to provide records reasonably necessary to verify the accuracy of the shortfall.

### **B. AUTHORIZED NOT-TO-EXCEED EXPENSES**

Except as set forth below, ASM may incur only the following expenses, in performing its obligations under this AGREEMENT:

Wages and benefits for mutually agreed upon positions - \$3,120,000;

General and Administrative Expenses -\$400,000.00;

Contracted Services-\$620,000

Operations-\$450,000

Equipment-\$300,000

Repair and Maintenance-\$360,000

Supplies-\$350,000

Insurance-\$200,000

Boarding and expenses for Park Rangers mounted unit -\$50,000

ASM shall not incur more than \$5,850,000 in any AGREEMENT year, nor incur in excess of the amount listed above for any expense category in any AGREEMENT year, unless ASM receives prior approval from the BOARD, except that the DEPARTMENT is hereby authorized, without further BOARD approval and at its sole discretion, to approve, in writing, up to \$300,000 in additional contingency expenses above and beyond the \$5,850,000 listed above (for a total annual operating budget of \$6,150,000).

### **C. BASE MANAGEMENT FEE AND INCENTIVE COMPENSATION**

ASM shall be paid \$250,000 per AGREEMENT year, which may be deducted by ASM from OPERATIONAL REVENUE in equal monthly installments, as an annual base management fee. In the event the AGREEMENT is terminated prior to the end of an AGREEMENT year, the base management fee shall be pro-rated and reduced accordingly to reflect the final portion of the year of the AGREEMENT.

On an annual AGREEMENT year basis, ASM shall be entitled to retain twenty percent (20%) of any NET OPERATING INCOME generated over and above the first \$250,000 in NET OPERATING INCOME, as incentive compensation. Any such incentive compensation may be retained by ASM prior to making the annual remittance set forth in Section 7(A)(i) above.

Because operating revenues may not be immediately available during the transition of operations from the Facility's current operator, DEPARTMENT shall be responsible for cash flowing any expenditures that must be made in advance of receipt of operating revenues. As such, DEPARTMENT agrees to deposit into an account owned by CITY, with ASM acting as fiscal agent for operational expenses, within fourteen (14) days of the effective date of this AGREEMENT, an amount equal to 25% of the proposed operating budget. Upon written agreement of the PARTIES, this requirement may be lifted as receipt of operating revenues becomes sufficient to cash flow ongoing operating expenses.

### **D. ACCOUNTING**

The City will establish two new bank accounts for the FACILITY: Operations, and Disbursement. RAP shall be the owner of these two accounts and will give ASM

authority to access these two bank accounts based on the FACILITY's operational needs as determined by RAP.

1. OPERATIONS ACCOUNT:

ASM shall deposit any funds derived from the FACILITY's operations to the Operations Account. CITY's staff will transfer funds from the Operations Account to the Disbursement Account as needed to pay for FACILITY operational expenses. ASM shall have no disbursement authority on the Operations Account.

2. DISBURSEMENT ACCOUNT:

CITY shall give ASM authorization to disburse funds from the Disbursement Account to pay for the FACILITY's operational expenses and refund customers' refundable deposits. CITY's staff will transfer cash from the Operations Account to the Disbursement Account for FACILITY operations on an as-needed basis. ASM will provide cash outflow projections to the City as requested. The City shall give ASM authorization as necessary to sign checks and perform electronic funds transfer (EFT) to pay for FACILITY's operation invoices.

**SECTION 8.**

[This section left intentionally blank.]

**SECTION 9. ADDITIONAL FEES**

Failure of ASM to pay any of the revenue-sharing payments or any other fees, charges, or payments within ten (10) days following notice of such failure to pay is a breach of the AGREEMENT for which CITY may terminate same or take such other legal action as it deems necessary.

Without waiving any rights available at law, in equity or under the AGREEMENT, in the event of late or delinquent payments by ASM, the latter recognizes that CITY will incur certain expenses as a result thereof, the amount of which is difficult to ascertain. Therefore, in addition to monies owing, ASM agrees to pay the CITY a late fee set forth below to compensate CITY for all expenses and/or damages and loss resulting from said late or delinquent payments.

The charges for late or delinquent payments shall be One Hundred Fifty Dollars (\$150.00) for each month late plus interest calculated at the rate of eighteen percent (18%) per annum, assessed monthly, on the balance of the unpaid amount. Payments shall be considered past due if postmarked after the fifteenth (15th) day of the month in which payment is due.

The acceptance of late payments by CITY shall not be deemed as a waiver of any