

RESOLUTION NO. 91-101

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE, ON BEHALF OF THE CITY, A FIRST AMENDMENT TO THE CONSTRUCTION AND LEASE AGREEMENT WITH CCA/SILBAND GOLFCORP AND TO THE ASSIGNMENT OF THE CONSTRUCTION AND LEASE AGREEMENT WITH ESCONDIDO CONSULTING, INC.

WHEREAS, on August 10, 1990, the City Council approved an agreement with CCA/SILBAND GOLFCORP for the development and operation of the golf course; and

WHEREAS, on October 8, 1990, the City Council approved an assignment of the agreement to Escondido Consulting, Inc.; and

WHEREAS, an amendment is necessary as a result of the current drought and the projected development costs for off-site improvements; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a first amendment to the development and operation agreement with CCA/SILBAND GOLFCORP and to the assignment to the development and operation agreement with Escondido Consulting, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the City Council approves a first amendment to the agreement with CCA/SILBAND GOLFCORP and the assignment of agreement with Escondido Consulting, Inc. for the development and operation of the golf course.

3. The Mayor and City Clerk are authorized to execute, on behalf of the City, a first amendment to the agreement with CCA/SILBAND GOLFCORP and the assignment of agreement with Escondido Consulting, Inc. A copy of the first amendment is attached as Exhibit "1" and incorporated by this reference.

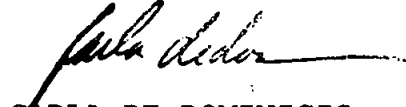
PASSED, ADOPTED AND APPROVED by the City Council of the
City of Escondido, California at a regular meeting thereof this
10th day of April, 1991, by the following vote to wit:

AYES : Councilmembers: DE DOMINICIS, HOLLINS, MURPHY

NOES : Councilmembers: NONE

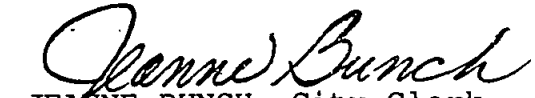
ABSENT : Councilmembers: FOSTER, HARMON

APPROVED:



CARLA DE DOMINICIS,
Mayor Pro Tempore
City of Escondido, California

ATTEST:



JEANNE BUNCH, City Clerk
City of Escondido, California

**FIRST AMENDMENT OF ASSIGNMENT OF GOLF COURSE
CONSTRUCTION AND LEASE AGREEMENT BETWEEN
CITY OF ESCONDIDO AND CCA/SILBAND GOLFCORP AND
OF GOLF COURSE CONSTRUCTION AND LEASE AGREEMENT
BETWEEN CITY OF ESCONDIDO AND CCA/SILBAND GOLFCORP**

THIS AGREEMENT is made and entered into this 25th day of April,
1991, by and between:

CITY OF ESCONDIDO, a municipal corporation
of the State of California,
201 North Broadway
Escondido, California 92025,
("CITY"),

and:

CCA/SILBAND GOLFCORP, a California corporation,
15821 Ventura Boulevard, Suite 665
Encino, California 91436,
("GOLFCORP"),

and:

ESCONDIDO CONSULTING, INC., a California corporation,
15821 Ventura Boulevard, Suite 665
Encino, California 91436,
("ASSIGNEE").

RECEIVED

JUN 12 1991

PROPERTY DEPT.

WHEREAS:

A. The CITY and GOLFCORP entered into a Golf Course Construction and Lease Agreement ("Original Agreement") on August 10, 1990, which was subsequently assigned to ASSIGNEE pursuant to an agreement ("Assignment") executed between the parties to this Agreement dated October 8, 1990, a copy of such Original Agreement and Assignment is attached to this Agreement as Appendices A and B respectively and fully incorporated to this Agreement by this reference; and

B. ASSIGNEE, in attempting to obtain financing to fulfill its obligations under the Original Agreement and Assignment, discovered that complete performance within the contract amount indicated in the Original Agreement was impracticable and ASSIGNEE has suggested alternatives; and

C. The State of California is experiencing a serious drought which substantially affects the availability of adequate water for purposes of vegetation and greens for the golf course project, and it has been determined to be in the best public interest to modify performance obligations of the parties until adequate water can be made available.

D. CITY is willing to amend the terms of the Assignment respecting ASSIGNEE's obligation to pay the CITY for certain public improvements and suspend other performance upon further agreement between the parties to this Agreement to additional terms and conditions; and

E. The parties to this Agreement desire to make such agreement and to specify such other terms and conditions.

NOW, THEREFORE, in consideration of the premises, the CITY and GOLFCORP and ASSIGNEE agree as follows:

1. Modification to Construction Period and Construction Obligations.

Sections 3.2, 4.1 and 4.2 of the Original Agreement shall be modified in the following manner:

1.1 ASSIGNEE's obligations to complete construction of the golf course and certain improvements by February 1, 1992 pursuant to Sections 3.2 and 4.1 of the Original Agreement is suspended pending determination by the City Council of the City of Escondido that adequate water is available to go forward with construction as provided below.

1.2 ASSIGNEE's obligation to submit certain design work or plans at designated intervals is amended as follows:

1.2.1 Within one hundred (100) days following execution of this Agreement, ASSIGNEE shall submit to CITY a final routing plan and a final grading plan and also conceptual building plans, including site plans, floor plans and elevations for clubhouse and maintenance buildings.

1.2.2 Within eighty (80) days after CITY approves the routing and grading plans, ASSIGNEE shall submit final green plans, irrigation plans and landscape plans which shall constitute the final golf course plans, and which include the driving range and lighting.

1.3 ASSIGNEE shall deposit a maximum sum of ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$ 125,000.00) but not less than SEVENTY THOUSAND DOLLARS (\$ 70,000.00) in trust to secure performance of the golf course design obligations described in this Section 1. The parties intend by such deposit that until the golf course design obligations are fully performed to the satisfaction of the CITY, the amount deposited shall not be property of the ASSIGNEE for any purpose

2. Modification to Obligation of ASSIGNEE to Provide Off-site Improvements.

2.1 Pursuant to Article 2, Section 2.3 of the Original Agreement, and by virtue of the Assignment, ASSIGNEE is responsible for payment of Seven Hundred Fifty Thousand Dollars (\$750,000.00) to the CITY, which is to construct certain off-site improvements.

2.2 CITY agrees to partially suspend the ASSIGNEE's obligation for payment of cost of construction of off-site improvements described above in an amount not to exceed Two Hundred Thousand Dollars (\$200,000.00). Payment of such suspended amount shall be paid by ASSIGNEE as further provided in this Agreement.

2.3 All other obligations of the ASSIGNEE under the Original Agreement and the Assignment shall continue in full force and effect.

2.4 The clubhouse located on the golf course shall be a combination full clubhouse-restaurant-lounge which is capable of accommodating a minimum of one hundred fifty (150) patrons for banquets and other similar functions.

3. Payment of Partially Suspended Sums by ASSIGNEE to CITY.

3.1 ASSIGNEE shall pay CITY the partially suspended sums in equal annual installments over a five (5) year period commencing the first January 1 following such time as the golf course has reached an initial three-year annual average of 80,000 rounds. Such payment shall be subject to payment of interest on the balance of sums remaining unpaid at the rate of the CITY's average portfolio revenues plus one percent (1%). Interest shall begin to accrue at the time of commencement of construction of such off-site improvements and further shall be secured by deed of trust of ASSIGNEE's leasehold interest in the Golf Course and related facilities, which shall be subordinate in all respects to the golf course construction takeout loan.

AND

3.2 In the event that ASSIGNEE defaults in payment of partially suspended sums to the CITY as provided in this Agreement, the same shall constitute a default as defined under the Original Agreement.

3.3 The ASSIGNEE's payment obligations under this Section 3 further shall be secured by a performance bond in the full amount of repayment, including interest, which shall be provided to the CITY within ninety (90) days after ASSIGNEE receives written notice from CITY that construction may be commenced as provided in this Agreement. Breach of this provision shall constitute a material breach of this Agreement.

including a receivership or bankruptcy proceeding. For purposes of this paragraph, the phrase "golf course design obligations" shall not include building plans, including site plans, floor plans and elevations for clubhouse and maintenance buildings. Said deposit shall be made within thirty (30) days after execution of this Agreement. Payments to the golf course architect will be subject to approval by CITY and ASSIGNEE prior to disbursement.

1.4 ASSIGNEE has the right to explore the availability of existing well water located on the golf course site at its own expense and subject to CITY approval. Such right shall be exercised before one hundred (100) days following execution of this Agreement. If ASSIGNEE proceeds to explore and it is determined that adequate water may be obtained from existing well water to permit commencement of construction of the golf course at times earlier than provided in this Agreement, ASSIGNEE shall advise the CITY of the same and may request permission to drill a well at its sole expense and CITY shall grant such permission without need to further amend this Agreement.

In the event ASSIGNEE does not exercise such right to explore within said one hundred day period, CITY or its designee shall have the right to explore the availability of existing well water located on the golf course and may proceed to drill water wells for the purpose of providing water for golf course construction purposes.

1.5 Within one hundred twenty (120) days after ASSIGNEE receives written notice from CITY that water is made available to site in sufficient quantities to permit grading and maturation of plant materials or within one hundred twenty (120) days after it is determined that water is available from well water irrigation on the site in sufficient quantities to permit grading and maturation of plant materials and ASSIGNEE's further agreement to proceed to drills wells necessary for the same, ASSIGNEE shall commence construction on the golf course and provide CITY with evidence of construction and take-out financing or permanent financing. Also within said one hundred twenty-day period pursuant to this paragraph, ASSIGNEE shall submit final plans to obtain building permits for the clubhouse and maintenance buildings. ASSIGNEE shall be able within such one hundred twenty-day period to request an additional sixty (60) day period, provided that circumstances arise beyond either parties' control which prevents construction from commencing as otherwise provided in this paragraph. Such request shall be made not later than thirty (30) days prior to the expiration of the initial one hundred twenty-day period and ASSIGNEE shall make such request in writing. CITY may not unreasonably withhold its consent to such extension.

1.6 Within eighteen (18) months following commencement of construction of the golf course, the construction of the golf course shall be completed. ASSIGNEE shall use its best efforts to complete such construction within said eighteen month period.

4. Costs and Attorneys' Fees.

In the event that CITY should prevail in any litigation brought by either party to this Agreement to enforce any provisions of this Agreement, ASSIGNEE shall pay to CITY its costs and attorneys' fees incurred pursuant to said litigation.

5. TIME IS OF THE ESSENCE.

The parties expressly agree that **TIME IS OF THE ESSENCE** in performance of all obligations pursuant to this Section 1 of this Agreement.

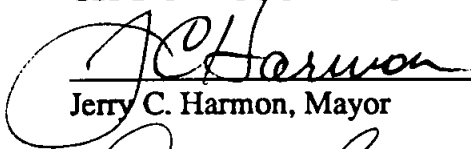
6. Entire Agreement.

This Agreement, the Original Agreement and the Assignment shall constitute the entire agreement between the parties to this Agreement, and no modification or amendment shall be binding unless duly executed in writing and attached to the originals of this Agreement, the Original Agreement and the Assignment. All terms and conditions not otherwise modified by this Agreement shall continue in full force and effect.

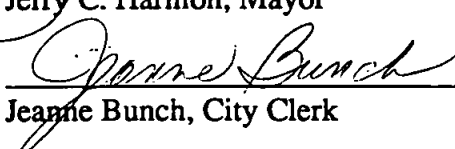
IN WITNESS WHEREOF, the parties to this Agreement have executed the same as of the day and year first above written.

CITY OF ESCONDIDO

Date: 6/6/91

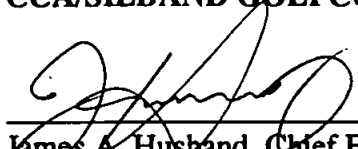

Jerry C. Harmon, Mayor

Date: 6/6/91

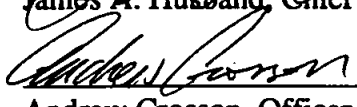

Jeanne Bunch, City Clerk

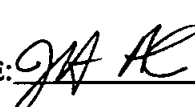
CCA/SILBAND GOLFCORP

Date: 4/25/91


James A. Husband, Chief Executive Officer

Date: 4/25/91

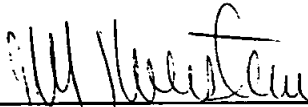

Andrew Crosson, Officer

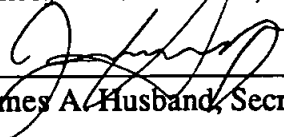
SIGNATURE PAGE CONTINUED ON NEXT PAGE:  (initials)

ESCONDIDO CONSULTING, INC.

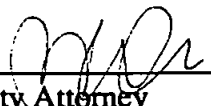
Date: 4/25/91

Date: 4/25/91


Jeffrey M. Silverstein, President


James A. Husband, Secretary

Approved as to Form
and Execution

 DEPUTY
City Attorney

ALL SIGNATURES MUST BE NOTARIZED

RESOLUTION NO. 90-369

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ESCONDIDO,
CALIFORNIA, AUTHORIZING THE
MAYOR AND CITY CLERK TO
EXECUTE, ON BEHALF OF THE CITY,
AN ASSIGNMENT OF THE GOLF
COURSE CONSTRUCTION AND LEASE
AGREEMENT TO ESCONDIDO
CONSULTING, INC.

WHEREAS, on June 20, 1990 the City Council approved an agreement for golf course construction and lease with Golf Corp.; and

WHEREAS, Golf Corp. has established a single purpose corporation, Escondido Consulting, Inc.; and

WHEREAS, staff is recommending approval of the assignment of the golf course construction and lease agreement to Escondido Consulting, Inc.; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve said assignment of the golf course construction and lease agreement;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the City Council accepts the recommendation of staff to approve the assignment of the golf course construction and lease agreement to Escondido Consulting, Inc.

3. The Mayor and City Clerk are authorized to execute, on behalf of the City, the assignment of the golf course construction and lease agreement. A copy of the lease agreement is attached as Exhibit "1" and incorporated by this reference.

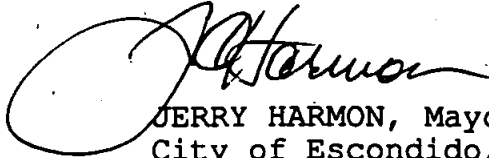
PASSED, ADOPTED AND APPROVED by the City Council of the City of Escondido at a regular meeting thereof this 5th day of September, 1990, by the following vote to wit:

AYES : Councilmembers: FOSTER, HARMON, HOLLINS, MURPHY

NOES : Councilmembers: NONE

ABSENT : Councilmembers: DE DOMINICIS

APPROVED:



JERRY HARMON, Mayor of the
City of Escondido, California

ATTEST:



JEANNE BUNCH, City Clerk of the
City of Escondido, California

**ASSIGNMENT OF GOLF COURSE CONSTRUCTION AND LEASE
AGREEMENT BETWEEN CITY OF ESCONDIDO AND CCA/SILBAND GOLFCORP**

THIS AGREEMENT is made and entered into this 12th day of September, 1990, by and between:

City of Escondido, a
municipal corporation of the
State of California,
201 N. Broadway
Escondido, CA 92025,
("CITY"),

and:

CCA/SILBAND GOLFCORP, a
California corporation,
15821 Ventura Boulevard, Suite 665
Encino, CA 91436
("GOLFCORP"),

and:

Escondido Consulting, Inc., a
California corporation,
15821 Ventura Boulevard, Suite 665
Encino, CA 91436
("ASSIGNEE")

WHEREAS:

A. The CITY and GOLFCORP entered into a Golf Course Construction and Lease Agreement ("Agreement") on August 10, 1990, by Resolution of the City Council of the City of Escondido 90-266, a copy of said Agreement being attached to this Assignment as Appendix A and fully incorporated by this reference, which has been duly executed and recorded in the office of the City Clerk of the City of Escondido and in the office of the County Recorder of the County of San Diego, State of California; and

B. Such Agreement at Article 14 permits the assignment of such Agreement subject to the prior written consent of the CITY; and

C. GOLFCORP has provided sufficient documentation required by the CITY to demonstrate that the proposed ASSIGNEE was ready, willing and able to perform and fulfill all obligations of GOLFCORP under the Agreement; and

D. GOLFCORP desires to be released from further obligation under the Agreement upon the CITY's consent to the assignment of the

Agreement to ASSIGNEE and the CITY is willing to consent to such assignment and release.

NOW THEREFORE, in consideration of the premises, the parties to this Agreement agree as follows:

1. **Assignment of Agreement.** Execution of this Assignment shall constitute consent as required by Article 14 of the Agreement between the CITY and GOLFCORP, and release of GOLFCORP from all obligations under such Agreement. Execution of this Assignment by the ASSIGNEE shall constitute acceptance by ASSIGNEE of all terms and conditions of the Agreement otherwise applicable to GOLFCORP, which terms and conditions shall continue to be in full force and effect and shall be fully binding upon ASSIGNEE, its authorized assigns and successors in interest.

2. **Enforcement by the CITY of Obligations of ASSIGNEE.** ASSIGNEE further agrees that for purposes of enforcing ASSIGNEE's obligations under this Assignment, that the CITY or its authorized agent may fully resort to the provisions of Article 18 of the Agreement between the CITY and GOLFCORP, and that the same are fully applicable to ASSIGNEE.

3. **Applicability of Agreement to Related Contracts.** The parties also agree that any other contract, subcontract or other agreement, including but not limited to **Management Agreement Between CCA/Silband GOLFCORP and Escondido Consultants, Inc.** ("Management Agreement"), attached to this Assignment as Appendix B and fully incorporated by this reference and **Development and Construction Contract for Escondido golf Course Between Escondido Consultants, Inc. and Golf West Companies** ("Development and Construction Agreement"), attached to this Assignment as Appendix C and fully incorporated by this reference, shall be governed by the terms and conditions of the Agreement between CITY and GOLFCORP, and the same shall be incorporated by reference in such other contracts, subcontract or other agreements. It is further mutually understood and agreed that the Agreement between CITY and GOLFCORP, including any original design specifications or currently existing construction or building requirements, shall control over any inconsistent or contrary terms in any such contracts, subcontracts or other agreements in which ASSIGNEE is a party, unless the CITY otherwise agrees in writing.

4. **CITY Approval of Substituted Parties.** ASSIGNEE shall obtain the CITY's approval of any party which is proposed to be substituted in the Management Agreement and the Development and Construction Agreement or any subcontract of such agreements.

5. **Entire Agreement.** This Assignment and the Agreement between the CITY and GOLFCORP shall constitute the entire agreement between the parties and no modification or amendment shall be binding unless duly executed in writing and attached to

the originals of this Assignment and the Agreement between the CITY and GOLFCORP.

IN WITNESS WHEREOF, the parties to this Assignment have executed the same as of the day and year first above written.

CITY OF ESCONDIDO

Date: 10/8/90

Jerry C. Harmon
Jerry C. Harmon, Mayor

Date: 10/8/90

Jeanne Bunch
Jeanne Bunch, City Clerk

CCA/SILBAND GOLFCORP

Date: 9/17/90

James A. Husband
James A. Husband, Chief Executive Officer

Date: 9/17/90

Andrew Crosson
Andrew Crosson, Officer

ESCONDIDO CONSULTING, INC.

Date: 9/24/90

Jeffrey M. Silverstein
Jeffrey M. Silverstein, President

Date: 9/17/90

James A. Husband
James A. Husband, Secretary

APPROVED AS TO FORM AND EXECUTION:

[Signature]
City Attorney

ALL SIGNATURES MUST BE NOTARIZED

APPENDIX "A" TO THE GOLF COURSE CONSTRUCTION
AND LEASE AGREEMENT IS THE ORIGINAL LEASE
AGREEMENT WITH GOLFCORP. DUE TO ITS SIZE
A COPY IS NOT INCLUDED. HOWEVER, A COMPLETE
COPY IS ON FILE IN THE OFFICE OF THE CITY
CLERK FOR YOUR REVIEW. (consists of 70 pages aka 4 thru 73)

MANAGEMENT AGREEMENT

Date of Agreement: September ____, 1990

Manager: CCA Silband/GolfCorp

Assignee: Escondido Consulting, Inc.

Definitions:

All capitalized words and terms used in this Agreement shall have the meaning assigned to them in Exhibit "A".

Term of this Agreement:

Initial Term: Ten (10) years from Commencement Date

Renewal Terms: This Management Agreement shall automatically renew for three (3) additional terms of five (5) years each, unless the Manager advises Assignee at least thirty (30) days prior to the expiration of the Initial Term or any extended term that Manager does not elect to extend the term.

Responsibilities of Manager: See Exhibit "B"

Financial Management and Budgets: See Exhibit "C"

Assignee's Responsibilities: See Exhibit "D"

Management Fee:

Management Fee: One Hundred Thousand Dollars (\$100,000.00) per fiscal year, payable in advance in equal monthly installments on the first day of each fiscal month.

Adjustment by the CPI: At the beginning of each fiscal year starting with the fiscal year ending in 1992, the Management Fee shall be increased to an amount determined by multiplying the Management Fee by the Consumer Price Index for the last month of preceding fiscal year and dividing the result by the Consumer Price Index for October, 1991.

Insurance: See Exhibit "E"

Termination:

Should Manager or Assignee commit a material breach of any of their covenants or representations and such failure is not cured within thirty (30) days following written notice of such failure either party shall have the right to terminate this Agreement.

Management Agreement - Page 1 of 2 Pages

Assignee's Initials _____

Manager's Initials _____

Miscellaneous: See Exhibit "F"

Exhibits "A" through "F" attached to this Agreement are incorporated herein by this reference as if fully set forth herein. If any exhibit is subsequently changed by the mutual written agreement of the parties, such exhibit shall be modified to reflect such change(s) and initialed by the parties.

Assignee:

ESCONDIDO CONSULTING, INC.

By: _____

(Name)

(Title)

Manager:

CCA SILBAND/GOLFCORP

By: _____

(Name)

(Title)

The City hereby acknowledges the enforceability and approval by City of Section 8 of Exhibit "F" of the Management Agreement, wherein a security interest and lien is granted by Manager to Citibank, N.A.

CITY OF ESCONDIDO:

JERRY HARMON, Mayor

JEANNE BUNCH, City Clerk

Management Agreement - Page 2 of 2 Pages

Assignee's Initials _____

Manager's Initials _____

DEFINITIONS

All capitalized terms referenced or used in the Management Agreement (the "Agreement") and not specifically defined therein shall have the meaning set forth below.

1. Club. The term "Club" shall mean the improvements, the personal property, and all additions and revisions thereto presently operated as the Escondido Golf Club located in Escondido, California.

2. Commencement Date. The term "Commencement Date" shall mean the date the Club opens for general usage.

3. Fiscal Month. The term "Fiscal Month" shall mean a consecutive 28-day period, or a portion thereof, during a Fiscal Year commencing on the first day following the termination of the prior Fiscal Month. The first Fiscal Month of each Fiscal Year shall commence on the first day of each Fiscal Year; provided, however, that for purposes hereof, the first Fiscal Month may be a short Fiscal Month commencing on the first day of the first Fiscal Month beginning on or after the date hereof and ending on that date which would have been the ending date for such Fiscal Month if such Fiscal Month had been part of a Fiscal Year commencing on the Thursday following the last Wednesday in the December immediately preceding the Commencement Date.

4. Fiscal Year. The term "Fiscal Year" shall mean a period commencing on the Thursday following the last Wednesday in December during each calendar year and ending on the last Wednesday of the following December; provided, however, that for purposes hereof, the first Fiscal Year may be a short Fiscal Year commencing on the first day of the first Fiscal Month beginning on or after the date hereof and ending on the last Wednesday of the following December.

5. Gross Revenues. The term "Gross Revenues" shall mean all receipts related to or derived from the operation of the Club, computed on an accrual basis, from cash or credit transactions, recognized during or after the first Fiscal Month beginning on or after the Date of the Management Agreement, and shall include, but shall not be limited to, fees, rentals, income derived from the investment of Gross Revenues, the amount of all sales (wholesale or retail) of food, beverages, goods, wares, or merchandise on, at, or from the Club, or for services of any nature performed on, at, or from the Club, determined in accordance with generally accepted accounting principles applied on a consistent basis. Gross Revenues shall be reduced by any refunds, rebates, discounts, and credits of a similar nature given, paid, or returned by Manager or Assignee in the course of obtaining such Gross Revenues.

Exhibit "A" - Page 1 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

A2691.1.80.81B

Gross Revenues shall not include:

5.1. Applicable gross receipts taxes, admission, cabaret, excise, sales and use taxes, or similar governmental charges collected as a part of the sales price of any goods or services;

5.2. Income and revenues of licensees and concessionaires of Assignee from the Club or any part thereof; provided, however, that all commissions, percentages, or other payments received or earned by Manager or Assignee from any licensee or concessionaire shall be included in Gross Revenues;

5.3. Service charges, which are defined to mean percentage gratuities added to billings as compensation to employees of the Club;

5.4. Proceeds of borrowings or assessments by Assignee;

5.5. Proceeds paid as a result of an insurable loss, unless paid for the loss or interruption of business, provided such sums are used exclusively to remedy said loss; or

5.6. Interest or investment income earned on distributed Net Operating Income to Assignee or Manager pursuant to the terms of the Agreement.

Any of the above provisions resulting in a double exclusion from Gross Revenues shall be allowed as an exclusion only once.

6. Lease Agreement. The term "Lease Agreement" shall mean that certain Golf Course Construction and Lease Agreement dated August 10, 1990 between the City of Escondido as "City" and CCA Silband/GolfCorp, as "Assignee" for the Escondido Golf Club in Escondido, California together with the Assignment of Golf Course Construction and Lease Agreement dated September __, 1990 between the City of Escondido as "City" and CCA Silband/GolfCorp as "GolfCorp" to Escondido Consulting, Inc. as "Assignee".

7. Operating Loss. The term "Operating Loss" shall be defined as the amount, if any, by which Operating Expenses exceed Gross Revenues for the particular period in question.

8. Operating Expenses. The term "Operating Expenses" shall mean those necessary or reasonable operating expenses of the Club incurred or paid on behalf of Assignee during or after the first Fiscal Month beginning on or after the Date of the Management Agreement in connection with the normal course of conducting and operating the business affairs of the Club, computed on an accrual basis, including, but not limited to, the following items:

Exhibit "A" - Page 2 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

- 8.1. Salaries, wages, employee benefits, and payroll expenses (including payroll taxes, profit sharing programs, and insurance) of all employees employed on-site at the Club, excluding, however, service charges, which are defined as percentage gratuities added to billings and paid to employees;
- 8.2. Marketing, advertising, and promotional expenses;
- 8.3. Replacement of inventories of maintenance parts and supplies, food stores, and bar supplies;
- 8.4. Replacement of broken, lost, or damaged silver, chinaware, glassware, cooking utensils, and other similar items of equipment;
- 8.5. Office supplies, postage, printing, routine office expenses, and accounting services incurred in the on-site operation of the Club;
- 8.6. The Management Fee;
- 8.7. The costs of entertainment at the Club;
- 8.8. Reasonable travel expenses of on-site employees incurred exclusively in connection with the business of the Club;
- 8.9. The cost or expense of technical consultants and operational experts for specialized services in connection with nonroutine work;
- 8.10. Insurance premiums and property taxes, to the extent not provided for in the reserve established therefor;
- 8.11. Accounts receivable previously included within Gross Revenues, to the extent they remain unpaid ninety (90) days after the first billing;
- 8.12. Auditing, accounting costs, computer fees, legal fees, and other third party fees and charges incurred in respect of the operation of the Club;
- 8.13. Costs incurred for utilities, including, but not limited to, all electric, gas, and water costs, and any other private utility charges incurred in connection with the operation of the Club;
- 8.14. Ordinary maintenance and repairs;

Exhibit "A" - Page 3 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

A2691.1.80.81B

8.15. All lease payments on any item of furniture, fixtures, or equipment utilized in the operation of the Club facilities, including golf courses, except as set forth below;

8.16. The amount to be credited to the Capital Improvements and Replacements Reserve;

8.17. Payments to affiliates of Manager for services provided and costs incurred;

8.18. All out-of-pocket expenses incurred by Manager in providing the services under the terms of the Agreement; and

8.19. All other customary and reasonable expenses incurred in the operation of the Club.

Any of the above provisions resulting in a double deduction as an Operating Expense shall be allowed as a deduction only once.

9. Operating Net Income. The term "Operating Net Income" shall mean that amount, if any, by which the sum of Gross Revenues exceed Operating Expenses for the particular period in question.

Exhibit "A" - Page 4 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

RESPONSIBILITIES OF MANAGER

1. Appointment of Manager. Assignee hereby appoints, hires, and employs Manager, as Assignee's exclusive agent, to supervise, manage, direct, and operate the Club during the term of the Agreement, and Manager hereby accepts said appointment and assignment upon and subject to the terms, conditions, covenants, and provisions set forth herein. The performance of all activities by Manager shall be for the account of Assignee.

2. Employees. All individuals employed at the Club shall be employees of Assignee, with the exception that Manager may designate one or more of its employees to serve in key managerial positions. In such event, the direct and indirect cost of such employees of Manager shall be considered an Operating Expense. Although such individuals shall be Assignee's employees, Manager shall have the sole authority to hire, promote, discharge, and supervise all personnel involved in the operation of the Club. Manager shall not be liable to Assignee or to others for any act or omission on the part of such employees unless Manager has been guilty of gross negligence in the hiring, discharge, or supervision thereof.

3. Service Agreements. Manager shall negotiate and enter into such agreements as necessary for the furnishing of utilities, services, concessions, and supplies for the operation and maintenance of the Club. All such agreements shall be contracted in the name of Manager, as agent for Assignee.

4. Purchases. Manager shall have the sole responsibility to purchase such food, beverages, equipment, operating supplies, and other goods as are necessary for the operation of the Club.

5. Repairs. To the extent funds are available, Manager shall keep the Club facilities and property in good repair and shall have the sole authority to make all necessary and proper repairs, replacements, and improvements. Repairs and replacements shall not exceed budgeted amounts therefor, except for emergency expenditures. In such case, Manager shall attempt to obtain Assignee's prior approval, but in any such event Manager shall report to Assignee the amount and nature of such emergency expenditure as promptly as possible.

6. Licenses and Permits. Manager shall cooperate in the application for and maintenance of all licenses and permits required in connection with the management and operation of the Club. All such licenses and permits shall be obtained in the name of Manager or Assignee, as required by the issuing agency. To the extent permitted by the issuing agency, all permits and licenses issued in the name of Manager shall be transferred and assigned to Assignee upon the termination of the Agreement.

Exhibit "B" - Page 1 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

A2691.1.80.82B

7. Government Regulations. Manager shall cause all action to be done in and about the Club as shall be required by statute, ordinance, law, rule, regulation, or order of any governmental or regulatory agency.

8. Legal Actions. Manager may engage attorneys for advice and counsel with respect to legal affairs of the Club and to take such actions as are necessary to protect the assets of Assignee and ensure compliance with contractual obligations by others. Manager shall not, however, institute any legal proceedings without the prior approval of Assignee.

9. Reports. Manager shall provide Assignee, within fifteen (15) days following the close of each Fiscal Month, with complete financial statements of the Club not less than once per Fiscal Month. Such reports shall include, at the minimum, a balance sheet, profit and loss statement, sources and uses of funds, and such other information as Assignee may reasonably request.

10. Capital Improvements. Manager shall have the sole responsibility to oversee and contract for these Capital Replacements and Repairs approved in the Capital Improvements and Replacements Budget. Manager shall create a Capital Repairs and Improvements Fund and, to the extent funds are available from the operation of the Club, contribute to such fund out of the Gross Revenues on a monthly basis an amount equal to three percent (3%) of the Gross Revenues, provided such funding does not, in any given Fiscal Month, put the Club in an Operating Loss position.

11. Business Plan. Manager shall prepare and submit to Assignee for its approval a business plan addressing the Club's current financial position, as well as a long term plan for the operation of the Club.

12. Meeting with Assignee. Manager shall meet monthly, or as requested, with the Club's Board of Governors to review Club operations, membership, etc.

13. Other Duties and Prerogatives. To the extent not inconsistent with the terms of the Agreement, Manager shall have the duty, obligation, responsibility, and authority to perform any act that is necessary to operate and manage the Club, and in the execution of such duty, obligation, responsibility, and authority, Manager shall be permitted (i) to determine operating policies and procedures, standards of operation, marketing programs, standards of service and maintenance, pricing, and other policies affecting the Club or the operation thereof, (ii) to implement all such policies and procedures, and (iii) to perform any other act necessary or desirable for the operation and maintenance of the Club that are consistent with good business management practices. In fulfilling its operational and managerial responsibilities hereunder, Manager

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Assignee's Initials _____

Manager's Initials _____

shall have all the prerogatives ordinarily accorded in the ordinary course of commerce, including, but not limited to, the collection of proceeds from the operation of the Club and the incurring of trade debts, the approval and payment of obligations, the negotiating and signing of leases and contracts, and establishing bank accounts. Manager shall not be obligated to advance any of its own funds to or for the operation of the Club, nor to incur any liability, unless Assignee shall have furnished Manager with funds necessary for the full discharge thereof. However, if Manager shall for any reason have advanced any of its own funds in connection with the maintenance and/or operation of the Club, Manager shall have the authority to immediately reimburse itself from the Gross Revenues of the Club.

14. Independent Corporation. Assignee recognizes and acknowledges that Manager is an independent corporation, capitalized with One Thousand Dollars (\$1,000.00), chartered under the laws of the State of California, to whom Assignee will solely look and who is solely responsible for the obligations and liabilities of Manager recited herein, arising hereunder, or in any manner related to the transactions contemplated hereby. Assignee further recognizes and acknowledges that no other entity or entities, including (i) Manager's parent corporation, CCA Silband Holding Corporation, (ii) any individual, or (iii) any corporation affiliated with Manager which may form, organize, provide services to, provide loans and funds to, negotiate for, provide personnel to, make representations on behalf of, and from time to time take actions on behalf of or for the benefit of Manager by direct dealings with Assignee or those acting for it, is in any manner liable or responsible for the obligations and liabilities of Manager, whether recited herein, arising hereunder, or in any manner related to the transactions contemplated hereby.

15. Affiliate Companies. It is agreed and understood between the parties hereto that the parent and affiliated corporations of Manager will provide services for a fee to Manager and that the providing of such services for a fee and the actions taken in providing such services shall in no manner be construed to constitute the undertaking by such parent or affiliated corporation of any obligation, duty, or liability of Manager to Assignee under the terms of the Agreement or any other relationship existing between Manager and Assignee, unless specifically set forth in a document executed by the party to be charged with such obligation, duty, or liability. Manager may retain the services of any affiliate or subsidiary of Manager's parent company, CCA Silband Holding Corporation, so long as the rates charged therefor are substantially comparable to the rates generally charged for equally comparable services in the immediate market. Additionally, the fees paid for such services to parent and/or affiliated corporations shall not be considered to constitute payments to others in detriment to Assignee except as provided by the terms of the Agreement or the laws of bankruptcy or insolvency which are applicable to Manager. Assignee covenants that in dealing with

Exhibit "B" - Page 3 of 4 Pages

Assignee's Initials _____

Manager's Initials _____

A2691.1.80.82B

representatives of a corporation affiliated with Manager, that such direct dealings shall in no manner be construed to be the direct action, obligation, duty, liability, or undertaking of such affiliated corporation.

18. Assignee's Inquiry: Assignee warrants and represents that it has made such inquiry and investigation as it deems appropriate as to the financial ability of Manager to perform all of its obligations, duties, liabilities, and undertakings contemplated by the transactions from which the Agreement arises and that it has no further inquiry it desires to make. Assignee further warrants and represents that it is not relying on any other entity to contribute the financial wherewithal to Manager to carry out its obligations, duties, liabilities, and undertakings, and no oral representations have been made as to other financial support of Manager by any party or entity. Assignee is thus solely relying on the financial ability of Manager.

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Assignee's Initials _____

Manager's Initials _____

A2691.1.80.82B

FINANCIAL MANAGEMENT AND BUDGETS

1. Financial Management. Manager shall, by and through a contract with CCA Financial Management Corporation (i) maintain all books, records, and other data associated with the financial activities of the Club, (ii) prepare all budgets and other financial projections and forecasts, and (iii) be responsible for the day-to-day financial affairs of the Club.

2. Accounting Services. Manager shall establish and maintain a uniform Club accounting system, internal controls, and reporting systems. Manager shall retain the services of its affiliate, CCA Financial Management Corporation, for financial management and accounting services, provided that the charges shall be competitive with charges made by similar local firms for similar services.

3. Bank Accounts. Manager shall establish, on behalf of Assignee and in Assignee's name, utilizing the federal tax identification number of Assignee, such bank accounts as are required by Manager for the operation and maintenance of the Club. Assignee agrees that it will approve a resolution establishing Manager as the signatory on said bank accounts (the "Bank Accounts"). The records and bank statements shall be subject to Assignee's inspection. Assignee acknowledges and agrees that all Gross Revenues and Operating Expenses shall be collected, received, handled, and expended exclusively by Manager through the Bank Accounts in accordance with the terms of the Agreement. All individuals who are signatories on the Bank Accounts shall be bonded.

4. Initial Operating Budget. Within thirty (30) days following the Commencement Date, Manager shall prepare and submit to Assignee for Assignee's review and approval a proposed operating budget. Such budget shall set forth Manager's best estimate of the projected Operating Expenses associated with the operation of the Club for the remainder of the Fiscal Year and Manager's best estimate of the Gross Revenues to be realized during such period.

5. Revised Initial Operating Budget. Within sixty (60) days following the Commencement Date, Manager shall prepare and submit to Assignee for Assignee's review and approval a revised proposed operating budget. Such budget shall set forth Manager's best estimate of the projected Operating Expenses associated with the operation of the Club for the remainder of the Fiscal Year and Manager's best estimate of the Gross Revenues to be realized during such period.

6. Annual Operating Budget. At least ninety (90) days prior to the commencement of each Fiscal Year, Manager shall prepare and submit to Assignee for Assignee's review and approval a proposed operating budget. Such budget shall set forth Manager's best

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Assignee's Initials _____

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estimate of the projected Operating Expenses associated with the operation of the Club for the Fiscal Year and Manager's best estimate of the Gross Revenues to be realized during such period.

7. Initial Capital Improvements and Replacements Budget. Within thirty (30) days after the Commencement Date, Manager shall prepare and submit to Assignee for Assignee's review and approval a proposed capital improvements and replacements budget. Such budget shall set forth Manager's best estimate of the projected capital improvements and replacements needed for the proper operation of the Club for the remainder of the Fiscal Year.

8. Revised Initial Capital Improvements and Replacements Budget. Within ninety (90) days following the Commencement Date, Manager shall prepare and submit to Assignee for Assignee's review and approval a revised proposed capital improvements and replacements budget. Such budget shall set forth Manager's best estimate of the projected capital improvements and replacements needed for the proper operation of the Club for the remainder of the Fiscal Year.

9. Annual Capital Improvements and Replacements Budget. At least sixty (60) days prior to the commencement of each Fiscal Year, Manager shall prepare and submit to Assignee for Assignee's review and approval a proposed capital improvements and replacements budget. Such budget shall set forth Manager's best estimate of the projected capital improvements and replacements needed for the proper operation of the Club for the Fiscal Year.

10. Unanticipated Expenses and Reallocation of Funds. Assignee agrees that these operating and capital budgets are intended to be reasonable estimates and, accordingly, each budget shall have a permitted contingency equal to ten percent (10%) of the total of all line item amounts. Manager shall be entitled to increase the operating budgets, but not in excess of the contingency amount, to cover any expenditures that were unanticipated at the time of preparation of the budget, but which are reasonable and necessary to carry out the provisions of the Agreement. Manager, for and on behalf of and at Assignee's expense, is authorized to take all action deemed necessary by Manager to implement, perform, or cause the performance of the items set forth in these budgets. Further, Manager may reallocate all or any portion of any amount budgeted with respect to any one item in any of the budgets to another item budgeted therein. Assignee acknowledges that while Manager has made its best reasonable estimates, Manager has not made any guarantee, warranty, or representation of any nature concerning or related to (i) the budgets to be prepared by Manager in accordance with the Agreement, or (ii) the amounts of Gross Revenues to be generated or Operating Expenses to be incurred from the operation of the Club during the Term of the Agreement.

11. Approval Process for Operating Budgets. All Operating Budgets to be submitted shall be for Assignee's information, advice, counsel, and approval. Assignee shall give its comments and/or

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Assignee's Initials _____

Manager's Initials _____

approval within thirty (30) days after receiving the budgets from Manager. In the event no response is received from Assignee within the 30-day period, then the proposed budgets shall be deemed approved by Assignee.

12. Approval Process for Capital Improvements and Replacements Budgets. All Capital Improvements and Replacements Budgets to be submitted by Manager shall be for Assignee's information, advice, counsel, and approval. Assignee shall give its comments and/or approval within thirty (30) days after receiving the budgets from Manager. In the event no response is received from Assignee within the 30-day period, then the proposed budgets shall be deemed approved by Assignee. In the event of disapproval of any budget, Manager shall continue operating the Club pursuant to the budgets then in effect, as adjusted to reflect any increases in membership levels and increased or decreased business at the Club, until such time as Assignee and Manager agree upon the appropriate Capital Improvements and Replacements Budget.

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Assignee's Initials _____

Manager's Initials _____

A2691.1.80.848

ASSIGNEE'S RESPONSIBILITIES

Whether or not there are sufficient Gross Revenues, Assignee agrees as follows:

1. Capital Replacements and Repairs. To provide in a timely manner those funds needed for all capital replacements, repairs, renovations and additions to the Club, as are necessary for the operation of the Club as a first-class golf club in the area in which it is situated.
2. Inventories and Supplies. To provide in a timely manner those funds needed to supply the Club with such levels of inventories and supplies, as are necessary for the operation of the Club as a first class golf club in the area in which it is situated.
3. Working Capital. To provide in a timely manner those funds needed to maintain an adequate level of working capital for the operation of the Club so that the Club may operate as a first class golf club in the area in which it is situated.
4. Operating Loss. To remit to Operator as needed following notice from Operator that the Club has an Operating Loss for the Fiscal Month then ended an amount equal to the actual cash deficit.
5. Management Fees. To the extent the Management Fees are earned, are payable, and the payment of which would not create an item of default under any and all of Assignee's then existing financing agreements, pay such amounts to Operator in a timely manner.
6. Debt Service, Taxes and Insurance. To pay before delinquency all (i) debt service on the Club, (ii) taxes and assessments on the Club's property, and (iii) insurance premiums attributable to policies of insurance relating to the operation of the Club or the Club's property.

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Assignee's Initials _____

Operator's Initials _____

INSURANCE

1. Property Insurance. Assignee shall provide and maintain at its own expense during the term of this Agreement the below listed policies of insurance covering the operations hereunder. Such insurance shall be secured through a carrier satisfactory to the City and evidence of such insurance satisfactory to the City along with required endorsements will be delivered to the City Manager on or before the Commencement Date, and shall contain express conditions that City, its representatives and Manager are additional insureds under the policy and City and Manager are to be given at least thirty (30) days written notice in advance of any modification, termination or reduction of the limits of coverage of any policy of insurance for any cause. Each such policy shall be primary and shall not be deemed to be contributing with any insurance maintained by the City or Manager. Coverage limits shall be increased at City's request at reasonable intervals and to amounts that are reasonable and at that time generally prevailing. The City shall be named specifically and separately as additional insured under each of the policies provided in this Exhibit in a form acceptable to the City Attorney. In addition, the City of San Diego shall separately be named an additional insured under all policies required by this Exhibit with all limits and rights which apply to City. In addition, Manager shall separately be named an additional insured under all policies required by this Exhibit.

1.1. All policies of insurance required under this Exhibit shall be carried in the name of Assignee with City and Manager named as named insured. Any losses thereunder shall be payable to the parties as their respective interests may appear. If permitted by Assignee's lender, any mortgage on the Club property shall contain provisions to the effect that proceeds of the insurance policies required to be carried under this Exhibit shall be available for repair and restoration of the improvements and the personal property.

2. General Liability. Such policy of insurance shall include, but not be limited to comprehensive general liability with contractual liability coverage and comprehensive auto liability, each with a combined single limit of not less than TWO MILLION DOLLARS (\$2,000,000.00) per occurrence. The comprehensive general liability policy shall be endorsed to include all available sections of personal injury coverage.

3. Worker's Compensation. Assignee's employees and all persons providing services by or on behalf of Assignee with respect to this Agreement shall be covered by Worker's Compensation and Employee's Liability Insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California.

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Assignee's Initials _____

Manager's Initials _____

4. Property Coverage

4.1. Real Property - Insurance covering the full replacement value of the demised premises including all improvements thereon against the hazards of fire, extended coverage, vandalism and malicious mischief, flood and other property-related losses.

4.2. Personal Property - Insurance covering ninety percent (90%) of the replacement value of all personal property and equipment on the premises, including without limitation all golf carts and maintenance equipment, against the hazards of fire, burglary, vandalism and malicious mischief.

5. Employee Bonding. Assignee, at its cost, shall insure that all of the employees authorized to sign checks or other documents of withdrawal from Assignee's bank accounts shall be bonded by obtaining a comprehensive blanket crime policy insuring against the loss of money or other property which may result from dishonesty or fraudulent acts of officers, directors or employees of Assignee or Manager.

6. Other Insurance. Assignee shall also procure and keep in place such other insurance as is required herein, including without limitation "builder's risk" and workmen's compensation insurance in connection with the improvement work on the premises, and such other insurance as the City may reasonably require, which insurance shall be in such form and in such amounts as the City may reasonable prescribe.

7. Deductibles. For all required insurances, the City Manager shall require and the Assignee shall provide adequate coverage including deductibles sufficiently low enough to ensure the effectiveness of the insurance.

8. Failure to Insure. Failure on the part of Assignee to procure or maintain required insurance shall constitute a material breach of the Lease Agreement under which the City may immediately terminate the Lease Agreement, or at its discretion, procure or renew such insurance pay any and all premiums in connection therewith, and all monies so paid by the City shall be repaid by Assignee to the City upon demand including interest thereon at the lesser of the legal rate or ten percent (10%) per annum from the date paid by the City through the date reimbursement is received from Assignee.

9. Cancellation Response. If any insurance coverage is cancelled or reduced, Assignee shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies, and said policy shall be submitted for approval as herein

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Assignee's Initials _____

Manager's Initials _____

A2691.1.80.39C

provided. At least fifteen (15) days prior to the expiration of any such policy, a certificate, showing that the insurance coverage has been renewed or extended, shall be filed with the City.

10. Suspension of Operations. Manager, upon ten (10) days written notice from City, shall suspend and cease all operations hereunder on the premises during such periods of time as evidence of required insurance coverage has not been provided to City, unless City, at its sole discretion, waives such suspension.

11. Insurance Costs. Insurance premiums and any costs or expenses with respect to the insurance described in this Exhibit shall be Operating Expenses. Premiums on policies for more than one (1) year shall be charged pro rata against the gross revenues over the period of the policies.

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Assignee's Initials _____

Manager's Initials _____

A2691.1.80.39C

MISCELLANEOUS PROVISIONS

1. Notice. Any notice or other communication required or permitted hereunder shall be sufficiently given if in writing and (i) delivered personally, (ii) forwarded by prepaid telegram, or (iii) sent by certified mail, return receipt requested, postage prepaid, addressed as shown below, or to such other address as the party concerned may substitute by written notice to the other. All notices personally delivered shall be deemed received on the date of delivery. All notices forwarded by prepaid telegram shall be deemed received two (2) days after the date same are sent. All notices forwarded by mail shall be deemed received on a date seven (7) days (excluding Sundays and legal holidays when the U.S. mail is not delivered) immediately following date of deposit in the U.S. mail. Provided, however, the return receipt indicating the date upon which all notices were received shall be prima facie evidence that such notices were received on the date on the return receipt.

If to Assignee: ESCONDIDO CONSULTING, INC.
15821 Ventura Boulevard, Suite 665
Encino, California 91436

If to Manager: CCA SILBAND/GOLFCORP.
3030 LBJ Freeway
Tri-West Plaza - 3rd Floor
Dallas, Texas 75234

With a copy to:
Page & Addison, P. C.
14651 Dallas Parkway
Suite 700
Dallas, Texas 75240

The addresses and addressees may be changed by giving notice of such change in the manner provided herein for giving notice. Unless and until such written notice is received, the last address and addressee given shall be deemed to continue in effect for all purposes. No notice to either Assignee or Manager shall be deemed given or received unless the entity noted "With a copy to" is simultaneously delivered notice in the same manner as any notice given to either Assignee or Manager.

2. Remedies. No remedy granted to Manager or Assignee is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute. No delay or omission of to exercise any right or power accruing upon any default shall impair the nondefaulting party's exercise of any right or power or shall be construed to be a waiver of any default or acquiescence therein.

3. Duties Upon Termination or Expiration. Neither the expiration or earlier termination of this Agreement shall relieve either party from its failure to perform any duties or obligations under this Agreement that are required to be performed prior to such expiration or termination. Upon the expiration or termination of this Agreement, Manager shall: (i) surrender possession of the Club and its property to Assignee, (ii) deliver to Assignee all materials and supplies, contracts and documents pertaining to operation of the Club, and (iii) assist Assignee in the transfer and assignment of all rights Manager may have in and to any and all contracts, licenses and permits in existence at the date of expiration or termination. Upon the expiration or termination of this Agreement, Assignee shall immediately pay to Manager all monies earned by Manager under this Agreement.

4. Rights of Third Parties. Nothing herein is intended to give, nor shall it have the effect of giving, any enforceable rights to any third parties who are not parties hereto or successors or permitted assigns of parties hereto, whether such claims are asserted as third party beneficiary rights or otherwise. Notwithstanding anything to the foregoing contained herein to the contrary, (i) Manager recognizes that City, as landlord under the Lease Agreement, is a third party beneficiary to this Agreement and (ii) Lender, as defined in Section 8 hereof, is hereby granted a security interest and lien as more specifically set forth in Section 8. If necessary, City's authorized agent may enter the Club, as provided under the Lease Agreement.

5. Superior Position. Manager acknowledges that the Lease Agreement shall be superior to this Management Agreement and that to the extent that the enforcement of any provisions of this Management Agreement conflict with the Lease Agreement, the failure of Manager or Assignee to comply with the terms of this Management Agreement in order to comply with the terms of the Lease Agreement shall not be considered a breach under this Management Agreement. If any provision of this Management Agreement conflicts with any provision of the Lease Agreement, the terms of the Lease Agreement shall control. The parties agree that, subject to the Assignment of Golf Course Construction and Lease Agreement between the City of Escondido and CCA Silband/GolfCorp, City shall have a right to enforce the Lease Agreement. Any substitution of any of the parties to this Management Agreement shall be subject to the prior written approval of the City, which approval shall not be unreasonably withheld.

6. Attorneys' Fees. In the event Manager or Assignee shall institute legal proceedings against the other arising out of the terms of this Agreement or the performance hereunder the prevailing party shall recover from the other all reasonable attorneys' fees, costs and expenses incurred in any such action.

7. Successors and Assigns. This Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns whenever the context so requires or permits.

8. Interest of Citibank. Assignee hereby acknowledges that Manager has granted a security interest and lien on certain of its assets (the "Mortgaged Property"), including a collateral assignment of this Agreement, to Citibank, N.A. as Agent for itself (in its capacity as Agent and individually, "Lender") and certain other banks from time to time party to that certain Credit Agreement, dated as of January 27, 1989, among Lender, Manager, and such other banks (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), as collateral for the obligations of Manager and its subsidiaries pursuant to the Credit Agreement and the other loan documents and agreements delivered from time to time in connection therewith. Assignee hereby consents to such collateral assignment of this Agreement. Assignee agrees to give Lender written notice of any breach or default of the terms of this Agreement within fifteen (15) days after the occurrence thereof, such notice to be given to Lender at the following address:

Citibank, N.A.
c/o Citicorp North America, Inc.
1400 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201
Attention: Club Corporation Relationship Officer

Assignee agrees that in the event of any such breach or default under the terms of this Management Agreement, Lender shall have the right to pay amounts due under this Management Agreement and to perform obligations under this Management Agreement, to the same extent, for the same period, and with the same effect as Manager, plus an additional thirty (30) days after any such default, whether the same shall consist of the failure to pay amounts due and payable under this Management Agreement or the failure to perform any other matter or thing which Manager is required under this Agreement to do or perform, and Assignee agrees to accept such payment or performance. Assignee agrees that it shall not exercise its right to terminate this Management Agreement or any of its other rights under this Management Agreement upon breach or default of the terms of this Management Agreement without so affording Lender the foregoing notice and periods to cure any default or breach under this Agreement. Assignee agrees that if Lender exercises its rights under the above-referenced collateral assignment of this Management Agreement, Assignee will recognize and attorn to Lender or Lender's designee (the "Designee") as the successor in interest to Manager under this Management Agreement. Lender must obtain the prior written approval of the City, which approval shall not be unreasonably withheld, prior to such assignment. Assignee covenants and agrees that the Mortgaged Property is and shall remain personal property and not become part of the golf facilities to which this

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Assignee's Initials _____

Manager's Initials _____

Management Agreement relates (the "Facilities"), regardless of the manner of affixation, and that Lender may at any time and from time to time enter upon the Facilities to inspect, repossess and/or remove the Mortgaged Property from the Facilities without accountability to Assignee therefor and free of any lien, right or claim which Assignee may now or hereafter have; such right being independent of any other remedy Lender may have against Manager or the Mortgaged Property. Assignee hereby authorizes and empowers Lender to enter upon the Facilities for the purposes of guarding and maintaining the Mortgaged Property, preparing and showing the same for sale, and/or conducting a sale thereof. Assignee hereby waives and relinquishes unto Lender, its successors and assigns, any and all liens, rights, claims and demands of every kind which it may now or hereafter have with respect to the Mortgaged Property, including, without limitation, any rights to seize, hold, distrain, levy upon, take possession of, sell, or otherwise transfer or dispose of the Mortgaged Property. Assignee agrees that, notwithstanding any provision in this Management Agreement to the contrary, the insolvency or bankruptcy of Manager, either voluntary or involuntary, shall not result in a default under this Management Agreement, so long as no other default exists under this Management Agreement prior to such insolvency or bankruptcy. Notwithstanding anything contained herein to the contrary, nothing contained herein shall be deemed or construed to obligate Lender to take any action hereunder, or to perform or discharge any obligation, duty or liability of Manager under this Management Agreement.

9. Severability. Except as expressly provided to the contrary herein, each section, part, term or provision of this Agreement shall be considered severable, and if for any reason any section, part, term or provision herein is determined to be invalid and contrary to or in conflict with any existing or future law or regulation by a court or governmental agency having valid jurisdiction, such determination shall not impair the operation of or have any other affect on other sections, parts, terms or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms or provisions shall be deemed not to be a part of this Agreement.

10. State Law. This Agreement has been executed and delivered in the State of California and shall be construed in accordance with the laws of the State of California. Any action brought to enforce or interpret this Agreement shall be brought in the court of appropriate jurisdiction in the county in which the Club is located. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion that a document should be construed more strictly against the who itself or through its agent prepared the

same. It is agreed and stipulated that all parties hereto have participated equally in the preparation of this Agreement and that legal counsel was consulted by each responsible party before the execution of this Agreement.

11. No Joint Venture. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of (i) principal and agent, (ii) a partnership, or (iii) a joint venture between the parties hereto; it being understood and agreed that neither any provisions contained herein nor any acts of the parties hereto shall be deemed to create any relationship between the parties hereto other than the relationship of owner and manager.

12. Captions. Captions, titles to sections and paragraph headings used herein are for convenience or reference and shall not be deemed to limit or alter any provision hereof.

13. Survival. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement. All other documents and instruments to be executed and delivered in accordance herewith shall continue in full force and effect.

14. Authorization. Each party signing this Agreement is fully authorized to execute this Agreement on behalf of the respective applicable party and each party retained counsel prior to the execution of this Agreement and such counsel actively participated in the negotiation and finalization of the terms of this Agreement on behalf of the respective parties hereto.

DEVELOPMENT AND CONSTRUCTION CONTRACT

FOR

ESCONDIDO GOLF COURSE
(Maximum Fee Contract - Up To \$6,000,000.00)

GOLF WEST COMPANIES,
a California corporation
("Developer")

AND

ESCONDIDO CONSULTING, INC.,
a California corporation
("Leasehold Operator")

Dated: _____, 1990

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EXHIBITS TO DEVELOPMENT AND CONSTRUCTION CONTRACT
FOR

ESCONDIDO GOLF COURSE
(Maximum Fee Contract - \$6,000,000.00)

GOLF WEST COMPANIES
AND
ESCONDIDO CONSULTING, INC.

A2691.2.19.70B

LEASE	"A"
ESCONDIDO GOLF COURSE DEVELOPMENT SITE	"B"
GOLF COURSE FACILITY	"C"
INITIAL BUDGET	"D"
INITIAL ROUTING GOLF COURSE PLAN	"E"
INITIAL CLUBHOUSE FLOOR PLAN	"F"
CONSTRUCTION BUDGET BREAKDOWN	"G"

DEVELOPMENT AND CONSTRUCTION CONTRACTFORESCONDIDO GOLF COURSE

(Maximum Fee Contract - Up to \$6,000,000.00)

THIS CONTRACT (the "Contract") is made and entered into this day of _____, 1990, by and between GOLF WEST COMPANIES, a California corporation (hereinafter referred to as "Developer"), and ESCONDIDO CONSULTING, INC., a California corporation (hereinafter referred to as "Leasehold Operator"), for the financing, construction, and installation of a regulation 18-hole, municipal golf course facility including all building improvements thereon as more particularly set forth herein.

ARTICLE 1.

GENERAL BACKGROUND

1.1. Lease - Golf Course Facility. CCA Silband/GolfCorp ("GolfCorp") has executed a Golf Course Construction and Lease Agreement (hereinafter referred to as the "Lease"), attached hereto and incorporated herein as Exhibit "A", with the City of Escondido, California (hereinafter referred to as the "City"), dated August 10, 1990, which Lease has been assigned to Leasehold Operator, pursuant to that certain _____, dated _____, 1990 (hereinafter referred to as the "Assignment"). By the terms of the Lease the City has granted a 35-year leasehold interest to Leasehold Operator, with the right to negotiate for a 15-year extension, on an unimproved parcel of land within the City of Escondido shown and described on Exhibit "B" to this Contract. Said property consists of approximately one hundred forty-five (145) acres (the "Leased Premises"). Leasehold Operator by the terms of the Lease is required to construct, install, and equip an 18-hole, first-class municipal golf course including a clubhouse consisting of approximately eleven thousand (11,000) square feet, including cart storage, with a pro shop, bar/grill restaurant and banquet facility; an outside barbecue area; an approximate two thousand four hundred (2,400) square foot maintenance building; and a turf nursery. The improvements described above required under the Lease to be constructed by Leasehold Operator are more particularly listed in Exhibit "C" to this Contract (the "Golf Course Facility"). The parties acknowledge that the term "Golf Course Facility," as used herein, also includes all the improvements referenced in the term "Initial Development Improvements" defined in the Lease.

1.2. Lease Requirements. The construction of the Golf Course Facility pursuant to the terms of the Lease shall commence when all required building and construction permits and environmental clearances and the conditional use permit are in

place to allow the work of construction to proceed. Construction shall be completed by _____, 19____, pursuant to the terms of the Lease (the "Completion Date"). The Completion Date may be extended only pursuant to the specific terms and restrictions provided in the Lease. It is the intent of the parties that Developer shall construct and install the Golf Course Facility pursuant to all of the terms, conditions and specifications of the Lease and in the event any terms or conditions received herein conflict with the specific terms of the Lease, the Lease shall control.

ARTICLE 2.

DUTIES AND OBLIGATIONS OF DEVELOPER

2.1. Financing. Developer agrees to cause the necessary construction financing and take out permanent financing to be made available to Leasehold Operator in an amount up to SIX MILLION DOLLARS (\$6,000,000.00) for the cost and expense to construct and equip the Golf Course Facility pursuant to the terms and conditions recited herein (collectively, the "Golf Course Financing"). Leasehold Operator agrees to work with Developer in acquiring the Golf Course Financing by providing necessary pro formas and financial information required by the proposed lenders. The terms and conditions of the Golf Course Financing, including all loan documentation, shall be subject to the written approval of Leasehold Operator. Provided, however, the parties agree that (i) Leasehold Operator shall operate the Golf Course Facility under an independent subsidiary corporation incorporated with an initial capitalization of One Thousand Dollars (\$1,000.00), which shall be the borrower of the Golf Course Financing, and (ii) that there shall be no corporate or parent guaranties for the Golf Course Financing. The terms of the Golf Course Financing including any assignment of the Lease and the leasehold estate by deed of trust shall be subject to the specific terms and conditions set forth in the Lease. Developer agrees to use all due diligence to secure the Golf Course Financing and in any event to obtain funding of the Golf Course Financing by _____, 19____ (the "Termination Date"). Both parties agree that unless the Golf Course Financing acceptable to Leasehold Operator is located and available for funding by the Termination Date that both parties shall be released from this Contract with no further obligations to either party unless both parties agree in writing to extend the Termination Date.

2.2. Plans and Specifications/Budget. Developer has or will cause to be placed under contract prior to the commencement of construction (i) David Rainville as the golf course architect (the "Golf Course Architect"); SIM Associates as the clubhouse architect (the "Clubhouse Architect") (collectively, the "Architects"), and (ii) Friesen Contracting as the golf course contractor; _____ as the building contractor (collectively, the "Contractors") which have been

approved by Leasehold Operator. The Architects, in conjunction with the engineers and other parties retained by Developer, at Developer's costs, shall prepare (i) the specific plans and specifications for the Golf Course Facility (the "Plans and Specifications"), and (ii) a line-item budget of the costs to construct and install the Golf Course Facility (the "Budget"). A preliminary initial budget of the general construction costs for the Golf Course Facility is attached hereto as Exhibit "D" (the "Initial Budget"). The Plans and Specifications (which include preliminary plans and drawings) shall be prepared in strict compliance with the terms and conditions of the Lease and the terms and conditions recited herein. The Plans and Specifications shall be submitted to (i) the City for its approval as provided in the Lease, and (ii) to Leasehold Operator for its written approval. The timetable for preparation and submission of the Plans and Specifications shall be the same as set forth in the Lease, however, Leasehold Operator shall be provided with the Plans and Specifications for its review, comments and approval not less than thirty (30) days prior to the date submission is made to the City for its approval. The Budget shall also be submitted to Leasehold Operator for its review and approval in conjunction with the Plans and Specifications. Any dispute over the Plans and Specifications or Budget shall be resolved by Leasehold Operator, subject to the approval rights of the City set forth in the Lease. Attached hereto and marked as Exhibit "E" and "F", respectively, to this Contract are copies of the initial golf course routing plan and initial clubhouse floor plan which have been approved by Leasehold Operator.

2.3. Construction of Golf Course Facility. Developer shall be responsible for providing the development and construction of the Golf Course Facility on a turnkey basis pursuant to the Plans and Specifications and the terms and conditions recited herein and in the Lease. All architects, engineers, contractors, materialmen and suppliers required to construct and install the Golf Course Facility shall be under direct contract to Developer. Developer acknowledges that Leasehold Operator shall have the right to approve (i) the contracting party being utilized by Developer, and (ii) the form of the contracts between Developer the party providing the services. Developer shall construct the Golf Course Facility pursuant to the line-item Budget on a percentage of completion basis. Appropriate lien releases satisfactory to Leasehold Operator will be provided by Developer at each stage of construction so that the Leased Premises and the Golf Course Facility remain lien free at all times during the course of construction. Developer shall cause performance bonds to be posted as required by the Lease and Leasehold Operator to assure that the Golf Course Facility will be completed pursuant to (i) the Plans and Specifications, and (ii) the specific terms of the Lease. Developer shall be responsible for obtaining and complying with all permits and governmental approvals required for the construction and installation of the Golf Course Facility. The Golf Course Facility shall be constructed by

Operator in compliance with the terms, conditions and restrictions of (i) any governmental ordinance, zoning or statutory requirement, (ii) the Lease, (iii) the Plans and Specifications, and (iv) this Contract.

ARTICLE 3.

DUTIES AND OBLIGATIONS OF LEASEHOLD OPERATOR

3.1. Working Capital, Golf Shop Inventory and Equipment. Leasehold Operator shall be responsible for providing (i) its working capital requirements to open and operate the Golf Course Facility, in an amount as determined by Leasehold Operator, (ii) the initial golf shop inventory, (iii) the equipment as may be required by Leasehold Operator for its leasehold operations, including golf carts, (iv) food and beverage supplies including the liquor license needed for the sale of alcoholic beverages on the Leased Premises, (v) golf course maintenance equipment which includes shop tools and equipment, (vi) driving range equipment and accessories, and (vii) golf course supervisory personnel during the maturation period from seeding through the completion of the "grow-in" period for the Golf Course Facility.

3.2. Equity Contribution. If required by the prospective lender of the Golf Course Financing, Leasehold Operator agrees to be responsible for acquiring from its parent corporation or other funding sources up to FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) in equity (the "Equity Amount") to reduce the amount of the Golf Course Financing required to fund the Contract Price. This Equity Amount would be funded to satisfy any loan-to-value ratios that may be required from the construction lender and/or the permanent financing takeout lender. Notwithstanding anything to the contrary, Leasehold Operator's requirement to fund the Equity Amount shall be subject to and conditioned upon Leasehold Operator's acceptance of the terms and conditions of the proposed Golf Course Financing.

ARTICLE 4.

MAXIMUM FEE CONTRACT PRICE

4.1. Maximum Fee Contract Price. Developer agrees to construct and install the Golf Course Facility pursuant to the Plans and Specifications for a maximum fee contract price of up to SIX MILLION DOLLARS (\$6,000,000.00) (the "Contract Price") all in accordance with the Initial Budget and final Budget approved by Leasehold Operator. Any costs or expenses of any nature which are in excess of the Contract Price incurred in the design, construction and installation of the Golf Course Facility or expended to insure compliance with the terms and conditions of this Contract or the Lease shall be the sole responsibility of Developer. Provided, however, any additional costs that may be incurred in excess of the Contract Price which result from

properly authorized written change orders in the Plans and Specifications which were requested and approved by Leasehold Operator prior to the date the costs were incurred shall be the responsibility of Leasehold Operator.

ARTICLE 5.

CONSTRUCTION ACCOUNT; DRAW REQUESTS; DEVELOPER FEE

5.1. Construction Account. All construction funds advanced shall be placed in a special "Escondido Golf Course Construction Account" at a bank in Escondido, California, selected by Developer and Leasehold Operator ("Trustee Bank"). Developer shall provide Leasehold Operator with (i) a detailed monthly line-item statement of the actual construction costs vs. the line items of the Budget (the "Construction Budget Breakdown"), and (ii) the contract amounts, percentage of completion, previous draws, retention amounts, current draws, and total complete construction to date. For clarity, and to avoid any misunderstanding, an example of the form to be utilized for the Construction Budget Breakdown upon which all draw requests shall be based is attached as Exhibit "G" to this Contract.

5.2. Draw Requests. All draw requests before submission to the Trustee Bank for payment shall be first approved by (i) Leasehold Operator, (ii) Developer, (iii) by the Golf Course Architect, as to those matters pertaining to the golf course, and (iv) by the Clubhouse Architect, for those matters pertaining to the clubhouse and building improvements. All draw requests shall be accompanied by appropriate lien releases in a form acceptable to Leasehold Operator and the City at each stage of construction in order to maintain the Leased Premises and the Golf Course Facility lien free at all times during the course of construction. Upon receipt of the written monthly application for payment by Developer and Leasehold Operator's approval, for the period ending the twentieth day of each month, Leasehold Operator agrees to authorize funding, within thirty (30) days of receipt by Leasehold Operator of such application for payment, an amount equal to ninety percent (90%) of the price of materials delivered and work performed during the preceding month, less the aggregate of previous payments made to Developer. Each application for payment submitted by Developer shall be accompanied by a list of the names and addresses of all subcontractors and material suppliers, together with copies of any and all bills and invoices outstanding to such subcontractors and/or material suppliers which support Developer's application for payment. Developer agrees that any and all payments made hereunder may be made payable jointly to Developer and such subcontractors and/or material suppliers. Within thirty (30) days after completion of the Golf Course Facility and in acceptance by Leasehold Operator and Architects and upon presentation to Leasehold Operator by Developer of final releases from any and all subcontractors and/or material suppliers of all

liens covering the work hereunder and receipts in full covering all labor, materials and equipment for which a lien could be filed, or a bond satisfactory to Leasehold Operator to indemnify Leasehold Operator against such lien, Leasehold Operator shall pay to Developer the remaining amount due on the Contract. If any such lien remains unsatisfied after payments are made, Developer shall refund to Leasehold Operator all money that Leasehold Operator may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees. Payment hereunder may be withheld at any time during the term of the Contract, however, on account of (i) defective work not remedied, (ii) claims filed, (iii) failure of Developer to make payments properly to subcontractors, vendors or materialmen for work, labor, materials or equipment, or (iv) unsatisfactory performance of the work by Developer, as determined by Leasehold Operator. The Contract Price includes all applicable sales and use taxes.

5.3. Developer's Fee. The parties have agreed that Developer shall be paid a developer's fee equal to ten percent (10%) of the cost of actual construction costs for its overhead and profit which fee is included in the Contract Price (the "Developer's Fee"). For example, if the actual cost of construction is FIVE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$5,400,000.00), the Developer's Fee would be FIVE HUNDRED FORTY THOUSAND DOLLARS (\$540,000.00), for a total of FIVE MILLION NINE HUNDRED FORTY THOUSAND DOLLARS (\$5,940,000.00). Said Developer's fee shall be paid fifty percent (50%) upon funding of the construction loan portion of the Golf Course Financing and fifty percent (50%) in twelve (12) equal monthly payments for construction management during the course of construction of the Golf Course Facility.

ARTICLE 6.

COMMENCEMENT OF CONSTRUCTION AND CHANGE ORDERS

6.1. Commencement of Construction and Change Orders. It is expected that the work of construction shall commence on or before November __, 1990. The actual commencement date is subject to all financing, zoning and environmental clearances from regulatory bodies being in place to permit construction to proceed, which Developer shall obtain. However, the Golf Course Facility must be completed by the Completion Date, subject to any extension of the Completion Date as provided and allowed under the terms of the Lease. Developer shall be responsible for obtaining any extension of the Completion Date from the City. Leasehold Operator agrees to cooperate with Developer in working with the City to secure the extension, provided it is allowed under the terms of the Lease. The official commencement date of construction shall be evidenced by written notice from Developer to Leasehold Operator and to Trustee Bank and shall be approved in writing by Leasehold Operator and Developer (the "Commencement

Date"). Any change orders required during the course of construction shall be first approved in writing by (i) Developer and Leasehold Operator, then (ii) the Golf Course Architect for those matters pertaining to the golf course, and (iii) the Clubhouse Architect, for those matters pertaining to the buildings, subject to the terms of the Lease. Leasehold Operator reserves the right during the progress of the work to make any changes, additions or deletions in the original plans and specifications, but all such changes shall be made only in advance and in writing, and the change in construction costs resulting therefrom shall also be specified in writing before any such changes shall be authorized or made. Such writing shall be accepted and executed by both Leasehold Operator and Developer before the changes are authorized. No alteration in the Plans and Specifications or the Contract Price shall invalidate this Contract and no novation shall result therefrom. Any change resulting in an increase or decrease in the Contract Price shall not be binding unless in writing and signed by both parties and the Architects. Any dispute over the extension of the Completion Date between Leasehold Operator, Developer and the City shall be resolved under the terms of the Lease. Developer shall be entitled to a notice of completion issued by Leasehold Operator (the "Notice of Completion") concerning the Golf Course Facility immediately upon final inspection, approval and acceptance in writing of the construction and installation of the Golf Course Facility by (i) the Leasehold Operator, (ii) the Golf Course Architect, as to those matters pertaining to the golf course, (iii) by the Clubhouse Architect as to those matters pertaining to the buildings, and (iv) the City as to compliance with the terms of the Lease.

ARTICLE 7.

RISK OF LOSS

7.1. Risk of Loss. Developer shall bear, at its sole cost and expense, the risk of loss of the equipment and materials contracted for herein from damage, destruction, theft, or any other cause for the period beginning with the execution of this Contract and ending with the issuance of the Notice of Completion after the final written acceptance of the work and equipment by Leasehold Operator after its erection and installation.

ARTICLE 8.

INSURANCE

8.1. Liability Insurance. Developer, during the course of construction until the Notice of Completion is issued, shall cause to be delivered to Leasehold Operator a builder's all risk insurance policy or policies in a form and with a carrier acceptable to Leasehold Operator and the City providing comprehensive general liability coverage in the minimum liability

limits of ONE MILLION DOLLARS (\$1,000,000.00) for persons injured or death of each person, and TWO MILLION DOLLARS (\$2,000,000.00) for persons injured or death of two (2) or more persons in each accident or event, and in a minimum amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) (subject to a deductible cause of not to exceed FIVE THOUSAND DOLLARS (\$5,000.00)) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single-limit policy in the amount of THREE MILLION DOLLARS (\$3,000,000.00) covering all such risks. Subject to the approval of Leasehold Operator, such liability insurance may be maintained as a part of, or in conjunction with, any other liability insurance that may be provided by construction contractors during the period of construction. Such insurance policy or policies shall name Leasehold Operator as a additional named insured on all such policies.

8.2. Property Insurance. Developer, as part of the construction insurance coverage to be provided hereunder, shall cause to be maintained during the course of construction insurance against loss or damage to any structures constituting any part of the Golf Course Facility by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of the structures constituting part of the Golf Course Facility. Such insurance may be subject to deductible clauses of not to exceed ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) for any one loss. Subject to the approval of Leasehold Operator, such insurance may also be maintained as a part of, or in conjunction with, any other fire or extended coverage insurance carried and maintained by construction contractors during the course of construction. Such insurance policy or policies shall name Leasehold Operator as a co-insured as its interest may appear.

8.3. Additional Insurance. Developer, during the course of construction until the Notice of Completion is issued, shall provide and maintain at its own expense, all insurance coverages in the amounts and in compliance with those set forth and pursuant to Article 11 of the Lease.

ARTICLE 9.

WARRANTY

9.1. Warranty. Developer warrants that it shall cause all contractors, suppliers and materialmen to use skilled applicators/workmen carefully supervised to insure the finest quality workmanship. Developer shall promptly correct, at its sole cost, any work rejected by the Architects or Leasehold

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Operator or failing to conform to the requirements of the Plans and Specifications or the Lease, whether observed before or after substantial completion and whether or not fabricated, installed or completed, and shall correct any work found to be defective or not in compliance with the requirement of the Plans and Specifications or the Lease within a period of the later of (i) one (1) year from the date the Notice of Completion is recorded, or (ii) the expiration date of any warranty set forth in the contract documents (the "Warranty Period"). In the event that the work should prove defective in any manner, Leasehold Operator shall promptly contact Developer in writing. Developer agrees that the work to correct such deficiency will be commenced within ten (10) days after receipt of Leasehold Operator's notice and shall be completed with all due diligence. Should Developer fail or refuse to correct such deficiency, Developer shall reimburse to Leasehold Operator all monies and expenses that Leasehold Operator may be compelled to expend in the correction of such deficiency, including all costs and reasonable attorneys' fees. Developer, upon completion of construction, shall be responsible for enforcing, in behalf of Leasehold Operator, all contractors', manufacturers' and suppliers' warranties obtained by Developer on all building and equipment for the Warranty Period following installation of same.

ARTICLE 10.

COMPLIANCE

10.1. Compliance. It is agreed by and between the parties that Developer possesses superior knowledge and experience in all phases associated with construction work. In performing its obligations hereunder, Developer agrees that it shall comply and/or cause the contractors to comply with the Fair Labor Standards Act of 1938, as amended, the Occupational Safety and Health Act, and all other applicable laws, orders, rules and regulations. Developer further agrees that it shall immediately advise Leasehold Operator in writing of any condition or event which creates a condition of noncompliance with any of the aforementioned codes and which are not part of the obligations of Developer as set forth herein. In the event Developer, during the course of constructing the Golf Course Facility, encounters circumstances or conditions which were beyond the knowledge of Leasehold Operator at the time of making this Contract, Developer agrees to hold harmless Leasehold Operator from any and all claims, actions, causes of action, damages, expenses and liabilities which Developer may have arising from such previously unknown condition.

ARTICLE 11.

INDEMNITIES

11.1. Indemnities. Developer shall, at all time during the course of construction, be responsible for the payment of all

architects, engineers, contractors, subcontractors, materialmen and suppliers, as may be necessary to construct and complete the Golf Course Facility pursuant to the Plans and Specifications. Developer shall indemnify and hold Leasehold Operator and Trustee Bank harmless from any and all costs, expenses, penalties, claims, actions, causes of action, demands, damages and liabilities resulting from any and all acts, omissions and/or violations of any obligation, duty and/or responsibility arising under or pursuant to the work performed hereunder or the terms of the Lease concerning the Golf Course Facility, including violations of or obligations under any and all federal, state and local statutes, laws, ordinances, and rules and regulations. Developer shall maintain the property free and clear of all liens and encumbrances at all times during the course of construction except easements, covenants, restrictions and rights-of-way of record and indemnify and hold Leasehold Operator and Trustee Bank harmless from any claim arising therefrom.

ARTICLE 12.

PENALTIES

12.1. Penalties. Developer agrees to pay a penalty to Leasehold Operator in the amount of FIVE HUNDRED DOLLARS (\$500.00) per day (the "Penalty") for each day completion of the Golf Course Facility is delayed beyond the Completion Date required in the Lease, subject, however, to any extensions thereof granted under the specific terms and conditions of the Lease. The Penalty shall be payable within five (5) days after receipt of written notice from the Leasehold Operator.

ARTICLE 13.

ELECTION/PERFORMANCE

13.1. Election/Performance. Developer agrees that if, in the opinion of Leasehold Operator, Developer should fail at any time during the performance hereof to provide the necessary crews, tools and equipment for the proper performance of the work herein contemplated, or if Developer should breach this Contract, in whole or part, or fail to use due diligence in the performance thereof, or if Developer is not performing the Contract in the manner herein provided, or if Developer shall be adjudged bankrupt or shall be placed in receivership, then, and in any of such events, Leasehold Operator may, at its election, take over and perform (either through its own employees or another contractor) all or any part of the work remaining unperformed. In the event Leasehold Operator takes over the work as herein provided, Developer shall not be entitled to any further payment for work performed or material, equipment or supplies furnished prior to such taking over until all work required under this Contract is completed and accepted by Leasehold Operator, at which time Leasehold Operator's total costs and expenses in

completing the work shall be deducted from the amount which otherwise would have been payable to Developer, and the difference, if any, shall be paid by Leasehold Operator to Developer.

ARTICLE 14.

EVENTS OF DEFAULT

14.1. Events of Default. 14.2. The occurrence of any one or more of the following events which is not cured in the time permitted shall constitute a default under this Contract (hereinafter referred to as a "Default" or an "Event of Default"):

14.2.1. Leasehold Operator's Default. If Leasehold Operator shall fail in the performance of or compliance with any of the covenants, agreements, terms or conditions contained in this Contract and such failure shall continue for a period of ten (10) days after written notice thereof from Developer to Leasehold Operator specifying in detail the nature of such failure.

14.2.2. Developer's Default. If Developer shall fail in the performance of or compliance with any of the covenants, agreements, terms or conditions contained in this Contract and such failure shall continue for a period of ten (10) days after written notice thereof from Leasehold Operator to Developer specifying in detail the nature of such failure.

ARTICLE 15.

REMEDIES

15.1. Developer's Remedies. Upon the occurrence of a Default by Leasehold Operator hereunder which is not cured within the time permitted, Developer shall be entitled to do one of the following:

15.1.1. Specific performance of Leasehold Operator's obligations hereunder;

15.1.2. Demand payment of all amounts due Developer under the terms of this Contract, and demand payment of all costs expenses and reasonable attorneys' fees of Developer due to Leasehold Operator's Default; and/or

15.1.3. Terminate this Contract by Developer's written notice of termination to Leasehold Operator.

15.2. Leasehold Operator's Remedies. Upon the occurrence of a Default by Developer which is not cured within the time permitted, Leasehold Operator shall be entitled to:

15.2.1. Specific performance of Developer's obligations hereunder;

15.2.2. Demand payment of all amounts due Leasehold Operator under the terms of this Contract, and demand payment of all costs expenses and reasonable attorneys' fees of Leasehold Operator due to Developer's Default; and/or

15.2.3. Terminate this Contract by Leasehold Operator's written notice of termination to Developer.

No delay or omission of either party to exercise any right or power accruing upon any Event of Default shall impair the party's exercise of any right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein.

ARTICLE 16.

INDEPENDENT CORPORATION

16.1. Independent Corporation. Developer recognizes and acknowledges that Leasehold Operator is an independent corporation to whom Developer will solely look and who is solely responsible for the obligations and liabilities of Leasehold Operator recited herein, arising hereunder, or in any manner related to the transactions contemplated hereby, and Developer further recognizes and acknowledges that no other entity or entities, including (i) Leasehold Operator's parent corporation, (ii) any individual, or (iii) any corporation affiliated with Leasehold Operator which may supply services to or take actions in behalf of or for the benefit of Leasehold Operator with respect to the Golf Course Facility herein contemplated, it being agreed among the parties hereto that the parent of and/or the affiliated corporation will form, organize, provide services to, provide loans and funds to, negotiate for, provide personnel to, make representations on behalf of and, from time to time take actions on behalf of or for the benefit of Leasehold Operator by direct dealings with Developer or those acting for it, is in any manner liable or responsible for the obligations and liabilities of Leasehold Operator, whether recited herein, arising hereunder, or in any manner related to the transactions contemplated hereby.

ARTICLE 17.

AFFILIATE COMPANIES

17.1. Affiliate Companies. It is agreed and understood among the parties hereto that the parent and affiliated

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corporations of Leasehold Operator will provide services for a fee to Leasehold Operator and that the provision of such services for a fee and the actions taken in providing such services shall in no manner be construed to constitute the undertaking by such parent or affiliated corporation of any obligation, duty or liability of Leasehold Operator to Developer under the terms of this Contract or any other relationship existing between Leasehold Operator and Developer, unless specifically set forth in a document executed by the party to be charged with such obligation, duty or liability. Leasehold Operator may retain the services of any affiliate or subsidiary of Leasehold Operator so long as the rates charged therefor are reasonable. Additionally, the fees paid for such services to parent and/or affiliated corporations shall not be considered to constitute payments to others in detriment to Developer except as provided by the terms of this Contract or the laws of bankruptcy or insolvency which are applicable to Leasehold Operator. Developer covenants that in dealing with representatives of a parent or affiliated corporation of Leasehold Operator, such direct dealings taken by such representative shall in no manner be construed to be the direct action, obligation, duty, liability or undertaking of such parent or affiliated corporation.

ARTICLE 18.

OWNER'S INQUIRY

18.1. Owner's Inquiry. Developer warrants and represents that they have made such inquiry and investigation as they deem appropriate as to the financial ability of Leasehold Operator to perform all of its obligations, duties, liabilities and undertakings contemplated by the transaction from which this Contract arises and that it has no further inquiry it desires to make. Developer further warrants and represents that they are not relying on any other entity to contribute the financial wherewithal to Leasehold Operator to carry out its obligations, duties, liabilities and undertakings, and that no oral representations have been made as to other financial support of Leasehold Operator by any party or entity. Developer is thus solely relying on the financial ability of Leasehold Operator.

ARTICLE 19.

MISCELLANEOUS

19.1. Notices. Any notices or other communications required or permitted hereunder shall be sufficiently given if in writing and (i) delivered personally, (ii) forwarded by prepaid telegram, or (iii) sent by certified mail, return receipt requested, postage prepaid, addressed as shown below, or to such other address as the party concerned may substitute by written notice to the other. All notices personally delivered shall be deemed received on the date of delivery. All notices forwarded

by prepaid telegram shall be deemed received two (2) days after the date same are sent. All notices forwarded by mail shall be deemed received on a date seven (7) days (excluding Sundays and holidays) immediately following date of deposit in the U.S. mail; provided, however, the return receipt indicating the date upon which all notices were received shall be prima facie evidence that such notices were received on the date on the return receipt.

If to Developer:

GOLF WEST COMPANIES
2350 W. Shaw Avenue, Suite 144
Fresno, California 93711

With a copy to:

If to Leasehold
Operator:

ESCONDIDO CONSULTING, INC.

With a copy to:
Page & Addison, P.C.
14651 Dallas Parkway, Suite 700
Dallas, Texas 75240

The addresses and addressees may be changed by giving notice of such change in the manner provided herein for giving notice. Unless and until such written notice is received, the last address and addressee given shall be deemed to continue in effect for all purposes. No notice to either party hereto shall be deemed given or received unless the entity noted "With a copy to" is simultaneously delivered notice in the same manner as any notice given to either party hereto.

19.2. Assignment. The Lease between City and GolfCorp, dated August 10, 1990, attached to this Contract as Exhibit "A", is fully incorporated in this Contract by this reference and shall be fully binding on the parties to this Contract. In the event that any of the provisions of this Contract are inconsistent or conflict with said Lease, the latter shall control. In addition, any substitution of any of the parties to this Contract shall be subject to the prior written approval of the City. Notwithstanding any other provision and in addition to the Lease, this Contract shall be enforceable by the City, who or its authorized agent may enter upon the property described in

this Contract to complete the conditions of this Contract without incurring liability for trespass and shall be reimbursed its cost for completion pursuant to the Lease.

19.3. Binding Effect. This Contract shall bind their heirs, executors, assigns, administrators and successors-in-interest of the parties.

19.4. Controlling Law. The laws of the State of California shall govern this Contract.

19.5. Entire Agreement. This Contract represents the entire agreement between Leasehold Operator and Developer and supersedes all prior negotiations, representations or agreement, either written or oral. This Contract may only be amended by written instrument signed by both parties.

19.6. No Joint Venture. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of (i) a partnership, or (ii) a joint venture between the parties hereto; it being understood and agreed that neither any provisions contained herein nor any acts of the parties hereto shall be deemed to create any relationship between the parties hereto other than the relationship of owner and independent contractor.

IN WITNESS WHEREOF, the parties have executed this Contract on the date first written above.

Developer:

GOLF WEST COMPANIES,
a California corporation

Attest:

By: _____

Title: _____

Title: _____

Leasehold Operator:

ESCONDIDO CONSULTING, INC.,
a California corporation

Attest:

By: _____

Title: _____

Title: _____