

AGENDA
PROPERTY MANAGEMENT COMMITTEE MEETING
WITH BOARD OF DIRECTORS *
ORANGE COUNTY WATER DISTRICT
18700 Ward Street, Fountain Valley (714) 378-3200
Friday, January 24, 2020, 12:00 p.m. Conference Room C-2

*The OCWD Property Management Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of strict compliance with the Brown Act and it provides an opportunity for all Directors to hear presentations and participate in discussions. Directors receive no additional compensation or stipend as a result of simultaneously convening this meeting. Items recommended for approval at this meeting will be placed on the **February 5, 2020** Board meeting Agenda for approval.

ROLL CALL

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

RECOMMENDATION: Adopt resolution determining need to take immediate action on item(s) and that the need for action came to the attention of the District subsequent to the posting of the Agenda (requires two-thirds vote of the Board members present, or, if less than two-thirds of the members are present, a unanimous vote of those members present.)

VISITOR PARTICIPATION

Time has been reserved at this point in the agenda for persons wishing to comment for up to three minutes to the Board of Directors on any item that is not listed on the agenda, but within the subject matter jurisdiction of the District. By law, the Board of Directors is prohibited from taking action on such public comments. As appropriate, matters raised in these public comments will be referred to District staff or placed on the agenda of an upcoming Board meeting.

At this time, members of the public may also offer public comment for up to three minutes on any item on the Consent Calendar. While members of the public may not remove an item from the Consent Calendar for separate discussion, a Director may do so at the request of a member of the public.

CONSENT CALENDAR (ITEM NO. 1-3)

All matters on the Consent Calendar are to be approved by one motion, without separate discussion on these items, unless a Board member or District staff request that specific items be removed from the Consent Calendar for separate consideration.

1. MINUTES OF PROPERTY MANAGEMENT COMMITTEE MEETING HELD DECEMBER 20, 2019

RECOMMENDATION: Approve minutes as presented

2. AMENDMENT FIVE TO LICENSE AGREEMENT WITH T.E. ROBERTS FOR STORING OF CONSTRUCTION EQUIPMENT LOCATED AT HUCKLEBERRY POND, ANAHEIM

RECOMMENDATION: Agendize for February 5 Board meeting: Approve and authorize execution of Amendment Five to License Agreement with T.E. Roberts, Inc. extending the expiration date to January 31, 2021, with a

- fee of \$500 per month, and all other Agreement terms to remain the same
3. CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) PROPERTY AT BURRIS BASIN AND GENTRY GOLF, INC. D.B.A. THE ISLANDS CENTER LEASEHOLD
RECOMMENDATION: Agendize for February 5 Board meeting: Authorize the General Manager to execute a new six-month Airspace Rental Agreement with Caltrans at a rent of \$736 per month for the 1.3-acre property, with all existing terms and conditions to remain the same
- MATTER FOR CONSIDERATION**
4. CONSENT TO ASSIGNMENT OF LEASE FROM GENTRY GOLF, INC., D.B.A. THE ISLANDS GOLF CENTER LEASE TO NSM GOLF, LLC
RECOMMENDATION: Agendize for February 5 Board meeting: Approve the assignment of the Gentry Golf Lease to NSM Golf, LLC, and authorize the General Manager to finalize and execute the Assignment of Lease and Consent to Assignment, subject to approval as to form by General Counsel
- INFORMATIONAL ITEM**
5. QUARTERLY REPORT ON LEASES AND PERMITS/LICENSES FOR THE PERIOD ENDING DECEMBER 31, 2019
- CHAIR DIRECTION AS TO ITEMS TO AGENDIZE AS MATTERS FOR CONSIDERATION AT THE FEBRUARY 5 BOARD MEETING**
- DIRECTORS' COMMENTS/REPORTS**
- GENERAL MANAGER'S COMMENTS/REPORTS**
- ADJOURNMENT**

PROPERTY MANAGEMENT COMMITTEE

Committee Members

Steve Sheldon - Chair
Denis Bilodeau - Vice Chair
Kelly Rowe
Dina Nguyen
Jordan Brandman

Alternates

Ahmad Zahra - Alternate 1
Cathy Green - Alternate 2
Tri Ta - Alternate 3
Roger Yoh - Alternate 4
Vicente Sarmiento - Alternate 5

In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted at the guard shack entrance and in the main lobby of the Orange County Water District, 18700 Ward Street, Fountain Valley, CA and on the OCWD website not less than 72 hours prior to the meeting date and time above. All written materials relating to each agenda item are available for public inspection in the office of the District Secretary. Backup material for the Agenda is available at the District offices for public review and can be viewed online at the District's website: www.ocwd.com

Pursuant to the Americans with Disabilities Act, persons with a disability who require a disability-related modification or accommodation in order to participate in a meeting, including auxiliary aids or services, may request such modification or accommodation from the District Secretary at (714) 378-3233, by email at idurant@ocwd.com by fax at (714) 378-3373. Notification 24 hours prior to the meeting will enable District staff to make reasonable arrangements to assure accessibility to the meeting.

As a general rule, agenda reports or other written documentation has been prepared or organized with respect to each item of business listed on the agenda, and can be reviewed at www.ocwd.com. Copies of these materials and other disclosable public records distributed to all or a majority of the members of the Board of Directors in connection with an open session agenda item are also on file with and available for inspection at the Office of the District Secretary, 18700 Ward Street, Fountain Valley, California, during regular business hours, 8:00 am to 5:00 pm, Monday through Friday. If such writings are distributed to members of the Board of Directors on the day of a Board meeting, the writings will be available at the entrance to the Board of Directors meeting room at the Orange County Water District office.

**MINUTES OF THE
PROPERTY MANAGEMENT COMMITTEE MEETING
WITH BOARD OF DIRECTORS
ORANGE COUNTY WATER DISTRICT
December 20, 2019 @ 12:00 p.m.**

Director Sheldon called the Property Management Committee meeting to order at 12:00 p.m. in Conference Room C-2. The District Secretary called the roll and reported a quorum as follows.

<u>Committee</u>	<u>OCWD Staff</u>
Steve Sheldon	John Kennedy, Executive Director
Denis Bilodeau	Janice Durant, District Secretary
Kelly Rowe	Bruce Dosier, Director IS/Property
Dina Nguyen	Ben Smith, Engineer
Jordan Brandman	Chris Olsen, Director of Engineering
(absent)	

Alternates
Ahmad Zahra
Cathy Green
Tri Ta
Roger Yoh
Vicente Sarmiento

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Green, seconded by Director Bilodeau and carried [5-0].

Ayes: Sheldon, Bilodeau, Rowe, Brandman, Green

1. Minutes of the Meeting

The Minutes of the Property Management Committee meeting held September 27, 2019 were approved as presented.

MATTER FOR CONSIDERATION

2. Amendment One to Lease Agreement with OCFCD to Expand the Leased Area to Include a Water Main and Related Facilities

Director Bilodeau recused himself on this item and left the meeting due to his employment with the County or Orange. Director of Property Management Bruce Dosier recalled that in 2013, the Orange County Flood Control District (OCFCD) and the District entered into a 30-year Lease Agreement allowing the District to operate and maintain a groundwater injection well system as part of the Demonstration Mid-Basin Injection (DMBI) Project. He stated that OCFCD provided OCWD with an Encroachment Permit to install a water main to connect to the DMBI facilities to the MBI Centennial Park project on the condition that the District enter into a lease agreement before closing out the Permit. In this regard, Mr. Dosier stated that staff has prepared an Amendment to the Lease Agreement and he presented staff's recommendation to authorize its approval to include the water main and related facilities for an additional monthly fee of \$500.

Upon motion by Director Green, seconded by Director Rowe and carried [5-0], the Committee recommended that the Board at its January 8 meeting: Approve and authorize execution of Amendment One to the Lease Agreement with Orange County Flood Control District for the purpose of including a water main and related facilities as part of the MBI Centennial Park Project for an additional monthly fee of \$500.

Ayes: Sheldon, Rowe, Brandman, Zahra, Green

Director Bilodeau returned to the meeting at the conclusion of the vote on the previous matter.

INFORMATIONAL ITEMS

3. Status Update on the California Department of Transportation (Caltrans) Property at Burris Basin and Gentry Golf, Inc. D.B.A. The Islands Center Leasehold
-

Mr. Dosier updated the Board on discussions with Caltrans over decertification of 1.3 acres of land at Burris Basin owned by Caltrans and inadvertently leased by OCWD to Gentry Golf.

He stated he met with Caltrans recently and they now propose to decertify most of the area that OCWD has requested with the exception of a portion it intends to use for widening of the nearby freeway on-ramp. In addition, he stated there is some question as to who owns a smaller portion of land adjacent to the 1.3 acres. Staff was directed to contact the County Assessor's office and run a title report to determine legal ownership.

4. Quarterly Report on Leases and Permits/Licenses for the Period Ending September 30, 2019
-

Mr. Dosier reviewed the quarterly report on Lease and Permits/Licenses, noting all leases are current. He advised that Mr. Demoi Park is considering selling Gentry Golf. With regard to the Raahauge Lease, he advised that Raahauge has requested a rent decrease and OCWD has requested its financial statements.

CHAIR DIRECTION AS TO ITEMS TO AGENDIZE AS MATTERS FOR CONSIDERATION AT THE JANUARY 8 BOARD MEETING

It was agreed to put Item No. 2 on the Consent Calendar for the January 8 Board meeting.

DIRECTORS' COMMENTS/REPORTS

General Manager Markus updated the Board on his meeting yesterday with the Office of Environmental Health Hazard Assessment (OEHHA). He stated that it appears they intend to stand pat on their numbers but might be inclined to delay setting the Response Level to the first week in January.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:20 p.m.

Steve Sheldon, Chair

AGENDA ITEM SUBMITTAL

Meeting Date: January 24, 2020 **Budgeted:** N/A
To: Property Management Committee **Budget Amount:** N/A
 Revenue Estimate: \$6,000
 Funding Source: N/A
From: Mike Markus **Program/Line Item No.** N/A
Staff Contact: B. Dosier/D. Park **General Counsel Approval:** Required
 Engineers/Feasibility Report Approved: N/A
 CEQA Compliance: N/A

**SUBJECT: AMENDMENT FIVE TO LICENSE AGREEMENT WITH T.E. ROBERTS FOR
STORING OF CONSTRUCTION EQUIPMENT LOCATED AT HUCKLEBERRY
POND, ANAHEIM**

SUMMARY

The District currently has a License Agreement with T.E. Roberts, Inc. for the purpose of storing T.E. Robert's equipment while performing construction work for a City of Anaheim (City) pipeline construction project. The License expires January 31, 2020. Although the work for the City of Anaheim has been completed, T.E. Roberts wishes to remain on the premises and has requested a one (1) year extension.

Attachment(s): Amendment Five to License Agreement

RECOMMENDATION

Agendize for February 5 Board meeting: Approve and authorize execution of Amendment Five to License Agreement with T.E. Roberts, Inc. extending the expiration date to January 31, 2021, with a fee of \$500 per month, and all other Agreement terms to remain the same.

BACKGROUND/ANALYSIS

On July 17, 2017, T.E. Roberts entered into a short-term License Agreement with OCWD for the purpose of storing equipment and materials consisting of backhoes, loaders, excavators, steel pipe and fittings, while performing pipeline construction work for the City. T.E. Roberts is allowed to use OCWD's maintenance roads off Lakeview Avenue or Tustin Avenue to access the licensed area.

The original license agreement expired January 16, 2018 and the Board approved four (4) six (6) month license extensions, with the current agreement expiring on January 31, 2020. In December 2019, T.E. Roberts notified staff that the project for the city had been completed and that they wished to remain on the District's property on an ongoing basis for storing their equipment and materials. Staff has no objection to T.E. Roberts ongoing use of this area for storage, on an annual basis, and recommends approving and authorizing the execution of Amendment Five to the License Agreement extending the expiration to January 31, 2021, with a fee of \$500 per month.

PRIOR BOARD ACTION

7/17/2019, R19-7-100, Authorize execution of Amendment Four to License Agreement with T.E. Roberts, Inc. to extend the expiration date to January 31, 2020, with a license fee of \$500 per month, with all other Agreement terms to remain the same.

1/16/2019, R19-1-8, Authorize execution of Amendment Three to License Agreement with T.E. Roberts, Inc. to extend the expiration date to June 30, 2019, with a license fee of \$500 per month, with all other Agreement terms to remain the same.

7/18/2018, R18-7-74, Authorize execution of Amendment Two to License Agreement, extending the expiration date to December 31, 2018 for a fee of \$1,148, with all other agreement terms to remain the same.

1/03/2018, R18-1-2, Approve execution of Amendment One to License Agreement extending the expiration date to July 31, 2018 for a fee of \$1,148, with all other Agreement terms to remain the same.

LOCATION MAP



AMENDMENT FIVE TO LICENSE AGREEMENT

(T. E. Roberts, Inc.)
(Huckleberry Pond)

THIS AMENDMENT is made and entered into this 17th day of July 2019 by and between the **ORANGE COUNTY WATER DISTRICT**, a political subdivision of the State of California organized under Chapter 924 of the Statutes of 1933, as amended (hereinafter the "OCWD") and **T.E. ROBERTS, INC.**, a California corporation (hereinafter, "Licensee"):

RECITALS

WHEREAS, OCWD and Licensee entered into a License Agreement on July 17, 2017 (the "License") for the purpose of storing Licensee's equipment and materials consisting of backhoes, loader, excavator, steel pipe and fittings, while performing construction work for the City of Anaheim; and

WHEREAS, on January 3, 2018, Lessor entered into Amendment One to the License, to extend the Expiration Date to July 31, 2018;

WHEREAS, on July 18, 2018, Licensee entered into Amendment Two to extend the License to a new Expiration Date of December 31, 2018.

WHEREAS, on January 16, 2019, Licensee entered into Amendment Three to extend the License to a new Expiration Date of June 30, 2019.

WHEREAS, on July 17, 2019, Licensee entered into Amendment Four to extend the License to a new Expiration Date of January 31, 2020.

WHEREAS, Licensee wishes to extend the License to a new Expiration Date of January 31, 2021.

NOW, THEREFORE, in consideration of the matters set forth in the foregoing recitals and the terms, covenants and conditions hereinafter contained, the parties do hereby agree as follows:

1. The Expiration Date in License shown in Section 1.2 of the License ("Term") is changed to read "January 31, 2021".
2. Each and every other term, covenant and condition of the License not herein expressly modified is hereby ratified and confirmed by the parties hereto and are and shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to License as of the day and year first hereinabove written.

<p>"LICENSOR" ORANGE COUNTY WATER DISTRICT, a political subdivision of the State of California organized under Chapter 924 of the Statutes of 1933, as amended</p> <p>By: _____ Vicente Sarmiento, President</p> <p>By: _____ Michael Markus P.E., General Manager</p> <p>APPROVED AS TO FORM: RUTAN & TUCKER, LLP.</p> <p>General Counsel, Orange County Water District</p> <p>6/21/19</p>	<p>"LICENSEE" T.E. ROBERTS, Inc., a California corporation</p> <p>By: _____</p> <p>Name: <u>Timothy Roberts</u> Title: <u>President</u></p> <p>[Note: <i>Licenses issued to corporations require the signature of two corporate officers</i>]</p> <p>Licensee Information:</p> <p>Address for Notices:</p> <p>T.E. Roberts 306 West Katella Avenue, Unit B Orange, CA 92867</p>
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AGENDA ITEM SUBMITTAL

Meeting Date: January 24, 2020 **Budgeted:** N/A
To: Property Management Committee **Budget Amount:** N/A
 Board of Directors **Cost Estimate (6 months):** \$4,416
From: Mike Markus **Funding Source:** N/A
Staff Contact: B. Dosier/D. Park **Program/Line Item No.** N/A
 General Counsel Approval: Yes
 Engineers/Feasibility Report Approved: N/A
 CEQA Compliance: N/A

**SUBJECT: CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)
PROPERTY AT BURRIS BASIN AND GENTRY GOLF, INC. D.B.A. THE
ISLANDS CENTER LEASEHOLD**

SUMMARY

Gentry Golf, Inc., d.b.a. The Islands Golf Center (Gentry Golf) operates a golf driving range under a lease agreement with OCWD that expires on September 30, 2022. Approximately 1.3 acres of the lease premises and the southerly portion of Burris Basin is owned by the California Department of Transportation (Caltrans). The District entered into a six month Airspace Rental Agreement with Caltrans February 1, 2018, with an expiration of July 3, 2018, and then subsequent agreements with the current Agreement expiring January 31, 2020 for the continued use of the Caltrans land while the District pursues decertification of some or all of the land by Caltrans for potential acquisition by the District. As the rental agreement expires January 31, 2020 Caltrans requires a new six-month Agreement, with a new expiration date of July 31, 2020.

Attachment(s):

- Aerial Depiction of Caltrans 1.3 Acres at Burris Basin
- Aerial Depiction of Caltrans decertification area at Burris Basin
- Previous Month-to-Month Aerial Caltrans Agreement

RECOMMENDATION

Agendize for February 5 Board meeting: Authorize the General Manager to execute a new six-month Airspace Rental Agreement with Caltrans at a rent of \$736 per month for the 1.3-acre property, with all existing terms and conditions to remain the same.

BACKGROUND/ANALYSIS

The District entered into a lease agreement with Gentry Golf in December 1991, and an amended and restated lease agreement August 2008 allowing Gentry Golf to operate a golf driving range at the southerly basin at Burris Basin, located at 14893 Ball Road, Anaheim.

Upon staff's review of the District's property boundaries of the Gentry Golf lease, staff noted that the current Gentry lease premises and a portion of land extending into the District's southerly portion of Burris Basin include approximately 1.3 acres of land that is identified on County parcel maps as being part of a larger parcel owned by Caltrans for freeway purposes.

Staff discussed the property boundaries with Caltrans staff who confirmed that their records indicated the land belonged to Caltrans. Caltrans staff advised if the District is interested in acquiring the property that it may formerly request that Caltrans review the property for “decertification”, make an initial deposit of \$35,000 to Caltrans, and enter into a temporary six-month Airspace Rental Agreement during the decertification process. The initial six-month rental agreement with Caltrans had a commencement date of February 1, 2018 and expired on July 31, 2018 with a monthly rental rate of \$736. At its April 4, 2018 meeting, the Board authorized initiating the decertification process with Caltrans to pursue acquiring the land. Since the Board’s approval, the District has entered into three six-month Air Space agreements, from August 1, 2018 to January 31, 2019, from February 1, 2019 to July 31, 2019, and from August 1, 2019 to January 31, 2020, while concurrently proceeding with the decertification process for the Caltrans land.

As the six-month Air Space Agreement expires on January 31, 2020 and the District continues to work with Caltrans on acquiring the land, Caltrans requires a new six month lease agreement, with an expiration date of July 31, 2020. Staff is recommending that the Board authorize execution of a new six-month lease with Caltrans with all existing terms and conditions to remain the same while concurrently proceeding with the decertification process for the Caltrans land.

PRIOR RELEVANT BOARD ACTION(S)

7/17/2019, R19-7-101, Authorize a temporary month-to-month lease agreement with Caltrans for the continued use of a 1.3-acre portion of land owned by Caltrans, while the staff continues to pursue decertification for permanent land acquisition.

2/6/2019, R19-2-13, Authorize a temporary month-to-month lease agreement with Caltrans for the continued use of a 1.3-acre portion of land owned by Caltrans, while the staff continues to pursue decertification for permanent land acquisition.

11/7/2018, R18-11-160, Authorize amendment two to lease agreement with Gentry Golf, Inc. D.B.A. The Island Golf Center at Burris Basin extending the lease through September 30, 2019.

7/18/18, M18-7-78, Authorize a temporary month-to-month lease agreement with Caltrans for the continued use of a 1.3-acre portion of land owned by Caltrans, while the staff continues to pursue decertification for permanent land acquisition.

4/4/18, M18-45, Authorize the General Manager to initiate the decertification process with Caltrans for the 1.3 acres at Burris Basin; approve initial deposit of \$35,000 to initiate the decertification; and approve additional funds of \$10,000 for additional professional services for the decertification.

4/4/18, M18-44, Staff is directed to negotiate a one-year lease extension with Gentry Golf, Inc. to commence when current lease expires on September 30, 2018.

3/7/18, R18-3-19, Authorized issuance of Amendment One to Lease Agreement with Gentry Golf, Inc., providing additional General Liability insurance coverage, and consent to a Sublease with DH and LO, Inc. d.b.a. Olympus Golf Pro and Gentry Golf, Inc.

2/7/18, R18-2-9, Execution of a temporary month-to-month lease agreement with Caltrans for use of the property while staff continues to negotiate a short-term lease with Caltrans for the

continued use of the 1.3 acres; and issuance of a Purchase Order to Fidelity National Title for a preliminary title report on such land; and issuance of a work order in an amount not to exceed \$6,000 to Paragon Partners for the appraisal of the 1.3-acre property;

3/16/16, M16-41, Discussion of the request for rent relief for the Islands Golf Center deferred for 60 days to allow The Islands Golf Center to prepare requested documentation

4/3/13, R13-4-28, Approving Gentry Golf Consent to Sublease to S & W Golf;

4/3/13, R13-4-29, Approving Gentry Golf Consent to Sublease to Golf for Life Skills;

9/7/11, R11-9-124, Approving Gentry Golf Consent to Sublease to Golf on the Edge at Burris Basin;

7/20/11, R11-07-112, Approve Consent to Sublease with Gentry Golf d.b.a. The Islands Golf Center to sublease to Golf on the Edge, for a term of 5 days;

8/6/08, R08-8-107, Authorizing amended and restated lease agreement with Gentry Golf, Inc. d.b.a. The Island Golf Center at Burris Basin;

10/20/04, R04-10-128, Consent to Sublease to Worldwide Golf Enterprises, Inc. d.b.a. Roger Dunn Golf Shop for operation of a golf pro shop;

08/06/08, R08-08-107, Approved and Authorized Execution of Lease to Gentry Golf, Inc. d.b.a. The Island Golf Center for Golf Facility at Burris Pit;

9/17/03, R03-9-139, Authorized Amendment Five to Lease to extend the Expiration Date of Lease to October 22, 2003;

10/15/03, R03-10-150, Approve and authorize Amendment Six to Lease to Extend the term of the Lease to September 30. 2008, a new option to extend the lease for 5 years, change the percentage rent to 12% of Gross Receipts for 2 years with a 1% increase in the percentage rent thereafter, Minimum rent set at \$6,000/mo. and after two years increase it by equal amounts to \$7,000/mo. and other minor changes;

7/21/99, M99-135, Approve Waiver of Rent at the Island Golf Center for One Evening for the Anaheim Fire Department Swift Water Rescue Team Water Rescue Demonstration;

4/21/99, R99-4-50, Approving and Authorizing Execution of Consent to Sublease by Gentry Golf of the Islands Golf Center to David Graf for Operation of Restaurant/Bar;

4/16/97, R97-4-55, Approving and Authorizing Amendment Four to Gentry Golf, Inc. Lease for Burris Pit Golf Concession;

3/19/97, R97-3-39, Approving and Authorizing Execution of Gentry Golf, Inc. Consent to Assignment of Lease and Consent to Subleases;

3/19/97, R97-3-39A, Consent to Assignment of 50% interest in Gentry Golf, Inc. to Peacock Trading, LTD, a Hong Kong corporation

1/15/97, R97-1-7, Instructing Staff to Issue Notices to Gentry Golf to Pay Delinquent Rent and Cure Lease Violations;

4/20/94, R94-4-65, Approving and Authorizing Execution of Amendment Three to Gentry Golf Lease at Burris Pit adds rent for Chipping Green and sets pro shop rent at \$2,000 per month;

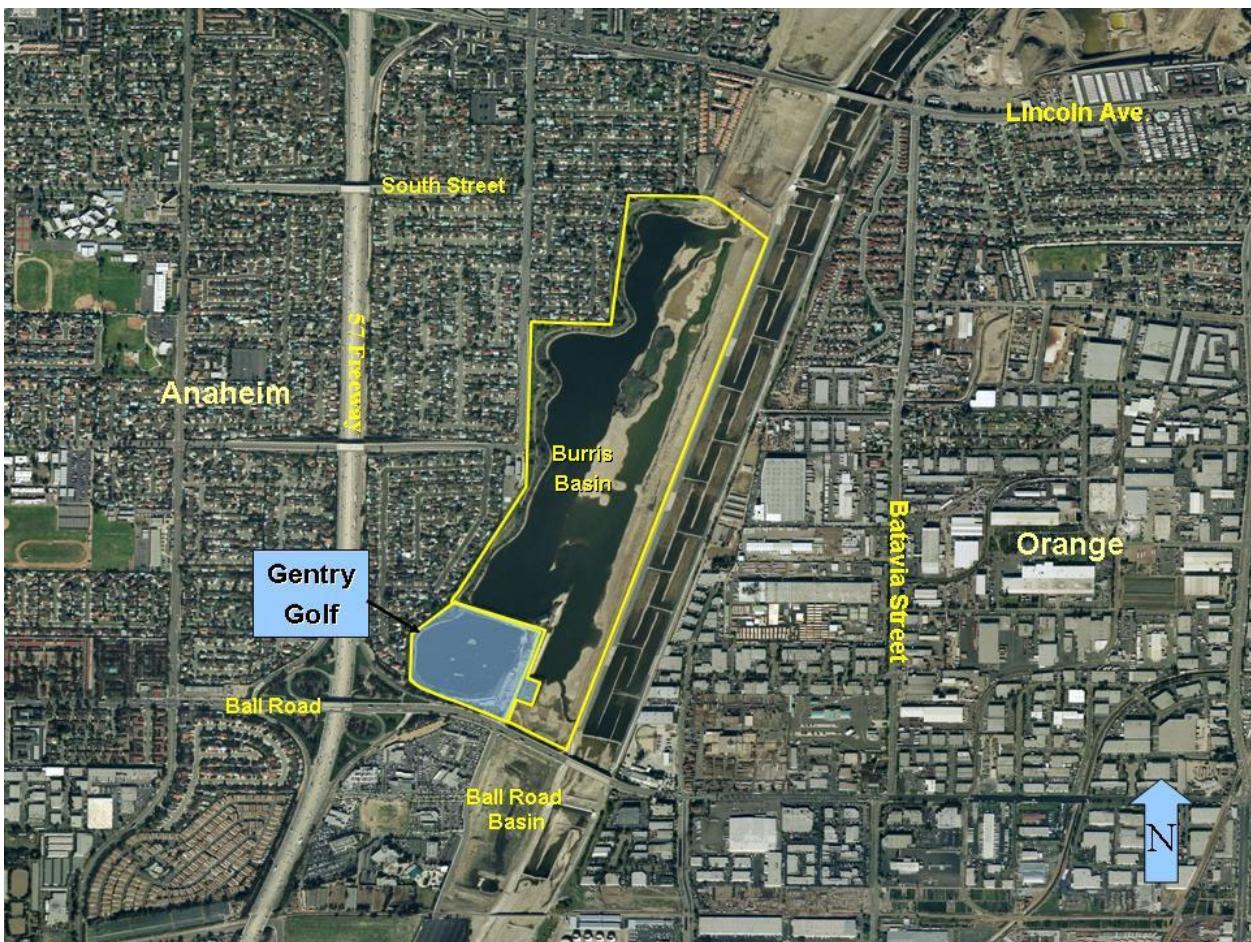
1/19/94, R94-1-8, Provides for Issuance of License Agreements;

7/7/93, R93-7-120, Receiving and Filing Affidavit of Publication of Notice Inviting bids and rejecting all bids for Contract No. SAR -93-2, Islands Golf Center Site Improvements; and Approving and Authorizing execution of Amendment No. 2 to Gentry Golf, Inc. Lease providing for Purchase Lease Back Agreement;

2/17/93, R93-2-27, Approved and Authorized Execution of Amendment One to Gentry Golf Lease and transfer of funds;

12/18/91, R91-12-284, Approved and Authorized Execution of Lease to Gentry Golf, Inc. for Golf Facility at Burris Pit.

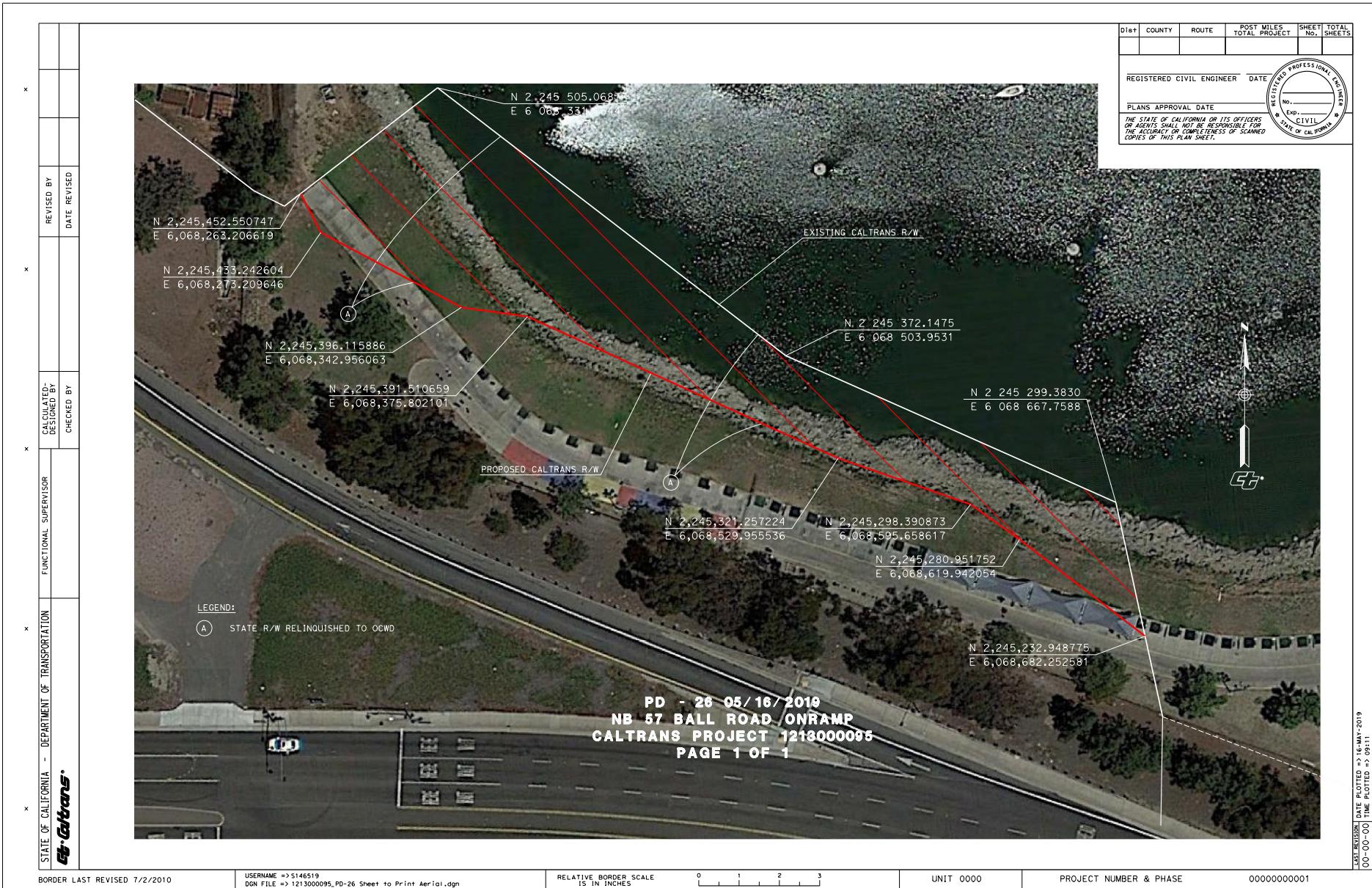
Location Map





0 100 200
Feet

Aerial Depiction of Caltrans 1.3 Acres at Burris Basin



AIRSPACE RENTAL AGREEMENT

ARTICLE 1. SUMMARY OF RENTAL AGREEMENT PROVISIONS

LANDLORD: STATE OF CALIFORNIA, acting by and through its Department of Transportation

TENANT: Orange County Water District

Premises: 14893 East Ball Road

Located in the City of Anaheim, County of Orange, State of California, commonly known as Airspace Lease Area No.12-ORA-057-0010-04 and more particularly described in Article 2.

Lease Term: Month to Month, commencing August 1, 2019 and expiring on January 31, 2020 (Article 3)

Monthly Rent: \$736.00 (Article 4)

Security Deposit: \$--0-- (Article 18)

Use: Retail commercial business (Article 5)

Comprehensive General Liability Insurance: \$5,000,000. (Article 10)

Insurance provider: Joint Powers Insurance Authority.

Policy Number: MOLC-100118.

Address for Notices: (Article 19)

To LANDLORD: Department of Transportation, District 12
1750 E., 4th St. Suite 100
Santa Ana, CA 92705

To TENANT: Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708

References in this Article 1 to the other Articles are for convenience and designate other Articles where references to the particular item contained in the Summary of Lease Provisions appear. Each reference in this Lease to the Summary of Lease Provisions contained in this Article 1 shall be construed to incorporate all of the terms provided under the Summary of Lease Provisions. In the event of any conflict between the Summary of Lease Provisions and the balance of the Lease, the latter shall control.

(Lease Area No. 12-ORA-057-0010-04)
STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
AIRSPACE RENTAL AGREEMENT

THIS LEASE, dated _____, 2019, is by and between the STATE OF CALIFORNIA, acting by and through its Department of Transportation, hereinafter called "Landlord," and Orange County Water District, hereinafter called "Tenant."

W I T N E S S E T H

For and in consideration of the rental and of the covenants and agreements hereinafter set forth to be kept and performed by the Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises herein described for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

ARTICLE 2. PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term, at the rent, and upon the covenants and conditions hereinafter set forth, that certain Premises known as Airspace Lease Area No. 12-ORA-057-0010-04, situated in the City of Anaheim, County of Orange, said land or interest herein being shown on the map or plat marked "Exhibit A," attached hereto and by this reference made a part hereof.

EXCEPTING THEREFROM all those portions of the above-described property occupied by the supports and foundations of the existing structure.

ARTICLE 3. TERM

The term of this Lease shall be month to month, commencing August 1, 2019, and expiring January 31, 2020.

ARTICLE 4. RENT

4.1 Monthly Rent

Tenant shall pay to Landlord as rent, without deduction, setoff, prior notice, or demand, the sum of \$736.00, per month in advance on the first day of each month, commencing on the date the term commences and continuing during the term. All rent shall be paid to Landlord at the following address: State of California, Department of Transportation, Attention: Cashier, P.O. Box 168019, Sacramento, CA 95816-3819 or State of California, Department of Transportation, 1820 Alhambra Boulevard, 2nd Floor, Sacramento, CA. Landlord acknowledges receipt of the sum of \$736.00 from Tenant in payment for the first month's rent under this Lease.

4.2 Adjustment to Rent

Landlord and Tenant acknowledge that the Monthly Rent stated in Section 4.1 is temporary, and may be adjusted accordingly in a new lease pending a site survey provided by Tenant, and an Airspace Rental Rate Appraisal provided by Landlord.

ARTICLE 5. USE

5.1 Specified Use

The Premises shall be used and occupied by Tenant for the purpose of an Orange County Water District Recharge Basin, and by Tenant's subtenant Gentry Golf, Inc., d.b.a. The Islands Golf Center, and its sub-sublessee, Golf Fore Life Skills for Office, Retail Commercial Business, Professional Golf Instructions, and Recreation purposes, and for no other purpose whatsoever without obtaining prior written consent of Landlord and the concurrence of the Federal Highway Administration.

5.2 Condition of Premises

Tenant hereby accepts the Premises in the condition existing as of the date of the execution hereof, subject to all applicable zoning, municipal, county, state, and federal laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises or the suitability thereof for the conduct of Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Premises except as provided in this Lease.

Except as may be otherwise expressly provided in this Lease, the taking of possession of the Premises by Tenant shall in itself constitute acknowledgement that the Premises are in good and tenantable condition, and Tenant agrees to accept the Premises in its presently existing conditions "as is," and that the Landlord shall not be obligated to make any improvements or modifications thereto except to the extent that may otherwise be expressly provided in this Lease.

Tenant represents and acknowledges that it has made a sufficient investigation of the conditions of the Premises existing immediately prior to the execution of this Lease (including) investigation of the surface, subsurface, and groundwater for contamination and hazardous materials) and is satisfied that the Premises will safely support the type of improvements, if any, to be constructed and maintained by Tenant upon the Premises, that the Premises is otherwise fully fit physically and lawfully for the uses required and permitted by this Lease and that Tenant accepts all risks associated therewith.

Tenant acknowledges that (1) Landlord has informed Tenant prior to the commencement of the term of this Lease that the Landlord does not know nor has reasonable cause to believe that any release of any hazardous material has come to be located on or beneath the Premises; (2) prior to the commencement of the term of this Lease, the Landlord has made available to Tenant, for review and inspection, records in the possession or control of the Landlord which might reflect the potential existence of hazardous materials on or beneath the Premises; (3) Landlord has provided Tenant access to the Premises for a reasonable time and upon reasonable terms and conditions for purposes of providing to Tenant the opportunity to investigate, sample, and analyze the soil and groundwater on the Premises for the presence of hazardous materials; (4) by signing this Lease Tenant represents to Landlord that, except as otherwise may be stated on Exhibit "C" attached hereto and by this reference incorporated herein, Tenant does not know nor has reasonable cause to believe that any release of hazardous material has come to be located on or beneath the Premises and (5) with respect to any hazardous material which Tenant knows or has reasonable cause to believe has come or will come to be located on or beneath the Premises, Tenant has listed the hazardous material on attached Exhibit "C" and agrees promptly to commence and complete the removal of or other appropriate remedial action regarding the hazardous material at no cost or expense to Landlord and in full compliance with all applicable laws, regulations, permits, approvals, and authorizations. The phrase "hazardous material," as used herein, has the same meaning as that phrase has in Section 5.6 of this Lease.

Tenant agrees that, except as otherwise expressly provided in this Lease, Tenant is solely responsible without any cost or expense to the Landlord to take all actions necessary, off as well as on the Premises to improve and continuously use the Premises as required by this Lease and in compliance with all applicable laws and regulations.

5.3 Compliance with Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, zoning restriction, ordinance, or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be in force, or with the requirements of the State Fire Marshal or other similar body now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises. The judgement of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation, or requirement, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall not allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

5.4 Petroleum Products

Tenant shall not install facilities for, nor operate on the Premises, a gasoline or petroleum supply station. Tenant shall not permit on the Premises any vehicles used or designed for the transportation or storage of gasoline or petroleum products. Tenant shall also not permit on the Premises any bulk storage of gasoline or petroleum products.

5.5 Explosives and Flammable Materials

The Premises shall not be used for the manufacture of flammable materials or explosives, or for any storage of flammable materials, explosives, or other materials or other purposes deemed by Landlord to be a potential fire or other hazard to the transportation facility. The operation and maintenance of the Premises shall be subject to regulations of Landlord so as to protect against fire or other hazard impairing the use, safety and appearance of the transportation facility. The occupancy and use of the Premises shall not be such as will permit hazardous or unreasonably objectionable smoke, fumes, vapors or odors to rise above the surface of the traveled way of the transportation facility.

5.6 Hazardous Materials

Tenant shall at all times and in all respects comply with all federal, state, and local laws, ordinances and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. section 1251, et seq.), Resource Conservation and Recovery Act (42 U.S.C. section 6901, et seq.), Safe Drinking Water Act (42 U.S.C. section 300f, et seq.), Toxic Substances Control Act (15 U.S.C. section 2601, et seq.), Clean Air Act (42 U.S.C. section 7401, et seq.) Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601, et seq.), Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code section 25249.5, et seq.), other applicable provisions of the California Health and Safety Code (section 25100, et seq., and section 39000, et seq.), California Water Code (section 13000, et seq.), and other comparable state laws, regulations, and local ordinances relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal, or transportation of any oil, flammable explosives, asbestos, urea

formaldehyde, radioactive materials, or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances" under any such laws, ordinances or regulations (collectively "Hazardous Materials Laws"). As used in the provisions of this Lease, "hazardous materials" include any "hazardous substance" as that term is defined in section 25316 of the California Health and Safety Code and any other material or substance listed or regulated by any Hazardous Materials Law or posing a hazard to health or the environment. Except as otherwise expressly permitted in this Lease, Tenant shall not use, create, store or allow any hazardous materials on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is excepted.

In no case shall Tenant cause or allow the deposit or disposal of any hazardous materials on the Premises. Landlord, or its agents or contractors, shall at all times have the right to go upon and inspect the Premises and the operations thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or the testing of soils or underground tanks on the Premises.

In the event Tenant breaches any of the provisions of this Section, this Lease may be terminated immediately by Landlord and be of no further force or effect. It is the intent of the parties hereto that Tenant shall be responsible for and bear the entire cost of removal and disposal of hazardous materials introduced to the Premises during Tenant's period of use and possession as owner, operator or Tenant of the Premises. Tenant shall also be responsible for any clean-up and decontamination on or off the Premises necessitated by the introduction of such hazardous materials on the Premises. Tenant shall not be responsible for or bear the cost of removal or disposal of hazardous materials introduced to the Premises by any party other than Tenant during any period prior to commencement of Tenant's period of use and possession of the Premises as owner, operator or Tenant.

Tenant shall further hold Landlord, and its officers and employees, harmless from all responsibility, liability and claim for damages resulting from the presence or use of hazardous materials on the Premises during Tenant's period of use and possession of the Premises.

5.7 Signs

Not more than two (2) advertising signs of a size not greater than thirty (30) square feet of surface area may be erected on the Premises. The wording on these signs shall be limited to Tenant's name or trade name. The location of all these signs shall be subject to Landlord's prior approval. None of these signs shall be attached to or painted on any bridge structure or building without the express written consent of Landlord. All of these signs shall also comply with all applicable requirements of local governmental entities, including governmental approval and payment of any fees.

Except as set forth in the previous paragraph of this Section, Tenant shall not construct, erect, maintain, or permit any sign, banner or flag upon the Premises without the prior written approval of Landlord. Tenant shall not place, construct or maintain upon the Premises any advertising media that include moving or rotating parts, searchlights, flashing lights, loudspeakers, phonographs or other similar visual or audio media. The term "sign" means any card, cloth, paper, metal, painted, or wooden sign of any character placed for any purpose on or to the ground or any tree, wall, bush, rock, fence, building, structure, trailer, or thing. Landlord may remove any unapproved sign, banner or flag existing on the Premises, and Tenant shall be liable to and shall reimburse Landlord for the cost of such removal plus interest as provided in Section 19.11 from the date of completion of such removal.

5.8 Landlord's Rules and Regulations

Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate for the protection of the transportation facility and the safety of the traveling public. Landlord reserves the right from time to time to make reasonable modifications to said rules and

regulations. The additions and modifications to those rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant.

5.9 Wrecked Vehicles

Tenant shall not park or store wrecked or inoperable vehicles of any kind on the Premises.

5.10 Vending

No vending of any kind or character shall be conducted, permitted or allowed upon the Premises.

5.11 Water Pollution Control

Tenant shall comply with all applicable State and Federal water pollution control requirements regarding storm water and non-storm water discharges from the tenant's leasehold area and will be responsible for all applicable permits including but not limited to the National Pollutant Discharge Elimination System (NPDES) General Permit and Waste Discharge Requirements for Discharges of Stormwater Associated with Industrial Activities (Excluding Construction), the NPDES General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, and the Caltrans Municipal Separate Storm Sewer System NPDES Permit, and permits and ordinances issued to and promulgated by municipalities, counties, drainage districts, and other local agencies regarding discharges of storm water and non-storm water to sewer systems, storm drain systems, or any watercourses under the jurisdiction of the above agencies. Copies of the current storm water related NPDES permits are available on the State Water Resources Control Board's website at www.swrcb.ca.gov under Stormwater.

Tenant understands the discharge of non-storm water into the storm sewer system is prohibited unless specifically authorized by one of the permits or ordinances listed above. In order to prevent the discharge of non-storm water into the storm sewer system, vehicle or equipment washing, fueling, maintenance and repair on the Premises is prohibited.

In order to prevent the discharge of pollutants to storm water resulting from contact with hazardous material, the storage or stockpile of hazardous material on Premises is strictly prohibited.

Tenant shall implement and maintain the Best Management Practices (BMPs) shown in the attached Stormwater Pollution Prevention Fact Sheet(s) for: RETAIL. Tenant shall identify any other potential sources of storm water and non-storm water pollution resulting from Tenant's activities on the premises, which are not addressed by the BMPs, contained in the attached Fact Sheet(s), and shall implement additional BMPs to prevent pollution from those sources. Additional BMPs may be obtained from 2 other manuals, (1) Right of Way Property Management and Airspace Storm Water Guidance Manual (RW Storm Water Manual) available for review at the Landlord's District Right of Way office or online at www.dot.ca.gov/hq/row/rwstormwater and (2) Construction Site Best Management Practices (BMPs) Manual, which is available online at www.dot.ca.gov/hq/construc/stormwater/manuals.htm. In the event of conflict between the attached Fact Sheet(s), the manuals and this Lease, this Lease shall control.

Tenant shall provide Landlord with the Standard Industrial Classification (SIC) code applicable to Lessee's facilities and activities on the lease premises. A list of SIC codes regulated under the General Industrial Permit SIC codes may be found at the State Water Resources Control Board (SWRCB) website at http://www.waterboards.ca.gov/water_issues/programs/stormwater/gen_indus.shtml. Other SIC codes may be found at www.osha.gov/pls/imis/sicsearch.html.

Landlord, or its agents or contractors, shall at all times have the right to enter and inspect the Premises and the operations thereon to assure compliance with the applicable permits, and ordinances listed above. Inspection may include taking samples of substances and materials present for testing, and/or the testing of storm sewer systems or watercourses on the Premises.

ARTICLE 6. IMPROVEMENTS

No improvements of any kind shall be placed in, on, or, upon the Premises, and not alterations shall be made in, on, or, upon the Premises without the prior written consent of Landlord and the concurrence of the Federal Highway Administration (FHWA). Tenant may, at its sole expense, install and maintain any additional entrances that may be required by its use of the Premises, subject to the approval of the location by Landlord, the FHWA and the City of Anaheim; provided that Tenant shall at its sole expense construct and maintain sidewalks and driveways at the locations where the additional entrances are installed. In the event Tenant violates any of the provisions of this Article, this Lease may be terminated immediately by Landlord and be of no further force or effect. Landlord acknowledges that the following improvements, including golf tee-boxes, benches, landscaping and a sidewalk, were placed upon the Premises prior to the commencement of this Lease, and may be used and occupied by Tenant and its subtenant, and the subtenant's business invitees.

ARTICLE 7. SURRENDER OF PREMISES AT EXPIRATION OR TERMINATION OF LEASE

At the expiration or earlier termination of this Lease, Tenant shall peaceably and quietly leave, surrender, and yield up to Landlord the Premises together with all appurtenances and fixtures in good order, condition and repair, reasonable wear and tear excepted.

ARTICLE 8. OWNERSHIP AND REMOVAL OF IMPROVEMENTS AND PERSONAL PROPERTY

8.1 Ownership of Improvements

All improvements constructed and placed on the Premises pursuant to Article 6 shall, at the expiration or termination of this Lease, vest in Landlord. Tenant shall not remove any of these improvements from the Premises nor waste, destroy or modify them in any way. Tenant shall deliver these improvements to Landlord in good condition and repair, reasonable wear and tear excepted, without compensation to Tenant, any subtenant or third party, free and clear of all claims to or against them by Tenant, any subtenant or third party, and Tenant shall defend and hold Landlord harmless from all liability arising from such claims or from the exercise by Landlord of its rights under this section. Landlord and Tenant covenant for themselves and all persons claiming under or through them that the improvements are real property.

8.2 Removal of Personal Property and Ownership at Termination

Any signs or other appurtenances placed on the Premises by Tenant under this Lease are the personal property of Tenant. At the expiration or earlier termination of this Lease, Tenant shall remove all personal property placed on the Premises and shall restore the Premises to its previous condition, except surfacing, wheel rails, and column guards, at Tenant's sole expense. Any personal property not removed by Tenant after thirty (30) days from Landlord's sending written notice to Tenant may be removed by Landlord. Tenant shall be liable to Landlord for all costs incurred by Landlord in effecting

the removal of personal property and restoring the Premises. Landlord may, in its sole discretion, declare all personal property not removed by Tenant to be abandoned by Tenant and this property shall, without compensation to Tenant, become Landlord's property, free and clear of all claims to or against it by Tenant or any other person.

ARTICLE 9. MAINTENANCE AND REPAIRS

9.1 Tenant's Obligations

Tenant, at its own cost and expense, shall maintain the Premises, and keep it free of all grass, weeds, debris, and flammable materials of every description. Tenant shall ensure that the Premises is at all times in an orderly, clean, safe, and sanitary condition. Landlord requires a high standard of cleanliness, consistent with location of the Premises as an adjunct of the California State Highway System.

Tenant hereby expressly waives the right to make repairs at the expense of Landlord and waives the benefit of the provisions of Sections 1941 and 1942 of the California Civil Code or any successor thereto.

Tenant shall take all steps necessary to protect effectively the fences, guardrails, and the piers and columns, if any, of the all structures from damage incident to Tenant's use of the Premises and any improvements, all without expense to Landlord. Tenant shall, at its own cost and expense, repair in accordance with Landlord's standards any damage to any property owned by Landlord, including, but not limited to, all fences, guardrails, piers, and columns, caused by Tenant, subtenants, invitees or other third parties. At Tenant's request, Landlord will repair the damage to its property, and Tenant agrees to reimburse Landlord promptly after demand for the amount Landlord has reasonably expended to complete the repair work.

Tenant shall designate in writing to Landlord a representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness and general order.

9.2 Landlord's Rights

In the event Tenant fails to perform Tenant's obligations under this Article, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If within ten (10) days after Landlord sends written notice to repair, Tenant fail to do the work and diligently proceed in good faith to prosecute it to completion, Landlord shall have the right, but not the obligation, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand plus interest as provided in Section 19.11 from the date of completion of such work to date of payment. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work.

ARTICLE 10. INSURANCE

10.1 Exemption of Landlord from Liability

This Lease is made upon the express condition that Landlord is to be free from all liability and claims for damages by reason of any injury to any person or persons, including Tenant, or property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes resulting from the operation or use of the Premises by Tenant, its agents, customers, or business invitees. Tenant

hereby covenants and agrees to indemnify and save harmless Landlord from all liability, loss, cost, and obligation on account of any such injuries or losses.

10.2 Comprehensive General Liability Insurance

Tenant shall at its own cost and expense procure and keep in force during the term of this Lease comprehensive bodily injury liability and property damage liability insurance adequate to protect Landlord, its officers, agents, and employees, against any liability to the public resulting from injury or death of any person or damage to property in connection with the area, operation or condition of the Premises, including any and all liability of Landlord for damage to vehicles parked on the Premises. Such insurance shall be in an amount of not less than \$5,000,000 combined single limit for bodily injury and property damage. The limits of such insurance shall not limit the liability of Tenant. All insurance required hereunder shall be with companies to be approved by Landlord. All such policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. Said policies shall name the State as an additional insured and shall insure against the contingent liabilities, if any, of Landlord and the officers, agents, and employees of Landlord and shall obligate the insurance carriers to notify Landlord, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. If said policies contain any exclusion concerning property in the care, custody or control of the insured, an endorsement shall be attached thereto stating that such exclusion shall not apply with regard to any liability of the State of California, its officers, agents, or employees. Tenant shall furnish to Landlord a Certificate of Insurance acceptable to Landlord within not more than ten (10) days after execution thereof. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required. Landlord shall notify Tenant in writing of changes in the insurance requirements; and if Tenant does not deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days of receipt of such notice, this Lease may be terminated, at Landlord's option, without further notice to Tenant, and be of no further force and effect.

10.3 Business Automobile Liability Insurance

Tenant shall obtain and keep in effect at all times during the term of this Lease business automobile liability insurance in an amount not less than \$1,000,000 for each occurrence combined single limit for bodily injury and property damage, including coverage for owned, non-owned and hired automobiles, as applicable. Any deductible under such policy shall not exceed \$10,000 each occurrence.

10.4 Garage Keeper's Legal Liability Insurance

Tenant shall obtain and keep in effect at all times during the term of this Lease garage keeper's legal liability insurance in an amount not less than \$1,000,000 for each occurrence combined single limit for loss and damage to vehicles in Tenant's care, custody or control caused by fire, explosion, theft, riot, civil commotion, malicious mischief, vandalism or collision, with any deductible not exceeding \$1,000 for each occurrence, and coverage for non-automobile property customarily left in the custody of a garage with a limit of \$5,000.

10.5 Workers' Compensation Insurance

Tenant shall obtain and keep in effect at all times during the term of this lease workers' compensation insurance, including employers' liability, in an amount not less than \$1,000,000 for each accident, covering all employees employed in or about the Premises to provide statutory benefits as required by the laws of the State of California. Said policy shall be endorsed to provide that the insurer waives all rights of subrogation against Landlord.

10.6 Failure to Procure and Maintain Insurance

If Tenant fails to procure or maintain the insurance required by this Article in full force and effect, this Lease may be terminated immediately by Landlord and be of no further force or effect. In addition, if Tenant fails to procure or maintain the insurance required by this Article, Tenant shall cease and desist from operating any business on the Premises and the improvements erected thereon and shall prevent members of the public from gaining access to the Premises during any period in which such insurance policies are not in full force and effect.

10.7 Waiver of Subrogation

Tenant hereby waives any and all rights of recovery against Landlord, or against the officers, employees, agents and representatives of Landlord, for loss of or damage to Tenant or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damages. Tenant shall give notice to its insurance carrier or carriers that the foregoing waiver of subrogation is contained in the Lease.

ARTICLE 11. PAYMENT OF TAXES

Tenant agrees to pay and discharge, or cause to be paid and discharged when due, before the same become delinquent, all taxes, assessments, impositions, levies and charges of every kind, nature and description, whether general or special, ordinary or extraordinary, which may at any time or from time to time during the term of this Lease, by or according to any law or governmental, legal, political, or other authority whatsoever, directly or indirectly, be taxed, levied, charged, assessed or imposed upon or against, or which shall be or may be or become a lien upon the Premises or any buildings, improvements or structures at any time located thereon, or any estate, right, title or interest of Tenant in and to the Premises, buildings, improvements or structures. Specifically, and without placing any limitation on Tenant's obligations under the immediately preceding sentence, Tenant shall pay when due, before delinquency, any and all possessory interest taxes, parking taxes, workers' compensation, taxes payable to the California Franchise Tax Board, personal property taxes on fixtures, equipment and facilities owned by Tenant, whether or not the same have become so fixed to the land as to comprise a part of the real estate.

Tenant understands that any possessory interest of Tenant created in the Premises by this Lease may be subject to property taxation and that Tenant may be liable for payment of any such tax levied on such interest. Any obligation of Tenant under this Article, including possessory interest tax that the city or county may impose upon Tenant's interest herein, shall not reduce any rent due Landlord hereunder and any such obligation shall become the liability of and be paid by Tenant. In the event Tenant defaults in the payment of any of the obligations set forth in this Article, this Lease may be terminated immediately by Landlord and be of no further force or effect.

ARTICLE 12. RIGHT OF ENTRY

12.1 Inspection, Maintenance, Construction and Operation of Freeway Structures

Landlord, through its agents or representatives, and other city, county, state and federal agencies, including the Federal Highway Administration, through their agents or representatives, shall have full right and authority to enter in and upon the Premises and any building or improvements situated thereon at any and all reasonable times during the term of this Lease for the purpose of inspecting the same without interference or hindrance by Tenant, its agents or representatives.

Landlord further reserves the right of entry for the purpose of inspecting the Premises, or the doing of any and all acts necessary or proper on said Premises in connection with the protection, maintenance, reconstruction, and operation of the freeway structures and its appurtenances; provided, further, that Landlord reserves the further right, at its discretion, to immediate possession of the same in case of any national or other emergency, or for the purpose of preventing sabotage, and for the protection of said freeway structures, in which event the term of this Lease shall be extended for a period equal to the emergency occupancy by Landlord, and during said period Tenant shall be relieved, to the degree of interference, from the performance of conditions or covenants specified herein. Landlord further reserves the right of entry by any authorized officer, engineer, employee, contractor or agent of the Landlord for the purpose of performing any maintenance activities upon the Premises which Tenant has failed to perform. All agreements which Tenant enters into for the sublease or use of all or any part of the Premises shall contain a provision, approved by Landlord, which describes Landlord's right of entry as set forth in this Article.

12.2 Landlord's Use of the Premises

Tenant understands and agrees that Landlord may, from time to time, be required to perform retrofit work on all or a part of the freeway structures which are situated on, above or adjacent to the Premises or be required to use all or a portion of the Premises in connection with the protection, maintenance, reconstruction, and operation of the state highway system. Landlord shall have the right to impose such restrictions on Tenant's right to enter, occupy, and use the Premises and to construct improvements thereon as Landlord deems are necessary to enable it to maintain, protect, reconstruct or operate the state highway system without interference from Tenant.

In the event Landlord determines that it needs to obtain possession of all or a portion of the Premises, or needs to place restrictions on Tenant's use of the Premises, Landlord shall, at least thirty (30) days prior to the effective date of the commencement of such possession or restrictions notify Tenant in writing describing the extent of the possession or restrictions and the effective date of their commencement. Upon the effective date of said notice, Tenant shall peaceably surrender possession of all or any specified portion of the Premises and comply with the restrictions as stated therein. The monthly rent stated in Section 4.1, shall be reduced by an amount equal to the proportion which the area of the portion of the Premises which Tenant is restricted from using or which has been surrendered to Landlord bears to the total area of the Premises. This reduction in rent shall be Tenant's sole remedy against Landlord for Tenant's inability to possess or use the entire area of the Premises, or for any disruption of Tenant's ability to use any part of the Premises, and Tenant expressly agrees to hold Landlord harmless from any and all liability for, and expressly waives any right it may have to recover compensation from Landlord, waives any right it may have to recover for damages to the Premises or any improvements constructed on the Premises, waives any right it may have to assert or recover lost profits or other revenue, and waives its right to use or possess any portion of the Premises or improvements thereon, and damages to any other property, project or operation caused by Landlord's possession, imposition of restrictions or Tenant's inability to use or possess all or any portion of the

Premises. In addition, Tenant expressly recognizes that it is not entitled to receive benefits under the federal or state Uniform Relocation Assistance Acts (United States Code, title 42, Section 4601, et seq.; California Government Code, Section 7260, et seq.) as a result of Landlord's use or possession of any portion of the Premises.

Tenant shall conduct its operations on the Premises in such a manner so as not to interfere with Landlord's or its contractor's performance of any work done on or above the Premises. Tenant acknowledges that the performance of the work may cause damage to paving or other improvements constructed by Tenant on the Premises.

ARTICLE 13. TERMINATION OF LEASE

13.1 Termination by Mutual Consent

Notwithstanding any provision herein to the contrary, this Lease may be terminated, and the provisions of this Lease may be altered, changed or amended by mutual consent of Landlord and Tenant.

13.2 Termination by One Party

Notwithstanding any provision herein to the contrary, this Lease may be terminated at any time by Tenant upon providing Landlord with thirty (30) days prior notice in writing, or by Landlord upon providing Tenant with thirty (30) days prior notice in writing, but in no event shall the notice be given before thirty (30) days. Notices of termination under this section shall be delivered in accordance with the provisions of Section 19.13 to the addresses set forth in Article 1. If Tenant exercises its right to terminate the Lease under this Section, it immediately forfeits any right to bid at the next lease auction for the Premises. In addition, if at the time Tenant terminates this Lease, the entire cost of Tenant's improvements has not been amortized over the remaining term, those improvements shall become the property of Landlord, and Landlord shall not refund or otherwise reimburse Tenant for the remaining unamortized cost of the improvements.

ARTICLE 14. UTILITIES

Tenant shall pay when due, and shall hold Landlord harmless from any liability for, all charges for water, gas, heat, light, power, telephone, sewage, air conditioning and ventilating, scavenger, janitorial and landscaping services and all other materials and utilities supplied to the Premises. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service furnished to the Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease.

ARTICLE 15. DEFAULT

15.1 Default

The occurrence of any of the following shall constitute a material breach and default of this Lease by Tenant.

(a) Any failure by Tenant to pay rent or any other monetary sums required to be paid hereunder, where such failure continues for ten (10) days after written notice thereof has been given by Landlord to Tenant.

(b) The abandonment or vacation of the Premises by Tenant. Failure to occupy and operate the Premises for thirty (30) consecutive days following the mailing of written notice from Landlord to Tenant calling attention to the abandonment shall be deemed an abandonment or vacation.

(c) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets, where possession is not restored to Tenant within forty-five (45) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets, where such seizure is not discharged within thirty (30) days.

(d) The failure by Tenant to comply with any provision of any law, statute, zoning restriction, ordinance or governmental rule, regulation or requirement as set forth in Section 5.3 of this Lease.

(e) The failure by Tenant to comply with the requirements of the Public Parking Lease Application as set forth in Section 5.4 of this Lease.

(f) The failure by Tenant to comply with the requirements regarding hazardous materials as set forth in Section 5.7 of this Lease.

(g) The construction by Tenant of any improvements on the Premises contrary to the provisions of Article 6 of this Lease.

(h) The failure by Tenant to pay any tax, assessment, imposition, levy or charge of any kind as set forth in Article 11 of this Lease.

(i) The failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of such default is such that it cannot be reasonably cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

15.2 Landlord's Remedies

In the event of any material default or breach by Tenant, Landlord may at any time thereafter, without limiting Landlord in the exercise of any right of remedy at law or in equity which Landlord may have by reason of such default or breach, terminate Tenant's right to possession by any lawful means, in which case this Lease shall immediately terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the following:

(a) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus

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

(e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable State law. Upon any such re-entry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the premises, which Landlord in its sole discretion deems reasonable and necessary. As used in subparagraphs (a) and (b) above, the "worth at the time of award" is computed by including interest on the principal sum at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the date of default. As used in subparagraph (c) above, the "worth at the time of award" is computed by discounting such amount at

a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco at the time of award. The term "rent" as used in this Article shall be deemed to be and to mean rent to be paid pursuant to Article 4 and all other monetary sums required to be paid by Tenant pursuant to the terms of this Lease.

15.3 Late Charges

Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, a late charge equal to one and one-half percent (1.5%) of the payment due and unpaid plus \$100.00 shall be added to the payment, and the total sum shall become immediately due and payable to Landlord. An additional charge of one and one-half percent (1.5%) of such payment, excluding late charges, shall be added for each additional month that such payment remains unpaid. Landlord shall apply any monies received from Tenant first to any accrued delinquency charges and then to any other payments due under the Lease. The parties hereby agree that such late charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

ARTICLE 16. ASSIGNMENTS, TRANSFERS, SUBLEASES AND ENCUMBRANCES

16.1 Voluntary Assignments and Subleases

Tenant shall not voluntarily assign or transfer all or any part of its interest in this Lease or in the Premises, or sublet all or any part of the Premises, or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises without first obtaining Landlord's written consent and the concurrence of the Federal Highway Administration, unless otherwise expressly permitted by the provisions of this Article.

Landlord may withhold its consent to any such assignment, transfer or sublease unless all of the following express conditions are satisfied:

(a) Landlord receives compensation from Tenant upon the assignment, transfer, sale or sublease of any of Tenant's rights in the Premises in an amount calculated in accordance with the provisions of Section 4.1.

(b) The prospective assignee, transferee or subtenant meets all of the requirements for eligibility to bid set forth in the Bid Notice and Public Parking Lease Application and agrees to comply with all the standards set forth therein.

Tenant's failure to obtain Landlord's required written approval of any assignment, transfer or sublease shall render such assignment, transfer or sublease void. Occupancy of the Premises by a prospective transferee, subtenant or assignee before approval of the transfer, sublease or assignment by Landlord shall constitute a breach of this Lease. Landlord's consent to any assignment, transfer or sublease shall not constitute a waiver of any of the terms, covenants or conditions of this Lease. Such terms, covenants and conditions shall apply to each and every assignment, sublease and transfer of rights under this Lease and shall be severally binding upon each and every party thereto. Any document to transfer, sublet, or assign the Premises or any part thereof shall incorporate directly or by reference all the provisions of this Lease.

Notwithstanding the foregoing, Landlord acknowledges that Tenant has sublet a portion of the

Premises to Gentry Golf, Inc., d.b.a. The Islands Golf Center; and sublessee has subleased to Golf Fore Life Skills, and Landlord consents to that subletting.

16.2 Change in Partnership

If Tenant is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law, or the dissolution of the partnership, shall be deemed a voluntary assignment subject to the provisions of Section 16.1.

16.3 Change in Tenants

If Tenant consists of more than one person, a purported assignment, voluntary, involuntary or by operation of law, from one to another shall be deemed a voluntary assignment subject to the provisions of Section 16.1.

16.4 Change in Corporation

If Tenant is a corporation, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary assignment subject to the provisions of Section 16.1. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors.

16.5 Assignment of Rent from Subtenants

Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or a part of the Premises as permitted by this Lease, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

16.6 Information to be Supplied to Landlord

Tenant shall supply Landlord with all information Landlord determines to be necessary on all persons or firms to which Tenant proposes to sublet, transfer or assign any of its interest in the Premises, or which might establish rights to enter, control, or otherwise encumber the Premises by reason of any agreement made by Tenant. In addition, with respect to any proposed sublease, transfer or assignment, Tenant shall provide Landlord with:

- (a) a copy of all documents relating thereto,
- (b) a statement of all terms and conditions of said transaction, including the consideration therefor, and
- (c) a copy of the financial statement of the prospective subtenant, transferee or assignee.
- (d) a copy of all documents showing compliance by the prospective subtenant, transferee or assignee with all of the bid eligibility requirements contained in the bid package.

16.7 Processing Fees for Assignments, Transfers and Subleases

(a) In addition to the sum specified in Section 4.1, a fee of zero dollars (\$0.00) shall be paid to Landlord for processing each consent to assignment, transfer, or sublease to Landlord as required by this Lease. This processing fee shall be deemed earned by Landlord when paid and shall not be refundable.

(b) If a processing fee has been paid by Tenant for another phase of the same transaction, a second fee will not be charged.

(c) The amounts specified above for processing fees shall be automatically adjusted at the end of the first year of this Lease and every year thereafter in accordance with an annual fee schedule adopted by Landlord. Landlord shall make said fee schedule available to Tenant upon receiving a request therefor.

16.8 Encumbrances

Tenant shall not encumber the Premises in any manner whatsoever.

ARTICLE 17. NONDISCRIMINATION

Tenant, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person, on the ground of race, color, or national origin shall be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in the use of said facilities, (2) in connection with the construction of any improvements on said land and the furnishing of services thereon, no discrimination shall be practiced in the selection of employees and contractors, by contractors in the selection and retention of first-tier subcontractors, and by first-tier subcontractors in the selection and retention of second-tier subcontractors, (3) such discrimination shall not be practiced against the public in its access to and use of the facilities and services provided for public accommodations (such as eating, sleeping, rest, recreation, and vehicle servicing) constructed or operated on, over, or under the premises, and (4) Tenant shall use the land in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Part 21 (49 C.F.R., Part 21) and as said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, the Landlord shall have the right to terminate this Lease, and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

ARTICLE 18. SECURITY DEPOSIT

Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the sum of \$0.00 as a Security Deposit. Said sum shall be held by Landlord as a Security Deposit for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of rent and any of the monetary sums due herewith, Landlord may use, apply or retain all or any part of this Security Deposit for the payment of any other amount which Landlord may spend by reason of Tenant's default or use it to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said Deposit is so used or applied, Tenant shall within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount; Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant at the expiration of the Lease term and after Tenant has vacated the premises.

ARTICLE 19. ADDITIONAL PROVISIONS

19.1 Quiet Enjoyment

Landlord covenants and agrees with Tenant that upon Tenant paying rent and other monetary sums due under the Lease and performing its covenants and conditions, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the term.

19.2 Captions, Attachments, Defined Terms

The captions of the Articles of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease. Exhibits attached hereto, and addenda and schedules initiated by the parties, are deemed by attachment to constitute part of this Lease and are incorporated herein. The words "Landlord" and "Tenant," as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there be more than one Landlord or Tenant, the obligations hereunder imposed upon Landlord or Tenant shall be joint and several. If the Tenants are husband and wife, the obligations shall extend individually to their sole and separate property as well as to their community property.

19.3 Entire Agreement

This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the premises and this agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents and representatives relative to the leasing of the premises are merged in or revoked by this agreement.

19.4 Severability

If any terms or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

19.5 Costs of Suit

If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the premises, the losing party shall pay the successful party a reasonable sum for attorney's fees which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any third party against Tenant, or by or against any person holding under or using the premises by license of Tenant, or for the foreclosure of any lien for labor or materials furnished to or for Tenant or any such other person or otherwise arising out of or

resulting from any act or transaction of Tenant or of any such other person, Tenant shall save and hold Landlord harmless from any judgment rendered against Landlord or the premises or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by Landlord in connection with such litigation.

19.6 Time, Joint and Several Liability

Time is of the essence of this Lease and each and every provision hereof, except as to the conditions relating to the delivery of possession of the premises to Tenant. All the terms, covenants and conditions contained in this Lease to be performed by either party if such party shall consist of more than one person or organization, shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.

19.7 Binding Effect; Choice of Law

The parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate section hereof; and all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

19.8 Waiver

No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

19.9 Surrender of Premises

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of the Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

19.10 Holding Over

If Tenant remains in possession of all or any part of the premises after the expiration of the term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only and not a renewal hereof or an extension for any further term, and in such case, rent and other monetary sums due hereunder shall be payable at the time specified in this Lease and such month-to-month tenancy shall be subject to every other term, covenant, condition and agreement contained herein, except that the monthly rental rate set forth in Section 4.1 shall be increased by ten percent (10%) effective the first month of the holdover period. Landlord further reserves the right to review the rental rates of all holdover tenants periodically for the purpose of making reasonable adjustments to the monthly

rental payments.

19.11 Interest on Past Due Obligations

Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the due date. Payment of such interest together with the amount due shall excuse or cure any default by Tenant under this Lease.

19.12 Recording

Neither Landlord nor Tenant shall record this Lease.

19.13 Notices

All notices or demands of any kind required or desired to be given by Landlord or Tenant hereunder shall be in writing and shall be deemed delivered forty-eight (48) hours after depositing the notice or demand in the United States mail, certified or registered, postage prepaid, addressed to the Landlord or Tenant respectively at the addresses set forth in Article 1.

19.14 No Reservation

Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease; it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

19.15 Corporate Authority

If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

19.16 Force Majeure

If either Landlord or Tenant shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease) or other cause without fault and beyond the control of the party obligated (except financial inability), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Nothing in this clause shall excuse Tenant from prompt payment of any rent, taxes, insurance or any other charge required of Tenant, except as may be expressly provided in this Lease.

SIGNATURES ON FOLLOWING PAGE

In Witness Whereof Landlord and Tenant have executed this Lease as of the date first written above.

LANDLORD:
STATE OF CALIFORNIA,
DEPARTMENT OF TRANSPORTATION

By: _____
RICKY RODRIGUEZ, OFFICE CHIEF
OFFICE OF RIGHT OF WAY, DISTRICT 12

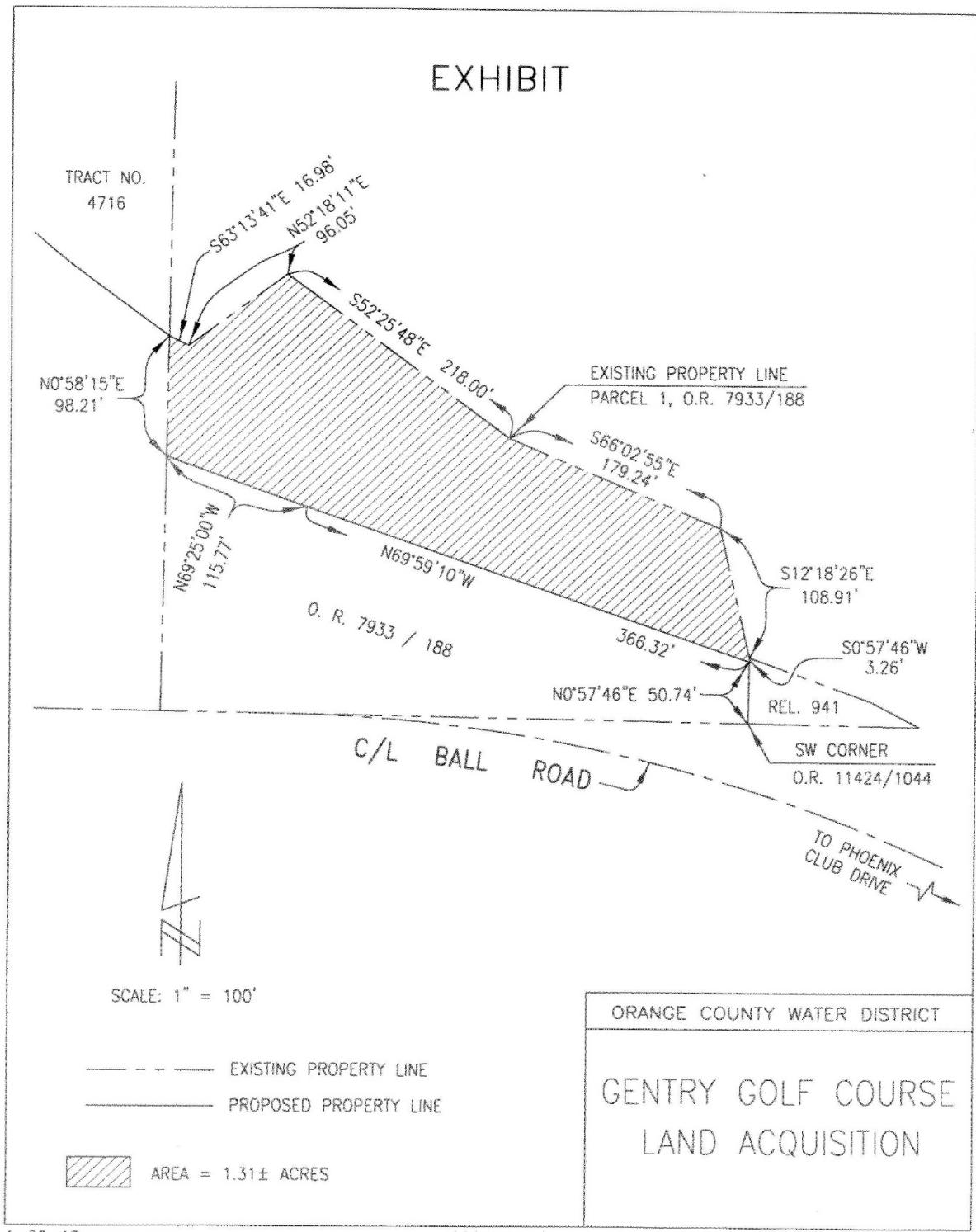
TENANT:
ORANGE COUNTY WATER DISTRICT
a political subdivision of the State of California organized
under Chapter 924 of the Statutes of 1933, as amended

By: _____
Michael R. Markus P.E.,
General Manager

APPROVED AS TO FORM:
RUTAN & TUCKER, LLP.

By: _____
General Counsel, Orange County Water District

EXHIBIT A



AGENDA ITEM SUBMITTAL

Meeting Date: January 24, 2020 **Budgeted:** N/A
To: Property Management Committee/
Board of Directors **Budget Amount:** N/A
From: Mike Markus **Annual Revenue:** \$114,000
Staff Contact: B. Dosier/D. Park **Funding Source:** N/A
 Program/Line Item No.: N/A
Subject: **CONSENT TO ASSIGNMENT OF LEASE FROM GENTRY GOLF, INC.,
D.B.A. THE ISLANDS GOLF CENTER LEASE TO NSM GOLF, LLC**

SUMMARY

The District currently leases property at Burris Basin to Gentry Golf d.b.a. The Islands Golf (Gentry Golf) for a golf driving range (Property), with the lease expiring September 30, 2022. Staff received a letter from Mr. Damoi Park, President of Gentry Golf, advising the District that Gentry Golf intends to sell its assets, including the lease, to NSM Golf, LLC (NSM Golf), and that per the lease paragraph 8.3, Gentry Golf is requesting the District's written consent for the lease assignment.

Attachment(s):

- Letter from Gentry Golf dated January 2, 2020
- Letter from NSM Golf, LLC dated January 7, 2020

RECOMMENDATION

Agendize for February 5 Board meeting: Approve the assignment of the Gentry Golf Lease to NSM Golf, LLC, and authorize the General Manager to finalize and execute the Assignment of Lease and Consent to Assignment, subject to approval as to form by General Counsel

BACKGROUND/ANALYSIS

The District has a lease with Gentry, to operate a golf driving range concession at Burris Basin, located at 14893 Ball Road, Anaheim. The lease, as amended, expires on September 30, 2022, with a monthly rent of \$9,507.59, adjusted annually in proportion to the Consumer Price Index (CPI), and a six month notice for termination by the District. Gentry Golf is in full compliance with the terms and conditions of their lease and the rent has been made on time.

Staff received a letter dated January 2, 2020 from Damoi Park, President of Gentry Golf, that Gentry Golf will be selling the business, including the lease, to NSM Golf, LLC (NSM Golf), and is requesting the District's written consent for the lease assignment. NSM Golf will be owned and operated by Mr. Benjamin Carotta, owner and operator of Smash and Splash Golf Academy (Smash and Splash), a current sublessee of Gentry Golf, consent of which was authorized by the Board at its September 18, 2019 meeting. Mr. Carotta submitted a response to the District's Request for Proposal issued in April 2019 in which he represented

the Black 9 Foundation offering to lease The Island's property.

At staff's request, Mr. Carotta provided a letter dated January 7th, 2020 clarifying the terms of the agreement with Gentry Golf, his background and future plans for the facility. In the letter, Mr. Carotta explains he has been providing golf instructions at the Islands Golf for the past 4 years, previously as an employee of The First Tee, a prior sublessee of Gentry, and currently as the owner of Smash and Splash. Mr. Carotta further explains he plans to combine the business models of Gentry Golf, which consists of selling range balls and subleasing, and Smash and Splash, which consists of a pro shop, kids programs, a snack shack, private lessons and corporate golf outings. According to Mr. Carotta, a diversified business model will provide more financial stability allowing for additional maintenance and improvements to the facility.

Additionally, in his letter, Mr. Carotta explains NSM Golf has agreed to purchase Gentry's Golf's assets for \$300,000. The purchase amount will be paid to Gentry Golf using the following payment plan: 1) prior to the lease assignment, a refundable partial consideration of \$25,000 is due at signing; 2) after the lease assignment, \$25,000 is due at closing; 3) the remaining \$250,000 will be paid out in 25 monthly payments of \$10,000, starting 3.5 months after the lease assignment; 4) and Mr. Park will be compensated 10% of net profits for the years 2020, 2021 and 2022, not to exceed \$10,000/year. Furthermore, Mr. Carotta provided two-year revenue projections for NSM Golf, the 2019 Income Statement for Smash and Splash, a list of property being transferred from Smash and Splash to NSM Golf, Articles of Organization identifying NSM Golf as a limited liability company, and bank deposit verifications for NSM Golf and Smash and Splash.

Per Section 8.3 of the lease, the Lessee must have the District's written consent prior to transferring the lease. As such, Gentry Golf is requesting the District's written consent approving the lease assignment.

Staff reviewed the information provided by Mr. Park and Mr. Carotta and informed both parties, based on the limited financial history of NSM Golf and Smash and Splash, that a lease assignment cannot be recommended to the Board without a qualified financial guarantor. Subsequently, Mr. Park notified staff that Gentry Golf has agreed to be named the financial guarantor for the duration of the lease to mitigate any financial risks to the District.

Based on Mr. Benjamin Carotta's experience, credentials, strong community ties, and financial guarantee of Gentry Golf, staff has no objection and recommends the lease assignment from Gentry Golf to NSM Golf, subject to approval by General Counsel.

PRIOR RELEVANT BOARD ACTION(S):

9/18/2019 R19-9-135 – Authorizing Amendment to No. Three to Lease Agreement with Gentry Golf, Inc. D.B.A The Islands Golf extending the lease to September 30, 2022; and authorizing consent to sublease by Gentry to Smash and Splash Golf Academy.

11/7/2018 R18-11-160 – Authorize issuance of Amendment No. Two to Lease Agreement with Gentry Golf, Inc., extending the lease through September 30, 2019;

7/18/2018 M18-88 – Authorize waiver of penalties incurred as a result of delayed rent adjustments for the District's Lessees: The Phoenix Club, Corona Recreation, V. Montoya Enterprises, Gentry Golf d.b.a. The Islands Golf, and Sunnyslope Nursery

7/18/18, R18-7-8, Execution of a temporary month-to-month lease agreement with Caltrans for use of the property while staff continues to negotiate a short-term lease with Caltrans for the continued use of the 1.3 acres with a new expiration date of January 31, 2019;

4/4/18, M18-45, Direct staff to transmit letter to Caltrans initiating the Decertification process for property at Burris Basin at Gentry Golf; and approve an initial deposit with Caltrans of \$35,000 for the process;

4/4/18, M18-44, Direct staff to negotiate a one-year lease extension with Gentry Golf, Inc. to commence when lease expires on September 30, 2018;

3/7/18, R18-3-19, Authorized issuance of Amendment One to Lease Agreement with Gentry Golf, Inc., providing additional General Liability insurance coverage, and consent to a Sublease with DH and LO, Inc. d.b.a. Olympus Golf Pro and Gentry Golf, Inc.

2/7/18, R18-2-9, Execution of a temporary month-to-month lease agreement with Caltrans for use of the property while staff continues to negotiate a short-term lease with Caltrans for the continued use of the 1.3 acres with an expiration date of July 31, 2018; and issuance of a Purchase Order to Fidelity National Title for a preliminary title report on such land; and issuance of a work order in an amount not to exceed \$6,000 to Paragon Partners for the appraisal of the 1.3-acre property;

3/16/16, M16-41, Discussion of the request for rent relief for the Islands Golf Center deferred for 60 days to allow The Islands Golf Center to prepare requested documentation;

4/3/13, R13-4-28, Approving Gentry Golf Consent to Sublease to S & W Golf;

4/3/13, R13-4-29, Approving Gentry Golf Consent to Sublease to Golf for Life Skills;

9/7/11, R11-9-124, Approving Gentry Golf Consent to Sublease to Golf on the Edge at Burris Basin;

7/20/11, R11-07-112, Approve Consent to Sublease with Gentry Golf d.b.a. The Islands Golf Center to sublease to Golf on the Edge, for a term of 5 days;

8/6/08, R08-8-107, Authorizing amended and restated lease agreement with Gentry Golf, Inc. d.b.a. The Island Golf Center at Burris Basin;

10/20/04, R04-10-128, Consent to Sublease to Worldwide Golf Enterprises, Inc. d.b.a. Roger Dunn Golf Shop for operation of a golf pro shop;

9/17/03, R03-9-139, Authorized Amendment Five to Lease to extend the Expiration Date of Lease to October 22, 2003;

10/15/03, R03-10-150, Approve and authorize Amendment Six to Lease to Extend the term of the Lease to September 30. 2008, a new option to extend the lease for 5 years, change the percentage rent to 12% of Gross Receipts for 2 years with a 1% increase in the percentage rent thereafter, Minimum rent set at \$6,000/mo. and after two years increase it by equal amounts to \$7,000/mo. and other minor changes;

7/21/99, M99-135, Approve Waiver of Rent at the Island Golf Center for One Evening for the Anaheim Fire Department Swift Water Rescue Team Water Rescue Demonstration;

4/21/99, R99-4-50, Approving and Authorizing Execution of Consent to Sublease by Gentry Golf of the Islands Golf Center to David Graf for Operation of Restaurant/Bar;

4/16/97, R97-4-55, Approving and Authorizing Amendment Four to Gentry Golf, Inc. Lease for Burris Pit Golf Concession;

3/19/97, R97-3-39, Approving and Authorizing Execution of Gentry Golf, Inc. Consent to Assignment of Lease and Consent to Subleases;

3/19/97, R97-3-39A, Consent to Assignment of 50% interest in Gentry Golf, Inc. to Peacock Trading, LTD, a Hong Kong corporation

1/15/97, R97-1-7, Instructing Staff to Issue Notices to Gentry Golf to Pay Delinquent Rent and Cure Lease Violations;

4/20/94, R94-4-65, Approving and Authorizing Execution of Amendment Three to Gentry Golf Lease at Burris Pit adds rent for Chipping Green and sets pro shop rent at \$2,000 per month;

1/19/94, R94-1-8, Provides for Issuance of License Agreements;

7/7/93, R93-7-120, Receiving and Filing Affidavit of Publication of Notice Inviting bids and rejecting all bids for Contract No. SAR -93-2, Islands Golf Center Site Improvements; and Approving and Authorizing execution of Amendment No. 2 to Gentry Golf, Inc. Lease providing for Purchase Lease Back Agreement;

2/17/93, R93-2-27, Approved and Authorized Execution of Amendment One to Gentry Golf Lease and transfer of funds;

12/18/91, R91-12-284, Approved and Authorized Execution of Lease to Gentry Golf, Inc. for Golf Facility at Burris Pit.

Location Map



January 2, 2020

Orange County Water District
18700 Ward Street
Fountain Valley, CA 92708
Attn: Mr. Daniel Park

Re: Request for Consent to Assignment

Dear Mr. Park:

We respectfully ask for your consent to the lease assignment (the "Assignment") under certain Lease Assignment and Assumption Agreement (to be executed later), by and between GENTRY GOLF INC and ISLAND GOLF CENTER L.P. (collectively as "Assignor"), and BENJAMIN CAROTTA and NSM GOLF LLC (collectively as "Assignee"), for the sale of Assignor's business being operated at the leased premises (the "Site") located at 14893 E Ball Rd., Anaheim, CA 92806.

In connection with this transaction, Assignee will assume and agree to perform all of the Assignor's rights and obligations under the Assignment (including any obligation to pay rent) from the date set forth in the Lease Assignment and Assumption Agreement.

Unless and until you are otherwise notified in writing by Assignee, the address of Assignee for all purposes under the Assignment is:

BENJAMIN CAROTTA and NSM GOLF LLC
14893 E Ball Rd.
Anaheim, CA 92806
Attn: Mr. Benjamin Carotta

We expect your continued interest and support. If you have any question, please do not hesitate to contact us.

Very truly yours,

ASSIGNOR

GENTRY GOLF INC (doing business as ISLAND GOLF CENTER L.P.)

By: _____ 
Name: Damoi Park
Title: CEO

Acknowledge and Consented by **LANDLORD**.

ORANGE COUNTY WATER DISTRICT

By: _____
Name: _____
Title: _____

January 7th, 2020

Dear Orange County Water District,

At your request, I am submitting a letter detailing the terms of my agreement with Damoi Park of Gentry Golf Inc. This agreement is conditional upon your assignment of a lease to operate the driving range located at 14893 E. Ball Rd. Anaheim Ca 92806.

The agreement is a purchase of assets for the price of \$300,000.

Payment Structure-

- Refundable partial consideration of \$25,000 due at signing. If no lease is assigned, this money shall be returned.
- \$25,000 due at closing (after lease assignment)
- The remaining \$250,000 will be paid out in 25 monthly payments of \$10,000. The first \$10,000 payment is to begin 3.5 months after lease assignment/closing.

Additionally, Mr. Park will be compensated 10% of net profits for the years 2020, 2021, and 2022 but this annual payment is not to exceed \$10,000/year. This is almost a form of interest since he will be carrying the note.

We have several goals with this transaction.

- 1) Bring Islands back to life to fulfill its potential for the community. I have personally been remodeling it for 6 months and we are almost there.
- 2) Help Damoi get his initial investment back from the business that he started 25 years ago. By adding my current revenue streams and workforce to Islands, we can make this happen for him.
- 3) Be a much better tenant and partner for OCWD
- 4) Use Islands as a canvas for community programs, family activities, affordable recreation and an overall asset to the working people of Orange County.

When considering me as a potential tenant for the property, I hope that you also consider the intangible assets that I possess. I have spent 5 years working for golf related nonprofits in Orange County. I have taught tens of thousands of people how to golf at no cost. This has helped me accumulate a huge network of supporters that are willing to help with this project however they can. This includes engineers, contractors, plumbers, electricians, lawyers, accountants, and our sole investor Vinny Smith.

I have also been here for the last 4 years with The First Tee and now Smash and Splash Golf Academy. I am very familiar with the business, this property, and what it needs to be successful. I am already here 80+ hours a week and I have already remodeled the property as a subtenant. These labor hours will be applied to cut management salary and make the business more lean.

I have worked at 7 different golf courses, country clubs, and driving ranges in my life. I have also had years of success in a fortune 15 company and was given great responsibilities and a young age. This experience taught me how to be a professional. My combined golf and corporate experience makes me very well suited to handle this project and be a much better tenant for OCWD.

The problem with Islands' business model is that they only have one revenue stream- selling range balls. We have spent all year growing our golf shop, kids program, snack shack, private lessons, and corporate outings. Adding in the sale of range balls to our current business makes the entire operation very stable and allows for constant upkeep and reinvestment to the grounds.

Thank you for considering and please let me know if you have any questions,

Benjamin Carotta

AGENDA ITEM SUBMITTAL

Meeting Date: January 24, 2020

To: Property Management Committee/
Board of Directors

From: Mike Markus

Staff Contact: B. Dosier/D. Park

Budgeted: N/A

Budget Amount: N/A

Cost Estimate: N/A

Funding Source: N/A

Program/Line Item No.: N/A

General Counsel Approval: N/A

Engineers/Feasibility Report: N/A

CEQA Compliance: N/A

Subject: **QUARTERLY REPORT ON LEASES AND PERMITS/LICENSES FOR
THE PERIOD ENDING DECEMBER 31, 2019**

SUMMARY

Attached for Board review is the Quarterly Report on Leases and Permits/Licenses for the period of October 1, 2019 to December 31, 2019.

Attachment(s): Summary Report of Leases & Permits/Licenses ending December 31, 2019

RECOMMENDATION

Informational

BACKGROUND/ANALYSIS

The District has approximately 1,161 acres of land under 17 leases and 28 permits/licenses.

4th QUARTER RENT COMPARISON

4th Qtr. 2019	4th Qtr. 2018	Increase/(Decrease) 4th Qtr. 2019 vs. 4th Qtr. 2018	Percentage Increase/(Decrease) 4th Qtr. 2019 vs. 4th Qtr. 2018
\$512,892	\$562,875	(\$49,983)	(8.9%)

YEAR TO DATE RENT COMPARISON

Year to Date 2019	Year to Date 2018	Increase/(Decrease) YTD 2019 compared to 2018	Percentage Increase/(Decrease) YTD 2019 compared to 2018
\$1,588,271	\$1,674,066	(\$85,795)	(5.1%)

Note: The 4th quarter total for 2019 showed a decrease primarily due to North American Recycling & Crushing, LLC paying their January 2019 rent of \$66,223 in December of 2018 (4th Quarter of 2018). Additionally, the year to date totals for 2019 show a decrease primarily due to North American Recycling & Crushing paying their January 2019 rent of \$66,223 and Sandwood, Inc. paying delinquent rent owed of \$44,000 in 2018.

UPCOMING RENEWALS AND ACTIONS

RENEWALS

2020

1st Quarter

- No leases expire in the 1st Quarter

2020

2nd Quarter

- Lease with Prado Basin Duck Club expires on June 30, 2020
- Lease with Raahauge Shooting Enterprises expires on June 30, 2020

ACTIONS - Staff

All Lessees and Permittees/Licensees are in full compliance with the terms of their lease/permit/license and all are current with their rent with the following exceptions:

- Sandwood Inc. is one (1) month behind on their rent (December 2019). A notice has been issued by the District Accounting Department.

PROPERTY LICENSE AGREEMENT ISSUED BY GENERAL MANAGER IN 2019 YEAR-TO-DATE

1. January 16, 2019 – T.E. Roberts, Inc.: Amendment Three to the License for the purpose of storing T.E. Robert's equipment, while performing construction work for the City of Anaheim (City) pipeline construction project. The License expired December 31, 2018, and the Board extended the expiration date to June 30, 2019, with a license fee of \$500.00 per month.
2. February 28, 2019 – Gahagan & Bryant Assoc., Inc.: License for the purpose of conducting a radar survey of the Santiago Basin for the United States Army Corps of Engineers (USACE), as part of the Santa Ana River Mainstem Project. License was effective March 8, 2019 to March 31, 2019.

NOTE: The License Agreement incorrectly stated was to conduct a radar survey, it was survey using a single beam echo sounder.

3. March 20, 2019 – Johnson-Frank & Assoc, Inc.: License for the purpose of conducting ground surveys for mapping of the Santiago Basin for the USACE, as part of the Santa Ana River Mainstem Project. License was effective March 25, 2019 to April 15, 2019.
4. September 16, 2019 – New Creation Builders, Inc.: License for the use of a fenced staging area for Licensee's equipment and materials, while performing repair work on the Richfield Channel for Orange County Public Works. License was effective September 16, 2019 to October 16, 2019.

**SUMMARY REPORT
STATUS OF LEASES**
4TH QUARTER ENDED DECEMBER 31, 2019

Leases	Location	Monthly Rent	Annual Increase	4th Quarter Rent Paid	Year to Date	Status of Rent	Lease Violations	Expiration Date	Acres	Use
Anaheim, City of Well 58	Anaheim Lake	Flat Fee \$1.00		N/A	N/A	Current	None	03-31-61	0.380	Production Water Well
Anaheim, City of	Burris Basin	\$1.00/Annual		N/A	N/A	Current	None	01-31-31	14.000	Park
County of Orange, Integrated Waste Mgt.	Smith Basin	Reports		N/A	N/A	Current	None	Automatic Annual Renewal	0.010	Monitoring wells for Reeve's Pit (executed 12/12/1996)
Corona Rec. Inc., Doug Elliott	Warner Basin	5% of Gross Receipts or \$6,817.29/mo.	CPI October	\$ 23,051.80	\$ 104,309.02	Current	None	09-30-21	128.150	Fishing concession.
Corona Rec. Inc., Doug Elliott	Anaheim Lake	\$668.24 for house	CPI October	\$ 2,004.72	\$ 7,843.74	Current	None	09-30-21	90.700	Alternate lake rental of house of office space.
North American Recycling & Crushing, LLC	Huckleberry Pond	\$68,209.69	3% April 1	\$ 272,838.76	\$ 814,542.90	Current	None	03-31-27	5.650	Concrete/Asphalt crushing. Golf driving range - 5 year option.
Gentry Golf, Inc.	Burris Pit	\$9,507.59	CPI October	\$ 28,522.77	\$ 117,447.43	Current	None	09-30-22	15.000	
Harvest Landscape Enterprises, Inc.	South of Lincoln Ave.	\$1,836.00	CPI April 1	\$ 3,672.00	\$ 24,149.19	Current	None	03-31-22	3.600	Container nursery.
Montoya Enterprises Inc. - Nursery	Santiago Basins	\$1,487.00	Fixed April 1	\$ 4,461.00	\$ 18,103.58	Current	None	03-31-24	2.600	Container nursery.
Newport Beach, City of	Seawater Pipeline	Flat Fee \$1		\$ -	\$ -	Current	None	10-01-21		
Prado Basin Duck Club (1)	Prado Basin - Lower Ponds	16,847.00	3% July 1	\$ 16,847.00	\$ 16,847.00	Current	None	06-30-20	66.000	John Kelly Astor - Duck Hunting Concession
Raahauge Shooting Enterprises - Range (4)	Prado	\$17,502.14	CPI May 2019	\$ 70,008.56	\$ 225,687.26	Current	None	04-30-47	135.000	Sporting clays/trap & skeet shooting. No rent increase until May 1, 2019
Raahauge Shooting Enterprises - Ducks (1)	Prado	Flat Fee \$74,768	5% July 1	\$ 37,384.00	\$ 74,768.00	Current	None	06-30-20	450.000	Duck hunting, Oct. to Jan.
Raahauge Shooting Enterprises - Pheasant	Prado	\$250/mo.	N/A	\$ 1,000.00	\$ 3,250.00	Current	None	04-30-47	110.000	Hunter safety classes, dog kennels, raising of game birds.
Sandwood Inc. (3)	Batavia Street	\$11,176.00	CPI April 1	\$ 34,330.92	\$ 114,340.51	Past Due	None	03-31-22	2.600	Sandbagging/Firewood
Sunny Slope Tree Farm Co.	Imperial Highway	\$4,222.87	CPI Aug 1	\$ 12,668.61	\$ 45,777.07	Current	None	Mo. to Mo.	19.000	Container nursery.
Yorba Linda Water District (2)	Warner Basin	\$4,694.43 / year 2019	3% December	\$ -	\$ -	Current	None	12-31-62	0.4224 increase	Production Water Well 21 Original Rent: \$3,817 - 8/22/2012 - w/ 3% annual
TOTAL FOR LEASES				\$ 506,790.14	\$ 1,567,065.70				1,043.112	

NOTES:

1. Prado Basin Duck Hunting & Raahauge Duck Hunting - (Rent due 50% by October 15 and 50% by December 15).
2. YLWD rent due on Dec. 31 of each year.
3. Sandwood, Inc. renewed lease.
4. Raahauge rent not to be increased until May 1, 2019

SUMMARY REPORT
STATUS OF PERMITS/LICENSES
4TH QUARTER ENDED DECEMBER 31, 2019

Permits/Licenses	Location	Monthly Rent	Annual Increase	4th Quarter Rent Paid	Year to Date	Status of Rent	Permit/License Violations	Expiration Date	Acres	Use
Anaheim Model Airplane Club & Scamps	Foster-Huckleberry Pond	Comm. Svc.		N/A	N/A	Current	None	Mo. to Mo.	115.820	Model airplane flying area.
Anaheim, City of Well Maintenance	Anaheim Lake	Comm. Svc.		N/A	N/A	Current	None	Mo. to Mo.	0.230	Maintain wells and pipeline.
Anaheim, City of	Burris Basin	N/A		N/A	N/A	Current	None	Year to Year		Pumphouse
Anaheim, City of	Anaheim Lake	Flat Fee \$1.00 One Time Easement Fee		\$ -	\$ 1.00	Current	None	09-30-61		Drain pipe Rio Vista Res. 12" Transmission water main pipeline - Sept 2016
Anaheim, City of	Alderdale Ave/Maychelle Dr.	\$1,510		\$ -	\$ -	Current	None	N/A		Store 2 container trailers
Boy Scouts of America, Troop 850	Santiago Bond Basin	Clean Premises		\$ -	\$ -			Mo. to Mo.		Cut fire break along fence - Highway 71.
CA Dept. of Forestry & Fire Protection	Prado - Highway 71	Fire Protection		N/A	N/A	Current	None	Mo. to Mo.		License Agreement to conduct radar survey of Basin for USACE
Gahagan & Bryant Assoc., Inc.	Santiago Basin	N/A		N/A	N/A	Current	None	3/31/2019		
Inland Empire Utility District	Prado Basin	WQ Report		N/A	N/A	Current	None	03-31-34		Monitoring well site
Johnson-Frank & Assoc., Inc.	Santiago Basin	N/A		N/A	N/A	Current	None	4/15/2019		License Agreement to conduct ground surveys for mapping purposes for USACE
Andre Bello/Dan DeBusschere	Prado - Highway 71	Flat Fee \$1,148		\$ -		Current	None	06-30-22		Access Permit / Fee increased from \$550 to \$1,148.
Robert & Debra Peterson	Prado - Highway 71	Flat Fee \$1,148		\$ -		Current	None	06-30-22		Access Permit / Fee increased from \$550 to \$1,148.
New Creation Builders	Richfield Channel for OCPW	Flat Fee\$1,148		\$ 1,148.00	\$ 1,148.00	Current	None	11-15-19		Staging area on Richfield Channel for OC Public Works
Orange, City of	Orange Reservoir No. 10	N/A		N/A	N/A	Current	None	05-31-34		Antenna on Reservoir No. 10
OC Transportation Authority (OCTA)	Deep Well #5	N/A		\$ -	\$ -					Temporary construction easement for the District's Deep Well #5 property located on the east side of Pacific Street at Spencer Ave in Fountain Valley
Riverside County Flood Control District	Prado Basin	Copy of Reports		N/A	N/A	Current	None	05-31-20		Collect water/insect samples
PUB Construction	Burris Basin - Five Coves	\$1,148 one time fee		\$ -	\$ 1,148.00	Current	None	2/28/2019		Staging area for City of Anaheim 5-Coves Recreation Trail work
SAWA	Prado Basin	Project Cost		N/A	N/A	Current	None	12/31/2023		Arundo Removal.
SCE & (formerly Royal Street Communication s) T-Mobile (ATS) (1)	Riverdale Avenue, Orange	\$968.96 + CPI Annual	CPI November 1	\$ 2,953.39	\$ 11,674.03	Current	None	11-13-22		Cellular Comm Relay Site ATS contract renews with T-Mobile's renewal
Southern California Edison Co. (2)	Anaheim Lake	\$672.03 + CPI Annual		\$ -	\$ 734.34	Current	None	02-28-38		Relocate Power Pole
Serrano Irrigation District	Santiago Basin	Conj. well site #4		N/A	N/A	Current	None	Annual Renewal	0.220	Conjunctive use well. R90-10-210 / orig exp: 7-1-10
T.E. Roberts	Huckleberry Basin	\$500/mo		\$ 2,000.00	\$ 6,500.00	Current	None	1/31/2020		Staging area for City of Anaheim Pipeline work
University of So. Calif.	Fullerton Airport/ Other Locations	N/A		N/A	N/A	Current	None	Mo. to Mo.		Measure seismic activity in monitoring wells.
University of Calif., Riverside	Prado Basin	Reports		N/A	N/A	Current	None	06-30-19		Mosquito Study
Ultra Systems Inc.	Prado Basin	Flat Fee \$1,148.00		N/A	N/A	Current	None	06-30-19		Access to Basin
US Geological Survey	Prado Basin	Train OCWD staff on Shake Alert Sys.		N/A	N/A	Current	None	06-29-2020		Seismic Monitoring
Verizon (AirTouch Cellular)	Santa Ana River	Flat Fee \$2,000		N/A	N/A	Current	None	06-30-18		Fiber Optics Cable - Tustin Ave.
Water Replenishment District of S. C.	Leisure World, Seal Beach	Copy of Reports		N/A	N/A	Current	None	08-31-19		Access to water wells to take samples.
Western Riverside Co. Regional Wastewater	Prado Basin	Copy of Reports		N/A	N/A	Current	None	6-30-46		Monitoring wells - 3
Yorba Linda Water District	Warner Basin Complex	Flat Fee \$550.00		N/A	N/A	Current	None	12-31-60		Discharge from well water 20.
TOTAL FOR PERMITS/LICENSES				\$ 6,101.39	\$ 21,205.37				116.270	
TOTAL FOR LEASES & PERMITS/LICENSES				\$ 512,891.53	\$ 1,588,271.07				1,159.382	

NOTES:

1. Monthly Rent is 70% of \$1,266.77 which is adjusted by the CPI annually
2. SCE License Fee due on March 1 of each year.