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THIRD ADDENDUM TO LEASE AGREEMENT

THIS THIRD ADDENDUM is to that Lease Agreement ("Agreement") made and entered into May 11, 1992, by and between FRYER & SONS, a California General Partnership, hereinafter referred to as "Fryer," and the SISKIYOU COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, hereinafter referred to as "District,", as amended on August 16, 1993, and further amended on September 13, 1994 ("Lease"), which Lease Agreement was assigned by Fryer & Sons to SISKIYOU LAKE GOLF RESORT, INC., by way of Assignment of Lease dated March 10, 1993.

WHEREAS, a written Lease dated May 11, 1992, was executed between Fryer & Sons, a California General Partnership, therein referred to as "Fryer" as Lessee, and Siskiyou County Flood Control and Water Conservation District, therein referred to as "District", as Lessor; and

WHEREAS, said Lease was assigned pursuant to that certain Assignment of Lease dated March 10, 1993, wherein Fryer & Sons assigned to Siskiyou Lake Golf Resort, Inc., hereinafter referred to as Lessee, with the consent of Siskiyou County Flood Control and Water Conservation District, hereinafter referred to as Lessor; and

In Process

WHEREAS, the Lease was thereafter twice amended; and

WHEREAS, the Lease will expire on May 11, 2032 and all parties desire the lease to continue after that date; and

WHEREAS, the parties desire to extend the term of the Lease; and,

WHEREAS, the parties desire to update the insurance provisions of the Lease and to increase the amount of compensation payable under the Lease; and,

WHEREAS, the Workers' Compensation Insurance in Contract section 25 Subsection A. (4) shall be amended to increase minimum limit of coverage; and,

WHEREAS, the Liability minimum coverage has increased in the Contract in Section 25. Subsection B. (2).

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NOW, FOR AND IN COSIDERATION OF THE MUTAL COVENANTS HEREIN CONTAINED, THE PARTIES AGREE AS FOLLOWS:

1. Section 4 of the Lease, entitled Term of Lease, shall be amended by deleting the first sentence and replacing it with: “The term of this Lease shall be for eighty (80) years commencing on the 12th day of May, 1992, and ending on the 11th day of May, 2072”.

2. Section 14 of the Lease, entitled “Rent”, shall be amended to read as follows:

14. Rent:

(a)(1) On January 2, 1993, Fryer shall pay to District, $10, 000.00 for rent for the period January 1, through December 31, 1993. On each succeeding March 31 and September 30, Fryer shall pay District $15,000.00 as minimum rent. Commencing January 1, 1994 and for each succeeding calendar year, Fryer shall pay, as additional rent, two percent (2%) of gross annual receipts from green fees, cart rentals, golf 'lessons, driving range, pro shop, all other golf related activities and chalets, excluding all food and beverages occurring both on and off the leased premises herein, which premises are described in Exhibit "A” attached hereto, to the extent that such 2% exceeds the minimum rent. Said overage shall be paid to District on or before February 15, of each succeeding year. Commencing January 1, 2012 and each succeeding calendar year, the additional rent shall be increased to 3% of the gross receipts to the extent that the 3% exceeds the minimum rent. Beginning January 1, 2032, this subsection (a)(1) will become non-operative.

In Process

(a)(2) The minimum annual rental provided in subsection (a)(1) shall be subject to adjustment at the expiration of every five years of this Lease Agreement and every five years thereafter to reflect the change in the Consumer Price Index for all Urban Consumers, U.S. Cities Average, published by the United States Department of Labor, Bureau of Labor Statistics Washington D.C. (or any successors thereto) with the base index being the index published in the first month of the term of this Lease. Beginning on each fifth anniversary of the commencement of the term of this Lease, Fryer shall pay to District that monthly

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installment that equals the rental payable as set forth above adjusted by multiplying the said rent by one—half of the change in the aforesaid CPI, No adjustment shall be made which would reduce the rent at any time below the rent payable at the beginning of this Lease. In any event, Fryer shall be granted credit for the adjusted minimum rent. Beginning January 1, 2032, this subsection (a)(2) will become non-operative.

(a)(3) This subsection (a)(3) shall become operative on January 1, 2032. Commencing January 1, 2032, Lessee shall pay to the District minimum rent in the amount of Twenty-Five Thousand Dollars ($25,000) semiannually, due on March 31 and September 30 of each year. Commencing January 1, 2037, and every five (5) years thereafter, the minimum semiannual rent shall increase by One Thousand Dollars ($1,000).In addition to the minimum rent set forth herein, Lessee shall pay to the District an amount equal to three and one half percent (3.5%) of Lessee's gross annual receipts derived from operations occurring both on or off the leased premises; provided, however, that gross annual receipts shall expressly exclude all food and beverage sales, and further provided that such percentage rent shall only be due to the extent it exceeds the applicable minimum rent. Commencing January 1, 2037, and every five (5) years thereafter, the percentage rent shall increase by one-quarter percent (0.25%). Any overage due to the District under this provision shall be paid on or before February 15 of each succeeding year, together with a statement certified by Lessee showing the calculation of gross annual receipts.

In Process

(b) As used herein, the term "gross annual receipts" shall include all money, cash, receipts, assets, property or other things of value included but not limited to gross charges, sales , rentals, fees, and commissions made, or earned, and all gross -sums received by Fryer, its subtenants, assignees, or successors in interest, when collected or accrued, from the businesses set forth in paragraph 14 hereof and the use or occupation, or any combination thereof, originating, transacted or performed, in whole or in part, including, but not limited to, rental, the rendition or supplying of services, and the sale of goods, wares , or

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merchandise, coin machines or devices of any nature; less sales and excise taxes applicable thereto, required to be collected by Fryer, its subtenants, assignees or successors in interest in connection with the rendering or supplying of services, goods, wares or merchandise. It is understood that gross annual income includes all income from the subject operations performed on the premises, including all sales and rentals derived therefrom, even though a portion of said facilities is not located on land leased from the District.

Effective January 1, 2032, the definition of “gross annual receipts” shall be expanded and shall no longer be limited to only the businesses set forth in paragraph 14 hereof and shall include all operations of Lessee, its subtenants, assignees, or successors in interest associated with the Mount Shasta Resort, of which the leased premises is an integral part, whether performed on or off the leased premises.

There shall be no deduction from gross annual income of any overhead or expense of operation, such as, but without limitation to salaries, wages, cost of goods, advertising, interest, debt amortization, discount, collection, sales expenses, insurance and real property taxes, except as specifically provided for herein.

In Process

Gross annual income shall include the amount of any manufacturer's or importer's excise tax included in the prices of any property or materials sold, even though the manufacturer or importer is also the retailer thereof; and it is immaterial whether the amount of such excise tax is stated in a separate charge or not.

Gross annual income shall not include federal, state, municipal or other taxes collected from the consumer; regardless of whether the amount thereof is stated to the consumer as a separate charge or not (and paid periodically by Fryer to a government agency, accompanied by a tax return or statement; but the amount of such taxes shall be shown on the books and records elsewhere herein required to be maintained in order to verify said amounts).

(c) For each of the calendar years 1994, 1995, 1996, 1997 and 1998, Fryer shall be granted a credit against the minimum rental payment, in the sum of Ten

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Thousand and no/ 100 Dollars, ($10,000.00), which shall be credited at the rate of Five Thousand and no/ 100 Dollars, ($5,000.00), each, against the semi—annual payment to be made by Fryer on March 31 and September 30, as set forth in paragraph 14 hereof, in consideration of the extinguishment and conveying to the Siskiyou County Flood Control and Water Conservation District of the First Right of Refusal set forth in that certain Lake Siskiyou Campground Concession Agreement dated January 6, 1969.

3. Section 25 of the Lease, entitled “Insurance”, shall be amended as follows:

a. Section 25 Insurance Subsection A. (4) shall be amended to increase the minimum limit of $250,000.00 to $1,000,000.00 for Workers' Compensation Insurance**.**

Section 25 Insurance Subsection B. (2) shall be amended to increase the required limit for Liability Insurance from $1,000,000.00 to $2,000,000.00

All other terms and conditions of the said Lease Agreement shall remain in full force and effect.

In Process

(SIGNATURES ON FOLLOWING PAGE)

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In WITNESS WHEREOF, the parties hereto have executed this Third Addendum the 6h day of October, 2026.

SISKIYOU COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

Date:_____

_____
RAY A. HAUPT, CHAIR
Board of Directors

ATTEST:
LAURA BYNUM
Clerk, Board of Directors

By: _____
Deputy

LESSEE: Fryer & Sons

Date: 9/18/2026

Signed by:
John C. Fryer
0886DAC264E9444...
John C. Fryer, President

In Process

Date: 9/23/2026

ASSIGNEE: Siskiyou Lake Golf Resort, Inc.

Signed by:
95CC82A98D004B3...
Gary Reiff, Manager

License No.:____N/A_____
(Licensed in accordance with an act providing for the registration of contractors)

Note to Contractor: For corporations, the contract must be signed by two officers. The first signature must be that of the chairman of the board, president or vice-president; the second signature must be that of the secretary, assistant secretary, chief financial officer or assistant treasurer. (Civ. Code, Sec. 1189 & 1190 and Corps. Code, Sec. 313.)

TAXPAYER I.D. On File

ACCOUNTING:

Fund	Organization	Account	Activity Code (if applicable)
2501	205010	531100	

Encumbrance number (if applicable):

If not to exceed, include amount not to exceed:

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SECOND ADDENDUM TO LEASE AGREEMENT

THIS SECOND ADDENDUM is to that Lease Agreement made and entered into May 11, 1992, by and between FRYER & SONS, a California General Partnership, hereinafter referred to as "Fryer," and the SISKIYOU COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, hereinafter referred to as "District," which Lease Agreement was assigned by Fryer & Sons to SISKIYOU LAKE GOLF RESORT, INC., by way of Assignment of Lease dated March 10, 1993.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. The leased premises description as set forth in Exhibit "A" referred to in Paragraph 1 of the aforesaid Lease Agreement has been amended as set forth in Exhibit "A" attached hereto, which attached Exhibit "A" shall be incorporated herein by reference.

2. All other terms and conditions of the said Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Addendum the 13th day of September, 1994.

SISKIYOU LAKE GOLF RESORT, INC.
A California corporation

By John C. Fryer Jr.
President

SISKIYOU COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By Roger Swanson
Chairman, Board of Directors

ATTEST:
LISA CHANDLER, CLERK
Board of Directors

By Sherri Bennett
Secretary

s:\leases\fryer2.add

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7/13/94

EXHIBIT "A"

All that certain portion of real property located in the West one-half of Section 28 and the East one-half of Section 29, Township 40 North, Range 4 West, M.D.M.

BEGINNING at a point marked with a 5/8 in. re-bar and 2 in. alum. cap, Siskiyou County Surveyor, from which the Center-West 1/16 corner of Section 28, marked with a 3 in. alum. cap on a 2 in. alum. pipe, Siskiyou County Surveyor, bears N. 01° 16' 17" E., 1035.68 feet;

THENCE, West, 494.80 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 81° 53' 33" W., 345.84 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 60° 02' 48" W., 290.02 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 64° 46' 45" W., 117.68 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 47° 20' 14" W., 97.88 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 56° 27' 43" W., 336.95 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 28° 10' 19" W., 154.81 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 55° 06' 54" W., 54.68 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 84° 45' 45" W., 306.81 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 76° 15' 42" W., 234.82 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, northeasterly through a curve concave to the southeast, from a radial bearing of S. 89° 30' 42" E., having a central angle of 36° 17' 59", a radius of 488.50 feet and an arc length of 309.49 feet;

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THENCE, N. 36° 47' 17" E., 555.79 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 53° 02' 22" W., 230. feet, more or less, to a line established at an elevation of 3191 feet, U.S.C. & G.S. sea level datum, 1929;

THENCE, in a northeasterly direction 2030 feet, more or less, along said 3191 foot contour line to a point from which pt. "A", a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor, bears S. 32° 17' 25" E., 400 feet, more or less;

THENCE, S. 32° 17' 25" E., 400 feet, more or less, to said pt. "A";

THENCE, N. 61°06'23" E, 481..00 feet;

THENCE, northeasterly through a curve concave to the Northwest, having a central angle of 36° 35' 29", a radius of 512.00 feet and an arc length of 326.98 feet;

THENCE, EAST, 49.70 feet to a Point on the East line of the W1/2 of the NW1/4 of Section 28, from which a 3/4 in. iron pipe, Siskiyou County Surveyor, as shown in Town Map Book 7 at Page 92 of Siskiyou County Records, bears N. 60° 06' 16" E., 0.23 feet;

THENCE, S. 01° 17' 09" W., 1240.39 feet along the East line of the W1/2 of the NW1/4 of Section 28 to the Center-West 1/16 corner of said Section 28;

THENCE, S. 01° 16' 17" W, 1035.68 feet along the East line of the Northwest one-quarter of the Southwest one-quarter of Section 28 to the POINT OF BEGINNING.

EXCEPTING THEREFROM the following parcel:

That certain portion of Lot 9 of Section 29, according to the Official Government Plat of Township 40 North, Range 4 West, Mount Diablo Base and Meridian, and as said section is shown on that certain record of survey map filed in Record Survey Book 14, Pages 94 thru 98, in the Office of the Siskiyou County Recorder, described as follows:

BEGINNING at the Southwest corner of the hereinabove described parcel, and as shown per map number H.M. 15807, on file in the Office of the Siskiyou County Surveyor, being a point on a curve concave to the southeast, having a radius of 488.50 feet and from which a radial line bears S. 89°33'23" E.;

THENCE northeasterly along said curve, through a central angle of 7°37'34", an arc distance of 65.02 feet to point "B";

THENCE N. 74°20'36" E., 124.38 feet;

THENCE N. 36°43'30" E., 12.84 feet;

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THENCE S. 53°16'30" E., 10 feet to the TRUE POINT OF BEGINNING;

THENCE N. 36°43'30" E. 85.50 feet;

THENCE S. 53°16'30" E., 77.80 feet;

THENCE S. 36°43'30" W., 85.50 feet;

THENCE N. 53°16'30" W., 77.80 feet to the TRUE POINT OF BEGINNING;

SUBJECT TO the following easement:

EASEMENT "C":

A 20 foot wide easement for ingress and egress, lying 10 feet each side of the following described centerline:

BEGINNING at the hereinabove described point "B";

THENCE N. 74°20'36" E., 124.38 feet;

THENCE N. 36°43'30" E., 105.76 feet;

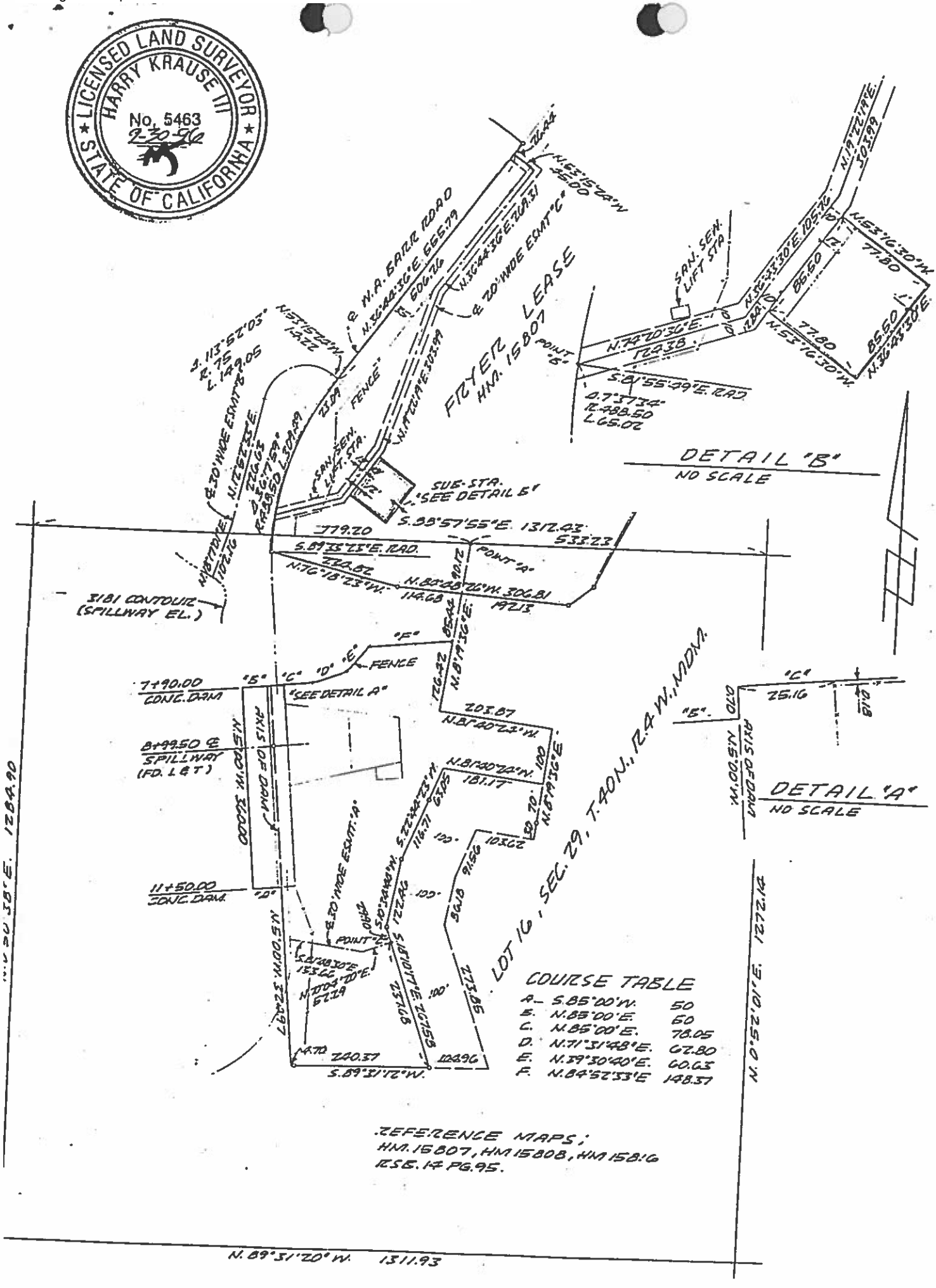
THENCE N. 19°22'19" E. 303.99 feet;

THENCE N. 36°44'36" E., 269.31 feet;

THENCE N. 53°15'24" W., 45.00 feet to the west line of the hereinabove first described parcel and the terminus of said described centerline.

ALL AS SHOWN ON ATTACHED MAP, WHICH IS MADE A PART HEREOF.

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This instrument is a correct copy of the original on file in this office.
ATTEST: 9-14-93
LISA CHANDLER
County Clerk and ex-officio Clerk of the Board of Supervisors in and for the County of Siskiyou.
By Denise Bennett
Deputy

FIRST ADDENDUM TO LEASE AGREEMENT

THIS FIRST ADDENDUM TO LEASE AGREEMENT made and entered into this 16th day of August, 1993, by and between FRYER & SONS, a California general partnership, hereinafter referred to as Lessee, and SISKIYOU COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, hereinafter referred to as Lessor, pursuant to that certain Lease Agreement dated May 11, 1992.

WHEREAS, a written Lease dated May 11, 1992, was executed between Fryer & Sons, a California General Partnership, therein referred to as "Fryer," as Lessee, and Siskiyou County Flood Control and Water Conservation District, therein referred to as "District," as Lessor; and,

WHEREAS, said Lease was assigned pursuant to that certain Assignment of Lease dated March 10, 1993, wherein Fryer & Sons assigned to Siskiyou Lake Golf Resort, Inc., hereinafter referred to as Lessee, with the consent of Siskiyou County Flood Control and Water Conservation District, hereinafter referred to as Lessor; and,

WHEREAS, trees on parcels of both the Lessor and the Lessee had to be severed in order to construct the improvements contemplated by this Lease; and,

WHEREAS, the drafters of the Lease were not made aware during the Lease negotiation and drafting that merchantable timber was to be severed; and,

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WHEREAS, some of the trees severed were of merchantable quality; and,

WHEREAS, the Lessee did sell the merchantable timber without the consent of the Lessor, but after having a timber harvest plan executed by a representative of the District; and,

WHEREAS, a dispute did arise as to who should be entitled to the net proceeds realized from the sale of the said merchantable timber attributable to the Lessor's premises; and,

WHEREAS, the parties hereto are desirous of amicably resolving such dispute in a manner which is calculated to increase the recreational facilities to be constructed on District property pursuant to this Lease; and,

WHEREAS, assets of the District are properly used for the enhancement of recreational opportunities on District owned property,

NOW, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES AGREE AS FOLLOWS:

1. Lessee shall construct two additional standard tennis courts in accordance with plans and specifications approved by District and acceptable to District on District owned property and at a location acceptable to District. Said additional tennis courts shall be completed on or before July 1, 1994. These two tennis courts shall be in addition to the two tennis courts being constructed presently, which shall

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make a total of at least four standard quality tennis courts on the leased premises.

2. During the term of this Lease, the said tennis courts shall be open to the public and available for use to the public, free of charge, and shall be available to the public on the same terms and conditions as are applicable to patrons, guests, invitees of Lessee, or anyone else using the leased premises and the courts. The said courts shall be well maintained by the Lessee for use for its intended purpose throughout the term of this Lease.

3. At the expiration of the Lease, the said tennis courts shall become the property of the District and shall be in good maintenance and repair.

4. This settlement is a compromise of the above mentioned dispute and shall not be treated as an admission of liability by any party for any purpose.

5. All timber rights, of every kind and character, in the leased premises, are reserved to District at all times during the term of this Lease. Should Lessee's operation result in the cutting of any merchantable timber, then all proceeds from the sale thereof shall be the property of District.

6. All rights in all minerals, oil, gas, and other hydrocarbons located on or under the leased premises are particularly reserved to District and are particularly excepted

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from the property covered by the terms of this Lease.

WHEREFORE, the parties hereto have hereunto set their hands the day first above written.

LESSEE:

FRYER & SONS, a California General Partnership

By _____
Managing General Partner

ASSIGNEE:

SISKIYOU LAKE GOLF RESORT, INC.
A California corporation

By _____
President

LESSOR:

SISKIYOU COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By _____
Chairman

ATTEST:

_____
Secretary

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Name's copy

This instrument is a correct copy of the original on file in this office.
ATTEST: May 14, 1992
LISA CHANDLER
County Clerk and ex-officio Clerk of the Board of Supervisors in and for the County of Siskiyou.
By Sherrie Bennett
Deputy

LEASE AGREEMENT

SISKIYOU COUNTY FLOOD CONTROL

and

WATER CONSERVATION DISTRICT

and

FRYER & SONS

May 4, 1992

Sent copy to Brad Bailey at resort 2/25/99

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LEASE AGREEMENT

THIS AGREEMENT is made and entered into this 11th day of May, 1992, by and between the SISKIYOU COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, hereinafter referred to as "District," and FRYER & SONS, a California general partnership hereinafter referred to as "Fryer."

W I T N E S S E T H

WHEREAS, District has solicited proposals of individuals and entities interested in providing for the development of the property described herein, including the publication by District of a request for proposed (RFP); and

WHEREAS, Fryer submitted a proposal to District in response to said request; and

WHEREAS, no other proposals were received in response to the District's solicitation; and

WHEREAS, District has reviewed the proposal of Fryer and has determined that it is consistent with the RFP and believes that the proposal of Fryer is advantageous to the needs of District; and

WHEREAS, Cal Trout, Inc., a California corporation, has filed a Complaint in the Superior Court of California, County of Siskiyou, Case Number 46225, entitled Cal Trout vs. County of Siskiyou requesting that certain easements be provided for the public; and

WHEREAS, as a part of the consideration set forth hereinafter, Fryer and District have entered into a settlement, the details of which are set forth hereinafter, by the terms of

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which Cal Trout, Inc., shall file a Dismissal With Prejudice of the subject Complaint upon the execution of this Lease Agreement; and

WHEREAS, the parties hereto wish to enter into a lease agreement for the parcel of real property described in Exhibit "A" attached hereto; and

WHEREAS, the real property described in Exhibit "A" attached hereto is subject to the terms and conditions of a Davis-Grunsky Act Agreement between District and the State Department of Water Resources, dated September 2, 1966, as amended, ("DWR Agreement"); and

WHEREAS, Siskiyou County has issued Use Permit No. 91-17 authorizing construction and operation of the facilities proposed by Fryer.

NOW THEREFORE, it is agreed as follows:

1. Property Leased. For and in consideration of the payments of the rents and other charges and performances of all of the covenants and conditions of this Lease, District hereby leases, for those limited purposes set forth herein, to Fryer that certain real property situated in the State of California, County of Siskiyou, more particularly described in Exhibit "A" attached hereto, hereafter sometimes referred to as the "leased premises".

2. Rights Granted Subject to Other Interest. The leasehold created by this Lease is subject to all of the covenants, conditions, restrictions and exceptions of record or appurtenant. Nothing herein shall be interpreted to grant Fryer any rights in the leased property which exceed those owned by District, nor

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shall any rights created herein deprive District of any rights of ingress to and egress from District Property nor require the providing by District of available sewage disposal capacity or other utility capacity to Fryer (hereafter collectively referred to as "utility capacity") and District reserves to itself those rights necessary to assure itself proper ingress and egress and adequate utility capacity, and District shall incur no liability to Fryer for any actions undertaken pursuant to exercise of the rights herein. Any additional utility capacity required by the improvements occasioned by this Lease shall be the sole responsibility of Fryer. District further reserves the right to construct and maintain hiking and equestrian trails for public use on or about the leased premises to the extent the District, Fryer and Cal Trout, Inc., determine said trails will not interfere with or disrupt Fryer's operation under this Lease. The hiking and equestrian trails are more particularly described in Exhibit "B-4" attached hereto. Any further increase in said trail network, located on the demised premises, shall require the specific written consent of Fryer and District.

This lease is also subject to a right of ingress and egress reserved by the District for the purpose of maintenance, repair and replacement of an existing sewer line and sewer lift station, piezometers and monitoring wells for the Department of Water Resources. In the event that District shall be required to perform any such maintenance, repair or replacement of the said sewer line, sewer lift station, piezometers or monitoring wells, District shall carry out such maintenance, repair and replacement

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so as to not unreasonably interfere with the operation of the golf course and shall return the surface of the ground to its condition prior to the commencement of such maintenance, repair or replacement by District, all at no cost to Fryer.

(1) With regard to the Golf Course Layout, the following specific modifications shall be made:

a. The southern boundary of the tee of Hole #4 shall not extend any further south than 110 feet from the southwestern corner of the existing sewage pumphouse.

b. The southern boundaries of the fairway and green of Hole #4 and the southeastern boundaries of the tee and obstacle of Hole #5 shall not extend any closer than 15 feet from the edge of the terrace which contains Road "A", except where Road "B" intersects Road "A", in which case fill material may be placed to restore the original grade of the terrace; all native vegetation within this setback shall be retained as screening for safety and aesthetic purposes.

c. The southwestern edge of the landscaped portion of the fairway of Hole #5 shall not extend further southwest than the southwestern edge of the terrace containing Road "C" unless the ravine separating the terrace containing Road "C" and the terrace containing Road "A" is filled, in which case the toe of the fill shall not extend any closer than 100 feet from the proposed trail route in the vicinity of this ravine and the fill slope shall be contoured and replanted with native vegetation in such a way as to appear natural.

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d. The southwestern boundary of the green of Hole #12 shall not extend further southwest than 15 feet from the southwestern edge of Road "D" (which is equivalent to 25 feet northeast of Control Stake #3091); the large trees and other native vegetation between the southwestern boundary of the green of Hole #12 and the proposed trail route shall be retained as screening for safety and aesthetic purposes.

e. The southern boundaries of the green and fairway of Hole #12 shall not extend further south than the southern edge of Road "E" and 25 feet from the southern edge of Road "F".

f. The tee of Hole #12 and the green of Hole #13 shall be located on the same terrace, and their southern boundaries shall not extend further south than 15 feet north of the southern edge of the terrace; all native vegetation within this setback shall be retained as screening for safety and aesthetic purposes.

g. During final on-the-ground layout of Holes 4, 5 & 12 and the trail route, representatives of Fryer, the County of Siskiyou, Cal Trout, the California Department of Fish and Game and the Mount Shasta Trail Association shall be present to ensure adequate setbacks consistent with the purposes set forth hereinbefore.

h. The general specifications of the Golf Course are set forth in Exhibit "B-1" attached hereto.

i. The Clubhouse, Pro-Shop, Restaurant and Bar required to be built and developed by Fryer are set forth in Exhibit "B-2" attached hereto.

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(2) With regard to the Chalet Locations, the following specific modifications shall be made:

a. Chalets 2, 11 and 15 shall be relocated as determined in the field on October 25, 1991, and as represented on the attached revised chalet location map.

b. During final on-the-ground layout of Chalets 2, 11 and 15, representatives of Fryer, the County of Siskiyou, Cal Trout, the California Department of Fish and Game and the Mount Shasta Trail Association shall be present to ensure adequate setbacks consistent with the purposes set forth hereinbefore.

c. The Chalets required to be built and developed by Fryer are set forth in Exhibit "B-3" attached hereto.

d. The network of trails referred to hereinabove as they cross over the demised premises, are set forth in Exhibit "B-4 " attached hereto.

3. Use. Fryer agrees to use the leased premises for development of recreational facilities, services, and short-term rental chalets on the leased premises which are compatible with District's use of the land and restrictions on District's use of the land. All development shall be subject to prior approval of District and shall not commence without such approval of District and Siskiyou County and any commencement of work or construction of structures prior to said approval shall be subject to removal of same by District, at Fryer's expense, and shall be grounds for termination of this Lease by District. In addition, the property which is subject to this Lease is subject to a contract between District and the State of California, Department of Water

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Resources ("DWR Agreement"), and all matters pursuant to this Lease shall be subject to the applicable terms and conditions of the DWR Agreement. District will cooperate with Fryer in requesting, processing and receiving any necessary authorizations and/or entitlements to proceed required under the DWR Agreement and /or required by the California Department of Fish and Game.

Fryer recognizes that the real property which is the subject of this Lease is within the Box Canyon Dam Project and that the property is held in trust by the District for the primary purpose of public recreation and fish enhancement and therefore, Fryer agrees to operate such leased premises subject to such trust and to comply with the requirements of the California Department of Water Resources, the California Department of Fish and Game, and in a manner so as not to unreasonably interfere with the operation and maintenance of the existing dam and hydroelectric generating facilities and/or transmission facilities at the site of Box Canyon Dam.

This Lease may constitute a division of land under the Subdivision Map Act. If it is so determined, the entire cost and obligation of processing any land division matter shall be the sole responsibility and expense of Fryer. District shall cooperate with Fryer in expediting the processing of any subdivision entitlement which may be deemed to be necessary, but the District shall not be responsible if said land division is denied, but its sole obligation shall be to excuse Fryer from performance hereunder.

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4. Term of Lease: The term of this Lease shall be for forty (40) years commencing on the 12th day of May, 1992, and ending on the 11th day of May, 2032. At the expiration of the term of this Lease, District shall proceed pursuant to the appropriate Request for Proposals/Bidding Procedure, if it shall choose to once again lease the property, but the District shall be under no obligation to continue the uses authorized herein.

5. Holding Over: In the event Fryer shall hold over after the term herein provided, such holding over shall be a tenancy from month to month and shall otherwise be governed by the same conditions and covenants as contained in this Lease.

6. Construction of Improvements by Fryer: As more particularly set forth in Exhibit "C" attached hereto, Fryer undertakes and agrees to cause to be designed and constructed upon the leased premises at least nine (9) holes of an eighteen (18) hole championship caliber golf course, or if lands of Fryer are needed to construct said nine holes, Fryer agrees to deed in fee simple to District, at no cost, that additional property and golf holes to provide the District with a stand-alone nine hole golf course, but it is understood that up to nine holes and certain appurtenant facilities will not be constructed on leased premises. Fryer shall further provide a permanent easement to District authorizing access to and use of the water supply and distribution facilities serving the golf course facility on District property. The said eighteen hole golf course to be built by Fryer pursuant to this Agreement shall include a driving range, a multi-purpose clubhouse as a meeting and mini conference center (which multi-

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purpose clubhouse shall be so designed and contain at least 14,000 square feet, comfort stations for the convenience of both male and female patrons, paved parking of at least ten (10) vehicles per golf hole, and to otherwise conform with the requirements of public jurisdictions for golf courses and associated facilities, and such other facilities as are required to develop, maintain and operate an economically viable golf course and mini conference center consistent with customs and practices of comparable recreational facilities. In addition, Fryer shall have the right and duty to construct and develop short-term occupancy residential units, within the time frame set forth in paragraph 12 hereof, hereinafter "chalets", which chalets must be located and designed, built and maintained as approved by District in writing. One-half such chalets are limited to short-term occupancy for periods not to exceed fourteen (14) consecutive days, and the remaining one-half of the chalets are limited to short-term occupancy for periods not to exceed thirty (30) days, with all chalet rental pricing to be subject to reasonable approval of District and to be reasonable and typical of pricing for similar facilities within the District. At the end of any fourteen (14) day occupancy period, or at the end of any thirty (30) day occupancy period, if the available chalets exceed the reservations, then Fryer may extend the occupancy for the same or any other chalet for an additional fourteen (14) day period or thirty (30) day period, as appropriate. Fryer shall be limited to one such consecutive extension of the occupancy period for each chalet for each renter. Fryer shall establish and enforce a policy, subject to the

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District's approval, that ensures that such chalets are made available to the public without favoritism or discrimination. The said golf course, multi-purpose clubhouse/mini conference center and associated golf facilities shall be constructed, completed and operational before construction of the chalets may be commenced unless otherwise agreed to in writing by District. Upon completion, all recreational improvements shall be operated to guarantee access to all members of the public at reasonable times and at reasonable prices, which access and price structure shall be subject to approvals of District.

All improvements constructed or installed by Fryer within the leased premises shall be constructed in strict compliance with plans and specifications which have been approved by District and shall be constructed within the time limits provided in this Lease. All improvements constructed or installed within the leased premises must, upon completion, be free of all liens, claims or liability for labor or materials.

All improvements of Fryer shall be subject to the normal permit process of Siskiyou County.

Fryer shall comply with all mitigation measures and conditions of approval of entitlements as set forth in Use Permit No. 91-17 issued by the Siskiyou County Board of Supervisors.

7. Ownership of Improvements: All improvements located upon the leased premises shall become the property of District at the expiration of the lease term or upon earlier termination of this Lease without cost to District. As hereinafter provided,

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Fryer shall, if necessary, convey to District upon the completion of construction, at no cost, sufficient real property to guarantee a reasonably configured and usable nine hole golf course which will exist exclusively on District property. Fryer shall also, at the time, grant, by easement deed, a right of use to District to access and utilize the water system serving the golf course located on District property.

8. Hazardous Materials:

A. Definition. For purpose of this Agreement, the term "Hazardous Substance" means any (a) substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. ("RCRA"); Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.; the Clean Water Act, 33 U.S.C. Section 1251, et seq.; the California Hazardous Waste Control Act, Health and Safety Code Sections 25100, et seq.; the California Hazardous Substance Account Act, Health and Safety Code Sections 25330, et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Sections 25280, et seq.; California Health and Safety Code Sections 25280, et seq. (Underground Storage of Hazardous Substances); the California Hazardous Waste Management Act, Health and Safety Code Sections 25170.1, et seq.; California Health and Safety Code Sections 25501, et seq. (Hazardous

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Gross annual income shall not include federal, state, municipal or other taxes collected from the consumer; regardless of whether the amount thereof is stated to the consumer as a separate charge or not (and paid periodically by Fryer to a government agency, accompanied by a tax return or statement; but the amount of such taxes shall be shown on the books and records elsewhere herein required to be maintained in order to verify said amounts).

(c) For each of the calendar years 1994, 1995, 1996, 1997 and 1998, Fryer shall be granted a credit against the minimum rental payment, in the sum of Ten Thousand and no/100 Dollars, ($10,000.00), which shall be credited at the rate of Five Thousand and no/100 Dollars, ($5,000.00), each, against the semi-annual payment to be made by Fryer on March 31 and September 30, as set forth in paragraph 14 hereof, in consideration of the extinguishment and conveying to the Siskiyou County Flood Control and Water Conservation District of the First Right of Refusal set forth in that certain Lake Siskiyou Campground Concession Agreement dated January 6, 1969.

15. Sewer Connections and Rates: Any and all sewer connections and lines which Fryer shall require to adequately service the leased premises and their contiguous privately owned parcels of real property shall be constructed and maintained at Fryer's sole cost and expense and in accordance with the State of California standards and shall be inspected for compliance with such standards by the Siskiyou County Department of Public Works. All sewer lines which connect to the sewer line of District shall

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Materials Response Plans and Inventory); or the California Porter -Cologne Water Quality Control Act, Water Code Sections 1300, et seq., all as amended, (the above-cited California state statutes are hereinafter collectively referred to as "the State Toxic Substances Laws") or any federal, state or local statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards or conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect, (b) any substance, product, waste or other material or any nature whatsoever which may give rise to liability under any of the above statutes of under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court, (c) petroleum or crude oil other than petroleum and petroleum products contained within regularly operated motor vehicles, and (d) asbestos.

B. In connection with the lease of the property by Fryer, (a) Fryer agrees and acknowledges that he has had an opportunity to investigate the property and its environs for the presence of any hazardous substance; (b) any and all reports, studies, analyses, estimates, maps, drawings, materials, etc., delivered by District to Fryer as an accommodation and not with the intent that such items be relied upon Fryer, except to the extent that Fryer has independently confirmed the validity of such items; and (c) Fryer's decision to enter into this lease is based upon the investigation, study and analysis of the property made by Fryer or

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its agents and/or independent contractors, and not upon oral or written statements or representations of District. It is expressly understood by Fryer and District that all statements and representations made by District which are not included in this Agreement (a) are intended by District to be made as an accommodation to Fryer in District's investigation and not in lieu of Fryer's investigation; and (b) are not to be relied and acted upon by Fryer.

C. Fryer shall not permit, authorize, or suffer at any time herein relevant the presence, use, manufacture, handling, generation, storage, treatment, discharge, release, burial or disposal on, under or about the property of any hazardous substance, or the transportation to or from the property of any hazardous substance, except as set forth in Exhibit "E". In the event that Fryer shall make use of any Hazardous Material, not set forth in Exhibit "E", Fryer shall secure the prior written consent of District to such use. Upon receipt of such written request, District shall, within a reasonable period of time, provide Fryer with a written response to such request. District shall not unreasonably withhold its consent to the use of such requested Hazardous Material.

D. Fryer agrees, in addition to those obligations imposed upon it pursuant to Section 26 herein, to indemnify, defend with counsel selected by District, protect and herein hold harmless District, its directors, officers, employees, agents, assigns, any successor or successors to District's interest in the property from and against all claims, actual damages (including but not

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limited to special and consequential damages), punitive damages, injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties and expenses of any kind whatsoever paid, incurred or suffered by, or asserted against, the property or any indemnified party directly or indirectly arising from or attributable to (a) any breach by Fryer or any of its agreements, warranties or representations set forth in this lease, or (b) any repair, cleanup or detoxification, or preparation and implementation of any removal, remedial, response, enclosure or other plan concerning any hazardous substance on, under or about the property, regardless of whether undertaken due to governmental action.

Notwithstanding the foregoing, the indemnification set forth in this Paragraph 8D shall not apply to Hazardous Materials, if any, existing as of the execution date of the lease, on the leased premises described in Exhibit "A".

9. Acceptance of Premises and Maintenance Thereof: Fryer has examined the leased premises and except for the "Dump Site" more particularly described in Exhibit "F" attached hereto and any Hazardous Waste located upon the leased premises on the date of this Lease Agreement, accepts the leased premises in an "as-is" condition. Fryer agrees, throughout the term of this Agreement, to keep and maintain at Fryer's own and sole cost and expense the leased premises and equipment and facilities in a safe and proper condition and state of maintenance. Upon termination of this Lease, Fryer shall yield up the leased premises to District in

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good condition and repair, subject to normal wear and tear. In connection with said maintenance, it is agreed that Fryer shall not be obligated to clean up or otherwise improve the old dump site described in Exhibit "F" hereto.

10. Diligent Pursuance of Entitlements: Fryer shall diligently pursue, at its sole expense, all steps in developing the project, including, but not limited to, preparing and submitting all legally required necessary applications and reports for all entitlements legally required.

11. Review of Financing: All agreements, indentures and other documentation required for financing of Fryer's performance on the leased premises hereunder shall be available for review by District, prior to financing. Said review shall be performed by District within a reasonable time. Review of said financing by District is for the sole purpose of informing District of the terms thereof and said review by District shall not in any way be deemed to require or constitute any approval of any of the terms or conditions thereof, or otherwise construed to make District a party to any such financial agreements.

12. Commencement and Completion of Construction: On or before thirty (30) days from the execution of this Lease Agreement, Fryer shall file a completed application for a building permit with the Siskiyou County Department of Public Works and shall diligently pursue the issuance of said building permit. Fryer may not commence construction prior to the deposit with the District of the certificates of deposit set forth hereinafter. Fryer shall start construction no later than sixty (60) days from

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the date of issuance of a building permit, and diligently proceed to complete construction and shall complete the golf course, multi-purpose clubhouse, and related facilities for golf course operation and be in operation by September 30, 1993. Fryer shall commence construction of the sixty (60) chalet maximum, no later than June 30, 1994. Chalets will be constructed in phases, with a separate building permit for each phase. All chalets must be completed no later than December 1, 1996, with a first phase minimum of fifteen (15) units completed on or before June 30, 1995.

In the event that Fryer shall determine that sixty chalet units are not commercially feasible, after completion of the first fifteen (15) chalet units, Fryer and District shall meet and confer and shall mutually determine the number of additional chalet units to be required of Fryer to be built. If Fryer has not commenced construction within the time parameters set forth hereinbefore and/or is not diligently proceeding in accordance with the said time parameters, District may, in its sole discretion, terminate this Lease Agreement.

Contemporaneously with the issuance of a building permit, but on or before May 14, 1992, Fryer shall provide District with certificates of deposit in a financial institution acceptable to District, irrevocably assigned to District and placed in the possession of District. Said certificates of deposit shall be equal to 150% of the construction cost, as estimated by District, of each phase of the recreational facilities to be constructed on District Property, as set forth hereinafter, but in no event less

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than One Million Five Hundred Thousand Dollars, ($1,500,000.00); shall provide that all of the interest earned thereon shall be paid to the depositor; that the certificates of deposit shall be reassigned to the depositor upon written confirmation from the District of satisfaction of the terms and conditions set forth hereinbefore and hereinafter; shall provide that upon the default of the conditions for which said certificates of deposit have been deposited with District, that District shall have the sole right to possession of said certificates of deposit, including the right to redeem, before or at maturity, said certificates and to retain the proceeds thereof for completion of the work. Fryer shall take such steps with regard to the security deposit so as to do all that is legally appropriate to put security beyond the reach of bankruptcy proceedings so that District's ability to utilize the security to complete any necessary improvements is not impeded.

Prior to the issuance of a building permit for a phase of construction on the leased premises, Fryer shall provide to the Department of Public Works of the County of Siskiyou, an application for such building permit and a cost estimate of construction for which a building permit is being requested. Prior to the issuance of such building permit, the Department of Public Works shall determine the reasonableness of the filed estimate of cost and shall further determine that the amount of certificates of deposit then held by the District is equal to or greater than 150% of such estimated cost. Upon such determination and upon completion of the requirements of the Department of

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Public Works for a building permit, the Department of Public Works shall issue its building permit.

In the event that construction of a succeeding phase overlaps completion of a phase, the District, in its sole discretion shall determine the amount of security not necessary for the preceding phase that may be credited to the succeeding phase.

Fryer shall provide, directly or through a licensed contractor a one (1) year warranty against defects in materials and workmanship on the chalets and other improvements on the leased premises which warranty will be secured by a cash bond, performance, labor and material bond acceptable to District, or other form of security acceptable to District, equal to one hundred percent (100%) of the cost of the labor and materials for the chalets and mechanical operable improvements. All warranties shall be in the name of both Fryer and the District or assignable to the District.

13. Labor and Materials: Fryer will pay for all labor, materials, utilities, supplies, machinery, equipment, tools, superintendence, inspection and other accessory services necessary to complete construction of the project in accordance with the approved plans and specifications. District will not be responsible for nor be required to contribute any monies, labor, materials or services whatsoever in connection with said construction, and Fryer will conduct adequate inspection and material and performance testing to assure District as to the final quality of the work.

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Improvements constructed on the leased premises may constitute a Public Works Project and Fryer shall be responsible for complying with all prevailing wage requirements (Labor Code Section 1775, et seq.) and other construction requirements as may be applicable to public works projects. Fryer is familiar with the required level of prevailing wage and waives notice and posting by District of the actual level of Prevailing Wages to be paid.

District shall have the right and opportunity at all reasonable times to inspect the construction activities to ensure itself of the quality of the work.

Fryer will give District at least five (5) working days' notice prior to mobilization of equipment and materials at the leased premises in preparation for the commencement of construction and shall keep District fully informed of its construction schedule and any changes in that schedule. Fryer will submit monthly progress reports to District.

No activity of Fryer on the leased premises shall in any way unreasonably impair the activities of the District on its remaining adjacent property and its operations.

14. Rent: On January 2, 1993, Fryer shall pay to District, $10,000.00 for rent for the period January 1, through December 31, 1993. On each succeeding March 31 and September 30, Fryer shall pay District $15,000.00 as minimum rent. Commencing January 1, 1994 and for each succeeding calendar year, Fryer shall pay, as additional rent, two percent (2%) of gross annual receipts from green fees, cart rentals, golf lessons, driving range, pro shop,

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all other golf related activities and chalets, excluding all food and beverages occurring both on and off the leased premises herein, which premises are described in Exhibit "A" attached hereto, to the extent that such 2% exceeds the minimum rent. Said overage shall be paid to District on or before February 15, of each succeeding year. Commencing January 1, 2012 and each succeeding calendar year, the additional rent shall be increased to 3% of the gross receipts to the extent that the 3% exceeds the minimum rent.

(a) The minimum annual rental provided in this paragraph shall be subject to adjustment at the expiration of every five years of this Lease Agreement and every five years thereafter to reflect the change in the Consumer Price Index for all Urban Consumers, U.S. Cities Average, published by the United States Department of Labor, Bureau of Labor Statistics, Washington D.C. (or any successors thereto) with the base index being the index published in the first month of the term of this Lease. Beginning on each fifth anniversary of the commencement of the term of this Lease, Fryer shall pay to District that monthly installment that equals the rental payable as set forth above adjusted by multiplying the said rent by one-half of the change in the aforesaid CPI. No adjustment shall be made which would reduce the rent at any time below the rent payable at the beginning of this Lease. In any event, Fryer shall be granted credit for the adjusted minimum rent.

(b) As used herein, the term "gross annual receipts" shall include all money, cash, receipts, assets, property or other things of value included but not limited to gross charges, sales,

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rentals, fees, and commissions made, or earned, and all gross sums received by Fryer, its subtenants, assignees, or successors in interest, when collected or accrued, from the businesses set forth in paragraph 14 hereof and the use or occupation, or any combination thereof, originating, transacted or performed, in whole or in part, including, but not limited to, rental, the rendition or supplying of services, and the sale of goods, wares, or merchandise, coin machines or devices of any nature; less sales and excise taxes applicable thereto, required to be collected by Fryer, its subtenants, assignees or successors in interest in connection with the rendering or supplying of services, goods, wares or merchandise. It is understood that gross annual income includes all income from the subject operations performed on the premises, including all sales and rentals derived therefrom, even though a portion of said facilities is not located on land leased from the District.

There shall be no deduction from gross annual income of any overhead or expense of operation, such as, but without limitation to salaries, wages, cost of goods, advertising, interest, debt amortization, discount, collection, sales expenses, insurance and real property taxes, except as specifically provided for herein.

Gross annual income shall include the amount of any manufacturer's or importer's excise tax included in the prices of any property or materials sold, even though the manufacturer or importer is also the retailer thereof; and it is immaterial whether the amount of such excise tax is stated in a separate charge or not.

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Gross annual income shall not include federal, state, municipal or other taxes collected from the consumer; regardless of whether the amount thereof is stated to the consumer as a separate charge or not (and paid periodically by Fryer to a government agency, accompanied by a tax return or statement; but the amount of such taxes shall be shown on the books and records elsewhere herein required to be maintained in order to verify said amounts).

(c) For each of the calendar years 1994, 1995, 1996, 1997 and 1998, Fryer shall be granted a credit against the minimum rental payment, in the sum of Ten Thousand and no/100 Dollars, ($10,000.00), which shall be credited at the rate of Five Thousand and no/100 Dollars, ($5,000.00), each, against the semi-annual payment to be made by Fryer on March 31 and September 30, as set forth in paragraph 14 hereof, in consideration of the extinguishment and conveying to the Siskiyou County Flood Control and Water Conservation District of the First Right of Refusal set forth in that certain Lake Siskiyou Campground Concession Agreement dated January 6, 1969.

15. Sewer Connections and Rates: Any and all sewer connections and lines which Fryer shall require to adequately service the leased premises and their contiguous privately owned parcels of real property shall be constructed and maintained at Fryer's sole cost and expense and in accordance with the State of California standards and shall be inspected for compliance with such standards by the Siskiyou County Department of Public Works. All sewer lines which connect to the sewer line of District shall

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be four (4) inches or less. In the event District's systems are used by Fryer for sewer service, Fryer shall pay District hookup fee of $_____for sewer hookup and $_____per year for sewer service for the first three years of this Agreement. District retains the right to reevaluate the rates annually and may set new rates for such sewer services directly attributable to its increased cost to provide said service, which shall be paid by Fryer after the first three years of this Lease Agreement.

District shall not be required to provide potable and/or irrigation water, nor does it warrant the availability of capacity in its water system to serve the leasehold uses. It shall be Fryer's sole responsibility to ascertain the availability, adequacy of capacity, or right to attach or to be served by any utility in the area.

If Fryer needs to contract with the concessionaire at the Lake Siskiyou Campground, Lake Siskiyou Mutual Water Company, the City of Mt. Shasta, or any other entity or person with regard to sewer, water and any other utilities, Fryer shall be responsible for negotiating any entitlements required and the said entitlements and cost and expenses shall be the sole responsibility of Fryer. All such rights and entitlements shall be transferable to the District by Fryer upon termination of this Lease.

16. Submission and Inspection of Plans: Prior to commencing any work under this Lease, including the golf course, Fryer shall submit plans to the Siskiyou County Department of Public Works for approval. Plans shall be required for any and

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all improvements, including, but not limited to, structures, irrigation systems, water, sewer, restrooms, kitchens, food preparation areas, grandstands, lighting systems, parking lots and access roads. Grading shall be done based upon prior consultation with District representatives and subject to County inspection. All such work performed shall be done in accordance with the plans, specifications and applicable codes and standards approved by the Siskiyou County Department of Public Works.

Further, Fryer shall construct and maintain the leased premises in a manner satisfactory to the State of California Department of Water Resources in accordance with the terms of its consent attached as Exhibit "G".

Fryer shall be responsible for all costs for applicable inspections and plan checks, except inspections by the Department of Water Resources. In the event that the Department of Water Resources shall now, or in the future, bill District or the County of Siskiyou for such inspections, Fryer agrees to pay the billings of the Department of Water Resources and hold the District and the County Siskiyou harmless from the payment thereof.

17. Restriction on Hours of Use: District retains the right to place reasonable restrictions on hours of operation during which the leased premises may be used.

18. Possessory Interest Taxation Notice: Fryer recognizes and understands that this Lease may create a possessory interest subject to property taxation and that Fryer may be subject to the payment of property tax levied on such interest. In accordance with the provisions of the Revenue and Taxation Code, Section

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107.6, payment of all such taxes shall be the sole responsibility of Fryer.

19. Freedom from Liens: Any and all improvements to the leased property shall be done in such a manner so as to ensure that no liens or stop notices shall be filed against leased premises. The work shall be performed by a licensed contractor pursuant to bond, and in any event, only after written consent has been obtained from the District, which consent shall not be unreasonably withheld. All contractors and subcontractors shall be advised that the work on the leased premises is performed for the Siskiyou County Flood Control and Water Conservation District, a public agency, and the contractors shall not have the right to file a lien against improvements on the leased premises or stop notice against District to secure payment for such work.

Fryer shall not suffer or permit any mechanics, materialmen, contractors, subcontractors or other similar liens nor stop orders arising from any work of construction, repair or removal as herein provided, to be enforced against the leased premises and shall defend and indemnify District from any such claims, liens or actions. District shall have the right to obtain copies of release statements from all contractors, subcontractors, and equipment suppliers.

20. Taxes and Liens: In addition to all payments herein provided to be made by Fryer and as additional rental hereunder, Fryer will pay and discharge promptly all taxes, assessments and other governmental charges or levies imposed upon it or upon its income or upon any of its property, real, personal or mixed, or

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upon any part thereof, including these premises (but excluding any taxes imposed on the income of District) as well as all claims of any kind (including claims for labor, materials and supplies) which, if unpaid, might by law become a lien or charge upon its property; provided, however, that Fryer shall not be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and if Fryer shall have set aside in escrow such amount as is adequate with respect thereto.

District agrees to cooperate with Fryer in prosecuting any such contest and, upon request, to execute any documents that may be reasonably necessary for Fryer to perfect such contest. For any fractional tax year at the beginning or end of this Lease, Fryer's obligation hereunder shall be prorated as of the actual date of beginning or end. District may request copies of receipts of all taxes, assessments and other items, required hereunder to be paid by Fryer.

If Fryer fails to pay any taxes, assessments, levies or other governmental charges, in addition to all other remedies District has hereunder, District shall have the right to pay any or all such taxes and charges and to recover reimbursement therefore from Fryer.

21. Records and Accounts: At all times during the lease term, Fryer shall keep or cause to be kept true and complete books, records, and accounts of all financial transactions in the operation of all business activities, of whatever nature, conducted on or from or in connection with the leasehold. The

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records and accounts of such transactions must be supported by appropriate source documents such as sales slips, cash register tapes, purchase invoices, or other pertinent documents.

Complimentary and promotional tickets, admissions or services may be given by Fryer without approval of District so long as such complimentary or promotional tickets, admissions or services do not exceed Two and One-Half percent (2 1/2%) of the gross annual income of Fryer, hereunder. Promotional or complimentary tickets or admissions may be used by Fryer to generate good will, however all such promotional and complimentary tickets, admissions or services shall be offered on a nondiscriminatory basis.

In addition to the issuance of such complimentary and promotional tickets, admissions and services, Fryer shall be permitted to provide its customers with discounts on tickets, admissions, and services, including, but not limited to, AARP and AAA, so long as such discounts are offered on a non-discriminatory basis.

All retail sales and charges shall be recorded by means of cash registers which display to the customer the amount of the transaction and automatically issue accurate receipts. The registers shall be equipped with devices which record cumulative sales totals and provide complete transaction records or with counters which are resettable and which record on tap the transaction number and sales details. Cash register readings shall be recorded at the beginning and end of each business day.

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In the case of green fees and other admission charge or rentals, Fryer shall issue serially numbered tickets for each such fee, admission, or rental paid, and shall keep accurate records of said tickets, both issued and unissued.

Within ninety (90) days after the end of each accounting year of the Lease term, or of any extension of the Lease term, Fryer shall at its own expense submit to District a balance sheet and income statement prepared or audited by a certified public accountant, or upon approval of District, by a bookkeeper acceptable to District, reflecting business transacted on or from the leasehold during the preceding accounting year. The certified public accountant or approved bookkeeper must attest that the balance sheet and income statement submitted are an accurate representation of Fryer's records as reported to the United States of America for income tax purposes. At the same time Fryer shall submit to District a statement certified as to accuracy by a certified public accountant or approved bookkeeper wherein the total gross receipts for the accounting year are classified according to the categories of business established for percentage of rental.

Fryer, at its own expense, shall prepare all records and accounts in accordance with generally accepted accounting standards, and such records and accounts shall be kept and shall be made available for review by District at a convenient location within the limits of the County of Siskiyou.

District shall, by means of its duly authorized agents or representatives, have the right to examine and audit said

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records and accounts at any and all reasonable times for the purpose of determining the accuracy thereof. The cost of said audit shall be borne by District unless the results of the audit reveal a discrepancy of more than five percent (5%) between the rental computations reported by Fryer in accordance with this Lease and the rental computations based upon said audit. In the event the audit reveals more than a five percent (5) discrepancy, the full cost of the audit, as determined by the Auditor-Controller of the County of Siskiyou, shall be paid by Fryer immediately upon receipt of a statement of such cost from District, subject to the right of appeal.

22. Prices of Goods and Services: Prices charged for all goods and services, or combinations thereof supplied at the golf course, chalets, or for other improvements on the leased premises, whether the same are supplied by Fryer or by its sublessees, assignees, concessionaires, or licensees, shall be uniformly charged to all patrons, except as expressly set forth hereinbefore.

District Staff shall have the right at any time and from time to time to review the schedule of prices charged for all goods and services, or combinations thereof, supplied to the public on or from the leasehold. Fryer shall provide a complete list or schedule of such prices upon written request by District.

If upon review the District concludes that any price is not fair and reasonable and so notifies Fryer, Fryer shall have the right to confer with the Board of the District and to present reasons for said price. If after said conference District still

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concludes that said price is not fair and reasonable, Fryer may seek judicial review from the Superior Court of the State of California, in and for the County of Siskiyou.

Pending appeal, the difference in the prices approved by District and the price charged by Fryer shall be held in trust by Fryer pending completion of the appeal. If Fryer shall be successful in such appeal the funds held in trust shall be disbursed to Fryer. If District shall be successful in such appeal the funds held in trust shall be disbursed to District.

23. Operating Hours and Procedures: Operating schedules and operating procedures for each and every separate business activity of Fryer conducted on or from the leasehold shall be designed to make all the services to be provided under the terms of this Lease available to the public to the fullest extent reasonable.

The District shall have the right at any time and from time to time to review said operating schedules and procedures. Fryer shall provide a complete schedule of operating hours and a full description of operating procedures upon written request by District.

If upon review, District concludes that said schedules or procedures fail in any way to assure adequate service to the public and so notifies Fryer, Fryer shall have the right to confer with District and to present reasons for said schedules or procedures. If after said conference District still concludes that said schedules and procedures fail in any way to assure adequate service to the public, Fryer may appeal the decision of the District Board and may seek judicial review from the Superior

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Court of the State of California, in and for the County of Siskiyou.

Pending appeal, operating schedules and procedures approved by District shall be maintained by Fryer. Fryer shall operate and manage the golf course and other services and facilities offered upon or from the leasehold in a prudent and businesslike manner.

Fryer shall at all times retain active, qualified, capable, and experienced personnel to supervise Fryer's operations.

It shall be Fryer's responsibility to ensure that high standards of employee conduct and service are maintained and to take all steps necessary to so ensure to maintain orderly premises.

24. Security Deposit: In addition to the certificates of deposit placed by Fryer as security with District pursuant to the provisions of paragraph 12 hereinbefore, a security deposit in the sum of Ten Thousand Dollars ($10,000.00) shall be provided District by Fryer at the time of submission of this Lease to District for execution. The security deposit shall take one of the forms set out below and shall guarantee Fryer's full and faithful performance of all the terms, covenants, and conditions of this Lease.

a. Cash;

b. The assignment to District of a savings deposit held in a financial institution in Siskiyou County acceptable to District. At the minimum such assignment shall be evidenced by

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the delivery to District of the original passbook reflecting said savings deposit and a written assignment of said deposit to District in a form approved by District; or,

c. A time certificate of deposit from a financial institution in Siskiyou County wherein the principal sum is made payable to District or order. Both the financial institution and the form of the certificate must be approved by District.

d. An instrument or instruments of credit from a financial institution or institutions in Siskiyou County, subject to regulation by the State or Federal government, pledging that funds necessary to secure performance of the lease are held in trust and guaranteed for payment upon demand by District. Both the financial institution(s) and the form of the instrument(s) must be approved by District.

Regardless of the form in which Fryer elects to make such security deposit, all or any portion of the principal sum shall be available unconditionally to District for correcting any default or breach of this Lease by Fryer, its successors or assigns, or for payment of expenses incurred by District as a result of the failure of Fryer, its successors or assigns, to faithfully perform all the terms, covenants, and conditions of this Lease.

Should Fryer elect to assign a savings deposit to District, provide a time certificate of deposit, or provide an instrument of credit to fulfill the security deposit requirement of this Lease, said assignment, certificate, or instrument shall be irrevocable for the term herewith and shall have the effect of

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releasing the depository or creditor therein from liability on account of the payment of any and all of the principal sum to District or order upon demand by District. The agreement entered into by Fryer with a financial institution to establish the deposit necessary to permit assignment or issuance of a certificate as provided above shall allow the payment to Fryer or depositor, interest accruing on account of said deposit(s).

Fryer shall maintain the required security deposit until December 31, 1996, or until completion of construction if earlier. Failure to do so shall be deemed a default of this Lease.

The security deposit shall be rebated, reassigned, released, or endorsed to Fryer or order as applicable, at the end of the described term, provided Fryer has fully and faithfully performed each and every term, covenant, and condition of this Lease required to be completed by December 31, 1996. Such steps shall be taken by Fryer with regard to the security deposit so as to do all that is legally appropriate to put security beyond the reach of bankruptcy proceedings so that District's ability to utilize the security to complete any necessary improvements is not impeded.

25. Insurance: As a condition precedent to the effectiveness of this Lease and in partial performance of Fryer's obligations hereunder, Fryer, at its own expense, shall deliver to District for approval, certified copies of all insurance policies and endorsements which shall be attached to this Lease as Exhibit "D". As a further condition precedent to this Lease, without limiting Fryer's obligation to District under Paragraph 26, "Hold

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Harmless", Fryer shall provide and maintain at its own expense during the term of this Agreement the following policy or policies of insurance covering its operations hereunder. Such insurance shall be secured through a carrier satisfactory to District and evidence of such insurance satisfactory to the District shall be delivered on or before the effective date of this Agreement. Such policies shall specifically identify this Agreement, and shall ensure all risks arising from the activities to be conducted under Siskiyou County Use Permit No. 91-17, and shall contain express conditions that District is to be given written notice at least thirty (30) days in advance of any modification or termination of any policy of insurance. The District, the County of Siskiyou and the State of California shall be included as additional named insured on such policy(ies). All such policies shall contain language to the effect that, (1) the insurer waives the right of subrogation against District and against any and all of District's officials, officers, employees, agents, volunteers, and representatives; and (2) the policies are primary and noncontributing with any insurance that may be carried by District.

A. During the period of any construction on the leased premises, Fryer shall provide or cause its contractors and subcontractors to furnish the following forms and amounts of insurance.

(1) Builders All-Risk Insurance, covering the entire work contemplated by this lease agreement against loss or damage until completion. Insurance shall be in an amount for the

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replacement value of the subject building and improvements and endorsed for broad form property damage, breach of warranty, and explosions, collapse, and underground hazards. Deductibles not exceeding five percent (5%) of the construction cost will be allowed.

(2) Comprehensive General Liability Insurance endorsed for Premises-Operations, Products/Completed Operations, and Contractual Liability, with a combined single limit of not less than One Million Dollars ($1,000,000.00) per occurrence.

(3) Comprehensive Auto Liability Insurance. Endorsed for all owned and non-owned vehicles with a combined single limit of at least One Million Dollars ($1,000,000.00) per occurrence.

(4) Workers' Compensation Insurance. A program of Workers' Compensation Insurance or a state-approved self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers' Liability with Two Hundred Fifty Thousand Dollars ($250,000.00) limits, covering all persons providing services on behalf of Fryer and all risks to such persons under this Agreement.

B. During the term of this Lease, Fryer shall provide the following forms and amounts of insurance, such insurance shall also name the Lender, if any, as an additional named insured.

(1) Real Property Insurance covering all buildings and improvements built by Fryer against loss or damage by fire, lightning, extended coverage, vandalism, malicious mischief and earthquake in an amount equal to replacement value of all the improvements built by Fryer on the leased premises.

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(2) Liability Insurance shall include, but not be limited to, general park premises liability, products and completed operations, and contractual liability, with a combined single limit of not less than One Million Dollars ($1,000,000.00) per occurrence; and property damage endorsed for fire liability insurance for full replacement value for improvements located on the leased premises.

(3) Workers' Compensation Insurance. Fryer shall cover its employees with Workers' Compensation Insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, and which specifically covers the persons and risks involved in this Agreement.

(4) Environmental Impairment Liability Insurance. As Fryer shall not be required to secure Environmental Impairment Liability Insurance, Fryer covenants and agrees that at no time will there be stored on the demised premises, any Hazardous Materials which shall be in excess of the amount reasonably required for use during the succeeding twelve months.

(a) Fryer shall deposit with District, the sum of Five Thousand Dollars, ($5,000.00), on or before January 1, 1993 and an additional sum of Five Thousand Dollars, ($5,000.00) on January 1, 1994, January 1, 1995, January 1, 1996 and January 1, 1997, which sum shall be retained by District to be used by District in the event that a contamination should occur on the demised premises as the result of Hazardous Material stored or used on the demised premises by Fryer. In the event that any of such deposit shall have been used by District, during the term of

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this Lease, Fryer shall replace any of such deposit which shall have been used, at the rate of Five Thousand Dollars, ($5,000.00), per year, until such deposit shall attain the sum of Twenty Five Thousand Dollars, ($25,000.00).

(b) Upon receipt of each deposit, District shall place such deposit in an interest bearing account to the order of District until the total of such account shall have attained the sum Twenty Five Thousand Dollars, ($25,000.00). Thereafter, all interest shall accrue for the benefit of and shall be payable to Fryer, it being the intent of the parties that the maximum amount required of Fryer hereunder, except as amended in sub-paragraph c hereinafter, shall be the sum of Twenty Five Thousand Dollars, ($25,000.00).

(c) Every five (5) years District and Fryer shall meet and determine whether the amount then on deposit with District shall be adequate to cover the reasonably anticipated costs of remediation in the event a Hazardous Material contamination should occur as the result of the storage of Hazardous Material on the demised premises, by Fryer. The amount of such deposit shall be increased, decreased or maintained at its then present amount, upon mutual agreement of the parties. If the parties are not able to mutually agree, the matter shall be determined by judicial review from the Superior Court of the State of California, in and for the County of Siskiyou.

(d) In the event that Environmental Impairment Liability Insurance shall become commercially available, Fryer shall have the option of securing such insurance with companies,

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policies and amounts acceptable to District, naming District as an additional insured on such policy. Upon issuance of such policy, District shall return to Fryer all sums then on deposit with District pursuant to paragraph 25 B(4).

(e) This Paragraph (4) shall not limit, reduce, or otherwise affect Fryer's obligations to defend and indemnify District for damages, claims or liability arising out of or connected with its use or storage of Hazardous Materials on the demised premises.

C. Failure to Procure Insurance. Failure on the part of Fryer to procure or maintain required insurance shall constitute a material breach of contract upon which District may immediately terminate this Agreement, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, and all monies so paid by District shall be repaid by Fryer to District upon demand. All insurance required shall be maintained in force at all times by Fryer. Failure to maintain said insurance, due to expiration, cancellation, etc., shall be cause for the District to give notice to immediately suspend all Fryer's business activities at the facility. Failure to reinstate said insurance within ten (10) days shall be cause for termination and forfeiture of this Agreement.

D. The above insurance requirements are subject to periodic review by the District. District may authorize, but is not required, to reduce or waive any of the above insurance requirements whenever the District, in its sole and unlimited discretion, determines that any of the above insurance is not

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available, is unreasonably priced, or is not needed to protect the interests of the District. In addition, if the District determines that heretofore unreasonable priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the District may, but is not required, in its sole discretion, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the District, inflation, or any other item reasonably related to the District's risk.

1. Any such reduction or waiver for less than the entire term of the lease (including any option periods) must be in writing and signed by the District to be effective.

2. Any such reduction or waiver for the entire term of the lease (including any option periods) and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Lease. Fryer agrees to execute any such amendment within thirty (30) days of receipt. District shall not unreasonably require such amendment.

E. District shall have no liability for any premiums charged for such coverage(s). The inclusion of Siskiyou County or District as additional named insured is not intended to and shall not make them or any of them a partner or joint venturer with Fryer in Fryer's operations.

26. Indemnification and Hold Harmless: Fryer agrees to accept all responsibility for loss or damage to any person, property or entity, including Fryer, and to release, indemnify,

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hold harmless, and defend District, its agents, officers, and employees from and against any and all actions, claims, damages, demands, losses, disabilities, defense costs, or liability of any kind or nature, including attorney's fees and witness fees, that may be asserted by any person or entity, including Fryer, arising out of or in connection with the activities of Fryer, its agents, offices, and employees, and provided for herein, whether or not there is concurrent passive negligence on the part of District, but excluding liabilities due to the sole negligence or willful misconduct of District. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages, or compensation payable by or for Fryer or its agents under workers' compensation acts, disability benefit acts, or other employee benefit acts. Such indemnification and hold harmless shall extend to any claims, actions, or causes of action which may arise from Fryer's or its agents, employees, patrons, or other guests, permittees and invitees use of the leased premises or any activities undertaken in connection with this Lease Agreement.

27. Assigning, Subletting, and Encumbering: Any mortgage, pledge, hypothecation, encumbrance, transfer, sublease, or assignment (hereinafter in this clause referred to collectively as "encumbrance") of the leasehold or any interest therein shall be void unless first approved in writing by District. District shall not unreasonably withhold its consent to such encumbrances. Occupancy of the leased land by a prospective transferee, sublessee, or assignee before approval of the transfer, sublease,

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or assignment by District shall constitute a material breach of this Lease.

Should District consent to any encumbrance, such consent 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 encumbrance hereunder and shall be severally binding upon each and every encumbrance, assignee, transferee, subtenant, or other successor in interest of Fryer.

Any document to mortgage, pledge, hypothecate, encumber, transfer, sublease, or assign the leasehold or any interest therein, shall be subordinate to the lease and shall incorporate directly or by reference all the provisions of this Lease.

District agrees that it will not unreasonably withhold its consent to any encumbrance, but District may withhold its consent at its sole and unlimited discretion if any of the following conditions exist:

a. Fryer or any of its successors or assigns is in default of any term, covenant, or condition of this Lease, whether notice, whether notice of default has or has not been given by District.

b. The prospective encumbrancee has not subordinated its interest to or otherwise agreed in writing to keep, perform, and be bound by all the terms, covenants, and conditions of this Lease.

c. All the terms, covenants, and conditions of encumbrance, including the consideration therefor of any and every kind, have not been revealed in writing to District.

d. The construction required by Fryer as a condition of this Lease has not been completed to the satisfaction of District.

e. The processing fee required by District and set out below has not been paid to District.

(1) A fee of Two Hundred Fifty Dollars ($250.00) shall be paid to District for processing each mortgage, pledge,

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hypothecation, or encumbrance submitted to District for District's consent as required by this Lease. This processing fee shall be paid at the time such mortgage, pledge, hypothecation, or encumbrance is submitted to District for its consent and shall be deemed earned by District when paid and shall not be refundable.

(2) A fee of Five Hundred Dollars ($500.00) shall be paid to District for processing each assignment, transfer, or sublease submitted to District for District's consent as required by this Lease. This processing fee shall be paid at the time such assignment, transfer, or sublease is submitted to District for its consent and shall be deemed earned by District when paid and shall not be refundable, except that there shall be a one-time exemption for a corporate transfer.

Upon Fryer's request, District agrees to execute its written consent to conveyance of Fryer's leasehold interest to a trustee under deed of trust (herein called "trustee") for the benefit of a lender (herein called "beneficiary"), subject to the following covenants and conditions:

f. The leasehold rights conveyed by such trust instruments are limited only to Fryer's interest in the Lease.

g. Such deed of trust and all rights acquired thereunder shall be subject to each and every term, covenant, and condition set forth in this Lease and to all the rights and interests of the District hereunder, except as herein otherwise provided.

h. In the event of conflict between the provisions of this Lease and the provisions of any such deed of trust, the provisions of this Lease shall control.

i. Prior to execution of said consent, Fryer shall furnish to District a complete copy of the deed of trust and note to be secured thereby, together with the name and address of the beneficiary thereunder. No such deed of trust shall be valid or effective unless and until District shall execute its written consent thereto as hereinabove provided.

j. Immediately after recording such deed of trust, Fryer, at Fryer's expense, shall cause to be recorded in the office of the Recorder of Siskiyou County, California, a written request, executed and acknowledged by District, for a copy of any notice of default and any notice of sale under the deed of trust, as provided by statutes of the State of California relating thereto.

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The prior written consent of District shall not be required for:

k. Transfer of the leasehold by reason of foreclosure sale pursuant to terms of a deed of trust to which District has consented, judicial foreclosure of such a deed of trust, or assignment in lieu of foreclosure of such a deed of trust; or

l. Any subsequent transfer by the beneficiary in such deed of trust, if the beneficiary is an established bank, savings and loan association, or insurance company, and is the purchaser at such foreclosure sale.

Provided that in the event of a transfer of the type described in subheadings "k" and "l" next above, the beneficiary gives immediate written notice to District of such transfer. Such notice shall set forth the name and address of the transferee, the effective date of the transfer, and incorporate the express agreement of the transferee to assume and perform all of Fryer's obligations under this Lease. A copy of the document by which such transfer is made shall also be provided to District.

The transferee in a transfer not requiring District's prior written consent shall be liable to perform the obligations of Fryer under this Lease only so long as such transferee holds title to the leasehold. However, a subsequent transfer of the leasehold shall not be made without the prior written consent of District and shall be subject to all the conditions provided herein.

District agrees that it will not terminate this Lease because of a default or breach on the part of Fryer if the beneficiary under any deed of trust to which District has given its consent, within sixty (60) days after service of written notice on said beneficiary by District of its intention to terminate this Lease for such default or breach, shall:

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m. Cure such default or breach if the same can be cured by the payment or expenditure of money required to be paid under the terms of this Lease, or if such default or breach is not so curable, cause the trustee under said deed of trust to commence and thereafter to diligently pursue to completion the steps and proceedings required to exercise the power of sale under and pursuant to the deed of trust as provided by law; and,

n. Keep and perform all the terms, covenants, and conditions of this Lease requiring the payment or expenditure of money by Fryer until such time as the leasehold shall be sold under said power of sale or shall be released or reconveyed thereunder; provided, however, that if the beneficiary of the deed of trust shall fail or refuse to comply with any or all of the conditions of this paragraph, then and thereupon District shall be released from the covenant of forbearance.

28. Compliance with Federal, State and County Laws: Fryer, at its own cost and expense, shall comply with all laws, rules , orders, and ordinances of all federal, state and municipal governments or departments which may be applicable to the leased premises, now and in the future, and shall likewise promptly comply with the Board of Fire Underwriters concerning the premises.

Fryer shall comply with all environmental review requirements of federal, state and county law prior to the construction of any improvements or commencing any operations on the leased premises.

29. Unlawful Use: Fryer agrees that no improvement shall be erected, placed upon, operated, or maintained on the leased land in violation of the terms of this Lease of any regulation, order, law, statute, bylaw, or ordinance of any governmental agency having jurisdiction thereover. No business shall be carried on or conducted upon the leased land in violation of the terms, covenants, or conditions of this Lease, or of any regulation,

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order, law, statute, bylaw, or ordinance of any governmental agency having jurisdiction thereover.

30. Entry and Inspection: Fryer shall permit District and its agents to enter the demised premises at all reasonable times to inspect the premises and for any other reasonable purpose.

31. Obligations on Default: Unless otherwise provided in this Lease, Fryer's heirs, successors, executors, administrators, assigns, subtenants, officers, agents, employees, servants, licensees, visitors, and patrons shall be bound by the terms, covenants, and conditions of this Lease. It shall be Fryer's responsibility to assure that all its obligations under this Lease are fully discharged and satisfactorily performed by whomsoever undertaken and by whomsoever shall exercise any right created by, arising from, or dependent upon the leasehold.

Should there be a default in the performance of any term, covenant, condition, or agreement contained herein, and such default is not corrected within a reasonable time after Fryer receives written notice from District of said default, District may declare this Lease to be terminated. All rights of Fryer stemming from this Lease shall end at the time of such termination.

In the event District shall commence legal action against Fryer claiming breach or default of this Lease and the court sustains District's claim, District shall be entitled to recover reasonable costs of maintaining such action, including attorney's fees, from Fryer.

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32. Default and Remedies: If any of the following events occur and are not remedied, or work to remedy such events has not commenced by Fryer within ten (10) days after notice thereof, District at its option and without further demand or notice, may have any remedy available to it under California law, including termination of this Lease, and suit for recovery of damages, and shall also have the right to use of Fryer's name and to immediate possession of the premises:

a. Fryer fails to pay or discharge when due any money obligation imposed upon it by this Lease.

b. Fryer fails to perform, or cause to be performed, any covenant or obligation to be performed by it by this Lease.

c. Any voluntary or involuntary petition in bankruptcy is filed by or against Fryer and it is not dismissed within thirty (30) days.

d. Fryer makes an assignment for the benefit of creditors.

e. Fryer is adjudged bankrupt or insolvent by any court of competent jurisdiction.

f. A receiver or trustee in bankruptcy or any receiver of the properties of Fryer is appointed in any suit or proceeding brought by or against Fryer.

g. Any facilities on or proceeds derived from the leased premises in accordance with this Agreement are taken, seized or restricted by attachment, garnishment, execution, or other similar process under state law.

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In the event of the occurrence of any of the events listed above, District may, without terminating the Lease, exercise all of the rights and remedies of a landlord under Section 1951.4 of the California Civil Code, or any successor statute.

Should District choose to terminate this Lease pursuant to this paragraph, District shall have all the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code, or any successor statute. The amount of damages which District may recover the event of such termination shall include (i) any money, including rent, unpaid to the time of award, plus interest thereon at the rate of ten percent (10%) per annum from the date of owing to the date unpaid; (ii) all damages and costs reasonably incurred or suffered by District as a result of the default and termination; and (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the lease term after the time of award exceeds the amount of rental loss that Fryer proves could be reasonably avoided.

All rights, privileges and elections of remedies of landlord contained herein are cumulative and not alternative to the extent permitted by law and except as otherwise provided herein.

District, at its option, and without any further demand or notice, may have any remedy available to it under California law, and shall also have the right to use of Fryer's name and to immediate possession of the premises and to operate the premises

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and to deduct all expenses incurred thereby from revenues generated by said facilities.

33. Waiver of Rights: The failure of District or Fryer to insist upon strict performance of any of the terms, conditions, and covenants in this Lease shall not be deemed a waiver of any right or remedy that District or Fryer may have and shall not be deemed a waiver of any right or remedy for a subsequent breach or default of the terms, conditions, and covenant herein contained.

The waiver by District or Fryer of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or of any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by District shall not be deemed to be a waiver of any preceding breach by Fryer of any term, covenant or condition of this Lease, other than the failure of Fryer to pay the particular rental so accepted, regardless of District's knowledge of such preceding breach at the time of acceptance of such rent.

34. Obligation of Fryer on Surrender: On the last day, or sooner, termination of the lease term, without notice or demand from District, Fryer shall quit and surrender the premises in good condition and repair, reasonable wear and tear excepted, including all future improvements located upon the leased premises.

35. Abandonment: If Fryer should abandon the leased land or be dispossessed by process of law or otherwise, ownership of any personal property belonging to Fryer and left on the premises sixty (60) days after the District provides notice of such

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abandonment or dispossession shall be deemed to have been transferred to District. District shall have the right to remove and to dispose of said personal property without liability to Fryer or to any person claiming under Fryer and shall have no need to account therefor.

36. Fryer's Duty to Obtain Appropriate Entitlements: It shall be Fryer's responsibility, at its sole cost and expense to diligently pursue and obtain all necessary permits, licenses, consents, and any and all other applicable entitlements which may be required to construct and operate pursuant to the use permitted by this Lease.

37. District Assistance: District will assist Fryer in obtaining all needed regulatory agency approvals and provide design reviews and other administrative work relating to the project without charging Fryer for these services.

38. Damage to or Destruction of Improvements: In the event of damage to or destruction of improvements located upon the leased land or the leasehold, or in the event improvements located upon the leased land or leasehold are declared by a public entity with the authority to enforce such declaration to be unsafe or unfit for use or occupancy and this Lease is not terminated as provided herein, Fryer shall, within thirty (30) days, if reasonable, commence and diligently pursue to completion the repair, replacement, or reconstruction of improvements necessary to permit full use and occupancy of the leasehold for purposes permitted by this Lease. Repair, replacement, or reconstruction of improvements within the lease land shall be accomplished in a

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manner reasonably acceptable to District and shall be subject to its prior written approval, which approval shall not be unreasonably withheld.

39. Eminent Domain: In the event the whole or any part of the leasehold is condemned by a public entity for a higher public purpose in the lawful exercise of the power of eminent domain, this Lease shall cease as to any portion of the leased land condemned upon the date possession of that portion is taken by the public entity. If only a part of the leasehold is condemned, Fryer shall have the election of:

a. Terminating this Lease and being absolved of obligations hereunder which have not accrued at the date possession is taken by the public entity; except, Fryer shall have the obligation to leave the portion of the leased land not condemned and the flood control facilities therein in the condition and state required by Paragraph 9 (Maintenance) of this Lease; or

b. Continuing to occupy the leased land or its remainder and remaining bound by the terms, covenants, and conditions of this Lease.

Fryer shall give notice in writing of its election hereunder within thirty (30) days after the date possession of the part is taken by the public entity.

Except as hereinafter provided, District shall be entitled to receive and shall receive all compensation for the condemnation of all or any portion of the leased land by exercise of eminent domain. Fryer shall be entitled to that portion of said compensation which is the value of the loss of use of Fryer-constructed improvements for the remainder of the lease term. Fryer and District shall each receive that portion of the award equal to the percentage of the lease term remaining at the time of

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the commencement of the condemnation proceeding. (Example: If there shall be twenty (20) years remaining on the lease term, Fryer shall receive fifty (50%) of the award.) The remainder of the award shall be received by District.

40. Penalty for Failure to Pay When Due: If money payable by Fryer as a condition of this Lease is not paid when due, a penalty of five percent (5%) of the amount due and unpaid shall be added to the amount due and shall be paid by Fryer. A further penalty of five percent (5%) of the amount due and unpaid, including previously assessed penalties, shall be added for each additional month that said amount remains unpaid.

41. Non-Discrimination: Fryer agrees not to discriminate against any person or class of persons by reason of sex, race, color, creed, national origin or as may be required by law. Fryer shall make its facilities and services available to the public on a fair and reasonable basis as required by law.

42. Amendments: This Lease sets forth the entire agreement between District and Fryer and any modification must be in the form of a written amendment.

43. Execution of Documents: The parties agree that they will execute any further instruments and that they will not otherwise inconsistent with the purposes of this Agreement or the obligations of th parties hereunder which are or may become necessary to effectuate and to carry out the purpose of this Agreement. However, in no event will District or Fryer be required to execute any instrument or to perform any act or continue this Agreement if such action imposes any financial or

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administrative burden on District or Fryer not specifically assumed herein or which in any manner requires District or Fryer to alter its facilities or the operations of its system or to amend, modify, or relinquish any of its existing rights.

44. Notices: Notice required by the terms of this Lease shall be considered sufficiently served when given in writing by one party to the other by mailing the same by United States Certified Mail, postage prepaid, addressed as follows:

NOTICE TO DISTRICT: Department of Public Works
305 Butte Street
Yreka, CA 96097

NOTICE TO FRYER: Fryer & Sons
P. O. Box 1449
Mt. Shasta, CA 96067
1000 Siskiyou Lake Blvd
Mt Shasta CA 96067

45. Time: Time is of the essence of this Lease.

46. Binding on Successors: The covenants and conditions herein contained shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

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

SISKIYOU COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

By _____

Docusign Envelope ID: 16A74B57-A16A-88B0-820E-52932F7CE708

ATTEST:
LISA CHANDLER, Clerk

By _____
Deputy

FRYER & SONS, A California
General Partnership

By _____

Docusign Envelope ID: 16A74B57-A16A-88B0-820E-52932F7CE708

LIST OF EXHIBITS

PAGE	EXHIBIT	DESCRIPTION
2	A	DESCRIPTION OF LEASED PARCEL
5	B-1	GOLF COURSE LAYOUT WITH ROADS INCLUDED
5	B-2	CLUBHOUSE, PRO SHOP, RESTAURANT & BAR
6	B-3	CHALET LAYOUT
3	B-4	HIKING & EQUESTRIAN TRAILS
8	C	DESCRIPTION OF COUNTY 9 HOLE GOLF COURSE
33	D	INSURANCE BINDER
13	E	HAZARDOUS SUBSTANCES
15	F	DESCRIPTION OF "OLD DUMP SITE"
24	G	CONSENT OF DEPARTMENT OF WATER RESOURCES

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EXHIBIT "A"

All that certain portion of real property located in the West one-half of Section 28 and the East one-half of Section 29, Township 40 North, Range 4 West, M.D.M.

BEGINNING at a point marked with a 5/8 in. re-bar and 2 in. alum. cap, Siskiyou County Surveyor, from which the Center-West 1/16 corner of Section 28, marked with a 3 in. alum cap on a 2 in. alum. pipe, Siskiyou County Surveyor, bears N. 00° 16' 17" E., 1035.68 feet;

THENCE, West, 494.80 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 81° 53' 33" W., 345.84 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 60° 02' 48" W., 290.02 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 64° 46' 45" W., 117.68 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 47° 20' 14" W., 97.88 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 56° 27' 43" W., 336.95 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 28° 10' 19" W., 154.81 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, S. 55° 06' 54" W., 54.68 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 84° 45' 45" W., 306.81 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 76° 15' 42" W., 234.82 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, northeasterly through a curve concave to the southeast, from a radial bearing of S. 89° 30' 42" E., having a central angle of 36° 17' 59", a radius of 488.50 feet and an arc length of 309.49 feet;

THENCE, N. 36° 47' 17" E., 555.79 feet to a 5/8 in. re-bar and a 2 in. alum. cap, Siskiyou County Surveyor;

THENCE, N. 53° 02' 22" W., 230 feet, more or less, to a line established at an elevation of 3191 feet, U.S.C. & G.S. sea level datum, 1929;

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THENCE, in a northeasterly direction 2030 feet, more or less, along said 3190 foot contour line to a point from which pt. "A", a 5/8 in. re-bar and 2 in. alum. cap, Siskiyou County Surveyor, bears S. 32° 17' 25" E., 400 feet, more or less;

THENCE, S. 32° 17' 25" E., 400 feet, more or less, to said pt. "A";

THENCE, N. 61° 06' 23" E., 481.00 feet;

THENCE, northeasterly through a curve concave to the Northwest, having a central angle of 36° 35' 29", a radius of 512.00 feet and an arc length of 326.98 feet;

THENCE, EAST, 49.70 feet to a Point on the East line of the W1/2 of the NW1/4 of Section 28, from which a 3/4 in. iron pipe, Siskiyou County Surveyor, as shown in Town Map Book 7 at Page 92 of Siskiyou County Records, bears N. 60° 06' 16" E., 0.23 feet;

THENCE, S. 01° 17' 09" W., 1240.39 feet along the East line of the W1/2 of the NW1/4 of Section 28 to the Center-West 1/16 corner of said Section 28;

THENCE, S. 01° 16' 17' W., 1035.68 feet along the East line of the Northwest one-quarter of the Southwest one-quarter of Section 28 to the POINT OF BEGINNING.

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ACORD. CERTIFICAT OF INSURANCE

ISSUE DATE (MM/DD/YY)

AMENDED 04-24-92

PRODUCER

EXHIBIT "D"

FINNEY & BROWN, INC.
P.O. BOX 60189
SACRAMENTO, CA 95860

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

INSURED

FRYER & SONS, A GENERAL PARTNERSHIP
dba: SISKIYOU LAKE GOLF RESORT
SISKIYOU HIGHLAND SUBDIVIDION
P.O. BOX 1449
MT SHASTA, CA 96067

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A — GOLDEN EAGLE INS. CO.
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

COVERAGES

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR. OWNER'S & CONTRACTOR'S PROT.	CCP185395	04-20-92	04-20-93	GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED. EXPENSE (Any one person)	$ 2,000,000 $ 2,000,000 $ 1,000,000 $ 1,000,000 $ 50,000 $ 5,000
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE	$ 1,000,000 $ $ $
	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	$ $
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT DISEASE—POLICY LIMIT DISEASE—EACH EMPLOYEE	 $ $ $
A	OTHER BUILDERS RISK	CCP185395	04-20-92	04-20-93	$1,000,000 LIMIT $2,500 DED.	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

RE: 1/4 MILE EAST HIGHWAY 5, BETWEEN OLD STAGE ROAD & W.A.BARR RD.
MT SHASTA, SISKIYOU COUNTY, CA.
ADDITIONAL INSURED:SISKIYOU COUNTRY FLOOD CONTROL & WATER DISTRICT, STATE OF CALIFORNIA AND THE COUNTY OF SISKIYOU,ITS OFFICALS,OFFICERS EMPLOYEES,AGENTS,VOLUNTEERS AND REPRESENTATIVES OF THE DISTRICT AND COUNTY

CERTIFICATE HOLDER

DEPARTMENT OF PUBLIC WORKS
305 BUTTE STREET
YREKA, CA 96097

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Karen Monfross

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ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY) 05-05-92

PRODUCER

FINNEY & BROWN, INC.
P.O. BOX 60189
SACRAMENTO, CA 95860

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

INSURED

GOLFCO, INC; SUMMERS-ENGEN
CORP; DBA: GOLFCO
P.O. BOX 7750
CHICO, CA 95926

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A — HANOVER
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

COVERAGES

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR. OWNER'S & CONTRACTOR'S PROT.	ZDM 327 11 35	06-09-91	06-01-92	GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED. EXPENSE (Any one person)	$ 2,000,000 $ 2,000,000 $ 1,000,000 $ 1,000,000 $ 50,000 $ 5,000
	AUTOMOBILE LIABILITY X ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS X GARAGE LIABILITY				COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE	$ $ $ $
	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	$ $
	WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT DISEASE—POLICY LIMIT DISEASE—EACH EMPLOYEE	 $ $ $
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

ADDITIONAL INSURED AS RESPECTS SISKIYOU LAKE GOLF RESORT PROJECT

CERTIFICATE HOLDER

FRYER & SONS
P.O. BOX 1449
MT SHASTA, CA 96067

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Karen Monfort

ACORD 25-S (7/90)

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MAY 05 '92 10:13AM FINNEY & BROWN INC P.2

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ACORD. CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)
05-05-92

PRODUCER

FINNEY & BROWN, INC.
P.O. BOX 60189
SACRAMENTO, CA 95860

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

INSURED

GOLFCO, INC; SUMMERS-ENGEN
CORP;DBA: GOLFCO
P.O. BOX 7750
CHICO, CA 95926

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A — TRANSAMERICA
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

COVERAGES

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
	GENERAL LIABILITY				GENERAL AGGREGATE	$
	COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OP AGG.	$
	CLAIMS MADE OCCUR.				PERSONAL & ADV. INJURY	$
	OWNER'S & CONTRACTOR'S PROT.				EACH OCCURRENCE	$
					FIRE DAMAGE (Any one fire)	$
					MED. EXPENSE (Any one person)	$
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	$
X	ANY AUTO					
X	ALL OWNED AUTOS				BODILY INJURY (Per person)	$
X	SCHEDULED AUTOS					
X	HIRED AUTOS				BODILY INJURY (Per accident)	$
X	NON-OWNED AUTOS					
X	GARAGE LIABILITY				PROPERTY DAMAGE	$
	EXCESS LIABILITY				EACH OCCURRENCE	$
	UMBRELLA FORM				AGGREGATE	$
	OTHER THAN UMBRELLA FORM					
	WORKER'S COMPENSATION				STATUTORY LIMITS	
A	AND EMPLOYERS' LIABILITY	WCP80628204	10-01-91	10-01-92	EACH ACCIDENT	$ 1,000,000
					DISEASE—POLICY LIMIT	$ 1,000,000
					DISEASE—EACH EMPLOYEE	$ 1,000,000
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER

FRYER & SONS
P.O. BOX 1449
MT SHASTA, CA 96067

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Karen Marpen

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EXHIBIT "E"

It is the intent in the design, construction, and management of the golf course at Siskiyou Lake Golf Resort to provide for a course of high quality, both in terms of playability and aesthetics, while at the same time INSURING THAT ALL NATURAL SYSTEMS AND RESOURCES, INCLUDING TOPOGRAPHY AND SOILS, SURFACE AND SUBSURFACE WATER, EXISTING VEGETATIVE AND ANIMAL COMMUNITIES, AND OTHER VALUES SUCH AS SCENIC, ARE TREATED AS SENSITIVELY AS IS POSSIBLE.

With that in mind, the following INTEGRATED PEST MANAGEMENT PROGRAM has been developed. It should be noted that since this project has not been built, and in fact is still in the final design stage, the opportunity exists to incorporate the philosophy of IPM, which is usually restricted to turf management, into the larger scope of the entire project.

A. DESIGN/CONSTRUCTION

1. Size of greens and tees must be large enough to accomodate the anticipated number of rounds without damage to turf; greens should be approximately 4000-4500 square feet in size.

2. Design golf course features, inluding greens, tees, bunkers, and cart paths so that foot traffic is dispersed, resulting in less stress to turf.

3. Orient greens whenever possible in relation to adjacent trees so that morning sun dries greens and afternoon shade cools them.

4. Trim and thin vegetation around green and tee locations to help maximize air movement above bentgrass surfaces.

5. Grade features to insure that there are no areas of standing water or saturated turf. (exception; drainage depressions for the purpose of collection of runoff)

6. Insure that slopes on golf course features can be mowed easily and at proper height of cut.

7. Amend soils prior to seeding to provide optimum soil conditions, including Ph levels, major and minor nutrient levels. Disc soils to reduce compaction prior to planting.

8. Design irrigation system to offer maximum control of irrigation water, including valve-in-head sprinklers and field controllers, and multi-sized heads for special irrigation needs, such as small tees located within or adjacent to non-irrigated natural areas.

EXHIBIT "E"

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9. Develop Revegetation Plan that stresses use of native species and local plant gene pool. Use California native perennial bunchgrasses along perimeter of irrigated areas to serve as transitional play areas between more formal turfgrass and unmaintained natural vegetation.

B. TURFGRASS MANAGEMENT

The turfgrass management plan at Siskiyou Lake Golf Resort is based on an INTEGRATED PEST MANAGEMENT approach to the decision making process. IPM is defined as a PHILOSOPHY OF MULTIPLE STRATEGIES USED IN A COMPATIBLE MANNER IN ORDER TO MAINTAIN PEST POPULATIONS BELOW LEVELS THAT CAUSE UNACCEPTABLE ENVIRONMENTAL AND AESTHETIC DAMAGE TO TURFGRASS, WHILE AT THE SAME TIME KEEPING PESTICIDE USE BELOW LEVELS THAT MIGHT CAUSE ADVERSE AFFECTS TO THE ENVIRONMENT.

It is important to note that it is a system, or a method, of approaching turfgrass management armed with a variety of strategies, and that those different strategies include cultural, biological, AND chemical tactics. IPM serves to guide the turf manager in recognizing and selecting among various tactics in order to control pests (weeds, fungi, insects) in a manner that is suitable environmentally, aesthetically, and economically. IPM first and foremost involves common sense; there is no substitute for proper management, with knowledge and experience as it's foundation. IPM is a system that every good turf manager uses to one degree or another. One of the objectives of IPM is to use chemicals less, but it is a misconception that IPM programs always replace chemical control. Rather, IPM encourages the turf manager to use chemicals more wisely, which often results in less use.

The first step in implementation of an IPM program is to establish THRESHOLDS for unacceptable environmental or aesthetic turf injury based on a system of measurement, charting, and recordkeeping. Before a chemical pesticide is used, it must be established by this monitoring system that the injury threshold will be exceeded unless chemicals are used.

To avoid exceeding this threshold and the resultant use of pesticides, the following two points must be adhered to:

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1. The overall strategy must be to provide the OPTIMAL AGRONOMIC GROWING CONDITIONS for the plant, which includes:
    a. Proper balance of necessary plant nutrients to help insure vigorous turf.
    b. Management of irrigation system to provide proper amounts of water at the root zone of the plant at the right time (i.e. pre-dawn hours). As a general rule turf should be slightly dry and firm. Over-watering of turf always leads to pest problems.
    c. Proper mowing practices, particularly height of cut, blade sharpness, and frequency of cut.
    d. Management of physical soil properties, particularly aeration and drainage.
    e. Use of syringing during periods of high temperature to moderate ambient temperature and humidity.

2. Select the best varieties of turfgrass for climate, playability, soil, and budget.

If the above two points are adhered to and there exists damaging pests, consider using one of the following strategies:

1. Biological (commercially available pathogens that naturally control pests)
2. Mechanical (for example, hand-picking weeds)

If, after the above strategies are considered and used if appropriate, and the established INJURY THRESHOLD is exceeded, then use of chemicals is warranted. There are many factors involved in the selection of an appropriate chemical strategy that can maximize the effectiveness of the pesticide while at the same time minimizing any possible negative side effects. These factors can include the following:

1. accurate identification of particular pest
2. correct selection of pesticide specific for that pest
3. application at proper rate; curative vs preventative
4. choice of formulation and method of application
5. application with correctly calibrated sprayer
6. application at proper point in pathogen life cycle to maximize effectiveness
7. rotation of pesticides to reduce pathogens' resistance
8. presence of favorable environmental conditions to maximize effectiveness and minimize environmental consequences; for example little or no wind and clear, dry weather
9. monitor results closely for effectiveness
10. meticulous recordkeeping
11. constant evaluation of cultural practices to help minimize recurrence of pest

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C. TURFGRASS MANAGEMENT

The turfgrass management plan at Siskiyou Lake Golf Resort employs an INTEGRATED MANAGEMENT APPROACH to the decision-making process. Please refer to the sections above regarding IPM. Additionally, the turfgrass management plan includes the following highlights:

1. STAFF: The Golf Course Superintendent will be a Class A (as defined by the Golf Course Superintendents Association of America) Superintendent with ongoing education in turfgrass management, IPM, and other environmental considerations in golf course management. He/she will be certified by the State of California as a Chemical Applicator. Other staff members, especially ones directly involved in application of chemicals, will be trained in IPM and will be certified as Chemical Applicators. One staff member will be selected and specifically trained to monitor all pest populations and will be responsible for all mapping and record keeping relevant to the IPM program.

2. FERTILIZERS: Slow release fertilizers will be used exclusively. Application rates will be no more than one pound Nitrogen per 1000 sq.ft. per application to achieve maximum benefit to turf while minimizing any possibility of leaching through the rootzone and soil profile into subsurface waters. Fertilizers will be applied specific to the nutritional needs of the turf plants based on soil and plant tissue analyses, and the fertilization program will be continually adjusted as a result of those analyses. Application of fertilizers will be timed to maximize uptake and use by the plant, and will be avoided whenever environmental/climatic conditions are not favorable to plant uptake, such as immediately before heavy rains, or during times of either very high or very low temperatures.

3. IRRIGATION: (refer to #8 above) As a policy the golf course turf will be maintained in a slightly dry and "hungry" state as a way to maximize playability, minimize fungus, conserve water, and to promote vigorous, aggressive, healthy, and pest-free turf.

4. STORAGE OF CHEMICALS: All golf course chemicals, including fertilizers, will be sotred in compliance with county, state, and federal regulations. The U.S. Environmental Protection Agency is the federal agency responsible for regulations concerning storage of pesticides, and is in the process of preparing regulations. Additionally, California OSHA is responsible for guidelines designed to protect workers and handlers of pesticides. The chemical storage program will be defined by the above agencies and the overall objectives of minimizing human exposure, improving fire protection, ensuring safe and effective spill management and cleanup, and using good

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management practices. The general standard of the storage building will be: secured and posted with warning signs; floored with sealed concrete to prevent seepage; equipped with two sets of personal protective clothing; built to local fire protection codes; well ventilated, and; provided with secondary containment for bulk storage. GOLFCO has developed specific operational procedures for its facilities that include accident prevention, inspection, and training. Those procedures are included in GOLFCO's Safety Manual.

5. WATER MONITORING PROGRAM: Waters of the Sacramento River will be monitored on a regular basis to insure that nutrients from golf course fertilizers or chemicals from pesticides are not adversely affecting water quality. Timing of that monitoring will be based on fertilizer/pesticide application as well as recommendations of the State of California Water Quality Control Board. Results shall be sent to Siskiyou County Planning Dept. as well as WQCB. Sampling shall be done by an independent third party. Golf course management shall be adjusted based on the results of those samples.

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PRELIMINARY LIST OF GOLF COURSE CHEMICALS THAT MAY BE USED AT SISKIYOU LAKE GOLF RESORT
4/10/92

PESTICIDES

CATEGORY/USE	BRAND NAME	MANUFACTURER	ACTIVE INGRED
FUNGICIDE	1. FORE	RHOM & HAAS	MANCOZEB
	2. SUBDUE	CIBA-GEIGY	METALAXYL N
	3. BAYLETON	MOBAY	CHLOROPHENOXY
GREENS ONLY: SMALL AMOUNTS	4. CHIPCO ALIETTE	RHONE-POULENC	ALUMINUM TRIS O-ETHYL PHOSPHONATE
	5. TERSAN 1991	DUPONT	BENOMYL
POST EMER-GENT HERBI-CIDE	1. ROUNDUP	MONSANTO	GLYPHOSATE
	2. MECOMEC 2.5	PBI/GORDON	POTASSIUM SALT CHLOROPHENOXY
PRE EMER-GENT HERBI-CIDE	1. WEEDGRASS CONTROL	O.M. SCOTT	PENDIMETHALIN
	2. GOOSEGRASS-CRABGRASS CONTROL	O.M. SCOTT	BENSULIDE & OXADIAZON
SPRING ENTIRE COURSE	3. BALAN 2.5G	ELANCO	N-BUTYL-N-ETHYL-TRIFLOURO-2,6-DINOTRO!
	4. SURFLAN	ELANCO	ORYZALIN
INSECTI-CIDE	1. DURSBAN 2.5	DOW CHEMICAL	CHLORPYRIFOS
MISC.	1. FORMULA 905 SOIL CONDI-TIONER	ALCO PRODUCTS	MIXED ALKYLPOLY-OXYETHYLENE ETHAN-OIS- 20% SODIUM POLYACRY-LATE- 0.5%
(RARELY USED: ON GREENS SMALL AMOUNTS)	2. X-77 SPREADER	VALENT USA CORPORATION	ALKYLARYLPOLY-OXYETHYLENE GLYCOL

FERTILIZERS

FAIRWAYS: 60 TO 70 ACRES FERTILIZED IN SPRING SEASON (TIMING DETERMINED BY THE WEATHER), USUALLY LAST TEN DAYS IN APRIL. FERTILIZER USED: SCOTTS PROTURF 21-3-20 SLOW RELEASE. FULL RATE (1 LB. NITROGEN/1000 SQ.FT.)

POSSIBLE SUMMER (MID TO LATE JULY) FERTILIZATION OF FAIRWAYS ONLY (APPROX. 45 ACRES). FERTILIZER USED: BEST TURF SUPREME 16-6-8 FAST RELEASE OR SCOTTS PROTURF SLOW RELEASE. ONE HALF RATE.

GREENS: 6-8 LBS./1000 SQ.FT. ANNUALLY, THROUGHOUT GROWING SEASON(LATE FEBRUARY TO LATE OCTOBER) AS NECESSARY TO MAINTAIN GROWTH WITHOUT SHOOTS BECOMING LUSH AND WEAK. FERTILIZER USED: PROTURF 15-0-30 SLOW RELEASE. 2-3 ACRES INCLUDING BANKS OF GREENS.

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TEES: 5-7 LBS./1000 SQ. FT. ANNUALLY, THROUGHOUT GROWING SEASON WITH EITHER SCOTTS PROTURF 21-3-20 SLOW RELEASE OR TURF SUPREME 16-6-8. 1-2 ACRES, INCLUDING BANKS OF TEES.

OTHER FERTILIZATION AS NEEDED DURING ESTABLISHMENT OF NEW TURF. TYPICALLY IN SPRING AND FALL SEASONS. FERTILIZERS USED ARE EITHER TURF SUPREME 16-6-8 OR BEST 6-20-20. ACREAGES VARY, USUALLY 1 TO 2 ACRES ANNUALLY.

NOTE: FERTILIZER IS BAGGED IN EITHER 25 OR 50 POUND BAGS. (NOT USED IN BULK). PESTICIDES ARE IN 1, 3, OR 5 GALLON PLASTIC CONTAINERS OR IN 4 POUND BAGS IF THEY ARE A POWDER. FERTILIZERS ARE STORED ON SHELVES (OFF OF FLOOR) ALONG AN APPROPRIATE WALL. PESTICIDES ARE STORED IN A SEPARATE CONCRETE BLOCK BUILDING WITH FANS AND/OR VENTS, A LOCKABLE DOOR, APPROPRIATE CLOTHING AND GLOVES, AND AN EMERGENCY SPILL CONTAINMENT DIKE. (REFER TO IPM STATEMENT)