

CONCESSIONAIRE AGREEMENT

This CONCESSIONAIRE AGREEMENT (the "Agreement") is entered into effective as of January 01, 2022, by and between Fallen Leaf Lake Community Services District, a public agency, organized and existing pursuant to California Government Code, Section 61000 *et. seq.* ("District") and RRM-CLM Services LLC, a Delaware limited liability company ("Contractor") (hereinafter collectively, the "Parties"). Contractor does business as "Vista Recreation."

RECITALS

A. In May 2011, District and California Land Management Services Corporation, a California limited liability company (Assignor) entered into a Concessionaire Agreement (the "Original Agreement"). The Original Agreement was amended in May 2014.

B. In May 2015, District and Assignor entered into an Amended and Restated Concessionaire Agreement (the "Amended Agreement").

C. In March 2016 which, in return for good and valuable consideration from the Assignor, District extended the term of the Amended Agreement by one year to December 31, 2021.

D. In July 2020, Assignor and Contractor entered into an Asset Purchase Agreement ("Asset Purchase Agreement") whereby Assignor sold substantially all of its assets to Contractor, including but not limited to its rights and obligations to the Amended Agreement.

E. In May 2021, District, Contractor and Assignor entered into an Assignment and Assumption Agreement wherein Assignor assigned to Contractor all of its right, title and interest in, to and under the Amended Agreement (the "Assignment"). The Contractor agreed to perform and discharge all of Assignor's duties, obligations and liabilities under the Amended Agreement in all respects, *mutatis mutandis*, as if Contractor were the original party to the Amended Agreement.

F. The activities of District are directed by a board of Directors elected by the registered voters within the boundaries of the Fallen Leaf Lake (CA) Community Services District. District is chartered by the State to provide public services to its constituency.

G. District is the owner of that certain real property and improvements thereon located in El Dorado County, State of California as generally delineated on Exhibit C attached hereto (hereinafter the "Community Area"). Community Area means the property owned by and/or under the direction of the District at Fallen Leaf Lake, specifically the 2.4 acres of land at the south end of Fallen Leaf Lake where the New Store Building, (the "General Store Building"), a Community Building (the "Old Store Building"), the Marina and associated facilities and contiguous parking, pedestrian easements and grounds are situated. Improvements located on the property include the Old Store Building, the General Store Building, the Marina area, including boat launch ramp, docks, floats, the breakwater components, a small building, gasoline storage tanks and pumps, and various other areas including paved areas for vehicle use and parking. The Old Store Building, the General Store Building, the Marina area, including boat launch ramp, docks, floats, the breakwater components, a small building, gasoline storage tanks and pumps, and various of her areas including paved areas for vehicle use and parking are referred to collectively herein as

"District Facilities".

H. District Facilities are to be open and operated annually from approximately the middle of May to approximately the end of September, weather permitting ("Open Season").

I. Contractor is experienced in providing hospitality services for governmental entities and providing the Services described herein for the benefit of the Fallen Leaf Lake Community.

J. District desires to engage Contractor to provide the following on behalf of District: (i) maintain the entire Community Area and improvements located therein in a safe and serviceable manner; (ii) open, operate and close the District Facilities as further described herein; (iii) provide the services that the District is obligated to provide by the various agreements governing the CSD's responsibilities; and (iv) provide additional services in the District Facilities, such as operating the general store and cafe (hereinafter, collectively, the "Services"). Contractor acknowledges that it is knowledgeable and familiar with the District Facilities and their condition and with the existing agreements and regulations that govern the District Facilities and the District's obligations to provide the services required under this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. **Engagement of Contractor.** District hereby engages Contractor to provide the Services under this Agreement, and Contractor hereby agrees to provide such Services in accordance with the terms and conditions of this Agreement. Specifically, Contractor shall: (i) maintain the entire Community Area in a safe and serviceable manner; (ii) open, operate and close the District Facilities as further described herein; (iii) provide the services that the District is obligated to provide by the various agreements governing the CSD's responsibilities; and (iv) provide additional services in the District Facilities, such as operating the general store and cafe all as set forth in this Agreement. In performing the Services hereunder, Contractor and all of Contractor's staff members, employees and personnel shall be independent contractors of District and not employees of District.

2. **Definitions.**

(a) Board shall mean the Board of Directors of the Fallen Leaf Lake Community Services District.

(b) Community Building shall mean the west-most two-story building in the Community Area that currently is divided into two meeting activity spaces. It is sometimes referred to as the Old Store Building.

(c) District Facilities shall mean and include the General Store Building (as defined below), the Community Building (the Old Store Building), the Marina (as defined below), including all associated marina components and facilities, the paved and

unpaved roadways and parking areas, pedestrian easements and grounds situated in the Community Area.

(d) General Manager shall mean the person designated or hired by District to carry out day-to-day management and operating responsibilities of the District at Fallen Leaf Lake.

(e) General Store Building shall mean the new store building completed in 2001, which contains the store/cafe space and related storage area, public restrooms, store room(s), the fire chief's apartment, an unfinished apartment, and District workspaces. The store/cafe will be referred to herein as the General Store. The General Store Building is sometimes referred to herein as the General Store Building, the New Store or the New Store Building. The small building located next to the marina gas dock and storage located on the lake side of the General Store sometimes is included in the reference to General Store when appropriate to the context.

(f) Marina shall mean the lakeside area and includes the boat launchramp, docks, floats, the breakwater components, a small building, storage tanks and pumps, and the beach as shown on Exhibit C.

(g) All Recitals and Definitions above, are incorporated herein by this reference.

3. **Term.** This Agreement shall be effective upon action by the Board adopting the Agreement and shall end on December 31, 2025 ("Term").

4. **District's Right to Terminate.** District reserves the right to terminate this Agreement due to a Default, as determined by District in good faith, under the Agreement by Contractor that has not been corrected by Contractor after Notice of Default is delivered to Contractor and Contractor fails to remedy or correct the deficient performance within the time provided in this Agreement for cure of such Default.

5. **Obligations of Contractor.**

(a) **Fee.** Contractor shall pay to District during the Term hereof an annual fee in the amounts and on the dates specified on Exhibit H ("Compensation Form") to this Agreement (the "Fee"). If not previously provided, each Fee payment shall be accompanied with financial reports detailing the operations during the prior period as set forth in paragraph 5(h).

(b) **Security Deposit.** Contractor has previously delivered to District a Security Deposit of \$35,000. District has deposited the Security Deposit in an interest-bearing account, with interest accruing to the benefit of Contractor. In the event of Contractor's uncured material default as provided in Section 18 ("Default"), District may apply the Security Deposit and accumulated interest or any portion thereof to indemnify District for actual damages incurred by District as a result of such uncured material default. Any unused Security Deposit shall be returned to Contractor at the end of this Agreement. Earned interest

shall be returned to the Contractor each January following the year in which it was earned.

(c) Control of District Facilities. Contractor shall have access to the District Facilities commemorate with and subject to the terms of this Agreement and in accordance with Exhibit E (Policies and Procedures) which are in effect at the commencement of this Agreement, and which may be modified from time to time throughout the Term of the Agreement by the Board in a public meeting. If any modification of the Policies and Procedures materially affects Contractor's obligations under the Agreement, District and Contractor will attempt to negotiate an equitable adjustment to the Agreement. If the Parties cannot reach agreement, Contractor may elect to terminate the Agreement. For purposes of this paragraph, " material " shall mean causing a foreseeable reduction of Contractor' s annual Gross Revenues of at least \$25,000.

(d) Legal Requirements. Contractor shall provide the Services under this Agreement and manage the District Facilities in accordance with and subject to all applicable legal requirements, including, without limitation, the following:

(i) *TRPA.* Contractor shall use and administrate the District Facilities to provide the services required by the Tahoe Regional Planning Agency (TRPA) Agreement attached hereto as Exhibit B ("TRPA Agreement");

(ii) *Fallen Leaf Fire Department.* Contractor shall adhere to and execute directives from the Fallen Leaf Fire Department that relate to fire safety in and about the District Facilities under control of Contractor;

(iii) *Associates Agreement.* Contractor shall operate in accordance with the constraints of District's Agreement with the Fallen Leaf Lake Associates, Exhibit A ("Associates Agreement"); and

(iv) *Federal, State, County and Local Law.* Contractor shall comply with all laws, rules and regulations applicable to operation of District Facilities, including, without limitation, the Clean Water Act, California Endangered Species Act, El Dorado County Public Health Rules and Regulations, the Occupational Safety and Health Act (OSHA), DFEH, and California law applicable to sale and service of alcoholic beverages.

(e) Condition of District Facilities. Contractor is responsible to maintain the District Facilities in useable, safe, sanitary and healthy condition throughout the Term of the Agreement. Such responsibility includes, without limitation, regular inspection, maintenance and clean-up of the parking areas, beach and recreation areas (including the volleyball court), sweeping of pedestrian areas such as walkways, patios and stairways, trash clean-up, watering and maintenance of landscaped areas and regular inspection and service of public restrooms, etc. Contractor shall inspect the District Facilities regularly for possible hazards, correct simple problems and report significant issues immediately to the General Manager. Subject to the Contractor ' s limited obligations as provided in paragraph 5(r) (Maintenance and Minor Repairs) below, Contractor shall maintain the District Facilities in good working order, safe for use and secure from foreseeable hazards.

(f) Parking. One space is reserved for the fire department, two spaces are reserved for vehicles with proper Disabled Placards, a tandem space is reserved for Marina staff, and a tandem space is reserved for store/cafe staff. People launching boats must arrange to have their trailers stored off site. See Exhibit E (Fallen Leaf Policies and Procedures) for further explanation of parking opportunities/restrictions.

(g) Key Personnel. Contractor's day-to-day operations shall be supervised by Contractor's designated employee (hereinafter "Operations Manager"), whom Contractor will designate at the commencement of *this* Agreement. The Operations Manager will be the point of contact between District's General Manager and Contractor. It is the mutual intent of the Parties that the Operations Manager shall be closely involved and continuously responsible for the conduct of the Marina and Store/Cafe operation and be on site daily during some portion of operating hours between June 1 and Labor Day. Although Contractor may, for commercially reasonable business necessity, designate a different individual to serve as Operations Manager. Contractor will endeavor to avoid replacing the Operations Manager between May 1 and September 30 of any year during the Term of this Agreement.

(h) Contractor's Employees. Contractor is responsible for hiring, training and supervising sufficient employees to fulfill Contractor's obligations under this Agreement. Employee training should include an emphasis on safety, courtesy, mutual respect, neat appearance, and hospitable, friendly and responsive service. The District has zero tolerance for illegal drug use. Any employee found in possession of, under the influence of or using illegal drugs on or about the Community Area or District Facilities shall be immediately removed from the staff. Two such violations shall constitute a material default by Contractor.

(i) Safe and Clean Services. Contractor shall be responsible for the care, cleanliness and neatness of the District Facilities, and for courteous, responsive and effective delivery of the Services.

(j) Meetings with District. Contractor and General Manager shall hold periodic meetings at mutually agreeable times, no less often than weekly between May 1 (or as soon thereafter as is practical given weather conditions that delay access to the District Facilities) and October 1, and as agreed at other times through the year, to review operations ("Operations Meetings"). The purpose of the Operations Meetings shall be to assist District and Contractor to fulfill their respective obligations under the Agreement, and to provide District an opportunity to review and comment on Contractor's performance. Operations Meetings shall include review and discussion of any required repairs that are not ordinary, day-to-day items that need to be brought to the attention of the District for review. If District desires any modification in the type of method of delivery of the Services, the General Manager shall inform Contractor of such requests at the Operations Meetings. Contractor shall modify delivery of the Services to accommodate the District's request. If Contractor determines that a request for modification materially changes Contractor's obligations under this Agreement Contractor shall promptly notify District before implementing such change. If District makes a request for material modification of the services that the Parties cannot mutually resolve, Contractor may elect to terminate the Agreement. For purpose of this paragraph, "material" shall mean causing a foreseeable reduction of Contractor's annual Gross Revenues of at least \$25,000.

Contractor's Operations Manager shall attend District's Board meetings held from time to time between May and October ("In Season Meetings") and may be asked to attend Board

meetings held between October and May ("Out of Season Meetings"). Contractor shall use best efforts to provide to the Board, through the General Manager, before each regularly scheduled in Season Meetings a written report of Contractor's operations for the prior period, including without limitation an executive summary of Contractor's Gross Receipts (as defined in paragraph (k) below) from all operations of District Facilities and an overview of the nature, extent and quality of the Services provided during the prior period. Contractor shall be prepared to present an oral report and discuss operations with the Board and respond to proper questions from the public at each Board meeting. If District requests Contractor to attend any Out of Season Meeting, District shall give Contractor sufficient notice of the request to attend and of any information District wishes Contractor to present at such meeting.

(k) Reports to District. Contractor shall deliver to District's General Manager full and complete reports on the 25th day of June, July, August, September, October and November. If the November report does not include year-end activities, Contractor shall deliver to District a final year report on or before December 15. Reports shall include a summary of the Gross Receipts: (i) for the immediate reporting period, (ii) cumulative for the year to date of the report; and (iii) during years two through five of the Term, year to year comparison of both period and annual totals. Gross Receipts shall mean all revenue from whatever source received by Contractor arising under this Agreement, including without limitation, store/cafe/endmarina operations and parking revenues but excluding items sold at the request of a community organization such as the Fallen Leaf Fire Department or the Fallen Leaf Chapel.

Contractor shall provide such additional reports as may reasonably be requested by District to enable both District and Contractor to meet their respective obligations.

(l) Pricing. Commercial products and services offered from the District Facilities shall be priced by Contractor in its sole discretion, except that price for weekly, monthly and seasonal mooring spaces, launching and boat wash activities will be set in accordance with the provisions of the Associates Agreement and shall be subject to the approval of the Board in its discretion. Such prices shall remain fixed for the entire summer season unless changed by mutual consent of District and Contractor.

(m) Restrooms. The public restrooms must be operable, stocked, and maintained in a clean and sanitary condition at all times, and must be open during normal hours of operation. Contractor is responsible for the unlocking and locking of the public restrooms each day and providing restroom supplies and cleaning materials.

(n) Trash. Contractor must utilize bear proof trash containers and is responsible for collecting and removing all debris, trash and garbage throughout the entire Community Area. Trash bins should be located at appropriate locations around the New Store, Old Store, Marina, beach and other eating and gathering areas.

(o) District Furnished Capital Equipment. District shall furnish the Marina and Store with the equipment and furnishings identified on Exhibit D (District Property). Contractor is responsible for maintaining the District Property in good condition and shall replace any items at its own expense that fail due to acts or omissions of Contractor. Upon termination of the Agreement, Contractor shall return all District Property to

District in substantially similar condition as existed at the commencement of the Agreement, less normal wear and tear.

(p) Contractor Equipment. Contractor shall provide all, necessary personal property, equipment, and appliances necessary for effective operation of the District Facilities not already provided by the District.

Opening and Closing. Contractor shall open all District Facilities in time for commencement of the Open Season and shall close all District Facilities at the end of the Open Season. Contractor's responsibilities include, without limitation, all components of the marina and beach area (breakwater, floating docks, etc.), the Community Building and the General Store Building. At Closing, Contractor is responsible for removing docks and related floating marina equipment to *dry* storage on the Community Area where designated by District.

(q) Maintenance and Minor Repairs. Contractor shall be responsible for repairs and maintenance, for normal day-to-day operations, of the District Facilities under Contractor's control. Minor maintenance and repairs shall include, without limitation, changing light bulbs and batteries, replacing washers, cleaning clogged drains, cleaning/replacing air filters, refastening loose dock boards, sweeping/raking areas to maintain safe surfaces, trimming of vegetation and watering landscaped areas, etc. Contractor shall not be responsible for any repairs to portions of District Facilities which Contractor is precluded from using under the terms of this Agreement, including the General Store building apartment while used by the Fire Chief, the unfinished apartment, the storage room (former Post Office), the Community Building, the District's office space, and the STPUD pumping plant, nor for any major repairs to any of the District Facilities. Major repairs shall mean a single item, such as roof replacement or parking lot repaving, which costs more than \$5,000 to repair. Contractor shall be granted access to any such excluded District Facilities if necessary to accomplish Contractor's repair and maintenance obligations. Notwithstanding anything to the contrary in this Section 5(r), the cost of repairs to the Marina shall be allocated as follows: the first \$2,500 shall be paid by Contractor and the next \$2,500 (up to \$5,000) shall be split equally between District and Contractor.

(r) Notice of Conditions. Services or Performance. Either Party shall give Notice to the other of any condition at, on or involving the District Facilities, Services provided by Contractor or performance of the obligations under this Agreement that requires action by the other Party, reasonably promptly after the condition is identified. Contractor shall, when possible, give notice of maintenance issues of an urgent nature or which affect public safety immediately upon identification of the issue. Contractor shall promptly take corrective action to respond to any requests within the scope of the services under this Agreement. District will, within time frames controlled by law, inform Contractor of its response to Contractor's requests.

(s) District Directives. Contractor shall comply with the reasonable directives, policies and procedures that District may adopt from time to time.

(t) Schedule of Operations. Contractor shall operate the Marina and Store daily during the Open Season. The actual opening date will vary from year to year depending on the calendar and weather. It is the intent of the Parties that, weather permitting, the Marina and Store shall be open from no later than the Friday of Memorial Day weekend through September 30. The opening date may be accelerated or extended by up to two weeks due to

weather, The closing date may be extended by up to two weeks, weather permitting. Operating hours shall be from 8:00am through 6:00pm between June 30 and Labor Day. Shorter hours may be set before and after those dates.

Use of Premises. Contractor may use the Community Area premises for Contractor's permitted use and for no other purpose. No other use is permitted without first obtaining express written permission from District. Contractor will maintain the aesthetic qualities of the Community Area and the surrounding property by keeping it free of unnecessary equipment and debris. It is understood that under certain circumstances during opening and closing procedures and during construction or repair projects equipment may temporarily be needed in public areas. The fire road between the General Store Building and the beach is a public area and under no circumstances shall use of this road by Contractor impede access by emergency vehicles at any time.

(u) Utilities. Contractor shall be responsible to provide and pay for all costs for utility service provided to District Facilities under Contractor's responsibility and control. Utility services are provided to the District Facilities by various providers. District has contracted for telephone, propane, electricity and water service at District Facilities. Contractor shall provide refuse collection at District Facilities adequate to maintain the cleanliness and safety of the District Facilities. Propane is delivered to and stored in an approved facility located in the Community Area.

Contractor shall pay all charges for water, sewer, gas, electricity, telephone, refuse collection and disposal, and other services and utilities used by Contractor on or related to the District Facilities during the Term of this Agreement, unless otherwise expressly agreed to in writing by District and subject to reimbursement as provided herein.

The telephone, water, propane and electricity service are provided in the name of District, and bills for services are issued to District. District will allocate the costs for such services between the Fire Department and the Contractor pursuant to the schedule on Exhibit K ('Utility Allocation') and invoice Contractor monthly for its allotment. Contractor shall reimburse District such amounts as are billed to Contractor through Contractor's normal accounts payable processing, but in no event no later than 30 days after receipt of such statements from District. Contractor will be billed directly for the sewer.

District is not responsible for providing Utility Services to Contractor or the District Facilities. District shall not be liable for any losses of inventory or income incurred by Contractor as a result of interruption of utility service and/or from Contractor's failure to ensure that utility service is available to District Facilities.

The published telephone numbers for any and all of the District Facilities shall belong to the District and may not be changed without District's approval. The telephone numbers shall survive the termination of his Agreement, unless terminated by the District.

(v) Licenses. Contractor shall use reasonable commercial efforts to maintain a valid offsite beer and wine license throughout the Term of this Agreement. Contractor's loss of such license shall constitute a material breach and Default of this Agreement.

Contractor shall obtain and maintain all other licenses and permits as required by law from all federal, state, county and local agencies to conduct any and all of Contractor's business.

Contractor shall pay all fees, taxes, (sales, personal property and other taxes and assessments of every sort (except real property taxes)) that may be due because of Contractor's operations.

Contractor's Improvements. Contractor may, with District's written consent, improve the District Facilities to enhance or improve Contractor's performance of its obligations under this Agreement solely at Contractor's cost and expense. All modifications and improvements shall accrue to the District upon termination of this Agreement, unless otherwise agreed by the Parties in writing.

(w) Vacating the Community Area. On or before the conclusion of this Agreement, Contractor shall vacate the premises and remove Contractor's property not otherwise purchased by District.

6. **Marina Operations**

(a) Marina Operations. Contractor shall open, operate, maintain and close the Marina and all the related areas and components. The related areas and components include the stationary and floating docks, mooring ramps, boat launch ramp and piers, breakwater, swim beach and swim floats, fuel pump, operator's office, storage and shop space in the basement of the New Store Building and all of the paved and unpaved surfaces delineated on Exhibit C (Map).

(b) Protection of the Environment. The District is committed to support and protect the environment. The Fallen Leaf Marina was the first marina in the Tahoe Basin to implement mandatory hot water boat washing to prevent aquatic invasive species from entering the lake. Contractor is responsible for making commercially reasonable efforts to further protect Fallen Leaf Lake in accordance with Exhibit F ("Green Operations").

(c) Mooring Spaces. The marina contains 78 mooring slips, 62 of which are for rental on a daily, weekly or seasonal basis. Fallen Leaf Lake Associates have the right to rent slips. (See "Marina Operating Agreement, Exhibit I). Sixteen of the slips are not to be rented. Of those sixteen, six shall be reserved for hourly use by customers of the Store or other activities in the area; eight are reserved for the Contractor's rental/service boats; one shall be made available at no cost for the Fallen Leaf Fire Department fire boat, and one, if requested, at no cost for the Sheriff's boat. If the Sheriff's Department does not request a slip, that slip may be rented.

Contractor shall obtain from all slip renters and from Marina mooring owners a full and complete Release of Claims against District, in such form as may be approved by District and Contractor.

Contractor is responsible for and may operate from the small building located in the marina area. Historically this building has been used for renting boats and related equipment and watching/managing the marina area. District does not guarantee the building will be available throughout the Term of this Agreement as it may be necessary to remove part or all of this building in the future. If the building is not available for use by Contractor, District shall work with Contractor to provide reasonably equivalent alternative space.

(d) Boat Launching. Contractor will operate and control access to and

use of the boat launch facility in accordance with all Federal, State, regional, local and District rules and regulations. With the specific aim to prevent invasive aquatic species from entering the lake, no motorized boats or watercraft of any kind may be launched into the lake until the following conditions, at a minimum, are met

(i) The watercraft has an intact green seal linking the boat to the trailer, or the watercraft is listed on the official Memorandum of Understanding Appendix A between TRPA and the watercraft storage business.

(ii) The watercraft has a Lake Tahoe AIS Sticker in its possession, either affixed or in the glove box (with the boat registration written on the sticker).

(iii) The nonmotorized watercraft has been subjected to a hot water wash and flush.

Contractor shall use commercially reasonable efforts to inspect all non-motorized boats or watercraft that are launched at the boat ramp in order to try to avoid any aquatic invasive species from contaminating the lake. Contractor's employees shall be trained and their performance monitored in the proper watercraft washing and inspection techniques.

The launch ramp must remain closed and barricaded with a locked chain at all times unless Contractor's employee(s) are attending to an approved boat launch. Weather permitting, Contractor shall arrange to allow boat launching before Memorial Day and after Closing. Contractor may charge a fee for such services.

Contractor shall print, post and inform boaters about Fallen Leaf Lake Boating Regulations, Exhibit G ("Boating Regulations"), and deliver a copy of the Regulations to boat operators when each boat is launched. This includes daily users, mooring customers and lake residents with private docks.

(e) Rental Boats. Contractor shall provide, at Contractor's expense, a fleet of rental boats such as outboards not exceeding 40 hp, rowboats, kayaks and pontoon boats. Contractor acknowledges that the number of boats is limited by the limit of available slip spaces and the secure storage area available for use by Contractor. Power boats shall be primarily for sight-seeing and fishing. Waterski or wakeboard boats may be rented only with a marina-supplied driver. Personal watercraft (wave-runners) may not be rented. Contractor shall not allow paragliding from a rental boat.

Contractor may not sublet space to any commercial operator without the express written consent of District, which consent may be withheld at District's discretion.

During normal hours of operation, Contractor shall have staff available to operate, as necessary, a rescue/retrieval boat to assist boat renters in distress or who do not return as scheduled.

(f) Fuel. Contractor is to operate the gasoline pump installed on the fueling dock and sell gasoline and related products. Contractor sets gasoline prices in its sole discretion and refills the gas storage tank, as needed. To protect lake water quality and decrease the fire danger of gasoline stored in personal containers, District encourages Contractor to set gasoline rates at a level to encourage use of the marina fueling facility rather than inducing boat owners and operators to purchase at other locations and transport gasoline into the area. Contractor must possess a valid Hazardous Materials Business Plan permit. Contractor shall require any third party that provides or delivers fuel to the Community Area to procure and

maintain commercial general liability insurance equivalent to the requirements of this Agreement as applicable to such delivery, and have the carrier or carriers issuing such policy or policies issue Additional Insured Endorsements naming Contractor and District.

(g) Swim Beach. The small public swimming beach area on the easterly side of the marina area is the only public beach at the south end of Fallen Leaf Lake ("Beach Area").

The Beach Area must be maintained in a neat and orderly fashion at all times. This requires raking, clean-up and trash removal. The portion of the beach east of the east-most "pier" is reserved as the Swimming Area. It is to be roped off to prohibit boat access; boat slips only on the east side of the "pier" shall be limited to use by non-power boats only. Contractor shall use its own experience, skill and judgment to notify Swimming Area users that they do so at their own risk. Contractor shall at a minimum install and maintain signs at the beach entrance that state: "Swim at Your Own Risk. No Lifeguard on Duty" and "No Dogs. Allowed on Beach."

The District currently provides one swim float for the enjoyment of those using the beach.

After inspection and washing, kayaks and canoes may be launched from the area between the two eastern "piers". No boats of any type (except children's toy boats) may be launched, docked or stored at the Beach Area, however Contractor's kayaks, stand-up paddle boards and pedal boats may be stored in front of the Marina operations/dispatch building.

(h) Winter Storage. The marina's floating docks, slips and fingers must be removed from the lake as soon after September 30 as reasonably possible and stored on Community Area property for the winter. In the spring they must be reassembled and reinstalled in time for the summer season. Contractor is responsible for this operation.

7. Store/Cafe Operations

(a) General. The Contractor shall operate the General Store and Cafe located in the General Store Building. Contractor is also responsible for maintaining the public restrooms, outside eating areas and basement storage areas utilized for store/cafe storage as shown on the Fallen Leaf Community Area Map, Exhibit C (Map). Contractor is permitted use of an office work area in the upstairs portion of the General Store building. The apartment in the General Store building may be occupied by the fire chief throughout the year. Contractor is responsible for all activities associated with the proper operation of the General Store and Cafe including without limitation ordering, stocking, and proper handling of all items for sale in the store and for use in the Cafe.

(b) Year-Round Occupancy and Maintenance. Contractor is responsible for maintaining the District Facilities throughout the Term of this Agreement, including during the off-season months (e.g., October through May). This includes preparing public areas for opening in the spring and closing at the end of the Open Season. Maintenance of the District Facilities includes, without limitation, winterizing the District

Facilities (e.g., draining water lines, securing electrical services, storing outside furniture, restoring critical systems after power outages including the fire suppression system, periodically checking on the condition of the buildings, and taking remedial action when necessary).

Contractor is responsible for any damage to the General Store and/or the District Facilities that results from Contractors opening, operating and/or closing procedures. However, if CSD staff (Fire Chief or General Manager) occupies the apartment in the New Store Building during the off-season months, Contractor and District shall determine and memorialize in writing which Party will bear responsibility for operation of the New Store Building during the period of such occupancy. Contractor shall close access by motorized vehicles to the parking lot of the New Store Building during the off-season months using chain, concrete e blocks or such other method as it deems effective.

(c) Food Service. Contractor shall provide prepared food service consisting of a variety of breakfast and lunch items and ice cream and coffee services at the cafe. Contractor may also elect to provide takeout prepared food and/or dinner options.

(d) Store Stock. Contractor shall select the products to provide in the store. District encourages Contractor to include common groceries, produce, confections, beverages, dairy products, beer and wine, newspapers, sundries, souvenirs, email toys, fishing and hiking items, branded clothing items, maps, books and pamphlets about the area as may be attractive to both residents and visitors to the area.

(e) Health Regulations. Contractor shall comply with all OSHA rules and regulations relating to food handling and preparation. Contractor acknowledges it is aware it is subject to governmental inspections and permits such as the Fire Department inspection sticker on the kitchen hood and the El Dorado County Health Department Food District Facilities permit.

(f) Food Handling and Quality. Quality of food sold and cafe items prepared in the Store/cafe shall meet or preferably exceed minimum food quality standards set by the USDA and, where appropriate, shall bear the USDA seal. All fresh dated food products shall be rotated per dates on packages. Contractor acknowledges the store/cafe operation is subject to periodic, unannounced audits by government agencies. Failure to comply with proper food handling techniques and/or failure to comply with audit requirements is a default under this Agreement and grounds for termination of this Agreement.

8. Obligations of District.

(a) Facilities. District will use its best effects to provide District Facilities in a useable condition. District shall not be responsible to Contractor in any way for failure to provide District Facilities or any portion thereof, resulting from reasons beyond the control of District, including, without limitation, District's financial condition.

(b) Maintenance and Repairs. District shall be responsible for major repairs of all District Facilities and normal day-to-day conditions of the portions of District Facilities which Contractor is precluded from using under the terms of this Agreement, including the General Store building apartment while used by the Fire Chief, the unfinished apartment, the Post Office/storage room, the Community Building, the District's Office space, and the STPUD pumping plant. Subject to the provisions of Section 5(r), major repairs shall mean a single item,

such as roof replacement or parking lot repaving, which costs more than \$5,000 to repair.

(c) Inquiries. District shall use its best efforts to respond to reasonable inquiries and reports from Contractor.

(d) District Furnished Capital Equipment. District shall furnish the Marina and General Store with the equipment and furnishings identified on Exhibit D ("District Property").

9. **Contractor's Personal Property.** Contractor shall provide District with a list of personal property it initially furnishes at the commencement of the Agreement, and update such list of property acquired and put into service during the Term of this Agreement. Contractor shall retain ownership of such personal property, equipment, and removable fixtures. Any damage to any building that results from removing property shall be repaired by Contractor. The list of Contractor's personal property, as updated from time to time, shall be attached to this Agreement as Exhibit T.

At the termination of this Agreement District shall have the option, but not the obligation, to purchase those items of Contractor's property used on or for the District Facilities that were purchased by Contractor during the life of this Agreement. The purchase price shall be at Contractor's cost, less a reasonable amount for wear and tear. District shall make such election not later than 30 days before the end of the Term of this Agreement.

10. **Insurance.**

(a) If the District Facilities or any part thereof are damaged by fire or other casualty resulting from any act of negligence by Contractor or by any of Contractor's agents, employees or invitees, Contractor shall be responsible for the costs of repairs or replacement not covered by Contractor's insurance.

(b) District shall maintain fire and extended coverage insurance on the District Facilities in such amounts as District shall determine, provided, however, that District shall use its best efforts to insure the New Store Building for replacement value. Contractor shall not be liable under Section (a) above for District's failure to carry sufficient insurance for the New Store Building.

(c) Contractor's insurance shall be primary to District's insurance.

(d) Contractor shall be solely responsible for fire and extended coverage on any or all of Contractor's property.

(e) Contractor shall, at Contractor's expense, procure and maintain throughout the Term of this Agreement, a policy or policies of commercial general liability insurance of not less than \$2,000,000 per occurrence, \$2,000,000 aggregate, for bodily injury, property damage or combination thereof. Contractor shall also maintain the following coverages:

Marine Operators Legal Liability
Auto and Comprehensive Liability

Liquor Liability
Hazardous and Pollution Liability.

Contractor shall cause all such policies to include District as an additional named insured, and shall provide District with Certificates of insurance and Additional Insured Endorsements evidencing Contractor's compliance with this paragraph within 30 days of the commencement of this Agreement and continuously throughout the Term of this Agreement as necessary to maintain uninterrupted coverage of District. Contractor shall instruct Contractor's insurance company or companies in writing, copied to District, to immediately notify District in the event Contractor's insurance policy or policies shall be diminished or shall lapse.

(f) Contractor shall be responsible for Lawfully required worker's compensation insurance on Contractor's employees.

(g) All insurance companies selected shall be rated "A" or better by AM Best Company.

(h) Contractor shall promptly comply with all requirements as directed at any time by District and/or Contractor's insurance carriers to prevent any policy from being cancelled or invalidated. Loss of insurance coverage is a Default under this Agreement.

11. **Destruction of District Facilities.** If District Facilities or any portion or part thereof are damaged or destroyed by any cause whatsoever, if such damage or destruction impacts delivery of the Services, District shall not be liable to or obligated in any way to Contractor for any loss Contractor may sustain, and Contractor hereby waives and releases District from any and all claims for any and all damages Contractor may incur arising from such damage or destruction. If District Facilities or any portion or part thereof are damaged or destroyed by any cause whatsoever, if such damage or destruction prohibits Contractor from being able to deliver a material part of the Services, the Fee will be renegotiated by the Parties, and if the Parties cannot agree on a new Fee, then either Party may elect to terminate the Agreement. For purposes of this paragraph, "material" shall mean operation of the marina, the cafe or the store.

12. **Advertising.** Except as provided in this section, Contractor shall not advertise to the general public outside of the Community Area. Contractor's signage and advertising shall be in accordance with TRPA regulations and restricted to the portions of the Community Area under Contractor's control. The sole exception is that Contractor may distribute or display a flyer at the Fallen Leaf Lake campground.

13. **Independent Contractor.** Contractor is an independent contractor and is not entitled to the rights or benefits afforded to managers or employees of District, including, without limitation, disability insurance or unemployment insurance, workers' compensation, medical insurance, sick leave or any other employment benefit. Contractor shall be responsible for all of Contractor's employees, including employer's taxes, worker's compensation, and all other legal obligations of an employer.

14. **Assignment or Subcontracting.** Contractor may not assign this

Agreement or any portion thereof without the express written consent of District, which consent may be withheld in District's sole discretion. Contractor may not subcontract to others its day-to-day performance of the Services in the General Store or Marina. Contractor may, upon written notice to District, subcontract performance of the following services: installation repair and removal of marina components, and opening and closing of District Facilities.

15. **Binding Agreement.** Contractor may not bind District to any contracts. This Agreement is binding on Contractor, and its agents, successors and assignees.

16. **Termination.** District may terminate this Agreement at will upon 90 days' prior written notice to Contractor. Contractor may terminate contract at will providing that a) the termination date shall not be during the operating season of May 15-October 15 and b) written notice shall be provided no later than 6 months prior to start of the next operating season.

17. **Audit.** District shall have the right to have an audit performed on Contractor's Gross Receipts at District's expense; on seven days' written notice, and Contractor shall make Contractor's books and records available to District and its designated representatives. In the event that an audit shall disclose and confirm a reporting discrepancy of 5% or more, Contractor shall reimburse District for any audit expense. If an audit discloses and confirms a discrepancy of 10% or more or there is a second discrepancy of 5% or more during the Term of this Agreement, such discrepancy shall be deemed a material default and District may terminate this Agreement. District shall use its best efforts to keep audit data confidential, except for any adverse findings.

18. **Indemnification.**

(a) With the exception that in no event shall Contractor be required to indemnify District to a greater extent than permitted under the laws of the State of California, Contractor shall indemnify, defend, release and save harmless District, including its directors, officers, agents, and employees, and each of them of and from any and all claims, demands, matters, causes of action, damages, costs, expenses, attorney's fees and consultant's fees, losses or liabilities in law or in equity, of every kind and nature whatsoever, alleged to arise directly or indirectly out of or be related to the Agreement and/or the Services provided or to be provided by Contractor ("Claims"), for or related to, but not limited to:

(i) Personal injury, including, but not limited to, bodily injury, emotional injury, sickness or disease, or death to persons, including, but not limited to, any employees or agents of Contractor, District or any of Contractor's subcontractors;

(ii) Damage to property of anyone (including loss of use thereof);

(iii) Damage to the economic interests of any person or entity;

(iv) Penalties imposed on account of the violation of any law, order, citation rule, regulation, standard, ordinance or statute, caused solely or in part by the action or inaction of Contractor;

(v) Infringement of any intellectual property rights which may be brought against the Contractor or District arising out of this Agreement

(vi) Claims (against funds, the Real Property and/or bonds) and liens for labor performed or materials used or furnished to be used on the Community Area, including all incidental or consequential damages resulting to Contractor or District from such claims or liens, other than by Contractor in the event of nonpayment by District;

(vii) Any matters relating to Hazardous Materials;

(viii) Contractor's direct and/or indirect failure to fulfill or comply with, through action or inaction, the covenants, warranties, duties and/or obligations as set forth in and through the terms and provisions of this Agreement;

(ix) Failure of Contractor to comply with the Insurance provisions of this Agreement; and/or

(x) Any violation or infraction by Contractor of any law, order, citation, rule regulation, standard, ordinance or statute in any way relating to the occupational health or safety of employees, including, but not limited to, the use of Contractor's or other's equipment, hoists, elevators or scaffolds.

(b) The indemnifications provisions of this Agreement shall:

(i) Extend to all Claims arising from the activities of Contractor while engaged in the performance of this Agreement;

(ii) Survive the completion of this Agreement;

(iii) Extend to Claims occurring and/or arising after completion of the performance of the Agreement and/or the termination and/or conclusion of this Agreement;

(iv) Apply even if the event that requires Contractor to indemnify District is alleged to be or is contributed in part by the negligence, omission and/or misconduct of District, as long as the Claim is, or is alleged to be, attributable to and/or caused, in whole or in any part, by Contractor's action, operations, performance, negligence, misconduct, breach and/or omission of Contractor;

(v) Apply regardless of any active and/or passive negligent act or omission of District;

(vi) Shall not be limited by the Insurance requirements set forth in this Agreement; and/or

(vii) Apply so long as the basis for the indemnification is alleged to be or is caused, in any part, by the negligence, misconduct, action and/or inaction of Contractor.

(c) Contractor shall:

(i) At Contractor's own cost, expense and risk, immediately upon tender by District defend all Claims as defined in this Agreement that may be brought or instituted by third parties, including, but not limited to, governmental agencies or employees of Contractor against District, its directors, officers or employees of any of them;

(ii) Pay and satisfy any judgment or decree that may be rendered against District, its directors, officers or employees, or any of them, arising out of any such Claim; and/or

(iii) Reimburse District, its directors, officers or employees or any of them, for any and all reasonable legal expense incurred by any of them in connection herewith or in enforcing the indemnity granted in this Agreement.

(d) Each and every remedy or cause of action for indemnity, hold harmless, defense and release provided to District, in any term or provision of this Agreement, is not to the exclusion or prohibition of any other remedy or cause of action for indemnity, hold harmless, defense and release set forth in this Agreement or as otherwise provided by law. All such remedies or causes of action for indemnity, hold harmless, defense and release are cumulative and are enforceable and pursuable separately and individually as well as jointly.

Notwithstanding anything herein to the contrary, Contractor shall not be liable for indemnification of the Indemnified Parties for claims arising from the use of the Excepted Areas displayed on Exhibit C ("Map") by tenants or occupants of such excepted areas, their guests and invitees.

19. **Default**

(a) Any of the following is a Default under the Agreement:

(i) continuous or repeated unsatisfactory customer service by Contractor or its employees;

(ii) failure to pay the Fee when due, or

(iii) failure by Contractor to observe and perform the material covenants or conditions under the Agreement.

(b) If Contractor is in Default in the payment of the Fee when due, Contractor shall have 10 days after receipt of written notice thereof to cure such

Default.

(c) If Contractor is in Default with respect to any other matter, Contractor shall have 15 days after receipt of written notice thereof to cure such Default.

(d) In the event Contractor fails to cure any Default within the time allowed, District may declare the Agreement terminated by giving Contractor written notice of such election, and Contractor shall surrender the premises within 30 days. If this Agreement is prematurely terminated, District and Contractor shall promptly enter into negotiations to determine which assets of Contractor, if any, District desires to purchase. District shall have the absolute right to purchase at reasonable value, Contractor's assets (excluding watercraft) for which Contractor's purchase price was in excess of \$1,000. In the event that District and Contractor shall not agree on reasonable value such determination shall be resolved by mediation as provided below.

20. **Mediation.**

Any controversy arising out of or relating to this Agreement shall be settled or resolved as follows:

(a) The Parties agree to mediation of any dispute. The mediation shall occur promptly, and no later than 15 days after either Party delivers written notice of a dispute and request for mediation. After mediation is requested, the Parties shall promptly agree on the

appointment of a mediator. If the parties cannot so agree, then upon petition to the Superior Court of California, County of El Dorado, the court shall appoint a mediator. Mediation shall be held at or near the District Facilities or at such other local location as the Parties may agree as upon as soon as practical after the appointment of the mediator.

(b) In the event any dispute is not resolved by mediation, then any such dispute shall be resolved by binding Arbitration under the rules of the American Arbitration Association, or other dispute resolution procedure the Parties agree to use, and judgment upon the arbitrator's determination may be entered in any court having jurisdiction thereof.

(c) If any legal action or arbitration is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, in the discretion of the arbitrator, mediator or judge.

21. **Notices.**

Any notices required or permitted under this Agreement shall be in writing, delivered personally or sent by United States Certified Mail, return receipt requested, addressed as follows:

District

P.O. Box 9415
South Lake Tahoe, CA 96151
Attention: President of the Board
For Personal Delivery: General Manager

Contractor
RRM-CLM Services LLC
11811 North Tatum Blvd.
Phoenix, AZ 85208
Attention: Executive Officer or President
For Personal Delivery: Operations Manager

22. **No Waiver.** No waiver of any default shall be implied from any omission to take any action on account of such default if such default persists or is repeated. One or more waivers by District or by Contractor shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

23. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule.

24. **Amendments.** No amendment or modification to this Agreement shall be effective unless and until made in writing and signed by the Parties.

25. **Further Assurances.** Each of the Parties shall execute and deliver such additional assignments, documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions of this Agreement

26. **General.** This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns. This Agreement is not intended to confer upon any person other than the Parties any rights or remedies hereunder

27. **Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together will constitute one and the same original of this Agreement. Execution hereof, or any notice or other document to be executed pursuant hereto, may be made by facsimile or other electronic format, provided that the original thereof shall, upon recipient's request, be delivered promptly thereafter to recipient. Electronically transmitted signatures on this document shall be deemed the same as original signatures. Copies of this document, including faxed and electronically scanned versions, may be used in lieu of the original, and copies shall be equally admissible in evidence.

The following Exhibits are attached hereto and incorporated herein:

Exhibit A -- Agreement Between the Fallen Leaf Lake Associates and the Fallen Leaf Community Services District

Exhibit B -- TRPA Agreement

Exhibit C -- Fallen Leaf Community Area Map

Exhibit D -- Fallen Leaf Lake California Community Services District -- Inventory of CSD owned property as of August 10, 2003

Exhibit E -- Policies and Procedures. Community Area at Fallen Leaf

Exhibit F - Green Operations Guidelines

Exhibit G -- Fallen Leaf Boating Regulations

Exhibit H -- District Compensation Form

Exhibit I -- Utility Allocation

IN WITNESS WHEREOF, the parties hereto have read the foregoing Agreement, fully understand it, and have executed this Agreement as of the dates below.

FALLEN LEAF COMMUNITY SERVICES DISTRICT

By:

Its: President

Print Name: _____

Date: _____

RRM-CLM SERVICES LLC, DBA VISTA RECREATION

By: _____

Its:

Print Name: _____

Date: _____

EXHIBIT A

Agreement between the
Fallen Leaf Lake Associates
and the
Fallen Leaf Lake
Community Services District

Adopted by the Board of Directors:

May 10, 1993

AGREEMENT

This agreement (the "Agreement") dated May 10, 1993, by and between Fallen Leaf Lake Associates, a California limited partnership ("FLLA"), and the Fallen Leaf Lake Community Services District ("CSD") is for the development and operation of the Fallen Leaf Lake Community Area.

RECITALS

A. FLLA is the record owner in fee simple of that certain real property located in the County of El Dorado, State of California, commonly known as the Fallen Leaf Lodge and described more fully in Exhibit A hereto (the "Lodge Property").

B. By the Real Property Transfer Agreement dated July 3, 1990 (the "Transfer Agreement"), between FLLA and the Trust for Public Lands, a non-profit California public benefit corporation ("TPL"), FLLA agreed on the terms set forth therein to convey to TPL for the benefit of the CSD or, at the direction of TPL, to convey directly to the CSD a portion of the Lodge Property known as the Community Acquisition and identified more fully in the Transfer Agreement, which is Exhibit A hereto.

C. The Transfer Agreement paragraph 5.1 provides that the CSD shall develop and FLLA and CSD shall agree on a site plan for that part of the Community Acquisition known as the Community Area and identified more fully in the Transfer Agreement. The site plan is to resolve the reasonable concerns of FLLA regarding the development and use of the Community Area.

D. The FLLA and the CSD intend hereby, as between themselves and their successors, to comply with, implement, and fulfill the requirements of Transfer Agreement paragraph 5.1.

NOW, THEREFORE, the FLLA and the CSD agree:

1. **Land Use Plan.** The plan attached hereto as Exhibit B depicts the site plan for the Community Area as adopted by the CSD and depicts the location of the old gas dock and the existing boat slip piers.

1.1. **Design.** The FLLA will have reasonable rights to approve the bulk, height, exterior materials, roof materials, and color of structures shown on the site plan to insure that they are compatible with the FLLA development. Roofs are to be non-shiny and in tones compatible with the range of materials that the FLLA will be using in its project.

1.2. **Fire Department Structure.** The FLLA will approve placement of a fire department storage facility at location "J" on the site plan or at another location within the Community Area that is mutually agreeable to both parties if and only if, after a good-faith effort by the CSD Board, it is determined that the facility cannot be located at a south-end location outside the Community Area, such as the site near the Church.

Any storage facility at "J" will be limited to one story at the eaves and be subject to site review by the FLLA.

1.3. **Community Building.** It is anticipated that the store will be moved from its present location into a new structure located at location "A" on the site plan. At that time the old store building will be converted for use as a "Community Building". Use of the Community Building shall be allowed only for one-time or recurring supervised Fallen Leaf community activities approved by a Community Building Usage Committee (under the auspices of the CSD). All Community Building activities shall be conducted with appropriate respect for the interests of the Community Building's immediate neighbors.

1.4. **Usage Committee Composition.** The Community Building Usage Committee shall be composed of five members drawn from the Fallen Leaf Community. Two members are to be nominated by those members of the community with homes located between, and including, Rockhaven (currently the Maderios property) and Glen Alpine Creek. The remaining three committee members are to be selected by the CSD Board giving consideration to geographical balance within the Fallen Leaf Community.

1.5. **Area Behind Community Building.** The area located between the back of the Community Building and the rock retaining wall will be used only for handicapped parking and pedestrian access to the Community Building.

2. **Marina Plan.** The CSD shall develop a marina as part of the Community Area (the "Marina") under the following conditions.

2.1. **Size and Configuration.** The Marina shall be comprised of piers extending from the old gas dock identified in Exhibit B and from the site of the existing boat slip piers also identified in Exhibit B. The Marina shall accommodate no more than one hundred four (104) boat slips with the possible exception of a temporary accommodation of up to two (2) fire department boats until such time as slips become available by attrition. And, absent a CSD Board determination of compelling marina safety, design, or operational problems, the pier or piers that extend from the old gas dock shall be limited to no more than forty (40) slips.

2.2. **Lease Terms.** The FLLA shall establish the Fallen Leaf Lodge Homeowners' Association ("FLLHA") which will have the right to lease Marina slips under the following terms and conditions.

2.2.1. **Number of Slips.** The FLLHA shall have the right to enter into long-term lease agreements for the lease of up to forty (40) Marina slips. In the unlikely event of outside governmental action to reduce the total marina size to significantly less than 104 slips, the CSD and FLLHA may reconsider this number. As a consideration for these lease rights and in expectation of slips equivalent in quality to the newest slips in the marina, the FLLHA will deposit \$20,000 with the CSD at closing of the land sale. This deposit will be returned to FLLHA by the CSD at the rate of \$1000 per year for 20 years, due and payable at the close of each season.

2.2.2. Location of Slips. Absent a CSD Board determination of compelling marina safety, design, or operational problems, the Marina slips leased to the FLLHA on long-term leases shall be contiguous slips located on the pier or piers that extend from the old gas dock. If non-FLLHA slips are located on the west-most side of the west-most pier, then a suitable provision will be made to ensure that craft entering those slips do not encroach on the adjacent beach area.

2.2.3. Definition of Long-term Leases. Long-term leases are defined to be year-to-year, renewable leases. The term is one year—May 1 of one year to May 1 of the subsequent year. By March 1 of each year the FLLHA will be reminded to notify the CSD by May 1 if it does not wish to renew some of its leases for the subsequent year; the long-term leases continue until canceled by the FLLHA. Failure to notify the CSD of the FLLHA's intent to cancel will make the FLLHA responsible for the next-year's fee.

2.2.4. Obtaining Long-term Leases. By March 1 of each year FLLHA will notify the CSD of the number of new long-term leases that it would like to obtain, up to a maximum of the number specified in 2.2.1.

2.2.5. Rental Fees. The FLLHA will pay an annual rental fee equal to "market rent" for each leased slip. "Market rent" is defined as the most favorable rent charged in that year for a comparable slip.

2.2.6. Deposits on Long-term Leases. Each new long-term, lease request will be accompanied by a \$1,000 per slip deposit which will be held, interest free, for the duration of the long-term lease and will be returned to the lease-holder when the lease is canceled.

2.2.7. Ownership and Operation. All Marina facilities will be constructed, owned, insured, maintained, and operated under the control of the CSD and will be available only for the summer season as defined by the CSD. Maintenance and operation will include annual installation, removal, and storage of docks. All slips are to be protected by an appropriate breakwater. All costs of operation are to be borne by the CSD.

2.2.8. Sublease of Slips. The right to sublease any slip leased on a long-term basis will be permitted only pursuant to guidelines to be developed by the CSD.

2.2.9. Leases subject to CSD Rules. All use of the Marina slips will be in accordance with CSD rules. For example, despite the existence of a long-term lease, the CSD may suspend mooring in the Marina to any boat that is operated in so unsafe or dangerous a manner that it constitutes a hazard.

3. Right of First Refusal. In the unlikely event that at some point in the future the CSD will be unable or unwilling to continue operation of the Community Area and there is no other entity acceptable to the CSD to continue operating the Community Area for the benefit of the Community and public, the FLLA will have a right of first refusal before sale to a private party for private or commercial use.

4. **Binding Effect.** This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

5. **Exhibits.** Each of the Exhibits attached hereto is hereby incorporated herein by this reference.

6. **Headings.** Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only. Paragraph headings are not part of this Agreement and shall not be used in the interpretation of this Agreement.

7. **Severability.** If any one or more of the provisions of this Agreement are held to be invalid, illegal, or unenforceable in any respect for any reason, the validity, legality, and enforceability of any such provisions or provision in every other respect and of the remaining provisions of this Agreement shall not be in any way impaired.

8. **Governing Law.** The terms and provisions of this Agreement shall be construed in accordance with the laws of California.

9. **Dispute Resolution.** Any controversy arising out of or relating to this Agreement shall be settled by voluntary mediation or by arbitration. If the parties do not agree to mediation or if mediation does not resolve a controversy, then the controversy shall be settled by arbitration in accordance with the rules of the American Arbitration Association (the "AAA"), and judgment upon the arbitrator's determination may be entered in any court having jurisdiction thereof. A single arbitrator shall be named by the AAA, provided, however, that the arbitrator must be a lawyer licensed to practice in California and must be experienced in land-use law.

Dated: May 10, 1993

Fallen Leaf Lake Associates
By: Fallen Leaf Lake Associates, Inc.
General Partner

By: James B. Hill
James B. Hill, President

Dated: May 11, 1993

Fallen Leaf Lake Community
Services District

By: Sally S. Marriner
Sally S. Marriner, President



EXHIBIT B

TAHOE REGIONAL PLANNING AGENCY

2155 South Avenue

P. O. Box 8896
South Lake Tahoe, California 95731

(916) 541-0246

February 26, 1985

Ernest Jones
Ernest Jones Associates, Ltd.
P. O. Box 10381
Zephyr Cove, NV 89448

Subject: Fallen Leaf Lodge Rehabilitation Project, El Dorado County, APN
21-410-11, TRPA File #79156


Dear Ernie:

On January 24, 1985, the Tahoe Regional Planning Agency Governing Board conditionally approved the subject project upon making the findings listed below. The conditions of that approval are those listed on Attachment D, except condition #19, plus the special conditions listed below.

Findings:

1. The findings required under Article V(g) of the Tahoe Regional Planning Compact, as set forth in Section 3.00 of TRPA Ordinance 84-1.
2. Changes or alterations have been required in or incorporated into the subject project which avoid or reduce the significant adverse environmental effects to a less than significant level.
3. The construction activity proposed in the stream environment zones and in the land capability Ia area is exempt from the prohibition on such activities under Section 12.62 and 13.31 of TRPA Ordinance 81-5. This finding is based on the determination that said construction activity is the minimum necessary to relocate an existing county road; all other feasible alternatives not involving construction within an SEZ have been exhausted, the construction is necessary to improve public recreation opportunities and the EIS prepared for the project concludes that implementation of the project will have a beneficial impact on water quality.
4. The findings required under the Preliminary Injunction, which are that the project will result in:
 - a. significant reductions in impervious coverage;
 - b. conversion of existing septic tanks to sewage treatment systems;

Exhibit B



Ernest Jones
February 15, 1985
Page Two

- c. increased public access to Fallen Leaf Lake's beach area;
and
- d. upgrading of water quality treatment facilities to current standards of the Lake Tahoe Basin Water Quality Plan.
5. The stream zone restoration program that is part of this project is equivalent to the 1:1.5 restoration ratio set forth in the Goals and Policies Plan, Part 1.

Special Conditions:

1. The security required under standard condition 1b. shall be in an amount equal to 150% of the estimated costs to properly install all drainage and slope stabilization improvements and revegetate and restore the project site in accordance with the final construction drawing approved by Agency staff.
2. The offer of dedication for public access, as set forth in the April 25, 1983 letter signed by E. Clement Shute, Jr. and addressed to Ms. Laura Hoover and James P. Dana, shall be recorded prior to issuance of the TRPA permit. Until and unless such offer is accepted, Fallen Leaf Lake Association shall be responsible to assure that free public access is maintained for the area generally identified as the public access area being approximately from the western edge of the public parking area to the eastern property line.
3. Public restroom facilities and trash dispensers shall be provided and maintained in the public access area.
4. The public parking area shall be available for public parking only and shall not be operated as an overflow area for cabin users. As such, no overnight parking shall be allowed.
5. Water conservation devices shall be used on all fixtures.
6. Water heaters shall not emit nitrogen oxides greater than 40 nanograms of nitrogen oxide (as NO_x) per joule of heat output at sea level.
7. Space heaters shall not emit greater than 40 nanograms of nitrogen oxides (as NO_x) per joule of useful heat delivered to the heated space at sea level.

Ernest Jones
February 26, 1985
Page Three

3. Any stoves or fireplace inserts installed shall emit 15 grams or less of smoke per hour for non-catalytic wood heaters and 6 grams or less per for catalytic equipped heaters. As an alternative, stoves or inserts may be installed that meet the emission standards set by the State of Oregon. Such stoves or fireplace inserts shall be operated at all times in the mode for which emissions were certified.
9. All new utilities shall be underground and located with appropriate public utility easements.
10. Maintain a 100-foot non-building setback from Alpine Creek.
11. A phasing plan, identifying the construction phases of the proposed construction/rehabilitation, shall be submitted for approval by Agency staff prior to issuance of the TRPA permit. This phasing plan shall include a construction/inspection schedule including the following items:
 - a. When installation of temporary erosion control, and vegetation protection and construction site boundary fencing will occur;
 - b. When construction will start;
 - c. When all disturbed areas will be stabilized;
 - d. When initial grading will be completed;
 - e. When all construction slash and debris will be removed;
 - f. When driveways, parking areas and other paved surfaces will be paved;
 - g. When installation of permanent mechanical erosion control devices will occur;
 - h. When installation of permanent drainage improvements will occur;
 - i. When revegetation will occur;
 - j. When construction will be completed;
 - k. When the site will be winterized, if appropriate; and
 - l. Other information deemed necessary by Agency staff to assure compliance with the purpose of this Section as stated above.
12. The final construction drawings for each of the new cabins and other structures shall be subject to review and approval by Agency staff. Individual securities may be required for, and specific conditions of approval may be placed on each such approval. Such approvals by Agency staff shall not constitute a new project.
13. Construction materials and exterior colors of the proposed cabins and other structures shall be subject to final review and approval by Agency staff.

Ernest Jones
February 16, 1985
Page Four

14. Locations and details of all trash enclosures shall be subject to review and approval by Agency staff. Trash containers shall be properly screened from public view at all times.
15. All mitigation measures, as identified in the Final EIR/EIS, shall be implemented, as well as the following mitigation measures:
 - a. The final project alternative shall comply with all Agency regulations and the land capability system requirements.
 - b. All improvements shall be proposed and constructed in accordance with the Agency Handbook of Best Management Practices.
 - c. All disturbed areas currently contributing to erosion and sediment releases shall be restabilized and revegetated.
 - d. Provisions shall be made for a store and post office for use by the general public.
 - e. Provisions shall be made for retention of the marina, boat ramp, and a portion of the beach for public access and use. Restroom facilities shall be provided for these facilities. These facilities may be operated by a public agency.
 - f. All construction of private improvements shall be located to avoid encroachment into land capabilities districts 1 through 3 and stream environment zones.
 - g. All new units shall not exceed 1,000 square feet each of land coverage to be consistent with the assumptions under which the EIS was developed.
16. Approval by the Agency of this project shall expire 3 years after the date of Governing Board final action, unless construction is begun within that time and diligently pursued in accordance with the approved phasing plan and construction/inspection schedule, as may be modified by Agency staff. Construction of all civil, offsite improvements shall be completed within 24 months from the date that construction of the project commences, and all other improvements shall be completed within 60 months from the date that the civil, offsite improvements are completed. If construction is not completed within said time periods, this approval shall expire and the applicant or his successor in interest shall immediately remove all partially completed work and return the site, as far as possible, to its original condition. If the applicant or his successor in interest fails to do so, the Agency may have the work performed at the applicant's or his successor's in interest expense costs to constitute a lien against all the real property which is the subject of this approval. The security required under standard condition 1b. may be used by the Agency to have any of the work performed that may be required under this condition performed.

17. The final alignment of the new county road shall be subject to review and approval by Agency staff. The final alignment shall be designed to avoid the removal of large trees and to minimize excavation.
18. The final location of each building site shall be subject to review and approval by Agency staff. The final location of each building site shall avoid the removal of large trees, where feasible.
19. Except for the county road, the paved surfaces within the project site shall not be cleared of snow during the months of November through May.
20. All material obtained from any excavation work that is not contained within foundations, retaining walls, or by other approved methods shall be removed from the subject parcel and disposed of at a TRPA approved location.
21. The applicant shall be fully responsible for any damage caused to trees or other vegetation. This responsibility shall be carried to all employees and subcontractors.
22. All work must be performed in such a manner that the project can be winterized within 24 hours.
23. During construction, environmental protection devices such as adequate erosion control devices, dust control and vegetation protection barriers shall be maintained at all times.
24. Excess debris and waste construction material shall be placed in a centralized area free from flooding or washout and shall be removed from the site as soon as possible.
25. Loose soil mounds or surfaces shall be protected from wind or water erosion by being appropriately covered when construction is not in active progress or in anticipation of a storm.
26. There shall be no grading or land disturbance to existing drainage areas other than as designated on the final construction drawings approved by Agency staff.
27. All excavated material shall be stored upgrate from the excavated areas. No material shall be stored in any stream environment zone.
28. No vehicles or heavy equipment shall be allowed in any stream environment zone, except as specifically authorized by Agency staff.

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19. No cleaning of equipment, including cement mixers, shall be permitted where the waste material can enter any stream environment zone or Lake Tahoe.
20. No filling or grading shall be permitted in any wet lands, stream environment zone or flood plain, other than as designated on the final construction drawings approved by Agency staff.
21. The length of open trenches (excluding foundation) at the end of each working day shall not exceed 50 feet.
22. Soil disturbed during the course of any construction shall be removed or protected from erosion onto adjacent lands.
23. Construction equipment shall be limited to the general area of building footprints, access ways, and utility lines within the area of actual construction. No vehicles shall pass over areas designated on plans submitted by the permittee to remain in a natural state.
24. Equipment of a size and type that, under prevailing site conditions, will do the least amount of damage to the environment shall be used.
25. Motor vehicles shall not be operated in wet lands, stream environment zones, or other fragile lands off designated highways, streets, trails, or other thoroughfares, or driveways in a manner that is damaging to the natural environment unless such operation is expressly authorized by Agency staff.
26. Construction equipment shall be limited to the actual area of construction according to approved plans and shall not be operated outside the designated area.
27. The TRPA staff shall be notified in writing at least one day before any work is started on any stream crossing.
28. No excavation or backfill will be permitted when snow is present or ground is frozen unless written permission is obtained from the TRPA.
29. All manholes in the area of auto or bicycle traffic shall be maintained within 1/2" of the finished pavement.
30. Rehabilitation and cleanup of the site following construction must include removal of all construction waste and debris and restoration of topography other than building footprint and driveway.

41. Mud shall not be tracked off the construction site or improved roads. Grading operations shall cease in the event that a danger of tracking mud offsite exists. The site shall be cleaned up and road right-of-way swept clean when necessary.
42. The TRPA shall be provided written notification when the work on the project is complete.
43. No work activity shall be allowed during any holiday which would adversely affect traffic on the adjacent roads.
44. At least one (1) parking space 12' wide shall be appropriately located and signed for the use of vehicles with handicapped persons. The location of said space shall be approved by the TRPA prior to the start of construction. The two required signs shall conform with the Caltrans standard sign specification G-81.
45. Facilities shall be provided for bicycles adequate to secure at least ten (10) full-size bicycles. The bicycle facility shall be secured to the ground or building to provide adequate security. The location and type of storage facility shall be submitted to the TRPA for review and approval prior to the start of construction.
46. Physical barriers shall be provided to confine vehicles to their designated parking areas and driveways. The type and location of these barriers shall be submitted to the TRPA for review and approval prior to the start of construction.
47. This approval does not include approval of any private signs other than those shown on the final construction drawings approved by Agency staff.
48. This approval does not include approval for any outdoor lighting, except as may be shown on the final construction drawings approved by Agency staff.
49. All construction equipment shall be equipped with appropriate mufflers and all construction activities shall occur only between 7 a.m. and 7 p.m.
50. As part of the final construction drawings, the applicants shall submit to Agency staff a forest management program. This program shall be subject to review and approval by Agency staff.
51. At the time when the foundation inspection is requested of the local building department, the Agency must be notified and requested to inspect the site. At the time of this inspection, all drainage and slope stabilization improvements shown on the

Ernest Jones

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construction drawings bearing the TRPA stamp of approval shall have been properly installed in accord with the TRPA 208 Water Quality Plan and Handbook of Best Management Practices. At the time of this inspection, the driveway shall have been paved.

52. This approval is conditioned upon the consent of the applicant, as indicated by his signature upon the permit issued pursuant to this approval, that the TRPA, through its duly authorized representatives or independent contractors, may enter upon the land of the applicant upon which the construction, use or activity authorized by such permit is to occur for the purposes of inspection, the construction or maintenance of those facilities necessary to comply with the TRPA 208 Plan, or as is required by these conditions of approval, and subsequent to such construction or maintenance shall be reimbursed by the applicant for the cost thereof.
53. In the event that buried cultural resources are uncovered as work proceeds on the project, all work shall cease within 20 meters of the find and a qualified professional archeologist shall be called upon to assess the significance of the find and determine adequate mitigation measures. The mitigation measures recommended by the archeologist shall be implemented by the applicant.
54. Prior to issuance of the TRPA permit the store structure shall be reviewed in accordance with the interim procedures set forth by the Agency for considering modifications to historically significant structures. The applicant shall submit a report assessing the feasibility of relocating the store building on the project site. If the report concludes that the building can not be relocated, or otherwise allowed to remain on the site, this matter shall be reconsidered by the TRPA Governing Board.
55. Prior to approval of any final construction drawings for the new cabins the applicant shall submit design review rules to assure that the new cabins are designed to preserve the historical character of the site. At a minimum, these rules shall establish site development standards, architectural standards, and construction procedures. These rules shall be subject to review and approval by Agency staff.

Ernest Jones
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If you have any questions, please contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary George", is written over the typed name.

Gary George, Chief
Project Review Division

GG:bl

Attachment

Handwritten initials, possibly "JR", in dark ink, located in the bottom right corner of the page.

EXHIBIT C

Community Area Map from 2003

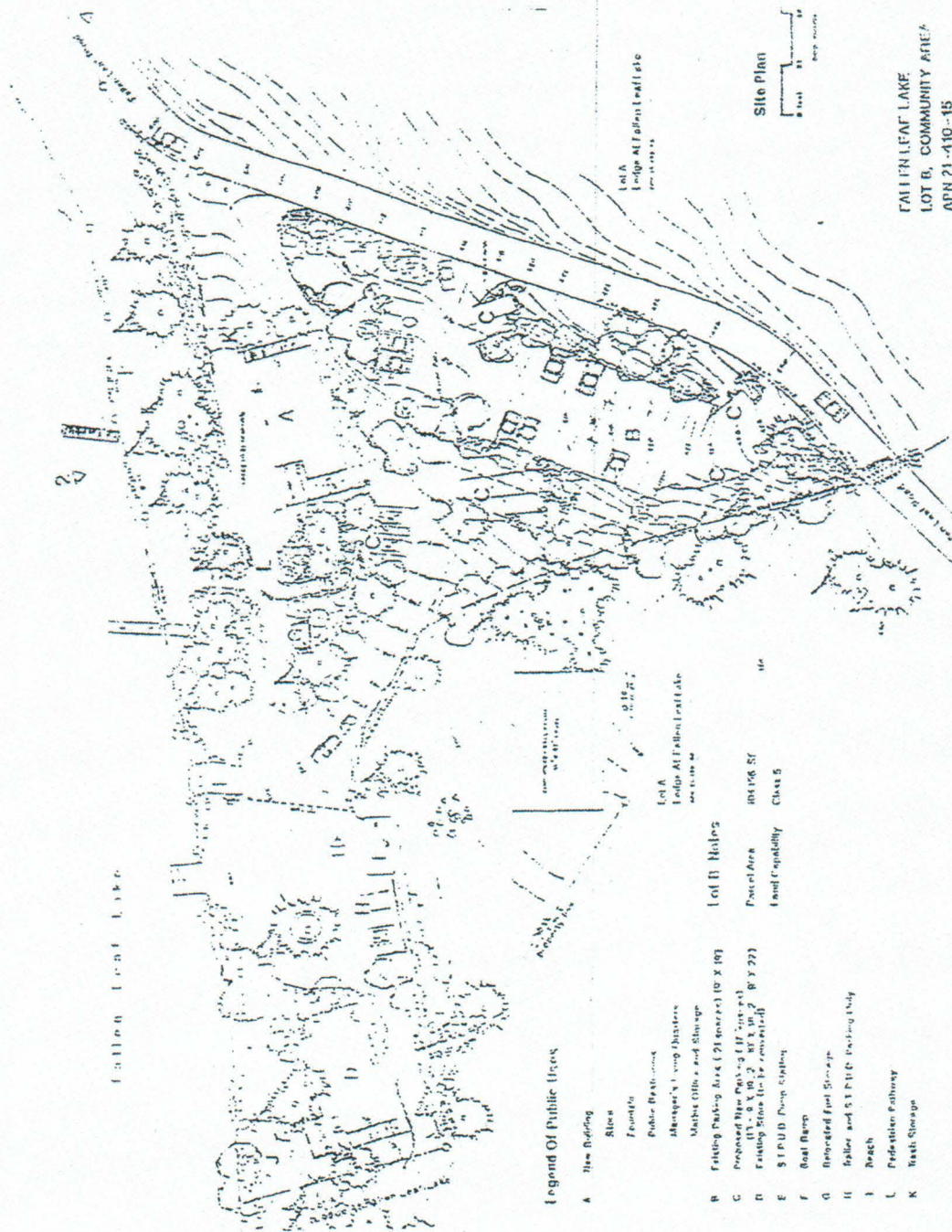


EXHIBIT D

Inventory of CSD assets as it existed at the beginning of the current contract. A new inventory will be taken in fall of 2009 and attached to the new contract.

DESCRIPTION/MANUFACTURER

00 11 31/12 220.03

2.20.03

✓ Freezer, display, 2 door, 66", Hussmann	1	Store	CSD
✓ Freezer, ice cream scooping, Masterbuilt	1	Store	CSD
✓ Rack, storage, silver metal, 36" W	1	Store	CSD
✓ Rack, storage, silver metal, 36" x 48" W	1	Store	CSD
✓ Rack, storage, silver metal, 42" W	7	Store	CSD
✓ Rack, storage, silver metal, 48" W	8	Store	CSD
✓ Rack, storage, silver metal, 60" W	2	Store	CSD
✓ Rack, storage, silver metal, 24" W	1	Store	CSD
✓ Refrigerator, under counter, Delfield	1	Store	CSD
✓ Refrigerator, walk-in, 5 door, L shape, Delfield	1	Store	CSD
✓ Safe	1	Store	CSD
✓ Counter, stainless, 9' 6"	1	Kitchen	CSD
✓ Curtain, air, Mars	1	Kitchen	CSD
✓ Dishwasher, under counter, Champion	1	Kitchen	CSD
✓ Faucet, pre-rinse	1	Kitchen	CSD
✓ Fryer, deep, 15", Superior	1	Kitchen	CSD
✓ Range/grill, 52" Imperial	1	Kitchen	CSD
✓ Refrigerator, under counter, stainless, Delfield	1	Kitchen	CSD
✓ Shelf, wall unit, stainless, 42", Delfield	1	Kitchen	CSD
✓ Sink, bar, stainless, 15"	1	Kitchen	CSD
✓ System, fire prevention	1	Kitchen	CSD
✓ System, hood	1	Kitchen	CSD
✓ Table, prep, w/3 sinks, Delfield	1	Kitchen	CSD
✓ Table, salad prep, stainless, & refrig., Delfield	1	Kitchen	CSD
✓ Boiler, building hot and cold water	1	Basement	CSD
✓ Boilers	1	Basement	CSD
✓ Coils, fan	1	Basement	CSD
✓ Fans, various sizes and types	5	Basement	CSD
✓ Pumps		Basement	CSD
✓ System, fire sprinkler	1	Basement	CSD
✓ Tank, storage	1	Basement	CSD
✓ Trap, grease	1	Basement	CSD

EXHIBIT "Z"

All the wood shelving attached to the walls, the horse shoe display in center of store including the glass cubicles, and gridwall attached to walls.

EXHIBIT E

POLICIES AND PROCEDURES

With revisions per CSD meeting held on July 2, 2011

Community Area at Fallen Leaf

Proposed by the Advisory Committee and adopted by the Board of Directors of the Community Services District on January 24, 1996, modified November 4, 1998; modified September 2, 2000; modified November 11, 2001; modified July 2, 2011; effective immediately and applicable until modified by further action of the Board:

General

The Community Area is located at the southeast corner of Fallen Leaf Lake, contains a public parking lot, a general store, post office, a volleyball court and a marina with launching, mooring and swimming facilities, and is surrounded on three sides by a residential community. All activities within and off-shore of the Area must be conducted in a safe and orderly way and in a manner which is consistent, to the maximum extent possible, with the quiet enjoyment of – neighboring private property. The Community Area will operate with no financial cost to the Community Services District. Operations should be break-even or better. (It is understood that this includes accrual of a reserve for depreciation.) After covering its direct expenses, the Board regards a high quality of public and community service to be its primary operating objective. To this end no effort shall be made to promote commercial activity. The specific limitations described herein are in addition to rules of the State and/or County, such as boating rules, smoking rules, pet rules, etc., and all prior agreements made between the Community Services District and the Fallen Leaf Lake Associates. Any person whose behavior is willfully or repeatedly disturbing to others in or near the Area will be denied the privileges of access to and use of these facilities. Vehicles, boats, or individuals in violation of these Policies and Procedures may be cited or towed as provided by county authority.

Season: Weather permitting, the regular season will begin on the weekend during which Memorial Day is observed and will end on the weekend next following that during which Labor Day is observed. At the discretion of the area operators the season can be extended, if weather conditions and public interest favor such extension of the season.

Off-season vehicular access to the Area will be permitted only by special arrangement or for purposes of maintenance and construction. (See "Special Arrangements" following.) During the off-season the area may be used for storage of CSD property, for the property of the operators used in the operation of the store and marina, and for a fee for the storage of private property. By November 1 the marina will be secured for the off-season by (1) removing all floating stock that can reasonably be removed, and (2) by placing signage which marks the area as "CLOSED FOR THE SEASON".

Hours: During the season the Area will be open for public use between the hours of 8:00 a.m. and "dusk" daily, although not all facilities within the area will be open for that entire period. During closed hours access may be arranged. (See "Special Arrangements" following.) Maintenance, supervisory and emergency vehicles will be permitted on the property at any time.

Facilities: Store, post office, restrooms and marina facilities shall be provided as required by TRPA. Fifty-six boat slips plus eight temporary tie-up spaces and two spaces required by fire and sheriff vehicles plus those slips activated by FLLA by payment per agreement will be provided. Lockable facilities will be provided by kayak and canoe storage outside of the new store building.

Inventory: An inventory shall be maintained of CSD property in the Community Area and all major items shall be kept labeled by the area operators.

Green Operations: Whenever practical the area operators are encouraged to implement green management practices.

General Appearance: The Community area is to be kept clean, neat and free of trash, and the walkways swept or raked for safety. The landscaping is to be watered as needed. As a general policy signage, furniture, fixtures, barriers etc. should conform to the rustic character of Fallen Leaf.

Signage: Signs shall be installed and maintained to satisfy TRPA requirements, to disclaim Liability, and indicate hours and fees. All signs must be approved by the Community Services District Board and by TRPA. As much as possible, signage shall be limited and consolidated.

Advertising: No advertising will be permitted outside the Fallen Leaf Basin which is defined to include the Fallen Leaf Campground.

Fires: Campfires and barbecues are not permitted at any time other than at scheduled events conducted only under supervision of the fire department or the area operator and with site approval by the fire department. By state law smoking in the building is prohibited.

Store: From Memorial Day weekend to Labor Day, the store will be operated for the reasonable convenience of the Fallen Leaf Community, including the public. Store hours will be set and posted by the store operator. Hours from July 4th weekend through Labor Day weekend will be constant and will not be changed arbitrarily, barring unforeseen circumstance.

Restrooms: The restrooms are to be open during hours of operation and as required to accommodate those for whom "special arrangements" have been made. They are to be kept in a neat and sanitary condition.

Volleyball: The volleyball court is available on a first-come-first-serve basis; it is expected that accommodation will be made for all who want to play. Reservations for use by a restricted group will only be possible for scheduled Fallen Leaf events and will be coordinated through the area operators. The court is literally in the front yard of its neighbors. Quiet and appropriate conversation is expected. Those who do not act appropriately will be asked not to use the facility.

Parking: The Community Area has very little parking space to offer, and is constrained by other authority from providing more. Parking is available on a first-come-first-service basis with one space reserved for the Fire Chief, one space reserved for the General Manager, and a pair of tandem spaces reserved for the store staff and another pair of tandem spaces reserved for the marina staff. Overnight parking of vehicles is prohibited by TRPA; the only exception allowed is for the Fire Chief or other staff who live on the property. Mopeds and boat trailers are considered vehicles. The parking lot away from the shore is reserved for cars and small trucks and is for the use of store, marina and beach customers. This may be enforced by the area operator during busy times at his/her discretion. Boat trailers must be disconnected and may be parked only in the spaces below the parking lot. The parking space adjacent to the Community Building may be temporarily reserved for Community Building (Old Store) events; other event attendees should walk or be shuttled. Parking instructions for use of the Old Store will be in the reservation materials provided by CSD General Manager. Some spaces will be marked "30 minute" in order to accommodate patrons of the store and post office. There is no facility on the premises for parking buses, motor homes or large campers; no such vehicles will be allowed.

Marina

Launching: The launch ramp fees, which can include multi-launch and season passes, are to be established each year by the CSD Board in consultation with the marina operator. Use of the launch constitutes an obligation to pay the fee and to execute the liability release.

Mooring: Eight temporary tie-up slips, clearly marked, are available in the marina for the public use (temporary mooring) while patronizing the store, post office, or other community facilities. Marking of the temporary tie-up slips must be approved by the CSD and the manager. There is no charge for use of temporary mooring. The time limits may be posted and may be changed as required to facilitate smooth operation. Two slips will be reserved for the Fire Boat and/or the Sheriff's Boat. The marina operator may reserve up to six slips for rental boats. All other slips are rented by the day, week, month or season. The fees are established each year by the CSD Board in consultation with the marina operator and will be set with a goal of maximizing revenue while encouraging a full marina. Those slips rented by the month or season may be sub-let by lessee. Lessee must notify marina operator in writing in advance of such occupancy of sub-let slip. Without such advance notification, slip occupant will be required to pay usual rental fee. Seaplanes will not be permitted within our marina. Mooring on-shore of low profile boats is up to the discretion of the marina operator.

Boat Wash: The hot water boat wash will be operational whenever the launch ramp is open; boat wash of any boat launched at Fallen Leaf Marina is mandatory except in the case of a boat that has not been in other waters since leaving Fallen Leaf and has proper tagging to assure that is true. The boat wash fees are to be established each year by the CSD Board in consultation with the marina operator; boat wash for carry-on kayaks and canoes should be free to encourage use.

Swim Area and Beach: The portion of the beach east of the east-most "pier" is reserved as the Swimming Area. It is to be roped off to prohibit boat access, with no slips other than for sailboats on the east side of that "pier", except in the case that the marina is full and those spaces must be used for other than sailboats. There is to be a swim float for the enjoyment of those using the beach. The beach is to be clearly marked "swim at your own risk; no lifeguard on duty".

Engine Noise: Engines which are well within State Safety Limits of 86 dba can be operated in such a ways as to disturb others; likewise, engines which exceed legal noise limits can be operated quietly. Area operator will deny launching and mooring privileges

to any vessel operated in such a way as to become a public disturbance. In extreme cases, law enforcement officials will be asked to enforce legal noise limits.

Rental Boats: This section is under consideration to be reviewed at a later date.

Boat Traffic Patterns: Ski patterns, which have been developed by boat users on the Lake, will be posted and available at the marina and will be distributed to each boat that launches. When more than one ski boat is operating, compliance with the pattern is expected. Boats are expected to abide by state boating laws such as a speed limit of 5 mph within 100 yards off shore. The marina operator is responsible for distribution of the rules, but not for enforcement. All Jet Ski users are expected to avoid in-shore waters and to move about the lake so that they do not cause a prolonged and continuing disturbance in one place.

Quiet Hours: Quiet hours are designated as "dusk" to 8:00 a.m. Power boats and jet skis entering and leaving the marina should proceed slowly and quietly while within 300 yards of the shore. At the launching ramp and in the marina and parking lot voices and boat and auto noises should be subdued. The volleyball court is not available for use.

Special Arrangements: Those who desire access to the launch ramp between "dusk" and 8:00 a.m. or who use the facilities before or after the regular season may make arrangements with the marina operator to obtain such access and egress. Users requesting this privilege may be charged a special fee and will be asked to sign a liability release. (Note – the liability release is included in the marina rental contracts and on the receipt for the launch fee during the regular season.) The intent of this special arrangement provision is to accommodate the needs of fishermen and of dock lessees and may be withdrawn if "Quiet Hour" courtesies are not observed.

EXHIBIT F

EXHIBIT F: "GREEN" OPERATIONS GUIDELINES

MARINA

The District wants the Fallen Leaf Lake marina to "go green". The Fallen Leaf Lake Marina was the first marina in the Tahoe basin to implement mandatory hot water boat washing to prevent invasive species from entering the lake. It encourages lessee to further its efforts to "go green". Green signifies support and protection of the environment. Green marinas go beyond basic compliance with regulations by adopting Best Management Practices designed to reduce waste and control pollution, promote safe and clean boating practices, and improve the quality and clarity of the marina and lake water.

The marina is to be operated in an environmentally conscientious manner so that marina use does not unduly impair the lake's natural resources.

As required by the Clean Water Act and the Occupational Safety and Health Administration (OSHA), the lessee must regularly train employees.

Training should include:

- Spill prevention, control, and containment
- Management and disposal of hazardous waste
- Proper fueling procedures
- Good housekeeping procedures
- Safe use of equipment and chemicals kept on site
- Regularly reviewing emergency response procedures
- Watching for inappropriate discharges

Gasoline is occasionally spilled during the act of fueling. This may take the form of back-splash out of the fuel intake or overflow. Spills of this sort harm aquatic life, waste money, and can result in stained hulls and damage to the gel coat and striping. Good fueling practices suggest:

- Fill tanks to no more than 90 percent capacity – gasoline that is drawn from cool storage tanks will expand as it warms up.
- Fill portable tanks on shore where spills are less likely to occur and are easier to clean up, or in the boat, not the dock.
- Use oil-absorbent pads to catch drips.
- Slow down at the beginning and end of fueling
- In case of a spill, stop the flow, contain the spill, call the Fallen Leaf Fire Department at 911.

Material Safety Data Sheets must be posted in a place accessible to employees and cover any hazardous materials handled or stored in the marina area.

STORE AND MARINA

Lessee shall establish a program to promote cost effective waste reduction in all operations. "Waste reduction" means preventing or decreasing the amount of waste being generated through waste prevention, recycling, or procuring recycled and environmentally preferable

products for use and sale. Lessee shall provide adequate trash receptacles for the public and empty them regularly. (Separation of recyclables is not required.)

EXHIBIT G

Boating Operation Laws and Regulations FOR BOATS using FALLEN LEAF LAKE

Please respect others and operate your boat in a safe, considerate manner to preserve the enjoyment of all Fallen Leaf visitors and residents.

1. SPEED LIMIT/ NO WAKE ZONE: Speed is limited to 5mph, no wake, within 100 feet of a swimmer or 200 feet of the entire lakeshore whether marked by buoys or not marked by buoys. Wake damages moored boats and erodes the shoreline

2. RULES OF THE ROAD (RIGHT OF WAY): Each boat regardless of boat size and speed is required to "THINK SAFE" and stay clear (100) feet of another boat. Yield right of way to canoes, kayaks, sail, row and fishing boats.

3. FALLEN LEAF LAKE MOTORIZED WATER SPORTS (SAFETY): See attached map: All boats towing: water-skiers, knee boarders, wake boarders, tubers etc. must adhere to the counter clockwise "water skiing pattern". No motorized water sports between sunset and sunrise. Skiers and others who wish to ski before 8:00am should use the north end of the lake. Each "tow boat" must in addition to the operator carry a "safety observer" of at least 12 years of age and a red flag to display when a person(s) is in the water.

4. NOISE LEVEL LIMITS:

- A. Engine Noise Level - Any motorboat operated on the inland waterways of the State of California must be muffled and otherwise prevented from exceeding noise levels of 82 db measured at a distance of 50 feet.
- B. No "Dry Stack" boats are allowed on Fallen Leaf Lake at any time.
- C. Sound Entertainment System - Loudspeakers onboard boats must not exceed 82db Noise level at any time. Respect other's enjoyment of the silence of the lake

5. SAFETY EQUIPMENT: California Boating Laws requires that you have USCG approved personal flotation devices (PFD's) (lifejackets) on your recreational boat wearable for each person on board. Boats 16 feet or longer must have at least one (1) "throw able PFD. Fire Extinguisher Requirements: For boat length less than 26 feet one (1) "dry chemical" 2 pound fire extinguisher is required.

6. ENGINE TYPES: Only four(4) cycle or direct injected two(2) cycle engines may be operated on Fallen Leaf Lake.

7. BOAT OPERATOR AGE RESTRICTION; No person under 16 years of age may operate a motorboat of more than 15 horsepower - unless supervised by an "On Board" person of at least 18 years of age.

8. PERSONAL WATERCRAFT (JET SKI) - The operator must be at least 16 years old and adhere to all safety rules. Keep to the middle of the lake to reduce shore noise. No operation of a jet ski between sunset and sunrise.

9. BOATERS with a blood alcohol level of greater than .08 are subject to arrest.

10. NIGHT OPERATIONS; all boats must show required running lights when operating between sunset and sunrise.

11. CURRENT YEAR BOAT REGISTRATION is required.

*All Laws and regulations are excerpted from "State of California Boating Laws 2003 - Department of Boating and Waterways and Fallen Leaf Lake CSD regulations Updated 6/30/04

EXHIBIT G-1

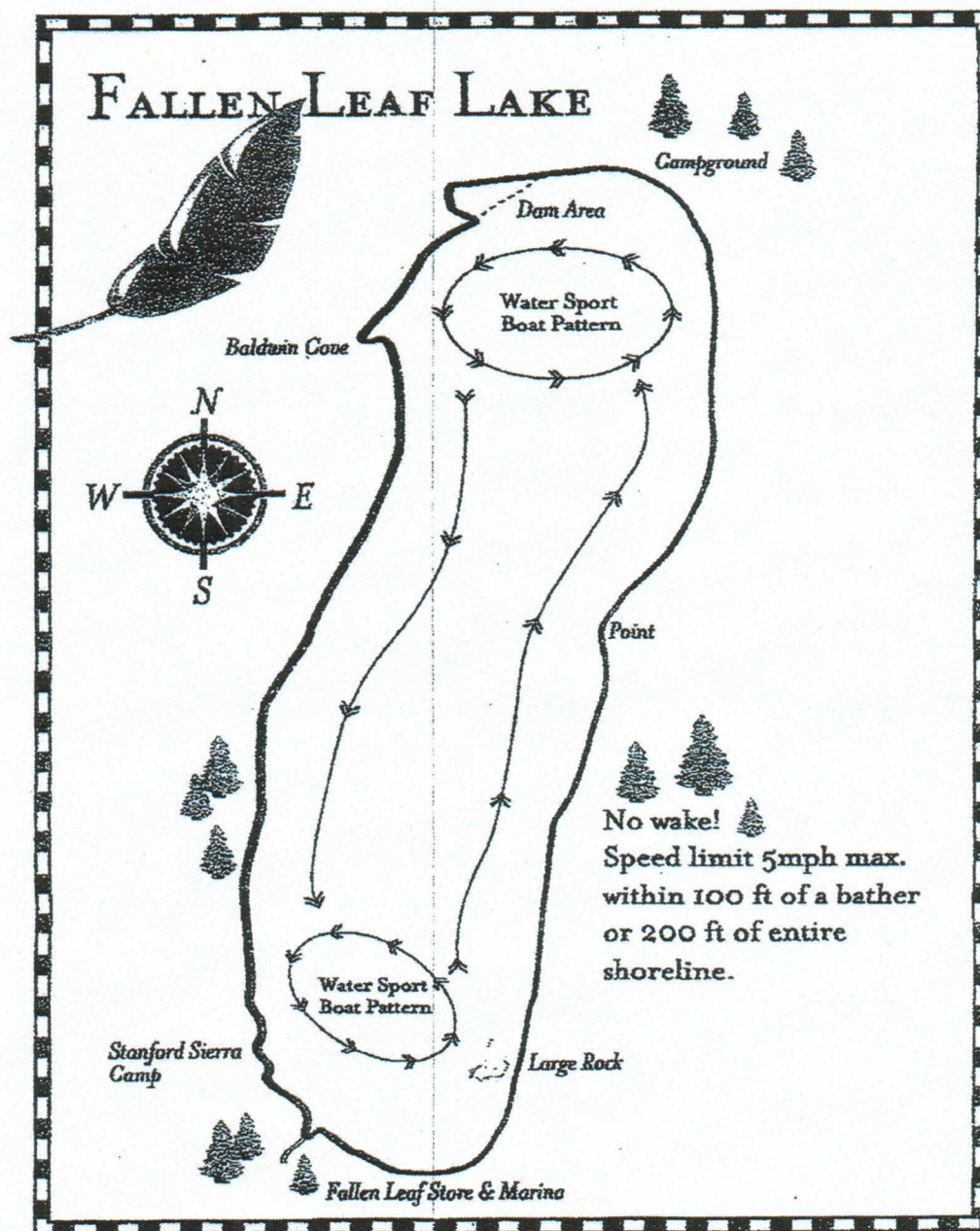


EXHIBIT G-2

EXHIBIT H

EXHIBIT H

FEE COMPUTATION

The Fee shall be computed as follows:

1. Annual Base Fee: \$50,000,
2. Annual Variable Fee: 7.5% of the first \$500,000 of Contractor's Gross Revenues, plus 7.5% of Contractor's Gross Revenues in excess of \$500,000

The Fee shall be payable as follows: \$10,000 plus any portion of the Annual Variable Fee then due based on Contractor's Gross Revenues for the applicable period on each of the following dates: July 1, August 1, September 1, October 1 and November 1. Any remainder of the Annual Variable Fee not paid on November 1 shall be paid on or before December 15 of the applicable year.

EXHIBIT H
FEE COMPUTATION

The Fee shall be computed as follows:

1. Annual Base Fee: \$50,000,
2. Annual Variable Fee: 10% of the first \$500,000 of Contractor's Gross Revenues,
plus
5% of Contractor's Gross Revenues in excess of \$500,000

Payment of the Fee shall be as follows:

Date Payment Due	Annual Base Fee	Annual Variable Fee	Total Fee Due
July 1	\$10,000	\$8,000	\$18,000
August 1	\$10,000	\$9,000	\$19,000
September 1	\$10,000	\$10,000	\$20,000
October 1	\$10,000	\$11,000	\$21,000
November 1	\$10,000	\$0	\$10,000
Subtotals Through November 1	\$50,000	\$38,000	\$88,000
December 15		Remainder of Annual Variable Rent	=\$88,000 + Remainder of Annual Variable Rent

Example computations of Remainder of Annual Variable Rent—

One:

If Annual Gross Revenues equal \$480,000, the amount due on December 15 would be \$10,000. The amount is computed as follows:
Annual variable fee is 10% of Gross Revenues up to \$500,000. With Gross Revenues of \$480,000, 10% is \$48,000. Through November 1, Contractor will have paid \$38,000 of Annual Variable Fee. The Difference between the total Variable Annual Fee owed (\$48,000) and the amount of Annual Variable Fee paid (\$38,000) is \$10,000. Under this example, the total Annual Fee would be \$98,000.

Two:

If Annual Gross Revenues equal \$530,000, the amount due on December 15 would be \$13,500. The amount is computed as follows:
Annual variable fee is 10% of Gross Revenues up to \$500,000, plus 5% of Gross Revenue above \$500,000. With Gross Revenues of \$530,000, 10% of the first \$500,000 is \$50,000. \$30,000 is the amount of Gross Revenue above \$500,000. 5% of \$30,000 is \$1,500. The total Annual Variable Fee Owed would be \$51,500. Through November 1, Contractor will have paid \$38,000 of Annual Variable Fee. The Difference between the total Variable Annual Fee owed (\$51,500) and the amount of Annual Variable Fee paid (\$38,000) is \$13,500. Under this example, the total Annual Fee would be \$101,500.

EXHIBIT I

EXHIBIT L

UTILITY ALLOCATION

UTILITY	APPROXIMATE ANNUAL HISTORICAL COST TO ALLOCATED TO CONTRACTOR	CONTRACTOR ACTUAL COST DURING TERM OF AGREEMENT WILL BE THE FOLLOWING PORTION OF THE TOTAL INVOICE AMOUNT BILLED TO DISTRICT
TELEPHONE	Actual phone charges	100%
ELECTRICITY	\$6,000	90%
PROPANE	\$7,000	90%
WATER	\$2,250	COST IS PER UNIT AS CHARGED BY PROVIDER. CONTRACTOR ALLOCATION IS BASED ON NUMBER OF UNITS IN DISTRICT FACILITIES USED BY CONTRACTOR
SEWER	\$2,100	COST IS PER UNIT AS CHARGED BY PROVIDER. CONTRACTOR ALLOCATION IS BASED ON NUMBER OF UNITS IN DISTRICT FACILITIES USED BY CONTRACTOR