

**CONCESSION AGREEMENT  
FOR OPERATION OF THE PALOS VERDES STABLE**

THIS CONCESSION AGREEMENT (the "Agreement") is made and entered into this 11th day of December, 2018 by and between the CITY OF PALOS VERDES ESTATES, a California municipal corporation, (the "City") and Palos Verdes Riding Club, LLC ("Concessionaire"). (City and Concessionaire are each a "Party" and are collectively the "Parties").

**RECITALS**

- A. The City owns certain property in Palos Verdes Estates (the "Property" or the "Palos Verdes Stable") upon which facilities and equipment for the keeping and training of horses and their riders are located (the "Stable Facilities"). The location of the Palos Verdes Stables is shown on Exhibit A, attached hereto;
- B. The Palos Verdes Stable is intended for the private boarding of horses, the instruction and training of riders and their horses, and promoting the community aspects of the Property, including public recreation and special events;
- C. Concessionaire desires to cost effectively maintain and safely operate the Palos Verdes Stable and the Stable Facilities, manage the Stable and Stable Facilities consistent with its intended purpose, provide enhanced services and programming, and restore the Stables Facilities to an elite boarding facility for all Palos Verdes Stable users pursuant to a concession agreement;
- D. The parties therefore desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained in this Agreement, and valuable consideration the receipt of

which is acknowledged, the Parties hereby covenant, promise, and agree as follows:

1. Grant of Concession.

A. As of March 1, 2019 (the "Effective Date"), City grants to Concessionaire an exclusive concession at the Palos Verdes Stable for the limited purpose of maintaining and operating the Stable Facilities in conformance with all of the requirements of the Agreement. Concessionaire shall promote, increase and develop the Palos Verdes Stable and Stable Facilities.

2. Operation of Stable Facilities.

A. Concessionaire shall manage the Palos Verdes Stable in a responsible and safe manner consistent with the terms of this Agreement and any applicable equine best management practices.

B. Concessionaire shall at all times during the term of this Agreement provide sufficient material, supplies, equipment, and labor to enable it to offer the following programs and services (the "Stable Services") on the Property, all in accordance with the fees established by Section 10 of this Agreement:

(1) Accommodation for not less than fifty-two (52) horses nor more than eighty-seven (87) horses, to be available each day of the year, twenty-four (24) hours per day; provided, however, that in no event shall Concessionaire provide boarding for the horse of any person unless that person has a direct agreement with Concessionaire for such services for such horse;

(2) Group and private lessons in both English and Western styles of riding to accommodate all rider skill levels from beginner to advanced; and

(3) Summer camp to be operated each year during the period between June and the end of August.

C. Concessionaire shall be entitled to use up to five (5) boarding stalls for personal use at no charge. Concessionaire shall also be entitled to use up to fifteen (15) boarding stalls for the boarding of horses used in connection with the

Stables Services subject to the payment of the concession fee.

D. Following execution of this Agreement by all Parties, the City agrees to pay a total of \$125,000 to Concessionaire to be used by Concessionaire solely toward the implementation and enhancement of the Stables Services (the "Operations Payment"). The City shall pay the Operations Payment in five monthly increments of \$25,000. Concessionaire shall provide a full accounting on the use of Operations Payment within one year of the execution of this Agreement and every year thereafter as part of the annual budget.

E. In order to facilitate the implementation and enhancement of the Stables Services, the City also agrees to waive payment of the concession fee required by Section 13.A, below, during the first eight years of the Agreement (the "Operations Waiver"). The Operations Waiver shall be used by Concessionaire solely for the implementation and enhancement of the Stables Services. Concessionaire shall provide a full accounting on the use of the Operations Waiver within one year of the execution of this Agreement and every year thereafter as part of the annual budget.

F. Concessionaire may, in addition, operate such other programs and services related to the keeping of horses or the training of horses or their riders as it may, in its sole discretion, determine to operate; provided that such other programs and services are compatible with the programs and services required by Subsection A and B of this Section.

G. Concessionaire shall provide a representative at the Property at all times necessary to effectuate the programs and services set forth in this Section. Concessionaire may provide horse blanketing, grooming, exercise services, trail programs, summer camp programs, riding lessons, and any other equestrian services.

H. Concessionaire shall have a written agreement with each trainer who utilizes the Property which agreement shall specify the terms and conditions of that trainer's use of the Property and/or the Stable Facilities. Such agreement shall include a description of how the trainer is to be compensated and what programs and services the trainer is required or permitted to provide. Any fees which may be charged by a trainer for any program or service at the Property shall be specified in the written agreement. Concessionaire shall provide City with a copy of a trainer's signed

agreement prior to permitting that trainer to provide any program or service at the Property, and shall further provide City with a copy of any amendment to any such signed agreement within two (2) weeks after the execution of such amendment.

(1) Such agreement shall provide a clause whereby the trainer and Concessionaire shall release the City from all liability and hold harmless and defend the City, its agents, Commissioners, Committee Members, staff and Council Members for any and all losses associated with boarding, lessons, riding or any other activity on the Property while under control of Concessionaire.

(2) Concessionaire will also require each person boarding a horse at the Property to have Personal Horse Owners Liability insurance in an amount not less than \$500,000. Concessionaire shall require all such policies to name the City and the Concessionaire as additional insureds.

3. Ongoing Maintenance.

A. Concessionaire shall be responsible for all repairs and upkeep on any and all equipment located within the Palos Verdes Stable as well as the interior and exterior of the Palos Verdes Stable. Concessionaire accepts the Palos Verdes Stable in its current condition as of the Effective Date of this Agreement and shall maintain the Premises in the same or better condition during the term of this Agreement. Accordingly, Concessionaire shall, at its sole expense be responsible for improvements, maintenance, repairs and daily cleaning of the Stable Facilities. Any damage to the Palos Verdes Stable resulting or arising from the negligent operation by Concessionaire shall be repaired by the City at Concessionaire's expense.

B. Concessionaire shall be solely responsible for the security of, and any costs associated with the repair or replacement of all equipment, supplies and materials located at and stored in the Palos Verdes Stable.

C. Concessionaire shall provide City with a detailed description of all signage it proposes to utilize at any location to advertise the programs or services it is providing on the Property. Such signage shall not be installed without the prior written permission of the City.

D. If the Stable Facilities or any part thereof are damaged by fire, earthquake, land movement, erosion, or any other Act of God, Concessionaire shall not be responsible to repair or replace the Stable Facilities. To the extent there is fire or other casualty loss that is insured, per Section 18.G., the City hereby agrees as follows:

(1) The City may, at its sole discretion, rebuild or repair such damaged Stables Facilities as they existed prior to the fire or other casualty loss, including any Capital Projects (as defined in Section 8.b., below) made by Concessionaire.

(2) The City may, at its sole discretion, rebuild or repair the damaged Stable Facilities as they existed prior to the fire or other casualty loss, not including any Capital Facilities made by Concessionaire. In the event the City chooses to rebuild without the Capital Projects made by Concessionaire, the City shall reimburse Concessionaire for the costs of the Capital Projects less depreciation (calculated at a rate of 5% per year) and less any costs recovered by Concessionaire, including but not limited to, Concessionaire's own insurance. Concessionaire shall substantiate any costs incurred in relation to the Capital Projects via invoice, receipt or similar evidence of cost.

(3) The City may, at its sole discretion, choose not to rebuild or repair the damaged Stables Facilities and terminate this Agreement. In the event the City chooses not to rebuild or repair the Stable Facilities, the City shall reimburse Concessionaire for the costs of the Capital Projects less depreciation (calculated at a rate of 5% per year) and less any costs recovered by Concessionaire, including but not limited to, Concessionaire's own insurance. Concessionaire shall substantiate any costs incurred in relation to the Capital Projects via invoice, receipt or similar evidence of cost.

E. Concessionaire shall keep the Property free and clear from any mechanics' or materialmen's liens.

4. Additional Obligations of the Concessionaire.

A. Concessionaire shall maintain a maintenance and operations plan that demonstrates how the Concessionaire will maintain and operate the Facility. The plan should include schedules, procedures, and documentation methods for all the maintenance, housekeeping, sanitation, and safety programs and tasks that are necessary to operate the Facility in accordance with applicable rules and regulations.

B. Concessionaire shall develop a process to resolve disputes with boarders or other persons utilizing the Stable Facilities. A written copy of such process shall be posted on the Property in a place accessible to the public, shall be provided to each boarder at the time of execution of each boarding agreement, and shall be filed with City.

C. Concessionaire shall establish a Stable Committee, for the purpose of advising Concessionaire, which shall consist of such number of representatives of those persons using the Property (e.g., persons boarding horses, trainers, and persons utilizing the programs offered at the Property) as Concessionaire deems reasonable. The Stable Committee shall meet at any time when Concessionaire deems circumstances warrant such a meeting, but not less than once each year. Such meetings shall be open to all persons boarding horses at the Property, to all other persons who pay for any service or program at the Property, and to such representative(s) as City may choose to attend. The scheduled time, place and date of each meeting of the Stable Committee shall be provided to the City Manager not less than one month in advance, and shall be posted at the Property in a location accessible to the public.

D. Concessionaire shall prepare and maintain a current Fire Safety / Evacuation Plan in the event of an emergency.

(1) The Fire Safety/Evacuation Plan shall be provided to the City for approval by its Fire Department.

(2) Concessionaire shall at least annually exercise and train according to the Fire / Safety Evacuation Plan.

E. Within 24 hours of any incident involving threat to public safety or injury/fatality to Facility workers or Facility users, or damage to public property,

Concessionaire shall transmit an incident report to City.

F. Concessionaire shall maintain a written Medical Emergency Plan to address immediate medical care needs of individual horses or people on the Property in the event of a medical emergency.

G. Concessionaire shall comply with all applicable State of California Cal-OSA regulations including Section 3203 of Title 8 of the California Code of Regulations that requires all California employers to have a written, effective Injury and Illness Prevention Program that addresses hazards pertaining to the particular workplace covered by the program.

H. Concessionaire shall undertake background and security investigations of each of Concessionaire's staff as a condition of beginning and continuing work under any resulting Contract, the cost of which is the sole responsibility of the Concessionaire.

I. Concessionaire shall reasonably accommodate City and public community programs, meetings, and events scheduled to be held on the Property.

J. Concessionaire shall post at the Property the following:

(1) The current schedule of fees and charges for all services provided by the Concessionaire at the Facility.

(2) On a weekly basis, the ring time allocations, and seek input from Facility users in order to resolve potential conflict.

K. Concessionaire agrees that any programs or services that are held on days that City Hall is closed for a State or Federal holiday will be restricted according to program guidelines and standards approved by the City.

##### 5. Access to the Public.

A. It is the intent of this Agreement that residents of the City shall have priority in the programs and services provided by Concessionaire. Separate wait lists for residents and non-residents, containing the date and time of entrance on the list, shall be established for each program or service for which demand exceeds supply. A copy of each such list shall be posted at the Property in an area accessible to the

public and shall be provided to City on a monthly basis.

B. The Property shall be operated by Concessionaire under the name "Palos Verdes Stable." The right of the public to free physical access to the Property shall be maintained at all times and in no event shall the Property be fenced and gated so as to prohibit such access, provided, however, that Concessionaire may implement such security measures as it deems appropriate to assure the health, welfare, and safety of persons utilizing the Stable Facilities and the horses boarded on the Property.

(1) Concessionaire shall reasonably secure Property nightly at the close of operating hours to assure the health, welfare and safety of the horses boarded on the Property.

6. Property Maintenance.

A. Except as set forth in Section 3.D., Concessionaire shall at all times maintain the Property, including but not limited to the Stable Facilities and all landscaping on the Property, in a condition reasonably satisfactory to the City.

B. Notwithstanding any other provision of this Agreement to the contrary, Concessionaire shall operate and maintain the Property, and every part thereof, in compliance with the conditions, restrictions and reservations by which the City holds title to the Property and in compliance with all rules and regulations and any amendments thereto promulgated by the City .

7. Sanitation.

A. No offensive matter or refuse, or substance constituting an unnecessary, unreasonable or unlawful fire hazard, or material detrimental to the public health, shall be permitted or remain on the Property. Concessionaire shall prevent the accumulation of trash and debris on the property and shall make all reasonable efforts to ensure that trash generated on-site and dust is not blown or otherwise allowed to leave the property except in a proper disposal container. Concessionaire shall provide



that all litter and refuse is collected as often as necessary, and in no case less than once a week, and shall pay all charges which may be made for the removal thereof. Concessionaire shall furnish all equipment and materials necessary, including trash receptacles to maintain Property in a sanitary condition acceptable to the City.

B. Concessionaire shall be responsible for cleaning all stalls, corrals and paddocks, removing all manure therefrom and replacing wet sawdust, shavings or straw. Manure shall be accumulated and removed from the Property according to Health Department regulations and for compliance with MS4 Permit requirements, but no less than twice per week.

C. Concessionaire shall control the accumulation and breeding of flies and vertebrate pests such as rodents within the Property. This will be done using methods that will pose no health hazard to humans, horses, birds wildlife, domestic cats and dogs, or the surrounding natural environment. This shall be an ongoing program for the duration of the Agreement.

D. Concessionaire shall control all offensive odors resulting from manure and the accumulation of urine in stalls, corrals and paddocks. This will be done using methods that pose no health hazard to humans or the surrounding natural environment. This shall be an ongoing program for the duration of the Agreement.

E. Disposition of manure shall be undertaken so that the manure is not deposited in a landfill, but is recycled consistent with the goals of AB939. Concessionaire shall submit a quarterly report to City indicating the amount of manure diverted from landfill for purposes of City receiving diversion credit required by AB939. No composting of manure by Concessionaire will be allowed on the Property without the express written permission of City.

## 8. Property Improvements.

A. Except as set forth herein, Concessionaire must obtain the approval of the City prior to contracting for any capital improvements to be made to the Property.

B. Concessionaire shall make all necessary repairs and renovations to

the existing Stable Facilities and construct any new facilities (the "Capital Projects") necessary to make the Palos Verdes Stable and the Stable Facilities into an elite boarding facility. A list of and budget for the required Capital Projects is attached hereto as Exhibit B. Concessionaire shall complete the Capital Projects within three (3) years of the execution of this Agreement.

C. Concessionaire shall complete all required land use procedures, including applicable environmental review and compliance with the Americans with Disabilities Act (42 U.S.C. §12101 *et seq.*) . Concessionaire shall also obtain and thereafter comply with all required permits, and nothing herein shall be deemed to affect City's discretion to determine whether or under what conditions any permit shall be issued. All Capital Projects shall be consistent with the design and budget presented in Exhibit B. Unless stated otherwise (including but not limited to Section 1B and Section 13), Concessionaire shall bear any and all costs associated with the design and construction of the Capital Projects including all City permit fees and other assessments.

D. The City shall repair and maintain all public trails, landscape maintenance (*i.e.*, brush clearance), on the portion of Lot "0" that is bounded by Palos Verdes Drive North, Via Opata, and Valmonte Canyon, as described on the map attached hereto as Exhibit C.

E. Concessionaire shall be required to obtain at Concessionaire's cost, all permits required for improvements to the Property undertaken by Concessionaire, including but not limited to, those required for and / or City for zoning, building and safety, Los Angeles County Sanitation Districts and / or State of California, except that City permits shall be with no fee.

F. City shall retain the right to enter the Property for purposes of construction of these facilities upon reasonable notice to the Concessionaire.

G. Concessionaire waives all claims for damages incurred due to business disruption that may be attributable to the construction of new site improvements, including, but not limited to loss of income due to temporary dislocation of boarded horses.

H. City and Concessionaire must mutually agree on any changes to

the location, style, size and number of boarding units available for rent on the Property.

9. Ownership of Property.

A. All fixtures, structures and improvements existing on the Property as of the Effective Date shall be and remain the property of City, and all fixtures, structures and improvements installed on the Property by anyone during the term of this Agreement shall become and remain the property of the City.

B. Concessionaire agrees any property purchased and placed in or upon the Property by Concessionaire by way of additions, repairs, replacements, or improvements shall at no time be removed by Concessionaire unless (i) prior written consent of the City is first obtained, or (ii) the purpose of such removal is repair or replacement of said property. All such property shall at all times be the property of City. Any inventory brought upon the Property expressly for the purpose of resale (such as snacks or drinks) is excluded from the provisions of this Subsection B.

10. Fees and Charges.

A. Concessionaire shall establish a schedule of fees for boarding services provided at the Stables Facilities, which shall be attached hereto as Exhibit D (the "Boarding Fees"). Upon execution of this agreement, the City approves the Boarding Fees as shown in the attached Exhibit D.

(1) Beginning on the first anniversary of the Effective Date, the Boarding Fees may increase annually at the end of each 12-month period by no more than any increase in the Consumer Price Index ("CPI") as determined by the U.S. Bureau of Labor Statistics for all Urban Consumers for Los Angeles-Riverside-Orange Counties over the previous year.

(2) Any request to increase the Boarding Fees in an amount greater than the annual CPI adjustment must be approved by the City.

B. Fees and charges for all services and programs provided by

Concessionaire which are not listed on Exhibit D may be established at the discretion of the Concessionaire (the "Discretionary Fees"). The Discretionary Fees must reflect a discount of no less than 5% for those individuals whose primary residence is within the City of Palos Verdes Estates. Concessionaire shall verify any person's claim to residency by utilizing such documentation as is commonly recognized as showing residency (e.g., driver's license, utility bills, *etc.*).

C. Concessionaire shall be responsible for collecting all fees and charges for all services and programs provided by Concessionaire, including the Boarding Fees.

D. Concessionaire may require existing and future boarders to enter into new boarding contracts, which may require each boarder to remit first and last month's rents and may provide the last month's rent may be retained by Concessionaire as security for future past due rent payments

11. Books, Records and Audit.

A. Concessionaire shall adopt a fiscal year to coincide with City's fiscal year, that is, July 1st to June 30th. Each year Concessionaire shall prepare a budget for both operations and capital improvements. The budget for each fiscal year shall be submitted to City no later than the April 30th preceding the July 1st on which the fiscal year is to start. The budget shall be subject to the approval of the City Council, which may require changes in it if, in the sole discretion of the City Council, such changes are required to effectuate the purposes of this Agreement. The budget shall include a report detailing the accomplishments, services, improvements and activities during the prior 12 month period.

B. Concessionaire shall keep full, complete and accurate books of account and records which will reflect all business and monetary transactions of Concessionaire as well as all in-kind services provided to Concessionaire in connection with this Agreement. All such books and records shall be open to inspection by the City during normal business hours.

C. Concessionaire shall present to a liaison committee, to be appointed

by the Mayor of City, at such times as Concessionaire meets with such liaison committee, a current balance sheet and interim operating statement for inspection. In addition, Concessionaire shall forward to City an annual report no later than September 30 following the close of a fiscal year. Upon termination or expiration of this Agreement, Concessionaire shall forward to City a final report for such partial fiscal year. Such report shall be provided within thirty (30) days after the final date this Agreement remains in effect. This report obligation shall survive termination of this Agreement.

D. Within ninety (90) days after the close of Concessionaire's fiscal year, Concessionaire shall file a report with City setting forth the value of all improvements on the Property.

E. On an annual basis, Concessionaire shall submit to City a full and complete audit report prepared by City's then current auditor. The cost of the audit shall be split evenly between City and Concessionaire. Concessionaire shall maintain, preserve and protect any and all records requested by the auditor or by City in the form requested and in the manner dictated.

F. Concessionaire will undertake a survey of patron and boarder satisfaction at the end of each calendar year during the term of the agreement, the results of which shall be shared with the City, along with a suggested plan for improvements if any are deemed to be needed, with submission of the fiscal year budget to the City.

12. Collection of Fees and Charges Due.

If any person utilizing the Palos Verdes Stable fails to pay promptly any sum due to Concessionaire, then Concessionaire shall give such person written notice of such default, and if such person fails to pay all sums due within thirty (30) days of such written notice of default, Concessionaire shall terminate the right of such person to utilize the Property, and shall undertake all reasonable action to collect such sum.

13. Concession Fee.

A. Except as specified in Subsection B, below, Concessionaire shall pay to the City a concession fee equal to five percent (5%) of the total gross income received by Concessionaire from the provision of any goods, wares, services, or programs at the Palos Verdes Stable, including but not limited to board fees, ring fees, Concessionaire's share of trainers' fees and trail riding fees, except as specifically set forth herein.

B. The concession fee shall be paid to the City on a quarterly basis, within forty-five (45) days following the close of each calendar quarter. The obligation to make the final payment following termination of this Agreement shall survive the termination of this Agreement.

14. Compliance with Laws.

A. In performing any work under this Agreement, Concessionaire shall comply with all applicable Federal, State, and local statutes, ordinances, rules and regulations, including but not limited to the City's business license requirement, and those related to the hiring of undocumented workers, and the Americans with Disabilities Act. Concessionaire further understands and agrees it must pay "prevailing wage" for construction projects which are considered "public works" under Labor Code §1720.

B. Concessionaire shall operate in full compliance with all applicable governmental permits. Concessionaire shall use good housekeeping measures and other management practices to prevent or minimize to the maximum extent practicable the discharge of pollutants into surface waters, dry creek beds, and/or into the Municipal Separate storm sewer system (MS4). This includes discharges into the MS4, via paved streets, driveways, alleys, gutters, ditches, catch basins, manmade channels, and yard or area drains connected to the street, among other manners. All non-storm water discharges to the storm sewer system are prohibited unless specifically exempted by the Los Angeles Regional Water Quality Board.

15. Utility Costs. Concessionaire shall pay when due all charges for water, gas, electricity, telephone and other public utility charges furnished to Concessionaire or used upon the Property during the entire term of this Agreement.

16. Possessory Interest Tax. Concessionaire understands a possessory interest tax will be imposed under the laws of the State of California upon Concessionaire's interest in the Property and agrees it shall pay such tax when due.

17. Indemnification.

A. City and its officers, agents, employees and representatives (collectively, the "City Representatives") shall not be liable for death, injury, or damage of any kind to persons or property from any cause whatsoever by reason of the use and operation of the Palos Verdes Stables or the Stable Facilities by Concessionaire, or by the agents, servants, employees, or invitees of Concessionaire, and the Concessionaire hereby waives all claims and causes of action against City and the City Representatives for any such injury or damage as well as for consequential damages, loss of profits, and business interruption.

B. Concessionaire agrees to indemnify and hold harmless and free City and the City Representatives from and against any and all liability, loss, cost, expense, or obligation, including, without limitation, attorney's fees, court costs, and other expenses, on account of, or arising out of, its performance under this Agreement; and this Agreement is made on the express condition that City and the City Representatives shall not be liable for, or suffer any loss or incur any liability by reason of, injury to or death of a person or damage to or loss of any use of property, form whatever cause, in any way connected with the condition or use of the Property or the Stable Facilities during the term of this Agreement or any extension thereof, or the condition or use of personal property or fixtures on or about the Property or the Stable Facilities during the term of this Agreement or any extension thereof, whether arising in whole or in part from active or passive negligence on the part of City or any City Representatives and/or from acts for which City or any City Representative would

otherwise be held strictly liable, excepting only willful misconduct of City or the City Representatives acting in their duly authorized capacities. This indemnification obligation shall survive termination or expiration of this Agreement.

C. Concessionaire accepts the Property in as is condition as of the Effective Date. Concessionaire agrees City and the City Representatives shall not be liable to Concessionaire or Concessionaire's agents, servants, employees, or invitees for any damage, loss, or injury caused by the condition or design of, or any defect in, the Property or the Stables Facilities, even if such loss, damage, or injury is or was the result of negligence of City or any City Representatives, whether active or passive, or from act for which City or the City Representatives would otherwise be held strictly liable.

D. The foregoing indemnifications shall not apply to: (i) any damage caused by soils or geotechnical problems, if any, which may have existed at the Property as of the Effective Date; (ii) any requirement imposed by the Los Angeles County Fire Department to widen any road or street; (iii) any requirement to make any sewer or storm drain improvements which City determines are needed for the public health, safety, or welfare; or (iv) any liability occurring from operation of the stable by City prior to the Effective Date.

## 18. Insurance.

A. Concessionaire shall procure and maintain, at its sole costs and expense, comprehensive general liability insurance for commercial equine operations in the minimum amount of Five Million Dollars (\$5,000,000). Such insurance shall also specifically insure performance by Concessionaire of the indemnity set forth in Section 17 of this Agreement, shall specifically name City and the City Representatives as additional insureds, shall provide such coverage is primary and any coverage City may maintain shall be in excess thereto, shall include a cross-liability or severability of interest endorsement, and shall provide it shall not be canceled or modified without at least thirty (30) days prior written notice to City. The presence of such insurance and the specification of liability limits for such insurance by City shall in no manner limit the



liability of Concessionaire under the terms of the indemnification set forth in Section 17 of this Agreement.

B. General liability policies shall provide, or be endorsed to provide, that City and its officers, officials, employees, and agents shall be additional insureds under such policies. This provision shall include endorsement covering liabilities arising out of the Concessionaire's "operations" in the leased space. This provision shall also apply to any excess liability policies.

C. Concessionaire shall procure and maintain, at its sole cost and expense, Worker's Compensation insurance in the amounts required by law. Concessionaire's liability limit of \$1,000,000 shall be required. Concessionaire shall procure and maintain, at its sole cost and expense, a Care Custody & Control (CCC) policy of insurance that specifically insures against damages resulting from the death, injury, illness, or theft of non-owned horses in the care, custody and control of Concessionaire in an amount not less than \$500,000 per horse and \$1,000,000 per year. In addition, it is recommended, but not required, that an incremental \$1,000,000 excess coverage policy be in force as well.

D. Concessionaire shall also maintain Business automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Concessionaire arising out of or in connection with the obligations to be performed under this Agreement, including coverage for any owned, hired, non-owned autos, trucks and trailers, or rented vehicles and equipment, to include loading and unloading in an amount not less than \$1,000,000 combined single limit for each accident.

E. Concessionaire shall also maintain Equine Professional Liability Coverage of limits not less than \$1,000,000 per claim and shall provide coverage for claims and defense fees resulting from any negligent act, error or omission arising from your professional equestrian activities.

F. The City shall maintain, at its sole cost and expense, standard form fire, extended coverage, vandalism, and malicious mischief insurance, insuring all real property and fixtures located at and comprising the Property and the Stable Facilities. Concessionaire may, at its sole discretion, obtain such insurance for personal property

maintained by Concessionaire on the Property.

G. Prior to commencing any services on the Property or at the Stable Facilities, Concessionaire shall deliver to the City Manager of City certificates of insurance as required under the Subsection A of this Section. Concessionaire shall also deliver to the City Manager of City a renewal binder for each policy of insurance required under this Agreement not later than fifteen (15) days before the schedule date of expiration of such policy. If Concessionaire fails to maintain any required policy of insurance, then the City Manager may obtain said policy and Concessionaire shall immediately pay to the City any costs or expenses incurred by City in acquiring such policy. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City shall be promptly reimbursed by Concessionaire. In the alternative, the City may cancel this Agreement.

H. All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees, and volunteers or shall specifically allow Concessionaire or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Concessionaire hereby waives its own right of recovery against City, and shall require similar written express waivers and insurance clauses from each of its sub-consultants.

I. Concessionaire's personal property, fixtures, equipment, inventory and vehicles are not insured by City against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause.

#### 19. Assignment.

Concessionaire shall not assign or hypothecate this Agreement or any interest created hereby, nor any rights or privileges herein, nor shall it enter into any agreement allowing the operation by another person of the concession on the Property granted by this Agreement or any portion thereof without the prior written consent of City which consent may be granted or withheld at the sole discretion of City. Any unapproved

assignment or agreement shall be void and confer no rights on or to any third party and shall be cause for termination of this Agreement by City, at its sole option. This provision against assignment and hypothecation shall be deemed to be a continuing covenant and apply not only to Concessionaire, but to any and all assignees, contractors and mortgagees of the Palos Verdes Stables and to any who may in any manner acquire any interest herein.

20. Performance and Payment Guarantee; Liquidated Damages.

The Parties agree if Concessionaire fails in any way to meet any or all of its payment, operational or maintenance obligations under this Agreement, if Concessionaire for any reason is dissolved, or if a petition in bankruptcy or insolvency is filed by or against the Concessionaire, then the public at large will suffer from those failures. To ensure those impacts are mitigated, the Concessionaire shall within 90 days of the execution of this Agreement either (1) deposit with City a letter of credit in the amount of One Hundred Thousand Dollars (\$100,000.00) (the "Letter of Credit") upon of which the City shall have the right to draw down, or (2) provide expense documentation to demonstrate to the satisfaction of the City the expenditure of at least \$100,000 toward construction of the Capital Facilities.

21. Waiver of defaults.

No waiver of any breach, default or term hereof shall constitute a waiver of any other breach, default or term hereof, whether of the same or any other covenant or condition.

22. Relationship of Parties.

The relationship of the Parties is solely that of owner and concessionaire, and nothing in this Agreement shall be construed as effecting or constituting a partnership between the Parties, and the Parties expressly declare that it is not their intention in

any respect to form a co-partnership. Concessionaire shall have no right to obligate City in any manner or way whatsoever. Concessionaire understands and agrees that all persons furnishing services on behalf of Concessionaire pursuant to this Agreement, are for purposes of Worker's Compensation Liability, employees solely of Concessionaire and not of City. Concessionaire shall bear the sole responsibility and liability for furnishing Worker's Compensation benefits to any person for injuries arising from or connect with services on behalf of Concessionaire pursuant to this Agreement.

23. Term of Agreement.

A. The initial term of the concession is for ten (10) years from the Effective Date.

B. Upon expiration of the initial term the Concessionaire can request an extension of the Agreement for an additional ten (10) years. Concessionaire shall be entitled to the extension of the Agreement only if Concessionaire is in compliance with all its obligations hereunder. Concessionaire shall provide City with written notice of its intention to exercise the extension not later than six (6) months prior to the expiration of the initial term.

C. Notwithstanding the foregoing, if Concessionaire fails to perform any of the covenants, conditions, provisions or agreements contained in this Agreement (the "Default Condition"), then the City shall provide Concessionaire with written demand to cure the Default Condition. Concessionaire shall have ninety (90) days to cure the Default Condition (the "Cure Period"). If Concessionaire fails to cure the Default Condition within the Cure Period, the City shall have the right to terminate this Agreement. However, if Concessionaire for any reason is dissolved, or if a petition in bankruptcy or insolvency is filed by or against Concessionaire, then, in that event, City shall have the right to immediately terminate this Agreement and to recover and resume possession of the Property. City shall give Concessionaire written notice of its election to terminate this Agreement and the date upon which such termination is to occur, which shall be not less than three {3} days after the date of such notice. In the

event that Concessionaire shall hold the Property, or any part thereof, for any one day after the date upon which Concessionaire is required to terminate possession of the Property, Concessionaire shall be deemed liable for the unlawful detainer of the Property under the statutes of the State of California, and shall be subject to eviction.

D. Without limiting the generality and the effect of any of the preceding provisions of this Agreement, Concessionaire covenants and agrees, upon the termination of this Agreement, that it will immediately peaceably surrender and deliver in good condition to City the Property, together with the improvements, appurtenances, furniture, furnishings, equipment and other personal property located thereon.

24. Attorney's Fees.

If either Party brings any action or proceeding to enforce, protect, or establish any right or remedy in this Agreement, then the prevailing Party shall be entitled to recover reasonable attorney's fees.

25 Force Majeure.

Performance by either Party hereunder shall not be deemed to be in default where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, acts of nature, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplies, acts of the other party, acts or failure to act of any other public or governmental agency or entity (other than acts or failure to act of City shall not excuse performance by City) or any other causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days after knowledge of the commencement of the cause.

Times of performance under this Agreement may also be extended in writing by mutual agreement of City and Concessionaire.

26. Independent Contractor.

A. Concessionaire is and shall at all times remain as to City a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Concessionaire shall at all times be under Concessionaire's exclusive direction and control. Neither City nor any of its officers, employees, or agents shall have control over the conduct of Concessionaire or any of Concessionaire's officers, employees or agents, except as set forth in this Agreement. Concessionaire shall not at any time or in any manner represent that it or any of its officers, employees, or agents are in any manner officers, employees, or agents of the City. Concessionaire shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner.

B. No employee benefits shall be available to Concessionaire in connection with the performance of this Agreement. Except for the fees paid to Concessionaire as provided in this Agreement, City shall not pay salaries, wages, or other compensation to Concessionaire for performing services hereunder for City. City shall not be liable for compensation or indemnification to Concessionaire for injury or sickness arising out of performing services hereunder.

27. Transition of Stable to Concessionaire.

A. Concessionaire shall have sole discretion in the hiring, scheduling, discipline and termination of any and all employees working on the Property pursuant to this Agreement. City represents that Concessionaire is free to hire existing Facility employees, that their employment is acceptable to the city and that there are no fees due any party for hiring these existing employees.

B. Concessionaire shall be obligated to honor the waiting list for board and care which has been previously developed by the previous

Concessionaire.

28. Successors in Interest.

Each and all of the terms, conditions, covenants and obligations hereof shall inure to the benefit of and bind the heirs, personal representatives, successors and assigns of the Parties and all persons holding under or through them or any of them. All of Concessionaire's covenants hereunder, including those against assignment and subletting, are continuing and binding without exception on all who take or acquire any interest hereunder. Without limiting or qualifying any of the foregoing provisions of this Agreement, every person taking any interest hereunder, by, through or under Concessionaire shall by virtue of taking or acceptance of such interest and without further act be deemed to have become bound hereunder not only by privity of estate, but of contract, and to have assumed and agreed to perform all of the covenants and obligation of Concessionaire hereunder to the same extent as though such assignee had personally executed this Agreement.

29. Exhibits Incorporated by Reference.

This Agreement consists of 29 pages (including signature pages) and 3 exhibits. All Exhibits attached hereto are incorporated by reference in this Agreement as though fully set forth herein. In the event of a conflict between the provisions contained in this Agreement and any Exhibit, the provisions of this Agreement shall prevail.

30. Agreement Enforcement.

A. The City Manager shall be responsible for the enforcement of this Agreement on behalf of City and shall be assisted therein by those officers and employees of the City having duties in connection with the administration thereof.

B. Any officers and /or authorized employees of City may enter upon

the Property at any and all reasonable times for the purpose of determining whether or not Concessionaire is complying with the terms and conditions of this Agreement, or for any other purpose incidental to the rights of City within the Property.

C. In the event City commences legal proceedings for the enforcement of this Agreement or recover of the Property, Concessionaire does hereby agree to pay any sum which may be awarded to the City by the Court for attorney's fees and costs incurred in the action brought thereon.

31. Governing Law, Jurisdiction, Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State of California. The Concessionaire agrees and consents to the exclusive jurisdiction of the courts of the State of California for all the purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

32. Entire Agreement.

This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

Executed at Palos Verdes Estates, California, on the date first above written.

CITY OF PALOS VERDES ESTATES,  
a Municipal Corporation



By: Betty Lin Peterson  
Betty Lin Peterson, Mayor

ATTEST:

Lauren Pettit  
Lauren Pettit, City Clerk

APPROVED AS TO FORM:

Christi Hogin  
Christi Hogin, City Attorney

Concessionaire: Palos Verdes Riding Club, LLC  
By: Megan M Padilla  
Its: \_\_\_\_\_

By: JP  
Its: \_\_\_\_\_

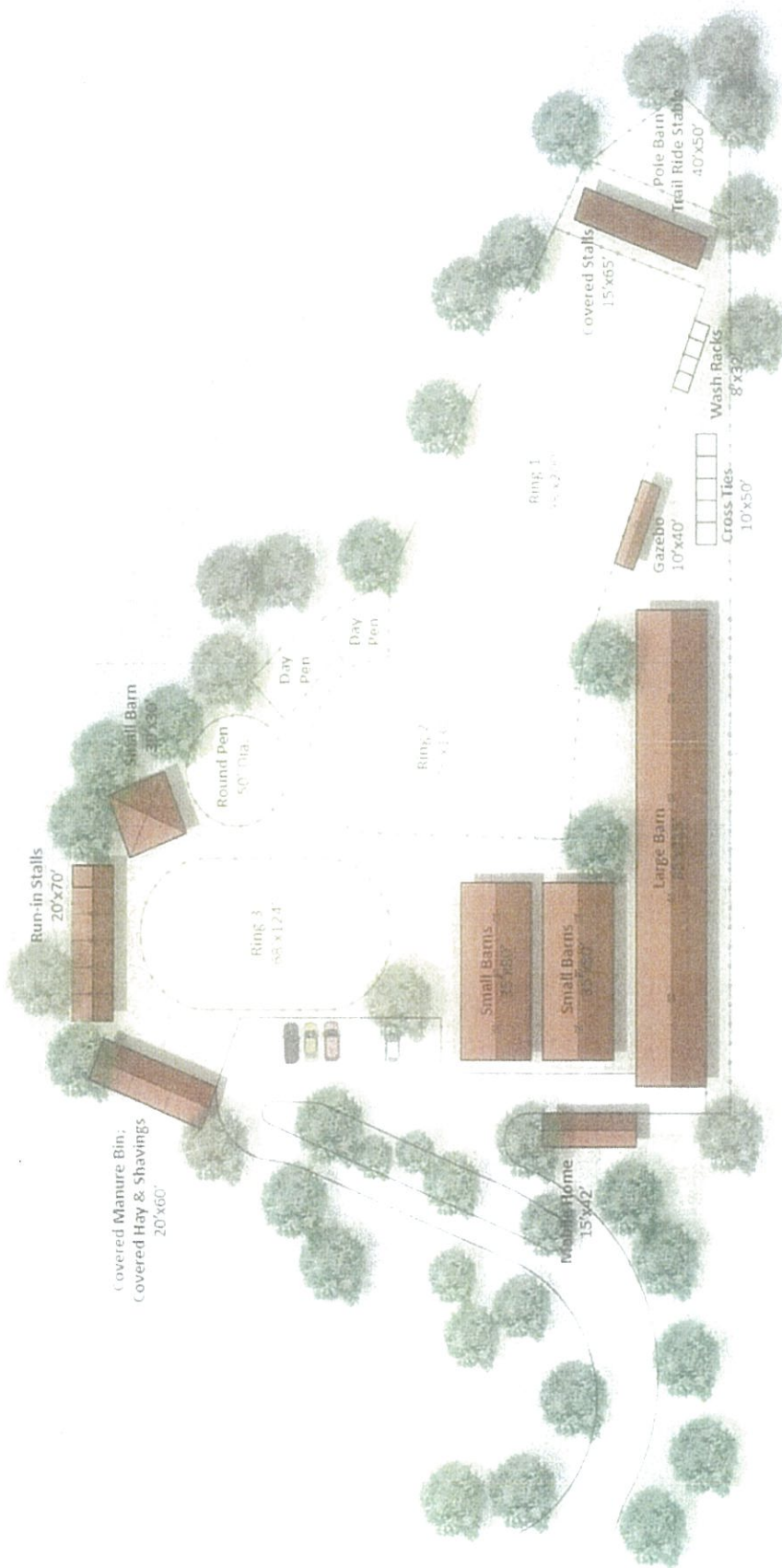
EXHIBIT A  
BASE FEES

	Comparison: Peter Weber Equestrian Center	Resident		Non Resident	
		Current	After Remodel is Complete	Current	After Remodel is Complete
Box Stall	\$700	\$635	\$700	\$695	\$740
Covered Pipe	\$650	\$575	\$640	\$610	\$680
In/Out	\$690	\$695	\$730	\$745	\$770

**Improvement and Refurbishment Work to Existing Facility**

ITEM #	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL
<b>Site Work - Budget</b>					
1	Design; Planning and Permitting	1	Unit	\$15,000	\$15,000
2	Site Preparation: Demolition; Debris removal; Dumpsters; Grading for New Pipe Stalls and Corrals	1	Unit	\$20,000	\$20,000
<b>SUBTOTAL</b>					<b>\$35,000</b>
<b>New Large Barn - 12 x12 Stalls - Budget</b>					
3	<b>New Large Barn</b> (existing dilapidated)	1	Unit	\$265,000	\$265,000
<b>SUBTOTAL</b>					<b>\$265,000</b>
<b>Existing 2 Small Barns Face Lift</b>					
4	Rust remediation and new metal paint finish				\$18,000
5	New Stall Fronts	24	STALL	\$1,500	\$36,000
6	Installation for Stall Fronts	24	STALL	\$435	\$10,440
7	Remove and Replace Destroyed Interior Panels				\$18,000
8	Roof Repair of 2 Small Barns				\$8,000
<b>SUBTOTAL</b>					<b>\$90,440</b>
<b>Barns and Buildings - Budget</b>					
9	Covered Pipe Stalls	10	Unit	\$2,900	\$29,000
10	Covered In/Out Corrals	5	Unit	\$6,000	\$30,000
11	Covered Pole Barn for Trail Horses	1	Unit	\$15,000	\$15,000
12	Day Pens	2	Unit	\$1,500	\$3,000
13	Barns Aisles Grade and Pack DG				\$5,000
14	Manure Covered Storage	1	Unit	\$15,000	\$15,000
15	Hay and Shavings Covered Storage	1	Unit	\$9,000	\$9,000
16	Purchase and Installation of Automatic Fly Sprayer for 3 Barns	2	Unit	\$3,750	\$7,500
17	Round Pen	1	Unit	\$6,300	\$6,300
18	**funds to be provided by HGS Management LLC Mobile Home				\$27,000
<b>SUBTOTAL</b>					<b>\$146,800</b>
<b>Electrical- Budget</b>					
19	Electrical Repairs	1	Unit	\$5,000	\$5,000
<b>SUBTOTAL</b>					<b>\$5,000</b>
<b>New Plumbing - Budget</b>					
20	Bathroom Repairs and Upgrades, Wash Racks	1	Unit	\$10,000	\$10,000
<b>SUBTOTAL</b>					<b>\$10,000</b>
<b>Arena New Base and Footing - Budget</b>					
21	Site Work: Elevation; Compaction and Construction grading	1	Unit	\$15,000	\$15,000
22	Ring 1	17,280	SF		\$10,347
23	Ring 2	8640	SF		\$6,988
24	Irrigation for arenas	2	EA	\$4,000	\$8,000
<b>SUBTOTAL</b>					<b>\$40,336</b>
<b>Arena Fencing - 3 Board Fencing - Budget</b>					
25	Ring 1	626	LF	\$19	\$11,894
26	Ring 2	400	LF	\$19	\$7,600
27	Lesson Ring/Turnout	300	LF	\$19	\$5,700
28	Gates	3	Unit	\$700	\$2,100
<b>SUBTOTAL</b>					<b>\$27,294</b>
<b>Miscellaneous Work</b>					
29	Miscellaneous Contingency				\$25,000
<b>SUBTOTAL</b>					<b>\$25,000</b>
<b>TOTAL BUDGET</b>					<b>\$644,870</b>

\*\*The cost provided are budgets only. If awarded concessionaire we would be diligent to get competitive prices and reduce costs everywhere possible. Full accounting of invoicing and payments would be provided to the city council.



Conceptual Master Plan

- 50 Box Stalls
- 9 Covered Pipe Stalls
- 6 In / Outs
- 8 Trail Horse Corral
- 73 Total Horses



www.esifooting.com  
 Final Revision:  
 Megan Padilla

PLAT OF SITE

