

**AMENDED AND RESTATED CONCESSION AGREEMENT
FOR OPERATION OF THE PALOS VERDES STABLES**

THIS AMENDED AND RESTATED CONCESSION AGREEMENT (the "Agreement") is made and entered into this 1st day of March, 2016 by and between the CITY OF PALOS VERDES ESTATES, a municipal corporation, (the "City") and HGS Management, a California limited liability company, ("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 Stables") upon which facilities and equipment for the keeping and training of horses and their riders (the "Stable Facilities") are located;
- B. The Parties entered into a Concession Agreement in January 2009, for the maintenance and operation of the Stable Facilities, which was modified by a First Amendment to Concession Agreement dated March 1, 2014 (collectively, the "Concession Agreement");
- C. The City and the Concessionaire desire to restate and modify certain provisions of the Concession 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. As of March 1, 2016 (the "Effective Date"), City grants to Concessionaire a concession at the Palos Verdes Stables for the limited purpose of maintaining and operating the Stable Facilities in the area depicted on the attached Exhibit A and in conformance with all requirements of this Agreement.

2. Operation of Stable Facilities.

A. 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 on the Property, all in accord with the fees established by Section 7 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 board 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 the end of June and the end of August, for not less than eight (8) weeks, four (4) days per week, three (3) hours per day.

B. 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 of this Section.

C. 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 and English Riding lessons, as long as those latter services utilize no more than an aggregate of fifteen percent (15%) of the available ring time at the Stable Facilities.

D. 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) days after the execution of such amendment.

E. Concessionaire shall prepare and provide City with a management plan for the proposed use of the riding rings at the Property and the accommodation of the various activities which are required hereunder or are proposed by Concessionaire. Such management plan shall be subject to the prior approval of City before it may be implemented. Any change in such management plan shall also be subject to prior City approval before it may be implemented.

F. 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, and shall be filed with City.

G. Concessionaire shall establish a Stable Committee, 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, and 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.

H. Concessionaire shall prepare and provide the City with a Fire Safety/Evacuation Plan.

I. Concessionaire agrees that any programs or services that are held on Christmas day or Thanksgiving day will be restricted according to program guidelines and standards approved by the City.

3. Access to the Public.

A. Programs and services provided by Concessionaire shall be made available to the public on a first-come, first-served basis, provided, however, that persons who are residents of City shall have priority at all times over persons who are not residents of City in all programs and services offered at the Property. 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.

4. Property Maintenance.

A. Except as set forth in Subsection C of this Section, 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 Council of the City (the "City Council").

B. 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 Council.

C. If the Stable Facilities or any part thereof are damaged by fire, earthquake, or any other Act of God, Concessionaire shall not be responsible to repair or replace said Facilities. City may in its sole discretion determine to rebuild or repair such Facilities or to terminate this Agreement.

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

E. 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 Council.

5. Property Improvements.

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

B. By approval of this Agreement, the City Council hereby authorizes Concessionaire, at Concessionaire's sole discretion, to construct an elite boarding facility (the "New Boarding Facility") on the Property, but only if the City approves that facility after all required land use procedures, including applicable environmental review, have been completed. The decision as to whether the New Boarding Facility will be constructed shall be solely that of Concessionaire; provided, however, that Concessionaire shall first 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. If the New Boarding Facility is constructed, then it shall be located in the area near the entrance to the Property currently occupied by a portable trailer and that trailer shall be removed. Concessionaire shall bear any and all costs associated with the design and construction of the New Boarding Facility, including all City permit fees and other assessments. Within thirty (30) days after completion of construction of the New Boarding Facility, as determined by City's City Manager, Concessionaire shall provide City a full accounting of those costs ("New Boarding Facility Construction Costs").

C. Notwithstanding any provision of this Section to the contrary, City shall retain responsibility for repair and maintenance of all public trails, and for landscape maintenance (*i.e.*, brush clearance) for that portion of Lot "0" which is bounded by Palos Verdes Drive North, Via Opata, and Valmonte Canyon, as described on the map attached hereto as Exhibit B.

D. The City Council hereby authorizes Concessionaire, at Concessionaire's sole discretion, to (1) reconfigure an existing ring at the stable to construct a smaller ring and a new turnout area and (2) install new footings in the two of the three rings, but only if the City approves these proposed modifications after all required land use procedures, including applicable environmental review, have been completed. The decision as to whether the new ring will be constructed and new footings will be installed shall be solely that of Concessionaire; provided, however, that Concessionaire shall first 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. Concessionaire shall bear any and all costs associated with the design, construction and installation of the new ring and footings, including all City permit fees and other assessments. Within thirty (30) days after completion of construction of the new ring and installation of the new footings, Concessionaire shall provide City a full accounting of those costs.

6. 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.

7. City Approval of Fees and Charges.

A. Except as set forth in Subsection B of this Section 7, all fees or charges imposed by Concessionaire on any third party for the board of horses or for any program offered to the public (e.g., group lessons and summer camp) shall be approved by resolution of the City Council prior to implementation or change. Concessionaire

agrees it shall establish schedules which provide for lower fees or charges for programs and services to persons who are residents of City than for persons who are not residents of City, and 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.).

B. 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.

C. Fees and charges for all services and programs provided by Concessionaire which are not governed by Subsections A or B of this Section may be established at the discretion of Concessionaire.

8. 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 and fees for the portion of the fiscal year applicable to the period from March 1, 2016, through June 30, 2016 have been provided by Concessionaire and by approval of this Agreement are deemed approved by the City Council. The budget for each ensuing 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.

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 the 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. 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, 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.

9. Collection of Fees and Charges Due. If any person utilizing the Palos Verdes Stables 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.

10. Concession Fee.

A. 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 Stables, including but not limited to board fees, ring fees, and trainers' fees, except as specifically set forth herein. Notwithstanding the foregoing, any sum received by Concessionaire for the rental of any stall in the New Boarding Facility shall be excluded from the determination of total income received by Concessionaire until such time as the aggregate total gross income received by Concessionaire as a result of the stalls within the New Boarding Facility equals the total New Boarding Facility Construction Cost.

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.

11. Compliance with Laws. 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.

12. 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.

13. 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.

14. 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.

15. Insurance.

A. Concessionaire shall procure and maintain, at its sole costs and expense, comprehensive general liability insurance for commercial equine operations in the single limit minimum amount of Two Million Dollars (\$2,000,000) per occurrence and an aggregate in the amount of Four Million Dollars (\$4,000,000). Such insurance shall

also specifically insure performance by Concessionaire of the indemnity set forth in Section 14 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 14 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.

D. 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 \$15,000 per occurrence and an aggregate in the amount of \$100,000.

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.

H. 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.

I. 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.

J. 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.

16. 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.

17. 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, then the public at large will suffer from those failures. To ensure those impacts are lessened as much as possible, Concessionaire agrees to deposit with City a letter of credit (i) in the amount of One Hundred Thousand Dollars (\$100,000.00) until the first annual anniversary date after the Effective Date and (ii) in the amount of Fifty Thousand Dollars (\$50,000.00) until the second annual anniversary date after the Effective Date (the "Letter of Credit"). The Letter of Credit shall name City as the only beneficiary, include provisions and authorize City to withdraw from the Letter of Credit substantially in accordance with the language set forth in Exhibit C. This requirement to provide the Letter of Credit will terminate and be of no further force or effect on the second annual anniversary of the Effective Date.

18. 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.

19. 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.

20. Term of Agreement.

A. The initial term of the concession is for five (5) years from the Effective Date.

B. Upon expiration of the initial term and subject to the mutual agreement of the Parties, Concessionaire shall have the options to seek extensions of

this Agreement for two (2) additional consecutive periods of five (5) years each. Concessionaire may seek to exercise the options only if Concessionaire (i) is, at the time of exercise of each option, in compliance with all of its obligations hereunder and with all restrictions of record applicable hereto and (ii) gives written notice of such desire to City by the last October 1 of the then current term.

C. Notwithstanding the foregoing, if Concessionaire fails to perform any of the covenants, conditions, provisions or agreements contained in this Agreement, or 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.

21. 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.

22. 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.

23. 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.

24. Transition of Stable to Concessionaire. While Concessionaire has expressed a desire to retain the foreman, hands and trainers who provided services at the Stable Facility through the previous concessionaire, this Agreement does not

obligate Concessionaire to so utilized any employee, contractor, or supplier of the prior concessionaire. Concessionaire shall be obligated to honor the waiting list for board and care which has been previously developed by the previous concessionaire; provided, however, that Concessionaire may utilize the first five (5) available stalls for horses owned by Concessionaire and used in connection with English Riding lessons to be provided hereunder by Concessionaire.

25. 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.


26. Exhibits Incorporated by Reference. This Agreement consists of seventeen (17) pages (including signature pages) and three (3) exhibits. All Exhibits attached hereto are incorporated by reference in this Agreement as though fully set forth herein.

27. 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.

[Signatures Follow on Next Page]

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

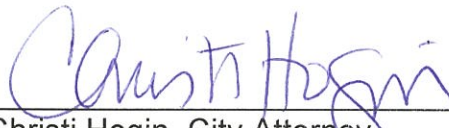
CITY OF PALOS VERDES ESTATES,
a Municipal Corporation

By: 
James F. Goodhart, Mayor


ATTEST:


Vickie Kroneberger, City Clerk

APPROVED AS TO FORM:


Christi Hogin, City Attorney

HGS MANAGEMENT, a California limited
liability company

By: 

Its: MEMBER

By: _____

Its: _____