

GOLF COURSE FACILITY MANAGEMENT AGREEMENT

This Golf Course Facility Management Agreement (as may be amended, the "Agreement") is made this 12th day of December, 2018, between Touchstone Golf, LLC ("TOUCHSTONE"), a Delaware limited liability company and Webb County, political subdivision Texas ("OWNER").

- A. OWNER holds title to an 18 hole golf course facility golf course facility and other amenities known as the Casa Blanca Golf Course, including clubhouse, food and beverage operations, restaurant and bar, driving range, golf store, maintenance facilities storage facilities and all improvements and business operations thereof or in connection therewith ("Golf Course Facility").
- B. OWNER is in need of a professional manager of the complete operation of the Golf Course Facility, including, but not limited to, administration of all receipts and disbursements, operation and maintenance of the golf course, clubhouse, related facilities and equipment, marketing, sales and membership development.
- C. OWNER desires that TOUCHSTONE provide the management and other services which are necessary for the operations of the Golf Course Facility in a professional manner with budgets and operations structured to attempt to accomplish OWNER's financial needs.
- D. TOUCHSTONE has agreed to provide such services on the terms and conditions herein contained.
- E. OWNER, Webb County, by and through the Webb County Commissioners Court, considered this Management Agreement on December 12, 2018 and approved this Agreement as being in the best interests of Webb County.

NOW, THEREFORE, in consideration of the mutual terms and conditions herein, the parties agree as follow:

The recitals set forth above are included herein for all intents and purposes.

I. BASIC TERMS

A. Basic Terms:

- 1. Contract Term: Five (5) years, beginning January 1, 2019 and ending December 31, 2023 (the "Initial Term") unless extended as provided. Unless terminated sooner as allowed by this Agreement this Agreement may be extended for an additional five year term beginning on January 1, 2024 and ending December 31, 2028 (hereinafter "Renewal Term") in the following manner:
 - (a) TOUCHSTONE shall provide OWNER with written notice of TOUCHSTONE's desire to renew this Agreement ("Renewal Notice") no

less than ninety (90) days preceding expiration of the Initial Term. Within forty-five (45) days of receipt of the Renewal Notice, OWNER shall provide TOUCHSTONE written notice of OWNER'S decision of whether to renew the Management Agreement. Such decision shall be in the sole discretion of OWNER.

- (b) OWNER and TOUCHSTONE shall execute an amendment to this Contract to acknowledge acceptance of the Renewal Term; the terms and conditions of this Contract (including any authorized amendments) shall otherwise remain the same.
2. Base Management Fee: \$4,250.00 per month and any renewal term.
 3. Incentive Management Fee: In addition to the Base Management Fee as provided for above, TOUCHSTONE shall be paid an incentive management fee (the "Incentive Management Fee") based on improvement in Earnings Before Interest, Taxes and Depreciation ("EBITDA") as such figure is calculated pursuant to Exhibit B (Sample Management Incentive Fee Calculation). The incentive management fee for each Incentive Fee Period shall equal twelve (12%) of the improvement in EBITDA over the EBITDA for the preceding Incentive Fee Period. As used herein, "Incentive Fee Period" shall mean the OWNER's fiscal year, being October 1 and ending September 30. The Incentive Management Fee calculation shall apply to any interim period that is not a full year Incentive Fee Period.
 4. Facility Description: 18 hole regulation golf course, driving range, approximate 5,500 square foot clubhouse (including kitchen, bar, dining and patio area), driving range, approximate 3,888 square foot cart storage facility and approximate 5,350 square foot maintenance facility.
 5. Budgets
 - (a) All annual budgets will have explanations for each category of revenue or expenditure and in a format as required by the Webb County Auditor and OWNER's Budget Officer.
 - (b) All line items with the annual budget will have sufficient detail and backup data .
 - (c) OWNER shall consider each annual budget and may alter, modify or amend said budget in its sole discretion only after coordination and consultation with TOUCHSTONE.
 - (d) Each annual budget, with the exception of the initial operating budget, shall be approved during OWNER's annual budget process.

6. Delivery Date for initial operating budget, business plan and facility improvement plan: February 1, 2019. The initial operation budget, business plan and facility improvement plan shall be approved, subject to any modifications or changes requested by OWNER within 45 calendar days of submission.
7. Delivery Date for subsequent annual operating budgets, business plans and facility improvement plans (as applicable): On or before May 1 of each year for the following operating year period.
8. Special Provisions:
 - (a) Liquor License: TOUCHSTONE or its affiliate will process an application for a beer, wine and mixed-beverage liquor license for the property's benefit at OWNER's cost and upon issuance of such license, TOUCHSTONE and OWNER shall enter into a management and concession agreement for the service of alcohol at the Golf Course Facility.
9. Intentionally Left Blank.
10. Addresses for Notices:

IF TO TOUCHSTONE: Mr. Stephen T. Harker
CEO
Touchstone Golf, LLC
1052 Overlook
Berkeley, California 94708
email: sharker@touchstonegolf.com

Copy to: Mr. Douglas J. Harker
Executive Vice President
Touchstone Golf, LLC
11612 Bee Cave Road, Suite 150
Austin, Texas 78738
email: dharker@touchstonegolf.com

IF TO OWNER: Webb County
Attn: Webb County Judge
1000 Houston St. 3rd Floor
Laredo, Texas 78040

Copy to: Webb County Commissioners Court Administrator
1000 Houston St. 2nd Floor
Laredo, Texas 78040

- B. The singular includes the plural and words importing one gender include the other gender.

- C. The headings in this Agreement are for convenience only and shall not affect its interpretation.

II. REPRESENTATIONS AND RESPONSIBILITIES

Each party hereby warrants and represents that it has full authority to enter into this Agreement and to perform hereunder. Each party agrees to cooperate with the other and its officers, employees, agents and contractors in connection with this Agreement.

III. POWERS AND RESPONSIBILITIES OF TOUCHSTONE

- A. OWNER hereby appoints TOUCHSTONE to manage the Golf Course Facility and TOUCHSTONE hereby accepts such appointment on the terms and conditions herein contained. Without limiting the generality of the foregoing, TOUCHSTONE shall provide to OWNER the management services more particularly set out in this Section III.
- B. TOUCHSTONE will operate the Golf Course Facility in a good, workmanlike and professional manner by:
1. Providing day-to-day management and oversight of operation of the Golf Course Facility;
 2. Arranging for and employing competent management that are trained in the necessary facets of Golf Course Facility management, with sufficient experience in the Golf Course Facility industry to oversee management of the Golf Course Facility;
 3. Arranging for and employing a competent staff and deploying such staff and other resources to insure proper care of the buildings, grounds and Golf Course Facility;
 4. Managing all hiring, training and termination of all Golf Course Facility management and personnel, including administering all labor relations. The general manager shall be subject to the approval of OWNER. All personnel of the Golf Course Facility shall be employees of TOUCHSTONE or its affiliate;
 5. Overseeing planning and budgeting; daily and monthly point of sales reporting; cause compliance with OWNERS accounts payable and procurement process; reviewing monthly financial statements; and processing payroll;
 6. Preparing and maintaining accurately in all material respects the point of sales system at the Golf Course Facility;
 7. Oversee the planning and implementation of all marketing programs, including developing and executing a business plan (including, if applicable to the Golf Course Facility, a lodging/golf package plan, tournament/catering event sales plan, e-marketing, promoting the food and beverage operation, implementing

pricing and revenue management techniques, and placing appropriate media/advertising;

8. Arranging for the purchase of such supplies and equipment as is reasonably necessary in order to operate the Golf Course Facility utilizing OWNER's purchasing processes and procedures or other method acceptable to OWNER and compliant with State law governing County purchasing;
 9. Maintaining the golf course and all of its facilities in a condition consistent with quality levels defined in the calendar year budget, business plan, and facility improvement plan;
 10. Coordinating with OWNER to cause the Golf Course Facility to operate in compliance with applicable laws and regulations;
 11. Overseeing all other matters reasonably necessary for the efficient performance of the operations in connection with the Golf Course Facility;
 12. Implementation of Touchstone Golf's national accounts relationships, purchase supplies and equipment (subject to 8. above), as needed, to operate the Golf Course Facility; and
 13. Implementation of the Touchstone Golf Foundation to enhance guest service and community outreach.
- C. Subject to any provisions to the contrary herein contained, TOUCHSTONE may subcontract the whole or any part of the performance of its obligations and duties herein described to any wholly-owned subsidiary of TOUCHSTONE, or to any other person, firm or corporation approved by OWNER. The subcontracting of the whole or any part of its obligations and duties as aforesaid shall not relieve TOUCHSTONE from liability for the performance of such obligations and duties before or after such contracting.
- D. For the term of this Agreement, OWNER will carry reasonable amounts of liability and property and contents insurance insuring all Golf Course Facility assets and operations, including improvements now or hereafter located on the Golf Course Facility real estate, against loss or damage by fire and other casualty, including theft, vandalism and malicious mischief, and such other risks common to Golf Course Facility properties. OWNER will also provide other insurance coverage as it considers necessary and normal for the operation of the Golf Course Facility, including but not limited to automobile liability and liquor liability insurance/DRAM shop insurance. OWNER at its discretion may provide crime and business interruption coverage. To the extent available, all of the foregoing insurance policies, shall include waivers of subrogation and shall provide coverage from cross liability among co-insureds and shall name TOUCHSTONE as an additional insured. TOUCHSTONE shall be responsible for arranging for workers compensation insurance for TOUCHSTONE employees located at the Golf Course Facility and the cost of such insurance shall be an operating expense of the Golf Course Facility.

TOUCHSTONE shall maintain such other insurance for the Golf Course Facility required by OWNER in the Request for Proposal process and such insurance will also be an Operating Expense of the Golf Course Facility.

- E. Unless otherwise directed by OWNER all contracts and agreements which relate specifically to the Golf Course Facility shall be entered into by and in the name of OWNER. No contract or agreement shall be entered into without OWNER approval.
- F. TOUCHSTONE and OWNER shall implement a process for the prompt payment of all operating expenses of the Golf Course Facility which said process shall include the County Auditor's validation as a proper and budgeted item of expenditure, approval of the expenditure and the County Auditor's countersignature on any order for payment. TOUCHSTONE will calculate any moneys or fees due TOUCHSTONE in accordance with this Agreement for submission to OWNER and the County Auditor. OWNER shall designate TOUCHSTONE and Golf Course Facility employees, as necessary, to make deposits to OWNER's bank account.
- G. TOUCHSTONE does not give any general or specific guarantee as to the profitability of the Golf Course Facility, the attendance thereat or the revenues therefrom.
- H. Upon expiration of the term of this Agreement, or upon the prior termination of this Agreement, and in any year prior to such expiration or termination, TOUCHSTONE agrees and covenants to cooperate fully with OWNER or OWNER's designated successor manager (subject to compliance with the restrictions elsewhere in this Agreement) in the smooth and businesslike transfer of the operations of Golf Course Facility including but not limited to assignment of accounts, contracts, policies, licenses, permits and improvements in connection with the Golf Course Facility to OWNER or OWNER's designees, except such proprietary rights as to which TOUCHSTONE has the sole or exclusive rights, and TOUCHSTONE agrees and covenants to execute all documents required or convenient to accomplish any such transfer in a timely, effective and efficient manner. On the expiration or on the termination of this Agreement for any reason, all Golf Course Facility property and interests therein, including cash, accounts, books, records, contracts; policies; licenses, permits and improvements in the Golf Course Facility property, except proprietary rights as to which TOUCHSTONE has the sole and exclusive rights and property as to which the parties have agreed shall be the property of TOUCHSTONE, will be promptly turned over to OWNER and be the property of OWNER. OWNER shall assume the leases of all equipment located at the Golf Course Facility unless TOUCHSTONE elects otherwise in writing. TOUCHSTONE shall execute and deliver to OWNER all documents necessary to legally effectuate each of the transactions. Unless otherwise agreed in writing by the parties hereto, TOUCHSTONE shall remove its personnel and personal property from the Golf Course Facility upon such expiration or termination. Upon such expiration or termination, TOUCHSTONE shall surrender to OWNER all cash and other assets of the Golf Course Facility. The duties of TOUCHSTONE set forth in this Section are expressly conditioned upon OWNER'S full payment of the Base Management Fee,

any Incentive Management Fee and any fee due upon termination as set forth in this Agreement.

- I. TOUCHSTONE shall not make, or suffer to be made, any alterations of the Golf Course Facility or any part thereof if the cost of such alteration in the aggregate would be in excess of \$2,500 unless already included within the then approved budget (either operating or capital) for the Golf Course Facility without the prior written consent of OWNER. TOUCHSTONE shall use its best efforts to keep the Golf Course Facility premises and OWNER's property in which such premises are situated free from any liens arising out of any work performed or material furnished to the property, subject only to the right to diligently contest such liens.
- J. TOUCHSTONE shall not discriminate against any employee or applicant for employment because of race, color, creed, sex, age, national origin or non-disqualifying handicap. TOUCHSTONE shall not discriminate because of race, religion, color, ancestry, sex, national origin or non-disqualifying handicap against any person by refusing to furnish such person any service or privilege offered to or enjoyed by the general public, nor shall TOUCHSTONE or its employees publicize the Golf Course Facility in any manner that would directly or inferentially reflect on the acceptability of the patronage of any person because of race, religion, color, ancestry, sex, national origin or non-disqualifying handicap, nor shall the Golf Course Facility be so used.

IV. MANAGEMENT COMPENSATION

The following payments and consideration shall be made to TOUCHSTONE for the services to be provided by TOUCHSTONE under this Agreement:

- A. The Base Management Fee set forth in Section I to be paid to TOUCHSTONE, with the first payment of the Base Management Fee payable within five (5) days of the execution of this Agreement and thereafter payable monthly in advance during the Contract Term.
- B. In addition to the Base Management Fee, TOUCHSTONE will receive the Incentive Management Fee described in Section I, payable within fifteen (15) days following delivery of the financial information related to the applicable incentive period and TOUCHSTONE'S calculation of such Incentive Management Fee. OWNER shall have the right to contest such calculation, but shall be required to resolve such calculation within 30 days of notice of such contest and if not resolved, make the payment based on TOUCHSTONE'S calculation with reservation of the right to contest.
- C. TOUCHSTONE shall be reimbursed for reasonable out-of-pocket expenses, reasonable travel lodging expenses as provided for in the applicable budget or as otherwise approved by OWNER. Upon prior written approval of OWNER, such expenses shall be paid by OWNER upon presentation of reasonable documentation of such expense.

V. PLANNING AND BUDGETS

On or before the dates set forth in Section I, TOUCHSTONE and OWNER shall have prepared and received OWNER's approval of an annual operating and capital budget for the remaining months of the current calendar year and no later than the dates set out in Section I for the subsequent calendar year(s). Until such time that the annual operating budget is complete and approved by OWNER, TOUCHSTONE shall use its best commercially reasonable efforts to operate the Golf Course Facility under the existing budget framework provided to TOUCHSTONE by OWNER or in a manner consistent with the current market position of the Golf Course Facility.

VI. RECORDS, ACCOUNTS AND REPORTS

- A. TOUCHSTONE shall a point of sale system at the Golf Course Facility and records of the operations of the Golf Course Facility and all transactions related to the Golf Course Facility accurate in all material respects with periodic reporting to the OWNER as may be available utilizing current accounting systems maintained by the Golf Course Facility or its affiliates.
- B. OWNER shall have the right, upon request, to examine all books and records and to, at OWNER's expense, request an audit.

VII. RESPONSIBILITY FOR EXPENSES

- A. Everything done by TOUCHSTONE pursuant to and in the performance of this Agreement and all expenses incurred by it under this Agreement shall be for and on behalf of OWNER. OWNER shall pay and be responsible for all costs and expenses of maintaining, operating and supervising the operation of the Golf Course Facility, provided they are in accordance with the contracts and consistent with the approved budget or within permitted variances provided for elsewhere in this Agreement, to include, but not limited to the following:
 - 1. The salaries, fringe benefits, workers compensation insurance and expenses of employees;
 - 2. All costs and expenses of any advertising or business promotion;
 - 3. Costs of goods sold, including inventory and supplies necessary to conduct the business of the Golf Course Facility;
 - 4. All expenditures for capital expenditures, repairs and maintenance, equipment and supplies;
 - 5. Premiums for insurance maintained;
 - 6. All expenses of regulatory compliance, permits, etc., it being specifically agreed that (i) legal fees incurred in connection with regulatory compliance for such liquor licenses, food service, etc. are approved, and (ii) reasonable and

necessary legal fees of attorney's retained by OWNER or otherwise approved by OWNER in advance, directly related to the operation and protection of the Golf Course Facility and OWNER's and TOUCHSTONE'S liability are approved;

7. Cost and expenses of utilities;
 8. General and administrative and accounting costs, including forms and checks;
 9. If included within the budget, consulting fees for certain expertise (e.g. agronomy) needed to address specific needs of the Golf Course Facility or if not included in the budget, if approved by OWNER and
 10. Management Fees and reimbursable expenses of TOUCHSTONE as set forth herein.
- B. OWNER is responsible for providing sufficient funds to cover the operating expenses for the Golf Course Facility. TOUCHSTONE, acting as authorized independent contractor for OWNER, will deposit all revenues of the Golf Course Facility into an operating account or accounts designated by OWNER for the Golf Course Facility. Touchstone will have no obligation to contribute funds to the accounts of the Golf Course Facility.
- C. TOUCHSTONE may cause the Golf Course Facility to incur any expense (i) that is included in the approved annual operating budget; (ii) that is needed to remedy any emergency situation that, in TOUCHSTONE'S professional judgment, is potentially hazardous, unsafe or damaging to the Golf Course Facility or to persons reasonably expected to be present at the Golf Course Facility (e.g., employees, patrons, authorized visitors) ("Emergency Expenditure"), as more particularly set forth hereinabove; or (iii) as otherwise expressly approved by OWNER. TOUCHSTONE shall not incur any expense that is not consistent with the annual operating budget without the prior written consent of the OWNER, except in the case of an emergency (as elsewhere provided in this Agreement) or as otherwise provided in this Agreement. TOUCHSTONE shall not enter into any contract, even if otherwise authorized hereunder, which binds or purports to bind OWNER or the Golf Course Facility without the prior written approval of OWNER if the term of such contract exceeds the Contract Period unless such contract is terminable on 30-days' notice. Excepting only Emergency Expenditures or expenditures included in the approved budget, TOUCHSTONE shall not incur any single expense, even if otherwise authorized hereunder, which is chargeable to OWNER or to the Golf Course Facility if the amount equals or exceeds five thousand dollars (\$5,000).
- D. The annual operating budget may contain a "contingency" line item in an amount not to exceed three percent (3%) of the total annual operating budget. TOUCHSTONE may reallocate portions of the contingency to other items in the annual operating budget. TOUCHSTONE may also reallocate among line items, provided the total expenses to be incurred do not increase. No other reallocations of

line items may be made by TOUCHSTONE without the prior written consent of OWNER. Unbudgeted minor expenditures unforeseen at the time of preparation of the annual operating budget, and reasonably deemed necessary by TOUCHSTONE, may be made without OWNER's authorization except that unbudgeted expenditures in excess of 5% of any major subtotaled line item's budget may not be made without OWNER's written approval in advance. In the event such request is submitted and OWNER does not respond within five (5) business days of receipt of the request, OWNER shall be deemed to have consented to such unbudgeted expenditures.

VIII. TERMINATION

- A. The term of this Agreement shall be for the Initial Term plus Renewal Terms, if applicable.
- B. This Agreement may sooner be terminated:
 - 1. At any time by mutual agreement between TOUCHSTONE and OWNER or as set forth in Article I in the event of a sale of the Golf Course Facility.
 - 2. Except as to matters subject to subsection 4 below as to which there is no cure period, upon the failure of the defaulting party to correct a material breach of this Agreement after the non-defaulting party has given not less than fifteen (15) days written notice of the default in writing to the defaulting party. In the event the material breach is of a type that requires longer than fifteen (15) days to cure, the defaulting party has taken steps before the end of the fifteen (15) day period to remedy the breach as are proper and diligent in all the circumstances and the defaulting party is diligently pursuing such cure. Any notice given pursuant to this subsection shall specify the full particulars of the default alleged.
 - 3. In the event of gross negligence in the operation of the Golf Course Facility by TOUCHSTONE, upon written notice from OWNER.
 - 4. Immediately upon written notice from TOUCHSTONE to OWNER in the event OWNER fails to make any required deposit to pay expenses of the Golf Course Facility (including the Base Management Fee) as required by this Agreement.
 - 5. In the event OWNER sells the Golf Course Facility, it shall be deemed a termination without cause. TOUCHSTONE shall receive ninety days written notice of the termination and OWNER shall compensate TOUCHSTONE by paying the lesser of (i) the remaining management fee under the contract term or (ii) four months management fees plus any incentive fee due for the period up to and including the termination date.
- C. In the event of termination of this Agreement, except pursuant to paragraphs B2 or B3, OWNER agrees OWNER shall not hire, for a period of one (1) year following such termination, any general manager or golf course superintendent placed at the Golf Course Facility by TOUCHSTONE, without the express written consent of

TOUCHSTONE which may be granted or withheld in TOUCHSTONE'S sole and absolute discretion.

- D. Should this Agreement be terminated by either party a complete accounting shall be made by the parties within thirty (30) days after such termination.

IX. INDEMNITY

TOUCHSTONE SHALL NOT BE LIABLE TO THE OWNER FOR ANY LOSS OR DAMAGE OTHER THAN TO THE EXTENT CAUSED BY TOUCHSTONE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR TOUCHSTONE'S MATERIAL BREACH OF THIS AGREEMENT AND THE OWNER BOTH WAIVES AND RELEASES TOUCHSTONE, ITS OFFICERS AND EMPLOYEES AND ANY OTHER AFFILIATED ENTITIES FROM ANY SUCH LIABILITY FOR ALL INJURY, LOSS, DAMAGES, COSTS AND EXPENSES (INCLUDING ATTORNEY'S FEES) COLLECTIVELY, THE ("DAMAGES") ARISING FROM ANY CAUSE WHATSOEVER ARISING OUT OF OR RESULTING FROM TOUCHSTONE ACTIONS UNDER THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH DAMAGES SHALL BE CAUSED BY TOUCHSTONE'S OWN GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR TOUCHSTONE'S MATERIAL BREACH OF THIS AGREEMENT. TOUCHSTONE HEREBY AGREES TO INDEMNIFY AND SAVE HARMLESS OWNER, ITS OFFICERS AND EMPLOYEES AND ANY OTHER AFFILIATED ENTITIES FROM ANY SUCH LIABILITY FOR ALL INJURY, LOSS, DAMAGES, COSTS AND EXPENSES (INCLUDING ATTORNEY'S FEES) COLLECTIVELY, THE ("DAMAGES") TO THE EXTENT SUCH DAMAGES SHALL BE CAUSED BY TOUCHSTONE'S OWN GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR TOUCHSTONE'S MATERIAL BREACH OF THIS AGREEMENT.

TO THE EXTENT PERMITTED BY THE LAWS AND CONSTITUTION OF THE STATE OF TEXAS, AND SPECIFICALLY ARTICLE XI, SECTION 7 OF THE TEXAS CONSTITUTION, AND WITH THE MUTUAL UNDERSTANDING THAT WEBB COUNTY IS A POLITICAL SUBDIVISION OF THE STATE OF TEXAS AND THAT AN INDEMNITY OBLIGATION CANNOT BE PAID FROM CURRENT REVENUES AND THAT NO ORDER, RESOLUTION, TAX NOR INTEREST AND SINKING FUND HAS BEEN SET, ADOPTED OR ESTABLISHED FOR PAYMENT OF THIS INDEMNITY OBLIGATION, AND WITHOUT EXPANDING WEBB COUNTY'S LIABILITY BEYOND THE STATUTORY LIMITS OF THE TEXAS TORT CLAIMS ACT OR UNDER EXISTING LAW, AND FURTHERMORE, WITHOUT WAIVING WEBB COUNTY'S IMMUNITY BEYOND THE SCOPE OF THAT ALLOWED BY THE TEXAS TORT CLAIMS ACT OR EXISTING LAW, SHALL INDEMNIFY AND HOLD HARMLESS TOUCHSTONE AND IT'S OFFICERS, AGENTS, EMPLOYEES, AND ASSIGNS FROM ALL SUITS, ACTIONS, OR OTHER CLAIMS OF ANY CHARACTER BROUGHT FOR OR ON ACCOUNT OF INJURY TO A PERSON OR PROPERTY ARISING FROM WEBB COUNTY'S

OWN ACTS OF NEGLIGENCE IN CARRYING OUT ITS OBLIGATIONS UNDER THIS AGREEMENT.

X. ENVIRONMENTAL LAWS.

- A. TOUCHSTONE shall cause all activities of its employees, agents and contractors to be performed in strict and timely compliance with all environmental laws. TOUCHSTONE shall insure that all operations comply with all environmental laws and orders of any governmental authorities having jurisdiction under any environmental laws.
- B. TOUCHSTONE shall exercise extreme care in handling hazardous substances and shall undertake any and all preventative, investigatory and remedial action which is either required by any applicable environmental laws or orders of any government authority having jurisdiction under such laws, or necessary to prevent or minimize property damage, personal injury or damage to the environment or threat of any such damage or injury, by releasing of or exposures to hazards materials in connection with the services provided by TOUCHSTONE.
- C. In the event TOUCHSTONE fails to perform any of TOUCHSTONE's obligations under this section, OWNER may, but shall not be required to, perform such obligations at TOUCHSTONE's expense. In performing any such obligations of TOUCHSTONE, OWNER shall at all times be deemed to be the agent of TOUCHSTONE and shall not by reasons of such performance be deemed to be assuming responsibility of TOUCHSTONE under any environmental laws or to any other third party. At the time OWNER requests, TOUCHSTONE shall provide to OWNER further assurance of TOUCHSTONE's compliance with this section.
- D. As used in this Contract, the term "environmental laws" means all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment.
- E. In this Contract, the term "hazardous materials" is used in its very broadest sense and refers to materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or to the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The term includes, without limitation, petroleum products or crude oil or any fraction thereof and any all hazardous or toxic substances, materials or wastes as defined by or listed under the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act, and any other of the environmental laws.

XI. REPRESENTATIONS AND WARRANTIES

- A. OWNER represents and warrants to TOUCHSTONE as follows:

1. OWNER is duly organized and validly existing under the laws of the state of its creation and is qualified to do business and is in good standing in the state in which the Golf Course Facility is located, with full power and authority to enter into and execute this Agreement and to consummate the transactions contemplated hereby. OWNER has received all requisite partner or corporate approvals necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and this Agreement constitutes the legal, valid and binding obligation of OWNER, enforceable against OWNER in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting debtors' and creditors' rights generally and general equitable provisions.
2. Except as disclosed in writing to TOUCHSTONE prior to the execution hereof or disclosed on Exhibit A, to the best of OWNER's knowledge, OWNER has not received written notice from any governmental authority that the existing use, maintenance and operation of the Golf Course Facility or any portion thereof violates any law or ordinance which has not been cured and to the best of OWNER'S knowledge, the Golf Course Facility is currently in compliance with applicable laws and ordinances, including without limitation, applicable liquor license rules and regulations. OWNER has not received any written notice from any mortgagee, insurance company, fire marshal or building inspector requiring or requesting the performance of any work or alterations to the Improvements which has not been performed.
3. OWNER has filed all federal, state, county, municipal and city income and other tax returns and reports required to have been filed by OWNER with respect to the Golf Course Facility, and has paid all taxes which have become due pursuant to such returns or pursuant to any assessments received by OWNER or is contesting such taxes in accordance with the requirements of applicable law.
4. There are no actions, suits, or proceedings pending or, to the best of OWNER's knowledge, threatened in any court or before or by any governmental authority against or affecting OWNER or the Golf Course Facility, except as disclosed in Exhibit A attached hereto and made a part hereof.
5. There is no pending eminent domain or condemnation proceedings against the Golf Course Facility or any part thereof and to the best of OWNER's knowledge, no such proceedings are presently threatened or contemplated by any authority with the power of eminent domain.
6. The OWNER is not aware of any contracts or other obligations outstanding for the sale, exchange or transfer of the Golf Course Facility or any portion thereof.

B. TOUCHSTONE represents and warrants to OWNER as follows:

1. TOUCHSTONE is duly organized and validly existing under the laws of the state of its creation as a Delaware limited liability company, and is qualified to do business and is in good standing in the state in which the Golf Course Facility is located, with full power and authority to enter into and execute this Agreement and to consummate the transactions contemplated hereby. TOUCHSTONE has received all requisite partner or corporate approvals necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and this Agreement constitutes the legal, valid and binding obligation of TOUCHSTONE, enforceable against TOUCHSTONE in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting debtors' and creditors' rights generally and general equitable provisions.

XII. CONFIDENTIALITY

- A. Each party at all times hereafter shall attempt to preserve the secrecy and confidentiality of all the other party's confidential information (as defined hereafter) as it relates to the operation of other party's golf facilities, shall not attempt to use or in any way appropriate the same for its own use or benefit and shall not knowingly disclose or knowingly permit to be disclosed to any person (other than employees of OWNER and TOUCHSTONE) confidential information without the prior written consent of the applicable party, except as required by law. Nothing contained in this Agreement shall obligate either party to transfer to the other party any confidential information at any time, including, upon termination of this Agreement. "Confidential information" means all information and data related to TOUCHSTONE, used by TOUCHSTONE in connection with TOUCHSTONE'S obligations hereunder and related to other Golf Course Facilities of TOUCHSTONE, which information and data relates to TOUCHSTONE trade secrets, ideas, know-how, improvements, inventions, technologies or internal business facts (including financial and operating information), except such information or data which is generally available to the public without OWNER's fault or is acquired in good faith by OWNER from a third party who OWNER has no reason to believe acquired the same in other than good faith and who is not under any obligation to TOUCHSTONE in respect thereof.
- B. TOUCHSTONE is permitted to identify its relationship with the Golf Course Facility in its advertising and marketing literature and website, including a photograph of the Golf Course Facility acceptable to OWNER, with a generic reference stating that the Golf Course Facility, is a client (or upon expiration of the Contract Period, was a client) of TOUCHSTONE.

XIII. FORCE MAJEURE

- A. For the purposes of this Section XII, "force majeure" shall mean an act of God, strike, lockout or other industrial disturbance, act of a public enemy, war blockade, public riot, lightning, fire, storm, earthquake, flood, explosion, governmental restraint, breakage or accidents to equipment resulting from the aforementioned

acts, which shall not reasonably be within the control of the party claiming suspension. Force Majeure does not include any financial incapacity.

- B. If TOUCHSTONE or OWNER is unable, wholly or in part, by reason of force majeure (as herein defined) to carry out an obligation under this Agreement, such obligation shall be suspended so far as it is affected by such force majeure during the continuance thereof. The party unable to perform shall give the other party prompt notice of such force majeure with reasonably full particulars thereof and, insofar as is known, the probable extent to which it will be unable to perform or be delayed in performing such obligation. The party unable to perform shall use all possible diligence to remove such force majeure as quickly as possible.
- C. The requirement that any "force majeure" shall be removed with all possible diligence shall not require the settlement by the party unable to perform due to strikes, lockouts or other labor disputes or the meeting of any claims or demands by any supplier or government entity contrary to the wishes of TOUCHSTONE or OWNER or which may be harmful to OWNER or to TOUCHSTONE.

XIV. PERFORMANCE AND BREACH

- A. Time is of the essence in the performance of this agreement.
- B. The following shall constitute an event of default by TOUCHSTONE under this Agreement:
 - 1. In the event of TOUCHSTONE's insolvency; or
 - 2. An assignment by TOUCHSTONE for the benefit of creditors; or
 - 3. The filing by TOUCHSTONE of a voluntary petition in bankruptcy; or
 - 4. Adjudication that TOUCHSTONE is bankrupt; or
 - 5. The filing of an involuntary petition in bankruptcy and the failure of TOUCHSTONE to seek a dismissal of the petition within thirty (30) days after the filing; or
 - 6. A receiver is appointed for TOUCHSTONE; or
 - 7. The Agreement is assigned by TOUCHSTONE without the written consent of OWNER; or
 - 8. The failure or refusal to perform or comply with any of its obligation, duty or provision under this Agreement; or
 - 9. If at any time the performance of the Services under this Agreement is being unnecessarily delayed, that TOUCHSTONE is violating any of the conditions of

this Agreement or that Management Comapny is executing the same in bad faith or otherwise not in accordance with the terms of said Agreement.

- C. The following shall be an event of default by OWNER under this Agreement:
 - 1. The failure or refusal to perform or comply with any of its obligation, duty or provision under this Agreement
- D. Remedies on Default.
 - 1. Upon default, the non-defaulting party shall give written notice thereof to the defaulting party. If the defaulting party does not, within fifteen (15) calendar days after receiving such written notice, either (a) cure the default or (b) if the breach is not one that can reasonably be cured within fifteen (15) days, develop a mutually agreed to plan to cure the failure and diligently proceed according to the plan until the default has been cured, then the non-defaulting party may terminate this Agreement for cause by written notice to the defaulting party. Prior to giving notice of termination of this Agreement for cause, the purported defaulting party shall be afforded an opportunity to meet with OWNER representative(s) of the non-breaching party to explain its position.
 - 2. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to County under applicable law.

XV. NO WAIVER

No delay or failure on the part of any party in exercising any right hereunder shall impair any such right or any remedy of the party so delaying or failing, nor shall it be construed to be a waiver of any continuing breach or default hereunder or any acquiescence therein or of any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default hereunder be deemed a waiver of any other breach or default theretofore or thereafter occurring.

XVI. AMENDMENTS

This Agreement can be changed, waived, released or discharged only by written amendment executed by the parties hereto.

XVII. SEVERABILITY

- A. If it is held by a court of competent jurisdiction that:
 - 1. any part of this Agreement is void, voidable, illegal or unenforceable; or
 - 2. this Agreement would be void, voidable, illegal or unenforceable unless any part of this Agreement were severed from this Agreement;

3. that part shall be severable from and shall not affect the continued operation of the rest of this Agreement.

B. The provisions of Section XV(A) shall not apply if the part of the Agreement affected is a substantive part in which event the parties shall in good faith renegotiate the provisions of the part so affected.

XVIII. ASSIGNMENT

A. This Agreement shall be binding on all parties hereto and their respective successors and assigns.

B. A party shall not assign its rights and shall not be (except as provided herein) released from its obligations in, to, or under, this Agreement.

XIX. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and such counterparts shall together constitute an agreement.

XX. NOTICES

Any notice, document or other item to be given delivered, furnished or received under this Agreement shall be deemed given, delivered, furnished or received when given in writing and personally delivered to an officer of the applicable party, sent by e-mail, receipt of which is confirmed, or upon delivery by a national overnight courier service to the addresses set forth in this Agreement or such other address as the party has notified the other party is their current delivery address.

XXI. MISCELLANEOUS

A. The relationship between OWNER and TOUCHSTONE is that of independent contractors, and except as herein expressly provided, neither party is granted any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of the other or to bind the other in any manner or thing whatsoever.

B. This Agreement constitutes the entire agreement between the parties as to the management of the Golf Course Facility, and all prior or contemporaneous, oral or written agreements or instruments are merged herein.

C. The remedies provided herein for breach of this Agreement are not exclusive; and, in event of breach, the parties hereto have all the remedies provided by law.

D. This Agreement is not intended and does not create any rights or interest in persons not a party hereto.

E. In those circumstances provided herein in which approval by a party is required, such approval shall not be unreasonably withheld, conditioned or delayed.

F. The parties hereto acknowledge that each party and its legal counsel have reviewed and revised this agreement, and the parties hereby agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this agreement or any amendments or exhibits hereto.

G. OWNER does not waive or relinquish any immunity or defense on behalf of themselves, their trustees, commissioners, offices, employees and agents as a result of the execution of this Agreement and performance of the functions and obligations described herein.

H. The parties hereto agree to comply fully with all applicable federal, state and local statutes, ordinances, rules, and regulations in connection with this agreement. This agreement is subject to all applicable present and future valid laws governing the activities contemplated hereunder. In the event that any of the parties hereto are required by law or regulation to perform any act inconsistent with this agreement, or to cease performing any act required by this agreement, this agreement shall be deemed to have been modified to conform with the requirements of such law, regulation or rule.

XXII. APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and shall be enforced in Webb County, Texas.

IN WITNESS WHEREOF, the parties, have signed this agreement on the date first hereinbefore written.

WEBB COUNTY

TOUCHSTONE GOLF, LLC
A Delaware Limited Liability Company

The Honorable Tano E. Tijerina
Webb County Judge

Douglas J. Harker
Executive Vice President

ATTEST:

Margie Ramirez Ibarra
Webb County Clerk

Approved as to Form:

Nathan R. Bratton

General Counsel

Civil Legal Division*

*The General Counsel, Civil Legal Division's office, may only advise or approve contracts or legal documents on behalf Webb County, its client. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorney(s).

**GOLF COURSE FACILITY MANAGEMENT AGREEMENT
LIST OF EXHIBITS**

Exhibit A Known Litigation and Other Matters

Exhibit B Sample Incentive Management Fee Calculation

EXHIBIT A

KNOWN LITIGATION AND OTHER MATTERS

The Texas Department of Transportation (TxDOT) has publically announced plans to widen, to interstate highway standards, U.S. 59/Loop 20 which traverses the eastern boundary of the Golf Course Facility. TxDOT is in the process of finalizing the schematic design and layout of the roadway expansion. It is anticipated that the expansion will affect the Golf Course Facility but the extent and effect of the expansion on the Golf Course are unknown at this time.

There has been discussion on the construction of a Hotel on the property.

EXHIBIT B

SAMPLE INCENTIVE MANAGEMENT FEE CALCULATION

<u>Incentive Calculation</u>		
EBITDA	Current Year	\$(100,000)
EBITDA	Prior Year	\$(50,000)
Improvement		\$50,000
Incentive Percentage	15%	
Incentive to Touchstone Golf		\$7,500
<i>Note: Not actual numbers, for example only.</i>		
<p>EBITDA = Operating earnings before the deduction of interest expense, taxes, depreciation and amortization. The calculation equates to revenue minus operating expenses. For purposes of calculating each year's Incentive Management Fee, any paid Incentive Management Fee from the Prior Year shall be excluded so as to determine the amount of improvement in EBITDA.</p>		