

**LICENSE AGREEMENT
BETWEEN ARROWHEAD LAKE ASSOCIATION AND LAKE ARROWHEAD
RESORT OPERATOR, INC.**

THIS LICENSE AGREEMENT (“Agreement”) is made and entered into on July 17, 2020, by and between ARROWHEAD LAKE ASSOCIATION, a California non-profit corporation (“ALA” or “LICENSOR”) and LAKE ARROWHEAD RESORT OPERATOR, INC., a Delaware corporation (“LICENSEE”) on the terms and condition as set forth herein. LICENSOR and LICENSEE are sometimes referred to herein as PARTIES.

RECITALS

WHEREAS, The PARTIES agree that ALA holds all right, title and interest in that body of water referred to as Lake Arrowhead, situated in Lake Arrowhead, County of San Bernardino, State of California and more particularly described in Exhibit “A” attached hereto and incorporated herein by reference (“Lake”);

WHEREAS, The PARTIES agree that LICENSEE or its affiliate owns the area referred to herein as “Lake Arrowhead Resort and Spa” (“Resort”);

WHEREAS, LICENSEE desires to operate one pontoon boat (“Boat”), use six kayaks for guided tours only and fish from the six Resort docks only (collectively “Activities”) as will be described in this Agreement.

WHEREAS, So long as all fees due and owing under the terms of this Agreement are paid and all terms and conditions of this Agreement are met, Registered Resort Guests (as defined below) may participate in the Activities.

NOW, THEREFORE, in consideration of the above recitals and the terms and conditions contained herein, the parties agree as follows:

AGREEMENT

1. **GRANT OF LICENSE**. ALA hereby grants to LICENSEE and LICENSEE hereby accepts from ALA the right to use the Lake for the purpose of the Activities only. As used in this Agreement, “Registered Resort Guests” shall mean (i) registered overnight guests of the Resort; (ii) members of the Lake Arrowhead Resort and Spa club; (iii) Resort guests attending banquet and/or catering events held at the Resort (e.g., weddings held at the Resort) while attending the event only; and (iv) guests of the Resort accompanied by a Resort employee for sales and marketing activities.

2. **CONSIDERATION**. As consideration for the use of the Lake, LICENSEE shall pay ALA a monthly fee (“Monthly Fee”) as follows:

a. One pontoon Boat on the Lake. LICENSEE shall pay ALA \$1000.00 (ONE THOUSAND DOLLARS) per month, or any portion of a month, that the Boat is on the Lake. In addition to the foregoing, LICENSEE shall pay ALA or other appropriate governmental agency any and all fees required for the Boat to be used on the Lake.

b. Six kayaks to be used only in guided kayak tours (“Kayak Tours”) as will be described in this Agreement. The Kayak Tours shall only be available to Registered Resort Guests. The Parties agree that the license fee for the kayaks shall be \$1000.00 (ONE THOUSAND DOLLARS) per month, or any portion of a month that the kayaks are used on the Lake.

c. Six docks. LICENSEE shall pay an annual fee to ALA for the six docks it has on the Lake. The fee for 2020 is \$660.00 per dock or \$3960.00 total for 2020.

d. As additional consideration for entering this Agreement, LICENSEE will make a \$5000 (FIVE THOUSAND DOLLAR) donation to ALA’s firework show and a 2500 (TWO THOUSAND FIVE HUNDRED DOLLAR) donation to ALA’s fish stocking program each calendar year that this Agreement is in effect.

e. All RFID cards erroneously issued to LICENSEE in 2020 will be deactivated. Any fees paid for said cards will be refunded to LICENSEE. LICENSEE shall have no right to obtain RFID cards in the future under the terms of this Agreement.

3. ANNUAL INCREASE IN MONTHLY FEE. On April 1st of each year of the Term (as defined in Section 9), the Monthly Fee for the Boat and kayaks shall be increased by two and a half percent (2.5%). Dock fees will be per ALA’s fee schedule.

4. LATE CHARGE. LICENSEE acknowledges that late payment of sums due under this Agreement will cause ALA to incur costs not contemplated by this Agreement, but not limited to, processing and accounting charges, consultation with an attorney, the exact amount of which will be extremely difficult to ascertain. Therefore, if any money due from LICENSEE pursuant to the terms and conditions of this Agreement is not received by ALA within ten (10) days of when due, then without any requirement for notice to LICENSEE, LICENSEE shall pay to ALA a late charge equal to 5% (five percent) of the overdue sum. The parties agree that the late charge represents a fair and reasonable estimate of the costs ALA will incur as liquidated damages because of late payment by LICENSEE. Acceptance of the late charge by ALA shall not constitute a waiver of LICENSEE’s default for the overdue sum and will not prevent ALA from exercising any of the other rights and remedies in this License.

5. INTEREST ON PAST DUE OBLIGATIONS. Any amount that is due to LICENSOR pursuant to the terms and conditions of this Agreement and not paid within ten (10) days of when due shall bear interest from the eleventh (11th) day after the due date until paid at a rate of ten percent (10%) per annum which equates to 0.833 percent per month or the maximum rate then allowable by law, whichever is greater; provided, however, that interest shall not be payable on late charges incurred by LICENSEE. Payment of the interest shall not cure any default by LICENSEE under this License.

6. OPERATION OF THE BOAT.

A. Number. LICENSEE shall operate one pontoon Boat on the Lake. The Boat shall be moored at the Lake Arrowhead Resort and used for excursions only, and not for fishing, water skiing, wakeboarding or other activities.

B. Hours. The operation of the excursion boat by LICENSEE shall be between the hours of 7:00 a.m. and 11:00 p.m., or at such other times as agreed to from time to time in writing by ALA and LICENSEE.

C. Passengers. Every passenger shall be a Registered Resort Guest as defined in this Agreement.

D. Inspection of Boat. ALA maintains the right to inspect the Boat at any time with prior written notice to LICENSEE (except in the case of an emergency, when such notice shall not be required), before or after normal business hours.

E. Operator. Subject to and only upon receipt of written approval by ALA, which approval shall not be unreasonably withheld, conditioned, or delayed, LICENSEE may engage an operator (“Operator”) to operate the Boat consistent with and subject to all the terms and conditions contained within this Agreement. Any engagement of any Operator must be in writing and approved by ALA and must incorporate all the terms and conditions of this Agreement. ALA must approve all people who will captain the Boat on the Lake. All Boat Operators must execute a document wherein the Operators separately and distinctly from LICENSEE, agrees to abide by all the terms and conditions of this Agreement including, but not limited to the indemnification and insurance requirements contained herein. Failure to comply with the provisions herein shall constitute a material breach of this Agreement by LICENSEE. LICENSEE’s use of the Lake and operation of the Boat shall be consistent with and in compliance with all rules and regulations adopted from time to time by ALA and provided to LICENSEE in writing.

7. USE OF LAKE BY THE BOAT. LICENSEE’s Boat license shall be limited to operation of one pontoon Boat unless otherwise approved by ALA in writing.

A. Violations. LICENSEE shall not use or permit or suffer the Lake to be used in any manner which would violate any license, permit or other governmental authorization which is required for the lawful use or operation of any vessel on the Lake. If any license, permit or other governmental authorization is required for the lawful operation of the Boat on the Lake, LICENSEE shall procure and maintain the same throughout the term of this Agreement.

B. Waste. LICENSEE shall not commit any waste or suffer any waste to be committed upon the Lake.

C. Insurance Risks. LICENSEE shall not keep, use, sell or offer for sale on the Boat any article or conduct any activity thereon that is prohibited by any insurance policy maintained by the parties.

8. OPERATION OF KAYAKS.

A. Kayaks. LICENSEE shall be permitted to have 6 kayaks. Five of the kayaks can be rented only to Registered Resort Guests as defined in this Agreement. only for guided Kayak Tours. The remaining kayak is to be used only by a guide who will lead the other five kayaks (the “Kayak Tour”). All kayaks may only be used in the Lake and must not be used on any other body of water. This License Agreement entitles LICENSEE to conduct Kayak Tours from the docks at

the Resort West to Lone Pine Island and back only. When not in use, all kayaks shall be stored at the Resort.

D. Hours. The operation of Kayak Tours by LICENSEE shall be between the hours of 8:00 a.m. and 5:00 p.m. unless otherwise agreed from time to time in writing by ALA and LICENSEE. There shall be no tours on July 4th.

E. Rental requirements. Every person who rents a kayak shall be a Registered Resort Guests as defined in this Agreement.

F. Safety training. Each person who rents a kayak shall be required to attend a 15-minute safety training class prior to the Kayak Tour and be required to review ALA's Lake Rules which are available on ALA's website. Each person who rents a kayak shall also be required to wear a U.S. Coast Guard approved PFD of proper size.

G. Length of Kayak Tours. The Kayak Tours shall not exceed one (1) hour.

H. Guides. Kayak Tours shall be led only by guides who have an ALA Boat Operator's License. Kayak Tours may not land on Lone Pine Island.

I. Inspection of Kayaks. ALA maintains the right to inspect the kayaks at any time with prior written notice to LICENSEE (except in the case of an emergency, when such notice shall not be required), before or after normal business hours.

J. Compliance with Laws. Any operation of the kayaks under this Agreement shall comply with all applicable laws, permits, licenses and other governmental authorizations, rules, ordinances, orders, decrees, and regulations now or hereafter enacted, issued or promulgated by federal, state, county, municipal or any other governmental agencies, bodies and courts having or claiming jurisdiction, and shall be in compliance with all underwriting requirements of all insurance companies insuring all or any part of the operation per this Agreement.

9. USE OF LAKE FOR KAYAKS. LICENSEE's Kayak license under this Agreement shall be limited to operation of the 6 kayaks for Kayak Tours only per Section 8 above and for no other purpose, unless otherwise approved by ALA in writing.

10. USE OF THE SIX RESORT DOCKS. Registered Resort Guests as defined in this Agreement shall have the right to access the 6 docks owned by LICENSEE so long all fees due and payable to ALA for said docks have been paid. Any Registered Resort Guests, as defined in this Agreement, over the age of 16 fishing from any of the 6 Resort docks must have a current California fishing license and cannot keep more than five fish per day. Registered Resort Guests as defined in this Agreement who are not ALA members may not fish from any location in the Lake other than the six Resort docks.

11. INDEMNIFICATION. LICENSEE agrees to indemnify and hold free and harmless ALA and ALA's Board of Directors, employees, agents, members, affiliates, officers, heirs, administrators, successors and assigns ("Indemnitees") from and against any and all third party claims, liability, demands and causes of action of all kinds, including without limitation, claims of property damage, injury, illness or death, including reasonable and actual out-of-pocket costs and

reasonable attorney fees incurred in connection therewith (collectively, a “Claim”), arising out of or in connection with this Agreement as well as use of the Lake by the Boat and to defend any and all actions or claims for damages or injuries arising from the same, unless such Claim is caused by the gross negligence or willful misconduct by ALA or its Indemnitees. All risks involved and connected with the operation of the Boat and ALA’s granting of this License to LICENSEE to operate the Boat on the Lake as set forth herein shall, in no way, give rise to any liability to ALA or its Indemnitees, except as caused by the gross negligence or willful misconduct by ALA or its Indemnitees. LICENSEE, as a material part of the consideration to be rendered to ALA, hereby waives all claims against ALA for damages to property in, upon, or about the Lake and for injuries to LICENSEE, its agents, invitees, licensees or other third parties on or about the Boat or the Lake and for any cause arising out of this Agreement during the Term, except as caused by the gross negligence or willful misconduct by ALA or its Indemnitees, and LICENSEE will hold ALA harmless from any damage or injury to any person or to the personal property of any person arising from the operation of the Boat on the Lake by LICENSEE or from the failure of ALA to maintain the Lake or its surrounding area in any particular condition and repair during the term of this Agreement, with the exception of acts of gross negligence or willful misconduct by ALA.

12. TERM.

A. Term. This Agreement shall commence July 17, 2020 and end May 31, 2025 (“Initial Term”).

B. Early Termination Right. Notwithstanding anything herein to the contrary, LICENSEE or LICENSOR may terminate this Agreement at any time, for any reason, during the Term or any extension of the Term with at least thirty (30) days written notice to the other party.

C. Renewal. This Agreement shall automatically renew for a term of one (1) year (“Renewal Term”) after the end of the Initial Term unless either party gives written notice of nonrenewal to the other party at least ninety (90) days prior to the end of the Initial Term or any one year extension thereof. “Term,” as used in this Agreement, shall mean the Initial Term together with any Renewal Terms.

13. ASSIGNMENTS. This Agreement shall not be sold, transferred or assigned, either voluntarily, involuntarily, directly or indirectly, nor shall any interest under this Agreement be assignable in any manner. Any sale or assignment of this Agreement shall be deemed void and cause for immediate termination of the Agreement by LICENSOR, with exception of the sale of all assets of the Resort and upon the new Resort owner’s assumption of all duties and obligations under this Agreement, this Agreement may be assigned to the new owner and all terms and conditions contained herein shall be enforceable against the new owner of the Resort. LICENSEE shall be released from all obligations and liabilities under this Agreement arising or accruing on or after the transfer of all duties and obligations under this Agreement by the new owner of the Resort.

14. INSURANCE. Throughout the terms of this Agreement, LICENSEE shall provide and maintain or shall coordinate with its independent operator to provide and maintain the following insurance coverage with ALA as an additional named insured, and shall provide ALA with a certificate of proof of insurance for each policy:

A. Extended coverage fire and hazard insurance covering the Boat, including, without limitation, all pertinent improvement, against loss or damage by fire or such other risks as are now or hereafter included in an extended coverage endorsement in common use for vessels such as the Boat, including vandalism and malicious mischief, together with other similar insurance as ALA may reasonably require from time to time. All such insurance shall be written consistent with the terms and conditions generally available in the marketplace for this type of exposure.

B. Public liability insurance to protect LICENSEE and ALA, their directors, agents, and employees, against any liability, resulting from injury to or death of, any person, caused by or resulting from the operation or use of the Boat on the Lake, the amount of not less than Two Million Dollars (\$2,000,000) combined single limits for each occurrence and Four Million Dollars (\$4,000,000) general aggregate, and all such insurance shall name ALA as "Additional Insured".

C. Property damage liability insurance to protect LICENSEE and ALA, their directors, agents and employees, against any liability for damage to property caused by, or resulting from, the operation of the Boat or the use of the Lake in the amount of not less than One Million Dollars (\$1,000,000) for each occurrence, and all such insurance shall name ALA as "Additional Insured".

D. LICENSEE must provide a Certificate of Insurance, naming Arrowhead Lake Association, its employees, directors, officers and volunteers as additional insured on the policy for the insurance indicated in Sections 11 A, B and C above. An Additional Insured endorsement shall be completed, issued by the insurance carrier, countersigned by agent, and attached to the Certificate of Insurance. Insurance carrier's financial rating must be a minimum of "A-10".

15. DEFAULT. ALA may terminate the License upon prior written notice to LICENSEE upon the happening of any one or more of the following events:

A. The failure to pay the Monthly Fee or any other payment required at the time within the times herein specified for payment, where such failure shall continue more than five (5) days after written notice thereof from ALA to LICENSEE;

B. The failure to perform any of LICENSEE's obligations hereunder (including, but not limited to, the failure to comply with the use restrictions set forth in Section 7), where such failure shall continue more than ten (10) days after written notice thereof from ALA to LICENSEE; provided, however, that if the failure is such that it cannot reasonably be cured within 10 days, LICENSEE shall not be in default if LICENSEE commences the cure within such 10-day period and diligently pursues the cure until completion;

C. The making by LICENSEE of a general assignment for the benefit of creditors;

D. The filing by LICENSEE of a voluntary petition in bankruptcy or the adjudication of LICENSEE as bankrupt;

E. The appointment of a receiver to take possession of all or substantially all of the assets of LICENSEE located at the Resort.

F. The filing by any creditor of LICENSEE of an involuntary petition in bankruptcy which is not dismissed within sixty (60) days after filing;

G. The attachment, execution or other judicial seizure of all or substantially all of the assets of LICENSEE or where such an attachment, execution or seizure is not discharged within ten (10) days; or

H. The failure to provide any of the insurance documentation enumerated within Section 11, where such failure continues for more than ten (10) days' after written notice thereof from ALA to LICENSEE.

In the event of any such default or breach by LICENSEE, then ALA may immediately terminate the License and/or rectify or cure the default at any time without further notice or demand. Any sums expended by ALA for such purposes shall be paid by LICENSEE to ALA upon demand as an additional fee under this Agreement or ALA may declare this Agreement terminated in its entirety.

16. WAIVER. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege or service voluntarily given or performed by other parties shall give the other any contractual right by custom, estoppel or otherwise.

17. NOTICES. All notices required hereunder shall be given in writing to the following addresses or such other addresses as the parties may designate by written notice:

LICENSOR: ARROWHEAD LAKE ASSOCIATION
Post Office Box 1119
Lake Arrowhead, CA 92352

Copies to: Gregory M. Garrison
P.O. Box 131025
Carlsbad, California 92013

and

Bob Mattison, ALA General Manager
P.O. Box 1119
Lake Arrowhead, California 92352

LICENSEE: LAKE ARROWHEAD RESORT OPERATOR, INC.
c/o Watermark Lodging Trust, Inc.
150 North Riverside Plaza, Suite 4200
Chicago, IL 60606
Attn: Asset Management

COPIES TO: LAKE ARROWHEAD RESORT
27984 Hwy 189, Box 1699
Lake Arrowhead, CA 92352
Attn: General Manager and Controller

18. AUTHORITY TO ENTER INTO AGREEMENT. Each party warrants that the individuals who have signed this Agreement have the legal power, right and authority to enter into this Agreement so as to bind each respective party to perform the conditions contemplated herein, and there are no consents or approvals required to be obtained from any individual or entity prior to either party's making or entering into this Agreement or completion of the conditions contained herein.

19. SEVERABILITY. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall continue in full force and effect.

20. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement, and all parties agree to execute all documents and to proceed with due diligence to complete all covenants and conditions set forth herein.

21. ARBITRATION. Any dispute between LICENSOR and LICENSEE shall be resolved by binding arbitration. The arbitration shall take place in San Bernardino County before one arbitrator who shall be agreed upon by all parties to the dispute. The Arbitrator shall award the prevailing party attorney fees and costs. The award of the arbitrator shall not be appealable.

22. ATTORNEYS' FEES AND COSTS. If any legal action or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement, the prevailing party (as determined by a final non-appealable court decision) shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it may be entitled.

23. GOVERNING LAW AND VENUE. This Agreement shall be construed in accordance with and governed by the laws of the State of California. Any lawsuit brought to enforce this Agreement shall be brought in the appropriate court in San Bernardino County, State of California.

24. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties and supersedes any prior or written statements or agreements between them as to this Agreement. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both parties.

25. **INVALIDITY.** The illegality of any provision hereof shall not affect the remainder of the Agreement.

26. **COUNTERPARTS.** This Agreement may be signed in counterparts, each of which shall constitute an original and all of which collectively shall constitute one instrument.

27. **CAPTIONS.** The captions of the various articles and paragraphs of this Agreement are for the convenience and ease of reference only, and do not define, limit, augment or describe the scope, content or intent of this Agreement, or of any part of parts of this Agreement.

28. **EFFECTIVE DATE.** The effective date of this Agreement shall be the date first set forth above.

LICENSOR:

Arrowhead Lake Association,
a California Non-Profit corporation

By: 
GARY M CLIFFORO II

Title: PRESIDENT
8/17/2020

LICENSEE:

Lake Arrowhead Resort Operator, Inc.

By: 

Name: Gil J. Murillo

Title: Senior VP & Assistant Secretary

EXHIBIT A

LEGAL DESCRIPTION

All those portions of sections 9, 10, 11, 14, 15, 16, 21 and 22, T.2N, R3W., S.B.M., in the County of San Bernardino, State of California, according to Government Survey, which would be covered with water impounded by a certain dam constructed in Arrowhead Woods across and in Little Bear Creek, so-called, the Northwest one-quarter of Said Section 14, said artificial lake or body of water being known as "Lake Arrowhead", if the surface of said water were at an elevation of 5100 feet above "sea level".