

DANA POINT HARBOR PARTNERS, LLC (“DPHP”)
Optionee Section 8.6 Submittal – Management Plan
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Organization & Operations (Option Section 8.6.1). Pursuant to Section 11.2 of the Lease, each Component (as defined in the Lease) will employ competent, on-site Property Managers who shall be responsible for the day-to-day operation and maintenance, cleanliness, and general order for each Component. Such Property Managers shall be vested with the authority of Burnham-Ward Properties, LLC (“BWP”) as it relates to the Commercial Core Component, Olson Real Estate Group, Inc. (“OREG”) as it relates to the Hotel Component and Bellwether Financial Group, Inc. (“BFG”) as it relates to the Marina Component. Each Component shall provide diligent, first class, professional and competent real property management for the Property. As to each Component, the Property Manager will supervise the operation and maintenance of the Property, including the authority to enforce compliance by Lessee’s tenants, agents, employees, concessionaires, or licensees with the terms and conditions of this Lease and any and all rules and regulations adopted hereunder. Each Component currently has one or more management companies who are responsible for day-to-day operations. BFG and OREG plan on assuming the current operating agreements associated with their respective Components, whereas BWP shall assume property and asset management oversight of the Commercial Core Component. It is DPHP’s intention to align operating companies with its vision for the operation of best in class facilities and shall notify the County in writing of successor Property Managers.

BWP shall have on-site management representative(s) acting as Director of Property Management for the Commercial Core Component. During regular business hours the on-site office will be staffed with appropriate support personnel and third-party vendors to ensure tenant accessibility, public interaction, event coordination, and timely responses to operational issues. In the event of an after-hours emergency, tenants will have direct access to on-site security personnel or an on-call staff member. All third-party vendors will be required to wear uniforms with proper identification.

In particular, as it relates to the Marina Component, it is BFG’s intention to consolidate the operations and marketing of the Marina under a single management company, which may be one of the existing management companies such as Vintage Marina Partners, L.P., Dana Point Marina Company or T.B.W. Co., or a new third party. Until such consolidation, the management companies will report directly to BFG and be responsible for finance and accounting services overseen by BFG.

As it relates to the Hotel Component, The Marina Inn will be supported by a wide range of corporate staff. Further additional resources will include support from human resources, marketing, and design and construction. At the property level, the staffing model includes a qualified general manager, sales, front desk, housekeeping and engineer.

Not less than quarterly, DPHP and/or its respective Property Managers shall meet with designated representatives of the County to ensure relevant matters are being addressed and answer any questions related to financial performance, operations or other items. During the initial transition period, it is anticipated that these meetings may take place monthly.

In addition to executing all responsibilities of the individual Components outlined herein, DPHP

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will coordinate, support and facilitate interaction with the individual specialty property managers to ensure a cohesive level of service throughout the property, including, but not limited to:

- Management and enforcement of an overall Harbor Parking Management Plan;
- Management of all landside areas including parkscape, parking lots, public restrooms, buildings and structures, parking areas and landscape in the greater harbor;
- Management oversight during construction as it relates to temporary parking, signage and way-finding and circulation issues;
- Specialty and safety related matters
- Management of the security personnel and emergency response plan;
- Management of the project engineering staff;
- Management of all CC&R’s and Rules & Regulations
- Management of the parking attendant staff & valets;
- Management of on-site transportation and shuttle services;
- Oversight of marketing, branding and PR team
- Management and coordination of all events; and
- Management and coordination of all common areas: janitorial and trash collection, public utility and engineering contracts, signage maintenance and updating, park areas, customer complaints, day to day tenant needs (in coordination/support of specialty area managers), etc.

Safety & Security, Public Services (Option Section 8.6.2). The ultimate purpose of this Lease is the complete and continuous public use of the Property for the benefit of the public, and all facilities and services shall be made available to the public without discrimination. Each Component shall operate the Property under sound business practices. Each Property Manager shall provide adequate security measures to reasonably protect persons and property as to each Component and shall coordinate with one another as to the overall safety and security on the Property. Each Component hereby acknowledges that County’s Harbor Patrol is not responsible for routine security services or landside police services on the Property and the Harbor Patrol function is to provide emergency and marine oriented law enforcement and fire services to the boating public. Each Component agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property. DPHP will provide an overall security program including onsite personnel to increase the safety and security of the leasehold, including, but not limited to its parking facilities, common areas and public spaces.

The Marina Inn will follow safety and security planning following SOPs that meet or exceed industry standards. Safety training begins with new staff onboarding, property orientation to best practices, and rigorous on the job training. Training for safety procedures and practices is an ongoing priority including drills for emergency evacuations, training regarding the property’s Emergency Response Plan, Illness and Injury prevention plan, management safety committee, and ongoing monthly safety practice training.

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Safety of guests and associates is supported with a 24-hour front office presence, appropriate locking doors, security cameras, rigid cash handling and depositing practices, and regular facility inspections.

Financial Management Plan (Option Section 8.6.1). Each Component shall provide for their own accounting in accordance with the Lease pursuant to best practices for that asset class. Each month, the individual Component accounting will be compiled into a report to the County consistent with the Lease terms and presented to the County by a “to be determined” accounting firm appointed by DPHP. The consolidation of the three Components into a single report will be provided in a format mutually agreed upon with the County, which at a minimum will include the calculation and payment of percentage rent. Further, as required by Section 15.8 of the Lease, Lessee shall provide the County a set of audited and certified financial statements within 90 days after the end of each Accounting Year.

Marina Inn will follow the Uniform System of Accounts for Lodging Industry which enables transparency. The Marina Inn will be supported by OREG’s corporate accounting department.

Quality Service Plan (Option Section 8.6.4). BWP, OREG and BFG shall be responsible for the Property Manager associated with its Component and shall each separately be responsible for making sure that the Property Managers provide diligent, first class, professional and competent real property management for their respective Component. Any change to a Property Manager shall abide by the provisions of the Lease. Initially, the Components will be focusing on the creation of a cohesive branding and service level program to enhance the experience throughout the leasehold and create a more consistent feel for their patrons. In addition, each Component will maintain and provide access to a 24/7 hotline to address service issues.

The Hotel Component plans on retaining hotel staff, which will assist in a seamless transition of hotel operations. Further, Marina Inn will be implementing training and development programs for employees as well as introducing more robust systems which will increase employee efficiency and result in increased service levels and superior property conditions. Guest service is carefully measured, analyzed and responded to in a timely manner to establish strong guest relations and loyalty.

Maintenance Methodology (Option Section 8.6.5). Each Component shall be maintained in a safe, efficient, competent and clean manner for the public, visitors, tenants and vendors, and generally to the standards required under the Lease by their respective Property Manager. Each Component will maintain a Policy & Procedures Manual pursuant to Section 8.6.6 below, which shall include the following programs:

- (i) Daily housekeeping, cleaning, trash disposal, litter removal and extermination;
- (ii) Preventative maintenance;
- (iii) Water quality management;
- (iv) Structural maintenance, preventative, preventative and predictive maintenance, routine repairs and replacement; and

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- (v) Future capital improvements, expansions, renovations, modernizations and refurbishment, including, but not limited to the Subsequent Renovation Funds Capital Improvement Funds for the Commercial Core and Marina Components pursuant to Sections 5.15 and 5.16 of the Lease.

Standards and Requirements (Option Section 8.6.6). As set forth in Exhibit G to the Lease:

- (i) Parking Management Plan. Each Component individually and in conjunction with one another, shall operate the Property under the provisions of a comprehensive Parking Management Plan prepared by the Lessee and approved by the County. DPHP is currently in the process of developing its initial Plan. The Parking Management Plan shall be updated annually by the Components during the term of this Lease and shall be made available to County at any time upon written request from the County. The purpose of the plan is to provide the public an adequate number of parking spaces, efficient internal traffic circulation, and access to the Property. The Plan shall include, but not be limited to the following issues and considerations:
- a. The addition of a third level to the proposed parking as reflected in the DPHP Conceptual plan in order to facilitate increased parking for patrons;
 - b. Required hotel dedicated parking along with optional use mix;
 - c. Controlled boater designated parking;
 - d. Employee parking;
 - e. Short term parking stalls will be established closest to the shop spaces to assist with pick up and drop off traffic;
 - f. Long term parking (e.g., sport fishing, Catalina service);
 - g. Prohibit overnight parking in all areas that service retail and any other areas not specifically designated and approved for overnight parking;
 - h. Contingency for off-site parking during overflow conditions;
 - i. Controlled parking;
 - j. Valet parking program;
 - k. Designated off-site parking areas offering shuttle services to accommodate special events;
 - l. Site plan of parking areas;
 - m. Parking management technology shall be instituted in the new parking structure to efficiently direct patrons to available spaces
 - n. Designated boater parking areas within parking structure
 - o. Parking signage program.

All parking shall comply with applicable parking standards as regulated by any governmental agency with jurisdiction. Each Component agrees to comply with any Harbor-wide parking program or shared parking arrangement as may be required by the County.

- (ii) Entry Gates. All entry gates to any County authorized controlled parking area shall be attended by a Component’s employees or controlled by automated systems. Such automated

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systems shall be convenient and efficient with regard to public use, capable of processing each type of transaction made for the various activities within the Property.

(iii) Leasing. The leasing program shall consider the following criteria, not listed in any order of priority, and including but not limited to:

- a. Use consistent with the Tidelands Grant from the State of California;
- b. Feasible use that will produce a market value rental return;
- c. Optimum land utilization;
- d. Appropriate required and optional use mix;
- e. Compatibility with other uses on the Property and within Dana Point Harbor;
- f. High degree of public service;
- g. Parking constraints and traffic circulation;
- h. Aesthetics associated with the character of Dana Point Harbor; and
- i. Compliance with the terms and conditions of this Lease.

(iv) Protection of Environment. Lessee shall take reasonable steps to prevent:

- a. Littering within the Property;
- b. Excessive noise from emanating within the Property;
- c. Excessive light and glare from light fixtures within the Property that could impact the safe operation of automobiles, watercraft and airplanes in the area.
- d. Discharge or runoff of pollutants, including petroleum products, waste and debris from any source, into the waters within or adjacent to the Property or other activities that are harmful to water quality.

(v) Protection Measures. Reasonable steps to prevent littering, excessive noise, and discharge of pollutants into the waters within the Property shall include, but are not limited to:

- a. Appropriate signs warning tenants and visitors to the Property against littering, production of excessive noise and discharge of pollutants into the waters within the Property shall be posted in conspicuous places within the Property. All such signs shall be approved by the County.
- b. All leases and rental agreements with tenants shall contain provisions which specify that littering, production of excessive noise and discharge of pollutants into the waters within the Property constitute a material breach of such leases and rental agreements.

(vi) In addition to the lease and rental agreement provisions required by subsection (b) above, all leases and rental agreements with owners of watercraft occupying slips, mooring, docks or other places within the Property, where a boat may be secured (other than facilities for dry boat storage), shall contain provisions that all such watercraft equipped with a head or other permanent installation designed to hold human waste must be equipped with a marine holding tank and will be subject to inspection of such heads/installations upon demand by Company, will permit the placement (at Company’s discretion) of a dye tablet in the head’s

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holding tank and its Y-Valve must be placed in a closed and locked position within the Harbor. Policy and Procedures to be established by each Component and submitted to the County.

Each Component agrees to obey, abide by, and be in conformance with all applicable governmental codes, laws, rules and/or regulations concerning operations on the Property. Each Component further agrees to maintain a written policy and procedures manual (hereinafter referred to as “Policy and Procedures Manual”) on the Property pertinent to the conduct of the required and optional services and uses provided for by this Lease. The Policy and Procedures Manual shall include, but not be limited to, maintenance, run-off management disposal of flammable liquids, hazardous waste, waste management, the discharge of waste from boats within the Property, and the annual County Parties NPDES inspections pursuant to the Lease and the address of concerns determined therein.

Each Component shall furnish the County a copy of said Policy and Procedures Manual at the outset of the Lease and at the time any revisions are made. Should County, upon review and conference with a Component, decide any part of said Policy and Procedures Manual is not in accordance with the Lease, any applicable governmental code, law, rule, and/or regulation, Lessee, upon written notice from County, shall modify said Policy and Procedures Manual to the satisfaction of the County. Primary consideration shall be the health, safety, and welfare of the public and protection of the environment.

- a. The Marina Component Policy and Procedures Manual, subject to the limitations set forth in Subsection 10.1 of the Lease, will provide:
 - (i) Marina Component’s maintenance obligations shall include, but shall not be limited to the quay wall and structural elements of the dock system, decks, pilings, ramps, gangways, handrails, landing platforms, flotation systems, dry rot repair, repair of deteriorated areas resulting from corrosion, repair of concrete cracking and deterioration, hardware, cleats, bumper stripping, utilities and connections, storage boxes and fire suppression systems servicing the dock area.
 - (ii) Daily Housekeeping, Preventative Maintenance Program (PMP), and Grounds Maintenance Program. The following PMP is based on regular periodic inspections of Marina dock systems and related equipment and components. The various intervals of inspection noted in this PMP shall be considered a minimum acceptable standard for Lessee’s performance of maintenance activities. Actual conditions and rates of failure may require added measures or more immediate action.
 - (iii) Daily:
 1. Walk docks to enforce compliance with marina rules and regulations, evaluate maintenance and repair needs, and identify potential environmental or other hazards.
 2. Clean all restrooms restocking supplies and emptying trash.
 3. Empty all trash containers.
 4. Inspect all parking gates for proper operation.
 5. Police all landside areas for litter.

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(iv) Weekly:

1. Thoroughly sweep all parking lots of debris.

(v) Semi Monthly (every two weeks):

1. Dock Light Check: Replace broken or spent lamps and photocells as necessary.
2. Clean trash containers & wash around each service building.
3. Walking surface: Inspect the surface of the concrete dock floats - for hazardous conditions. Hazardous conditions include but are not limited to: trip hazards of lift ½” or greater, holes or missing or broken sections of concrete, float instability or listing, exposed nails, screws or bolts.
4. Structural Concerns: Inspect the structural integrity of docks for signs of failure: Look for signs of gusset board deterioration, pile roller failure, water deterioration or failure of floatation connections, insufficient freeboard.
5. Fire Systems: Check fire hose enclosures for broken glass or door latch failure. Ensure fire extinguisher is charged & present. Hose should be inspected for deterioration and to ensure properly hung. Gate valve should be inspected for leaking. Backflow leaks should be repaired by certified contractor.
6. Gangways: Inspect surface for non-skid integrity, exposed nails, screws or bolts, and stability of hand railings.
7. Water System: Replace leaking hose bibs and repair all other types of water leaks. Replace leaking gangway hoses.

(vi) Monthly:

1. Thoroughly scrub all restroom floors, walls and showers.
2. Inspect facility sidewalks for trip hazards (1/2” lift or greater).
3. Wash sidewalks which have become stained or otherwise dirty.
4. Inspect docks for rub rail problems.
5. Accessory item attachment: Inspect and repair connections to all cleats, dock boxes, fire hose enclosures and electrical panels.
6. Check all dock utility lines that may be submerged or improperly supported. Re-support lines as required.
7. Electrical System: Inspect & repair all power centers. Repair cover and hinge assemblies, replacing receptacles and breakers as necessary. More serious electrical issues must be repaired by licensed electrical contractor.
8. Replace missing pile caps and dock box lids.
9. Inspect gangways for excessive wear or misalignment.
10. Building & Parking lighting should be inspected. Replace spent lights, ballasts, or photocells, broken lenses or covers. Inspect all docks for marina rules violations. Such violations often violate fire or safety codes.

(vii) Quarterly:

1. Performance testing on all public pump-out systems to include a 5-gallon bucket test, vacuum test and visual hose inspection.

(viii) Annually:

1. Recharge & certify all fire extinguishers.

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2. Recertify all back-flow devices.
 3. Inspect all piles for signs of failure, i.e. listing, cracking, and excessive deterioration.
- (x) Water Quality Management Plan: The Marine Component will comply with all local, state and federal regulations to assure it meets or exceeds those requirements. This includes having strong procedures in place to avoid disposal of contaminated water into the surrounding areas.
- (xi) Ongoing Repair and Replacement: The Marine Component will maintain a combination of onsite staff as well as hire outside vendors for the maintenance and repair of the docks, gangways, seawalls, and piling both before and after the redevelopment.
- (xii) Capital Improvements and Refurbishment: As part of the budgeting process, reserve accounts will be put in place. Property management will be very involved in meeting with vendors regularly to anticipate any large capital expenditures
- b. The Hotel Component Policy and Procedures Manual, subject to the limitations set forth in Subsection 10.1 of the Lease, will provide:
- (ix) Method of Maintaining Safety, Efficiency, And Cleanliness For Public: The Marina Inn staff and management will be responsible for maintaining safe, efficient, competent and clean facilities for the public, visitors, tenants, and vendors to meet or exceed all expectations expressed in the Lease.
- Housekeeping and Trash Disposal: The Marina Inn will follow well designed SOPs for cleaning rooms and common areas in a timely and professional manner. The housekeeping department consists of housekeeping leadership (who also assist in inspecting rooms) a team of housekeepers, a team of housemen who assist the housekeepers with removing trash from rooms and delivering supplies to housekeepers. Trash and recycling materials will be removed from the grounds by a qualified service at a frequency that minimizes the risk of unwanted pests or odors.
- (x) Preventative Maintenance Plan: We employ a software that allows us to upload information as it relates to all preventive maintenance items for the hotel. The engineer will utilize the system to schedule routine maintenance of all items in the system which the system tracks and monitors to inform property management of upcoming maintenance requirements or replacement. The Marina Inn will follow a comprehensive preventative maintenance program that is tracked and regularly reviewed for compliance with our best practices.
- (xi) Landscape, Sidewalk, And Paved Areas Maintenance: The Marina Inn will follow best practices in use by the industry to continuously maintain the facility and grounds in a safe and appealing manner. Sidewalks will be maintained for cleanliness and to

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avoid any hazards for those who utilize them. Paved areas will be maintained in a good to excellent condition including repaving or striping as needed for readability. Landscaped areas of the grounds will be maintained by professional contracted services that are licensed and adequately insured to protect all interested parties.

- (xii) Water Quality Management Plan: The Marina Inn will comply with all local, state and federal regulations to assure it meets or exceeds those requirements. This includes having strong procedures in place to avoid disposal of contaminated water into the surrounding areas.
 - (xiii) Ongoing Repair and Replacement: The Marina Inn Repair & Maintenance department will consist of engineers who will be responsible for maintaining the hotel. In addition to the hotel R&M staff, outsourced contractors will be utilized to repair or replace items which cannot be properly completed by in-house staff.
 - (xiv) Capital Improvements and Refurbishment: The Marina Inn will follow a model of budgeting for routine operational expenses and maintaining the property. In addition to the annual budget, the CapEx plan is also reviewed and updated for re-allocation of any items into the upcoming year.
- c. The Commercial Component Policy and Procedures Manual, subject to the limitations set forth in Subsection 10.1 of the Lease, will provide:
- (ix) Housekeeping, cleaning, trash disposal, litter removal: We will be contracting with a licensed and insured maintenance company to perform daily janitorial service throughout the Commercial Core such as Performance Building Services, CAM Services or Lot Management. This shall include litter cleanup, trash removal, regular cleaning of common areas, and general policing of the parking lot. Contracts will also be established for regular trash pickup. A recycling program will be put in place and all businesses will be strongly encouraged to participate. The grounds will be treated on an as needed basis, but no less than monthly, by a professional pest control company. Services will include insect, rodent treatment, bee/wasp removal and other miscellaneous pests when needed.
 - (x) Preventative Maintenance (HVAC and Roof maintenance): Retail tenants who occupy buildings where they are able to perform their own maintenance will be required to have preventative maintenance contracts established for all HVAC equipment. For multi-tenant buildings this will be contracted directly through building management. Annual roof inspections shall also be established which shall include general clean up, inspection of gutters, necessary repairs, and roof drains. Backflow prevention devices are also inspected annually by a licensed plumber. Additionally, the property will serve all storm drains per the established water quality management program.

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- (xi) Landscape and grounds: A contract will be in place with a licensed and insured landscape maintenance company under the condition that a full-time crew will be dedicated to the maintenance of the Commercial Core. Other grounds maintenance will include: sweeping of all parking lots, cleaning trash enclosures and patio areas, and exterior window cleaning. We have longstanding relationships with multiple companies that provide these services throughout our portfolio and provide first class services.

- (xii) Water Quality Management: The Commercial Core will comply with all local, state and federal regulations to assure it meets or exceeds those requirements. This includes having strong procedures in place to avoid disposal of contaminated water into the surrounding areas.

- (xiii) Plan for Funding Ongoing Maintenance and Future Capital Replacement and/or Renovations as well as Plan for structural maintenance, preventative and predictive maintenance, routine repairs and replacement. As part of the budgeting process, reserve accounts will be put in place. Property management will be very involved in meeting with vendors regularly to anticipate any large capital expenditures such as parking lot and sidewalk repairs and/or replacement, roof replacement, any potential structural issues, landscape and tree maintenance, etc.