SPECIAL CITY COUNCIL
Meeting Agenda

Thursday, March 23, 2023

9:00 AM

Indian Wells Golf Resort

44500 Indian Wells Lane, CA 92210

Welcome to a meeting of the Indian Wells City Council.

Public Comments: *Members of the Public who wish to speak should fill out a blue slip and submit it to the City Clerk, comments are limited to 3 minutes. In accordance with State Law, remarks during public comment are to be limited to subjects within the City's jurisdiction.*

Notification: *If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act (ADA) please contact the City Clerk at 760-346-2489, 48 hours prior to the meeting.*

Please turn off all communication devices (phones) or put them on non-audible mode (vibrate) during Council proceedings. All documents for public review are available for public inspection at City Hall reception, 44-950 Eldorado Drive, Indian Wells during normal business hours.

Pages

A. CONVENE THE INDIAN WELLS CITY COUNCIL, PLEDGE OF ALLEGIANCE AND ROLL CALL

MAYOR DONNA GRIFFITH
MAYOR PRO TEM GREG SANDERS
COUNCIL MEMBER TY PEABODY
COUNCIL MEMBER BRUCE WHITMAN
COUNCIL MEMBER DANA REED

B. APPROVAL OF THE FINAL AGENDA

C. PUBLIC COMMENTS

Members of the Public who wish to speak on items listed on the special-agenda may do so at this time. Please note that at this special meeting you may address the City Council only on items that are listed on the agenda.

The Mayor will recognize members of the public at the appropriate time. Once the Mayor calls on members of the public for comments, please come forward to the microphone and state your name for the record. Comments are limited to three minutes.

D. 2023 Indian Wells Golf Report Strategic Planning Session 4

RECOMMENDED ACTION:

Council **REVIEWS, DISCUSSES,** and provides **DIRECTION** on the 2023 City Council Goals and Objectives for the Indian Wells Golf Resort.

E. ADJOURNMENT

To a regularly scheduled meeting of the City Council to be held at 1:30 p.m. on April 6, 2023 in the City Hall Council Chamber.

Affidavit of Posting,

I, Angelica Avila, certify that on March 17, 2023 I caused to be posted a notice of a Special Council Meeting to be held on March 23, 2023 at 9:00 a.m. in the Indian Wells Golf Resort, Celebrity Ballroom.

Notices were posted at Indian Wells Civic Center and City's Website [www.cityofindianwells.org]

_____

Angelica Avila, City Clerk







March 23, 2023: Special Council

INDIAN WELLS

- IWGR Strategic Planning Session -

2023-2024

IWGR MISSION STATEMENT

TO CREATE EXTRAORDINARY RESIDENT AND GUEST EXPERIENCE BY DELIVERING SUPERIOR SERVICE,AMENITIES AND FACILITY CONDITIONS.

OUR COMMITMENT TO THE QUALITY OF OUR PRODUCT, COUPLED WITH OUR OPERATING RESULTS, WILL ALLOW IS TO ENHANCE THE BRAND OF INDIAN WELLS GOLF RESORT AND PROVIDE A FINANCIALLY SUSTAINABLE FUTURE FOR THE CITY OF INDIAN WELLS.





Resort Hotel Partners







IWGR Financial Update



Today's Topics

- Benchmarking
- Historical Trends
- Council Direction on Financial Goals
- Council Direction on Capital plans and funding sources

Benchmarks used at the Golf Resort

Historical benchmarks based on performance trends.

- Developed in the adopted budget
- Benchmarks established by the operator
- Use of third-party comparative performance benchmarks
    - Saga City Golf

The Financial Update

Benchmarking Financial Performance

- One of the best ways to understand how well or poorly the IWGR is operating is to compare how well the Golf Resort *manages its costs as a percentage of its revenues*.

  - The lower the operating ratio, the more efficient the operation

Using Data Sets

- Compares ten years of actual financial performance between Fiscal Year 2012-13 and Fiscal Year 2021-22 plus adds the forecasted Fiscal Year 2022-23.

- Fiscal Year 2022-23 is forecasted using actuals as of March 11, 2023, plus the remaining budget.

Benchmarking Categories

- Revenue
- Cost of Sales
- Payroll
- Operating Expenses
- Net profit or (loss)
- Golf and Food & Beverage Customers
- Employee Labor (Full-Time Equivalent or FTE)

Financial Summary

- Since Fiscal Year 2021-22, the Golf Resort (Consolidated) has been operating profitably without the need for an amenity subsidy from the City's General Fund.

- Financial performance is trending better than it has been in the last decade.

Financial Summary

- We must attract more customers to spend more at the Golf Resort.
  - More golfers, more banquet events, and more customers in VUE
- Continued focus on improving cost of sales and payroll metrics.
  - Establish goals

Consolidated w/o Golf Amenity Subsidy & Capital

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL REVENUES		17,816,488	15,797,941	8,858,742	9,214,186	13,661,715	12,822,260	12,519,824	12,725,964	13,179,514	12,702,137	12,316,881
TOTAL COST OF SALES		2,873,951	2,662,976	1,245,766	1,728,578	2,640,522	2,448,594	2,591,577	2,562,861	2,475,133	2,290,613	2,240,906
	18.39%	16.13%	16.86%	14.06%	18.76%	19.33%	19.10%	20.70%	20.14%	18.78%	18.03%	18.19%
TOTAL GROSS MARGIN		14,942,537	13,134,965	7,612,976	7,485,608	11,021,193	10,373,666	9,928,247	10,163,103	10,704,381	10,411,524	10,075,975
TOTAL PAYROLL & Related		9,244,180	7,835,633	5,852,650	6,748,636	7,974,275	7,302,274	7,346,156	6,909,943	7,028,528	6,640,243	6,343,065
	57.43%	51.89%	49.60%	66.07%	73.24%	58.37%	56.95%	58.68%	54.30%	53.33%	52.28%	51.50%
OPERATING EXPENSES		4,922,031	4,435,486	3,232,645	3,192,195	3,657,514	3,420,078	3,553,798	3,610,196	3,490,967	3,535,259	3,401,931
GROSS OPERATING PROFIT		776,326	863,846	-1,472,319	-2,455,223	-610,596	-348,686	-971,707	-357,036	184,886	236,022	330,979
INSURANCE		58,691	47,787	57,171	57,612	52,150	47,885	40,350	48,768	59,671	45,952	51,071
FEES, PERMITS & LICENSES		33,880	23,258	26,303	23,979	23,556	21,733	23,934	15,438	29,006	22,309	20,746
MANAGEMENT FEES		327,574	292,017	312,178	308,968	302,466	296,099	290,008	285,998	285,000	272,500	260,000
BAD DEBT				(4,268)	12,997	(174)	0	(7,854)	14,167	0	0	0
NET OPERATING INCOME		356,181	500,784	(1,867,971)	(2,845,782)	(988,768)	(714,403)	(1,325,999)	(707,240)	(188,791)	(104,739)	(838)
	-8.00%	2.00%	3.17%	-21.09%	-30.88%	-7.24%	-5.57%	-10.59%	-5.56%	-1.43%	-0.82%	-0.01%
FTE's	154.10	129.90	143.00	99.00	133.00	171.00	159.00	170.00	162.00	170.00	170.00	164.00

Golf & Golf Maintenance ONLY

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL GOLF FEES		8,829,270	8,001,548	5,372,821	4,868,197	6,366,961	6,248,152	6,034,583	5,866,881	6,049,297	6,075,170	5,993,105
OTHER GOLF REVENUE		481,527	371,322	191,977	252,857	415,380	432,745	414,397	471,527	494,897	461,758	481,635
TOTAL GOLF REVENUE		9,310,797	8,372,870	5,564,798	5,121,054	6,782,341	6,680,897	6,448,980	6,338,408	6,544,194	6,536,928	6,474,740
Average Golf Rate per Golfer	$ 82.75	*$ 116.21*	*$ 104.60*	*$ 87.46*	*$ 86.31*	*$ 85.36*	*$ 83.50*	*$ 81.16*	*$ 75.59*	*$ 76.74*	*$ 74.36*	*$ 72.46*
TOTAL COST OF SALES		86,927	112,610	95,674	77,803	129,823	122,747	98,307	96,370	108,088	100,867	94,686
	1.71%	0.98%	1.41%	1.78%	1.60%	2.04%	1.96%	1.63%	1.64%	1.79%	1.66%	1.58%
TOTAL GROSS MARGIN		9,223,870	8,260,260	5,469,124	5,043,251	6,652,518	6,558,150	6,350,673	6,242,038	6,436,106	6,436,061	6,380,054
GOLF SHOP		1,524,450	1,332,509	1,077,954	1,127,848	1,300,515	1,267,791	1,251,706	1,222,442	1,141,313	1,072,842	1,116,246
GOLF MAINTENANCE		2,261,338	1,675,908	1,740,029	1,741,890	1,942,233	1,897,369	1,907,865	1,828,529	1,887,865	1,856,157	1,790,219
TOTAL PAYROLL		3,785,788	3,008,417	2,817,983	2,869,738	3,242,748	3,165,160	3,159,571	3,050,971	3,029,178	2,928,999	2,906,465
	50.17%	42.88%	37.60%	52.45%	58.95%	50.93%	50.66%	52.36%	52.00%	50.07%	48.21%	48.50%
GOLF SHOP		966,008	837,228	943,573	786,952	948,530	904,744	930,363	840,251	828,925	786,214	701,337
GOLF MAINTENANCE		2,040,543	1,935,263	1,281,318	1,099,370	1,217,182	1,227,551	1,317,523	1,269,550	1,268,721	1,237,088	1,350,205
OPERATING EXPENSES		3,006,551	2,772,491	2,224,891	1,886,322	2,165,712	2,132,295	2,247,886	2,109,801	2,097,646	2,023,302	2,051,542
NET OPERATING INCOME		2,431,531	2,479,352	426,250	287,191	1,244,058	1,260,695	943,216	1,081,266	1,309,282	1,483,760	1,422,047
	17.64%	26.12%	29.61%	7.66%	5.61%	18.34%	18.87%	14.63%	17.06%	20.01%	22.70%	21.96%
Customers - Residents		17,800	18,271	20,041	14,110	15,832	16,324	16,444	16,273	16,121	16,793	16,428
Customers - Resident Guests		4,890	4,671	3,337	3,022	6,059	6,201	5,862	6,159	6,344	6,667	7,174
Customers-other		53,287	53,558	38,052	39,270	52,698	52,303	52,052	55,181	56,364	58,236	59,110
Total Customers		75,977	76,500	61,430	56,402	74,589	74,828	74,358	77,613	78,829	81,696	82,712
Resident Golfers		23.43%	23.88%	32.62%	25.02%	21.23%	21.82%	22.11%	20.97%	20.45%	20.56%	19.86%
GOLF SHOP	29.56	31.00	27.75	20.58	30.83	31.08	30.58	31.41	31.16	31.00	30.33	30.83
GOLF MAINTENANCE	44.05	35.00	34.58	35.08	37.92	45.33	44.25	47.92	48.50	49.92	49.17	47.83
TOTAL FTE's	73.61	66.00	62.33	55.66	68.75	76.42	74.83	79.33	79.66	80.92	79.50	78.66

Merchandise

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL MERCHANDISE REVENUE		1,596,146	1,574,523	785,276	896,387	1,113,501	1,224,507	1,220,525	1,250,551	1,307,935	1,285,276	1,290,127
Average Sale Per Golfer	$ 16.10	*$ 21.01*	*$ 20.58*	*$ 12.78*	*$ 15.89*	*$ 14.93*	*$ 16.36*	*$ 16.41*	*$ 16.11*	*$ 16.59*	*$ 15.73*	*$ 15.60*
TOTAL COST OF SALES		854,542	819,737	409,011	483,366	591,144	613,911	649,271	679,842	683,325	676,354	697,853
	52.78%	53.54%	52.06%	52.08%	53.92%	53.09%	50.14%	53.20%	54.36%	52.24%	52.62%	54.09%
TOTAL GROSS MARGIN		741,604	754,786	376,265	413,021	522,357	610,596	571,254	570,709	624,610	608,922	592,274
TOTAL PAYROLL & Related		223,502	189,440	141,876	149,227	164,742	201,414	198,749	196,800	198,656	198,847	183,518
	15.49%	14.00%	12.03%	18.07%	16.65%	14.79%	16.45%	16.28%	15.74%	15.19%	15.47%	14.22%
OPERATING EXPENSES		18,608	35,142	87,524	25,292	39,574	43,971	43,553	42,167	44,908	45,921	42,794
NET OPERATING INCOME		499,494	530,204	146,865	238,502	318,041	365,211	328,952	331,742	381,046	364,154	365,962
	27.67%	31.29%	33.67%	18.70%	26.61%	28.56%	29.83%	26.95%	26.53%	29.13%	28.33%	28.37%
FTE's	3.59	3.65	3.17	2.42	2.92	3.42	3.75	3.75	4.08	4.00	4.42	4.00

Food & Beverage

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL FOOD & BEVERAGE		6,694,763	5,947,658	2,584,903	3,734,431	6,205,467	5,115,343	5,507,905	5,119,516	5,024,123	4,551,549	4,197,567
Average Sale per Customer	$ 20.34	*$ 29.40*	*$ 24.15*	*$ 13.94*	*$ 19.69*	*$ 22.26*	*$ 23.16*	*$ 23.68*	*$ 21.82*	*$ 20.03*	*$ 17.95*	*$ 16.75*
TOTAL COST OF SALES		1,827,207	1,621,163	741,081	1,167,409	1,919,555	1,711,936	1,843,998	1,786,650	1,668,373	1,472,170	1,387,263
	31.86%	27.29%	27.26%	28.67%	31.26%	30.93%	33.47%	33.48%	34.90%	33.21%	32.34%	33.05%
TOTAL GROSS MARGIN		4,867,556	4,326,495	1,843,822	2,567,022	4,285,912	3,403,407	3,663,907	3,332,866	3,355,750	3,079,379	2,810,304
TOTAL PAYROLL & Related		3,055,945	2,800,323	1,510,299	2,147,379	2,820,320	2,419,649	2,564,293	2,355,760	2,322,167	2,238,536	2,088,272
	49.35%	45.65%	47.08%	58.43%	57.50%	45.45%	47.30%	46.56%	46.02%	46.22%	49.18%	49.75%
OPERATING EXPENSES		850,836	687,408	334,716	606,331	738,199	629,487	632,127	643,875	645,170	761,903	620,654
GROSS OPERATING PROFIT		960,775	838,764	-1,193	-186,688	727,393	354,271	467,487	333,231	388,413	78,940	101,378
INSURANCE				14,905	16,530	13,862	12,240	10,944	16,731	20,704	14,361	12,085
FEES, PERMITS & LICENSES		5,721	5,686	10,149	8,989	9,024	4,567	13,068	4,073	17,674	14,459	13,905
BAD DEBT				0	0	-174	0	-7,854	14,167	109	13,508	0
NET OPERATING INCOME		955,054	833,078	-26,247	-212,207	704,681	337,464	451,329	298,260	349,926	36,612	75,388
	4.88%	14.27%	14.01%	-1.02%	-5.68%	11.36%	6.60%	8.19%	5.83%	6.96%	0.80%	1.80%
Customers - RESTAURANT	80,490	53,972	58,563	56,380	59,697	91,822	88,524	91,201	86,243	95,264	89,540	87,668
Customers - BANQUET	19,307	18,063	25,251	2,334	12,897	28,010	21,868	22,271	22,951	22,874	17,717	16,901
Customers - BEV CART	73,883	75,997	76,679	61,430	56,404	74,589	74,824	74,358	77,525	78,608	81,696	82,712
Customers - RESIDENT	16,956	6,713	7,012	6,328	8,514	12,142	16,145	19,931	19,711	19,089	31,295	29,392
Customers- Shots in the Night												
Customers - CAFE	19,603	0		0	0	1,487	19,497	24,839	28,220	34,998	33,388	33,998
Customers - FOOD TRUCK	26,056	72,942	78,804	58,921	52,128	70,706	0	0	0	0	0	0
Total Customers	236,295	227,687	246,309	185,393	189,640	278,756	220,858	232,600	234,650	250,833	253,636	250,671
Resident Customers	16.46%	11.06%	10.69%	10.09%	12.48%	11.68%	15.42%	17.93%	18.60%	16.69%	25.90%	25.11%
FTE's	56.26	44.60	56.97	25.17	44.33	66.00	58.25	65.33	60.17	62.33	64.58	59.42

Allocated Payroll

	Year Ending 06.30.22			
	Revenues	%	Payroll Allocation	%
Vue Restauarant	$ 2,305,320	40%	$ (695,435)	-61%
Beverage Cart	$ 623,138	11%	$ 132,065	11%
Banquets	$ 2,449,750	42%	$ 476,568	42%
Food Truck	$ 446,496	8%	$ 86,802	8%
	$ 5,824,704	100%		

Positions Allocated	Beverage Cart	Banquets	Food Truck
Kitchen Cooks/Stewards	$ 64,332	$ 231,288	$ 41,907
F & B Management	$ 44,197	$ 160,168	$ 29,294
Exec Chef/Sous Chef	$ 23,536	$ 85,112	$ 15,600
	$ 132,065	$ 476,568	$ 86,802

VUE

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL FOOD & BEVERAGE		2,698,683	2,305,320	1,813,415	1,977,024	2,972,169	2,796,164	2,882,912	2,800,292	2,772,944	2,841,619	2,468,084
Average Sale per Customer	$ 26.96	*$ 44.47*	*$ 35.16*	*$ 28.92*	*$ 28.98*	*$ 28.59*	*$ 26.71*	*$ 25.94*	*$ 26.43*	*$ 24.25*	*$ 23.52*	*$ 21.08*
TOTAL COST OF SALES		922,206	787,935	567,537	703,217	1,142,959	1,156,655	1,245,107	1,213,426	1,079,217	999,755	851,686
	37.60%	34.17%	34.18%	31.30%	35.57%	38.46%	41.37%	43.19%	43.33%	38.92%	35.18%	34.51%
TOTAL GROSS MARGIN		1,776,477	1,517,385	1,245,878	1,273,807	1,829,210	1,639,509	1,637,805	1,586,866	1,693,727	1,841,864	1,616,398
TOTAL PAYROLL & Related		1,112,971	1,008,162	790,512	1,494,784	1,926,569	1,750,182	1,993,612	1,858,067	1,799,352	1,843,473	1,690,423
	62.41%	41.24%	43.73%	43.59%	75.61%	64.82%	62.59%	69.15%	66.35%	64.89%	64.87%	68.49%
OPERATING EXPENSES		327,279	300,156	261,219	353,202	395,711	391,621	395,160	436,303	487,080	0	0
NET OPERATING INCOME		336,227	209,067	194,147	(574,179)	(493,070)	(502,294)	(750,967)	(707,504)	(592,705)	(1,609)	(74,025)
	-11.96%	12.46%	9.07%	10.71%	-29.04%	-16.59%	-17.96%	-26.05%	-25.27%	-21.37%	-0.06%	-3.00%
10.74%	-17.42%											
Customers - RESTAURANT		53,972	58,563	56,380	59,697	91,822	88,524	91,201	86,243	95,264	89,540	87,668
Customers - RESIDENT		6,713	7,012	6,328	8,514	12,142	16,145	19,931	19,711	19,089	31,295	29,392
Total Customers		60,685	65,575	62,708	68,211	103,964	104,669	111,132	105,954	114,353	120,835	117,060
Outside Customers		88.94%	89.31%	89.91%	87.52%	88.32%	84.58%	82.07%	81.40%	83.31%	74.10%	74.89%
Resident Customers		*11.06%*	*10.69%*	*10.09%*	*12.48%*	*11.68%*	*15.42%*	*17.93%*	*18.60%*	*16.69%*	*25.90%*	*25.11%*
Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FTE's	41.50	29.30	34.17	15.75	30.83	46.17	42.50	49.83	46.58	48.83	52.83	47.50

Beverage Cart

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL FOOD & BEVERAGE		663,963	623,138	369,115	317,975	469,730	532,986	457,194	430,468	443,725	457,325	395,050
Average Sale per Customer	$ 6.09	*$ 8.74*	*$ 8.13*	*$ 6.01*	*$ 5.64*	*$ 6.30*	*$ 7.12*	*$ 6.15*	*$ 5.55*	*$ 5.64*	*$ 5.60*	*$ 4.78*
TOTAL COST OF SALES		152,553	142,584	80,363	71,660	107,668	123,425	116,089	89,784	116,919	106,324	102,791
	23.51%	22.98%	22.88%	21.77%	22.54%	22.92%	23.16%	25.39%	20.86%	26.35%	23.25%	26.02%
TOTAL GROSS MARGIN		511,410	480,554	288,752	246,315	362,062	409,561	341,105	340,684	326,806	351,001	292,259
TOTAL PAYROLL & Related		299,175	290,798	236,172	101,830	107,168	98,418	98,350	115,970	92,758	91,144	104,241
	29.96%	45.06%	46.67%	63.98%	32.02%	22.81%	18.47%	21.51%	26.94%	20.90%	19.93%	26.39%
OPERATING EXPENSES		73,950	69,321	53,245	69,633	57,413	62,410	48,320	39,278	35,753	0	0
NET OPERATING INCOME		138,285	120,435	(665)	74,852	197,481	248,733	194,435	185,436	198,295	259,857	188,018
	36.61%	20.83%	19.33%	-0.18%	23.54%	42.04%	46.67%	42.53%	43.08%	44.69%	56.82%	47.59%
Customers - BEV CART		75,997	76,679	61,430	56,404	74,589	74,824	74,358	77,525	78,608	81,696	82,712
FTE's	3.33	2.70	3.50	2.75	2.83	3.17	3.17	3.25	4.08	3.33	3.33	3.91

Banquets

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL FOOD & BEVERAGE		2,224,160	2,449,750	108,376	1,164,439	2,392,680	1,503,378	1,869,906	1,567,501	1,462,450	931,309	843,229
Average Sale per Customer	$ 70.66	*$ 123.13*	*$ 97.02*	*$ 46.43*	*$ 90.29*	*$ 85.42*	*$ 68.75*	*$ 83.96*	*$ 68.30*	*$ 63.94*	*$ 52.57*	*$ 49.89*
TOTAL COST OF SALES		543,508	579,301	25,002	312,800	569,688	372,575	420,634	411,602	353,753	268,755	296,907
	25.92%	24.44%	23.65%	23.07%	26.86%	23.81%	24.78%	22.49%	26.26%	24.19%	28.86%	35.21%
TOTAL GROSS MARGIN		1,680,652	1,870,449	83,374	851,639	1,822,992	1,130,803	1,449,272	1,155,899	1,108,697	662,554	546,322
TOTAL PAYROLL & Related		1,111,359	1,229,816	247,767	436,305	620,918	493,325	384,656	323,518	298,198	213,870	194,797
	48.27%	49.97%	50.20%	228.62%	37.47%	25.95%	32.81%	20.57%	20.64%	20.39%	22.96%	23.10%
OPERATING EXPENSES		257,272	278,681	12,532	163,118	268,905	166,938	182,729	177,712	137,372	0	0
GROSS OPERATING PROFIT		312,021	361,952	-176,925	252,216	933,169	470,540	881,887	654,669	673,127	448,684	351,525
NET OPERATING INCOME		312,021	361,952	(176,925)	252,216	933,169	470,540	881,887	654,669	673,127	448,684	351,525
	16.83%	14.03%	14.78%	-163.25%	21.66%	39.00%	31.30%	47.16%	41.77%	46.03%	48.18%	41.69%
Customers - BANQUET	19,307	18,063	25,251	2,334	12,897	28,010	21,868	22,271	22,951	22,874	17,717	16,901
FTE's	8.26	8.90	14.92	3.00	7.92	13.17	10.17	9.25	7.83	6.50	5.25	4.58

Food Truck/ Cafe

	Ten Year Average	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019	6 ACTUAL 2017/2018	7 ACTUAL 2016/2017	8 ACTUAL 2015/2016	9 ACTUAL 2014/2015	10 ACTUAL 2013/2014	11 ACTUAL 2012/2013
TOTAL FOOD & BEVERAGE		377,051	446,496	293,997	274,993	370,888	282,815	297,892	321,254	315,809	308,357	399,751
Average Sale per Customer	$ 4.50	*$ 5.22*	*$ 5.82*	*$ 4.79*	*$ 4.88*	*$ 4.97*	*$ 3.78*	*$ 4.01*	*$ 4.14*	*$ 4.02*	*$ 3.77*	*$ 4.83*
TOTAL COST OF SALES		99,129	111,343	68,180	79,733	99,240	59,271	62,167	71,837	95,275	90,060	127,399
	25.93%	26.29%	24.94%	23.19%	28.99%	26.76%	20.96%	20.87%	22.36%	30.17%	29.21%	31.87%
TOTAL PAYROLL & Related		181,587	205,133	230,051	111,483	159,162	73,551	82,385	58,205	131,860	90,049	95,345
	37.42%	48.16%	45.94%	78.25%	40.54%	42.91%	26.01%	27.66%	18.12%	41.75%	29.20%	23.85%
OPERATING EXPENSES		42,988	47,557	38,614	49,268	46,132	29,763	27,902	26,508	23,837	0	0
NET OPERATING INCOME		53,347	82,463	(42,848)	34,509	66,354	120,230	125,438	164,704	64,837	128,248	177,007
	27.66%	14.15%	18.47%	-14.57%	12.55%	17.89%	42.51%	42.11%	51.27%	20.53%	41.59%	44.28%
		---	---	---	---	---	---	---	---	---	---	---
Custmers - CAFE		0	0	0	0	1,487	19,497	24,839	28,220	34,998	33,388	33,998
Customers - FOOD TRUCK		72,254	76,679	61,430	56,404	74,589	74824	74358	77525	78608	81696	82712
Total Customers		72,254	76,679	61,430	56,404	74,589	74,824	74,358	77,525	78,608	81,696	82,712
FTE's	3.05	1.86	3.08	3.66	2.83	3.50	2.41	3.00	1.75	3.75	3.08	3.41

Shots in the Night

	1 FORECAST 2022/2023	2 ACTUAL 2021/2022	3 ACTUAL 2020/2021	4 ACTUAL 2019/2020	5 ACTUAL 2018/2019
WINTERFEST	123,906				
NEXTLINKS PUTTING	111,920	27,975	42,823	19,987	28,885
HITTING BAYS	115,180	20,010	16,790	15,533	29,220
GROUP	76,640	72,529	13,176	33,282	60,291
SERVICE CHARGE	37,292				
FIREPIT RENTALS	1,250	2,440	15	4,629	8,829
SUBTOTAL SHOTS REVENUE	342,282	122,954	72,804	73,432	127,225
SUBTOTAL F & B	387,606				
TOTAL REVENUES	853,794	122,954	72,804	73,432	127,225
Average Sale per Customer	*$ 96.99*	*$ 54.00*	*$ 37.45*	*$ 43.27*	*$ 39.39*
TOTAL COST OF SALES	122,764	0	0	0	0
	31.67%	0.00%	0.00%	0.00%	0.00%
TOTAL PAYROLL & Related	351,355	51,344	56,725	86,998	108,013
	41.15%	41.76%	77.91%	118.48%	84.90%
OPERATING EXPENSES	161,694	16,878	11,967	41,124	51,349
NET OPERATING INCOME	217,981	54,732	4,112	(54,690)	(32,137)
	25.53%	44.51%	5.65%	-74.48%	-25.26%
Total Customers	3,529	2,277	1,944	1,697	3,230
FTE's	1.86	1.87	1.15	2.53	3.20

Council Direction on Financial Goals

- Profitable before amenity subsidy and after capital expense and maintenance.
  - Strategies to increase Customers and Check Averages
  - Opportunities to improve the efficiencies of Operations
  - Other Financial Goals

Council Direction on Capital Funding

- Capital Funding Sources
  - Golf Resort operating profits
  - Golf Resort energy savings
  - Use of former Redevelopment Agency loan re-payments
  - Other

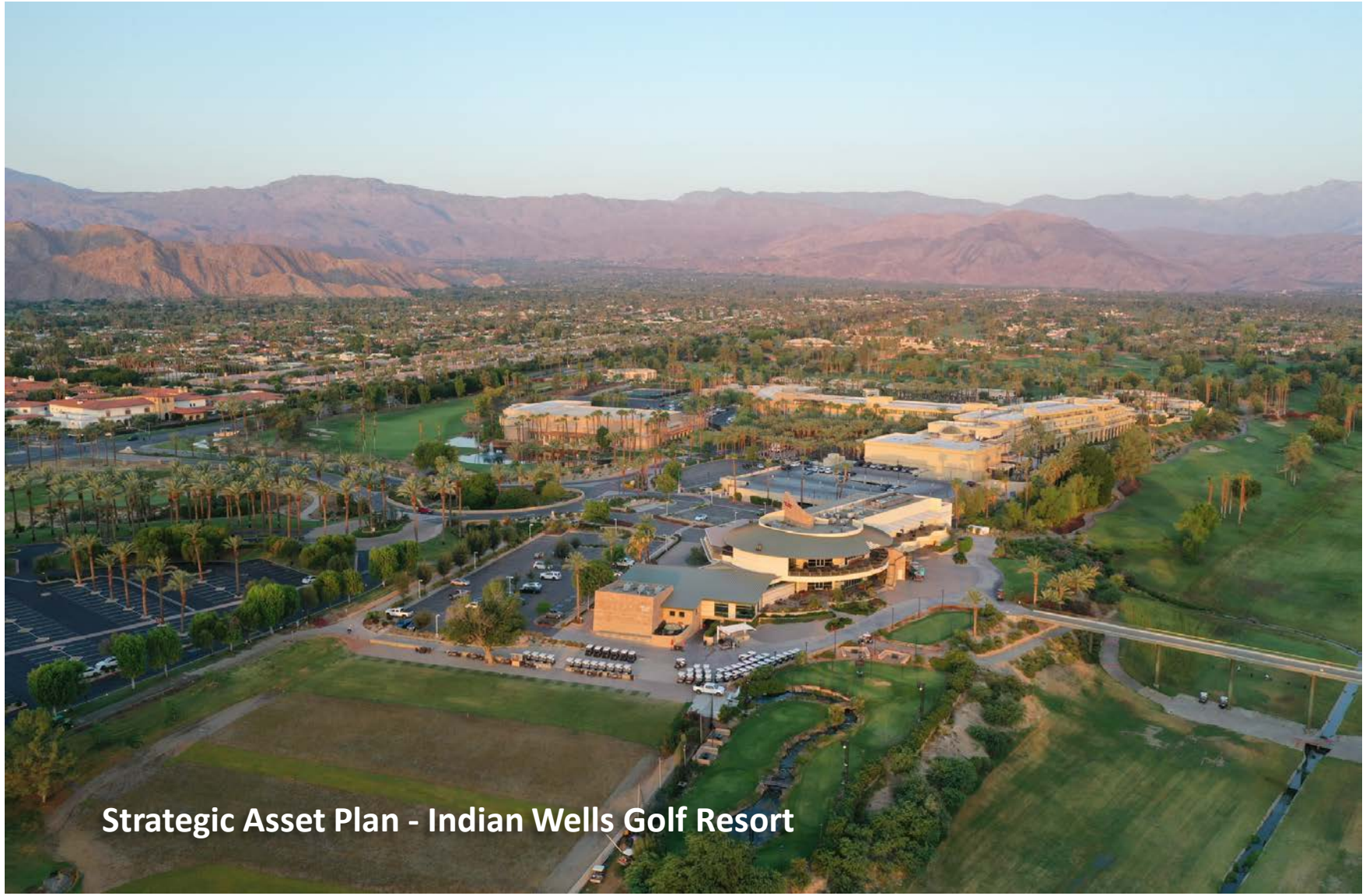
- Defining Capital Roles
  - Troon oversees and budgets for facility capital expenses and maintenance
  - City Council decides ROI projects and construction – sets policy





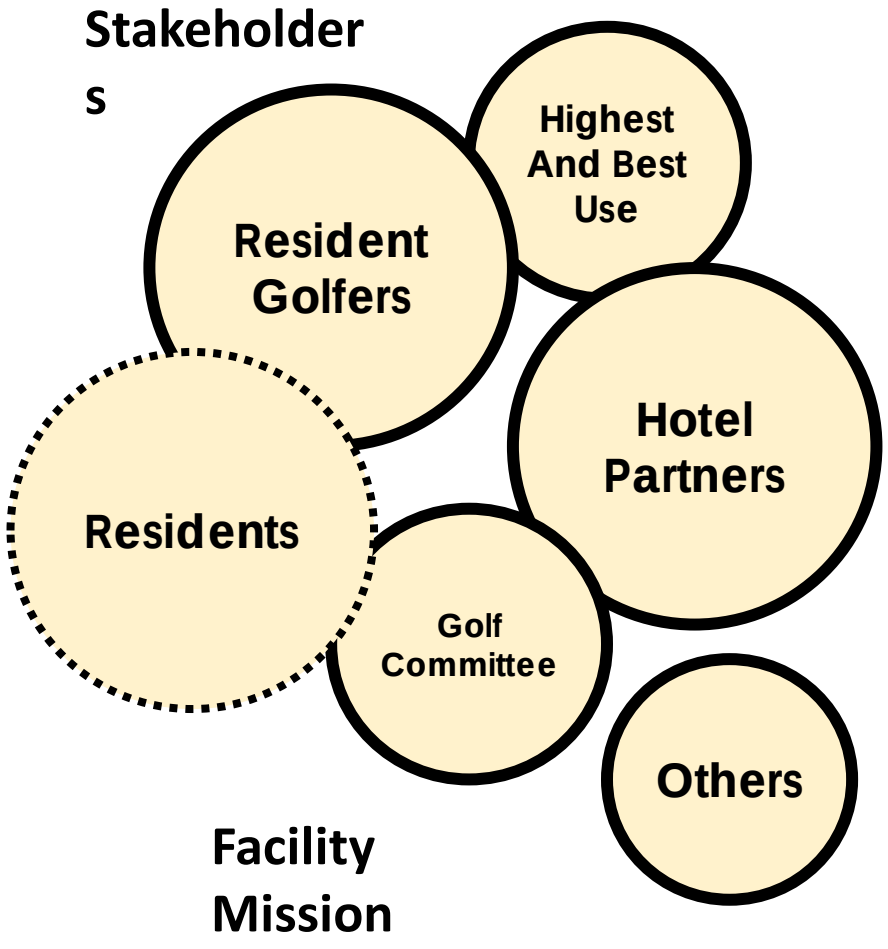
IWGR Strategic Asset Plan




Strategic Asset Plan - Indian Wells Golf Resort

Scope of Work

- **Confirmation of facility mission** (with stakeholders) and options for economic resiliency and self-sufficiency.
- Identification of **alternative net revenue opportunities**.
- **Business review** of operating efficiencies, program, and physical factors, and post-Covid 19 industry performance. Consideration of trends and obsolescence issues.
- Within the legal structure that is in place – the Easement Agreement.
- **Pursuant to Stakeholder expectations**.
- Linear ideation and creative dissonance go together. ***Input from our Golf & F&B veterans.***



Are there Revenue Opportunities to mitigate Subsidies?

RESIDENT AMENITY RECAPTURE	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 YTD	2017-2022
Resident Amenity - golf	$ 631,514	754,192	1,390,587	2,050,963	2,173,068	277,140	$ 7,277,464
Resident Amenity - retail	26,511	17,301	14,747	24,882	29,939	4,321	117,701
Resident Amenity - Vue	65,580	68,599	48,291	38,270	47,679	10,431	278,850
Resident Amenity - food truck	-	2,839	721	580	1,275	125	5,540
Resident Amenity - café	7,170	330	-	-	-	-	7,500
Total Resident Amenity	$ 730,776	843,261	1,454,346	2,114,695	2,251,961	292,017	$ 7,687,055

Rebound from Covid-19 Pandemic

Post-Covid Rebound

Departmental revenue:	Baseline Average FY 2018-2019	Baseline Inflated for Reference	FY 2022 Actuals	Post-Covid Rebound %
Golf fees	$ 6,307,556	$ 7,660,508	8,001,548	104%
Golf range, rental, other	320,766	389,569	376,341	97%
Pro shop merchandise	1,147,054	1,393,094	1,544,595	111%
Food and beverage - VUE	2,813,654	3,417,174	2,257,639	66%
Food and beverage - beverage cart	501,358	608,898	623,137	102%
Food and beverage - food truck	352,620	428,256	555,577	130%

Inflator Index
Since Baseline
21.45%

Scenario:

Departmental margins	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
REVENUE								
Golf rounds	$ 8,001,549	49.9%	$ 8,567,723	8,567,723	8,567,723	8,567,723	8,567,723	
Night lit 9-hole golf	-	0.0%	-	-	-	-	-	
Other golf - range, lessons, group services	8,551,833		589,221	589,221	589,221	589,221	589,221	
Pro shop / merchandise	1,544,595	9.6%	1,653,888	1,653,888	1,653,888	1,653,888	1,653,888	
Food and beverage - VUE	2,257,686	14.1%	2,417,436	-	-	-	-	
Food and beverage - L2 tenant	-		-	274,005	274,005	274,005	274,005	
Food and beverage - L								
Food and beverage - fa								
Food and beverage - b								
Food and beverage - fo								
Banquets								
Other income (plug)								
Total operating revenue	$ 16,050,380	100.0%	$ 19,972,516	17,829,085	17,829,085	17,829,085	17,829,085	
DEPARTMENTAL EXPENSES / COGS:								
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779	
Night lit 9-hole golf	-		-	-	-	-	-	
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691	58.4%
Golf maintenance	3,611,177	45.1%	3,394,507	3,394,507	3,394,507	3,394,507	3,394,507	
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307	63.1%
Food and beverage - VUE	2,791,108	123.6%	2,791,108	-	-	-	-	0.0%
Food and beverage - L1 golf grill	-	0.0%	1,224,000	1,224,000	1,224,000	1,224,000	1,224,000	85.0%
Food and beverage - fairway grill	-	0.0%	952,000	952,000	952,000	952,000	952,000	85.0%
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172	86.6%
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727	67.6%
Banquets	1,611,135	65.8%	1,914,144	1,914,144	1,914,144	1,914,144	1,914,144	65.8%
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)	
Total departmental expenses	$ 11,992,049	74.7%	$ 14,254,387	11,463,279	11,463,279	11,463,279	11,463,279	64.3%
UNDISTRIBUTED EXPENSES								
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059	8.8%
Marketing and promotions	371,074	2.3%	599,175	534,873	534,873	534,873	534,873	3.0%
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138	6.1%
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540	1.8%
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,576,913	3,512,610	3,512,610	3,512,610	3,512,610	19.7%
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 2,141,216	2,853,196	2,853,196	2,853,196	2,853,196	16.0%
			1.000	1.000	1.000	1.000	1.000	
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000	
Golf rounds played, total	76,500		80,000	80,000	80,000	80,000	80,000	

We've looked at how IWGR has performed, what actions can be taken to improve net revenue.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

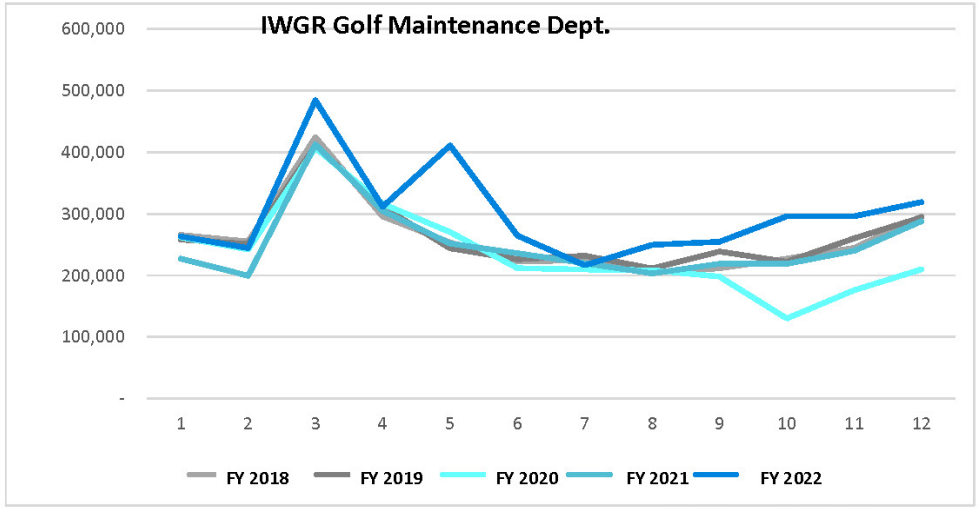
2064 **Departmental expense, golf maintenance**

	Top Month	
FY 2018	424,366	*September*
FY 2019	410,472	*September*
FY 2020	407,058	*September*
FY 2021	412,782	*September*
FY 2022	484,353	*September*

1698 *Compare to:* **Total golf revenue, b/4 resident amenity**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Golf Maintenance Dept.



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Dept Exp Annual	Golf Dept Rev Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	210,899	211,654	216,197	229,318	228,384	268,428	1,364,880	3,955,617	
FY 2018	**265,622**	**255,165**	**424,366**	**295,760**	**253,401**	**222,503**	**224,689**	**204,156**	**211,619**	**227,361**	**244,678**	**295,599**	**3,124,919**	6,248,152	50.0%
FY 2019	**258,131**	**251,071**	**410,472**	**311,394**	**243,978**	**226,061**	**231,998**	**211,190**	**238,757**	**222,048**	**260,197**	**294,119**	**3,159,415**	6,366,961	49.6%
FY 2020	**261,888**	**242,078**	**407,058**	**316,164**	**270,300**	**211,722**	**209,655**	**208,525**	**198,040**	**130,144**	**175,875**	**209,808**	**2,841,259**	4,868,197	58.4%
FY 2021	**227,351**	**199,629**	**412,782**	**305,087**	**251,741**	**235,997**	**219,841**	**203,391**	**218,725**	**218,720**	**239,962**	**288,121**	**3,021,347**	5,372,821	56.2%
FY 2022	**263,333**	**244,418**	**484,353**	**311,662**	**410,854**	**264,490**	**216,469**	**249,683**	**254,521**	**296,120**	**296,110**	**319,164**	**3,611,177**	8,001,549	45.1%
FY 2023	273,402	318,599	623,896	435,153	-	-	-	-	-	-	-	-	1,651,051	1,250,514	132.0%

We ran metrics across operated departments, looking at departmental efficiencies.

Origin of IWGR & Hotel Partners, and Current Circumstances.

Miramonte	Renaissance Esmeralda	Hyatt	IWGR
Overnight Accomodations	Overnight Accomodations	Overnight Accomodations	
215 rooms	560 rooms	530 rooms, including 43 villas and 35 suites	Golf
			Scenic Open Space
Food & Beverage	Food & Beverage	Food & Beverage	Food & Beverage
Meetings - 35,000 SF	Meetings – 61,000 SF	Meetings - 37,626 SF	Meetings
Banquets	Banquets	Banquets	Banquets
The WELL Spa	Spa Esmeralda	Agua Serena Spa	
Fitness Center	Fitness Center	Fitness Center	
		HyTides Waterpark	Golf Lessons / Retail
		88,000 SF of flexible indoor and outdoor event space	Shots in the Night
		HyTides Waterpark with two 30 ft dueling slides and a 450 ft lazy river	

We note that each of the Partner Hotels is under relatively new ownership, so that facility programs noted here may be modified in the near future.

One objective for ongoing IWGR business planning may be the avoidance of business overlap with the City's Partner Hotels. Any business opportunities placed with the Partner Hotels, earns the City the TOT payment. If the same opportunity is pursued by IWGR, IWGR must earn the EBITDA to match or exceed the foregone TOT payment.

IWGR & Hotels are "Co-Anchors" but Less Connected



Each year, the five Hotel Partners are the largest contributor of funds (taxes) to the City's General Fund. The table below shows Transient Occupancy Tax payments expected at the time of preparation for the City's 2021-2023 biennial operating budget. As noted in the prior exhibit, actual TOT collected for FY 2022 significantly exceeded what was projected in May 2021. The time period in which this estimate of TOT was made was a difficult one, as no one knew how the golf industry would emerge from the Pandemic.

TOT Contribution to City General Fund

General Fund Five-Year Projected Cash Flow

	2022	2023	2024	2025	2026
Beginning Cash Balance	**5,113,646**	**5,113,646**	**5,113,648**	**5,113,648**	**5,325,372**
Revenues					
01-PROPERTY TAXES	2,902,037	2,974,580	3,069,767	3,167,999	3,269,375
03-SALES TAXES	1,076,240	1,108,530	1,144,003	1,180,611	1,218,391
04-TRANSIENT OCCUPANCY TAX	7,103,830	8,382,680	8,650,926	8,927,755	9,213,444
06-FRANCHISE TAXES	1,022,500	1,048,070	1,081,608	1,116,220	1,151,939
07-BUSINESS LICENSES	145,180	148,810	153,572	158,486	163,558
08-REAL PROPERTY TRANSFER TAX	236,500	242,410	250,167	258,172	266,434
10-ADMISSIONS TAX	3,250,000	3,500,000	3,612,000	3,727,584	3,846,867
12-LICENSE & PERMIT FEES	476,070	487,970	503,585	519,700	536,330
13-OTHER REVENUES	421,280	431,810	445,628	459,888	474,604
14-FINES & FORFEITURES	46,310	47,480	48,999	50,567	52,185
16-INTEREST INCOME	365,900	375,050	387,052	399,437	412,219
18-VLF COMP FUND IN-LIEU	442,030	453,080	467,579	482,541	497,982
19-INTERGOVERNMENTAL	30,300	31,060	32,054	33,080	34,138
20-CURRENT SERVICE CHARGES	466,340	477,630	492,914	508,687	524,965
22-DEVELOPMENT AGREEMENT FEES	102,490	105,050	108,412	111,881	115,461
TOTAL - REVENUES & SOURCES	**18,087,007**	**19,814,210**	**20,448,265**	**21,102,609**	**21,777,893**

Source: City of Indian Wells, Biennial Operating Budget for FY 2021-2023, prepared May 20, 2021.

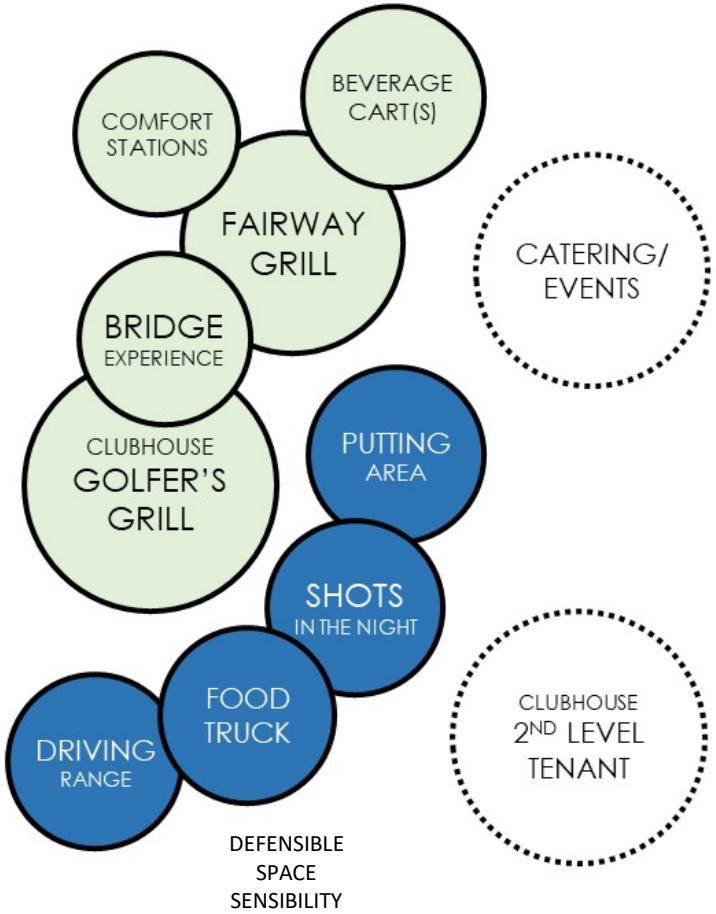
Strategic Marketing Collaboration with the Partner Hotels is worth exploration to find new common ground.

- Lobby presence
- Website presence
- Guestroom tabletop standees / table tents
- Co-promotion of some IWGR programs such as The Academy.
- Placemaking Tactics
  Wayfinding
  Enhanced pathways to/from clubhouse
- The City and IWGR specifically, have a large strategic benefit with mostly new (relatively) and experienced hotel owners in place among the Partner Hotels.

3 There is an opportunity to repurpose IWGR's core facilities, to enhance the experience for golfers, event guests, and other visitors.

Plus:

- New **Short Game Practice Facility a**djacent to Players 1st Tee
- **Expansion of putting venue**, to 9 holes.
- **Great moment**s at IWGR / clubhouse
- **Promote the Academy**, as a social experience using golf instruction
- **Light Celebrity** Front 9
- New **Access Road** from Fred Waring Drive
- Connection to Tennis Stadium – a "District"



New Clubhouse Golf Grill at Ground Floor











Shown above: views of The Stonehaus Grill in Westlake Village (California). The clubhouse's "inside-outside" guest flow and service style would adapt well to IWGR's clubhouse ground floor. Shown at left: views of part of the outdoor area adjacent to the clubhouse lobby.

6 Destination Restaurant at Clubhouse 2nd Level.

- New outside elevator facing Indian Wells Lane (entry road).
- Convert Vue to a rent payment, even if mostly performance (percentage rent) based.
- IWGR is situated in a region with a myriad of dining choices; let a restauranteur focus on how to best compete.
- The Vue is the only aspect of operations that did not keep up with inflation since pre-Pandemic.
- Get out of the full-service restaurant business, focus on catering, golfer F&B, and ancillary F&B at driving range, SITN, and the like.
- Be open to alternate concepts that could be proposed for the space.







VUE
GRILLE & BAR



Expansion of Short-Game Practice Area












Shown above, various views of Fairway Grill and environs. At the time of our fieldwork, Troon Golf was exploring areas at or about the Fairway Grill that could be level-graded to provide kitchen expansion area and additional outdoor settings for small group events. See photo at far right below, of an area overlooking the Wash bridge near to the Fairway Grill.

Enhanced Presence and Pathways for Hotels

There is a large opportunity to improve the paths and trails at or about IWGR. Although a master-planned resort campus, the pedestrian paths at IWGR are poor or nonexistent.

- The guest path from the Hyatt Regency to the clubhouse current consists of a stroll through a parking garage, and across IWGR clubhouse parking spaces, on to the clubhouse entrance.
- With collaboration with the Hyatt Regency Indian Wells, a more direct walking path could be provided from the north side of the main hotel building, along the Wash, and onto the clubhouse's north entrance. This new path would be a beautiful one featuring views of golf north of the Wash and would culminate with arrival at the new Stonehaus-style Golf Grill at the Clubhouse ground level.
- The guest path from Renaissance Esmerelda over to the IWGR clubhouse is not clear or inviting. A guest standing at the hotel drop-off would not be aware of the clubhouse unless they were told where it was and where to look. From the hotel's front entrance there is no wayfinding or path to encourage a stroll over to the clubhouse.
- The problem with paths from the Renaissance can be easily remedied with a rework of the parking areas upon a property swap as part of repurposing of the Players course.
- We reviewed the $276,242 capital improvements work in the City's IWGR Sidewalk Improvements project, and believe it begins to address this pathways deficiency. Aligning the sidewalks to be more intuitive and safer, and providing access ramps for ADA compliance, are quite helpful. More can be done, as noted, to improve pathways and related wayfinding to improve the overall "resort campus" experience.









Shown at upper right, the service road north of the parking structure adjacent to the Hyatt Regency Indian Wells. An actual path could be placed along the north side of this access road, ss shown at below right. Shown at middle right, a view from the west edge of the hotel front guest entry, at the Renaissance Esmeralda.

Add additional Special Events to IWGR's Calendar – they're working!

- Desert Willows offers its Music + Dining Under the Stars program, something similar would work at IWGR.
- We would suggest an "own the holidays" sensibility in planning special events at IWGR. If it's a holiday, IWGR should be a place to be.

Establish a Reserve for Capital Replacements.

Consider appointment of a 3rd-party Asset Manager.

- A reserve is an ordinary and usual method for accumulating capital for major replacements – each kind of FF&E can be included on the capital replacements schedule with typical useful life noted and reserved for.
- We note the difference between a reserve for major capital replacements and projects, versus ordinary and usual Repairs and Maintenance that is included in the facility's operating budget.
- And eliminate the Resident Amenity Fee, and all other accounting adjustments and allocations, at least in performance reporting.

SUGGESTED MISSION

INDIAN WELLS GOLF RESORT

- First, all Stakeholders expect the Indian Wells Golf Resort to be operated to maintain, if not enhance, its reputation as a premier golf experience **among the best** of regional and national golf facilities, whether premier private or premium public play courses. Resident Stakeholders and those non-resident golfers paying market rates, have largely this same expectations for IWGR's premier quality.

- Second, while seeking **to preserve** and expand Resident privileges at IWGR, it is sufficient to operate IWGR each fiscal year to meet or exceed breakeven from operations after reserves for capital expenditures and net of subsidy from the City.





Players Course Redesign



INDIAN WELLS
GOLF RESORT

Players Course Redesign

PRESENTATION

JOHN FOUGHT DESIGN
GOLF COURSE ARCHITECTURE

Purpose of the Study:

1. Integrate Two New Replacement Holes (for #17 & #18) but overall keep the golf course intact. This is NOT a new course.

2. Create Improved Access for Fire Trucks and Delivery Trucks to the Fairway Grill.

3. Make Infrastructure Updates to the Golf Course which is currently +15 years old.

Current Market Conditions:

- Golf is in an upswing in participation
- There is a Big Labor Shortage
- Materials are in Short Supply (cost is +30% higher) & Take Longer to Acquire
- Golf Course Contractors are Booked Well in Advance

Work Areas Plan:

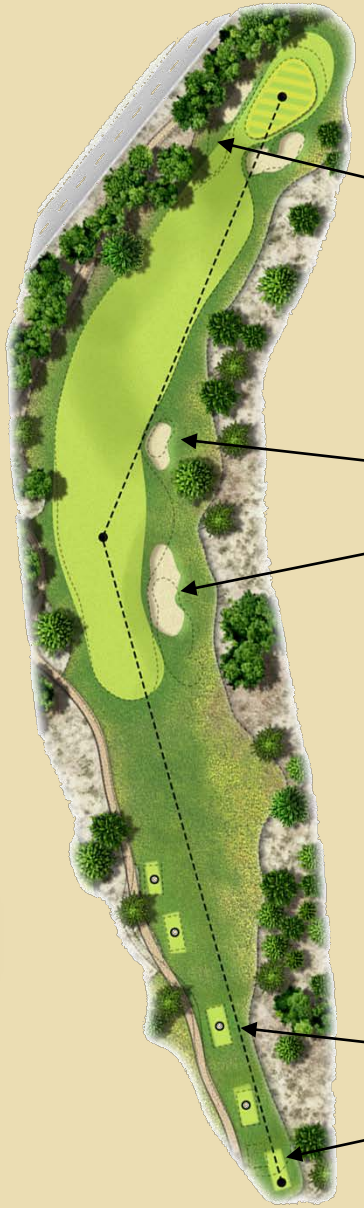


Card of the Revised Course

Hole	Cabernet	Blue	Yellow	White	Red	Par
1	620	584	545	478	412	5
2	400	373	342	322	286	4
3	337	312	290	269	241	4
4	186	163	137	144	124	3
5	457	424	391	351	327	4
6	418	390	361	330	298	4
7	177	150	141	132	109	3
8	577	537	502	463	407	5
9	223	202	189	165	137	3
Out	3385	3145	2918	2663	2339	35
10	333	310	285	260	230	4
11	362	355	332	305	274	4
12	180	170	150	148	124	3
13	577	537	504	464	410	5
14	467	437	390	354	327	4
15	515	479	445	410	358	4
16	461	414	370	346	299	4
17	248	220	208	180	160	3
18	551	516	485	444	406	5
In	3715	3438	3186	2921	2599	36
Total	7110	6583	6104	5584	4938	71

HOLE No. 5

(current #13)



Shrink left greenside bunker & remove excess tree branches

Repair right fairway bunkers

Build new back tee to gain yardage. Repair forward tees

457
424
391
351
327


Original Green Site



Current Green Site

HOLE No. 6

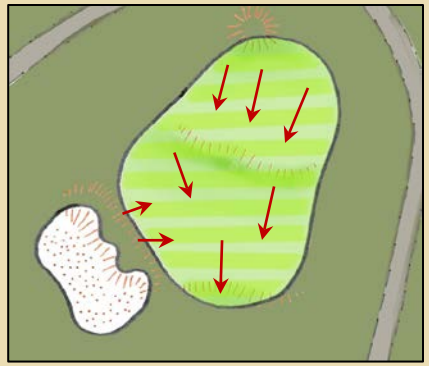
(current #6)



418
390
361
339
296

Build new green where the nursery green exists

Create a dogleg to the right. Add fore-bunker for strategy



New green to have subtle movement

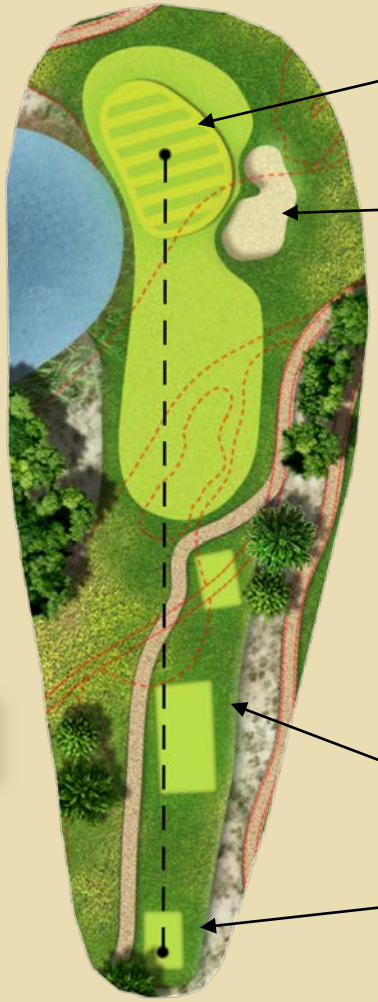
Build new back tee to gain yardage. Repair forward tees


Existing Green Site


Proposed Green

HOLE No. 7

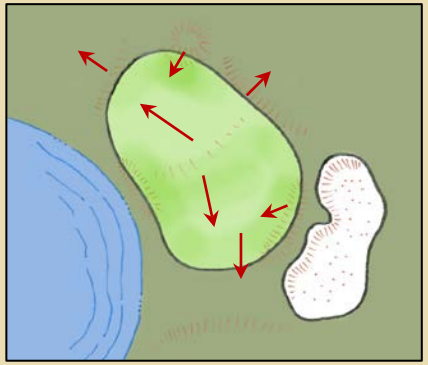
(new hole)



177
150
141
132
109

Build new green angled around lake on the left

Add strategic greenside bunker on the right

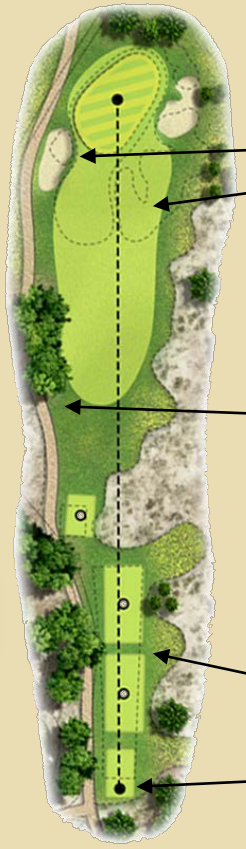


New green to fall away in back corner

Build three large tees on ridge Elevated above #6 green.

HOLE No. 9

(current #8)



223
202
189
165
137

Remove front bunker to open green in front. Expand left & back right greenside bunkers

Move cart part closer to fairway and add trees

Expand back tee and repair forward tees



Existing Greens Complex



Proposed Greens Complex

HOLE No. 10

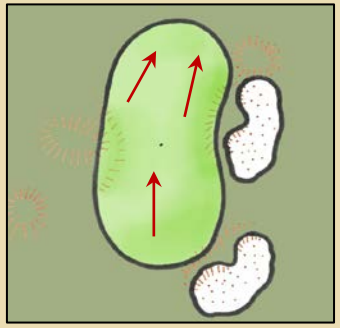
(new hole)



333
310
295
260
236

Build new green that is long and narrow. The new green falls gently away making the approach more difficult

Add fairway bunkering to create strategy for the tee shot. Lower hillside to create view of the fairway



Long green to slope away, front to back

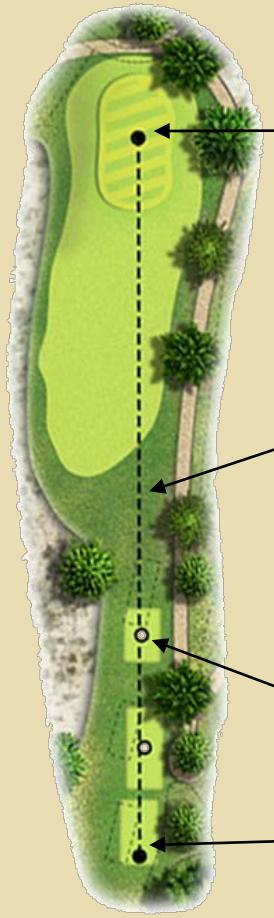
All new tees will be developed for this new hole


Existing #10


Proposed #10

HOLE No. 12

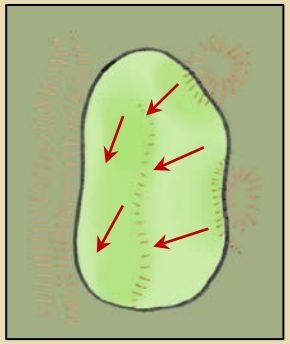
(new par three)



180
170
159
148
124

Construct new greens complex that is long and falls away on the left side of the green

Remove trees and lower grade to provide view of new green



Narrow green that falls away on the left

Construct new tees to fit for this new par three

HOLE No. 13

(current #4)



577
537
504
464
410

Keep existing bunkers but reshape all three bunkers to provide a better and simpler design motif

Lower hillock at the start of the fairway. This will provide a better view of the driving zone. Add fairway bunker on the left

Construct new tees further back to add yardage and create a long par five

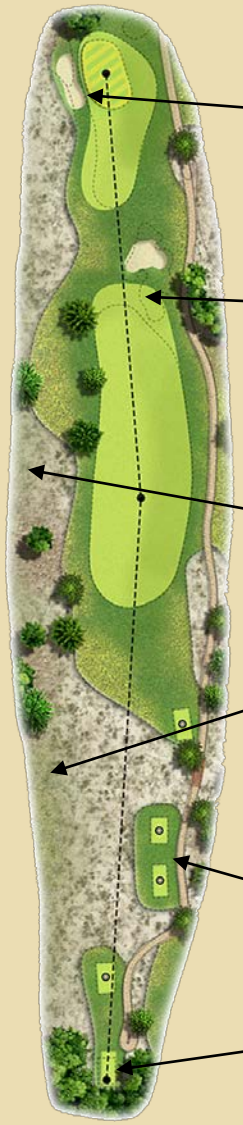


Existing #4


Proposed #13

HOLE No. 16

(current #15)



461
414
370
346
299

Remove overgrown trees and revitalize left greenside bunker

Reshape (shrink) directional fore-bunker in position

Remove overgrown trees along the left side of this hole

Revitalize tees and expand back tee. Remove trees near tees and along the fairway


Current #16

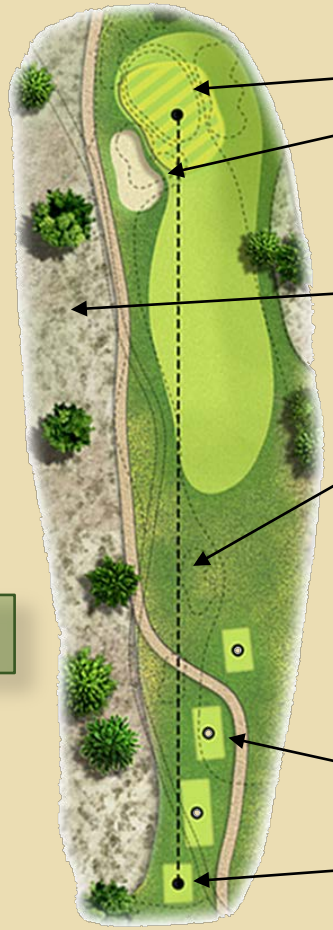

Current #16



Original #16

HOLE No. 17

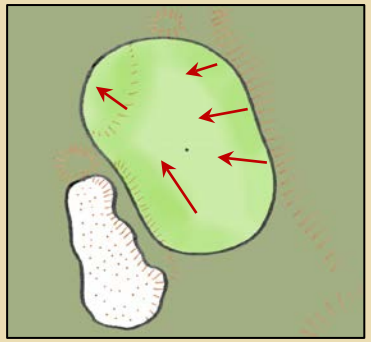
(current #16)



243
220
208
190
166

Build new green with one strategic bunker on the left

Remove overgrown trees along the left side of this hole and lower area to create view of the greens complex



Large green to slope away in back

Build new tees forward to create long downhill par three



Existing Green #16



Proposed Green #17

HOLE No. 18

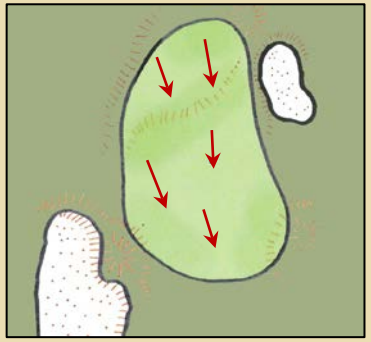
(current #1)



551
516
485
444
406

Build new green on edge of wash. Construct three interesting bunkers around greens complex

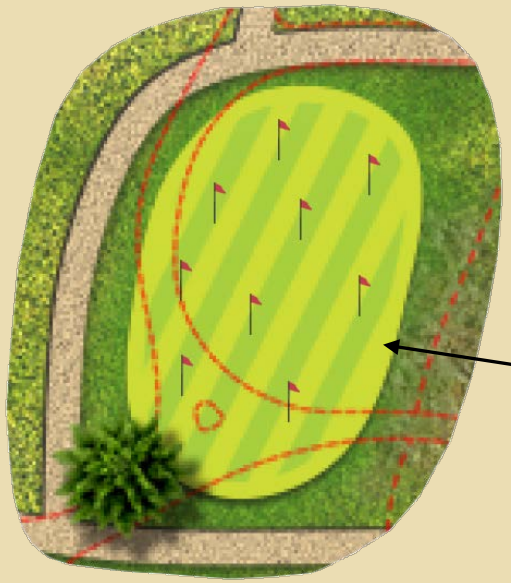
Soften grades in fairway and build two strategic fairway bunkers in driving zone



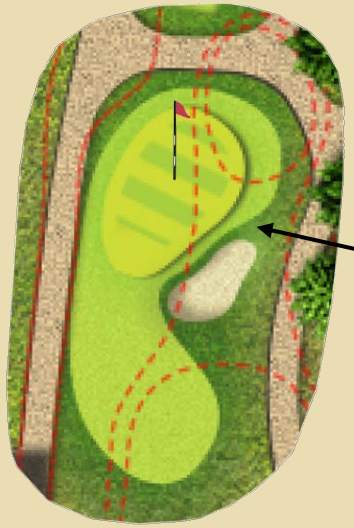
Long green to slope back To front

Build new tees to create dramatic par five finishing hole

New Putting Green & Short Game Practice



Build new putting green to be placed behind new #9 green in between #1 & #10 tees



New short game practice area to be built near #10 tees. Green to be 2,000 SF & allow pitch shots up to 30 yards

Card of the Revised Course

Hole	Cabernet	Blue	Yellow	White	Red	Par
1	620	584	545	478	412	5
2	400	373	342	322	286	4
3	337	312	290	269	241	4
4	186	163	157	144	124	3
5	457	424	391	351	327	4
6	418	390	361	339	296	4
7	177	150	141	132	109	3
8	577	537	502	463	407	5
9	223	202	189	165	137	3
Out	3395	3145	2918	2663	2339	35
10	333	310	295	260	236	4
11	382	355	332	305	274	4
12	180	170	159	148	124	3
13	577	537	504	464	410	5
14	467	437	390	354	327	4
15	515	479	443	410	358	4
16	461	414	370	346	299	4
17	243	220	208	190	166	3
18	551	516	485	444	406	5
In	3715	3438	3186	2921	2599	36
Total	7110	6583	6104	5584	4938	71

Expected Results:

- The golf course should play faster.
- The maintenance will be simpler and more efficient (require less labor).
- Will not have to cross the wash (16 to 17).
- The finish of the golf course will be better with returning nines.



Card of the Revised Course						
Hole	Cabernet	Blue	Yellow	White	Red	Par
1	620	584	545	478	412	5
2	400	373	342	322	286	4
3	337	312	290	269	241	4
4	186	163	157	144	124	3
5	457	424	391	351	327	4
6	418	390	361	339	296	4
7	177	150	141	132	109	3
8	577	537	502	463	407	5
9	223	202	189	165	137	3
Out	3395	3145	2918	2663	2339	35
10	333	310	295	260	236	4
11	382	355	332	305	274	4
12	180	170	159	148	124	3
13	577	537	504	464	410	5
14	467	437	390	354	327	4
15	515	479	443	410	358	4
16	461	414	370	346	299	4
17	243	220	208	190	166	3
18	551	516	485	444	406	5
In	3715	3438	3186	2921	2599	36
Total	7110	6583	6104	5584	4938	71

INDIAN WELLS GOLF RESORT

Players Course Redevelopment Plan

March 1, 2023

JOHN FOUGHT DESIGN
GOLF COURSE ARCHITECTURE





ROIs



FAIRWAY GRILLE

- Estimated cost of $800k
- ROI not to exceed 10 years
- Return of a very popular destination



VUE 2.0

- Estimated costs starting at $1 million
- Enhance clarity of concept
- Alternatives currently being explored









BANQUET KITCHEN / PAVILLION

- Estimated costs of $2.5 million
- Enhanced operational efficiency and qualitative guest experience
- ROI not to exceed 9 years







GOLF SUITES

- Estimated costs of $2 million
- ROI not to exceed 8 years
- Hotel function space
- Activates campus for additional programming









Troon



Indian Wells Golf Resort

STRATEGY SESSION

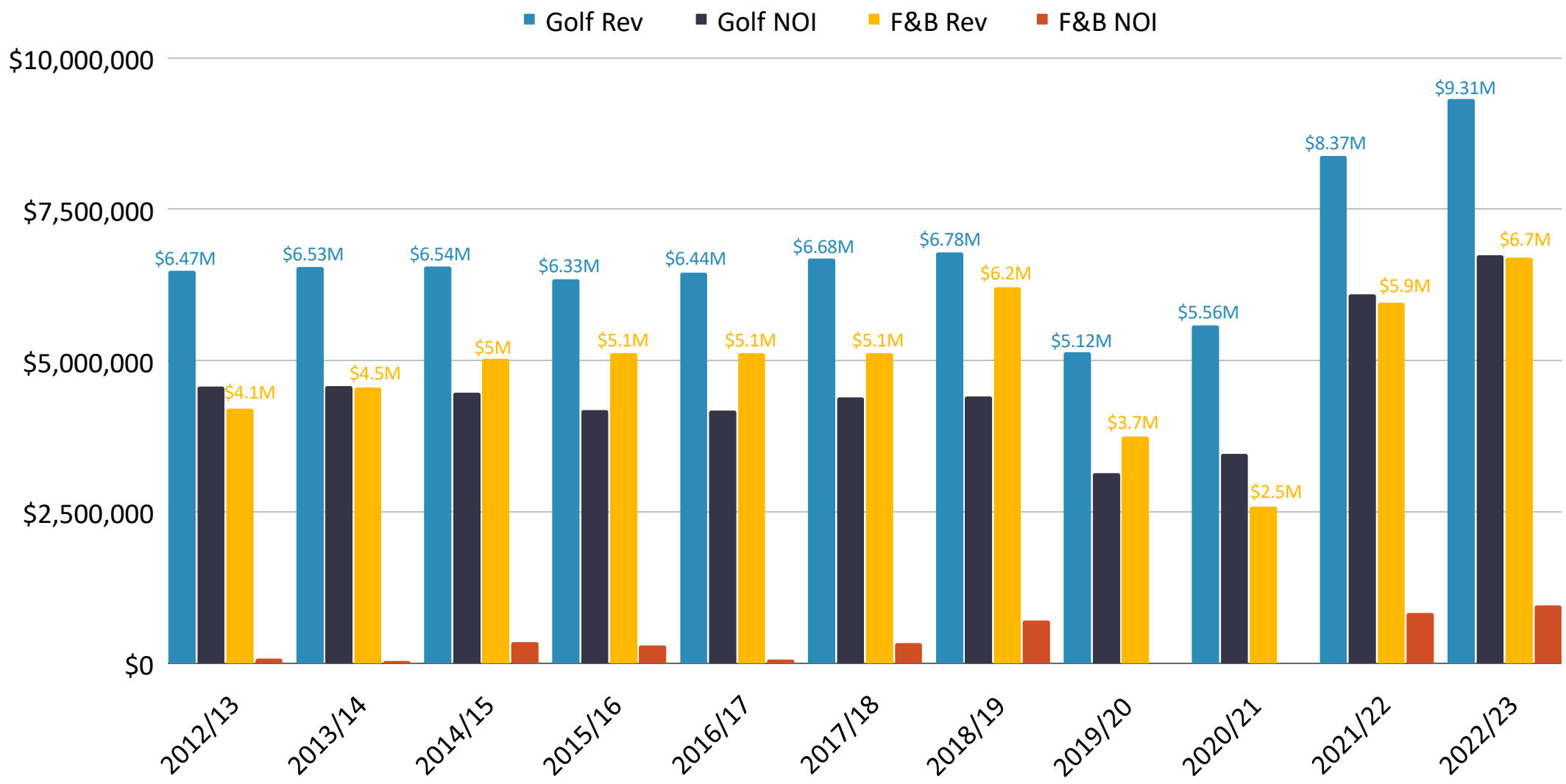
TROON®



GOLF RESORT OVERVIEW

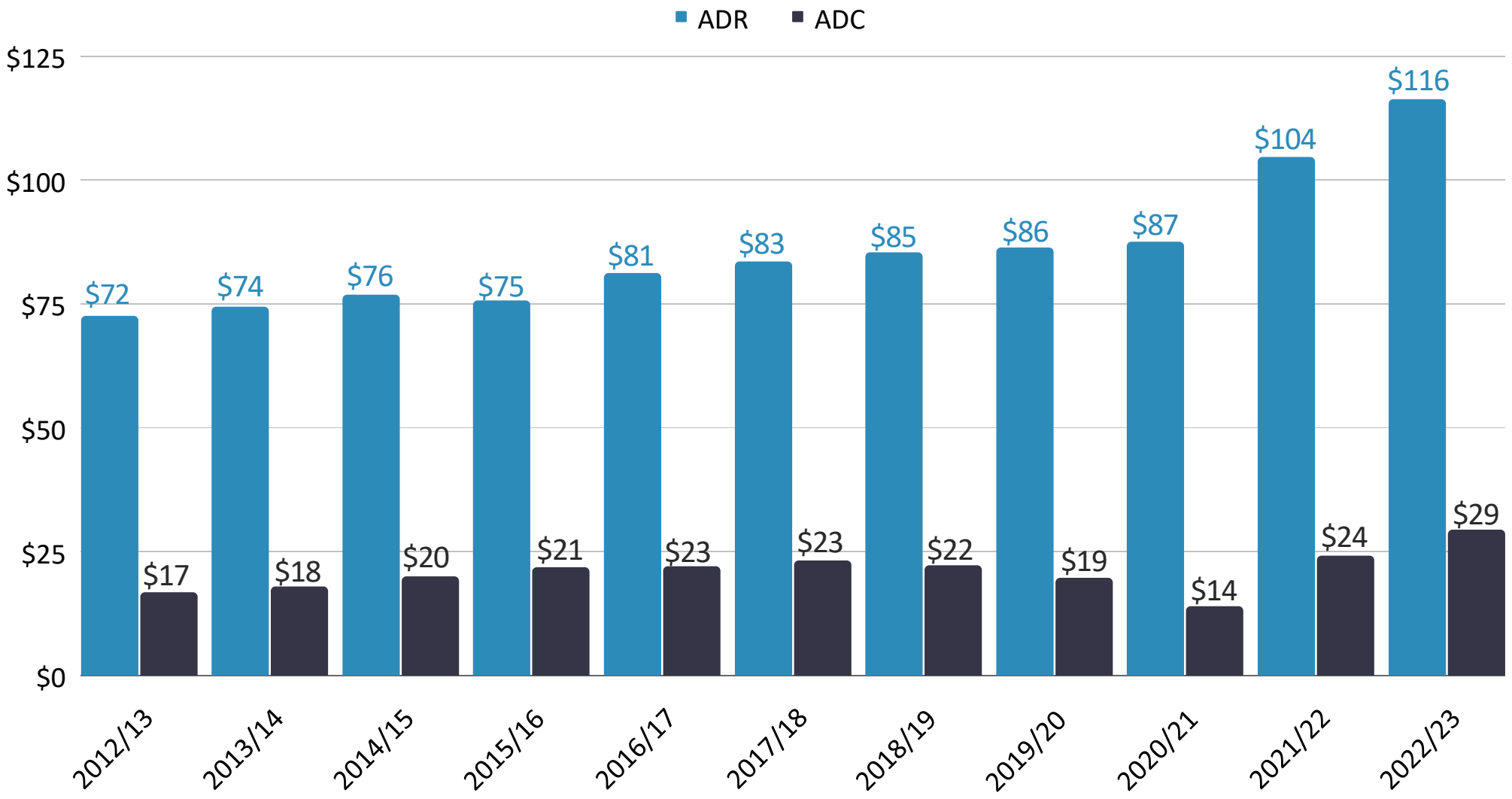
SVEN WIEDENHAUPT, GM

HISTORICAL GOLF / F&B REVENUES

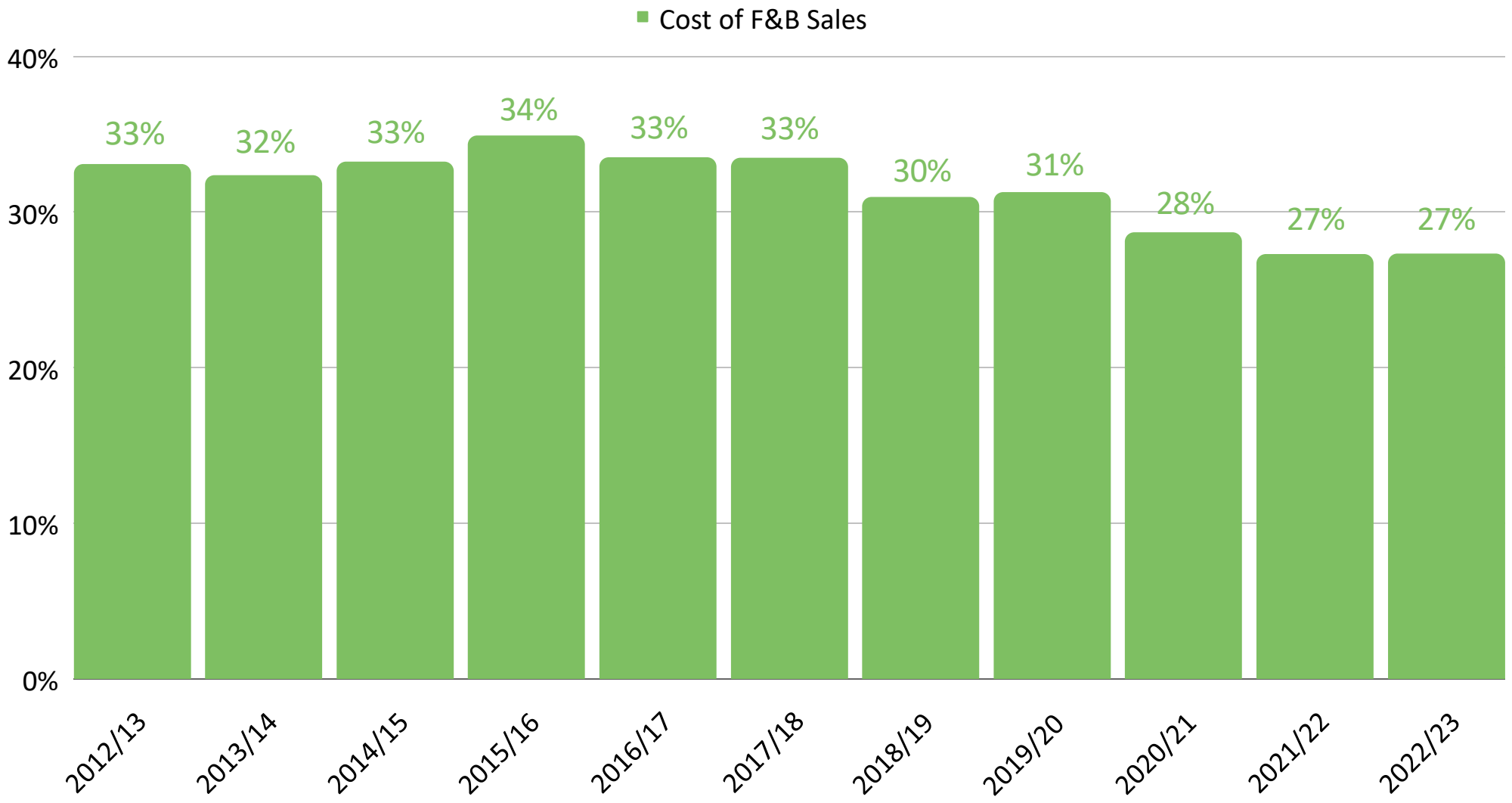


TROON

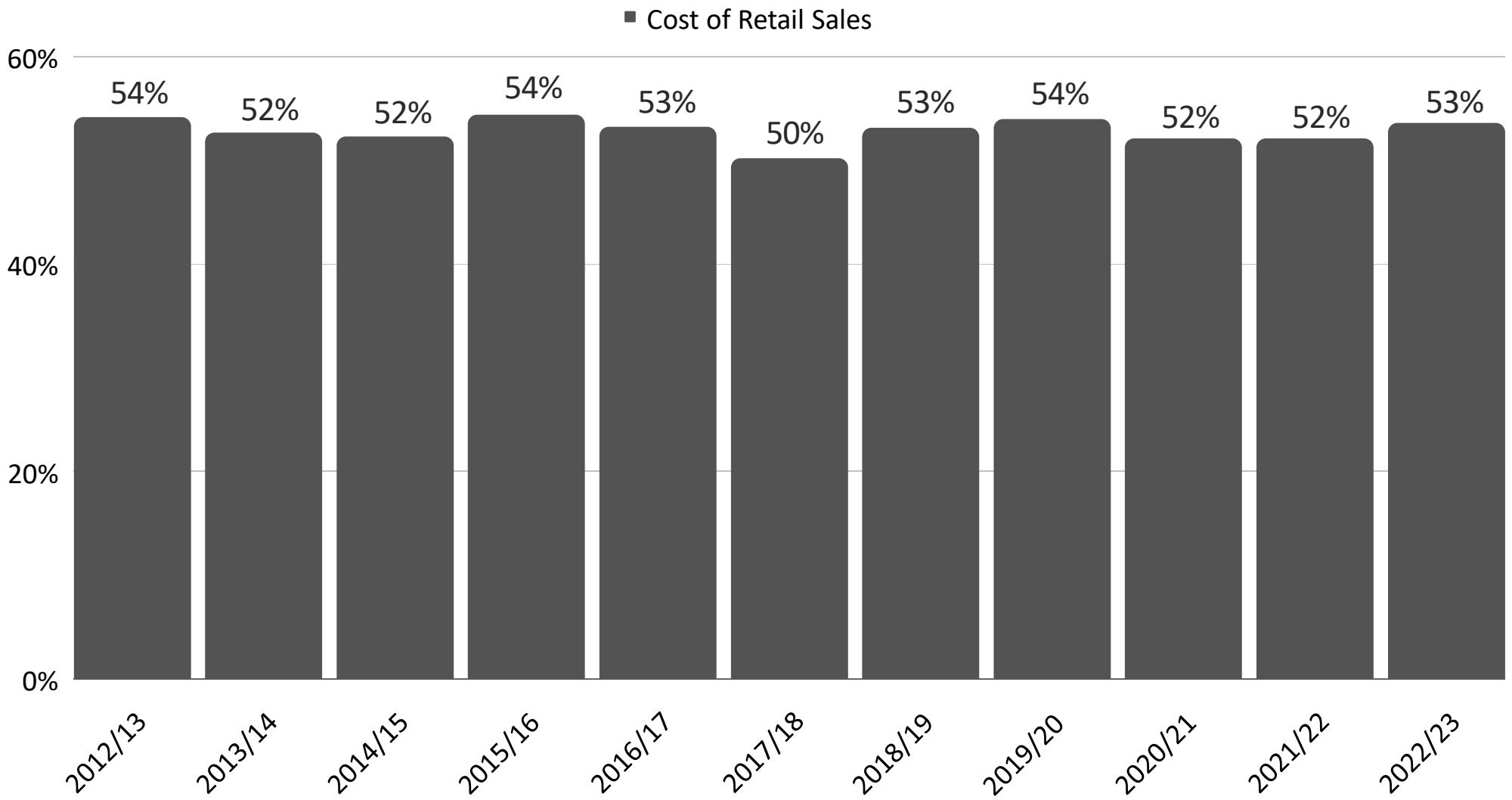
HISTORICAL ADR / ADC



COST OF FOOD & BEVERAGE SALES



COST OF RETAIL SALES



TROON VALUE REPORT

Our partnership with Troon has allowed us to save over $262k across our golf, retail, F&B, Agronomy and general administrative operations.

Golf = $104,034 in expense savings

Retail = $38,525 in expense savings

F&B = $19,938 in expense savings

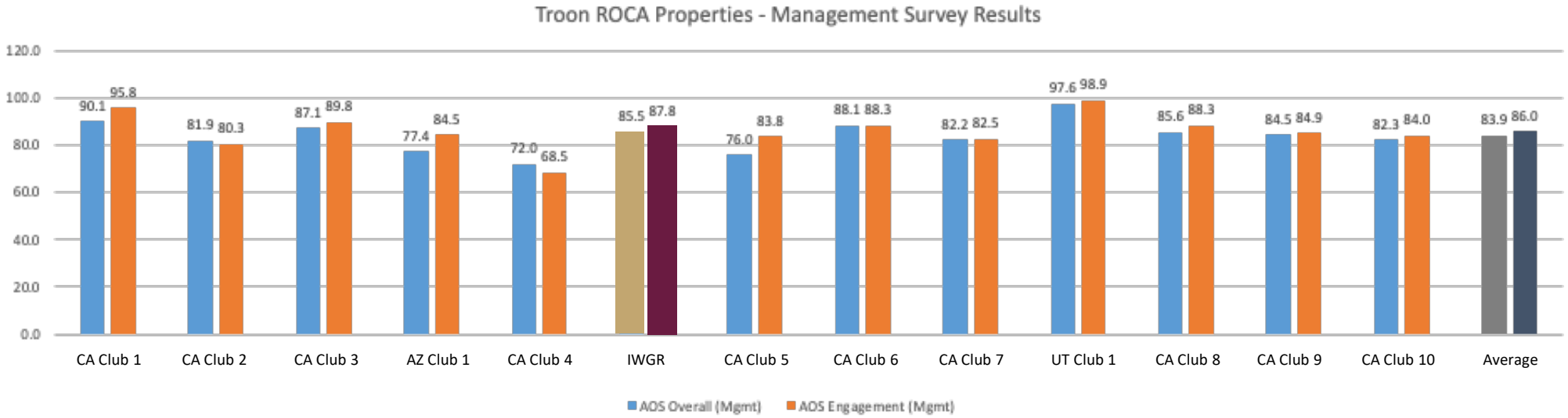
Agronomy = $17,001 in expense savings

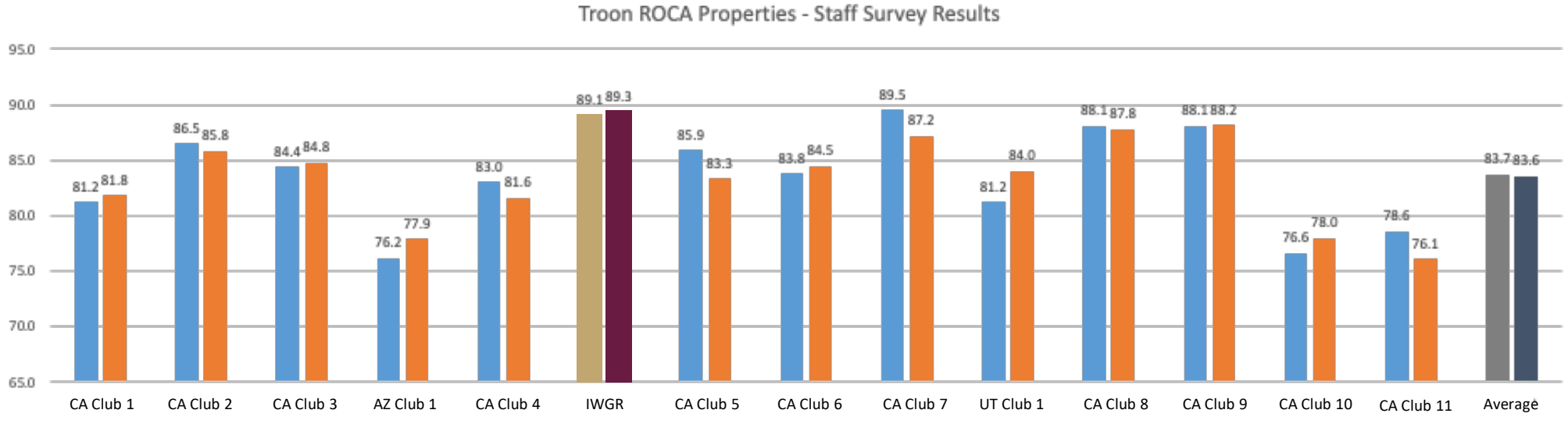
Technology = $22,431 in expense savings

Centralized Services = $38,811 in expense savings

Estimated Savings	Total Spend	Average Savings / Discount	Total Estimated Savings
Golf			
Golf Cart Fleet	$ -	0%	$ -
Rental Clubs	$ 2,431	97%	$ 88,800
Range Balls	$ -	0%	$ 3,500
Other Golf Operations Supplies	$ 135,278	8%	$ 11,734
Total	**$ 137,710**	**43%**	**$ 104,034**
Retail			
Total	**$ 478,376**	**7%**	**$ 38,525**
F&B			
Pepsi	$ 10,299	39%	$ 6,659
Sysco	$ 283,846	3%	$ 8,779
Other F&B Department	$ 14,586	24%	$ 4,501
Total	**$ 308,731**	**6%**	**$ 19,938**
Agronomy			
Equipment	$ 73,296	9%	$ 7,340
Fertilizers & Chemicals	$ 373,789	2%	$ 7,628
Other Golf Course Supplies	$ 16,423	11%	$ 2,033
Total	**$ 463,508**	**4%**	**$ 17,001**
Development Services - Golf Course			
Total	**$ 45,360**	**10%**	**$ 5,040**
Insurance			
Package Property and Liability Insurance	$ 51,114	25%	$ 17,038
Total	**$ 51,114**	**25%**	**$ 17,038**
Technology			
Total	**$ 318,282**	**7%**	**$ 22,431**
Centralized Services			
Payroll Administration	$ 32,214	31%	$ 14,496
Human Resources Administration	$ 30,373	42%	$ 22,228
Human Resources Compliance	$ 9,723	3%	$ 277
Controls and Audit	$ 5,549	15%	$ 951
Technology Oversight	$ 10,367	6%	$ 633
Fraud Insurance	$ 2,774	8%	$ 226
Total	**$ 91,001**	**30%**	**$ 38,811**
TOTAL	**$ 1,894,081**	**12%**	**$ 262,817**

ASSOCIATE OPINION SURVEY RESULTS

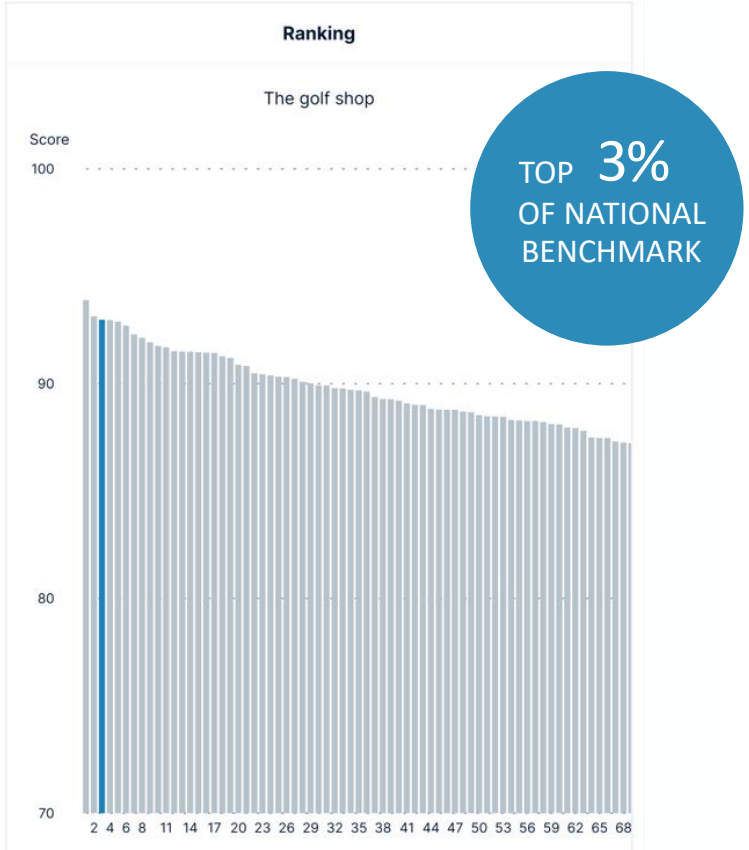




PLAYERS FIRST RANKINGS

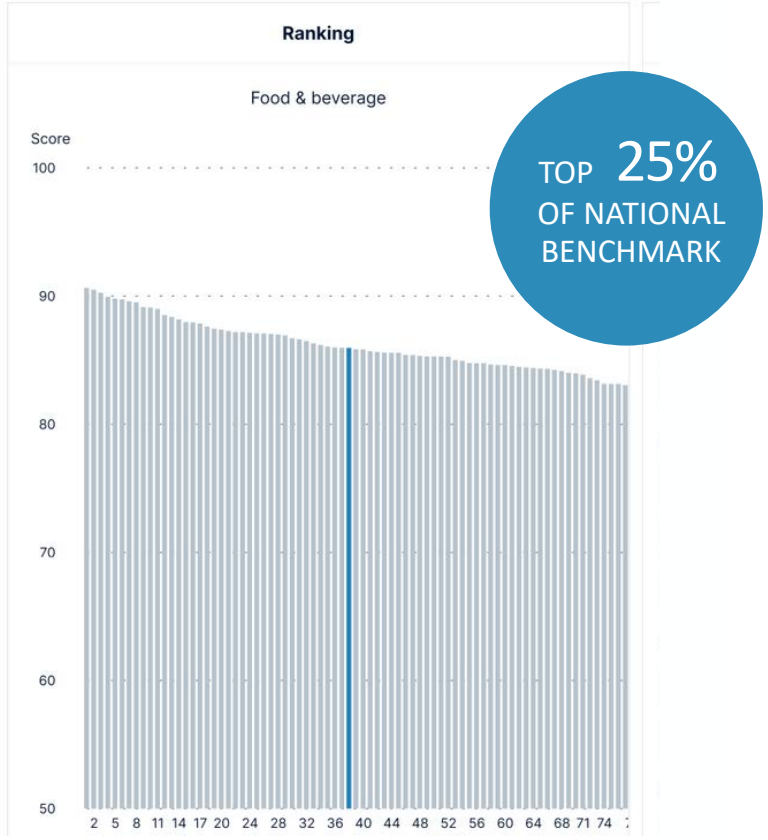
PROSHOP

21% Response rate | 1,729 Responses | **3 out of 138** Rank | Top 3% vs. National Benchmark



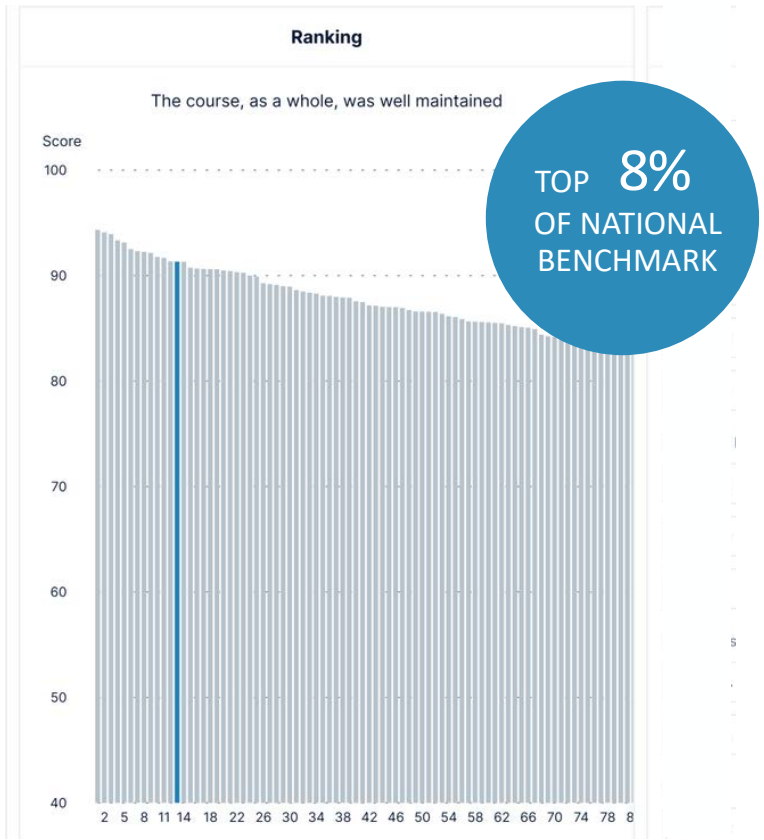
F&B

21% Response rate | 738 Responses | **38 out of 155** Rank | Top 25% vs. National Benchmark



COURSE CONDITIONS

21% Response rate | 2,263 Responses | **13 out of 164** Rank | Top 8% vs. National Benchmark



PLAYERS FIRST RANKINGS

WOULD RECOMMEND

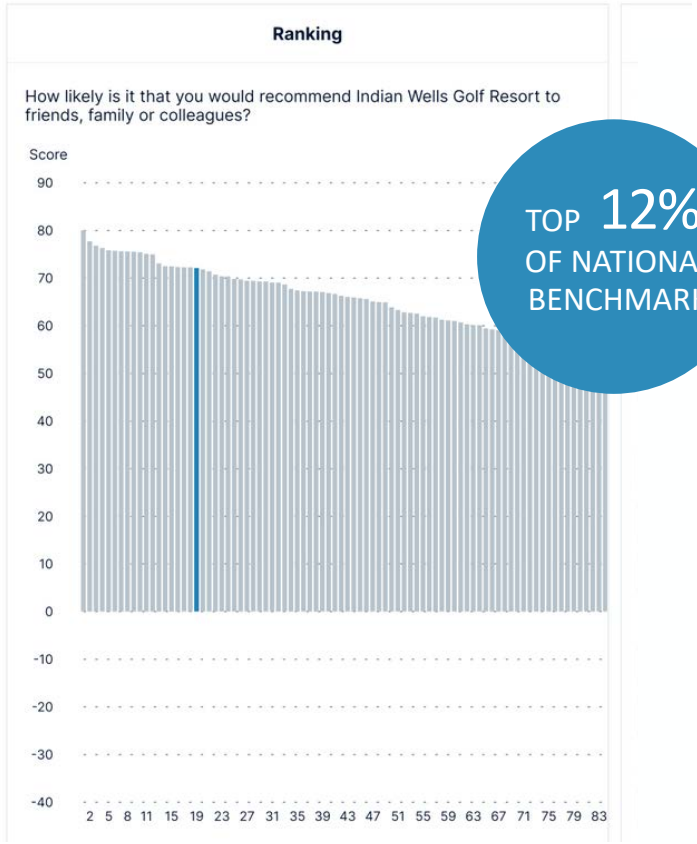
21% Response rate | 2,190 Responses | **8 out of 130** Rank | Top 7% vs. National Benchmark



TOP 7% OF NATIONAL BENCHMARK

CLUBHOUSE

21% Response rate | 2,285 Responses | **19 out of 169** Rank | Top 12% vs. National Benchmark



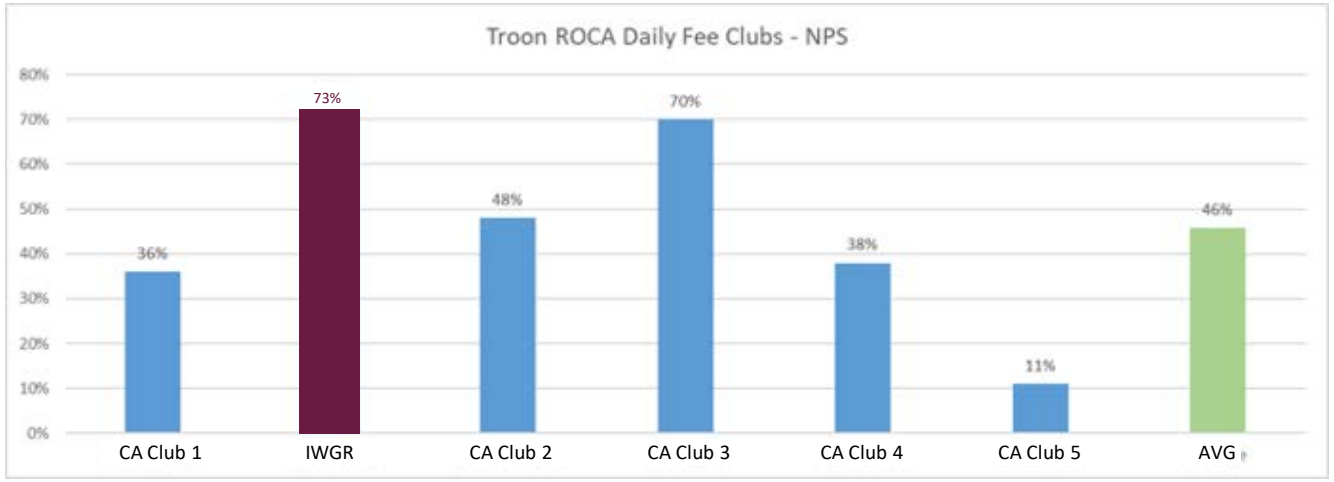
TOP 12% OF NATIONAL BENCHMARK

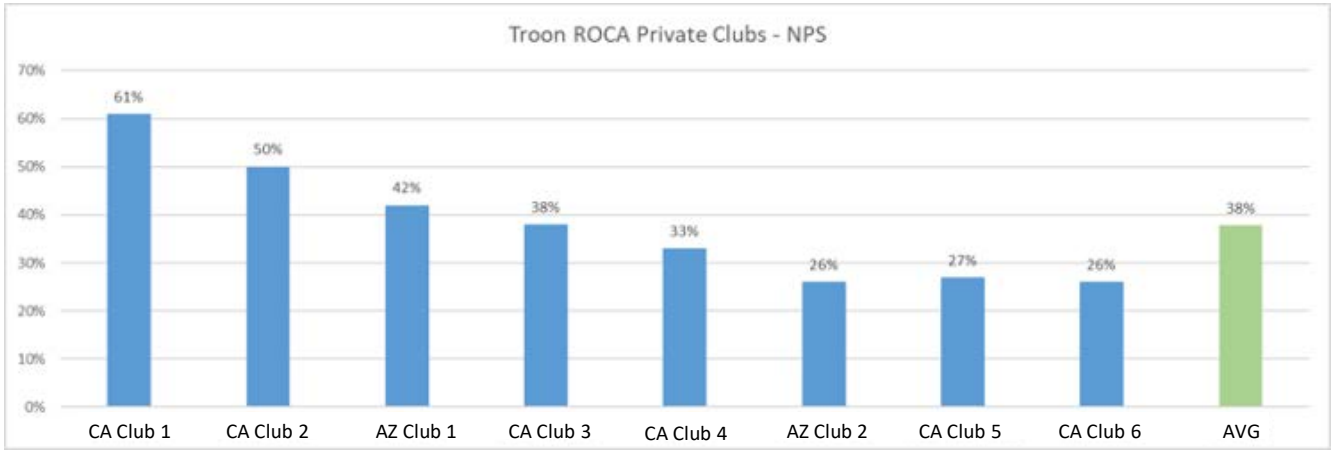
TROON

NET PROMOTER SCORE

The Net Promoter Score ("NPS") measures how likely a member is to refer his or her club to a friend or family member. On a scale of 1-10, Promoters answer the question with a 9 or 10. Passive members score it a 7 or 8. And Detractors score it 0 to 6.

The net score is the difference between Promoters and Detractors. In the case of Indian Wells, 79% were Promoters and 6% were Detractors. The difference is 73%.



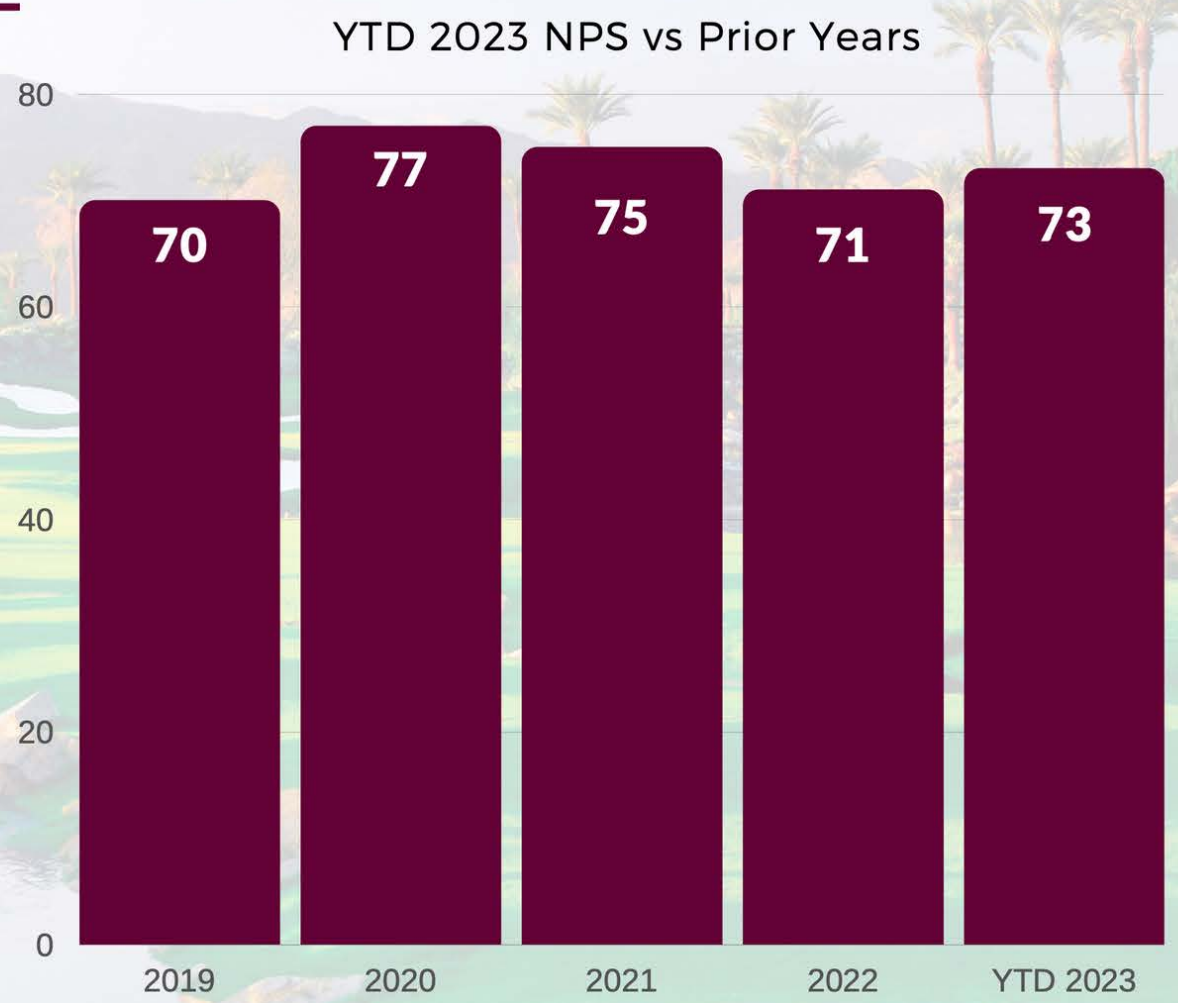


YTD 2023 Guest Survey

YTD 2023 Guest NPS

73

INDIAN WELLS GOLF RESORT



Service Area Satisfaction Summary



REVIEWS

F&B

yelp

924 Reviews
4 out of 5 Stars

OpenTable®

877 Reviews
4.1 out of 5 Stars

TRAVEL

Tripadvisor

241 Reviews
4 out of 5 Stars

KAYAK

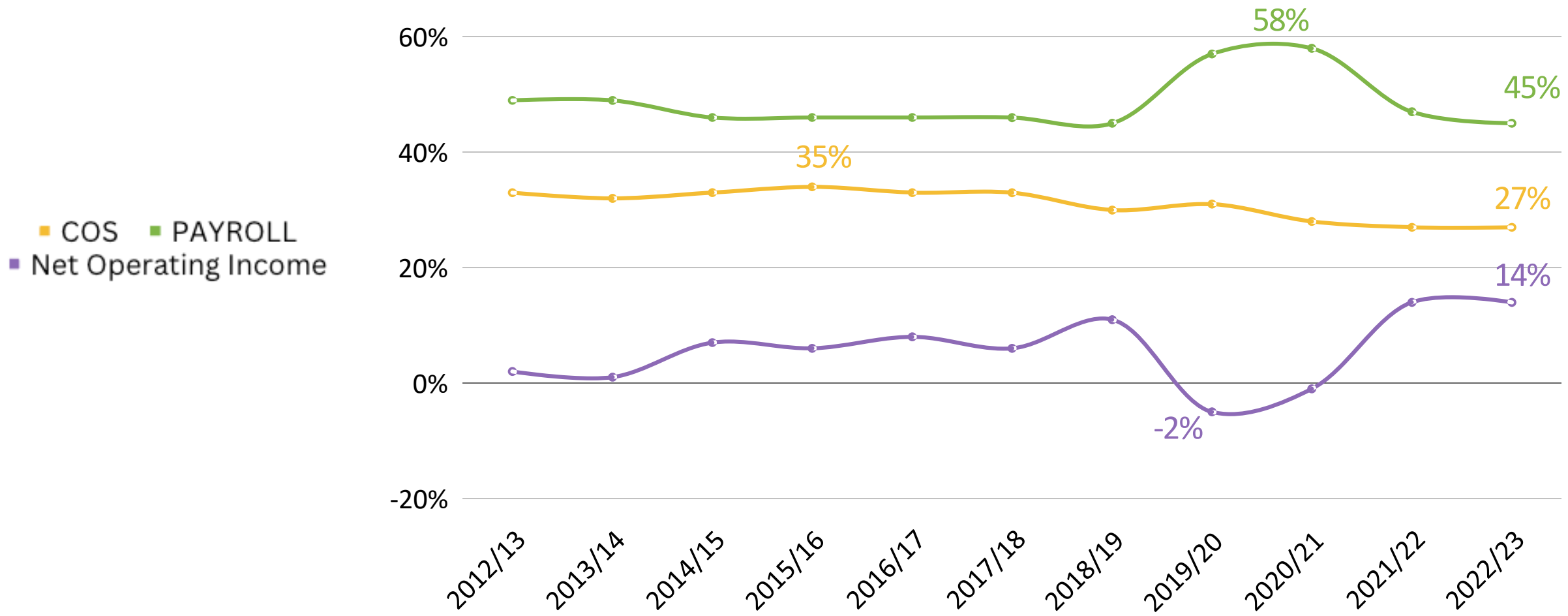
98 Reviews
4.1 out of 5 Stars

OVERALL

Google

288 Reviews
4.3 out of 5 Stars

F&B RESULTS



TROON







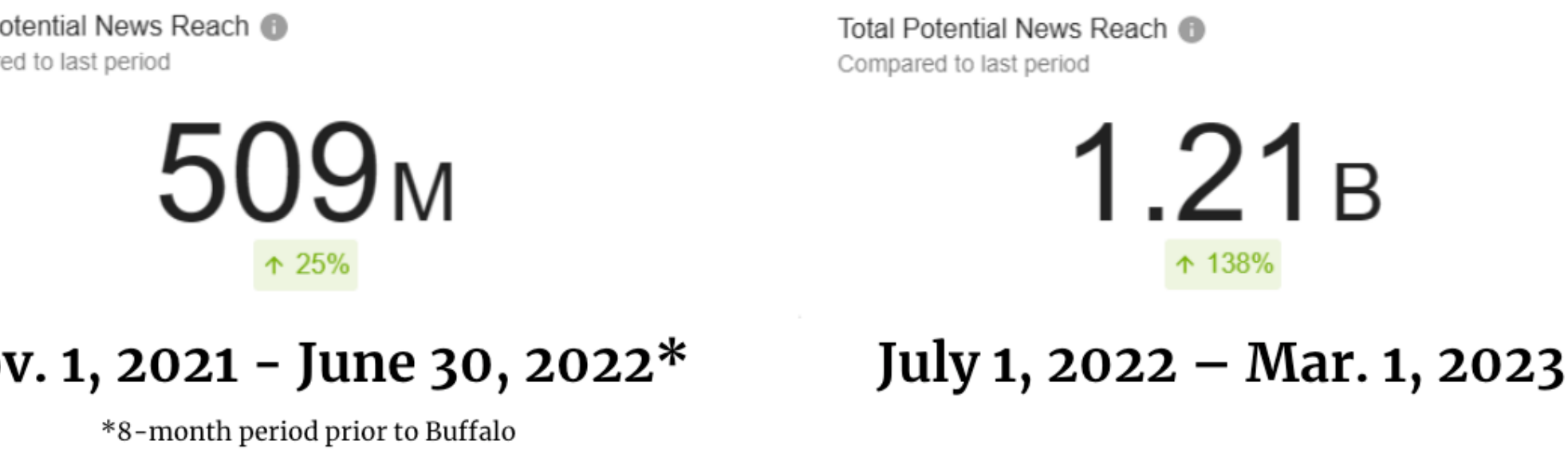
SOLAR / TOP TRACER

The overall solar panels system is expected to generate 80% to 90% of the energy used by the entire golf resort, including the main clubhouse, pump system, and maintenance yard (Where separate solar panels will be installed in the next phase of the project.

2.1 MILLION POUNDS OF C02 ELIMINATION

PRESS EXPOSURE

IWGR has leveraged Troon and Troon's preferred partner Buffalo Agency to ensure the IWGR brand is being discussed in local and national media publications including GolfDigest, Desert Sun, Golf Magazine, Links Magazine and more.



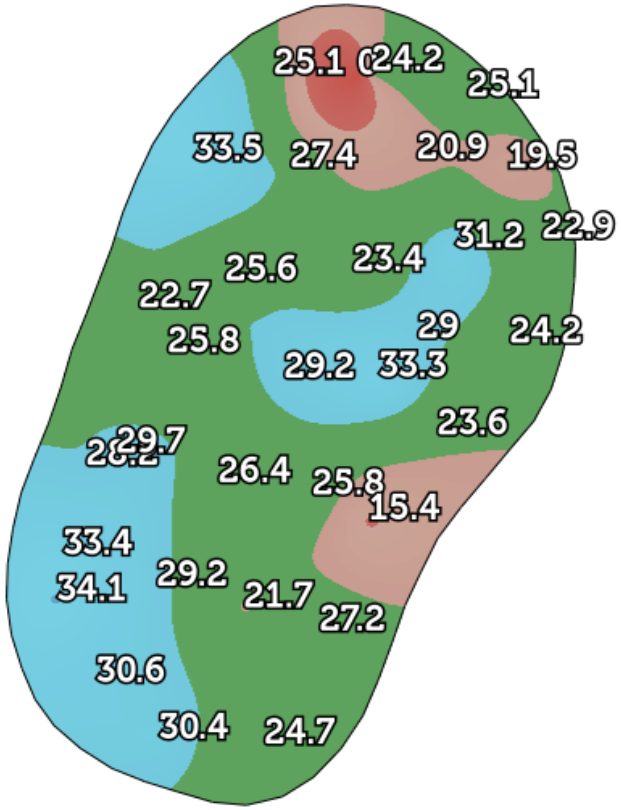
The potential reach from IWGR mentions in the eight months with Buffalo onboard is **1.21 billion**, a **138% increase** from the previous eight months.



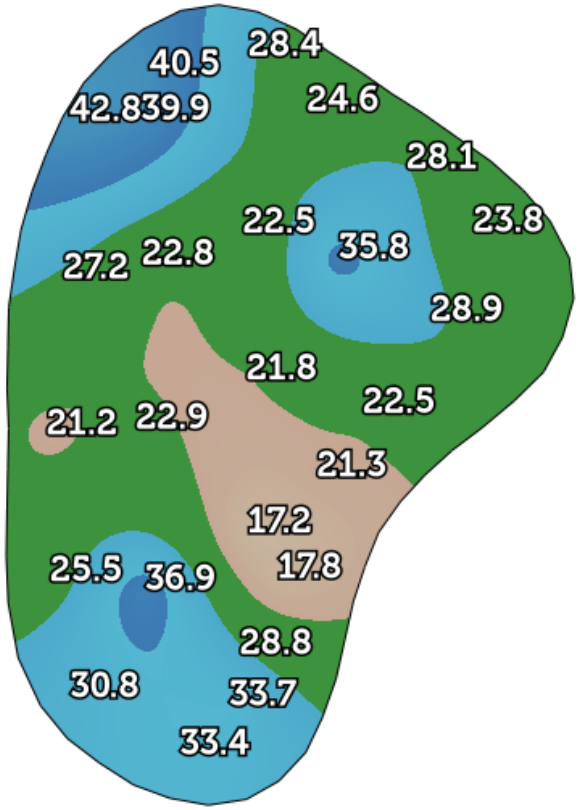
AGRONOMY

NICK LEITNER, DIRECTOR OF AGRONOMY

GREENS MOISTURE TECH | POGO

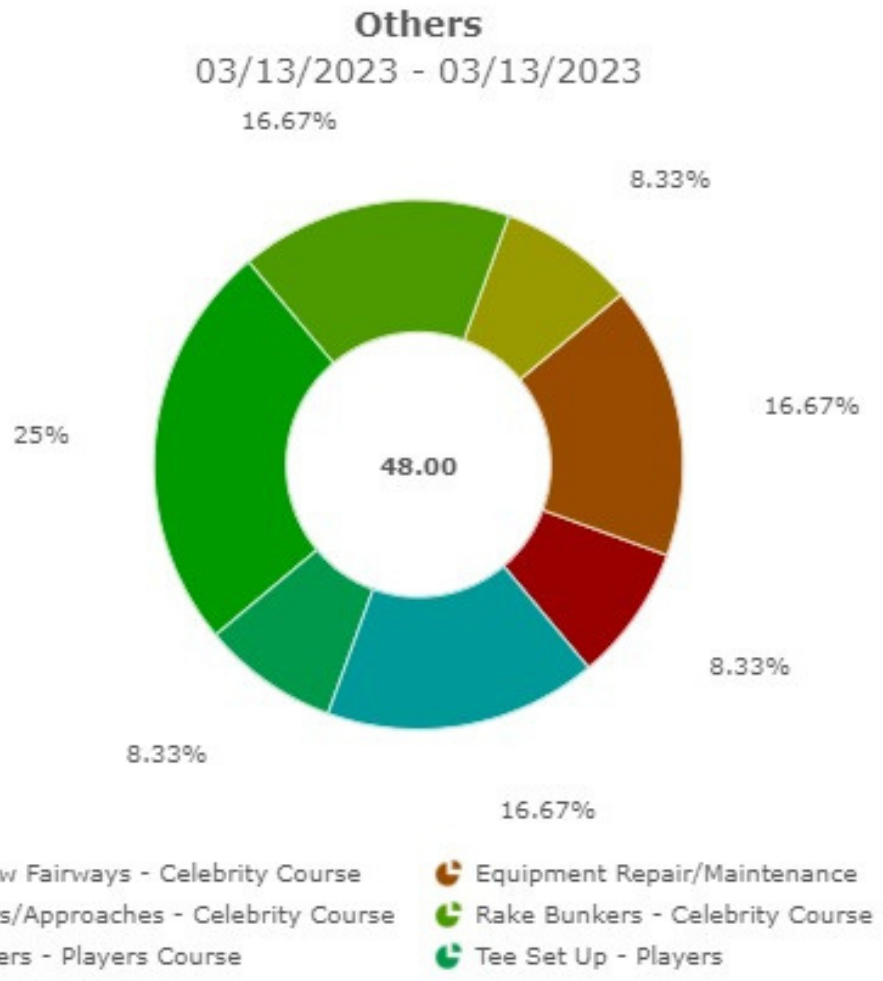


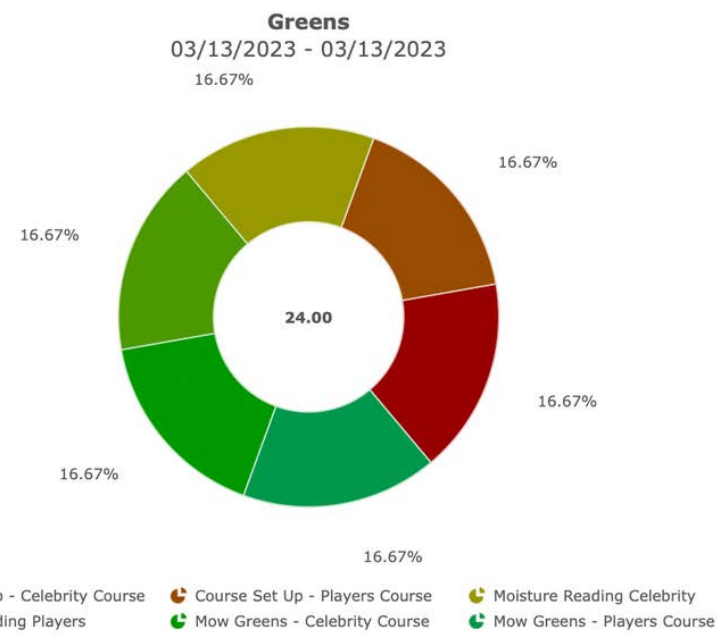




TROON

TASK TRACKER



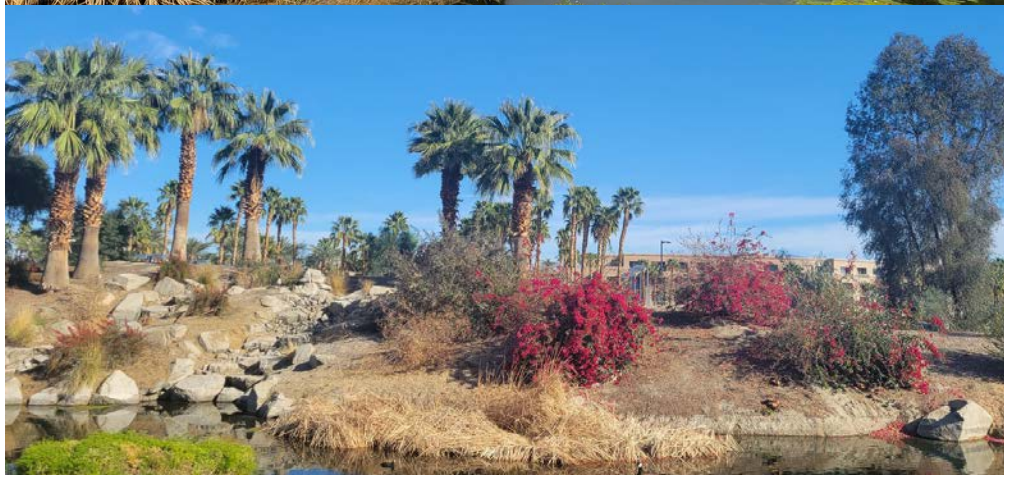


GROUP : **Greens**

TASK NAME	REG HOURS	OT HOURS	TOTAL HOURS
Course Set up - Celebrity Course	4.00	0.00	4.00
Course Set Up - Players Course	4.00	0.00	4.00
Moisture Reading Celebrity	4.00	0.00	4.00
Moisture Reading Players	4.00	0.00	4.00
Mow Greens - Celebrity Course	4.00	0.00	4.00
Mow Greens - Players Course	4.00	0.00	4.00
Total			**24.00**

LEONS LANDSCAPING





Leons Work

Celebrity #10
March 27th & 28th

Celebrity #12
Completed

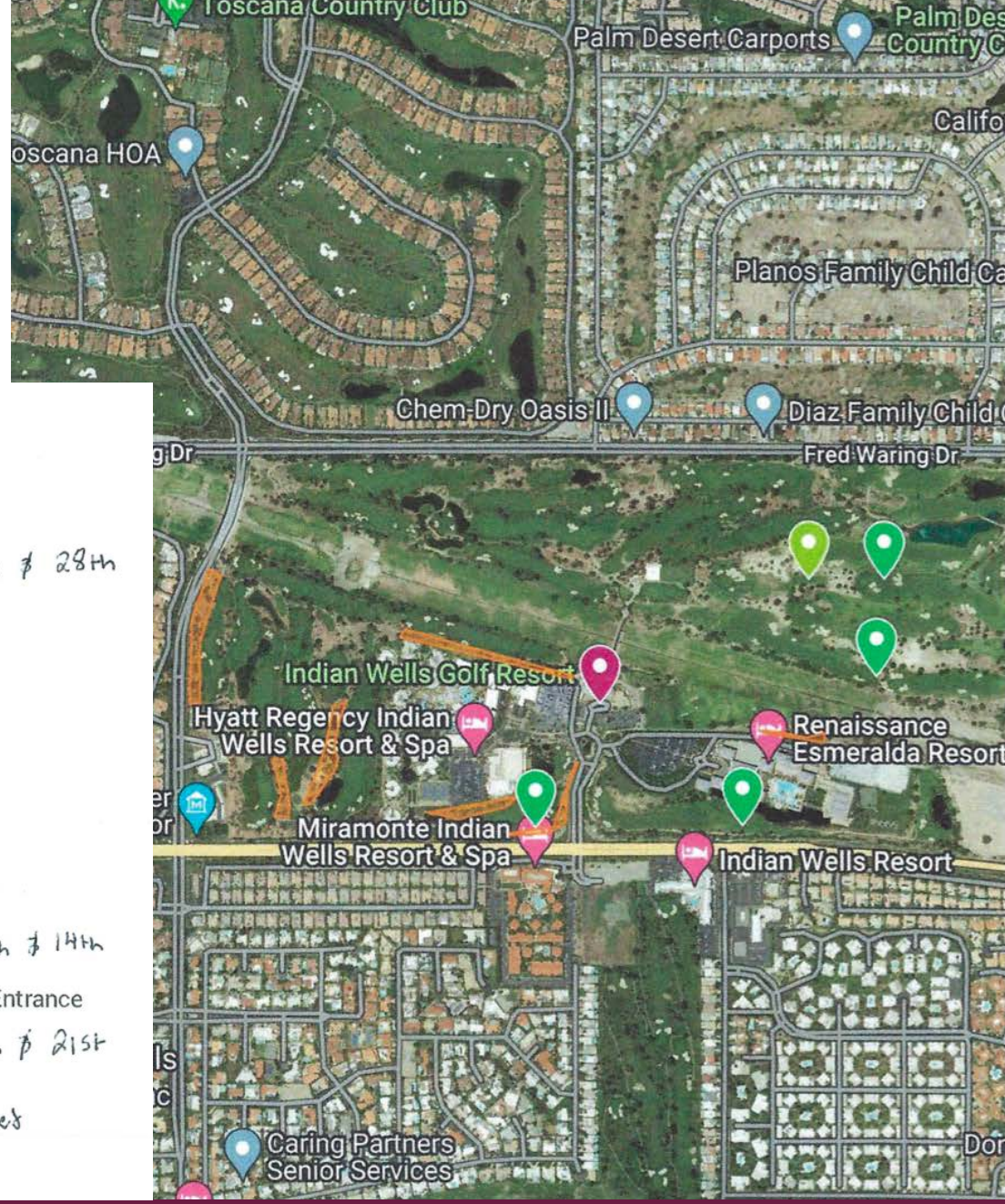
Celebrity #14/#15
Completed

Celebrity #15/#17
Completed

Celebrity #18
March 13th & 14th

Celebrity #18 Main Entrance
March 20th & 21st

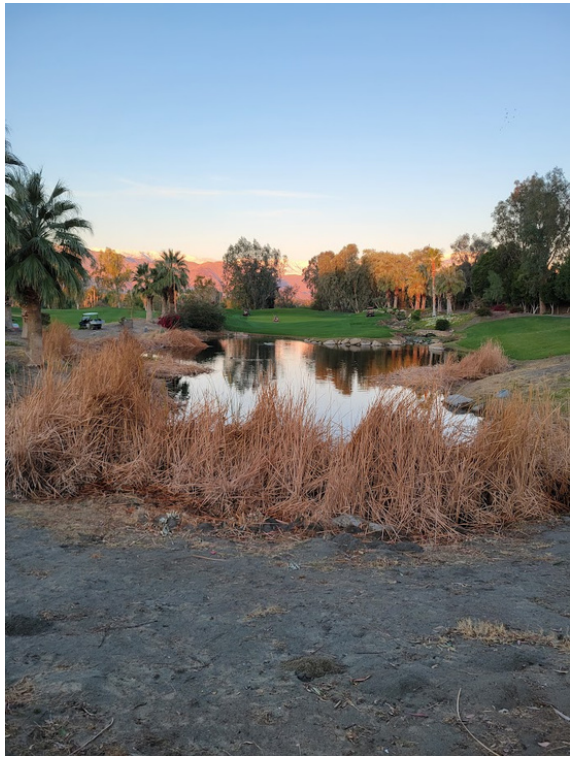
Leon's DR Green
Completed



TROON

CATTAIL REMOVAL #6 CELEBRITY

BEFORE





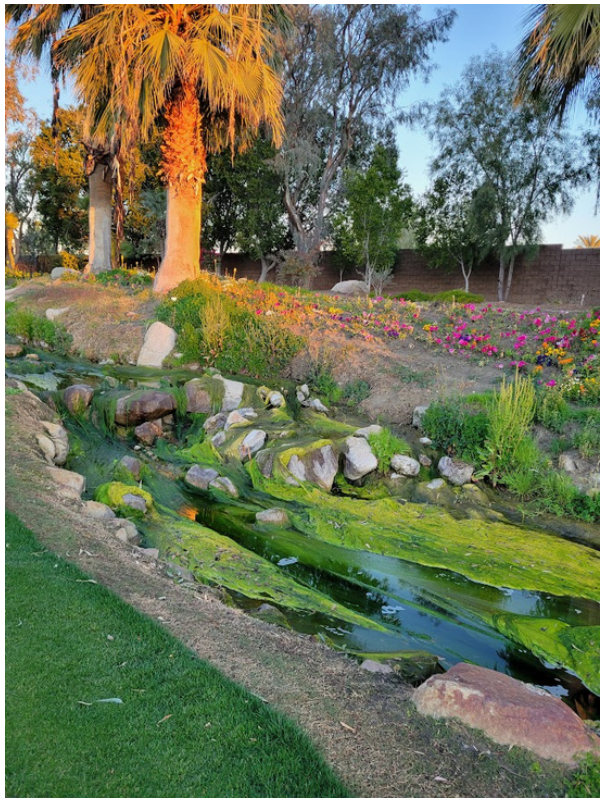
AFTER

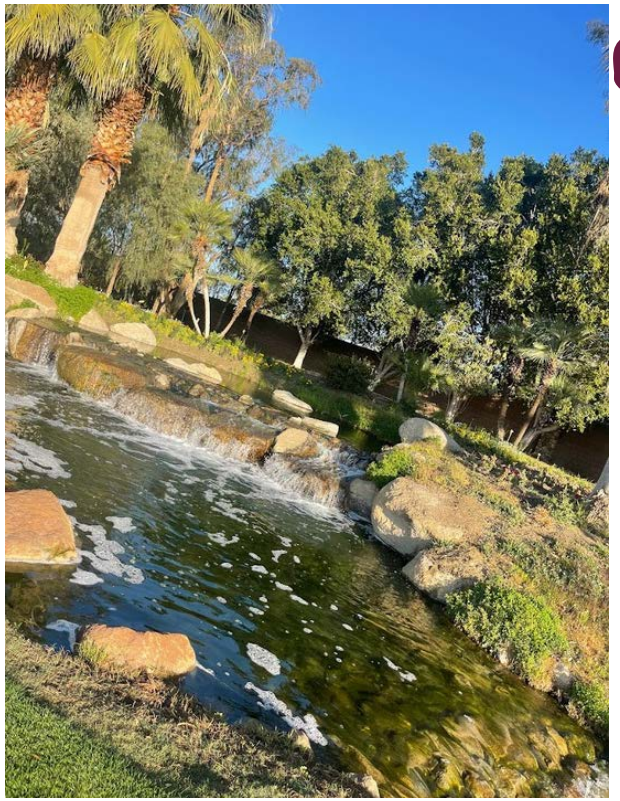


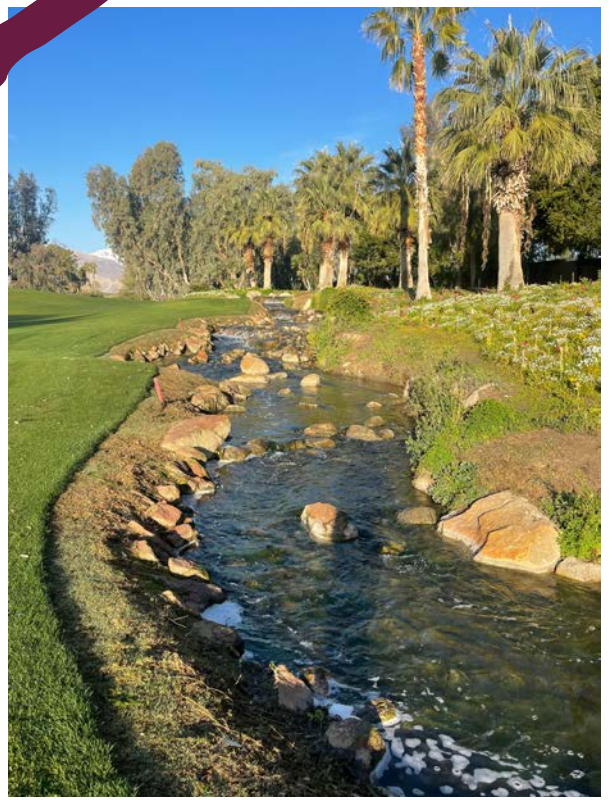
ALGAE CLEANUP #6 CELEBRITY

BEFORE

AFTER





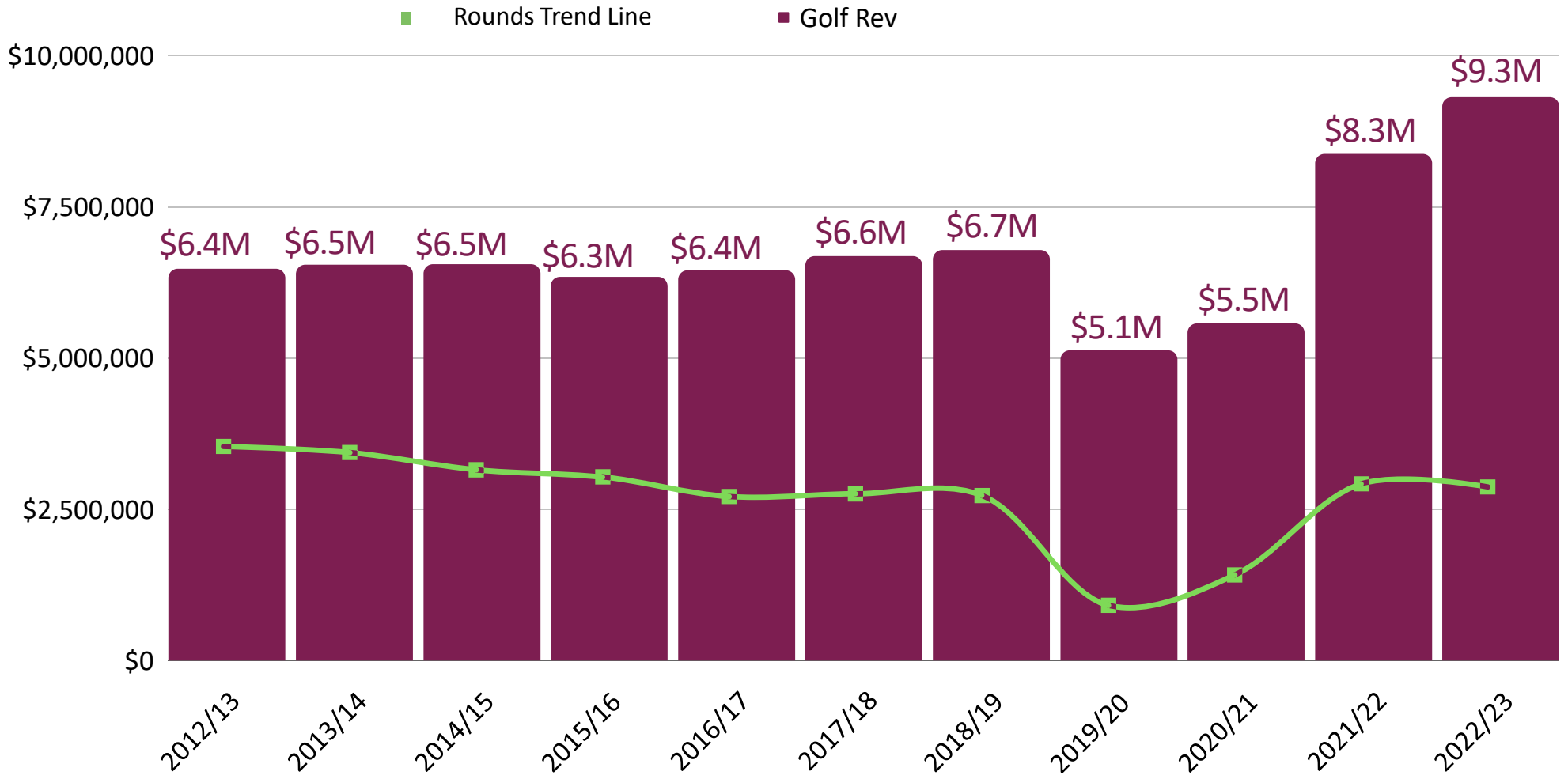




GOLF OPERATIONS

JOE WILLIAMS, DIRECTOR OF GOLF

GOLF REVENUES 10 YEAR HISTORY



Troon Revenue Mangement Services

Troon's team of revenue managers support the Indian Wells Golf Resort team related to data analysis, forecasting, pricing review and recommendations. The methodology includes leveraging industry-leading tools, customized recommendations from a dedicated Troon revenue manager, collaboration with the IWGR team in 2x per-month revenue management meetings, and onsite approval of recommendations. The net result has be industry-leading rate growth/revenue capture for Indian Wells Golf Resort.

Green Fees

$3.2M

PY green fees: $2.8M

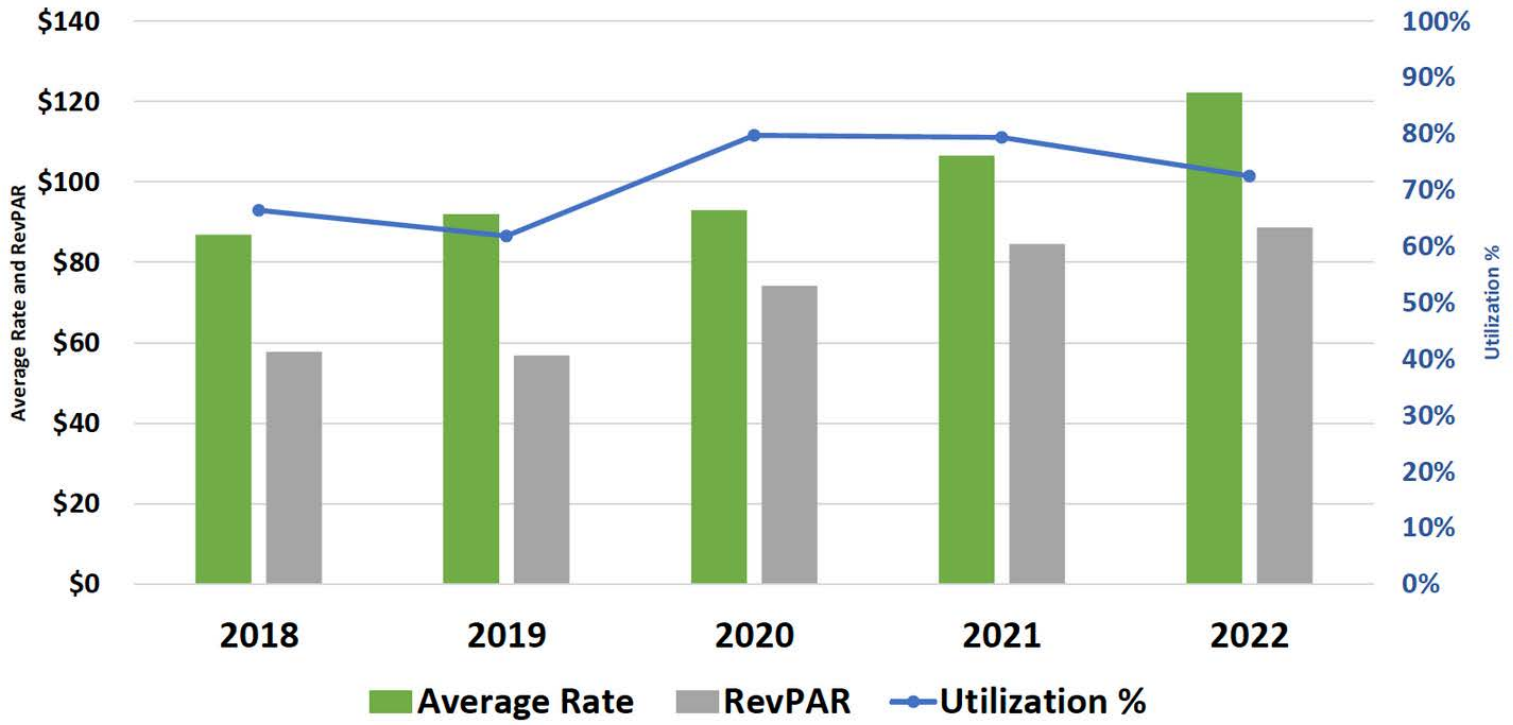
↗ 13.3%

Average Rate

$106.76

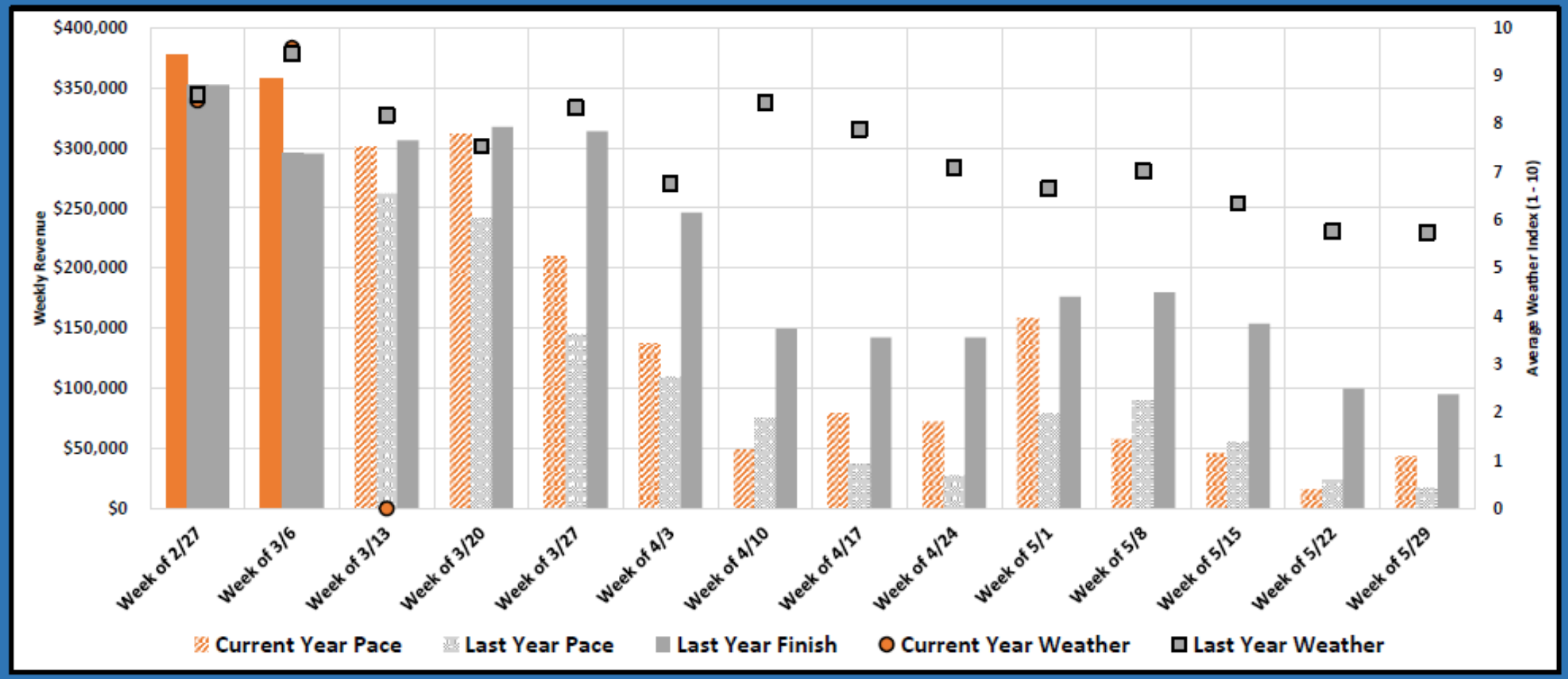
PY average rate: $94.77

↗ 12.6%



REVENUE MANAGEMENT REPORT

Indian Wells — Weekly Revenue Pace As Of 3/13



	Past Two Weeks				Next Two Weeks				3 to 4 Weeks Out				5 to 8 Weeks Out				9 to 12 Weeks Out			
	Revenue	Rounds	ADR	Weather	Revenue	Rounds	ADR	Weather	Revenue	Rounds	ADR	Weather	Revenue	Rounds	ADR	Weather	Revenue	Rounds	ADR	Weather
Last Year (LY)	$647,770	4,947	$131	9.0	$502,893	3,676	$137	7.9	$254,221	1,557	$163	7.5	$218,244	2,268	$96	7.5	$184,802	2,340	$79	7.5
Current Year (CY)	$734,483	4,829	$152	9.0	$612,866	3,980	$154		$346,726	1,978	$175		$358,155	3,052	$117		$163,835	1,797	$91	
CY vs. LY	$86,713	(118)	$21	0.0	$109,973	304	$17		$92,505	421	$12		$139,911	784	$21		($20,967)	(543)	$12	
CY vs. LY (%)	13%	-2%	16%	0%	22%	8%	13%		36%	27%	7%		64%	35%	22%		-11%	-23%	15%	
Last Year Finish	$647,770	4,947	$131		$623,616	4,899	$127		$560,189	4,690	$119		$610,329	6,461	$94		$528,432	6,513	$81	
Last Year Pickup	$0	0	$0		$120,723	1,223	($10)		$305,967	3,133	($44)		$392,085	4,193	($2)		$343,631	4,173	$2	

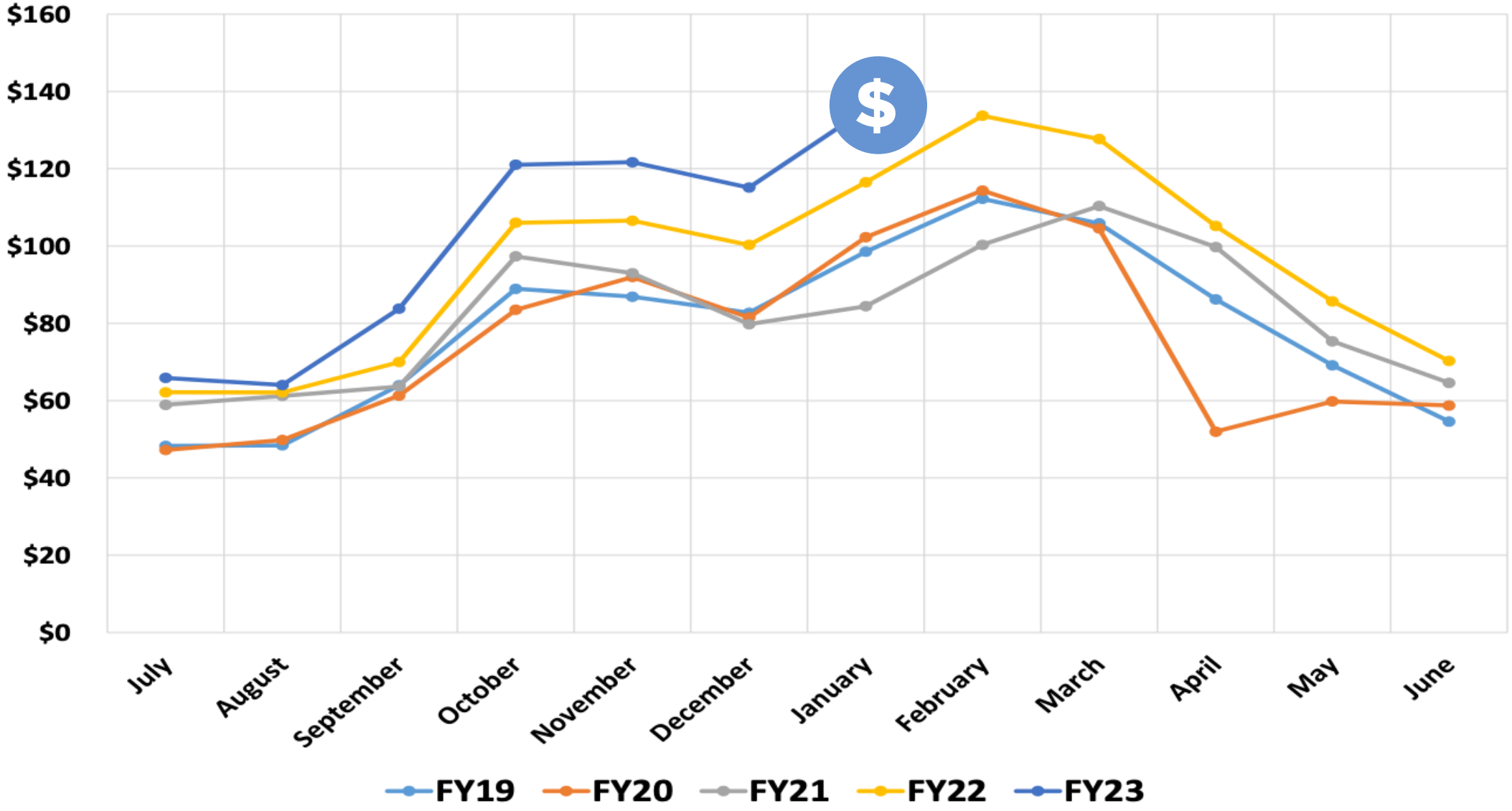
FEBRUARY DAILY FEE AVERAGE RATE

74% Utilization %

	Su	M	Tu	W	Th	F	Sa
6 AM	92.9%	100.0%	81.3%	82.4%	91.2%	72.5%	82.1%
7 AM	96.7%	85.0%	83.2%	73.1%	86.1%	85.3%	100.0%
8 AM	98.0%	99.2%	96.5%	76.5%	91.9%	98.4%	99.3%
9 AM	99.3%	98.3%	99.3%	96.8%	98.4%	100.0%	99.3%
10 AM	98.6%	100.0%	95.9%	95.2%	98.9%	97.3%	100.0%
11 AM	99.2%	96.5%	95.0%	87.0%	94.6%	96.7%	99.2%
12 PM	95.6%	100.0%	85.1%	93.5%	98.8%	99.5%	99.3%
1 PM	67.4%	81.9%	65.2%	58.8%	92.3%	97.4%	90.3%
2 PM	51.7%	72.7%	38.6%	55.6%	72.1%	68.0%	57.9%
3 PM	17.2%	27.3%	2.8%	7.5%	19.3%	29.8%	25.0%
4 PM	0.0%	0.8%	2.8%	1.0%	1.6%	12.5%	0.0%
5 PM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6 PM							

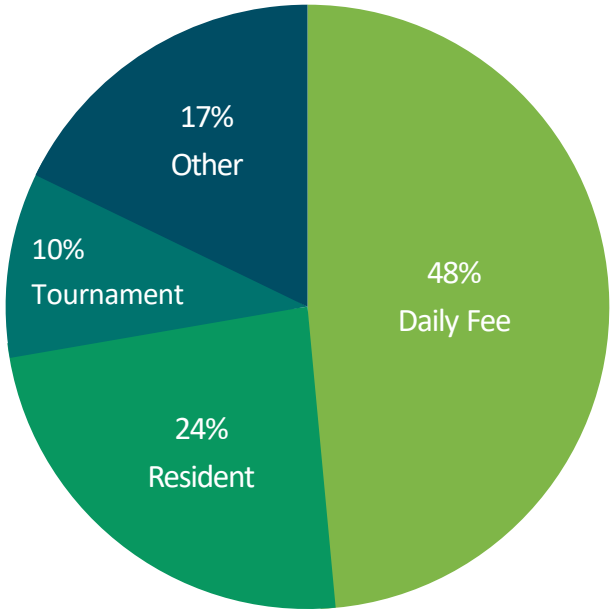
0.0% 100.0% No Data

ADR BY MONTH (2019 - 2023)

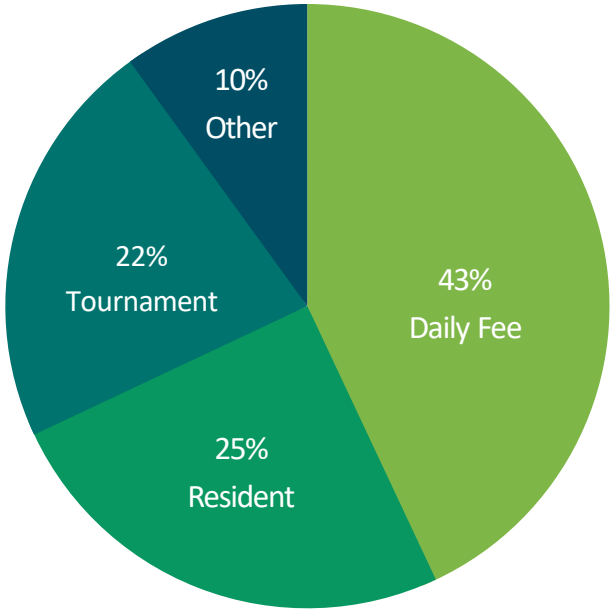


ROUNDS DISTRIBUTION

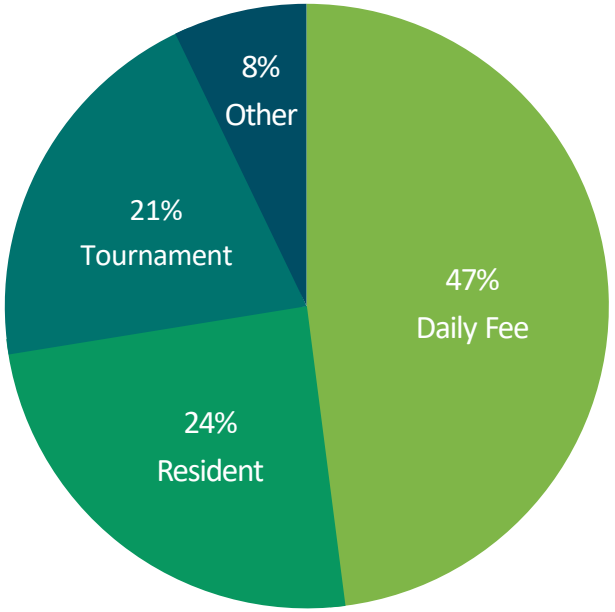
FYE 2019



FYE 2022

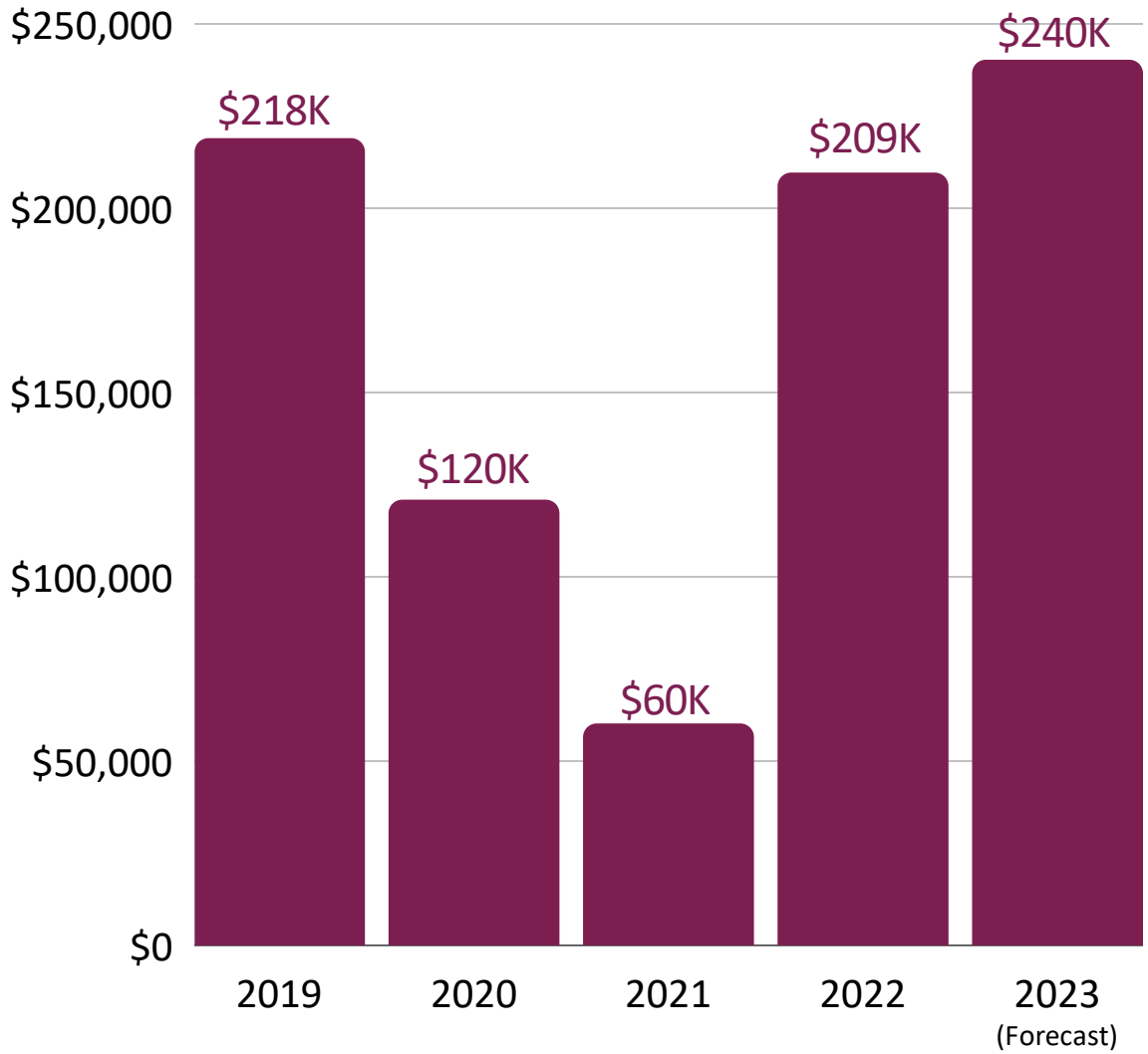


FYFCST 2023



*OTHER PACKAGE, WHOLESALE, PRIVATE CLUB RECIPROCAL, PROMOTIONAL ETC.

CLUB RENTAL REVENUES





THE ACADEMY AT INDIAN WELLS

JUNIORS:

In two years we have brought in 120 families, this year with camps and Operation 36 we have brought in 23 new families. Eric was named Top 50 Coach with Juniors; he has national PGA speaking engagements in the near future.

ADULTS:

Over 30 new families and couples participate this year, translating to new facility-wide spending.

- Mental Golf Workshop
- Golf Schools
- (2) Top Tracer Nights
- Fittings
- Trackman Bay Rentals
- Op 36
- Junior Camps
- PGA Junior League
- Corporate Clinics
- Other Clinics

ACADEMY PARTICIPANTS 266+







RETAIL | TOP 100 GOLF SHOP

AGM Association of Golf Merchandisers

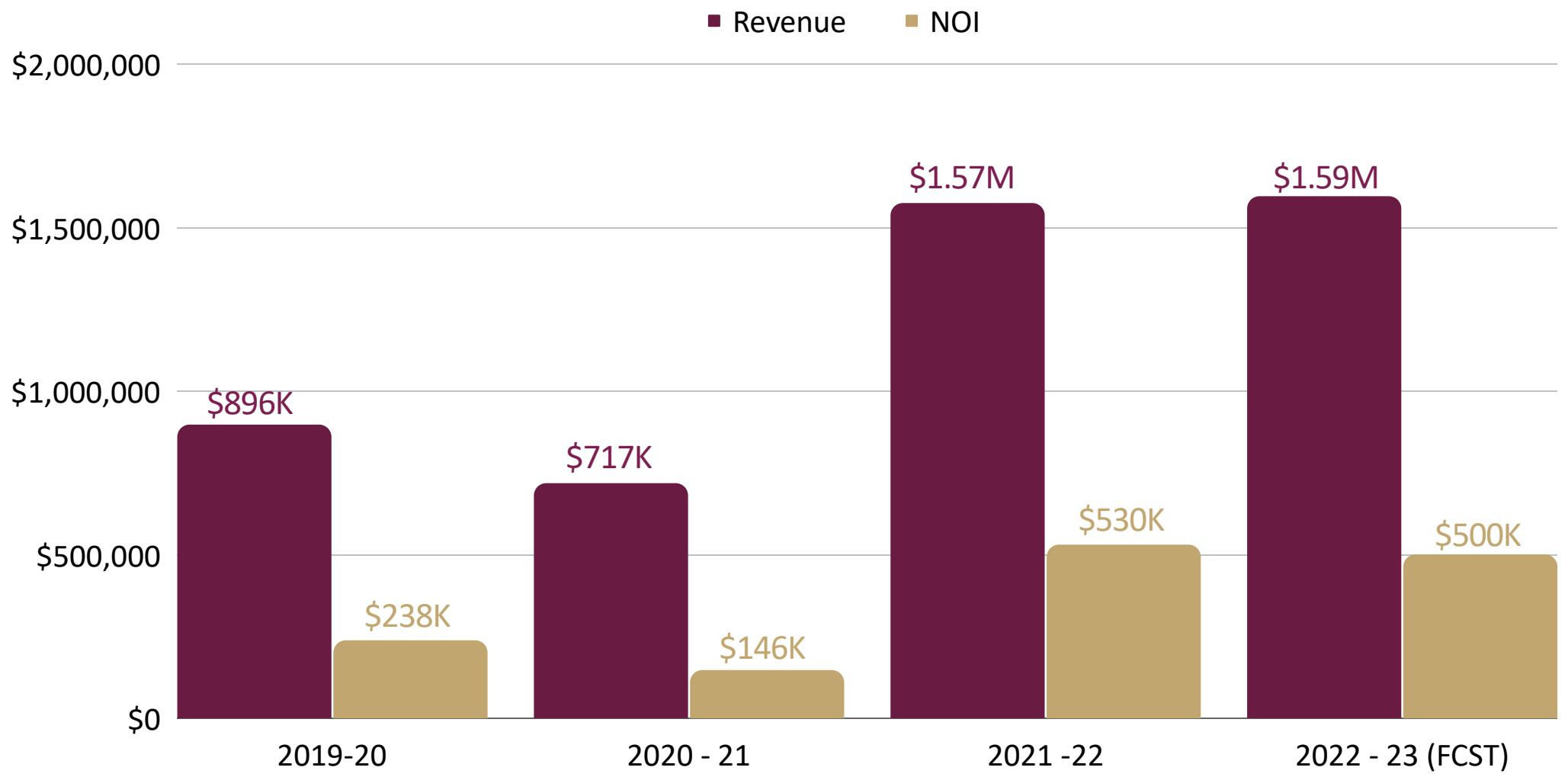








RETAIL PERFORMANCE





SALES AND MARKETING

BEN RODNY, DIRECTOR OF SALES & MARKETING

MARKETING

DIGITAL CONCIERGE

Based on increased communications and relationship building with the campus hotel partners, we instituted our digital concierge program in the lobbies of the Hyatt and Renaissance resorts to ensure ease of booking tee times and contacting the Golf Resort. Without the Resorts' partnership this would not have been possible.



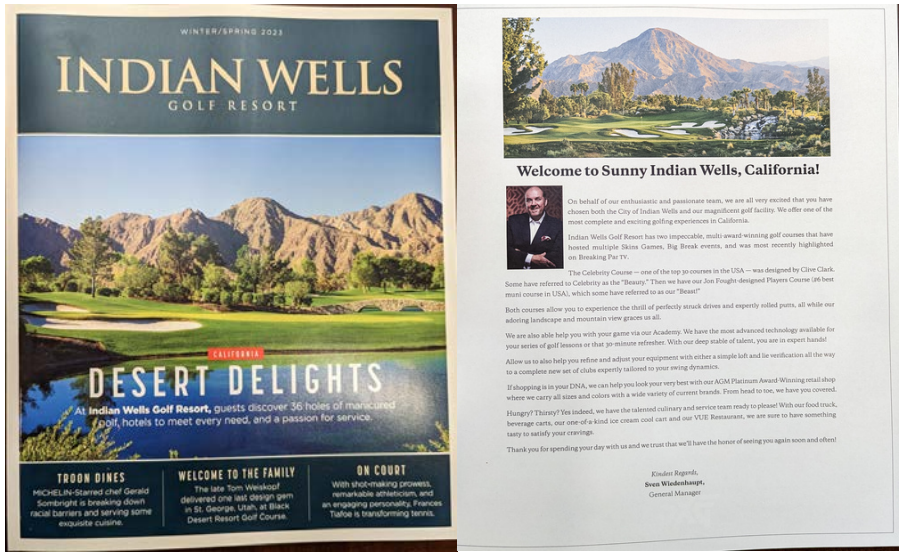
HYATT DISPLAY



RENAISSANCE DISPLAY

THE IWGR MAGAZINE (TROON MAGAZINE)

Through a collaborative effort with Troon we were able to customize and produce The Indian Wells Golf Resort Magazine with custom welcome letters for The Campus General Managers. The publication can be found at IWGR along with The Hyatt and Miramonte Resort's.



GOLF EXPERIENCES

July 1, 2022 - January 31, 2023	Hotel	Revenue	Nights	ADR
	Indian Wells Hotel	$4,228.62	48	$88.10
2021/2022 PRODUCTION: REVENUE - $100,066.07 ROOM NIGHTS: 409	Miramonte	$13,221.05	100	$132.21
	Renaissance	$21,290.30	86	$247.56
	Hyatt	$11,018.95	28	$393.53
	TOTAL	**$49,758.92**	**262**	

GROUP GOLF & CATERING SALES

- Recognized opportunity to transform our group business based on market trends and underutilization of certain resort venues.
- Course buy-outs predominantly moved to beginning of the week.
- ADR (Average Daily Rate) is maximized on weekends.
- Instituted F&B Minimum for Groups of 40 golfers and up.
- Pavilion wedding inquiries have settled to pre c. levels.
- Instituted new pricing strategy for events.
- Focus on executive day meeting program with elements of the Academy, Culinary, Golf, teambuilding.







GROUP GOLF SALES

Indian Wells has done an excellent job capatilzing on increased demand for group golf events. Group Golf revenues are projected to be the highest they have been in the past decade exceeding $2 million. An 18% increase in average group round rate has allowed IWGR to host less group rounds and still increase revenues by 5% over prior year.

2022 / 23 Avg. Rate

$122

(per group round)

PY Avg. Rate: $103.56

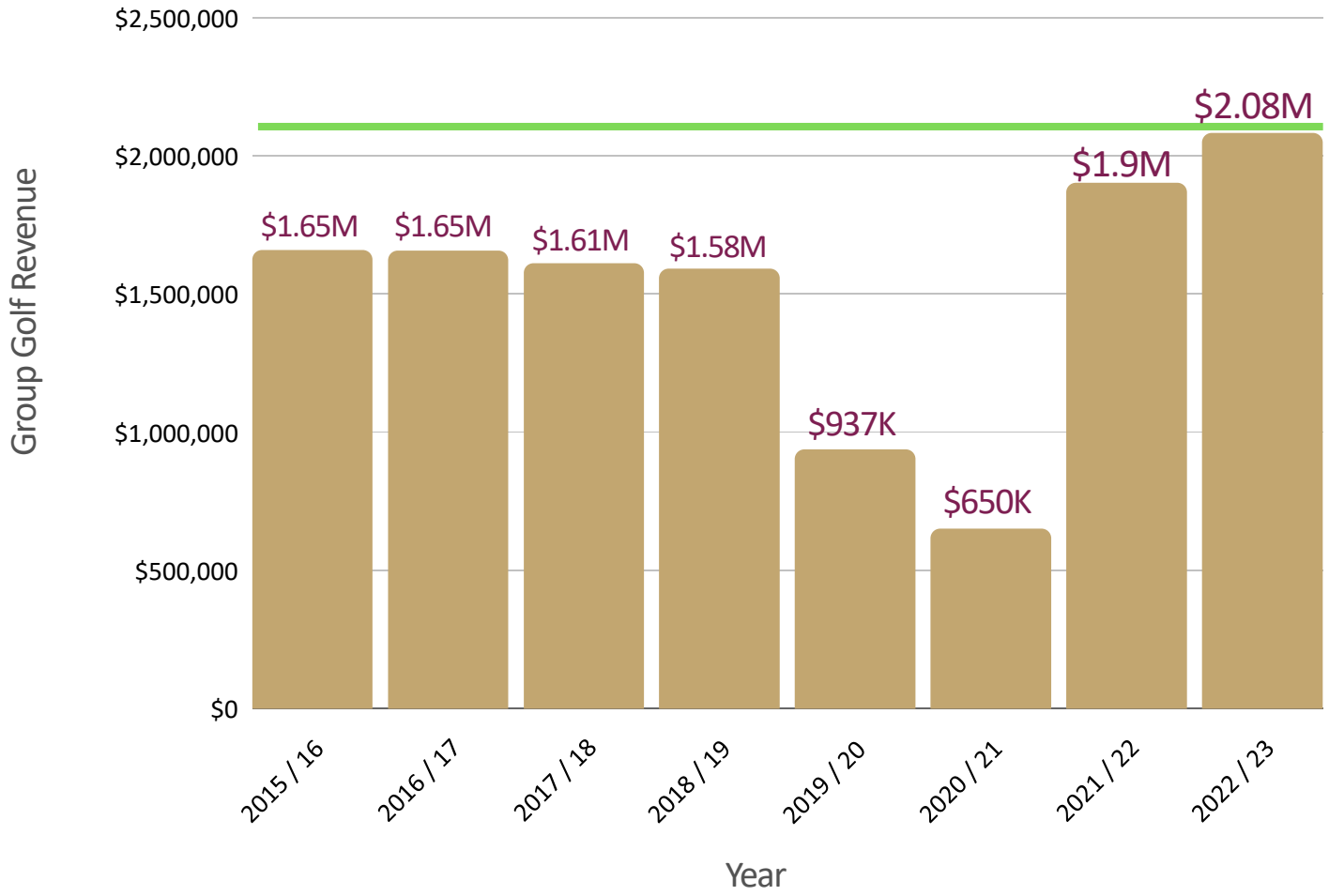
↗ 18.4%

2022 / 23 Revenue

$2.08 Mil

PY Revenue: $1.9 Mil

↗ 5.14%

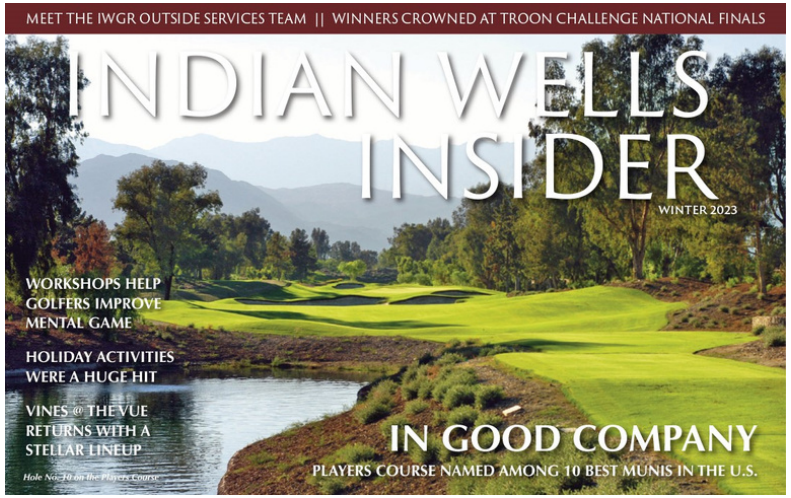


ENHANCED COMMUNICATIONS

INTRODUCED 'THE ARROW' RESIDENT NEWSLETTER.



MADE THE IW INSIDER A QUARTERLY MAGAZINE



UTIZLING OUR EMAIL DATABASE WE ARE ACHIEVING UNPRECEDENTED OPEN RATES

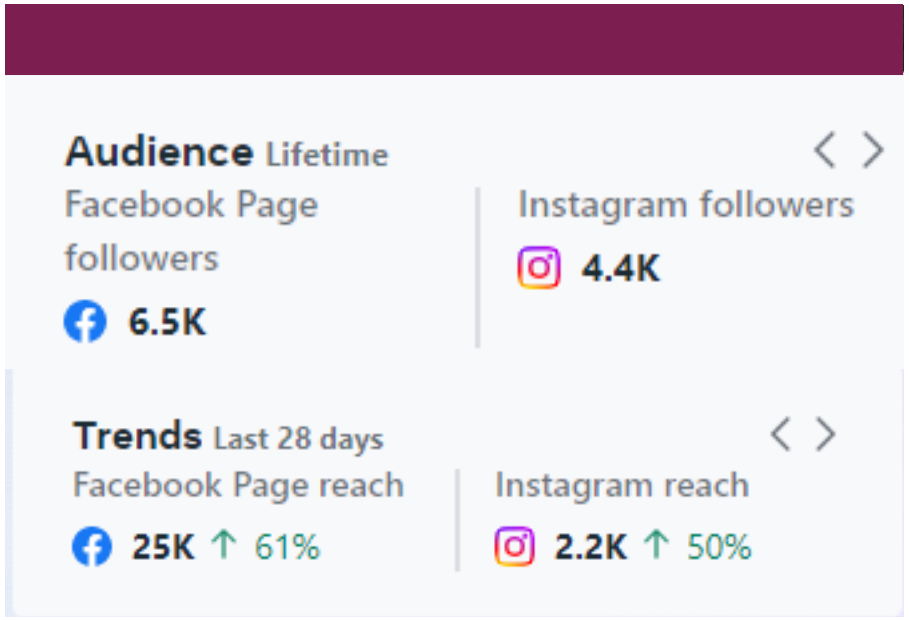
-THE ARROW SENT OUT ON 3/14/23
TO 2,411 EMAIL ADDRESSES

OPEN RATE: 62.4%

-TROON SO CAL EMAIL BLAST WENT OUT TO 62,402 EMAIL ADDRESSES

OPEN RATE: 40.01%

SOCIAL PRESENCE AND ACCOLADES



11K

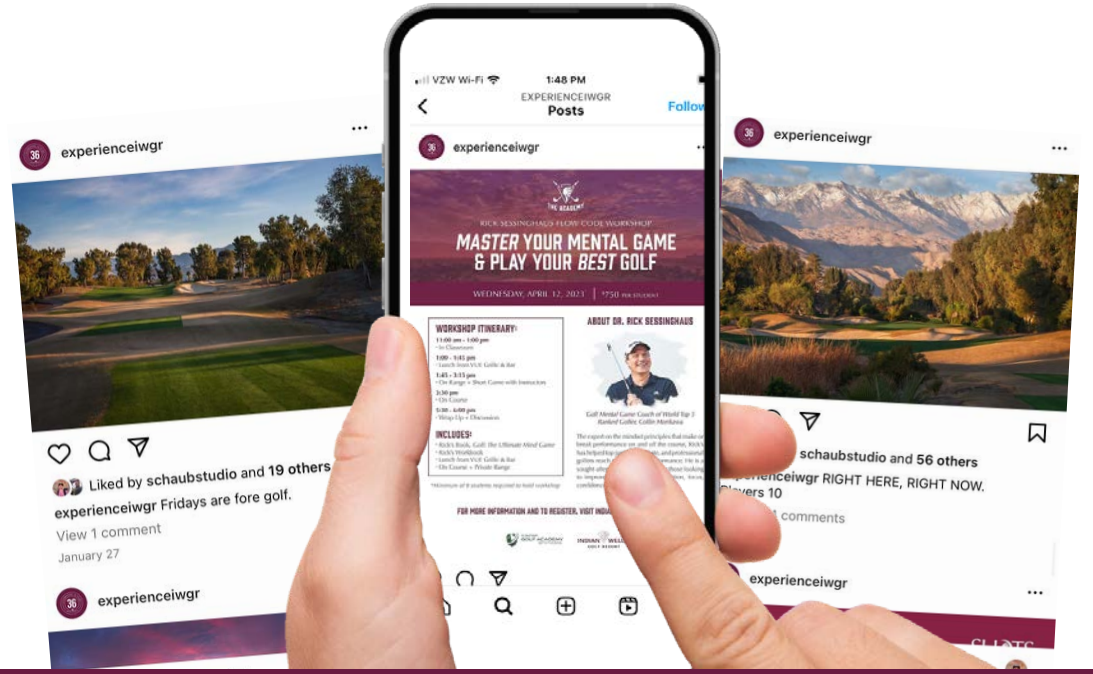
TOTAL FOLLOWERS

2023

GOLF PASS - GOLFERS CHOICE -TOP U.S. GOLF COURSES - CELEBRITY COURSE - N. 28

2022

Links Magazine - Players Course N. 6 - Top 10 Municipal Courses in the USA
Golf Advisor - Top Courses in California - Celebrity Course N. 6
Golf Advisor - Golfers Choice Top 50 Golf Courses in US - Players Course N. 28



TROON



GLOBALLY PRESENT

INDIAN WELLS VIA TROON CHANNELS

KRIS STRAUSS, EXECUTIVE VP GLOBAL SALES & MARKETING

INDIAN WELLS EMAILS TARGETING TROON DATABASE

Indian Wells Golf Resort is afforded dedicated sponsored email campaigns targeting 1.3 M opt in emails within the Troon Database. Recent example of such is a targeted email campaign promoting WinterFest that went to 293,256 emails. Related to value of these marketing efforts, for context the Southern California Golf Association typically charges $8500 for one dedicated email blast targeting just over 100,000 emails.



<u>November 21st 2022 | Winterfest</u>

Sends: 293,256 contacts

Unique Opens: 101,545 contacts (34.63%)

Unique Clicks: 1,282 clicks

<u>August Troon Card Enews Troon Challenge Host Feature</u>

Sends: 10,251 contacts

Unique Opens: 5,189 contacts (50%)

Unique Clicks: 400 clicks

<u>July Rewards E-statement Feature</u>

Sends: 280,307 contacts

Unique Opens: 101,701 (36.28%)

Unique Clicks: 128 clicks

<u>September Troon Golf California Feature</u>

Sends: 138,904 contacts

Unique Opens: 48,790 (35.12%)

Unique Clicks: 690 clicks

722K

Emails Sent

TROON MAGAZINES

1 MIL
Total Reach

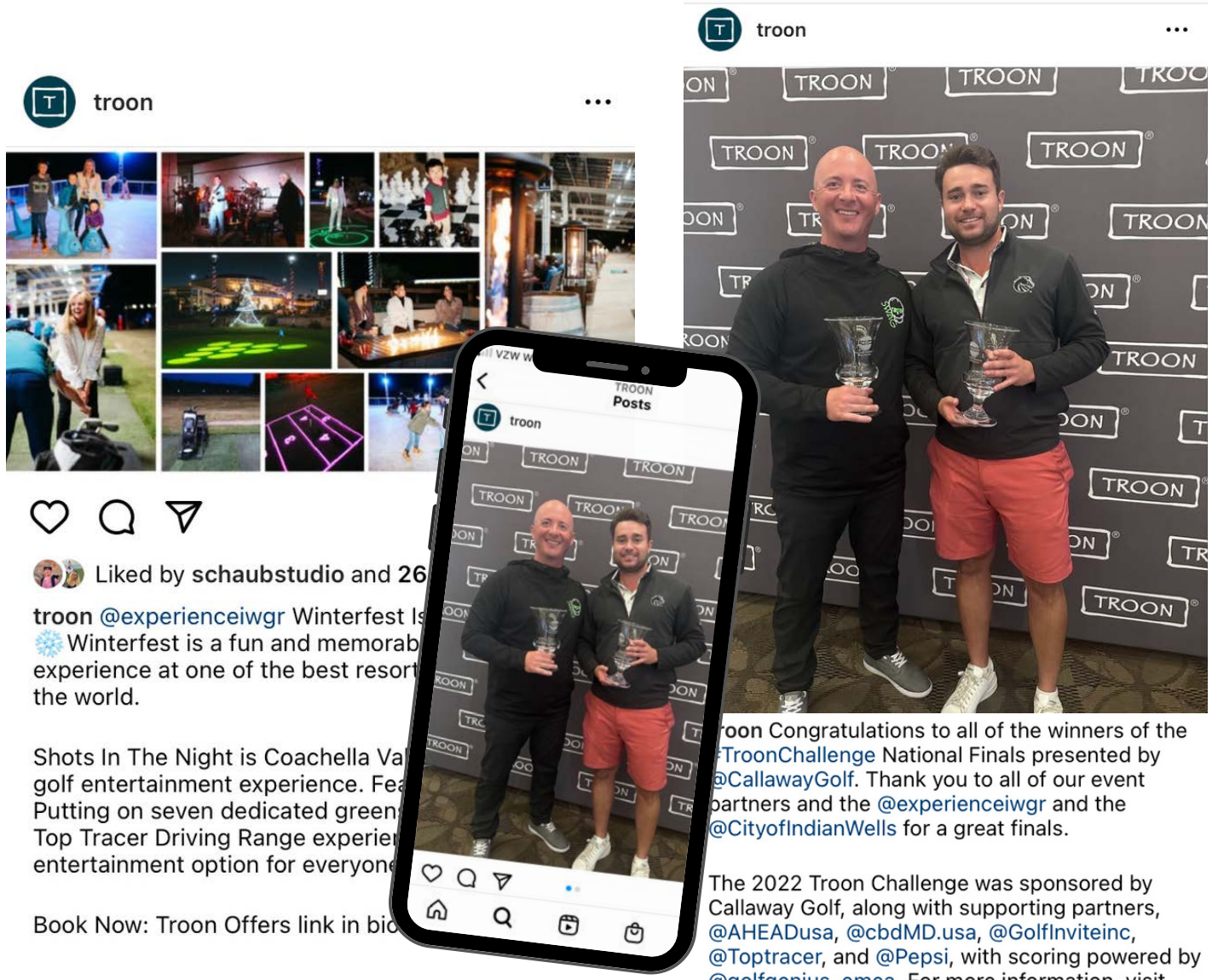
TROON MAGAZINE
Troon Rewards Ad Feature: Sept/Oct Issue. Cir: 1,035,000

TROON PRIVE MAGAZINE
Troon Rewards Ad Feature: Oct/Nov Issue: Cir 47k



Troon Rewards Ad Feature in Troon Mags





TROON SOCIAL

Utilizing Troon best practices, we are dedicated to building Indian Wells social footprint leveraging social trends, club features on Troon accounts and sharing the Troon content calendar for inspiring club posts.

25.9k Followers

57.8k Followers

22.8k Followers

36k Followers

Winterfest / Troon Challenge Posts: 2
Facebook Posts Reach 114k
2 Instagram Post: Reach 50k
2 LinkedIn Post: Reach 70k
1 Twitter Post: Reach 22k
1 LinkedIn Post: Reach 36k

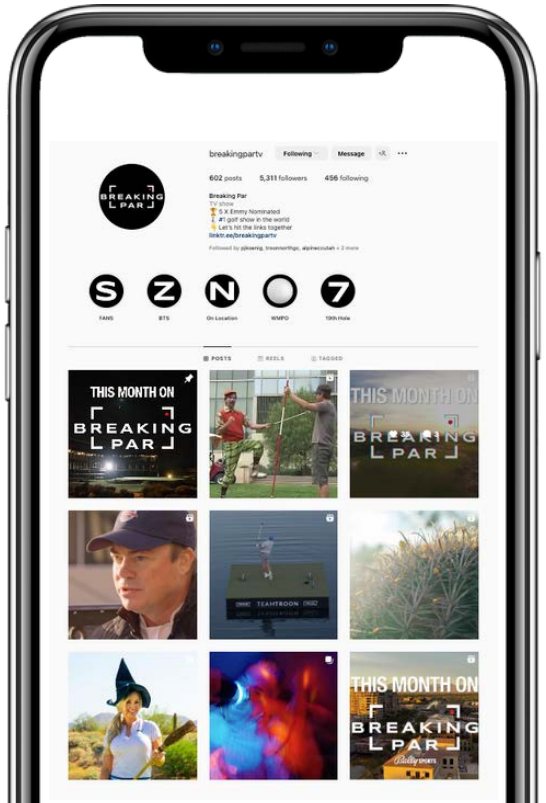
292k
Total Reach

BreakingPar

Filmed on-site at IWGR January 2023 | Episode to air February 2023 - March 2023

Episode to feature the entirety of the facility. TopTracer Experience, amazing culinary experience at Vue, Shots in the Night putting experience AND two of the best courses you can play in CA (Celebrity and Players).





2022 TROON CHALLENGE FINALS HOST

$150k
Revenues

Indian Wells Golf Resort played host to the 2022 Troon Challenge finals in spectacular fashion exposing 140 of Troon's most loyal customers to the IWGR experience.

RESORT / HOTEL DELIVERY

Renaissance Room Nights Booked: 178

Renaissance Revenue Generated: $36,141.27

IWGR DELIVERY

Golf Spend: $58,000

- Shots in the Night fee: $1,500
- Golf Shop GC: $14,000

F&B Spend: $40,445.

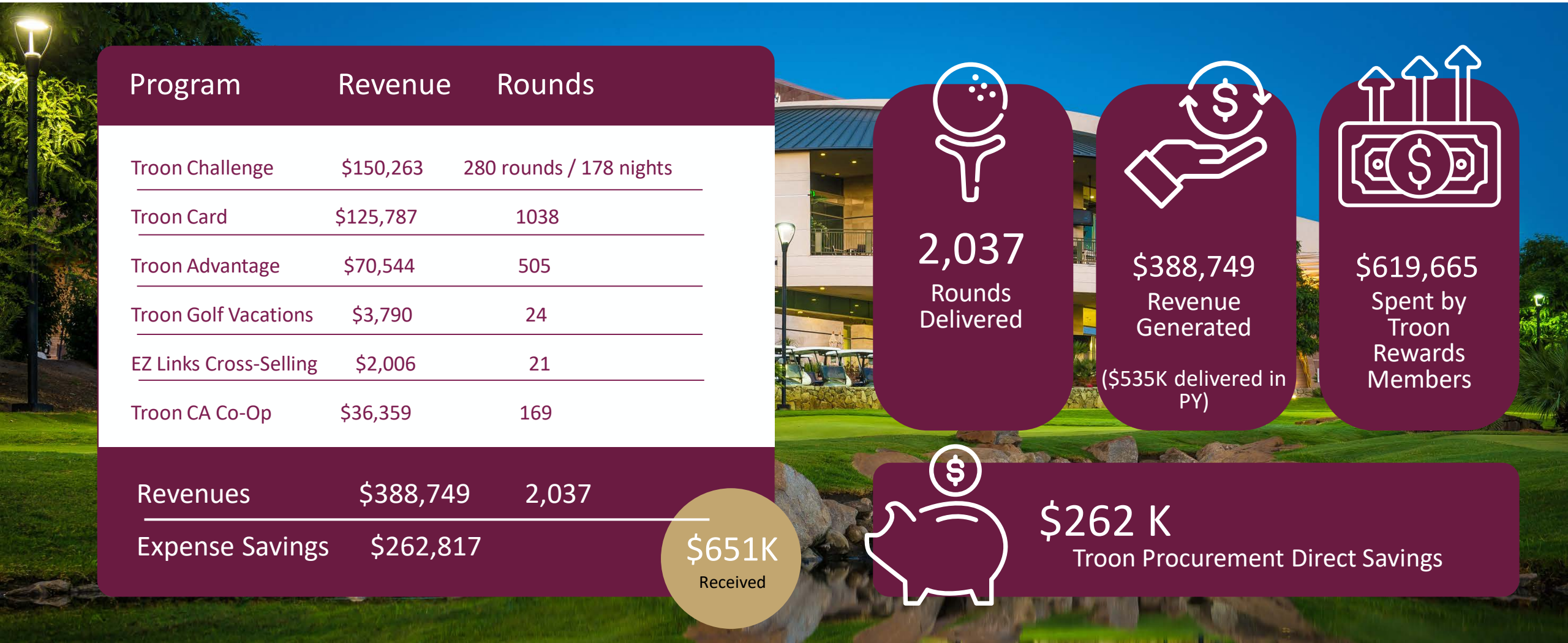




YEAR TO DATE DELIVERY

Troon delivered 2,037 rounds and $388,749 in revenue to Indian Wells Golf Resort.

Troon Rewards Members spent $619,665 at Indian Wells Golf Resort.



Program	Revenue	Rounds
Troon Challenge	$150,263	280 rounds / 178 nights
Troon Card	$125,787	1038
Troon Advantage	$70,544	505
Troon Golf Vacations	$3,790	24
EZ Links Cross-Selling	$2,006	21
Troon CA Co-Op	$36,359	169
Revenues	$388,749	2,037
Expense Savings	$262,817	

$651K
Received

2,037
Rounds Delivered

$388,749
Revenue Generated

($535K delivered in PY)

$619,665
Spent by Troon Rewards Members

$262 K
Troon Procurement Direct Savings



CAPITAL PROJECTS

SVEN WIEDENHAUPT, GM

FAIRWAY GRILLE

- Estimated cost of $800k
- ROI not to exceed 10 years
- Return of a very popular destination



VUE 2.0

- Estimated costs starting at $1 million
- Enhance clarity of concept
- Alternatives currently being explored









BANQUET KITCHEN / PAVILLION

- Estimated costs of $2.5 million
- Enhanced operational efficiency and qualitative guest experience
- ROI not to exceed 9 years







GOLF SUITES

- Estimated costs of $2 million
- ROI not to exceed 8 years
- Hotel function space
- Activates campus for additional programming







THE VUE REIMAGINED

ED DOYLE, PRESIDENT REALFOOD HOSPITALITY, SVP TROON F&B

INDIAN WELLS GOLF RESORT STRATEGY SESSION

Domestic Visitor Summary: Indian Wells

From January 01, 2022 to December 31, 2022

visit greater palm springs
find your oasis

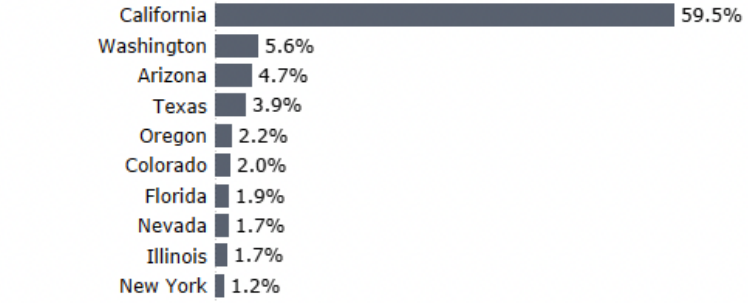
1.2 days
Avg Length of Stay

76.3%
Overnight Visitors

9.8%
Repeat Visitors

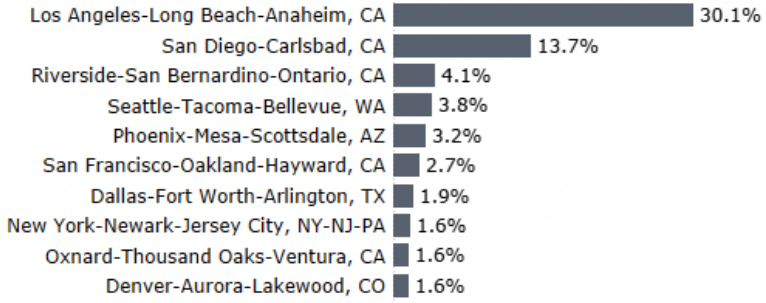
Top-10 Visitor Origin States

% share of total



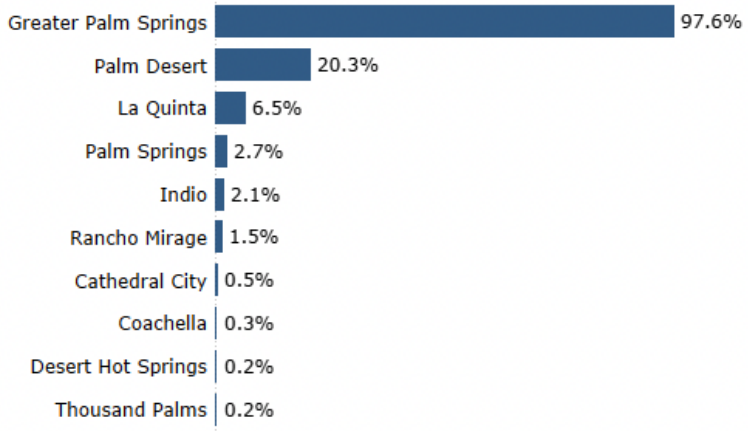
Top-10 Visitor Origin MSAs

% share of total



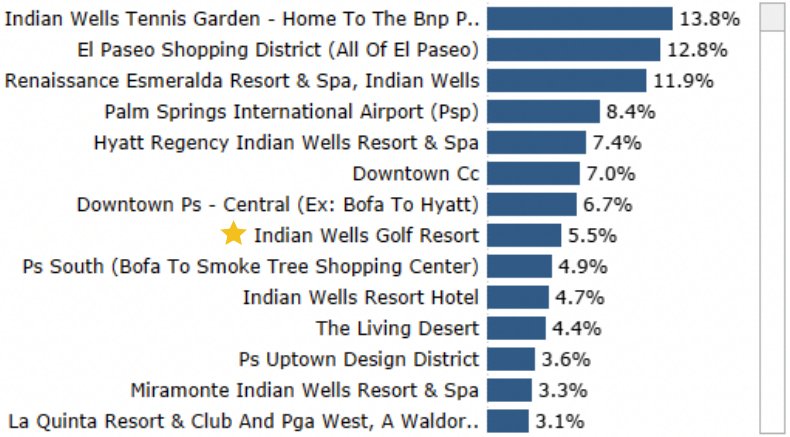
Cross Visited Geographies

% share of visitors who made a trip to Indian Wells



Top-10 POIs Visited

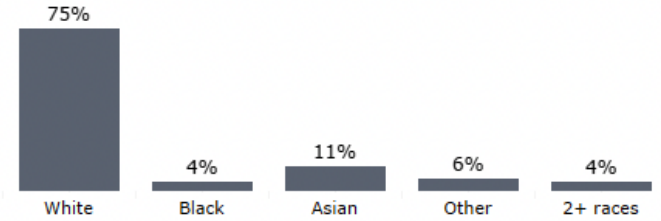
% share of trips



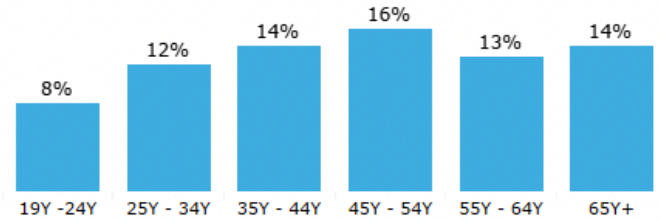
Origin Demographics

% share of total

Race

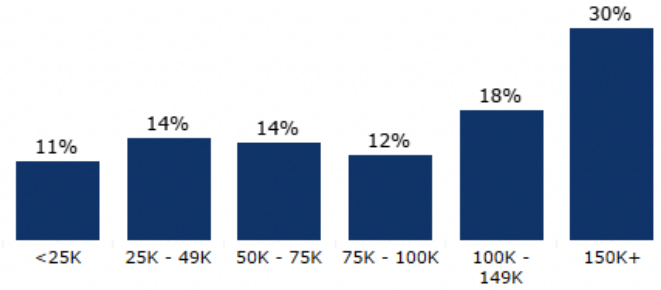


Age Groups



Household Income

Median: $108.5K



Sample Size: 2,592

Source: Near & United States Census Bureau

THE VUE COMP SET A



Eureka!

- Chain restaurant elevated experience American Food craft/local drinks.
- 2.0 miles away
- Lunch avg. price: $35
- Dinner avg. price: $35

M

- Fine dining with sushi and American classics.
- Extensive wine, sake, bourbon lists.
- 2.9 miles away
- Lunch avg. price: $40
- Dinner avg. price: $65

Tommy Bahama

- Classic American and Mediterranean flair, big bar, prime location on El Paseo.
- No reservations.
- 3.5 miles away
- Lunch Avg. price: $35
- Dinner Avg. price: $45

PACIFICA
SEAFOOD RESTAURANT

- Elevated to Fine Dining - Seafood Restaurant. 15 years in business. 3 private dining space options.
- 3.4 miles away.
- Lunch avg price: $45
- Dinner avge price: $65

THE VUE COMP SET B

VUE GRILLE & BAR

Fortun's Kitchen + Bar

- Elevated Kitchen & Bar
- Dinner only
- Avg. price $65 per person
- 5.6 miles away

La Quinta Cliffhouse Grill & Bar

- Fine dining – Grille/Steak house – American Food – extensive wine list.
- 2.1 miles away
- Dinner only. (4pm)
- Avg price: $75 per person

Eddie V's Prime Seafood

- Dinner Only. Elevated/Fine dining
- Avg Dinner price $100
- 3.8 miles away

Daily Grill Restaurant & Bar

- American Dining
- $40 lunch avg price
- $65 dinner avg price
- 4 miles away

[Unnamed]

- Classic American Bar/Sports bar with pool tables, large bars and sticky floors
- Avg lunch per person - $25
- Avg Dinner per person- $40
- 2.4 miles away.

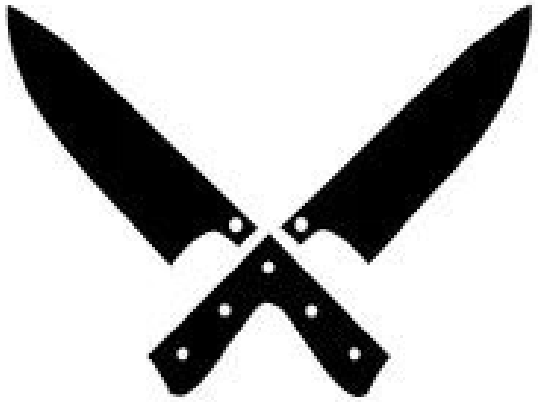
PROPOSED CONCEPT #1

Rebrand the VUE with new name, concept and all new interiors.



PROPOSED CONCEPT #2

Reimagine VUE with new name, concept, all new interiors and a Celebrity Chef.



Celebrity Chef



MANAGEMENT AGREEMENT

BILL O'BRIEN, SENIOR VP OPERATIONS





Management Contract



Request for Proposal (RFP)

- Process
- Options
  - Benchmarks & Standards added in contract
  - Incentive Based?



CELEBRATE!

- A Job Well Done -

Indian Wells City Council

March 23, 2023

STAFF REPORT

To:	City Council
From:	City Manager Department
Prepared by:	Christopher Freeland, City Manager
Subject:	**2023 Indian Wells Golf Report Strategic Planning Session**

RECOMMENDED ACTION:

Council **REVIEWS, DISCUSSES,** and provides **DIRECTION** on the 2023 City Council Goals and Objectives for the Indian Wells Golf Resort.

BACKGROUND:

Strategic planning determines where an organization is going over the next year or more, how it is going to get there, and how it will know if it got there or not. This is the City's "Game Plan." The focus of a strategic plan is to outline the goals of the City Council for the Indian Wells Golf Resort (IWGR) over some time (one, three, or five-year are common). Goals-based planning starts with focusing on the organization's vision and/or values, then selecting projects and programs to meet and achieve the goals, analyzing the resources needed and available, and finally, who will do what and by when.

Over the past few months, the City Manager has met individually with Councilmembers to identify potential goals and objectives for the IWGR in the coming year. Those items previously specified by the City Council have been included in the IWGR Strategic Planning Session discussion.

The goals also need to be realistic and obtainable. Does the City have the internal capabilities or the necessary resources to complete the goals? It is also essential to have a consensus on the goals to maximize the use of resources and to streamline the process of approving the individual projects and programs that make up the goals.

Goal setting by the City Council has the following benefits:

- Formally adopted City Council Goals provide staff official direction to plan and organize resources to ensure their completion.
- The strategic plan is used to identify funding priorities for inclusion in the City's/IWGR budget.

- A better understanding by citizens and staff of the City Council's plans as a single governing body for the future of the IWGR.
- Goals are established to meet the changing needs of the facility.
- City staff and management company (Troon) are more focused and effective in addressing City Council priorities.
- City staff and Troon are more accountable to the City Council for achieving these goals.

In addition, Goals should also reflect how they support and further the IWGR's Mission Statement.

Indian Wells Golf Resort's Mission Statement:

> *To create extraordinary resident and guest experience by delivering superior service, amenities, and facility conditions. Our commitment to the quality of our product, coupled with our operating results, will allow us to enhance the brand of Indian Wells Golf Resort and provide a financially sustainable future for the City of Indian Wells.*

DISCUSSION:

The COVID-19 pandemic significantly impacted the operations of the IWGR. Financially, the golf resort experienced financial losses due to the closure of golf courses and Vue restaurant and the cancelation of numerous weddings and special events held at the IWGR. The economic losses could have been more severe if not for the quick action of the City and Troon to immediately change the operating model of the resort to minimize expenditures and seek new revenue opportunities (e.g., Riverside County Great Plates Program).

For the past couple of years, the recovery of the IWGR has been focused on various projects and programs that improve the overall long-term financial stability and customer experience of the golf resort. Some of these priorities included improving the golf and dining experiences for all guests to the IWGR, addressing deferred maintenance, expanding banquet business, introducing new entertainment options to compliment Shots in the Night (e.g., Top Tracer), improving staffing levels lost during the pandemic, expand partnerships with other stakeholders (e.g., hotel partners), and complete an overall strategic asset plan to help shape the future of the IWGR.

In June 2022, the City Council formed an Ad-Hoc Committee of Mayor Donna Griffith and Mayor Pro Tem Greg Sanders to help facilitate the strategic plan's completion and address various needs at the IWGR. At the February 16, 2023, City Council meeting, the Ad-Hoc Committee updated their actions over the last several months, presented the final Stone Creek IWGR Strategic Asset Plan, and provided guidance for additional topics discussed at the Golf Resort Strategic Planning Session.

The March 23, 2023, Strategic Planning Session is intended to address various operations and programs at the IWGR to establish goals, objectives, and priorities for the golf resort over the

next year or longer. This includes a review of the IWGR finances and capital needs, a review of the 2023 Strategic Asset Plan (Stone Creek Report), operations of the various departments, a discussion on the management agreement, the future of the Vue restaurant, new marketing strategies, and opportunities to provide new amenities to enhance the overall golf and visitor experience.

Based on the comments during today's study session, staff intends to summarize the approved 2023 Indian Wells Golf Resort Goals at an upcoming regularly scheduled meeting.

IWGR Financial Update

The City's Finance Department assists the Golf Resort's operator with developing the annual Golf Operations and Capital Budget consistent with the City Council's strategic goals. Finance provides financial analysis as requested by the City Manager and provides monthly comparative financial data to the City Council. Financial performance includes current month and year-to-date data compared to the prior year's adopted budget.

Benchmarks are used to understand financial performance and include historical trends, models developed in the adopted budget, internal benchmarks established by the operator, and third-party benchmarks independently tracking competitive market sets.

One of the best ways to understand how well or poorly the Golf Resort is operating is to compare how well the Golf Resort manages its costs as a percentage of its revenues. The lower the operating ratio, the more efficient the operation. This is especially true when analyzing long-term historical trend data. Discussion items subject to today's review, like "rounds and covers mix," "menu pricing," "food quality," and "service levels," can serve to conflate this simple analysis. Still, over time those items can be factored into the analytics.

The financial analysis prepared for this year's strategic planning session compares ten years of actual financial performance between Fiscal Year 2012-13 and Fiscal Year 2021-22, plus adds the forecasted Fiscal Year 2022-23. Fiscal Year 2022-23 is predicted using actuals as of March 11, 2023, plus the remaining budget.

IWGR Strategic Asset Plan

During the 2020 City Council Strategic Planning Session, Council directed Staff to develop a comprehensive Strategic Asset Plan for the Indian Wells Golf Resort (IWGR). The purpose of the Strategic Asset Plan is to shape the future development and operations of the Indian Wells Golf Resort with support from community stakeholders.

On May 20, 2021, the City Council selected Stone Creek Partners to develop the Strategic Asset Plan, conduct multiple community engagement sessions, meet with the City's strategic partners, and engage with residents one-on-one. The engagement process included community meetings with:

- Indian Wells residents, including resident golfers and those residents who do not play golf.
- Indian Wells resort hotels and their guests.
- City Council members interviewed individually.
- The IWGR Golf Resort Advisory Committee interviewed individually.
- Visit Greater Palm Springs.

A draft Golf Resort Strategic Asset Plan was disseminated to the public on May 19, 2022, containing numerous projects and programs presented by stakeholders during the community engagement process. The final Golf Resort Strategic Asset Plan was presented by the Golf Ad-Hoc Committee at the February 16, 2023, City Council Meeting.

Attached is the Stone Creek Partners completed Golf Resort's Strategic Asset Plan.

The Strategic Asset Plan is intended to become a long-range and annual reference document to guide the asset management of the Indian Wells Golf Resort. As such, this Plan is expected to be updated over time to respond to continuing Stakeholders' input and evolving business conditions. Highlights of the report include a summary on pages 5-15, Stone Creek's views of the facility's mission on pages 16-17, and a discussion on possible facility enhancements on pages 38-62.

Many of the items in the Strategic Asset Plan are to be discussed during the IWGR Strategic Planning Session, including a reconceptualization of the Vue restaurant (e.g., concept and location); modifications to the Player's Course; re-activation of the Fairway Grill; golf suites; identify opportunities to address parking deficiencies; upgrades to the pavilion; banquet kitchen and pavilion upgrades; and improved circulation around the pavilion and 1st Tee of each course.

IWGR Operations and Strategies for 2023

Troon serves as the IWGR contracted management company, with the daily operations of the facility overseen by the General Manager. Troon employs all employees of the IWGR. The IWGR is separated into various Departments and Divisions, similar to the City of Indian Wells. These individual Departments and Divisions (e.g., Pro shop, banquets, golf, Vue Restaurant, Shots in the Night) are overseen by various directors and managers (e.g., Director of Golf, Director of Agronomy, Food & Beverage Director).

As part of the overall development of strategies for 2023, each department and division will provide a verbal update on their operations and strategy suggestions for the City Council's consideration. Reports to be given include Agronomy (golf course maintenance); golf Operations, including pro shop and golf academy; Food and Beverage, including banquets, food truck, and shots in the night; and discussion on the reconceptualization of the Vue restaurant.

In addition, a separate discussion on the overall marketing strategies of the IWGR will be conducted that focuses on IWGR as a tourist destination; marketing Vue restaurant to residents,

golfers, hotel guests, and valley residents; collaboration to promote IWGR with hotel partners, Visit Greater Palm Springs, Indian Wells Chamber of Commerce, and Coachella Valley Chamber of Commerce; local marketing efforts; and other unique opportunities to further IWGR as a golf and special events destination (e.g., Troon Cup, Celebrity Golf League, other activations).

IWGR Golf Resort Management Agreement

Since 2009, Troon has served as the management company of the IWGR through a management agreement between the City and Troon. Over the years, the agreement has been amended to memorialize changes in the operations of the IWGR, extension of terms and conditions, and more. In addition, the City and Troon entered into a Restaurant Lease Agreement for Troon to manage the Food & Beverage operations of the IWGR. Attached is a copy of the 2009 Management Agreement, the five amendments, and the Restaurant Lease Agreement. The current management agreement is set to expire on June 1, 2024, unless both parties mutually agree to extend for an additional three years (June 1, 2027).

At a previous City Council meeting, the City Council instructed staff to discuss the development of a new management agreement, including a Request for Proposals (RFP) process, during the IWGR Strategic Planning Session.

Request for Proposals Process

To successfully develop an RFP, staff will need City Council direction on any changes to the existing management agreement that would be reflected in a successor agreement (e.g., duties and obligations, definitions, fee structure, reconceptualization of the Vue Restaurant, etc.). In addition, staff will need direction on a process, which may or may not include the IWGR Ad-Hoc Committee, whom to conduct the interviews, is staff or a third party to evaluate the proposals, etc.

Below is a draft timeline for a Request for Proposals:

- July-October 2023 Development of RFP
- November 2023 Council Approval of RFP
- December 2023 Voluntary Pre-Proposal/Site Visit Meeting
- January 2024 Deadline for Questions/Deadline for Responses to Questions
- February 2024 RFP's Due and Evaluation of RFPs
- March 2024 Interviews
- April 2024 Recommendation to Council
- June 1, 2024 Start Date

Additional Options

In addition to conducting an RFP, the City Council has the following options:

- Extend the current Troon agreement through June 1, 2027, as allowed in the Fifth Amendment; or
- Re-negotiate a new agreement with Troon; or
- Provide alternative direction.

Other IWGR Golf Resort Items for Discussion

In addition to the items outlined in this report, the IWGR Strategic Planning Session will include further discussion on items brought forward by the City Council, community, and other stakeholders during the meeting.

ATTACHMENTS

1. Attachment 1-IWGR Strategic Asset Plan
2. Attachment 2-Troon Management Agreement and Amendments 1-5
3. Attachment 3-Troon Restaurant Lease Agreement and True-Up Agreement



Strategic Asset Plan - Indian Wells Golf Resort

Contents



Strategic Asset Plan - Indian Wells Golf Resort

Golf Committee Review Version

	Page
Acronyms and Report Format	3
Introduction	4
Summary	5
Facility Mission	18
Performance Metrics	21
Fiscal Impact	33
Facility Enhancements	40
Asset Management	66
Facility Review	73
Golf Market	104
Marketing and Promotions	111
SWOT Evaluation	122
Trade Area	127
Guest Trip Motivation	137
Appendix	138
A-1 Scope of Work	139
A-2 Information Sources	140
A-3 Opportunities Not of Interest	147
A-4 About StoneCreek Partners and Team	169

Contents

Acronyms and Report Organization

Acronyms and frequently used defined terms used in this report and appendix materials, include the following:

- **City** – without exception, all capitalized references to City are intended to refer to the City of Indian Wells.
- **COGS** – refers to cost of goods sold, typically in a retail or services business.
- **Easement Agreement** – the agreement executed on April 8, 1985, and since amended, that allowed for the development of IWGR with its two golf courses and two destination resort hotels.
- **FY** – refers to the City's Fiscal year(s) ending June 30.
- **GAAP** – an acronym for generally-accepted accounting principles as promulgated by the Financial Accounting Standards Board (FASB).
- **HBU** – refers to highest-and-best-use of a real property, according to common U.S. appraisal industry practice, there are four tests for "highest and best use" of a real property.
- **Hotel Partners or Partner Hotels** – refers to the City's five hotels, including the two hotels party to the IWGR Easement Agreement (the Hyatt Regency and the Renaissance Esmeralda), and the three other lodging properties located in Indians Wells (Miramonte, Sands Hotel & Spa, and the Indian Wells Resort Hotel).
- **IWGR** – refers to the Indian Wells Golf Resort.
- **IWGR Core** – identifies the area for potential focused "area development" at IWGR, to include the clubhouse, driving range, Wash bridge, Fairway Grill, and associated ancillary facilities.
- **MICE -** is an acronym commonly used in the meetings and events industry, that includes meetings, incentives, conferences, and exhibitions.
- **Net Operating Cash Flow** – refers to total facility operating revenue less the facility's total operating expenses, before capital expenditures and any GAAP adjustments.
- **NNN Lease** – the "NNN" refers to a tenant lease where tenant is responsible for their share of utilities, insurance, premises maintenance, and property taxes. Common area expense sharing is a separate matter.
- **Phase 1 Work** – refers to this report and the research, analysis, and findings that are presented.
- **Phase 2 Work** – refers to the interviews, meetings, and community meetings held with Stakeholders.
- **Placemaking** – is a multidisciplinary approach to creating places and paths that are inviting, inclusive, and nurturing for gathering, interaction, and community.
- **POV** – Point of View.
- **SAP –** Strategic Asset Plan, a reference to this report.
- **SCP** – StoneCreek Partners and consulting team for this assignment.
- **SMERF** – refers to the travel industry segment of Social, Military, Educational, Religious and Fraternal groups.
- **Stakeholders** – this term is intended to primarily refer to "Indian Wells resident stakeholders," although others were interviewed during the Phase 2 work. In some instances, to be clear, we refer to Resident Stakeholders to distinguish Indian Wells residents from all other Stakeholders.
- **TOT** – for Transient Occupancy Taxes

Notes on Report Organization

- **Single Subject per page** – to allow easy updating and insertion of new materials over time, the report generally conforms to one subject on each page. There are exceptions to this where a subject includes a list of additional considerations or options.
- **Line-Item Comparison Tool** – throughout the report there are exhibits that show monthly financial line-items from our IWGR operating results database, in some cases compared to another line item as an annual total. The exhibits indicate monthly results since FY 2017 in a visual style that allows trends and patterns to be more easily identified.
- **Appendix** – some materials have been moved to an appendix section following the report, most of which is a summary of various opportunities explored but were of little or no interest to the majority of Resident Stakeholders. As noted, these are included in the appendix simply as a record of the work.
- **Fieldwork Effective Date(s)** - Research included in this report was primarily collected during 2021. Operating and financial results for IWGR have been reviewed through October 2022.

Introduction

StoneCreek Partners ("SCP") was retained by the City of Indian Wells (the "City") to identify alternatives to be considered in preparing a strategic asset plan for Indian Wells Golf Resort ("IWGR"). In this capacity, SCP assembled a team to assist in this work, that included Mark Mungeam, Larry Hirsch, Mark Taylor, Craig Gladstone, and Tim Brown, each for their specific area of expertise (see the Appendix for the team's professional background).

- Over the years, IWGR has experienced losses from operation before consideration of funding for recurring capital requirements . The City has funded operating losses and provided for capital projects by calculating and remitting subsidy payments to IWGR, referred to as the Resident Amenity Fee (totaling $7 million+ since FY 2018. We note here that in the most recent fiscal year, the course operated at a profit for the first time – certainly, an excellent result.

- We note that the City developed the Resident Amenity Fee methodology in response to the creation of its Golf Enterprise Fund. The Resident Amenity Fee is the General Fund subsidy (expenditure) paid to the Indian Wells Golf Resort for the lost opportunity revenue that the Golf Resort, as a stand-alone business, would have otherwise received from a non-resident tee time.

In our scope of work, we explored numerous revenue opportunities, we reviewed the operating results (and margins) achieved by Troon Golf, and we reviewed program and physical aspects of the facility that have impacted operating results. Our exploration also included highest-and-best-use considerations as well as more straightforward extensions of the IWGR golf experience.

The Strategic Asset Plan ("Plan") – both this reference report and upcoming process, is expected to be updated over time, to respond to continuing Stakeholders input, and evolving business circumstances.

What is included in this initial SAP report is based on Stakeholders input and ideas, inclusive of the several groups of concerned Stakeholders as noted at right.

SAP Process Stakeholders:

- City of Indian Wells residents, including Resident Golfers and those residents who do not golf;

- IWGR hotels and their end-users (the guests) (referred to herein as "Partner Hotels" and "Hotel Partners") – which we have considered as the City's five hotels, recognizing that two of these hotels are party to the 1985 Easement Agreement (as amended),

- City Council members, interviewed individually;

- The IWGR Golf Resort Advisory Committee (the "Golf Committee"), interviewed individually; and

- A representative of Visit Greater Palm Springs.



Shown at right, the 18th holes at IWGR's Celebrity and Players courses.

Drone aerial photography by Golf Property Analysts.

SUMMARY

Summary

We were retained to explore strategic opportunities available to IWGR, that could provide additional sources of net revenue from facility operations and to suggest an overall facility business mission for IWGR.

- Over the years, IWGR has experienced losses from operation before consideration of funding for recurring capital requirements. The City has funded operating losses and provided such capital by calculating and remitting payment to IWGR, referred to as the Resident Amenity Fee. The City developed the Resident Amenity Fee methodology in response to the creation of the Golf Enterprise Fund. The Resident Amenity Fee is the General Fund subsidy (expenditure) paid to the Indian Wells Golf Resort for the lost opportunity revenue that the Golf Resort, as a stand-alone business, would have otherwise received from a non-resident tee time.
- In our scope of work, we explored all manner of revenue opportunity as well as reviewed the operating results (and margins) as achieved by Troon. Our exploration included highest-and-best-use considerations as well as more straightforward extensions of the IWGR golf experience.

One issue that was clear at the outset of our work was the lack of a clear understanding by all concerned, as to the business mission of IWGR. Over numerous stakeholder interviews and meetings, it became apparent that the original Easement Agreement expectations have evolved with consumer and marketplace circumstances to a different understanding among the Parties.

For the sustainability of the facility in an environment of continuing changing circumstances, we suggest that the facility's mission can be stated in two parts:

- First, all stakeholders expect the Indian Wells Golf Resort to be operated to maintain, if not enhance, its reputation as a premier golf experience among regional and national golf facilities.
- Second, while seeking to preserve and expand Resident privileges at IWGR, it is sufficient to operate IWGR each fiscal year to meet or exceed breakeven from operations after reserves are made for capital expenditures net of any Resident Amenity Fee or subsidy paid by the City.
- We note herein a related policy question for study during IWGR's upcoming strategic planning process is confirmation of the preferred means of handling IWGR operating losses and capital requirements. There are some options:

1

StoneCreek Partners was tasked with exploring the highest-and-best use of IWGR, within the expressed interest of Stakeholders.

- Identification of alternative net revenue opportunities.
- Review of operating efficiencies, program, and physical factors, and post-Covid 19 industry performance. Consideration of trends and obsolescence issues.
- Pursuant to Stakeholder expectations.
- Within the legal structure that is in place – the Easement Agreement.
- We note that IWGR is a hybrid facility, a municipal course with a private course play experience.
- We were retained to identify alternatives for consideration, with preferred options to be selected by Stakeholders as the strategic planning process commences. We can supply financial estimates of fiscal impact, for each scenario of interest.

2

In order to preserve and potentially expand Resident amenities, IWGR should be operated to exceed breakeven after capital expenditures.

- Indian Wells Golf Resort **should be operated to sustain and enhance its reputation as a premier golf experience**, in the region and nationally. Sustaining this reputation will depend on identifying and securing new opportunities for IWGR revenue.

- To make this happen, new revenue opportunities or confirmation of a preferred subsidy method is required, with a level of new capital investment.

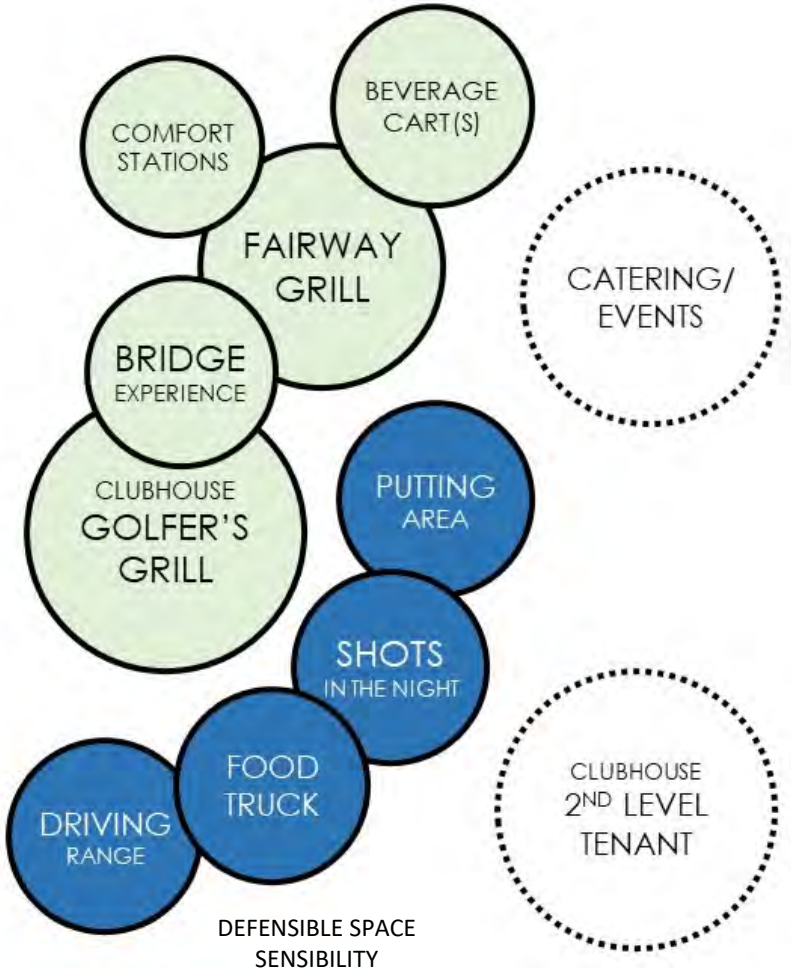
- IWGR Net Operating Cash Flow (lor loss) even with a Reserve for Replacements included, is not a significant factor as compared to the scale of the overall Transient Occupancy Tax contribution to the City's treasury. Again, breakeven or better is sufficient.

- Fortunately, there are such opportunities for IWGR. And there is time, most recent operating results provide some time to make changes.

3 There is an opportunity to repurpose IWGR's core facilities, to enhance the experience for golfers, event guests, and other visitors.

Plus:

- New **Short Game Practice Facility a**djacent to Players 1st Tee
- **Expansion of putting venue**, to 9 holes.
- **Great moment**s at IWGR / clubhouse
- **Promote the Academy**, as a social experience using golf instruction
- **Light Celebrity** Front 9
- New **Access Road** from Fred Waring Drive



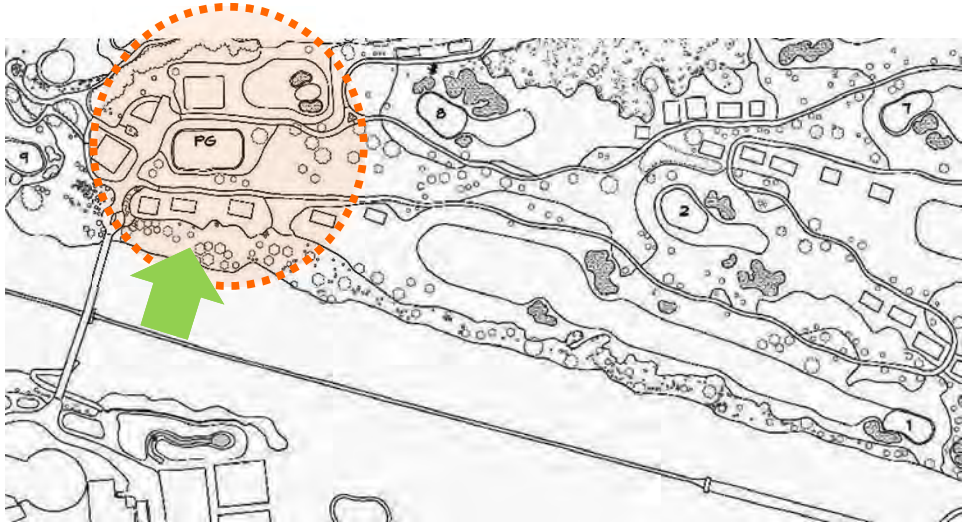
Expansion of Short-Game Practice Area

We suggest consideration for development of an expanded short- game practice facility in the area of the current Player course first tee. Practice facilities and Short Game areas provides a casual "alternative" golf offering for golf enthusiasts learn and improve their game. These facilities also provide an experience for golfers with limited time on a particular day.

Many private golf courses in the Coachella Valley have practice areas superior to what is offered at IWGR (Madison Club, Tradition Golf Club, Bighorn Golf Club, etc.) – providing a well-conceived short-game practice area would help IWGR to match what is offered at the best private courses.

- This concept can be pursued as part of an area design study that includes the Event Pavilion, the Fairway Grill, a possible Wash bridge experience, and the potential rerouting of Players course to play entire north of the Wash. This area is highlighted in the diagram at right.
- We believe this expanded / enhanced short-game area, combined with the enhanced primary driving range, can assist in transforming IWGR's practice facilities to a well-regarded status among golfers.

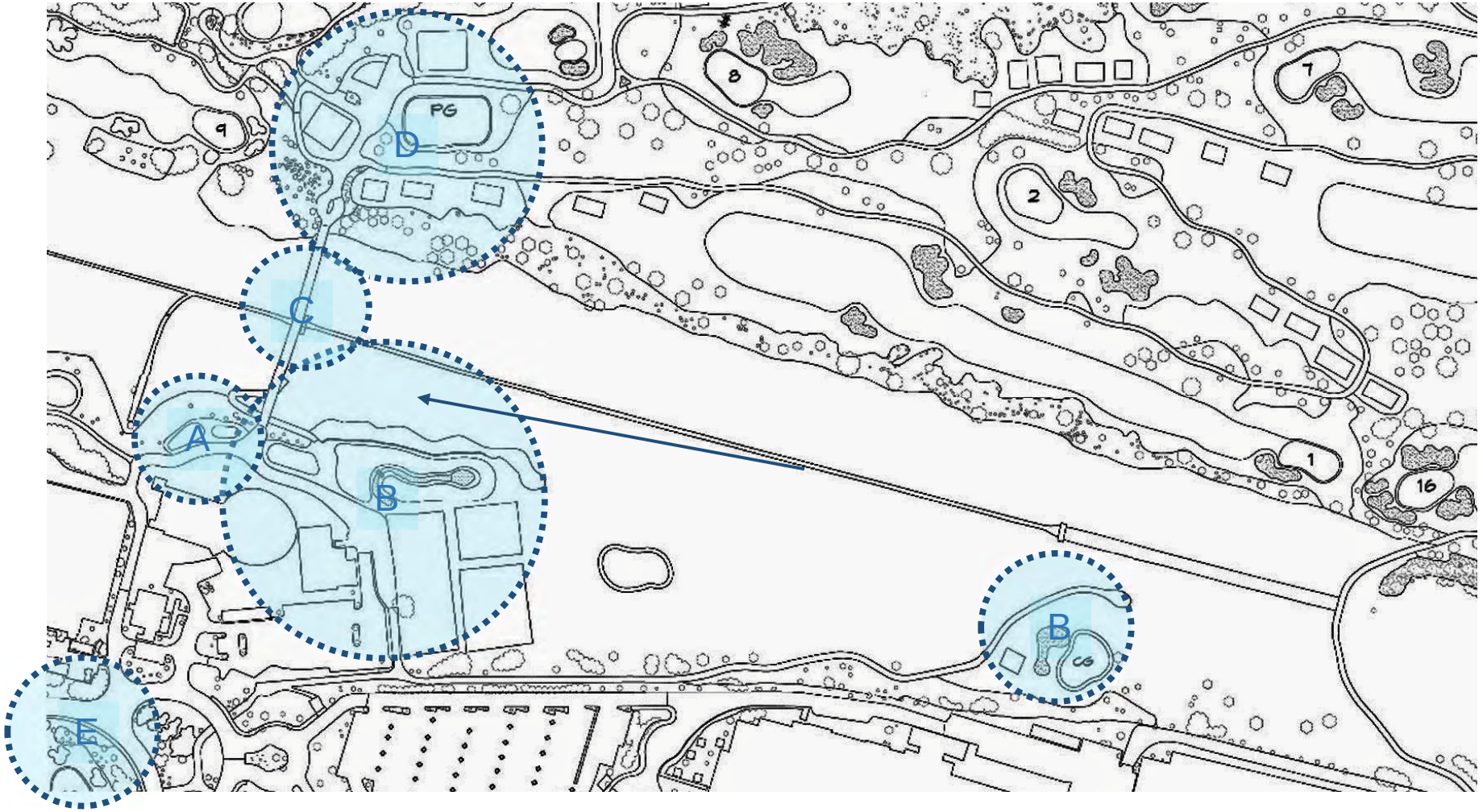




Some Practice Area planning factors:

- **Safety** – provide ample space to provide a margin of error for novice golfers. Have bunkers not in line with other bunkers.
- **Variety** - at a minimum, a practice area should replicate shots that might be required regularly on the course. If space is available, the design should cater to all types of golfers. A great practice facility will emulate the golf course, with target greens that copy those on the golf course(s). Mowing patterns should copy the course with rough, fairway, cut and green length grass cutting definition. Also, ample available grass tee space is a big plus.
- **Beauty** - features should all relate to one another and be cohesive with the landscape.
- **Maintenance** - for consistency, the short game areas should be maintained in the same condition as the rest of the golf course. Green speeds, sand, type, grass, heights, etc. should match the facility's golf courses.
- **Location** – visibility of the practice area(s) from the clubhouse, is important to encourage use..
- **Space** – the best short game practice areas are typically in the 2-5-acre range.
- **Fun** – practice areas that encourage the golfer to use their imagination and to get lost in the improvement process, are compelling.

The compact nature of IWGR's Core Facility can actually benefit F&B revenue – Compact gathering places tend to drive lingering, people watching, and F&B sales



The Wash Bridge Experience



We have reviewed the possibilities for making the Wash bridge more of an experiential element to a golf or group event guest. There are various means to signature the Bridge, so it is a net add to the IWGR experience versus an annoyance of sorts. At the minimum is should take on a scenic quality. As part of "area development" district considerations in placemaking it could be much more.

4

Strategic Marketing Collaboration with the Partner Hotels is worth exploration to find new common ground.

- Lobby presence
- Website presence
- Guestroom tabletop standees / table tents
- Co-promotion of some IWGR programs such as The Academy.
- Placemaking Tactics
  Wayfinding
  Enhanced pathways to/from clubhouse
- The City and IWGR specifically, have a large strategic benefit with mostly new (relatively) and experienced hotel owners in place among the Partner Hotels.

5 Establish a Reserve for Capital Replacements.

- A reserve is an ordinary and usual method for accumulating capital for major replacements – each kind of FF&E can be included on the capital replacements schedule with typical useful life noted and reserved for.
- We note the difference between a reserve for major capital replacements and projects, versus ordinary and usual Repairs and Maintenance that is included in the facility's operating budget.
- And eliminate the Resident Amenity Fee, and all other accounting adjustments and allocations, at least in performance reporting.

6 Destination Restaurant at Clubhouse 2nd Level.

- New outside elevator facing Indian Wells Lane (entry road).
- Convert Vue to a rent payment, even if mostly performance (percentage rent) based.
- IWGR is situated in a region with a myriad of dining choices; let a restauranteur focus on how to best compete.
- The Vue is the only aspect of operations that did not keep up with inflation since pre-Pandemic.
- Get out of the full-service restaurant business, focus on catering, golfer F&B, and ancillary F&B at driving range, SITN, and the like.
- Be open to alternate concepts that could be proposed for the space.

7

Make Changes to the Golf Courses.

- Repurposing of Players Course to Play Entirely North of the Wash. Adjust Players "envelop" accommodate IWGR Core facility changes.
- Reduce bunkers on Celebrity.
- Additional changes as noted in the course evaluation comments herein.

8

Add additional Special Events to IWGR's Calendar – they're working!

- Desert Willows offers its Music + Dining Under the Stars program, something similar would work at IWGR.
- We would suggest an "own the holidays" sensibility in planning special events at IWGR. If it's a holiday, IWGR should be a place to be.

4

The Easement Agreement can be renegotiated with the Hotel Partners – as circumstance have changed for all parties – in a good way.

- It is expected that all parties to the Agreement will see some advantage in reaching a new form of cooperation agreement.
- Included in restriking the Agreement could be accommodation of ROWs for new pathways to/from clubhouse, that were not in the original master plan.
- The original intent of the Easement Agreement is largely obviated.

FACILITY MISSION

What is the mission of IWGR?
What are we?

One issue that was clear at the outset of our work was the lack of a clear understanding by all concerned, as to the business mission of IWGR. This is a crucial issue as the confirmation of mission impacts future quality expectations, SAP business planning, capital decisions, and how IWGR should be managed, among many related matters.

The original Easement Agreement explicitly and implicitly called for a facility offering 36 holes of championship-caliber golf, assumed a participation from the two resort hotels, and provided for specified privileges for Indian Wells residents (as amended over the years).

Over numerous stakeholder interviews and meetings, it became apparent that the original Easement Agreement expectations have evolved with consumer and marketplace circumstances to a different understanding among the Parties.

The five Hotel Partners of the city, and particularly those that are part of the Easement Agreement, have access to IWGR as a golf amenity for their guests and as an essential placemaking backdrop for their resorts. Each of the hotels no longer exist or market themselves as golf resorts as was once the custom. In our interviews, the hotels have not asserted a possible larger golf participation if only for one change or improvement, or another.

In terms of a municipal consideration for “highest and best use” for committing the property, financial resources, and staff resources in its oversight, Resident Stakeholders have not encouraged a different vision for IWGR other than what is generally in place. We believe this obviates any general sense of fiduciary obligation that might otherwise exist.

We note that golf is evolving to meet the leisure expectations of up-and-coming generations and the definition of premier will evolve with these new generations of golfers.

Facility Mission – for Consideration

For the sustainability of the IWGR in a business environment of continuing changing circumstances, we suggest that the facility's mission can be stated in two parts as noted at right.

Sustaining this reputation may depend on identifying and securing new opportunities for IWGR revenue, as opposed to depending on City subsidy of IWGR operations.

Regarding the second part of the suggested mission noted at right, we believe that operating IWGR with a Reserve for Replacements included, at breakeven, is sufficient since net profits are better used in improving the facility (our opinion). The scale of overall Transient Occupancy Tax collections are the substantial contributor to the City's fiscal health.

IWGR and its special privileges for Residents is part of the value proposition for privately-owned residential real estate in Indian Wells. IWGR is valuable in this way for all residents and not solely for those who golf. IWGR also provides a community-wide placemaking value for all residents, providing a beautiful landscaped center of community activities.

We note a related policy question for study during IWGR's strategic planning process is confirmation of the preferred means of handling IWGR operating losses and capital requirements. There are some options:

- Continue with the City directly subsidizing IWGR with the Resident Amenity Fee, as has been the practice.
- Allocate a stipulated portion of the City's Transient Occupancy Tax, instead of subsidy through the Resident Amenity Fee calculation.
- Confirm new sources of net revenue to avoid operating losses and seek to directly fund IWGR capital requirements from facility operations.

INDIAN WELLS GOLF RESORT

SUGGESTED MISSION

- First, all Stakeholders expect the Indian Wells Golf Resort to be operated to maintain, if not enhance, its reputation as a premier golf experience **among the best** of regional and national golf facilities, whether premier private or premium public play courses. Resident Stakeholders and those non-resident golfers paying market rates, have largely this same expectations for IWGR's premier quality.
- Second, while seeking **to preserve** and expand Resident privileges at IWGR, it is sufficient to operate IWGR each fiscal year to meet or exceed breakeven from operations after reserves for capital expenditures and net of subsidy from the City.

Facility Mission

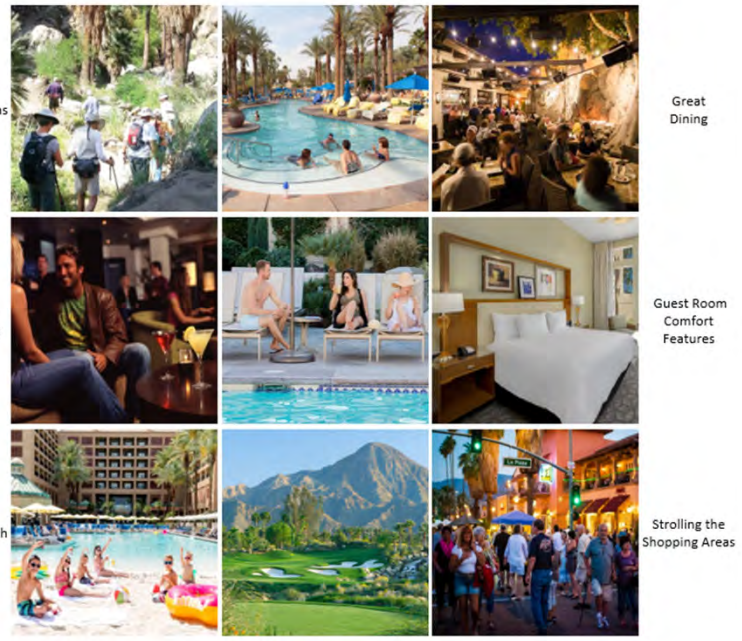
Stakeholders have emphasized that IWGR is considered a community facility, a special amenity for residents.

In discussions with Stakeholders, what IWGR is perceived to be was compared to the original business intent embodied in the Easement Agreement.

Alternative Mission Considered

Strategic Marketing – the Perceived IWGR Brand Umbrella
Hotel Guest Experience

Sunshine, Sunbathing,
The Poolside Experience, Spa Day

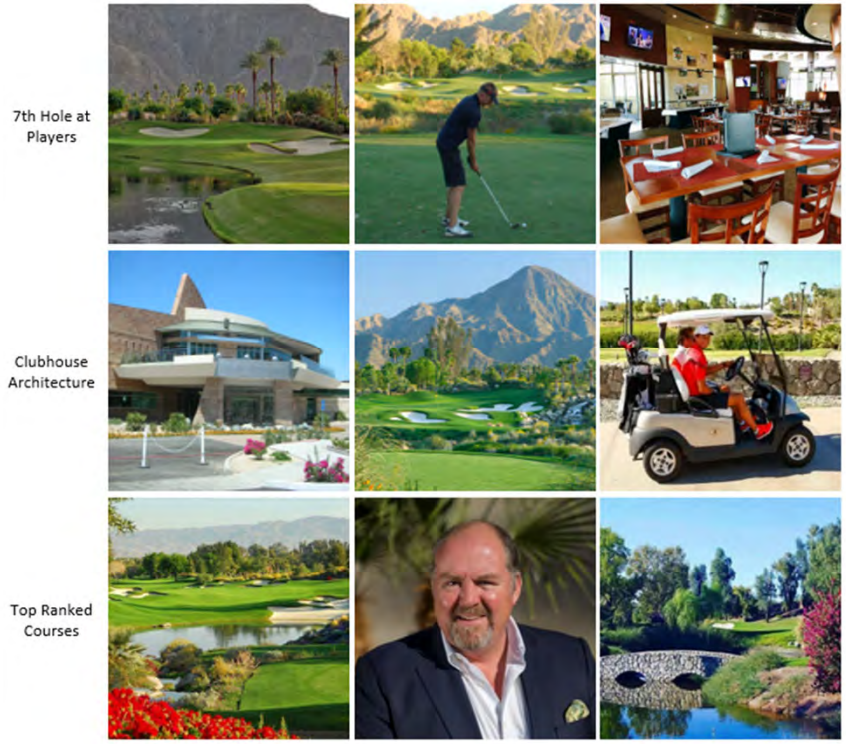


Playing Golf for Some,
Enjoying the Spectacular Setting for Most Others

Preferred Mission

Strategic Marketing – the Perceived IWGR Brand Umbrella
Resident Golfer Experience

Exceptional
Community Amenity



Relationship
with the Troon Team

PERFORMANCE METRICS

We have reviewed the operating and financial performance of IWGR, for the period FY 2017 through FY 2022, as well as the start of FY 2022 through October.

- In our review we use a format known as the Uniform System of Accounts as commonly used in the hotel / hospitality industry. The Uniform System of Accounts provides us a helpful focus on departmental performance and all other undistributed expenses within a facility's operation.
- Over the review period, there were changing treatments of the Resident Amenity Fee and allocations of VUE restaurant staffing. Depreciation and amortization charges also changed over the review period as GAAP policies changed. We endeavored to construct our preferred format for financial reporting while tying back to IWGR's format.
- We use EBITDA as the bottom-line performance result. We of course have not audited IWGR financial results; we have reformatted and recast the financial presentation to best understand departmental performance before accounting adjustments.
- Throughout this report, we use the financial report to depict the impact of facility changes and enhancements.
- The Baseline financial report as recast, is shown on the following page. This Baseline run includes the adjustment for CPI due to occur on January 1, 2023.

EBITDA Performance Improvements

In the following three financial runs, we show a baseline projection, then the departmental performance for the baseline run, and then financial projection for IWGR with operation adjusted to a new "normal operation"

The metrics from the 3rd financial run, the new IWGR normal, illustrate departmental performance as can be expected with a more typical operating condition.

EBITDA Improvements

We suggest an EBITDA improvement plan that unloads The Vue to a 3rd-party that can give that space the independent positioning and promotion it requires. Destination restaurants and some high-end chain restaurants do significantly better revenue than The Vue. Removing the operating losses of The Vue and changing the focus to creative promotion of Golf and Group F&B offerings, is something IWGR and Troon, are well suited for.

The program at right allows for each plan element to make its contribution to increasing facility EBITDA. No one program can fully transform IWGR. But a slate of programs carefully chosen for their value in contributing positive EBITDA, can be transformative.

Our separate brief memorandum on metrics and this program (at right) discusses this in detail. The separate memorandum is intended as a format for the City's ongoing pursuit of a "living" strategic asset management process.

Best Targets for EBITDA Growth
For Five-Year Period ending FY 2027

Increase IWGR's Marketing Budget – to 3% of revenues. IWGR exists in a crowded visitor market. Troon Golf could make good use of additional promotional dollars. Our thought though is less on advertising and more on direct (guerilla) sales efforts to key accounts and constituencies.

Prime players at prime rates – a 3,000 round increase in this player segment has a material impact on EBITDA.

Lease The Vue 2nd Level to a 3rd-Party – incentivize tenant prospecting with an easy base rent with participation in restaurant sales. Structure the tenant sales participation to gradually increase through the term of the lease.

Open a L1 clubhouse Golfer's Grill and the Fairway Grill – include a signature treatment of the Wash bridge to make the Golfer's and Fairway grills part of an F&B continuum anchoring both sides of the bridge.

Aggressive Promotion of The Academy – to beginner golfers living in the 2-hour drive-in market that would book a package with friends. Package with a compelling experiential product name, something evoking the idea of "Women's Weekends Away." The enhanced driving range provides an attractive setting for a Golf+Social getaway weekend.

Revamped IWGR Logo – to propel logo'd apparel and gear merchandise sales.

Play Improvements on both courses – reducing and/or simplifying bunkers without diminishing play satisfaction, good opportunity to reduce maintenance costs.

Restructure IWGR Oversight to a Traditional Model – of Owner, Asset Manager, Facility Manager. Form a Resident's Member Committee to advise the Asset Management function. Unleash Troon Golf to focus on what they do best.

Incentivize Facilities Manager – with revised Base + Profit participation.

The Common Metrics re IWGR's Performance

IWGR is a hybrid facility, as municipal court with Resident benefits, and a for-profit POV for the larger potion of rounds played.

Common metrics / benchmarks for such hybrid facilities are difficult and need to be carefully applied.

Even with the calculation and funding of a Resident Amenity reimbursement to the facility, that process does not account for the Facility Manager and staff's hybrid approach to managing and handling the guest day. Facility staff working a private golf club require a different sensibility than the facility staff working a resort golf venue. Between these two kinds of facilities and golfers there is no primacy of any kind, they simply operate differently.

In reviewing IWGR's EBITDA for the first time, and again with the final figures for FY 2022, our reaction was that the facility's bottom-line is low. For this kind of facility in the Coachella Valley marketplace we would expect a result somewhere in the 15 to 25% range depending additional factors. If operated strictly for-profit, we would expect EBITDA at the upper end of this range.

Another issues is that EBITDA does not account for capital reserves. A fully for-profit facility would include at funded reserve for replacements or an owner that knowingly elected to for replacements as needed from other available funds.

There are all kinds of metrics and benchmarks to apply across a golf facility's departments. We have provided a working example for the City of such, under separate cover.

But the best possible metric, always, is to establish an EBITDA objective, a business and marketing plan that attempt to meet or exceed that objective, and a clear facilities management relationship by and between an owner and manager. Leaving a qualified facilities manager free (within proscribed business plan guardrails) to manage to the bottom-line - however it can be best accomplished - is the best way to administer a golf facility, or most any real estate property.

GOLF

F&B

GROUP

MDSE.

CATERING

Baseline

Performance Metrics

Exhibit 01

Scenario:

Baseline & Format - No Inflation	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	2,257,686	2,257,686	2,257,686	2,257,686
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,050,380	16,050,380	16,050,380	16,050,380	16,050,380
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,611,177	3,611,177	3,611,177	3,611,177	3,611,177
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 11,992,049	11,992,049	11,992,049	11,992,049	11,992,049
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	371,074	371,074	371,074	371,074	371,074
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,348,811	3,348,811	3,348,811	3,348,811	3,348,811
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 709,520	709,520	709,520	709,520	709,520
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Baseline Financials

- Constant 2022 dollars
- Management fee adjusted on January 1, 2023

IWGR Compared to Benchmarks

Performance Metrics

Exhibit 02

Scenario:

Departmental margins	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	2,257,686	2,257,686	2,257,686	2,257,686
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,050,380	16,050,380	16,050,380	16,050,380	16,050,380
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,611,177	3,611,177	3,611,177	3,611,177	3,611,177
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 11,992,049	11,992,049	11,992,049	11,992,049	11,992,049
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	371,074	371,074	371,074	371,074	371,074
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,348,811	3,348,811	3,348,811	3,348,811	3,348,811
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 709,520	709,520	709,520	709,520	709,520
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Dept. Margins

IWGR	IWGR 2.0
64.9%	58.4%
67.6%	63.1%
123.6%	0.0%
0.0%	85.0%
0.0%	85.0%
83.4%	86.6%
65.1%	67.6%
65.8%	65.8%
74.7%	64.3%

% of Sales

9.8%	8.8%
2.3%	3.0%
6.8%	6.1%
2.0%	1.8%
20.9%	19.7%
4.4%	16.0%

Performance Metrics

Exhibit 03

Scenario:

Departmental margins	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	
REVENUE								
Golf rounds	$ 8,001,549	49.9%	$ 8,567,723	8,567,723	8,567,723	8,567,723	8,567,723	
Night lit 9-hole golf	-	0.0%	-	-	-	-	-	
Other golf - range, lessons, group services	8,551,833		589,221	589,221	589,221	589,221	589,221	
Pro shop / merchandise	1,544,595	9.6%	1,653,888	1,653,888	1,653,888	1,653,888	1,653,888	
Food and beverage - VUE	2,257,686	14.1%	2,417,436	-	-	-	-	
Food and beverage - L2 tenant	-		-	274,005	274,005	274,005	274,005	
Food and beverage - L1 golf grill	-	0.0%	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000	
Food and beverage - fairway grill	-	0.0%	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000	
Food and beverage - beverage cart	623,141	3.9%	667,233	667,233	667,233	667,233	667,233	
Food and beverage - food truck	445,224	2.8%	428,386	428,386	428,386	428,386	428,386	
Banquets	2,449,751	15.3%	2,910,480	2,910,480	2,910,480	2,910,480	2,910,480	
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150	
Total operating revenue	$ 16,050,380	100.0%	$ 19,972,516	17,829,085	17,829,085	17,829,085	17,829,085	
DEPARTMENTAL EXPENSES / COGS:								
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779	
Night lit 9-hole golf	-		-	-	-	-	-	
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691	**58.4%**
Golf maintenance	3,611,177	45.1%	3,394,507	3,394,507	3,394,507	3,394,507	3,394,507	
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307	**63.1%**
Food and beverage - VUE	2,791,108	123.6%	2,791,108	-	-	-	-	**0.0%**
Food and beverage - L1 golf grill	-	0.0%	1,224,000	1,224,000	1,224,000	1,224,000	1,224,000	**85.0%**
Food and beverage - fairway grill	-	0.0%	952,000	952,000	952,000	952,000	952,000	**85.0%**
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172	**86.6%**
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727	**67.6%**
Banquets	1,611,135	65.8%	1,914,144	1,914,144	1,914,144	1,914,144	1,914,144	**65.8%**
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)	
Total departmental expenses	$ 11,992,049	74.7%	$ 14,254,387	11,463,279	11,463,279	11,463,279	11,463,279	**64.3%**
UNDISTRIBUTED EXPENSES								
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059	**8.8%**
Marketing and promotions	371,074	2.3%	599,175	534,873	534,873	534,873	534,873	**3.0%**
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138	**6.1%**
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540	**1.8%**
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,576,913	3,512,610	3,512,610	3,512,610	3,512,610	**19.7%**
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 2,141,216	2,853,196	2,853,196	2,853,196	2,853,196	**16.0%**
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000	
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000	
Golf rounds played, total	76,500		80,000	80,000	80,000	80,000	80,000	

Sensitivity Analysis

To help in understanding the IWGR "economic engine," we prepared several financial runs to test assumptions such as differential inflation rates (for revenue and expenses), increased rounds play, and the like.

It is important to note that these runs are not focused on prediction, but rather, how sensitive the IWGR operation is, to typical economic changes.

We have used nominal 2022 dollars as the basis for any financial assumptions, and then applied an inflation factor.

For an inflation factor, we use the latest "10-year breakeven inflation rate," which measures the earnings rate difference between the 10-year Treasury Bond and the Treasury Inflation Protected Securities (TIPS). The 10-year breakeven rate provides an indication of market inflation expectations over a 10-year horizon. As an example, the 10-year TIPS breakeven rate was 2.67% on March 7, 2022, while the long-term historic average of this breakeven rate was 2.05% on this same date. On April 1, 2022, the 10-year TIPS breakeven rate had moved closer to 2.8%, which we have used here.

These financial runs are included on following pages.

- **Exhibit 04** shows the Baseline FY 2022 results, with an additional 3,000 prime player rounds.
- **Exhibit 05** shows differential inflation. A cursory depiction of a recessionary environment with revenues increasing at 1% per annum, while expenses increase at 3%.
- **Exhibit 06** shows the impact of a 6.5% reduction in FY 2022 Golf Maintenance expenses based on reworking select bunkers on both courses.

Performance Metrics

Exhibit 04

Scenario:

Baseline with additional prime rounds	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,486,841	8,486,841	8,486,841	8,486,841	8,486,841
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		583,658	583,658	583,658	583,658	583,658
Pro shop / merchandise	1,544,595	9.6%	1,638,275	1,638,275	1,638,275	1,638,275	1,638,275
Food and beverage - VUE	2,257,686	14.1%	2,394,614	2,394,614	2,394,614	2,394,614	2,394,614
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	660,934	660,934	660,934	660,934	660,934
Food and beverage - food truck	445,224	2.8%	472,226	472,226	472,226	472,226	472,226
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,864,449	16,864,449	16,864,449	16,864,449	16,864,449
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,611,177	3,611,177	3,611,177	3,611,177	3,611,177
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 11,992,049	11,992,049	11,992,049	11,992,049	11,992,049
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	389,895	389,895	389,895	389,895	389,895
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,367,632	3,367,632	3,367,632	3,367,632	3,367,632
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 1,504,769	1,504,769	1,504,769	1,504,769	1,504,769
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		79,500	79,500	79,500	79,500	79,500

Constant 2022 dollars

3,000 additional prime player rounds at prime rates.

Performance Metrics

Exhibit 05

Scenario:

Differential inflation: 1% / 3%	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,081,565	8,162,380	8,244,004	8,326,444	8,409,708
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		555,786	561,344	566,958	572,627	578,354
Pro shop / merchandise	1,544,595	9.6%	1,560,041	1,575,642	1,591,398	1,607,312	1,623,385
Food and beverage - VUE	2,257,686	14.1%	2,280,263	2,303,066	2,326,097	2,349,358	2,372,851
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	629,372	635,666	642,023	648,443	654,927
Food and beverage - food truck	445,224	2.8%	449,676	454,173	458,714	463,301	467,934
Banquets	2,449,751	15.3%	2,474,249	2,498,991	2,523,981	2,549,221	2,574,713
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,209,102	16,369,412	16,531,324	16,694,856	16,860,023
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,129,813	2,193,707	2,259,518	2,327,304	2,397,123
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	235,552	242,619	249,897	257,394	265,116
Golf maintenance	3,611,177	45.1%	3,719,513	3,831,098	3,946,031	4,064,412	4,186,344
Pro shop / merchandise	1,044,307	67.6%	1,075,636	1,107,905	1,141,142	1,175,377	1,210,638
Food and beverage - VUE	2,791,108	123.6%	2,874,841	2,961,086	3,049,919	3,141,417	3,235,659
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	382,307	393,776	405,590	417,757	430,290
Food and beverage - food truck	289,727	65.1%	298,419	307,371	316,593	326,090	335,873
Banquets	1,611,135	65.8%	1,627,246	1,643,519	1,659,954	1,676,554	1,693,319
Other expenses (plug)	(23,048)	0.0%	(23,739)	(24,452)	(25,185)	(25,941)	(26,719)
Total departmental expenses	$ 11,992,049	74.7%	$ 12,319,588	12,656,630	13,003,459	13,360,364	13,727,644
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,613,041	1,661,432	1,711,275	1,762,613	1,815,492
Marketing and promotions	371,074	2.3%	374,743	378,450	382,193	385,974	389,792
Building expenses	1,090,138	6.8%	1,122,842	1,156,527	1,191,223	1,226,960	1,263,769
Facility manager's fee	277,838	1.7%	326,363	336,154	346,239	356,626	367,325
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,436,989	3,532,563	3,630,930	3,732,173	3,836,377
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 452,525	180,218	(103,064)	(397,680)	(703,998)
Inflation index - revenues			1.010	1.020	1.030	1.041	1.051
Inflation index - expenses			1.030	1.061	1.093	1.126	1.159
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Differential inflation:

Revenue: 1% per annum

Expenses 3% per annum

Performance Metrics

Exhibit 06

Scenario:

Maintenance saving w/ Course Redesign	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	2,257,686	2,257,686	2,257,686	2,257,686
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,050,380	16,050,380	16,050,380	16,050,380	16,050,380
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,376,451	3,376,451	3,376,451	3,376,451	3,376,451
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 11,757,322	11,757,322	11,757,322	11,757,322	11,757,322
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	371,074	371,074	371,074	371,074	371,074
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,348,811	3,348,811	3,348,811	3,348,811	3,348,811
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 944,247	944,247	944,247	944,247	944,247
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Constant 2022 dollars

6.5% reduction in FY 2022 maintenance costs based on decreasing bunkers and decreasing complexity of other bunkers.

Performance Metrics

Exhibit 07

Select IWGR Performance Metrics are included below:

SELECT PERFORMANCE METRICS		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 YTD	FY 2017-2022
Rounds played		74,828	74,589	56,402	61,430	77,518	13,555	358,322
Departmental revenue:								
Golf fees	$	6,248,152	6,366,961	4,868,197	5,372,821	8,001,548	1,250,514	32,108,193
Golf range, rental, other		297,703	343,829	172,730	79,697	376,341	50,081	1,320,382
Pro shop merchandise		1,197,906	1,096,203	881,847	760,393	1,544,595	271,184	5,752,126
Food and beverage - VUE		2,723,737	2,903,570	1,925,033	1,775,146	2,257,639	522,780	12,107,906
Food and beverage - beverage cart		532,986	469,730	317,975	369,115	623,137	123,370	290,744
Food and beverage - food truck		-	352,620	274,272	274,339	555,577	57,584	2,436,313
Revenue per round played:								
Golf fees	$	83.50	85.36	86.31	87.46	103.22	92.25	89.61
Golf range, rental, other		3.98	4.61	3.06	1.30	4.85	3.69	3.68
Pro shop merchandise		16.01	14.70	15.64	12.38	19.93	20.01	16.05
Food and beverage - VUE		36.40	38.93	34.13	28.90	29.12	38.57	33.79
Food and beverage - beverage cart		7.12	6.30	5.64	6.01	8.04	9.10	0.81
Food and beverage - food truck		-	4.73	4.86	4.47	7.17	4.25	6.80
As % of golf fee revenue:								
Golf range, rental, other		4.8%	5.4%	3.5%	1.5%	4.7%	4.0%	4.1%
Pro shop merchandise		19.2%	17.2%	18.1%	14.2%	19.3%	21.7%	17.9%
Food and beverage - VUE		43.6%	45.6%	39.5%	33.0%	28.2%	41.8%	37.7%
Food and beverage - beverage cart		8.5%	7.4%	6.5%	6.9%	7.8%	9.9%	0.9%
Food and beverage - food truck		0.0%	5.5%	5.6%	5.1%	6.9%	4.6%	7.6%

Post-Covid Rebound

From an asset management perspective, it is helpful to understand how IWGR has performed "post Covid," compared to a baseline, and with inflation included in the consideration.

The calculations below assume an FY 2018-2019 baseline operating result, applied to an inflation index since the baseline period through mid-year 2022. The inflation index used is the CPI for All Urban Consumers (CPI-U) - Riverside-San Bernardino-Ontario, CA dataset published by the U.S. Bureau of Labor Statistics.

As shown below and with inflation since FY 2018/2019 considered, IWGR generally outperformed the Inflated Baseline for FY 2022.

- Golf fees, pro shop, and course F&B each did better than the Inflated Baseline.
- Golf range, rental and other, and the VUE restaurant, underperformed compared to this Baseline.

Departmental revenue:	Baseline Average FY 2018-2019	Inflator Index Since Baseline	Baseline Inflated for Reference	FY 2022 Actuals	Post-Covid Rebound %
Golf fees	$ 6,307,556	21.45%	$ 7,660,508	8,001,548	104%
Golf range, rental, other	320,766	21.45%	389,569	376,341	97%
Pro shop merchandise	1,147,054	21.45%	1,393,094	1,544,595	111%
Food and beverage - VUE	2,813,654	21.45%	3,417,174	2,257,639	66%
Food and beverage - beverage cart	501,358	21.45%	608,898	623,137	102%
Food and beverage - food truck	352,620	21.45%	428,256	555,577	130%

FISCAL IMPACT

Fiscal Impact

Indian Wells Golf Resort was initially conceived as a City investment that would generate transient occupancy taxes ("TOT") derived from IWGR resort hotels that would co-invest at the resort.

Part of the underwriting for the two on-site convention hotels (the Hyatt and the Esmeralda) was a presumed golf participation of hotel guests. Over the years, the golf play at IWGR derived by hotel guests has declined, while transient occupancy taxes derived from these hotels has increased (the Covid Pandemic period being the exception).

There is no direct financial relationship between IWGR, and TOT generated by the five Hotel Partner properties. At this time, the TOT that is derived by the City's five Hotel Partners including the two IWGR hotels, is driven by factors more essential to the hotels than golf play at IWGR.

- The current website promotion of each of the five Hotel Partners, confirms this situation (see Marketing and Promotion section herein). With an exception here and there, the City's hotels generally do not highlight and certainly do not promote, IWGR on their websites.

- We note as well that IWGR's monthly reports no longer separately account for golf play derived from IWGR hotel guests, we presume due to the decline of the current (on-site) hotel guest golf play.

While there is no direct financial relationship as noted above, IWGR was part of the origin story (per the original Easement Agreement) for the City becoming a major resort hotel destination among Coachella Valley communities. And the scale and beauty of IWGR's grounds and facility reputation remain the essential location premise for the Hotel Partners.

So long as IWGR is a quality operation, and its landscaping is of excellent quality, that is sufficient for the hotels. Their own facilities, targeted guest mix (outside of golf), and market capture, is more important to the TOT yield.

Exhibit 08 on the next page shows TOT collection since FY 2017, reaching $10.7 million in FY 2022.

Fiscal Impact

Exhibit 08

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

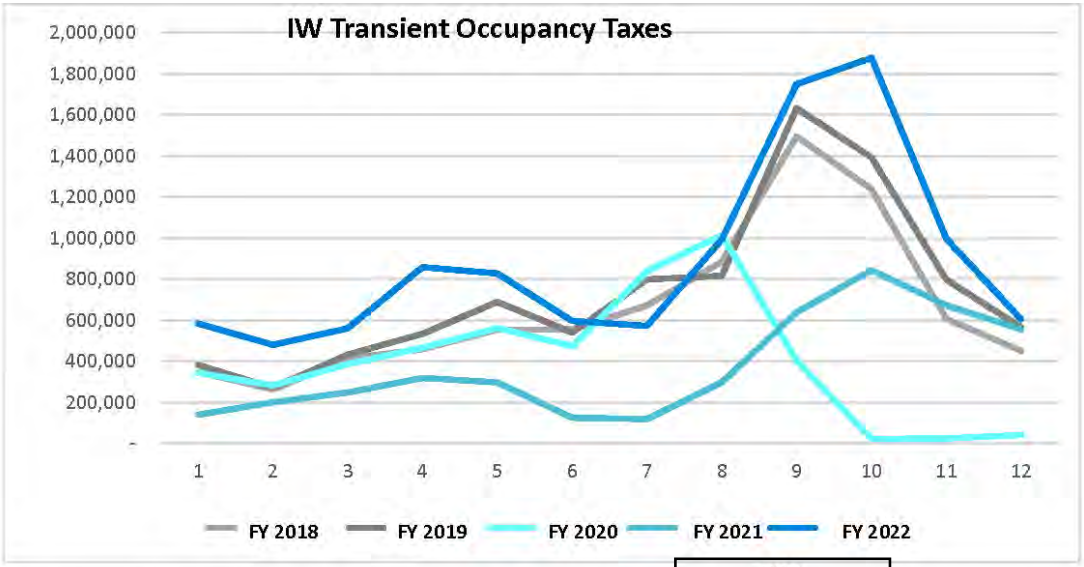
1150 **IW Transient occupancy taxes (TOT)**

	Top Month	
FY 2018	1,495,093	*March*
FY 2019	1,632,700	*March*
FY 2020	1,014,078	*February*
FY 2021	843,911	*April*
FY 2022	1,878,084	*April*

- *Compare to:* **n/a**

Note - operating results for 2016 were not collected for this review.

Shown below: IW Transient Occupancy Taxes



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOT Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12		
FY 2017	332,861	284,683	382,955	794,391	587,324	459,851	672,574	805,706	1,368,814	1,116,099	556,814	465,555	7,827,627	
FY 2018	**347,317**	**262,507**	**412,909**	**459,099**	**553,969**	**555,283**	**671,348**	**883,603**	**1,495,093**	**1,237,479**	**606,625**	**450,013**	**7,935,245**	
FY 2019	**381,969**	**270,456**	**431,966**	**533,313**	**688,314**	**539,410**	**798,451**	**815,910**	**1,632,700**	**1,392,308**	**797,152**	**564,765**	**8,846,714**	
FY 2020	**343,223**	**282,084**	**385,617**	**465,895**	**561,898**	**473,984**	**838,727**	**1,014,078**	**402,984**	**21,444**	**24,474**	**40,488**	**4,854,896**	
FY 2021	**139,066**	**200,035**	**247,449**	**318,532**	**297,530**	**124,670**	**118,445**	**296,900**	**637,569**	**843,911**	**672,165**	**555,408**	**4,451,680**	
FY 2022	**583,238**	**480,247**	**560,322**	**858,359**	**827,718**	**595,919**	**571,641**	**994,168**	**1,749,416**	**1,878,084**	**996,157**	**603,785**	**10,699,054**	
FY 2023	775,526	-	-	-	-		-	-	-	-	-	-	775,526	

IW Transient occupancy taxes (TOT) - Historic Monthly Pattern %:

2017	4.3%	3.6%	4.9%	10.1%	7.5%	5.9%	8.6%	10.3%	17.5%	14.3%	7.1%	5.9%	100.0%
2018	4.4%	3.3%	5.2%	5.8%	7.0%	7.0%	8.5%	11.1%	18.8%	15.6%	7.6%	5.7%	100.0%
2019	4.3%	3.1%	4.9%	6.0%	7.8%	6.1%	9.0%	9.2%	18.5%	15.7%	9.0%	6.4%	100.0%
2020	7.1%	5.8%	7.9%	9.6%	11.6%	9.8%	17.3%	20.9%	8.3%	0.4%	0.5%	0.8%	100.0%
2021	3.1%	4.5%	5.6%	7.2%	6.7%	2.8%	2.7%	6.7%	14.3%	19.0%	15.1%	12.5%	100.0%
2022	5.5%	4.5%	5.2%	8.0%	7.7%	5.6%	5.3%	9.3%	16.4%	17.6%	9.3%	5.6%	100.0%

TOT Contribution to City General Fund

Each year, the five Hotel Partners are the largest contributor of funds (taxes) to the City's General Fund. The table below shows Transient Occupancy Tax payments expected at the time of preparation for the City's 2021-2023 biennial operating budget. As noted in the prior exhibit, actual TOT collected for FY 2022 significantly exceeded what was projected in May 2021. The time period in which this estimate of TOT was made was a difficult one, as no one knew how the golf industry would emerge from the Pandemic.



General Fund Five-Year Projected Cash Flow

	2022	2023	2024	2025	2026
Beginning Cash Balance	**5,113,646**	**5,113,646**	**5,113,648**	**5,113,648**	**5,325,372**
Revenues					
01-PROPERTY TAXES	2,902,037	2,974,580	3,069,767	3,167,999	3,269,375
03-SALES TAXES	1,076,240	1,108,530	1,144,003	1,180,611	1,218,391
04-TRANSIENT OCCUPANCY TAX	7,103,830	8,382,680	8,650,926	8,927,755	9,213,444
06-FRANCHISE TAXES	1,022,500	1,048,070	1,081,608	1,116,220	1,151,939
07-BUSINESS LICENSES	145,180	148,810	153,572	158,486	163,558
08-REAL PROPERTY TRANSFER TAX	236,500	242,410	250,167	258,172	266,434
10-ADMISSIONS TAX	3,250,000	3,500,000	3,612,000	3,727,584	3,846,867
12-LICENSE & PERMIT FEES	476,070	487,970	503,585	519,700	536,330
13-OTHER REVENUES	421,280	431,810	445,628	459,888	474,604
14-FINES & FORFEITURES	46,310	47,480	48,999	50,567	52,185
16-INTEREST INCOME	365,900	375,050	387,052	399,437	412,219
18-VLF COMP FUND IN-LIEU	442,030	453,080	467,579	482,541	497,982
19-INTERGOVERNMENTAL	30,300	31,060	32,054	33,080	34,138
20-CURRENT SERVICE CHARGES	466,340	477,630	492,914	508,687	524,965
22-DEVELOPMENT AGREEMENT FEES	102,490	105,050	108,412	111,881	115,461
TOTAL - REVENUES & SOURCES	**18,087,007**	**19,814,210**	**20,448,265**	**21,102,609**	**21,777,893**

Source: City of Indian Wells, Biennial Operating Budget for FY 2021-2023, prepared May 20, 2021.

Attribution of TOT to Indian Wells Golf Resort

During this assignment, we have been asked whether some portion of TOT collected by the City should be attributed to IWGR. The rationale for making such an assignment is provided below, along with a rationale for not doing so.

The rationale for assigning some portion of TOT to IWGR, would include the following:

- The presence of IWGR as part of the master-planned setting that includes two of the City's hotels, is part of the placemaking for the two hotels. Placemaking as used here refers to the scenic views of the golf envelope enjoyed by hotel guests from each of the hotel properties.

The rationale for not assigning any portion of TOT to IWGR, would include the following:

- IWGR and the two Partner Hotels involved in the Easement Agreement have pursued largely unrelated business plans since the execution of the Agreement. It would be difficult to assert that IWGR and its golf offering is a direct causal factor in the success of the Partner Hotels.





Resident & Resident Guest Golf Rounds

The confirmation of IWGR as Community Amenity (First) recognizes that the golf courses at IWGR are a popular amenity for residents of Indian Wells.

Residents with their guests booked between 29.3% and 38.1% of rounds played on the two courses, during FY 2018 through FY 2022. Fiscal year 2020 is an outlier given the Covid-19 Pandemic that was underway at the time.

Exhibit 09 on the following page summarizes Resident play (including Resident guest rounds) and total rounds played at IWGR. The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. We note that our information collection started with the 2017 calendar year.

Resident Amenity Calculation

Over the year, the City has calculated the opportunity cost for providing City residents with golf rounds, food and beverage, and retail merchandise, at a discount. The discounting of such items is based on the original Easement Agreement, as amended, and made effective over the years through various City enabling resolutions

For FY 2018 through FY 2022 and including FY 2023 through October, this recapture calculation has totaled just under $7.7 million. This is tallied in the table below.

This Resident Amenity (opportunity cost) recapture is a discretionary matter, that may not be required for the City and its Resident Stakeholders. We suggest the City consider:

- If the Facility Mission is as we suggest, there is no reason to make this calculation. Rather, each year a business plan is executed with EBITDA expectations and means to reach breakeven. If there is a loss, the City funds that loss.
- If IWGR is not first and foremost a resident amenity and is operated instead as a hybrid for-profit / nonprofit entity, we suggest the Resident Amenity Calculation is still not required. We used the hybrid description since with the Resident "club privileges" in place, IWGR cannot be considered a fully for-profit entity.

RESIDENT AMENITY RECAPTURE	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 YTD	2017-2022
Resident Amenity - golf	$ 631,514	754,192	1,390,587	2,050,963	2,173,068	277,140	$ 7,277,464
Resident Amenity - retail	26,511	17,301	14,747	24,882	29,939	4,321	117,701
Resident Amenity - Vue	65,580	68,599	48,291	38,270	47,679	10,431	278,850
Resident Amenity - food truck	-	2,839	721	580	1,275	125	5,540
Resident Amenity - café	7,170	330	-	-	-	-	7,500
Total Resident Amenity	$ 730,776	843,261	1,454,346	2,114,695	2,251,961	292,017	$ 7,687,055

Fiscal Impact

Exhibit 09

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

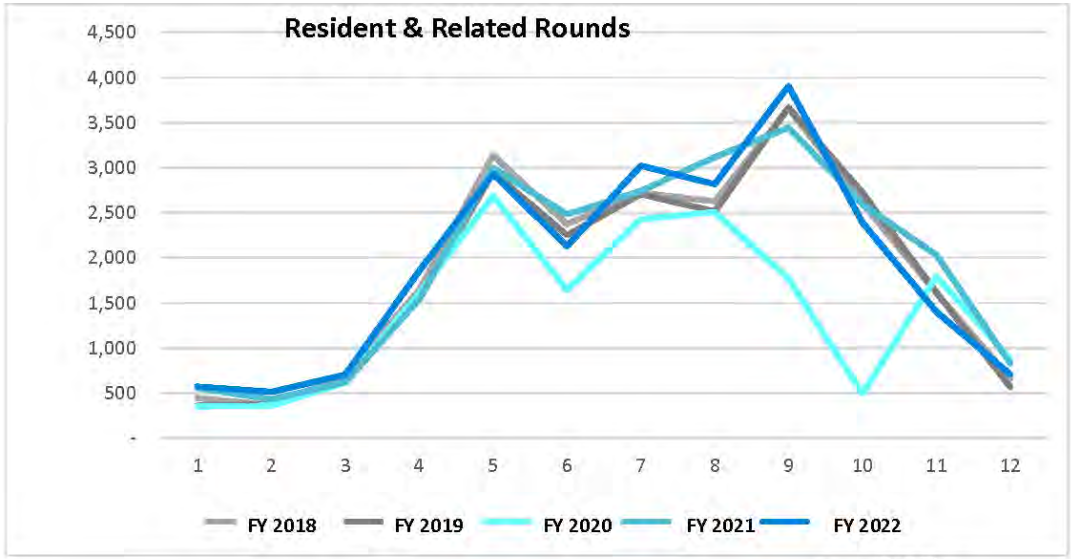
1578 **Golf rounds, residents and guests - all**

	Top Month	
FY 2018	3,655	*March*
FY 2019	3,668	*March*
FY 2020	2,684	*November*
FY 2021	3,444	*March*
FY 2022	3,904	*March*

1562 *Compare to:* **Golf rounds, IWGR total**

Note - operating results for 2016 were not collected for this review.

Shown below: Resident & Related Rounds



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	- Annual	Rounds Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	2,782	2,738	3,813	2,925	1,597	487	14,342	45,393	
FY 2018	**444**	**364**	**692**	**1,643**	**3,136**	**2,373**	**2,720**	**2,627**	**3,655**	**2,601**	**1,609**	**661**	**22,525**	74,828	30.1%
FY 2019	**362**	**374**	**631**	**1,538**	**2,945**	**2,250**	**2,706**	**2,514**	**3,668**	**2,719**	**1,616**	**568**	**21,891**	74,589	29.3%
FY 2020	**352**	**360**	**617**	**1,608**	**2,684**	**1,644**	**2,428**	**2,508**	**1,768**	**492**	**1,795**	**876**	**17,132**	56,402	30.4%
FY 2021	**556**	**430**	**621**	**1,541**	**2,996**	**2,481**	**2,740**	**3,115**	**3,444**	**2,592**	**2,032**	**830**	**23,378**	61,430	38.1%
FY 2022	**571**	**513**	**704**	**1,853**	**2,929**	**2,129**	**3,022**	**2,817**	**3,904**	**2,390**	**1,402**	**708**	**22,942**	76,500	30.0%
FY 2023	589	466	657	1,668	-	-	-	-	-	-	-	-	3,380	13,555	24.9%

Golf rounds, residents and guests - all - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	19.4%	19.1%	26.6%	20.4%	11.1%	3.4%	100.0%
2018	2.0%	1.6%	3.1%	7.3%	13.9%	10.5%	12.1%	11.7%	16.2%	11.5%	7.1%	2.9%	100.0%
2019	1.7%	1.7%	2.9%	7.0%	13.5%	10.3%	12.4%	11.5%	16.8%	12.4%	7.4%	2.6%	100.0%
2020	2.1%	2.1%	3.6%	9.4%	15.7%	9.6%	14.2%	14.6%	10.3%	2.9%	10.5%	5.1%	100.0%
2021	2.4%	1.8%	2.7%	6.6%	12.8%	10.6%	11.7%	13.3%	14.7%	11.1%	8.7%	3.6%	100.0%
2022	2.5%	2.2%	3.1%	8.1%	12.8%	9.3%	13.2%	12.3%	17.0%	10.4%	6.1%	3.1%	100.0%

Resident Amenity Policy Resolutions

Resolution No. 2017-28 (May 18, 2017) amended policies for the issuance of resident benefit cards, such changes being effective for calendar year 2018 Resident Benefit Cards.

Resolution 2007-44 (September 20, 2007) modified the criteria for issuance of Property Identification Cards establishing a calendar year basis for the program, referencing prior resolutions of January 7, 1993, February 20, 1997, November 4, 2004, and June 2, 2005.

Resolution No. 2005-27 (January 2, 2005) provided for changes to Exhibit "A" concerning Property Owner Identification Cards modifying the determination of eligibility requirements and referenced prior resolutions on the same subject approved on January 7, 1993 (97-14), February 20, 1997, and November 4, 2004.

Resolution No. 2004-58

A Reduced Golf Fee Policy for the Golf Resort at Indian Wells was established on April 17, 1997, by and between the Indian Wells Golf Resort Joint Venture, Grand Champions LLC, and the Redevelopment Agency of the City of Indian Wells. This agreement confirmed the original easement agreement dated April 8, 1985, and the Reduced Golf Fee Agreement dated January 7, 1993 (see below). This agreement again clarified policies for reduced fee players.

Resolution No. 2007-44

Resolution 97-14 (January 7, 1993) provided for modification of the policy for issuance of Property Owner Identification Cards that had been established through prior Resolution 93-75 (see below). The resolution clarified how cards would be issued to the Property Owner, spouse or domestic partner, and each dependent child under twenty-one years, and that those with interests in a lease or time share property would not qualify for the Property Owner Identification Cards. Resolution 97-14 also confirmed other enabling details for card issuance.

Resolution 93-75 (June 3, 1993) provided for a first amendment to the prior resolution regarding complimentary golf play (Resolution 93-5), with a modification to the prior agreement's Paragraph 6. The modification confirmed the resident green fee rate not to exceed $35.00 and confirmed that the criteria for issuing Property Owner Identification Cards would be at the sole discretion of the Indian Wells City Council.

Resolution 93-5 (January 7, 1993) authorized an agreement with Stouffer Esmeralda Resort, Hyatt Grand Champions Resorts, and American Golf Corporation to provide a complimentary golf play policy and included Exhibit "A" Complimentary Golf Policy for the Indian Wells Golf Resort.

- Exhibit "A" to Resolution 93-5 provided detailing of the complimentary golf policy, including a definition of complimentary play and identification of categories of complimentary play. Per Exhibit "A," categories included City Council and city staff, senior management at IWGR partner hotels, IWGR staff, professional members of golf sanctioning organizations, visiting government officials, tour and travel professionals, and select event participants. This Agreement included a 30-day cancellation provision. Exhibit "A" also established a green fee not to exceed $35.00 with proper resident identification and family relationship.

- The resolution also rescinded prior Resolution No. 85-71, which has first established a resident classification of participants for the Indian Wells Golf Resort, on November 21, 1985, wherein an identification card and script would be established to enable resident play at the golf resort.

Resolution 85-68 (November 7, 1985) amended the schedule of fees for the operation of IWGR at its opening, setting rates for on-season, shoulder season, and off-season, and for regular and twilight play, along with car fees. The resolution also confirmed fees for use of the driving range.

FACILITY ENHANCEMENTS

We evaluated a wide variety of opportunities for enhancing and/or repurposing IWGR facilities, pursuant to our Agreement with the City.

The intention of exploring opportunities was to test the limits of "highest-and-best-use" for the facility and grounds as an additional means of identifying what Stakeholders desired as the Facility's Mission.

In this section, we include those opportunities that were of interest to many of the Stakeholders, many of which are of an enhancement nature, while some involve new ideas or repurposing parts of the facility.

Some opportunities that we evaluated were not of interest to enough Stakeholders to merit inclusion in this section. Those concepts are deemed "Opportunities Not of Interest" and are included in this report's Appendix simply as a part of the record of this work.

Area Development & Placemaking

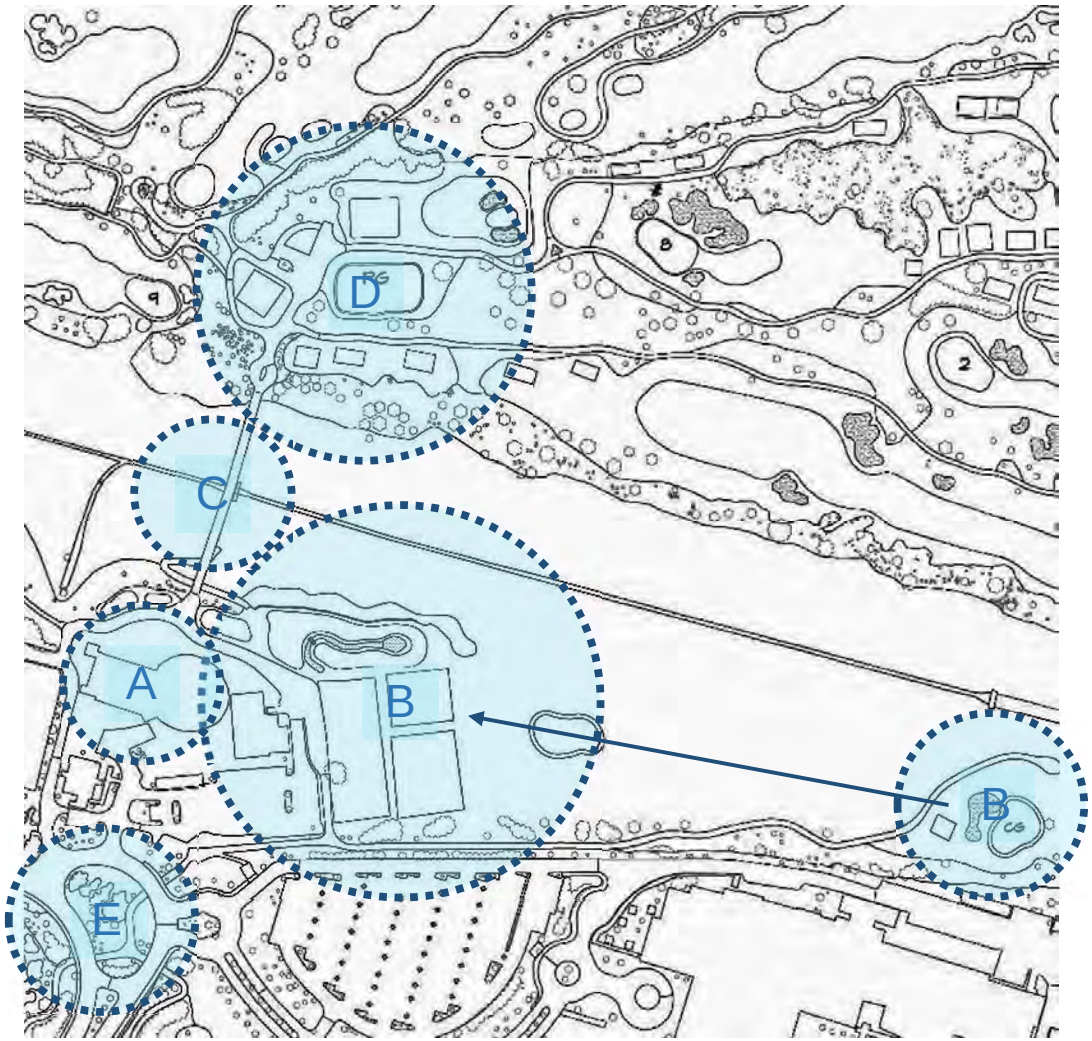
There are many ideas for enhancements and additions to existing IWGR facilities.

We recommend that once a slate of projects are identified that should proceed, that planning proceed with an "area development" approach. There are many synergies, and guest experience boosts among the various ideas, with area development the best possible benefits can be sought in combining these during implementation.

We suggest these districts within IWGR are:

- **Area A** – the clubhouse interior, visual cues, and immediately-adjacent terraces and walkways.
- **Area B** – the practice areas and outdoor nighttime golf / social activities at the driving range, putting area, etc.
- **Area C** – the Wash bridge, with its potential for providing a signature visual and aesthetic experience.
- **Area D** – the IWGR North area, with numerous elements that can be enhanced together in a synergetic way.
- **Area E** – the approach zones, wayfinding, and arrival sequences that characterize the greater IWGR resort experience.

Area Development is a planning approach borrowed from the attractions (theme parks) industry that focuses on defining districts within an overall project, each of which take on specific guest experience roles, activities, aesthetics, and the like. The approach is steeped with placemaking traditions, to bring the best possible tactics in creating compelling destination places.

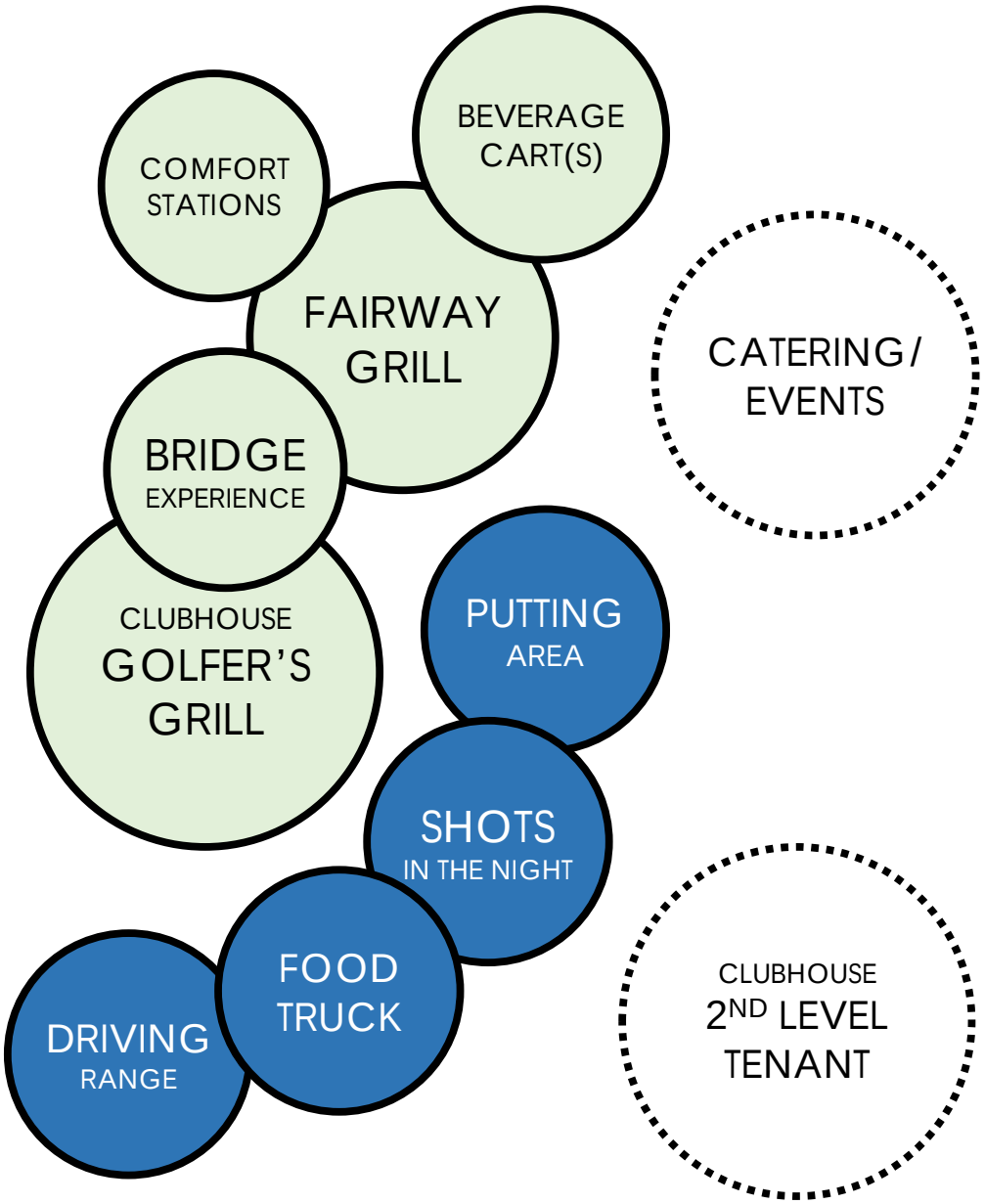


Golf Food & Beverage Offerings

We suggest a comprehensive adjustment to the food and beverage strategy that focuses in these three areas:

- **Golfer F&B** – to include a relocated "golfer's grill" in the Stonehaus style, on the ground floor overlooking golfer's starting and finishing, starter activity, the Wash Bridge, and part of the entry / exit sequence along with the pro shop. Golfer F&B would also include a reactivated Fairway Grill, two comfort stations, and reimagining of the Wash Bridge to provide an iconic experience visually and during crossing. Placing the food truck in semi-permanent location at or about the putting area and driving range, has a nice merchandising appearance to help created "busy energy" at the location.
- **Catering F&B** – IWGR has operated a successful catering business, with substantial annual covers. This business can be increased through insulation and climate control of the Event Pavilion, and promotion of the already enhanced driving range for group events.
- **Catering Banquets Kitchen** – A banquets kitchen is needed to support all group F&B except for activity at the Clubhouse 2nd Level. The Fairway Grill kitchen now used to support the Event Pavilion, should be expanded to allow full support of all golf F&B without support from the clubhouse's 2nd floor kitchen.
- **3rd-Party Destination F&B** – as part of the "Unleash Troon" strategy, we suggest closing the VUE Restaurant and leasing the entire 2nd level to a 3rd-party restaurant operator. There are many options here, and the intention is to identify an operator with a strong brand following and/or a track record for creating destination dining experiences.

The diagram at right summarizes the three F&B focuses.



New Clubhouse Golf Grill at Ground Floor

A golfer's grill would have best participation among golfers if situated at the clubhouse's first level, situated indoors and outdoors along the cart path facing the Wash bridge.

A limited kitchen; possibly a serving kitchen only, would be required.

- As an aesthetic and scale example, we like the Stonehaus Grill operation in Westlake Village (California). The Stonehaus is a Tuscan-style coffeehouse and wine tasting room, somewhat an extension of the F&B offerings at Westlake Village Inn. In its earliest days after opening in 2012, the 3,560 square foot was the gathering place for the adjacent tennis club (since demolished) but quickly established itself as the social gathering place for surrounding communities.

- The informal and charming setting, and ample seating, accommodated the many locals coming and going. Where The Stonehaus derives some of its aesthetic from a tiny adjacent vineyard; at the IWGR clubhouse, the existing landscaping and views provide an equally compelling environment. www.the-stonehaus.com

- While this new golfer's grill would serve golfer needs, the location and format would be attractive to Indian Wells residents for casual dining and meet-ups. A side benefit of an active golf grill would be a more active ground level at the clubhouse. Sometimes this visual cue creates more business; people respond favorable to palpably busy energy.







Shown above: views of The Stonehaus Grill in Westlake Village (California). The clubhouse's "inside-outside" guest flow and service style would adapt well to IWGR's clubhouse ground floor. Shown at left: views of part of the outdoor area adjacent to the clubhouse lobby.





New Clubhouse Golf Grill at Ground Floor

Enhancements

Exhibit 10

Scenario:

Close VUE, 3rd-party lease, new L1 grill	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	-	-	-	-
Food and beverage - L2 tenant	-		-	274,005	274,005	274,005	274,005
Food and beverage - L1 golf grill	-	0.0%	1,377,000	1,377,000	1,377,000	1,377,000	1,377,000
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 17,427,380	15,443,699	15,443,699	15,443,699	15,443,699
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,611,177	3,611,177	3,611,177	3,611,177	3,611,177
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	1,170,450	1,170,450	1,170,450	1,170,450	1,170,450
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 13,162,499	10,371,391	10,371,391	10,371,391	10,371,391
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	402,909	357,048	357,048	357,048	357,048
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,380,646	3,334,785	3,334,785	3,334,785	3,334,785
EBITDA	$ 753,222	4.7%	$ 884,235	1,737,523	1,737,523	1,737,523	1,737,523
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

- Golf Grill revenue at $18 / round including unrelated additional social business.
- VUE space leased to 3rd party, at 5% of restaurant tenant sales, NNN lease.
- Assume Food Truck sales can be held steady.
- Constant 2022 dollars.

Fairway Grill

The Fairway Grill building situated adjacent to the Events Pavilion, is in an excellent position to provide upgraded food and beverage service to golfers and Event Pavilion guests.

We suggest the Fairway Grill be opened if it can be combined with one or more of the additional changes identified herein, namely, placement of a golfer's grill at clubhouse level 1, and, leasing of the VUE to 3rd-party restaurant operator.

The kitchen / seating area here is a good location for serving players on the courses, both food and beverage as well as a "quick grab" assortment of golf balls, suntan lotion, gloves, and snacks.

- At Players Course, 1st tee;
- At Players Course 8th hole, and tee area for 9th hole.
- At Players Course 18th hole, as players finish the course, is the City pursues repurposing the Players Course to start and finish north of the Wash.
- At Celebrity Course 1st tee;
- At Celebrity Course 9th hole, before crossing The Wash to the 10th tee;
- The Fairway Grill can also serve a Lit Night Golf experience on the Celebrity front nine, if the concept is pursued.
- Being adjacent to the Pavilion, the Fairway Grill can also support event guests as an outdoor bar on the grounds.
- The kitchen supporting this snacks/grill has also supported the Pavilion.

Since Players and Celebrity courses do not have classic settings for their respective 18th holes leading to the clubhouse, the Fairway Grill can provide some of that finishing quality for tournaments and groups.

Fairway Grill will require close coordination with the ground floor Golf Grill that is suggested, the beverage cart(s) and the food truck. Each provides a somewhat different F&B experience for different guest moments at IWGR.

The small kitchen area now being used to support the Event Pavilion, should be expanded to serve the golf F&B functions described in this section.



A view of the outdoor seating area at the Fairway Grill.

Fairway Grill

Enhancements













Shown above, various views of Fairway Grill and environs. At the time of our fieldwork, Troon Golf was exploring areas at or about the Fairway Grill that could be level-graded to provide kitchen expansion area and additional outdoor settings for small group events. See photo at far right below, of an area overlooking the Wash bridge near to the Fairway Grill.

Destination Restaurant at Clubhouse 2nd Level

IWGR's Vue Restaurant exists in a region that is highly competitive among a myriad of full-service restaurants. Part of the fun in visiting "the Desert" is dining out at a restaurant with some unique aspect (whether menu, vibe, and/or venue aesthetics) and often al fresco. All the better if an F&B offering is situated within a "restaurant row" or at least with some street life for wandering after dinner.

A destination restaurant can be based on one or more factors. Working with a celebrity chef, or a chef with a "foodie following" in the region, is one way to go. Here are some examples of lesser-known chefs or fresh ideas:

- **Nancy Silverton** - Osteria Mozza, Pizzeria Mozza and Mozz2Go, Los Angeles - Nancy won the James Beard Foundation's Outstanding Chef Award in 2014 and her restaurants in Los Angeles have a cult following. It is arguably the most innovative Italian in LA and can be hard to book a table. www.la.osteriamozza.com
- **Walter Manzke** - Republique, Los Angeles - Before opening Republique, a wildly successful, hip eatery in LA, Walter opened three successful restaurants in Carmel, CA and two more in LA. www.republiquela.com
- **Jose Acevedo** - Mercado, Los Angeles - I believe an upscale nouveau style Mexican offering would be well received in the Coachella Valley. Mercado co-owner and Executive Chef, Acevedo began his extensive career training in the kitchens of Wolfgang Puck and the Hillstone Restaurant Group. Acevedo comes from Guanajuato, Mexico. www.cocinasycalaveras.com
- **Galpão Gaucho Brazilian Steakhouse**, multiple locations, US - Brazilian Steakhouse are becoming increasingly popular in the US. I believe an upscale chain would be a welcome addition to the Coachella Valley. www.galpaogauchousa.com

The difficulties of IWGR for general commercial purpose, are not a limitation in the case of a so-called "destination restaurant." Most every region has one or more unique destination restaurants. These can be particularly intriguing for customers when just a bit off the beaten path and/or requiring a short journey.

Some "critical success factors" for destination restaurant include a compelling if not unique setting, whether location-based, story-based, or thematic. Remote locations can be preferable, where the journey (anticipation), approach, and arrival are part of the experience. Other factors critical to a destination restaurant include a compelling menu, a special food preparation method, and possibly a noted chef.

Destinations restaurant typically fulfill unique trip purposes, such as "doing something special," or commemorating a special occasion. In today's world, such an experience can fulfill the unique need for "selfie" shares on social media. Some examples of regional destination restaurant around the U.S include:

- **Fox & Hounds Restaurant & Tavern (Hubertus, Wisconsin)** - is such an example, situated outside of Milwaukee. First established in 1933 after decades of family experience hosting fox hunts from their Kettle Moraine cabin and basement bar.
- **Blue Bill at Stone Barns (Pocantico Hills, New York)** – Chef Dan Barber's farm-to-table restaurant serving tasting menus in a refurbished barn. Located about 30 miles north of Manhattan.
- **Single Thread Farms (Healdsburg, California)** - Guests of the restaurant are treated to an 11-course tasting menu, showcasing the seasonal bounty from the owner/chef's farm.
- **Popeye's on Lake Geneva (Southern Wisconsin)** - is another example. Lake Geneva and environs has long been a 2nd home and weekend escape destination for residents of norther Illinois, and the Milwaukee metro area. Customers may enjoy these restaurants more in having to travel for the experience.

Fairway Grill

Enhancements

Exhibit 11

Scenario:

Fairway Grill opens	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	2,257,686	2,257,686	2,257,686	2,257,686
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	1,071,000	1,071,000	1,071,000	1,071,000	1,071,000
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 17,121,380	17,121,380	17,121,380	17,121,380	17,121,380
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,611,177	3,611,177	3,611,177	3,611,177	3,611,177
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	910,350	910,350	910,350	910,350	910,350
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 12,902,399	12,902,399	12,902,399	12,902,399	12,902,399
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	395,835	395,835	395,835	395,835	395,835
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,373,572	3,373,572	3,373,572	3,373,572	3,373,572
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 845,409	845,409	845,409	845,409	845,409
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

- Fairway Grill revenue at $14 / round
- Assume Beverage Cart sales can be held steady.
- Constant 2022 dollars.

Increased Banquets / Meetings Capacity

IWGR's landscaped grounds and views offer some of the most compelling settings in the Coachella Valley. With a larger, more versatile meeting facility, IWGR can earn more meetings business of all types (the so-called MICE and SMERF segments).

The difficulty of course is the limitation of existing parking, and the need to cross the Wash Bridge for gatherings at the Event Pavilion. Operating a primary banquet kitchen at the Fairway Grill (adjacent to the Event Pavilion) requires food and beverage deliveries across a bridge with limited weight capacity.

To operate year-round, the Event Pavilion also requires insulation to allow efficient cooling in the warmest weather months.

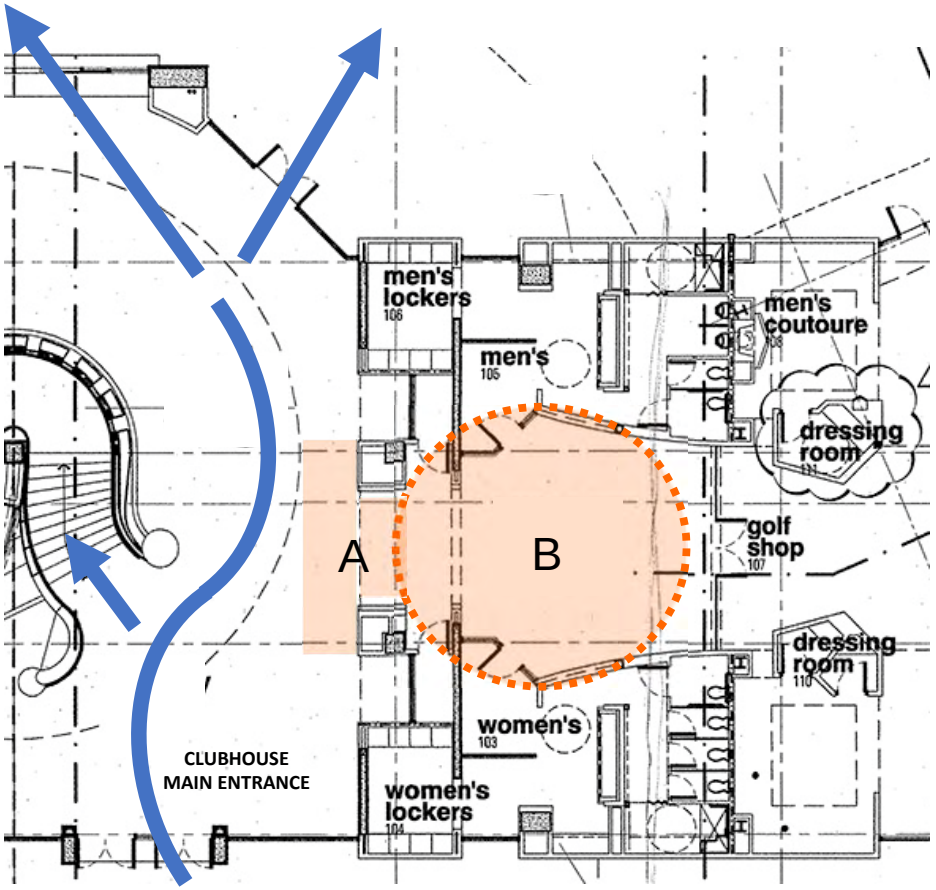


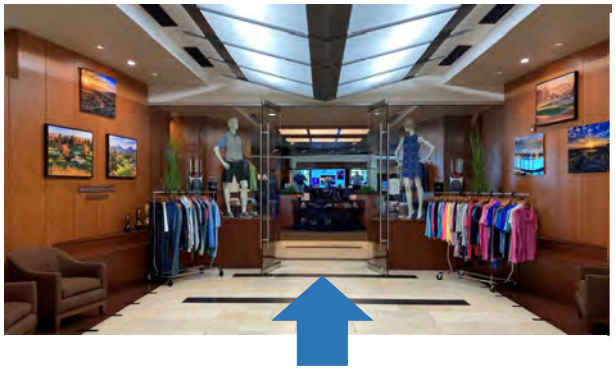
Drone aerial photography by Golf Property Analysts.

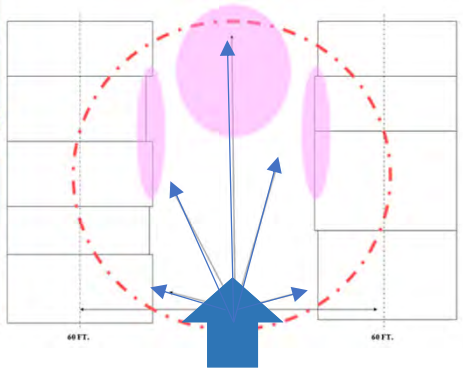
Merchandise the Pro Shop Threshold

The Pro Shop can better merchandise its entry, to take advantage of its location along the arrival and departure route throughout the clubhouse.

- The Pro Shop entry threshold should be activated starting at point **A** in the diagram at right. That is, the Pro Shop and its merchandise needs to be palpable to those arriving and leaving from the clubhouse, as they pass by the shop threshold.
- The next part of the store entry sequence (point **B**) also needs activation. If this were a mall, the first 15 FT from the entry threshold is most important, with the view onto a 50 to 60 FT store depth being next important. We believe this tactic from the mall industry works well in considering activation of its entry sequence.
- The Store Threshold and Entry Sequence should provide an enhanced "retail rhythm" for those entering. As diagrammed below, retail rhythm is a moving 160-degree point-of-view for customers as their eyes dance and glance at the retail space in search of visual cues. Great stores, malls, and retail streets, offer top retail rhythms for their shoppers.







Shown at far left, the pro shop as viewed from the clubhouse lobby. Shown above, the customer path as it moves past the Pro Shop entry threshold. At near left, customer "retail rhythm" is a moving 160-degree POV through the space, with the eyes dancing to gather environmental cues during this journey.



Shown here, a LUSH store entry threshold with attention to 160-degree customer "retail rhythm.

Logo Redesign for Greater Retail Sales

We suggest a design exploration with focus group testing, to determine if a better logo design might be achieved that can cause increased logo' d merchandise sales.

It is difficult to prove out without testing through design alternatives, but we believe the IWGR logo is not as aesthetically compelling as it could be. And we are all aware that a great logo helps to sell the logo' d apparel and gear.

Great graphic designers and logo specialists can create remarkable designs and branding guidelines that have measurable impacts on sales. IWGR offers a golf experience among the finest in the U.S. The logo should match and propel the branded experience.

We notice the Integration of a Troon Golf tagline with the IWGR logo, in at least the one logo treatment we include at below right.

- In general, unless the facilities manager is an investment partner or has paid fee for such co-branding, it is not advisable to allow such co-branding.
- If allowed to co-brand in this way, the City would have some branding issues to mitigate for should Troon Golf exit from its current facilities management role. We say this simply for the sake of Owner protection.
- We do agree with idea that Troon Golf's brand can and will lift IWGR's brand; but this can be done in other ways in collateral, social media, and website presentation.

INDIAN WELLS
GOLF RESORT

INDIAN WELLS
GOLF RESORT
EXPERIENCE TROON GOLF®

Commemorating Great Moments at IWGR

Indian Wells is a remarkable place - the host community for two world-class sports and recreation facilities and associated events. As we have noted, there are few communities that have venues of the caliber of IWGR and the Indian Wells Tennis Garden. This sensibility about Indian Wells is not now part of the aesthetic of the clubhouse.

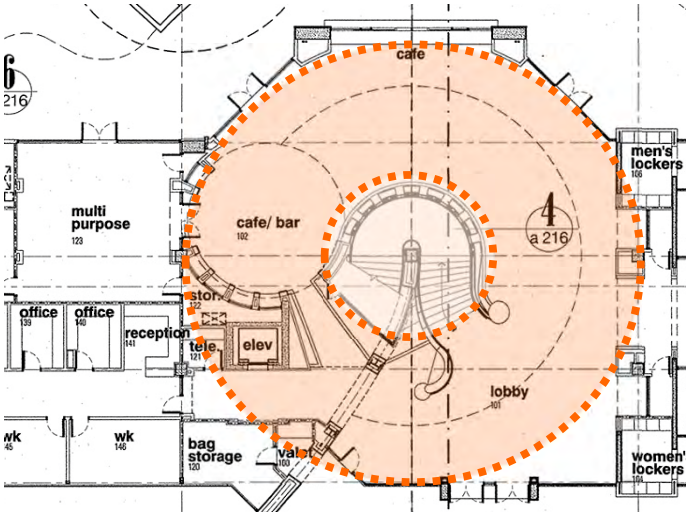
We suggest that commemorating and celebrating this rich community sports heritage can help propel word-of-mouth about the club and help to shape golfer and golf critic reviews.

Some thoughts on this:

- The clubhouse lobby could **include a commemoration of the Skins Games** hosted in 2007 and 2008, won by Stephen Ames and K.J. Choi, a couple of great moment in IWGR's history. We recommend somewhere along the primary circulation path in the ground floor lobby.
- **Identify the Indian Wells Tennis Garden** as something akin to a sister facility with IWGR (with IWTG's active collaboration of course). IWGR with the Tennis Garden is a terrific co-branding opportunity that can lift the brands of both facilities. Given the ongoing major tournament hosting over at the Tennis Garden, the IWGR clubhouse presence for the Tennis Garden would take on a more active, ongoing approach which is exciting.
- Commemorating these great moments, we think is like the Los Angeles Lakers hanging their NBA championship banners in the arena rafters. Displaying commemorative items also serves as a challenge for all concerned to match those glory years. There are undoubtedly other great moments of which we are unaware but could also be considered for similar treatment.
- As part of lifting the heritage of IWGR and the community, into the facility, we suggest exploring a commemorative monument or two on the courses, where **great golfers and great moments** have occurred.
- This placemaking tactic could take on a "selfie moment" edge with the right kind of design. Any selfie taken at the facility which clearly notes IWGR is a free ongoing content drop to social media.



Shown above: Zach Johnson hitting from the 17th fairway during the 2007 Skins Game at IWGR's Celebrity course.



Improving Satisfaction of Play and Reducing Costs

The golf architects on the SCP team – Mark Mungeam and his associate firm, John Robinson Golf, have suggested various changes to the Players and Celebrity courses. The Facilities Review section of this report includes detailed field observations from a golf architect's POV (Mark Mungeam).

There would be several objectives for any changes to the courses:

- **Enhance the golf experience** for beginning players and expert players alike, whether Resident Stakeholders or other golfers.
- **Reduce expenses associated with maintenance of bunkers, and landing areas** not typically in play.
- Designate exceptional locations for future comfort stations on the courses, exceptional both from a scenic POV and with consideration for speed of play.

A "play enhancement" plan for one or both courses could include consideration of such factors as those identified below.

Celebrity Course:

- **Revise routing** to convert two par-4 holes to par-3's. Lengthen two par-4 holes to par-5 length to maintain a par of 72.
- **Reduce the bunkering on the Celebrity course**, by about 40%. Many bunkers can be removed or made smaller without impacting the beauty of the golf experience, or play. Most of the bunkers that can be removed are behind greens and at the approaches. These hazards are frequented by the poor player and rarely in play for accomplished players.
- **Add "family tee" markers** that shorten course to about 4,700 yards. Same at Players course.
- **Adjust bunker configurations**, where some steep-sloped and high sand face bunkers are particularly expensive to maintain at top quality. Tweak design of bunkers to remain. Raise floors, soften inside slopes and slightly modify edge to allow majority of bunkers to be maintained with a mechanical sand trap rake. Install a hard liner in bunker floors to reduce sand erosion and maintenance requirements. As noted in the field visit notes (see Facilities Review section), some approach bunkers could be eliminated such as some on Holes 1, 2, 3 and 7 on the Front 9.
- **Integrate televised tournament logistics**, to support the promotion of such events at IWGR. Camera tower placements, conduit and pre-wired power runs, consideration of spectator areas and crowd flow, all these staging considerations can be included in course redesign for efficient flex-up during media events.

Players Course:

- **Soften difficulty of course for the average player** while maintaining the challenge for accomplished golfers.
- **Redesign the first two holes of the Player course** to mitigate what is now an "overly challenging" start for the average (and resort) golfer. Some rework would allow a golfer to get off to a more satisfying and memorable start. This will improve overall speed of play.
- **Reduce number/area of formal sand bunkers** by about 20%. Consider changing the look of the remaining bunkers to a more traditional grass face and flatter sand style to better differentiate the two courses.
- Reduce density of landscaping where it impacts playability of the golf hole.
- Consider adjusting routing to locate the 9th green and 10th tee at the Pavilion. This will better enable the selling of 9-hole rounds, which are popular.
- Consider development of an additional compact, 18-hole "Short" or "Executive" length course within the area of Holes 1-16 of the Player Course. Use of the Short Course would take the place of the Player Course on alternate days or during the summer when the championship course is less frequently used.

Improving Satisfaction of Play – both Courses

Enhancements

Exhibit 12

Scenario:

Save 5% on golf maintenance	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,001,549	8,001,549	8,001,549	8,001,549	8,001,549
Night lit 9-hole golf	-	0.0%	-	-	-	-	-
Other golf - range, lessons, group services	8,551,833		550,284	550,284	550,284	550,284	550,284
Pro shop / merchandise	1,544,595	9.6%	1,544,595	1,544,595	1,544,595	1,544,595	1,544,595
Food and beverage - VUE	2,257,686	14.1%	2,257,686	2,257,686	2,257,686	2,257,686	2,257,686
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	623,141	623,141	623,141	623,141	623,141
Food and beverage - food truck	445,224	2.8%	445,224	445,224	445,224	445,224	445,224
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,050,380	16,050,380	16,050,380	16,050,380	16,050,380
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,067,779	2,067,779	2,067,779	2,067,779	2,067,779
Night lit 9-hole golf	-		-	-	-	-	-
Golf academy	228,691	140.8%	228,691	228,691	228,691	228,691	228,691
Golf maintenance	3,611,177	45.1%	3,430,618	3,430,618	3,430,618	3,430,618	3,430,618
Pro shop / merchandise	1,044,307	67.6%	1,044,307	1,044,307	1,044,307	1,044,307	1,044,307
Food and beverage - VUE	2,791,108	123.6%	2,791,108	2,791,108	2,791,108	2,791,108	2,791,108
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	371,172	371,172	371,172	371,172	371,172
Food and beverage - food truck	289,727	65.1%	289,727	289,727	289,727	289,727	289,727
Banquets	1,611,135	65.8%	1,611,135	1,611,135	1,611,135	1,611,135	1,611,135
Other expenses (plug)	(23,048)	0.0%	(23,048)	(23,048)	(23,048)	(23,048)	(23,048)
Total departmental expenses	$ 11,992,049	74.7%	$ 11,811,490	11,811,490	11,811,490	11,811,490	11,811,490
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,566,059	1,566,059	1,566,059	1,566,059	1,566,059
Marketing and promotions	371,074	2.3%	371,074	371,074	371,074	371,074	371,074
Building expenses	1,090,138	6.8%	1,090,138	1,090,138	1,090,138	1,090,138	1,090,138
Facility manager's fee	277,838	1.7%	321,540	321,540	321,540	321,540	321,540
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,348,811	3,348,811	3,348,811	3,348,811	3,348,811
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 890,079	890,079	890,079	890,079	890,079
Inflation index - revenues			1.000	1.000	1.000	1.000	1.000
Inflation index - expenses			1.000	1.000	1.000	1.000	1.000
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Baseline Financials

- Decrease golf maintenance expense by 5%, by reducing bunker count and associated maintenance.
- Constant 2022 dollars

Repurposed Players Course / North of Wash

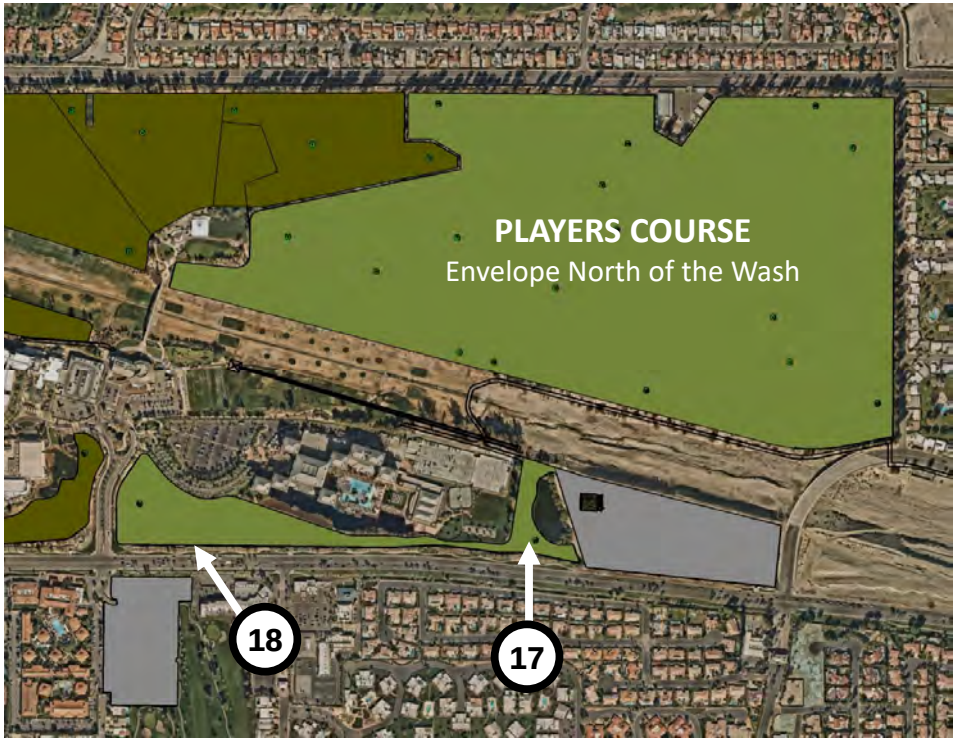
There is the potential for repurposing IWGR's Players course to fully play north of the Wash. The repurposing could be part of a transaction relating to the original Easement Agreement and involving the Renaissance and IWGR's 17th and 18th holes. We are not aware of a specific transaction in discussion, but we understand that a design exploration is underway to show the Players course fully routed on the north side of the Wash.

There are several benefits for IWGR and the City, in repurposing Players course towards this end, including:

- Resident Stakeholders have commented about the unpleasant path from Players Hole 16 across the Wash to the 17th hole. This would be mitigated with full play of Players course north of the Wash. Other Stakeholders commented about the possibility of shortening the Players course and additional changes to increase speed of play. This too can be accomplished.
- Holes 17 and 18 of Player, traverse along portions of the perimeter of the Renaissance Esmeralda hotel. The owner of the Renaissance is interested in making changes to the 1985 Easement Agreement that would recover land contributed to create the current 17th and 18th holes of the Players course. The Renaissance property would be substantially upgraded and expanded with this additional property made available.
- There may be some trading of land by and between the Renaissance and IWGR properties, such that IWGR gets an expanded site adjacent to the clubhouse for expanded parking and possibly driving range acreage.
- Should a trade and financial transaction be accomplished as described above, the City would benefit from significant new construction with likely additional TOT paid to the City.

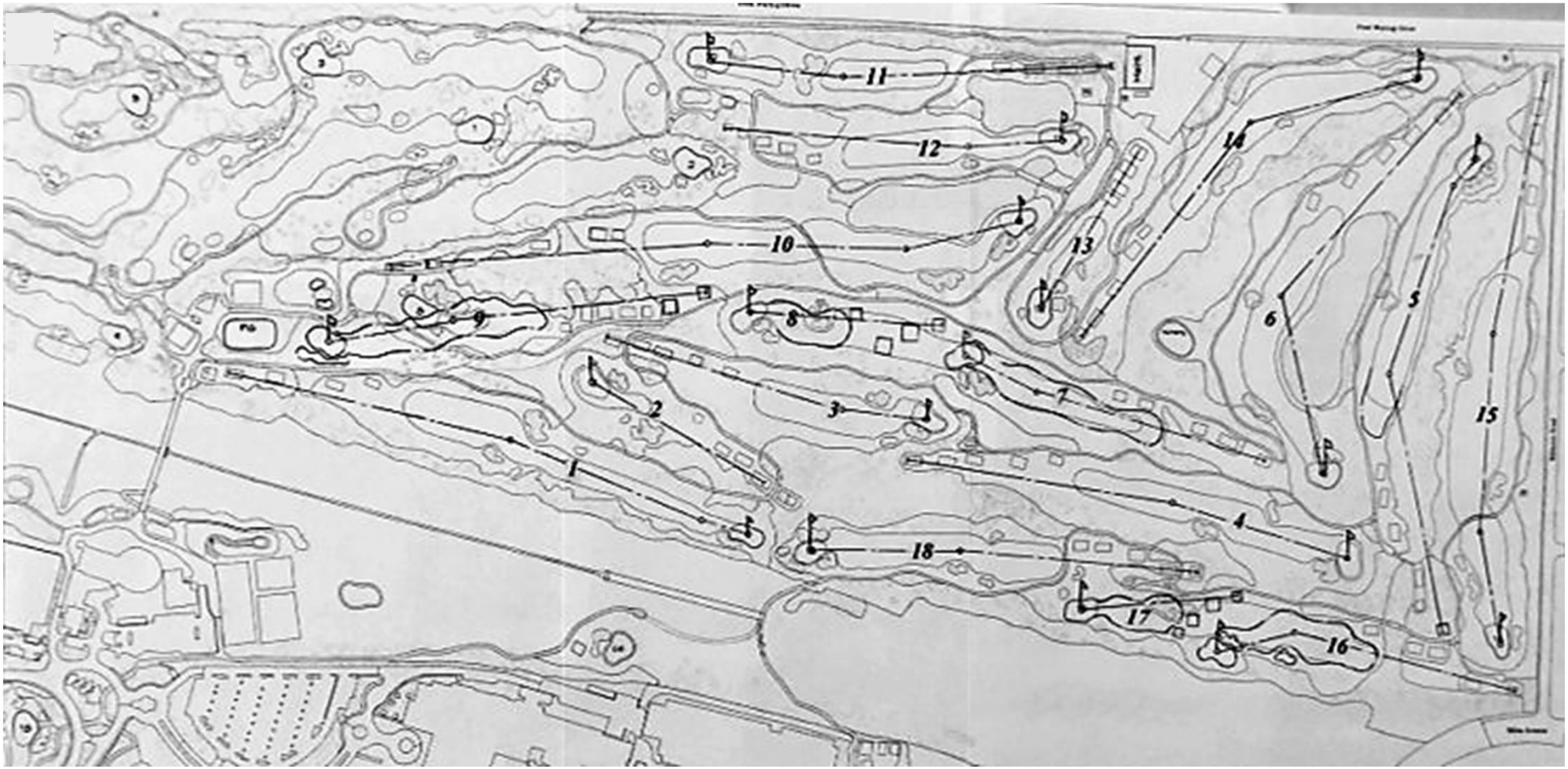
The original land use plan delineated in the Easement Agreement, allows for such repurposing due to the primarily "core course" golf course envelop. A core course without residences flanking fairways, allows for significant flexibility in rerouting.

On the next page, a concept sketch by golf architect Mark Mungeam is included, showing a re-routing of Players course entirely north of the Wash.



Shown above, the 17th and 18th holes of Players course, and the "core course" golf course available north of the Wash. The green marks within the Players Course envelop are the locations of existing golf holes.

Repurposed Players Course / North of Wash



Shown above: as part of this SAP study, a concept sketch was prepared by SCP team member (and golf architect Mark Mungeam) for re-routing the Players course entirely north of the Wash.

Back 9 Comfort Stations

IWGR should consider placing two comfort stations IWGR, one on the Back 9 of each of the two courses. While it is common for comfort stations to be placed in the vicinity of holes 4-5 and holes 13-14, we suggest introducing the amenity with holes 13-14 on each course.

- We believe comfort stations at IWGR would provide an additional customer touchpoint that signatures the golf experience as rivalling the finest private clubs.
- The comfort stations need not compete with IWGR's Fairway Grill, and beverage carts, but simply be an extension of the facility's customer service and comfort sensibilities.
- Comfort stations on golf courses range considerably in what is offered. For IWGR we recommend a small but iconic overhead (shade) structure be placed, with chilled bottled water and fruit. The water and fruit provided gratis, of course.
- These same comfort structures can be staffed and operated as additional concessions during tournaments and group events. During these flex-up times the comfort stations would resemble the fuller offerings of private clubs, where comfort stations sometimes include bartenders, chefs and servers, and prepared food offerings.
- In the same way as tournaments and group events, the offerings at these comfort stations can be upgraded during hot summer days and late day starting times as a customer recognition gesture. Attention to player comfort and free stuff can make for a more satisfied customer.

We note that comfort stations were first introduced by Discovery Land's Michael Meldman and have become a common feature at upscale resorts and private clubs.





Shown at left, the Ayla Golf Resort in Aqaba (Jordan) includes on-course architecture that introduces shade structures sculpted with local materials to reflect area desert terrain. Shown above, a food offering at an enclosed comfort station at Ozark National at Big Cedar Lodge.

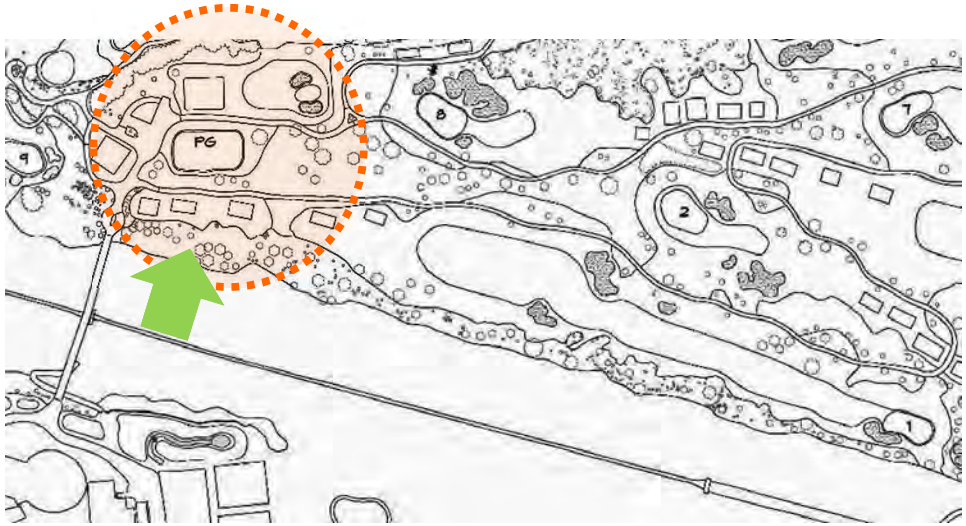
Expansion of Short-Game Practice Area

We suggest consideration for development of an expanded short- game practice facility in the area of the current Player course first tee. Practice facilities and Short Game areas provides a casual "alternative" golf offering for golf enthusiasts learn and improve their game. These facilities also provide an experience for golfers with limited time on a particular day.

Many private golf courses in the Coachella Valley have practice areas superior to what is offered at IWGR (Madison Club, Tradition Golf Club, Bighorn Golf Club, etc.) – providing a well-conceived short-game practice area would help IWGR to match what is offered at the best private courses.

- This concept can be pursued as part of an area design study that includes the Event Pavilion, the Fairway Grill, a possible Wash bridge experience, and the potential rerouting of Players course to play entire north of the Wash. This area is highlighted in the diagram at right.
- We believe this expanded / enhanced short-game area, combined with the enhanced primary driving range, can assist in transforming IWGR's practice facilities to a well-regarded status among golfers.





Some Practice Area planning factors:

- **Safety** – provide ample space to provide a margin of error for novice golfers. Have bunkers not in line with other bunkers.
- **Variety** - at a minimum, a practice area should replicate shots that might be required regularly on the course. If space is available, the design should cater to all types of golfers. A great practice facility will emulate the golf course, with target greens that copy those on the golf course(s). Mowing patterns should copy the course with rough, fairway, cut and green length grass cutting definition. Also, ample available grass tee space is a big plus.
- **Beauty** - features should all relate to one another and be cohesive with the landscape.
- **Maintenance** - for consistency, the short game areas should be maintained in the same condition as the rest of the golf course. Green speeds, sand, type, grass, heights, etc. should match the facility's golf courses.
- **Location** – visibility of the practice area(s) from the clubhouse, is important to encourage use..
- **Space** – the best short game practice areas are typically in the 2-5-acre range.
- **Fun** – practice areas that encourage the golfer to use their imagination and to get lost in the improvement process, are compelling.

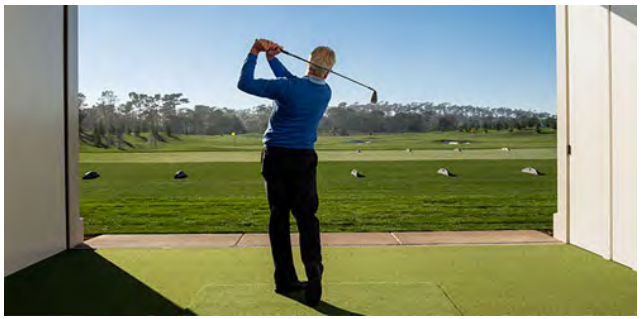
Expansion of Short-Game Practice Area

Some examples of "best practices" short-game practice facilities include those listed below. IWGR does not have the site area to provide all aspects of some of these examples, but it can offer some of the most appealing aspects.

- **Cabot Citrus Farms** - the practice facility and Practice Park at World Woods Golf Club (soon to reopen as Cabot Citrus Farms after an acquisition and major renovation) in Brookfield, Florida, has been ranked by Golf Magazine as the "Best Practice Facility in the USA." The practice areas include a 360-degree driving range, and a 2-acre putting course with undulations that simulate the course.
- **Pebble Beach Golf Links** – was renovated in 2014 to include the Pebble Beach Golf Academy and has earned rave reviews. The renovation replaced the old driving range that featured hitting off mats. A 40,000 SF short-game complex offers bunkers, chipping areas and a large putting green, among other facilities.
- **Pinehurst Resort** - expansive practice facility and putting course that support the five main-campus courses.
- **Madison Golf Club** – the practice facility emulates the shots a player would hit on its members' course.
- **University Facilities** - Numerous universities with golf programs are constructing short game areas for their men's and women's teams. Some of the top "university" short game areas are at the University of San Diego, Arizona State, Abilene Christian, Florida State, Iowa State, and the University of the Pacific. Some schools poor weather regions developing indoor short game facilities with artificial turf.



Shown above, a concept drawing for the Pebble Beach Golf Academy and practice area prepared in 2013 as the facility commenced construction. Shown below, a covered hitting bay at Pebble Beach.

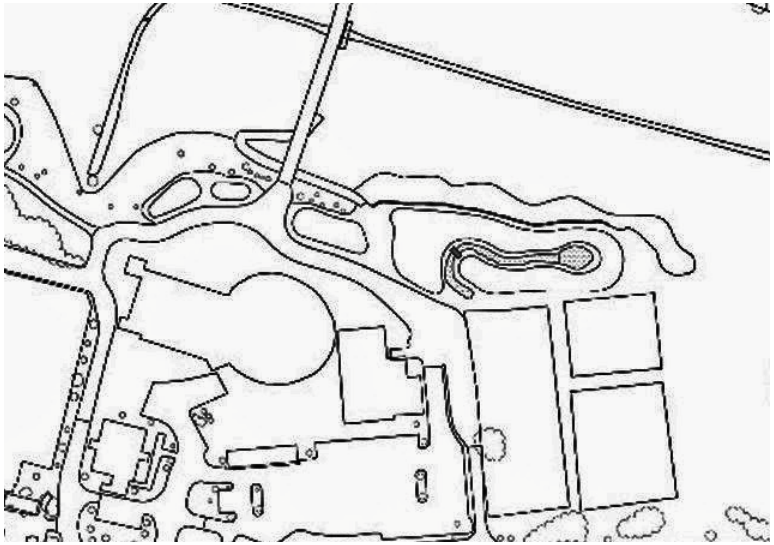


Drone aerial photography by Golf Property Analysts.

Expansion of Putting Venue

An expansion of the putting course should be considered, to 9 holes (perhaps utilizing the putting green for two “holes”) with the some “hazards” and contouring added to make them play more like golf holes.

- The landscape could be formed to create a look somewhere between a miniature golf course and putting green. Instead of “windmills and ponds” there could be mounds and sand bunkers with the intent of creating strategy and interest.
- The holes could be designed to be reversible to enhance the variety and better spread wear and maintenance requirements.
- Most importantly, we would suggest keeping the putting course open through the summer to try to attract hotel patrons who may desire an activity in addition to pools and water slides.





Drone aerial photography by Golf Property Analysts.

Promoting the Academy

The Academy for golf instruction is a terrific way to package and promote the lessons that have been part of IWGR for a long time but never with a significant revenue contribution. We note that Troon Golf offers Bird Golf Academy at Classic Club (Palm Desert), so some thought should be given to differentiate IWGR's Academy from what is offered at Classic Club (as well as PGA West Golf Academy).

- With its association with the well-regarded Indian Wells Golf Resort, and, supervised by Troon Golf, the program should be particularly well-received by beginner golfers. Among professional golfers, scratch golfers, and the very serious golfer, there are many places for instruction, and the Academy will get some of that business.

- But we believe that there is large opportunity among novices among the huge Southern California drive-in market. Although always a sport of niche interest, there are many young people who are interested in golf and would take lessons, if there were an easy and unintimidating way to learn.

We suggest a dedicated social media channel devoted to young, beginner golfers living in Southern California. As part of this customer segment, we think there is a directly related customer segment selling to parents would like their older children able to play golf socially, as one means of moving along in their careers. Southern California parents are always a reliable source of funding for the betterment of their kids.

The IWGR social media channel should include the channels listed here, at a minimum. Content should be edgy and irreverent, and over time featuring many customers of the Academy. A regional social media influencer could be signed to a short-term contract to get the channel follower counts to an early impressing number.

- TikTok
- Instagram
- YouTube



Facility Wayfinding as Placemaking Tactic

We suggest taking a fresh look at wayfinding throughout Indian Wells Golf Resort – from hotel lobbies, parking, to clubhouse entrance.

Wayfinding is an opportunity to enhance a resort experience, simply with the engaging aesthetic of the messaging.

If the wayfinding is effective, it is also an ever-present promotional presence, to explore, to do more, as part of a guest stay. The Disney Decade program (noted at below right) called for fresh effective wayfinding within Walt Disney World resort as one means to encourage on-site discovery.

Some specific ideas:

- Creation design guidelines and brand identity kit, to coordinate a resort-wide look and feel for this wayfinding.
- At the street level, attractive low-rise signage with integrated aesthetic LED panel. LED panels do not have to be bright and garish.
- Within the same design guidelines, placement of wayfinding placards within each hotel lobby indicating walking time to the IWGR Clubhouse. Should golfers need bag pick-up and a quick shuttle over to the Clubhouse, a cart could be summoned from this wayfinding location.



Shown above, an example of IWGR's wayfinding, in this example one of the major signs at the resort. An experienced graphics design firm could create an integrated wayfinding program that has presence throughout the master-planned resort.

The Walt Disney World example - The contribution of wayfinding to the guest experience cannot be overstated. When Michael Eisner assumed leadership of Walt Disney Co., one of his first moves at Walt Disney World was a complete change in its signage and wayfinding – part of his "Disney Decade program."

His intent was to make the wayfinding match the resort's guest experience and encourage on-site discovery. Of course, guest experiences also need ongoing refreshing, and this iconic wayfinding system was almost fully replaced in 2022.

Enhanced Presence and Pathways for Hotels

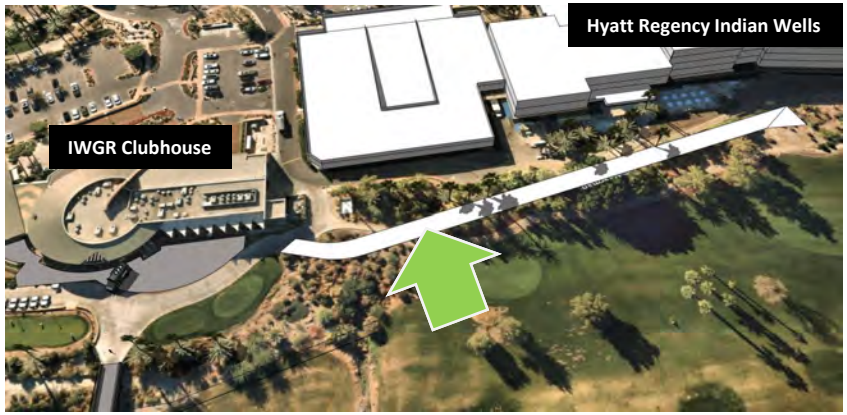
There is a large opportunity to improve the paths and trails at or about IWGR. Although a master-planned resort campus, the pedestrian paths at IWGR are poor or nonexistent.

- The guest path from the Hyatt Regency to the clubhouse current consists of a stroll through a parking garage, and across IWGR clubhouse parking spaces, on to the clubhouse entrance.
- With collaboration with the Hyatt Regency Indian Wells, a more direct walking path could be provided from the north side of the main hotel building, along the Wash, and onto the clubhouse's north entrance. This new path would be a beautiful one featuring views of golf north of the Wash and would culminate with arrival at the new Stonehaus-style Golf Grill at the Clubhouse ground level.
- The guest path from Renaissance Esmerelda over to the IWGR clubhouse is not clear or inviting. A guest standing at the hotel drop-off would not be aware of the clubhouse unless they were told where it was and where to look. From the hotel's front entrance there is no wayfinding or path to encourage a stroll over to the clubhouse.
- The problem with paths from the Renaissance can be easily remedied with a rework of the parking areas upon a property swap as part of repurposing of the Players course.
- We reviewed the $276,242 capital improvements work in the City's IWGR Sidewalk Improvements project, and believe it begins to address this pathways deficiency. Aligning the sidewalks to be more intuitive and safer, and providing access ramps for ADA compliance, are quite helpful. More can be done, as noted, to improve pathways and related wayfinding to improve the overall "resort campus" experience.









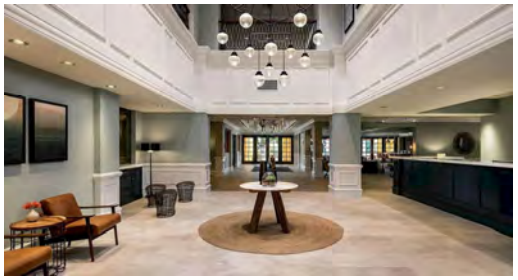
Shown at upper right, the service road north of the parking structure adjacent to the Hyatt Regency Indian Wells. An actual path could be placed along the north side of this access road, ss shown at below right. Shown at middle right, a view from the west edge of the hotel front guest entry, at the Renaissance Esmeralda.

Hotel Lobbies & Guestroom Activations

IWGR should create a promotional "method" for prominent display in each of its five Partner Hotels. This would be helpful no matter which enhancements, if any, are embraced by Stakeholders for the Strategic Asset Plan.

- As more activities are offered at IWGR, the more important these lobby activations will become.
- There are various ways of providing such a promotional activation, including physical freestanding, projected, and wall-mounted approaches.
- There are also augmented reality pop-ups, smartphone QR code triggers, text for sign-up offers, and such. We'd suggest that the displays be Internet-connected, so that "activities of the day," special offers, and other information can be changed with circumstances.
- As an example, an evening "sensory park" experience that delights with point-source sound, digital projection mapping, lighting effects, and a bit of SFX, could be signaled to the five Partner Hotel lobby activations.
- There is no specific requirement in the Easement Agreement or other agreement, for this kind of cooperation by the City's five Hotel Partners. But this kind of co-marketing that creates a more compelling overall resort experience would seem to be a win for all concerned.
- We recognize that this kind of lobby activation program, would need to have an adaptive design since each of the Hotel Partners will have space constraints, their own environmental aesthetics, and their own promotions which may take primacy. Early involvement of the hotels in activation design would assure this messaging platform's effectiveness.







1,506 guest rooms
3,012 potential guests
1,800 guests on a 60% day



Approach Zone & Entry

IWGR is well-located in its role as a community facility for Indian Wells residents and as an impressive, convenient amenity for the City's five Partner Hotels.

- The approach and entry to Indian Wells Golf Resort is situated along Highway 111, between Eldorado Drive and Miles Avenue. Fred Waring Drive bounds the north boundary of the resort.
- The intersection at Highway 111 and Indian Wells Lane is signalized and provides the primary highway identity and presence for IWGR. A portion of the clubhouse roofline is visible from this intersection once a turn onto IWGR property is made.







Shown above and upper right, Highway 111 as it traverses past IWGR's main entrance, the and ingress/egress point to Indian Wells Golf Resort.

ASSET MANAGEMENT

Appointment of 3rd-Party Asset Manager

We recommend the appointment of a 3rd-party Asset Manager to act as owner's representative on behalf of the City and a new Resident Member's Committee (as described at right). We believe this will be a more effective and streamlined oversight function than the present Golf Resort Advisory Committee advises the City Council.

- At present, there is no party providing this oversight and advocacy for IWGR. Troon Golf is an excellent facilities manager not unlike a management company such as Ritz-Carlton in the luxury hotel industry. The Ritz-Carlton Hotel Co. (part of Marriott) routinely works with owner asset managers in the fulfillment of its property management role. Property managers handle day to day matters, while asset managers take the strategy and ROI role, among other matters of top owner interest.
- No matter the expertise of Owner, a top asset manager acts as an advocate of Owner's interest, a role that is helpful in achieving the best results from an asset.
- The owners of substantial assets such as IWGR are routinely represented by professional asset managers that monitor facility manager performance, and analyze facility manager business plans and budgets, monthly financial reports, sales effectiveness, and the like.
- An asset manager takes on the liaison role with the City's Hotel Partners, assuring that hotels as stakeholders, are heard. Troon Golf as facilities manager, works with the Hotel Partners at a co-marketing and play fulfillment level.
- Asset managers are paid, ultimately, for directing and collaborating with a facilities manager to achieve a bottom-line. In this way, an asset manager is very much responsible for performance.



Drone aerial photography by Golf Property Analysts.

Facility Management Agreement

The Troon Facilities Management Agreement was first executed in June 2009 and has been amended five times.

In general, management fee paid to Troon is within industry expectations for facilities management.

Some comments:

- Troon is not being paid enough through the management agreement, to be held financially responsible for poor operating results.
- Our firm's perspective on facility managers placing "skin in the game" by co-investing in capital improvements, covering operating losses, or otherwise buying in, is that we don't recommend seeking this relationship with an operator if it creates a long-term binding relationship. If the "skin in the game" includes a financial commitment that does not affect an owner's rights to terminate the management agreement.
- With a facilities manager, we always prefer seeking the lowest possible base management fee, a fair sharing of EBITDA earnings with a Manager, and an easy termination provision for an owner should EBITDA earnings fail to reach a business plan target. Facility managers work at their best having the ability to earn more than a typical management fee when an owner has also done well, and with the prospect of termination always present.
- Facility owners and asset managers typically have the view that the most important provision of a facilities management agreement is the owner's right to termination.

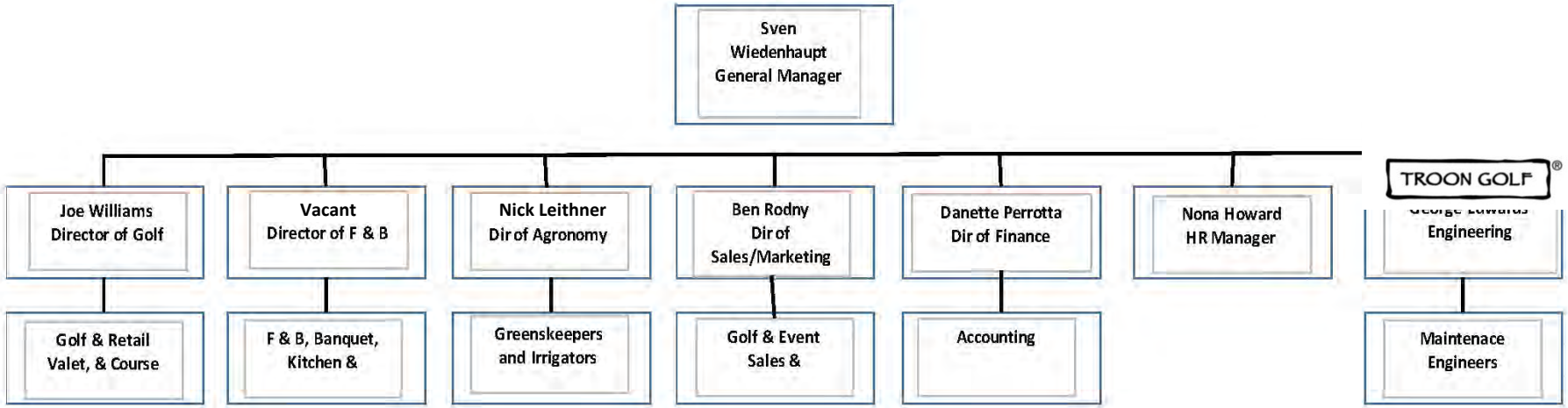
The Facilities Management Agreement and its Addendums:

- **The Original Agreement including Restaurant Lease and True-Up Agreement (June 1, 2009)** – setting forth termination on May 31, 2012. Annual Base Management Fee of $260,000, paid in equal monthly installments of $21,667. In addition to the Annual Base Management Fee, Troon would earn an Annual Incentive Fee of 3.5% of defined Gross Revenues above an agreed minimum revenue base, such Gross Revenues to include Golf and Food & Beverage revenues as defined. The Gross Revenue Minimum for the purpose of the Annual Incentive Fee was set at $9 million for Golf and $4 million for Food & Beverage, each to be calculated separately for purpose of incentive fee. No Incentive Fee would be paid where the Golf Resort was losing money.
- **Addendum (First) to Agreement (May 1, 2012)** – setting forth termination extension to May 31, 2014. City in addition, to fund Troon taking of IT services at the Golf Resort.
- **Second Addendum to Agreement (March 21, 2013)** – setting forth extension of term to May 31, 2015.
- **Third Addendum to Agreement (January 1, 2014)** – setting forth extension of term to June 30, 2019. The Annual Base Management Fee was adjusted to $285,000 per annum, paid in equal monthly installments of $23,750. Beginning on January 1, 2016, and each January 1 thereafter, the Annual Base Fee to be increased by the lesser of the CPI for the preceding year, or 3%. The Annual Incentive was deleted. Article V of the Agreement was replaced in its entirety. Troon agreed as well to a competitive pricing (most favored nations) provision.
- **Fourth Addendum to Agreement (January 1, 2019)** – setting forth extension of term to June 1, 2022.
- **Fifth Addendum to Agreement (May 5, 2020)** – setting forth extension of term to June 1, 2024. This amendment also called for the deferment of Base Fee payments for months June through September of each fiscal year, and then paid out in eight equal installments during the months of October through May. A CPI Increase was waived for the 2021 Fiscal Year, with CPI increase to resume on January 1, 2022.

Troon Organization at IWGR

The Troon Golf organization makes sense for the current business as now operated. Should IWGR F&B adapt to some of the suggestions herein, the organization would adapt as well.

We believe that the IWGR Marketing budget should be increased to at least 3% of gross facility sales, with much of that in staff (versus program) costs. That suggestion would impact this organization chart as well.



IWGR Hotel Partners

IWGR Hotel Partners

The Indian Wells Golf Resort was established to provide an amenity sufficient to encourage the development of two major convention hotels to be directly associated with the golf facility. An Easement Agreement (April 1985) provided for the contribution of real property, easements, development envelopes, and golf-related polices pertaining to the two hotels and two golf courses. `

Hotel Partner that are a party to the Easement Agreement, include:

- *Hyatt Regency Indian Wells Resort & Spa* – first established in 1986. The Hyatt's current owner is the successor to Desert Horizon, Inc. and GSH Limited, parties to the original 1985 Easement Agreement. In September 2020, the HyTides Plunge Waterpark and Desert Twist Lazy River, opened at the hotel. Prior to its recent change in ownership, the hotel changed hands in November 2018 with Grand Champion LLC selling to Hyatt Corporation. The hotel first opened as the Grand Champions Resort.

- *Renaissance Esmeralda Resort & Spa* – The hotel's current owner is the successor to Daon Corporation and Stouffer Investment Corporation, who together were a party to the original 1985 Easement Agreement. The hotel first opened in 1989 as the Stouffer Esmeralda Resort.

Other Hotel Partners include:

- *Miramonte Indian Wells Resort & Spa* – the 11-acre property was first established in 1963 with an Asian themed design as the Erawan Gardens hotel. The Miramonte's owner is not a party to the 1985 Easement Agreement but is certainly an interested party to Indian Wells Golf Resort.

- *Indian Wells Resort Hotel* – first established in 1962. The hotel's owner is not a party to the 1985 Easement Agreement but is certainly an interested party to Indian Wells Golf Resort.

- *Sands Hotel & Spa* – was first established in the late 1950's. The 46-room hotel was redesigned and repurposed in 2018, with interior design by Martyn Lawrence Bullard. As with the Miramonte and Indian Wells Resort Hotel, the Sands Hotel is not a party the 1985 Easement Agreement.

Meeting and Event Space

IWGR Hotel Partners accommodate groups for their MICE events (meetings, incentives, conferences, and exhibitions), in addition to accommodating their FIT's (free and independent travelers) guests. In fact, the facilities program for the two hotels developed pursuant to the 1985 Easement, assumed a significant portion of business from groups.

The Pandemic caused a virtual cessation of group business for hotels. The hotel industry watches now for recovery in group travel. The rise in videoconferencing during the Pandemic is a factor that may impact the nature of future group travel.



Meeting Space at Partner Hotels

	Hyatt Regency	Renaissance Esmeralda	Miramonte	Indian Wells Resort	Sands Hotel
Indoor Space - SF	37,626	53,291	15,983	6,120	700
Largest Space - SF	20,000	18,392	6,000	4,800	--
Notes / comments	Includes space in Mezzanine and Conference Center. Does not include indoor pre-function space and outside terraces.	Includes Esmeralda, Crystal, and Valencia ballrooms, and meeting rooms. Does not include lawn and pre-function.	Includes Upper Level, Lobby, and Mesquite ballroom. Excludes pre-function and outside terraces.	Includes Ballroom, Rooms 3 and 4, and Club 100.	

Note - each IWGR Partner Hotel has additional outdoor meeting space available to groups. As explained in the table, the indoor space SF shown excludes pre-function space including terraces and lawns. Source: Cvent, Inc., Partner Hotel websites, StoneCreek Partners, LLC

Rooms Etc. at Partner Hotels

	Hyatt Regency	Renaissance Esmeralda	Miramonte	Indian Wells Resort	Sands Hotel
Guest rooms	530	560	215	155	46
Spa / Wellness	Agua Serena Spa	Spa Esmeralda	The WELL Spa	n/a	The Sands Spa
Water features	"Water park" added in 2020.	Beautiful resort-style pool.	Hollywood-style gathering pool.	Well-sized resort pool.	Hollywood-style gathering pool.

Source: Cvent, Inc., Partner Hotel websites, StoneCreek Partners, LLC

IWGR Hotel Partners

IWGR and Hotel Partners – Business Area Overlap

Miramonte	Renaissance Esmeralda	Hyatt	IWGR
Overnight Accomodations 215 rooms	Overnight Accomodations 560 rooms	Overnight Accomodations 530 rooms, including 43 villas and 35 suites	
			Golf
			Scenic Open Space
Food & Beverage	Food & Beverage	Food & Beverage	Food & Beverage
Meetings - 35,000 SF	Meetings – 61,000 SF	Meetings - 37,626 SF	Meetings
Banquets	Banquets	Banquets	Banquets
The WELL Spa	Spa Esmeralda	Agua Serena Spa	
Fitness Center	Fitness Center	Fitness Center	
		HyTides Waterpark 88,000 SF of flexible indoor and outdoor event space HyTides Waterpark with two 30 ft dueling slides and a 450 ft lazy river	Golf Lessons / Retail
			Shots in the Night

We note that each of the Partner Hotels is under relatively new ownership, so that facility programs noted here may be modified in the near future.

One objective for ongoing IWGR business planning may be the avoidance of business overlap with the City's Partner Hotels. Any business opportunities placed with the Partner Hotels, earns the City the TOT payment. If the same opportunity is pursued by IWGR, IWGR must earn the EBITDA to match or exceed the foregone TOT payment.

FACILITY REVIEW

SCP and this team are aware of the quality of the subject facilities which include two championship golf courses, as first established by parties to the 1985 Easement Agreement which established the Indian Wells Golf Resort.

The golf facility, then called the Golf Resort at Indian Wells, was first established in 1986 with two 18-hole courses (designed by golf architect Ted Robinson. The courses were named simply, the East Course and the West Course.

The IWGR facility consists of the Players and Celebrity courses, driving range, and clubhouse. The two courses are of a "core course" configuration but requires golfers to cross the Wash as part of their play experience.

- **Players Course - t**he John Fought-designed Players course opened a year after the Celebrity course, in November 2007. The golf resort facility itself was renamed the Indian Wells Golf Resort in 2007 with the opening of this course.

- **Celebrity Course -** The Celebrity course was designed by Clive Clark and opened in November 2006.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Percentage of green fees					
Green fees - residents w/guests	18.1%	17.3%	17.9%	20.5%	15.6%
Green fees - prime players	22.2%	22.5%	28.0%	43.7%	39.4%
Green fees - tournaments	25.8%	25.0%	19.3%	12.1%	24.3%
Green fees - wholesaler and special	14.2%	17.2%	17.1%	16.7%	9.7%
Green fees - PGA	1.8%	1.9%	1.5%	2.0%	1.3%
Green fees - resort guest	10.7%	9.2%	8.5%	0.0%	0.0%
Green fees - Troon programs	2.7%	3.4%	5.1%	4.5%	4.4%
Green fees - all other rounds	4.6%	3.5%	2.6%	0.5%	5.2%
Green fees - totals	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of rounds played					
Rounds - residents w/ guests	30.1%	29.3%	30.4%	38.1%	30.0%
Rounds - prime players	18.5%	18.1%	22.3%	29.6%	25.5%
Rounds - tournaments	20.1%	20.9%	15.9%	11.7%	22.6%
Rounds - wholesaler and special	12.8%	15.0%	14.8%	11.5%	7.0%
Rounds - PGA	3.5%	3.1%	2.6%	2.9%	2.6%
Rounds - resort guest	6.5%	6.0%	5.4%	0.0%	0.0%
Rounds - Troon programs	1.8%	2.8%	4.7%	3.7%	4.3%
Rounds - all other play	6.7%	4.7%	3.9%	2.5%	8.1%
Green fees totals	100.0%	100.0%	100.0%	100.0%	100.0%

		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Green fees - residents w/guests	$	1,129,940	1,104,111	873,733	1,101,755	1,251,892
Green fees - prime players		1,389,116	1,430,690	1,361,482	2,345,253	3,151,484
Green fees - tournaments		1,610,940	1,589,421	937,240	650,706	1,945,344
Green fees - wholesaler and special		885,725	1,092,893	832,996	899,086	773,443
Green fees - PGA		113,521	122,107	73,497	106,820	107,691
Green fees - resort guest		666,296	587,647	413,104	-	-
Green fees - Troon programs		165,986	215,402	248,329	244,106	354,387
Green fees - all other rounds		286,626	224,691	127,815	25,095	417,308
Total golf revenue, b/4 resident amenity	$	**6,248,152**	**6,366,961**	**4,868,197**	**5,372,821**	**8,001,549**
Rounds - residents w/ guests		22,525	21,891	17,132	23,378	22,942
Rounds - prime players		13,871	13,469	12,586	18,209	19,482
Rounds - tournaments		15,051	15,623	8,984	7,195	17,273
Rounds - wholesaler and special		9,597	11,210	8,372	7,072	5,385
Rounds - PGA		2,584	2,346	1,440	1,778	1,976
Rounds - resort guest		4,829	4,461	3,029	-	-
Rounds - Troon programs		1,384	2,120	2,652	2,275	3,264
Rounds - all other play		4,987	3,469	2,207	1,523	6,178
Total golf rounds played		**74,828**	**74,589**	**56,402**	**61,430**	**76,500**
ARR - residents w/ guests	$	50.16	50.44	51.00	47.13	54.57
ARR - prime players		100.15	106.22	108.17	128.80	161.76
ARR - tournaments		107.03	101.74	104.32	90.44	112.62
ARR - wholesaler and special		92.29	97.49	99.50	127.13	143.63
ARR - PGA		43.93	52.05	51.04	60.08	54.50
ARR - resort guest		137.98	131.73	136.38	-	-
ARR - Troon programs		119.93	101.60	93.64	107.30	108.57
ARR - all other play		57.47	64.77	57.91	16.48	67.55
ARR - Total golf rounds played	$	**83.50**	**85.36**	**86.31**	**87.46**	**104.60**
ARR - Increase over prior year			2.2%	3.4%	4.7%	25.3%

Field Notes - the Celebrity Course Experience

- Despite the abundance of sand bunkers (103 total), the Celebrity Course is fun to play. The play areas are generally wider and the green complexes more receptive than the Player Course. Wayward shots tend to be collected and kicked back into play rather than being repelled.

- A negative aspect of the course is the lack of variation in hole length and par. The majority of 18-hole courses have a par of 72 with 10 par-4's, 4 par-5's and 4-par-3's. The Celebrity Course is unique in that it has 14 par-4's and only 2 par-3's and 2 par-5's. This isn't an issue except that par-3's are generally the most popular hole to play and having only two makes the course less appealing, especially for outings where there is a "closest to the pin prize" at each short hole.

- The **bunkering is overdone on the Celebrity Course**. The number of bunkers varies greatly on courses, but the average number is about 50-60 per 18-holes. We found the back bunkers to be way overdone. Many could be removed (or made smaller) without negatively impacting the beauty of the layout. There are also too many fairway bunkers, especially those that are 30-80 yards from the green. These bunkers rarely come into play for the good player and severely penalize the average resort user. All bunkers are expensive to build and maintain. This is certainly the case for the steep sloped, high sand faces designed here. Examples of "approach" bunkers that could be eliminated are those on Holes 1, 2, 3 & 7 on the front nine. Fewer bunkers would reduce maintenance costs and we believe that thirty or so bunkers could be removed from this course without negatively impacting its beauty or strategic interest.

- The Celebrity Course finishes closer to the Clubhouse then the Player Course and the 10th tee situated next to the clubhouse provides more opportunity for nine-hole rounds. It has a much better circulation than the Player Course, which is mostly on the north side of the dry wash.

- The Celebrity Course includes wonderful water features and waterfalls. We question the position of the stream feature on Hole 6 as the water restricts access from the cart path to the green to a single location at the back, and its position to the right of the green makes it a difficult hazard for the average player who slices the ball.

- The green complexes have nice variety. Even though there are too many par-4's, each hole looks and plays differently.



Shown above: The 16th hole at Celebrity an example of the beauty and challenge of the course.

Field Notes - the Celebrity Course Experience (continued)

- While there are several locations where tees and greens are close together (such as 12 tee to 13 green and 14 tee to 15 green), the grading and landscaping create a nice separation.
- We found the Celebrity Course to be more receptive to the average golfer than the Player Course. The 15th green is an example, with slopes adjacent to the putting surface that collect shots and kick them toward the putting surface.
- In this location, golf courses are planted with Bermuda grass that can withstand the extremely hot conditions, but Bermuda grass goes dormant and turns brown in the late fall and winter. To retain the green color, most courses overseed with rye grass or use colorants to paint the brown turf green. The Director of Agronomy uses different strategies for the two courses. The Celebrity Course is completely overseeded, whereas on the Player Course, only the tee surfaces, fairways and greens are overseeded and the roughs are allowed to stay brown. It is more expensive to overseed the roughs than not.



Shown above: the 15th green at the Celebrity course is more receptive to the average golfer than the Player course, with slopes adjacent to the putting surface that collect shots and kick them toward the putting surface. Shown below: Hole 5 is a good example of the dramatic bunkering on the Celebrity course.



Field Notes - the Players Course Experience

- The hole routing of the Player Course has the 8th green, and 9th tee near the Pavilion. Most new courses have "returning nines" (with 9th green and 10th tee near clubhouse) to enable play to be started on both nines or for players to only play nine holes if desired. Not having returning nines is a weakness in this layout.

- We found the first two holes of the Player Course to be overly challenging for the average user. The first is a medium length par-5 that parallels the dry wash on the right. As most players tend to "slice" their shots, this hole location puts the wash very much into play. To shift play away from the wash area slope, a lot of landscaping was planted on the right side of the hole. The plant material has become overgrown making the right side of the hole unplayable. The hole is further made difficult by a large, deep bunker on the left side of the landing zone. With a fairway that slopes sharply to the left, this bunker occupies the position most players would like to land their tee shot. Hit your tee shot right and it's a lost ball. Hit it left and risk being in a deep bunker. Most golf architects try to ease the player into their round with a few easy holes. The Player course asks you to hit your best shot off the first tee. Once past the tee shot, the hole becomes more playable, and fair.

- The tee shot on Hole 1 has the dry wash to the right and deep bunker directly in front of the player. The left to right slope of the fairway requires that tee shots be played toward the bunker. Landscaping on the right side of the hole is overgrown and results in many lost balls.

- Another golf design "rule of thumb" is to start play with a series of medium length par-4's and medium/long par-5's and not have a par-3 hole prior to the 4th hole because par-3 holes are slower to play and having one early in the round will cause a delay.

- Based on our observations, consideration should be given to making these first two hole more playable with less penal hazards.

- While the Player's Course is more challenging, which is fine, there are places on the course that aren't receptive to the average player. A course should strive to be challenging for good players but playable and fun for those less skilled … especially at a resort, where you will get both clients. The Player Course is beautiful, but we think it could be more fun to play.



Shown here: The Hole 2 Player course Tee shot, noting the lack of visibility of the putting surface.

Field Notes - the Players Course Experience (continued)

- The Player Course currently has 67 sand bunkers. The bunkering is similar in style/appearance to the Celebrity Course. There are about 40 fewer bunkers than the Celebrity Course, and these bunkers can be raked with a mechanical trap rake, which is less costly to maintain. The bunkers appear to have a fabric liner material.

- Based on our review, we feel that there are more bunkers than necessary on this course and that several could be eliminated without changing the character of the course.

- Along with some elimination, consideration should be given to softening some of the fairway bunkers (there are several that are 5-7 FT deep) and changing the style to a traditional simple shape with grass faces, less sand flash and easier to enter and exit. A classic bunker style would blend well with the square-cornered tee boxes and provide differentiation from the Celebrity Course. The classic designs of the golden age of golf design are very popular so a tweak to the bunkering style could work well.

- The shortest set of markers (Red) plays to 5,108 yards. When combined with the difficulty of the features and the age of the players, this may be too long for many women and beginners. There are already 7 markers, so we would not want to add another, but there should be some additional tees established that allow the course to be shortened to about 4,700 yards. We would move the Red markers to these tees, eliminate the current Red marker length from the scorecard, but have a "blended" tee distance of about 5,200 yards that utilizes some of the "Red" tees and some of the "Green" tees.

- An evaluation should be made of the sandy waste areas and landscaping and its impact on playability and speed of play. We think the volume of plant material may be overdone and has contributed to the difficulty of the course. We noticed several areas where the landscaping was recently cut back (Hole 18 being the best example) and other areas where mulch has been added that covers the waste areas. We noticed that the Capital Cost file provided by the City has a line item for new drip irrigation and mulching of the sandy waste areas. The Club should seek to determine the least costly and most sustainable treatment/maintenance practices for these "out of play" areas. We have concerns about the addition of mulch because the annual replenishment can be time consuming and expensive, although that is our experience elsewhere in the U.S. it may not require replenishment as frequently in the desert.





Driving Range & Putting Facility / Shots in the Night

IWGR's main driving range and putting venue are situated in an excellent location, just outside the pro shop and adjacent to the cart barn.

During daylight hours golfers hit in an east/northeast direction which is not ideal for morning use but workable considering that the primary golf season is winter when the sun is rising in the southeastern sky.

During evening hours, the driving range is lit, operates with Top Tracer technology, and has comfortable seating at each driving bay intended for comfortable group use.

- From our original fieldwork - the grass teeing ground was about 220 FT wide by 180 FT deep. The depth is important to rotation of play. A deep tee allows the turf to fully recover before the tee shifts back to starting location. The tee area was recently renovated to eliminate a change in elevation and expand the surface area to the front.

- There is a row of synthetic turf along the back of the tee with about 20 stations. The synthetic turf (known as Turf Hound) is used to reduce the wear on the real grass tee and is a better surface for IWGR's night activities.

We note that at the time of our original fieldwork, the issue with the driving range was that it did not match the topnotch caliber of IWGR's golf courses.







Shown at top above: the driving range at Indian Wells Golf Resort, as it recently improved with Top Tracer technology. Shown at right, the existing 9-hole putting venue adjacent to the IWGR clubhouse situated on just under an acre. At left, the IWGR Food Truck parked adjacent to the driving range during evening hours.

Driving Range & Putting Facility / Shots in the Night

We like what we read about the improvements made to the driving range over the last year, since our primary fieldwork for this SAP study. We understand that the range now includes 17 bays, each with seating for six guests. We note that we have not observed the new driving range in person, as now configured.

Some comments:

- The driving range as now improved has a "look and feel," and F&B service, that evoke a TopGolf kind of place. That's terrific. As lit and with the activity at or about the range, putting venue, and food truck, IWGR hotel guests and other visitors to IWGR at night will appreciate the palpable "busy energy."
- There is a concept in the destination attractions industry about the "critical mass" of a facility's offerings. A difficult concept to define exactly but we all know it when we visit a facility that does have a critical mass of activities. We believe that the driving range enhancements have addressed a missing aspect of the grounds outside the clubhouse and have progressed the overall facility into more of a "resort village" sensibility – which we believe is important to IWGR's future.
- Utilizing Toptracer's technology adds a cutting-edge aspect to the improvements, and a fun feature for golfers of all skill level.
- The addition of the (200 by 45 FT) overhead structure adds a sense of destination to the IWGR clubhouse grounds. This helps towards creating a "resort village" sensibility for IWGR as we have discussed (see the Opportunities / No Interest section in the Appendix).
- We believe this new trajectory for the driving range will call for steady organic improvements as the improved facility is used. We would expect that social experience and group bookings potential will drive next enhancements here.
- The fact that the overhead structure supports an installed solar panel array, makes for a great marketing story.
- We recognize that the experimentation allowed with the Shots in the Night program, helped to yield these current improvements. An important lesson in allowing such exploration of new ideas.





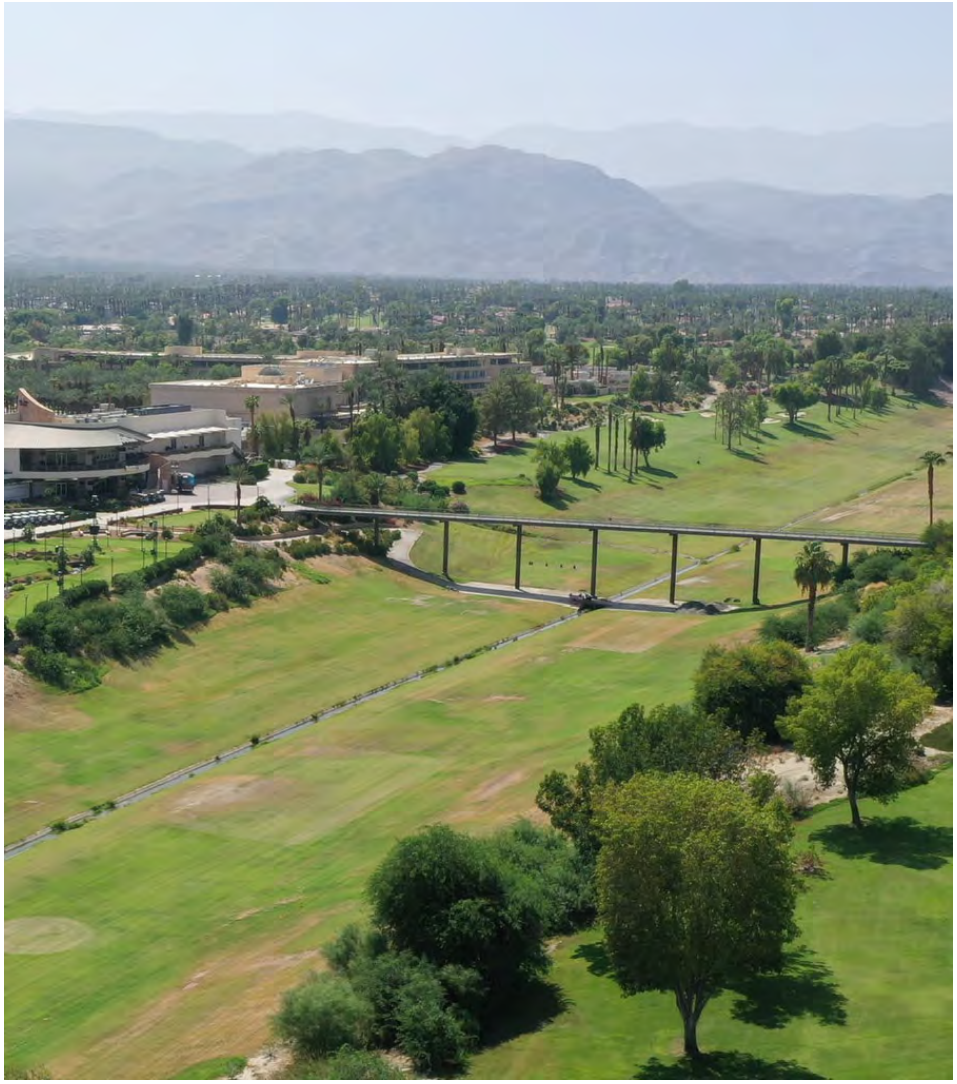
Shown above: The aerial drone footage taken by Golf Property Analysts in 2021 did not include the dramatic improvement to the driving range. Shown at top above, a photo from local press coverage about the improved driving range.

Alternate Driving Range

Indian Wells Golf Resort also makes use of an alternate range in the Wash with tees located under the Wash bridge. The alternate range is used when the primary range is being worked on and as an overflow area.

Tees on both sides of the Wash bridge allow golfers to hit in either direction (east or west). Due to the tee location being a wash, the alternate range does not receive the level of maintenance as the primary range.

We suggest that the aesthetics here can be improved with fine shaping and mowing lines.



Shown here, the alternate driving range location under the Wash bridge.

Short-Game Practice and Putting

There are two short-game practice areas with chipping greens. One is located at the back of the primary practice range, and the other is adjacent to the larger putting green next to the Pavilion.

The larger short-game area at the range occupies an area of about 27,000 SF and includes a practice bunker and fairway area around the approximately 4,000 SF green.

At the larger putting green near the first tees, there is a small chipping green for warm-up use only.

Putting Greens:

- There is a small, 2,200 SF green adjacent to the clubhouse and a larger 9,100 SF green in front of the Event Pavilion (across the Wash bridge from the clubhouse). There is also the putting course used for "Shots in the Night," with 7 greens (holes) of about 1,500 SF each.

- We feel that the location and size of the putting greens is good. The larger green is appropriately located near the first tee area and the smaller green can be used by those waiting to start their round.





Shown at top above: the larger 9,100 SF putting green next to the Event Pavilion.
Shown below, the short-game practice at the far end of the primary driving range.

The Bridge

The bridge over the Wash that bisects IWGR is a major aspect of the golf and Event Pavilion event experience. The bridge structure itself is about 400 feet in length and has a posted weight limit of 2 tons. There is an emergency vehicle access problem when events are in progress at the Events Pavilion.

IWGR operates with several permits granted by the Coachella Valley Water District, concerning Whitewater River Stormwater Channel (the "Channel"). The permits concern the operation of the golf courses, two drop structures, and maintenance responsibilities. The permits have no term and are cancellable upon 30-day's notice.

We explored an option to allow emergency vehicle and event guest access from the north side of IWGR, at an entry point along Fred Waring Drive. The idea is included among those in this report's appendix, among Opportunities that were not of interest to Stakeholders.







Shown at left and above, various views of the Wash bridge and the Whitewater River Stormwater Channel.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

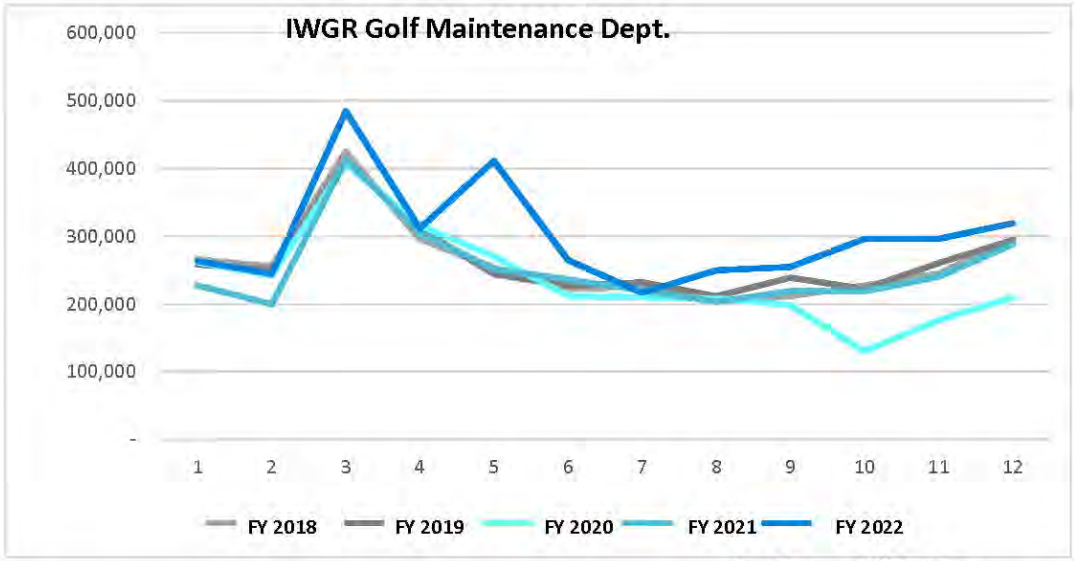
2064 **Departmental expense, golf maintenance**

	Top Month	
FY 2018	424,366	*September*
FY 2019	410,472	*September*
FY 2020	407,058	*September*
FY 2021	412,782	*September*
FY 2022	484,353	*September*

1698 *Compare to:* **Total golf revenue, b/4 resident amenity**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Golf Maintenance Dept.



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Dept Exp Annual	Golf Dept Rev Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	210,899	211,654	216,197	229,318	228,384	268,428	1,364,880	3,955,617	
FY 2018	**265,622**	**255,165**	**424,366**	**295,760**	**253,401**	**222,503**	**224,689**	**204,156**	**211,619**	**227,361**	**244,678**	**295,599**	**3,124,919**	6,248,152	50.0%
FY 2019	**258,131**	**251,071**	**410,472**	**311,394**	**243,978**	**226,061**	**231,998**	**211,190**	**238,757**	**222,048**	**260,197**	**294,119**	**3,159,415**	6,366,961	49.6%
FY 2020	**261,888**	**242,078**	**407,058**	**316,164**	**270,300**	**211,722**	**209,655**	**208,525**	**198,040**	**130,144**	**175,875**	**209,808**	**2,841,259**	4,868,197	58.4%
FY 2021	**227,351**	**199,629**	**412,782**	**305,087**	**251,741**	**235,997**	**219,841**	**203,391**	**218,725**	**218,720**	**239,962**	**288,121**	**3,021,347**	5,372,821	56.2%
FY 2022	**263,333**	**244,418**	**484,353**	**311,662**	**410,854**	**264,490**	**216,469**	**249,683**	**254,521**	**296,120**	**296,110**	**319,164**	**3,611,177**	8,001,549	45.1%
FY 2023	273,402	318,599	623,896	435,153	-	-	-	-	-	-	-	-	1,651,051	1,250,514	132.0%

Departmental expense, golf maintenance - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%	15.5%	15.8%	16.8%	16.7%	19.7%	100.0%
2018	8.5%	8.2%	13.6%	9.5%	8.1%	7.1%	7.2%	6.5%	6.8%	7.3%	7.8%	9.5%	100.0%
2019	8.2%	7.9%	13.0%	9.9%	7.7%	7.2%	7.3%	6.7%	7.6%	7.0%	8.2%	9.3%	100.0%
2020	9.2%	8.5%	14.3%	11.1%	9.5%	7.5%	7.4%	7.3%	7.0%	4.6%	6.2%	7.4%	100.0%
2021	7.5%	6.6%	13.7%	10.1%	8.3%	7.8%	7.3%	6.7%	7.2%	7.2%	7.9%	9.5%	100.0%
2022	7.3%	6.8%	13.4%	8.6%	11.4%	7.3%	6.0%	6.9%	7.0%	8.2%	8.2%	8.8%	100.0%

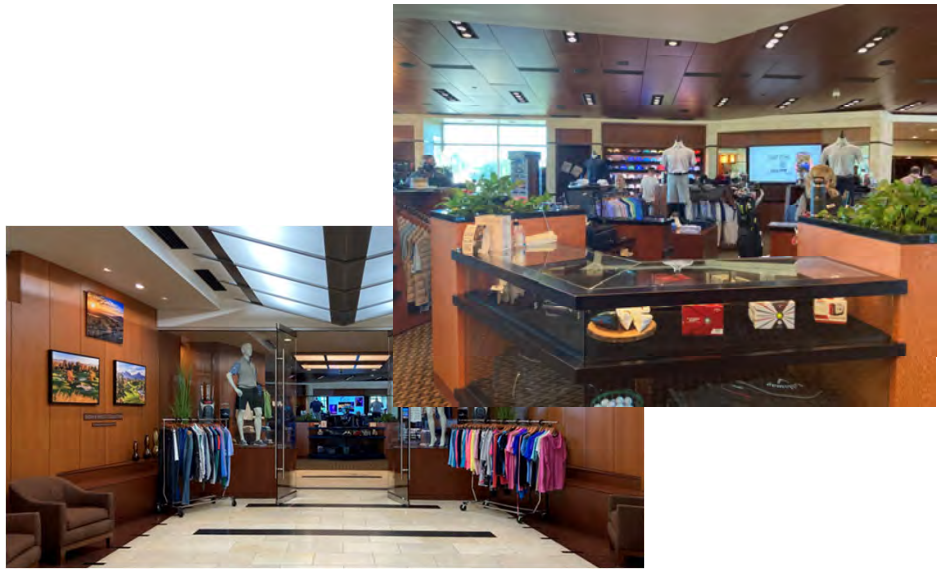
IWGR Retail Department

The IWGR pro shop is located off to the right, at the main entry to the clubhouse. Stakeholder comments were generally quite positive about the pro shop, including the layout, merchandise, staff, and knowledge of the team there.

The retail space includes about 6,587 SF.

The exhibit on the following page summarizes Retail Dept. gross revenue compared to Golf Rounds revenue.

The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. Our information collection started with the 2017 calendar year.



Facility Review

Exhibit 16

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

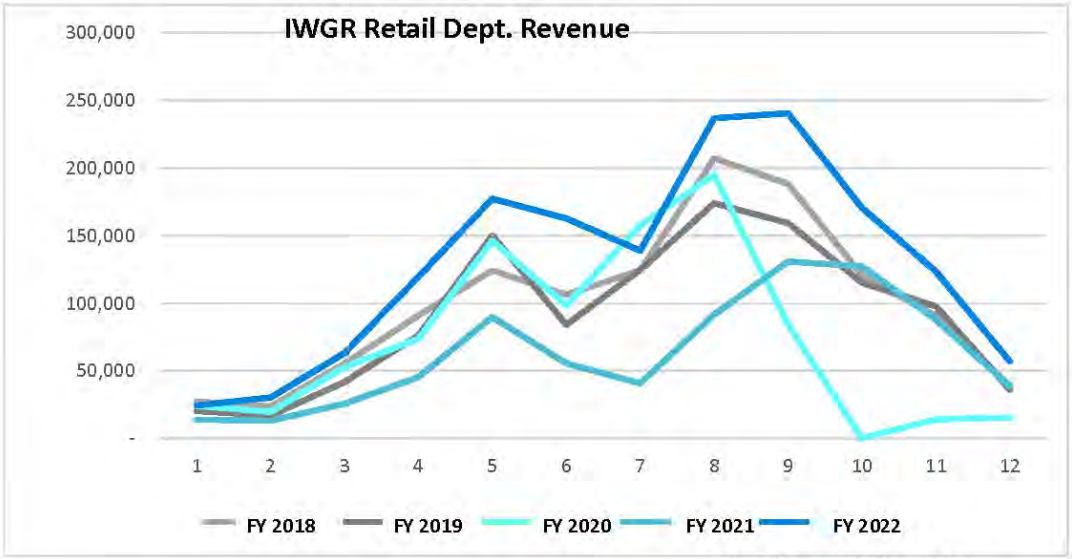
2110 **Department revenue - merchandise**

	Top Month	
FY 2018	207,186	*February*
FY 2019	173,995	*February*
FY 2020	194,969	*February*
FY 2021	130,800	*March*
FY 2022	240,530	*March*

1698 *Compare to:* **Total golf revenue, b/4 resident amenity**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Retail Dept. Revenue



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Retail Rev Annual	Golf Dept Rev Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	111,216	210,716	204,478	123,416	79,539	42,427	771,792	3,955,617	
FY 2018	**27,375**	**23,575**	**55,449**	**90,957**	**124,269**	**106,387**	**124,210**	**207,186**	**188,280**	**120,733**	**90,636**	**38,849**	**1,197,906**	6,248,152	19.2%
FY 2019	**20,338**	**16,888**	**41,763**	**76,078**	**150,084**	**84,078**	**124,759**	**173,995**	**159,354**	**115,213**	**97,596**	**36,057**	**1,096,203**	6,366,961	17.2%
FY 2020	**24,164**	**19,640**	**52,808**	**73,813**	**146,135**	**98,475**	**157,525**	**194,969**	**84,233**	**284**	**14,248**	**15,551**	**881,847**	4,868,197	18.1%
FY 2021	**14,004**	**13,119**	**25,691**	**45,412**	**89,732**	**55,527**	**40,773**	**91,659**	**130,800**	**127,319**	**87,917**	**38,439**	**760,393**	5,372,821	14.2%
FY 2022	**24,404**	**30,378**	**63,199**	**119,499**	**177,336**	**162,694**	**138,797**	**236,872**	**240,530**	**170,522**	**123,442**	**56,922**	**1,544,595**	8,001,549	19.3%
FY 2023	37,128	36,674	63,813	133,569	-	-	-	-	-	-	-	-	271,184	1,250,514	21.7%

Department revenue - merchandise - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.4%	27.3%	26.5%	16.0%	10.3%	5.5%	100.0%
2018	2.3%	2.0%	4.6%	7.6%	10.4%	8.9%	10.4%	17.3%	15.7%	10.1%	7.6%	3.2%	100.0%
2019	1.9%	1.5%	3.8%	6.9%	13.7%	7.7%	11.4%	15.9%	14.5%	10.5%	8.9%	3.3%	100.0%
2020	2.7%	2.2%	6.0%	8.4%	16.6%	11.2%	17.9%	22.1%	9.6%	0.0%	1.6%	1.8%	100.0%
2021	1.8%	1.7%	3.4%	6.0%	11.8%	7.3%	5.4%	12.1%	17.2%	16.7%	11.6%	5.1%	100.0%
2022	1.6%	2.0%	4.1%	7.7%	11.5%	10.5%	9.0%	15.3%	15.6%	11.0%	8.0%	3.7%	100.0%

IWGR Vue Restaurant & Bar

The Vue is situated on the 2nd floor of the clubhouse. The restaurant includes two large terraces, one facing north and one of the terraces facing south. Each of the terraces are large, making table placement relatively straight-forward.

Total space at this 2nd level is about 18,267 SF, including meeting space. We note that operating a 2nd floor restaurant that requires elevator or spiral staircase access, is a difficult proposition.

In terms of gross revenue using metrics such as revenue per golf round, The VUE does well compared to other golf restaurants. But The VUE aspires to be more than just a golf restaurant and from that perspective the venue underperforms compared to area restaurants.

Some examples of top line results for nearby restaurants are noted here. According to Data Axle and ESRI database services, area restaurants are generally performing in this range (as at Q3 2022):

Cheesecake Factory	$7,685,000
Yard House Rancho Mirage	$6,148,000
La Quinta Cliffhouse	$3,331,000
PF Chang's Rancho Mirage	$5,124,000
Okura Robata Grill & Sushi Bar	$2,050,000

Boutique dinner house restaurants generally perform at the median or below compared to these examples.

The exhibit on the following page summarizes VUE departmental gross revenue compared to Golf Rounds revenue.

The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. Our information collection started with the 2017 calendar year.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

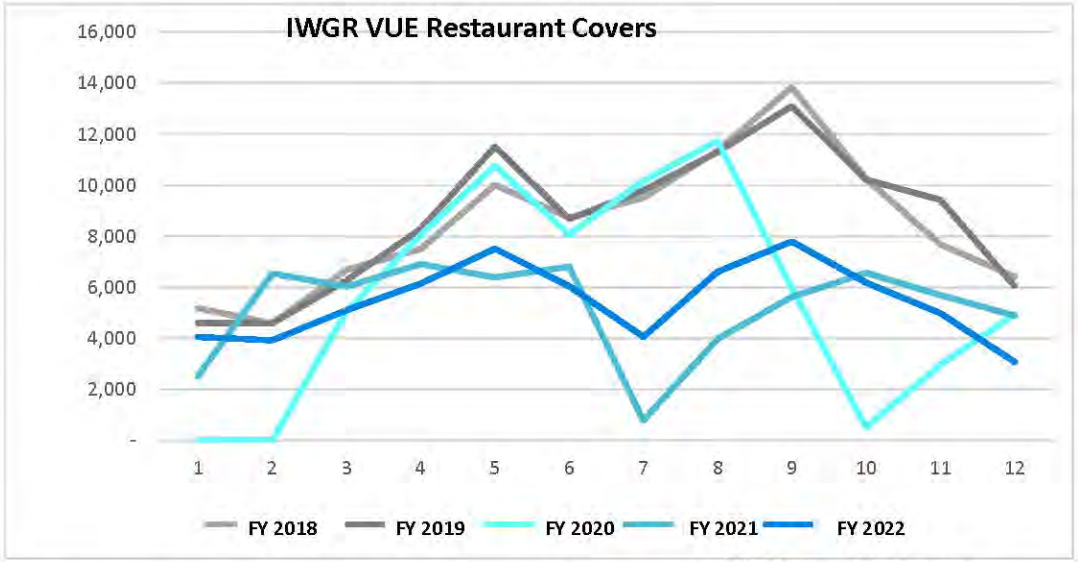
2180 **Vue covers, total**

	Top Month	
FY 2018	13,833	*March*
FY 2019	13,098	*March*
FY 2020	11,746	*February*
FY 2021	6,912	*October*
FY 2022	7,794	*March*

2212 *Compare to:* **Total food and beverage revenue, VUE**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR VUE Restaurant Covers



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	VUE Covers Annual	Vue Revenue Annual	Rev/Cover
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	10,359	11,170	12,908	10,910	8,601	6,447	60,395	1,579,903	$ 26.16
FY 2018	**5,181**	**4,581**	**6,689**	**7,499**	**10,002**	**8,731**	**9,506**	**11,352**	**13,833**	**10,248**	**7,678**	**6,414**	**101,714**	2,723,737	$ 26.78
FY 2019	**4,600**	**4,588**	**6,266**	**8,276**	**11,510**	**8,679**	**9,793**	**11,302**	**13,098**	**10,218**	**9,423**	**6,043**	**103,796**	2,903,570	$ 27.97
FY 2020	**-**	**-**	**5,052**	**8,046**	**10,762**	**8,057**	**10,166**	**11,746**	**5,970**	**511**	**2,967**	**4,934**	**68,211**	1,925,033	$ 28.22
FY 2021	**2,520**	**6,537**	**6,021**	**6,912**	**6,385**	**6,806**	**785**	**3,977**	**5,622**	**6,566**	**5,689**	**4,888**	**62,708**	1,775,147	$ 28.31
FY 2022	**4,054**	**3,920**	**5,099**	**6,146**	**7,510**	**6,045**	**4,061**	**6,610**	**7,794**	**6,180**	**4,984**	**3,071**	**65,474**	2,257,686	$ 34.48
FY 2023	2,292	2,025	2,983	4,893	-	-	-	-	-	-	-	-	12,193	522,782	$ 42.88

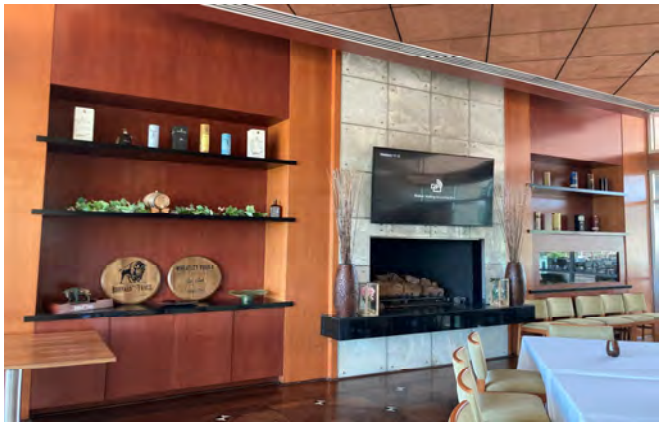
Vue covers, total - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.2%	18.5%	21.4%	18.1%	14.2%	10.7%	100.0%
2018	5.1%	4.5%	6.6%	7.4%	9.8%	8.6%	9.3%	11.2%	13.6%	10.1%	7.5%	6.3%	100.0%
2019	4.4%	4.4%	6.0%	8.0%	11.1%	8.4%	9.4%	10.9%	12.6%	9.8%	9.1%	5.8%	100.0%
2020	0.0%	0.0%	7.4%	11.8%	15.8%	11.8%	14.9%	17.2%	8.8%	0.7%	4.3%	7.2%	100.0%
2021	4.0%	10.4%	9.6%	11.0%	10.2%	10.9%	1.3%	6.3%	9.0%	10.5%	9.1%	7.8%	100.0%
2022	6.2%	6.0%	7.8%	9.4%	11.5%	9.2%	6.2%	10.1%	11.9%	9.4%	7.6%	4.7%	100.0%

VUE
GRILLE & BAR





Field Notes – the VUE Restaurant

Each member of the SCP advisory team toured the clubhouse facility, including the Vue Restaurant.

The Facility

- The restaurant's 2nd floor location feels remote from the "busy energy" of the facility.
- Access by stairs is awkward for older guests; the elevator alternative is noted.
- It is somewhat unusual for a golf course restaurant to be so large; many courses have smaller F&B offerings more specifically catering to golfers.
- Golf course restaurants are not usually patronized by non-golfers, an inherent problem with such a large restaurant.
- The upstairs patio is sparsely tabled and lacked essential components of ambiance, such as spot lighting for the tables and any foliage or wall pieces that make it more welcoming. Among the disappointingly decorated areas of the clubhouse.
- IWGR's general manager is a highly experienced, and knowledgeable F&B executive.
- IWGR has had difficulty in attracting and retaining restaurant staff following the Pandemic; this issue is not unique to IWGR, it is a significant problem throughout the U.S. restaurant industry.

The Unique Selling Proposition

- The Vue Restaurant seeks to meet several primary objectives, making its overall mission quite difficult. It exists first, for the convenience of its golfers – call it the "golf grill" objective. It also seeks to provide a social / private club / country club experience for residents of Indian Wells. As well, in its various menu concepts over the years, the restaurant has also been positioned to compete among other restaurants, if not destination restaurants, throughout the Coachella Valley. It is difficult to be all these things.

- In general, overnight guests at the City's five Partner Hotels will make their restaurant selections for reasons that include 1) trip purpose, 2) convenience, 3) business meeting/gathering, 4) menu/cuisine, and 5) to experience the local community. Each of the hotels has its own F&B offerings which can sometimes meet their guest's needs. It is difficult for The Vue to compete in this marketplace.

- Each day, guests in the more than 1,500 rooms associated with the five Partner Hotels make their choices for breakfast, lunch, and dinner, and perhaps some socializing and/or nightlife as part of these decisions. For each of these dayparts, these hotel guests have an array of options.

Operations' Financial Review

- We reviewed financial results for The Vue Restaurant for annual periods through 2019, 2020, and for 2021 through the dates of our fieldwork. See Volume 2 of this report.

- There was a clear demonstration of active management of Cost of Goods Sold (COGS) at the restaurant. COGS in most recent monthly periods was just under 30%, which was below the COGS % achieved in 2020. Operating the restaurant with the COGS % at or about 30% is a good result given the business disruptions IWGR management has faced.

- Top-line revenue for the restaurant, during and just after the Pandemic, was significantly less than budgeted, and for prior years. This of course was expected.

The Name

- **The Name** - The name is a bit of a misnomer, there are very limited "views" of the golf course and the surrounding mountains while seated in the restaurant due to the many walls obstructing the views.

Golf Restaurants in the Region

The Vue restaurant as a physical facility and in its food and beverage offerings, compares favorably to other public golf restaurants in the Coachella Valley.

Cimarron Golf Resort	Cathedral City	Public	"On the Rocks" Restaurant		
Classic Club	Palm Desert	Public	Bellatrix Restaurant		Classic Grille
Desert Princess Country Club	Cathedral City	Public	Mountain View Grille		Mountain View Grille
Desert Willow Golf Resort	Palm Desert	Public/Muni	Terrace Restaurant		Cook's Grill, two bar areas
Eagle Falls Golf Resort	Indio	Public	Snack Bar		Beverage cart and other casino F&B
Escena Golf Club	Palm Springs	Public	Grill		
Heritage Palms Golf Club	Indio	Public	Palms Dining Room		Grill Room, Tiki Bar
Indian Canyons Golf Club	Palm Springs	Public	South Restaurant		North Course Bar
Indian Wells Golf Resort	Indian Wells	Public/Muni	The Vue		
JW Marriott Desert Springs	Palm Desert	Resort	Two snack bars		
La Quinta Resort	La Quinta	Resort	MD Grill		
Marriott's Shadow Ridge	Palm Desert	Resort	Grill closed		
Mission Hills North	Rancho Mirage	Public	Lakeview Grill		
Mission Lakes Country Club	Desert Hot Springs	Public	San Jacinto Dining Room		Sand Wedge Café
Palm Desert Country Club	Palm Desert	Public	Cactus Club Restaurant		
Palm Royale	La Quinta	Public	n/a		
PGA West Golf Club - public	La Quinta	Public	Ernie's Bar & Grill		Wallaby's West, Pete's Grill
Rancho Las Palmas	Rancho Mirage	Resort	Between The 9s At The Club		Snack Bar
Rancho Mirage Country Club	Rancho Mirage	Public			
Shadow Hills Golf Club	Indio	Public	Shadows Restaurant		Montecito Café, Santa Rosa Bistró, Snack Bar
SilverRock Resort	La Quinta	Public/Muni	SilverRock Grill		
Tahquitz Creek Golf Resort	Palm Springs	Public/Muni	Traditions Café		
Terra Lago	Indio	Public			
Coral Mountain Golf Club	La Quinta	Public	The Scene (closed)		Irons Club (closed)
The Lights at Indio Golf Course	Indio	Public	Snack Bar		
Woodhaven Country Club	Palm Desert	Public			

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

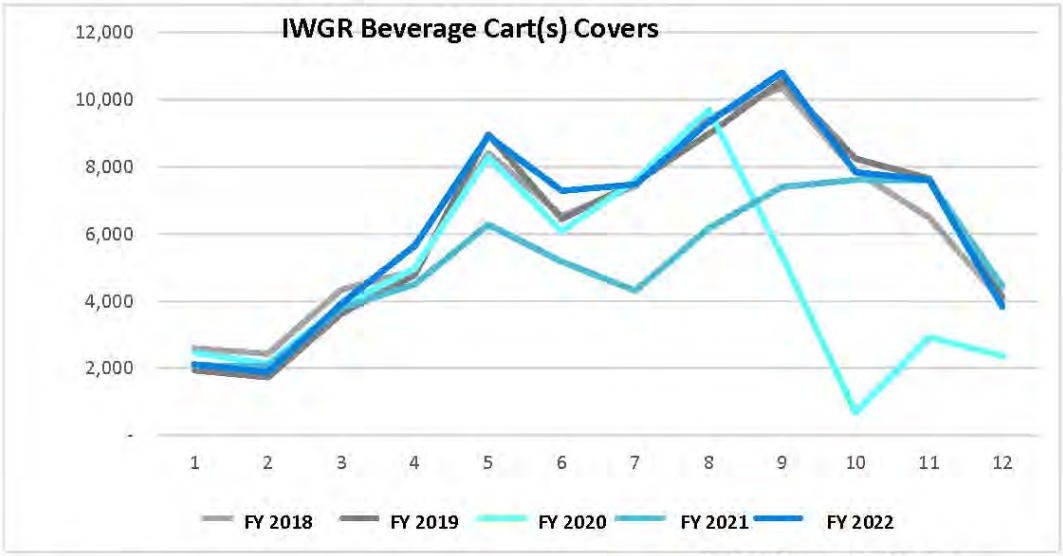
2382 **Covers - beverage cart**

	Top Month	
FY 2018	10,368	*March*
FY 2019	10,563	*March*
FY 2020	9,701	*February*
FY 2021	7,612	*April*
FY 2022	10,813	*March*

2410 *Compare to:* **Total beverage cart revenues**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Beverage Cart(s) Covers



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	BevCart Covers Annual	BevCart Rev Annual	Rev/Cover
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	6,682	9,415	10,351	8,294	6,602	4,049	45,393	292,488	$ 6.44
FY 2018	**2,599**	**2,430**	**4,337**	**4,907**	**8,412**	**6,544**	**7,425**	**9,445**	**10,368**	**7,877**	**6,492**	**3,988**	**74,824**	532,986	$ 7.12
FY 2019	**1,936**	**1,732**	**3,629**	**4,777**	**8,966**	**6,444**	**7,526**	**8,975**	**10,563**	**8,245**	**7,653**	**4,143**	**74,589**	469,730	$ 6.30
FY 2020	**2,460**	**2,141**	**3,856**	**4,976**	**8,279**	**6,079**	**7,589**	**9,701**	**5,350**	**681**	**2,936**	**2,356**	**56,404**	317,975	$ 5.64
FY 2021	**2,093**	**2,060**	**3,793**	**4,500**	**6,280**	**5,177**	**4,312**	**6,166**	**7,398**	**7,612**	**7,603**	**4,436**	**61,430**	369,115	$ 6.01
FY 2022	**2,119**	**1,883**	**3,918**	**5,653**	**8,917**	**7,288**	**7,472**	**9,334**	**10,813**	**7,838**	**7,611**	**3,833**	**76,679**	623,141	$ 8.13
FY 2023	2,548	2,114	3,565	5,328	-	-	-	-	-	-	-	-	13,555	123,368	$ 9.10

Covers - beverage cart - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.7%	20.7%	22.8%	18.3%	14.5%	8.9%	100.0%
2018	3.5%	3.2%	5.8%	6.6%	11.2%	8.7%	9.9%	12.6%	13.9%	10.5%	8.7%	5.3%	100.0%
2019	2.6%	2.3%	4.9%	6.4%	12.0%	8.6%	10.1%	12.0%	14.2%	11.1%	10.3%	5.6%	100.0%
2020	4.4%	3.8%	6.8%	8.8%	14.7%	10.8%	13.5%	17.2%	9.5%	1.2%	5.2%	4.2%	100.0%
2021	3.4%	3.4%	6.2%	7.3%	10.2%	8.4%	7.0%	10.0%	12.0%	12.4%	12.4%	7.2%	100.0%
2022	2.8%	2.5%	5.1%	7.4%	11.6%	9.5%	9.7%	12.2%	14.1%	10.2%	9.9%	5.0%	100.0%

IWGR Food Truck

IWGR's food truck provides quick beverages and snacks just outside the ground floor lobby of IWGR's clubhouse. In the evenings, the food truck is repositioned as part of the enhanced driving range.

Food Truck covers and revenue since FY 2017 are shown in Exhibit 19 on the next page. IWGR's Food Truck first appeared in the facility's monthly reports in September 2018.

Some Stakeholders expressed a concern about the presence of food truck at a high-end golf facility such as IWGR.

Should a Golfer's Grill be implemented on the ground floor of the clubhouse, the Food Truck would not be required where is now parks during parts of the day. During the evening, the Food Truck becomes part of the driving range, putting venue, and Shots in the Night Program.

We like the Food Truck in its evening hour location and role. Its presence adds to the "busy energy" that will assist in the evening program feel like a destination activity.





Shown here: IWGR's Food Truck parked at its typical position outside the golf clubhouse and adjacent to the Wash bridge.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

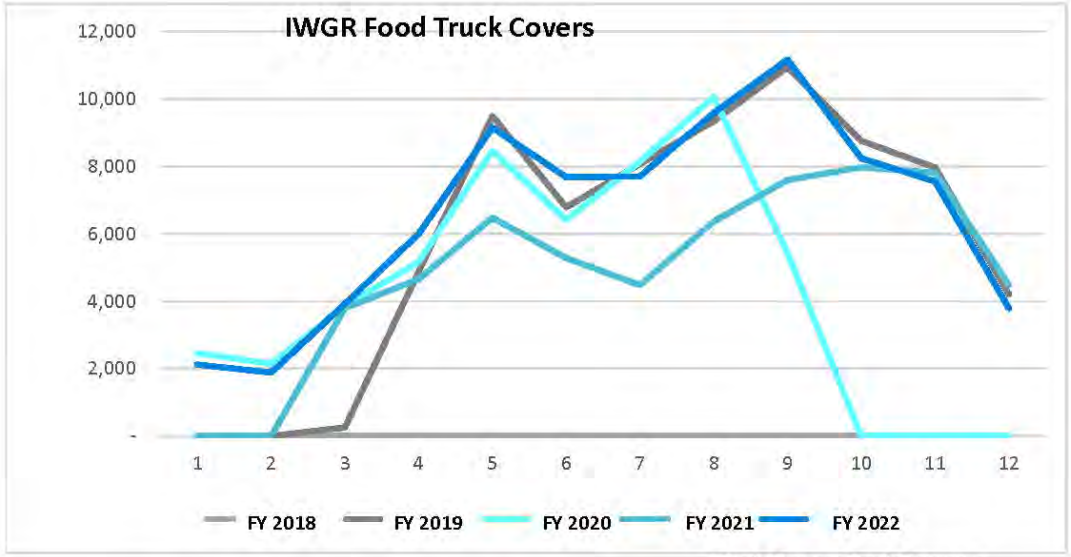
2466 **Covers, food truck**

	Top Month	
FY 2018	-	*July*
FY 2019	10,952	*March*
FY 2020	10,058	*February*
FY 2021	7,979	*April*
FY 2022	11,172	*March*

2502 *Compare to:* **Total revenue, food truck**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Food Truck Covers



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Truck Covers Annual	Truck Revenue Annual	Rev/Cover
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ -
FY 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	$ -
FY 2019	-	-	254	4,870	9,493	6,785	8,076	9,342	10,952	8,759	7,970	4,205	**70,706**	352,620	$ 4.99
FY 2020	2,460	2,141	3,856	5,161	8,465	6,414	8,144	10,058	5,429	-	-	-	**52,128**	274,272	$ 5.26
FY 2021	-	-	3,793	4,656	6,477	5,281	4,476	6,368	7,595	7,979	7,815	4,481	**58,921**	293,417	$ 4.98
FY 2022	2,119	1,883	3,918	5,997	9,156	7,683	7,705	9,588	11,172	8,240	7,552	3,791	**78,804**	445,224	$ 5.65
FY 2023	2,548	2,114	3,565	5,328	-	-	-	-	-	-	-	-	13,555	57,560	$ 4.25

Covers, food truck - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2018	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2019	0.0%	0.0%	0.4%	6.9%	13.4%	9.6%	11.4%	13.2%	15.5%	12.4%	11.3%	5.9%	100.0%
2020	4.7%	4.1%	7.4%	9.9%	16.2%	12.3%	15.6%	19.3%	10.4%	0.0%	0.0%	0.0%	100.0%
2021	0.0%	0.0%	6.4%	7.9%	11.0%	9.0%	7.6%	10.8%	12.9%	13.5%	13.3%	7.6%	100.0%
2022	2.7%	2.4%	5.0%	7.6%	11.6%	9.7%	9.8%	12.2%	14.2%	10.5%	9.6%	4.8%	100.0%

Facility Review

BANQUETS DEPT.

Indian Wells Golf Resort offers several facility options for meetings, social events, and weddings.

The Event Pavilion is the signature event space at IWGR, first opened in January 2014 offering a large, enclosed space in a setting with beautiful landscaping and mountain views. 2017 - Indian Wells Golf Resort recently completed a renovation and expansion project on its 5,600 square foot Event Pavilion.

A 25,000 square foot Event Lawn has been added directly east of the Pavilion with easy walkout access from the Pavilion. The Event Lawn can host 700 for alfresco dining or more than 1,000 for a reception.

Added an 800 square foot Pavilion Suite directly behind the Pavilion. The Pavilion Suite was designed with input from wedding planners and can be used as a bridal salon, a bridal party suite, a green room or a private room for executive meetings.

We note that the Fairway Grill (former halfway house) is in the vicinity of the Event Pavilion and is used for restrooms, storage, and as a banquet finishing kitchen.

The exhibit on the following page summarizes Banquet Dept. EBITDA compared to total departmental revenue. The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. Our information collection started with the 2017 calendar year.

MONTHLY OPERATING RESULTS, for fiscal years 2018 through 2022

Indian Wells Golf Resort

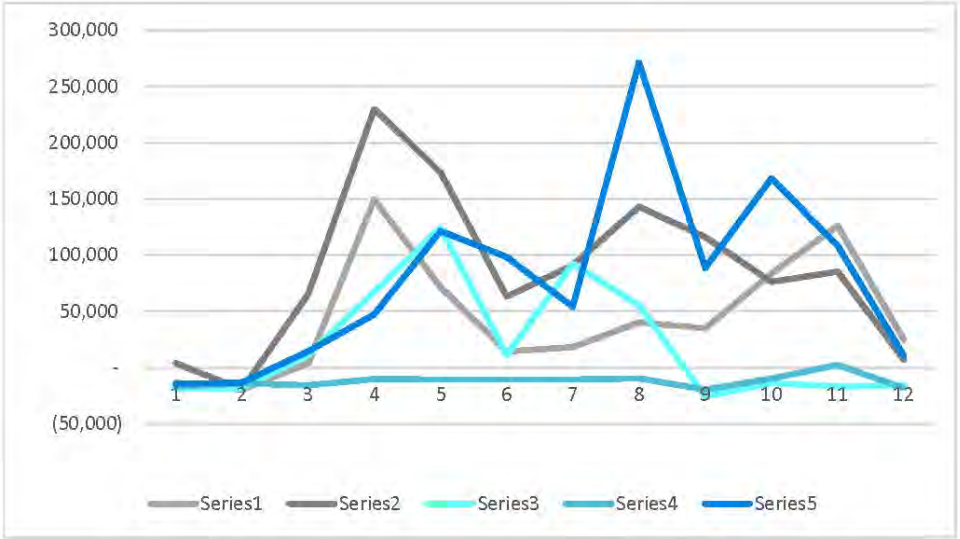
SCP line item:

2066 **EBITDA, banquets**

	Top Month	
FY 2018	149,331	*October*
FY 2019	229,916	*October*
FY 2020	124,269	*November*
FY 2021	2,330	*May*
FY 2022	271,419	*February*

2024 *Compare to:* Total revenue, banquets

Note - operating results for 2016 were not collected for this review.



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Resident Annual	Total Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	74,712	233,101	89,054	76,570	43,934	23,724	541,094	1,087,978	49.7%
FY 2018	(13,538)	(19,559)	3,648	149,331	71,520	14,306	18,113	40,144	34,790	83,670	126,187	24,686	533,299	1,503,378	35.5%
FY 2019	3,887	(19,581)	65,015	229,916	173,781	63,317	90,886	143,055	116,097	76,287	85,329	6,854	1,034,845	2,392,680	43.3%
FY 2020	(18,675)	(18,518)	11,306	67,247	124,269	11,188	92,323	55,477	(25,778)	(13,877)	(16,825)	(15,921)	252,217	1,164,439	21.7%
FY 2021	(16,886)	(14,321)	(15,815)	(10,270)	(10,673)	(10,707)	(10,674)	(9,679)	(19,576)	(9,904)	2,330	(18,277)	(144,452)	108,377	-133.3%
FY 2022	(14,523)	(13,399)	14,323	47,257	121,408	98,433	54,238	271,419	88,750	168,275	108,289	10,617	955,087	2,449,749	39.0%
FY 2023	(22,702)	(28,386)	(6,940)	168,542	-	-	-	-	-	-	-	-	110,514	424,610	26.0%

EBITDA, banquets - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.8%	43.1%	16.5%	14.2%	8.1%	4.4%	100.0%
2018	-2.5%	-3.7%	0.7%	28.0%	13.4%	2.7%	3.4%	7.5%	6.5%	15.7%	23.7%	4.6%	100.0%
2019	0.4%	-1.9%	6.3%	22.2%	16.8%	6.1%	8.8%	13.8%	11.2%	7.4%	8.2%	0.7%	100.0%
2020	-7.4%	-7.3%	4.5%	26.7%	49.3%	4.4%	36.6%	22.0%	-10.2%	-5.5%	-6.7%	-6.3%	100.0%
2021	11.7%	9.9%	10.9%	7.1%	7.4%	7.4%	7.4%	6.7%	13.6%	6.9%	-1.6%	12.7%	100.0%
2022	-1.5%	-1.4%	1.5%	4.9%	12.7%	10.3%	5.7%	28.4%	9.3%	17.6%	11.3%	1.1%	100.0%

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

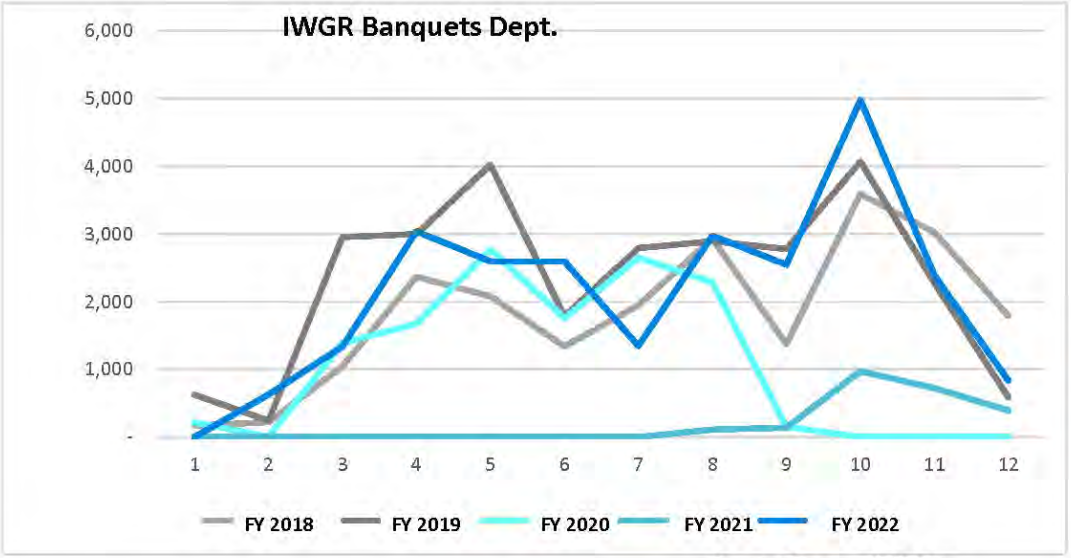
2560 **Covers - banquets**

	Top Month	
FY 2018	3,588	*April*
FY 2019	4,070	*April*
FY 2020	2,775	*November*
FY 2021	971	*April*
FY 2022	4,978	*April*

1034 *Compare to:* **IWGR Banquet Covers**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Banquets Dept.



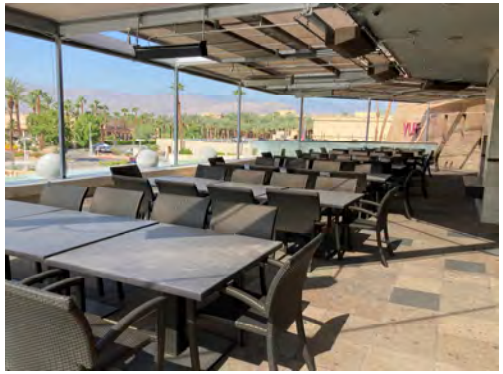
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Banquet Cvrs Annual	VUE Cvrs Annual
	1	2	3	4	5	6	7	8	9	10	11	12		
FY 2017	-	-	-	-	-	-	1,868	2,689	1,957	3,284	1,175	704	11,677	51,623
FY 2018	169	220	1,045	2,368	2,078	1,338	1,948	2,929	1,374	3,588	3,022	1,789	**21,868**	88,524
FY 2019	624	242	2,953	2,998	4,019	1,785	2,790	2,892	2,776	4,070	2,275	586	**28,010**	91,822
FY 2020	216	5	1,387	1,672	2,775	1,756	2,649	2,285	152	-	-	-	**12,897**	59,697
FY 2021	-	-	-	-	-	-	-	110	139	971	721	393	**2,334**	56,380
FY 2022	-	627	1,336	3,037	2,596	2,594	1,345	2,974	2,547	4,978	2,385	832	**25,251**	58,563
FY 2023	107	141	574	2,513	-	-	-	-	-	-	-	-	3,335	10,748
Covers - banquets - Historic Monthly Pattern %:														
2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	16.0%	23.0%	16.8%	28.1%	10.1%	6.0%	100.0%	
2018	0.8%	1.0%	4.8%	10.8%	9.5%	6.1%	8.9%	13.4%	6.3%	16.4%	13.8%	8.2%	100.0%	
2019	2.2%	0.9%	10.5%	10.7%	14.3%	6.4%	10.0%	10.3%	9.9%	14.5%	8.1%	2.1%	100.0%	
2020	1.7%	0.0%	10.8%	13.0%	21.5%	13.6%	20.5%	17.7%	1.2%	0.0%	0.0%	0.0%	100.0%	
2021	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	6.0%	41.6%	30.9%	16.8%	100.0%	
2022	0.0%	2.5%	5.3%	12.0%	10.3%	10.3%	5.3%	11.8%	10.1%	19.7%	9.4%	3.3%	100.0%	













Shown above, the 2nd level meeting room at IWGR's clubhouse.

Shown above, a separate 2nd level dining room available for private dining. Shown below, the 2nd level outdoor South terrace that faces Highway 111.

Shown above, the Event Pavilion at Indian Wells Golf Resort.

IWGR G&A Department

General and administrative expenses ("G&A") are all those expenses that are not attributable to operated golf, retail, and food and beverage departments.

G&A expense includes management fees paid to the facility manager, as well as general manager related payroll and expenses.

The exhibit on the following page summarizes G&A departmental expense, compared to Golf Rounds revenue.

The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. Our information collection started with the 2017 calendar year.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

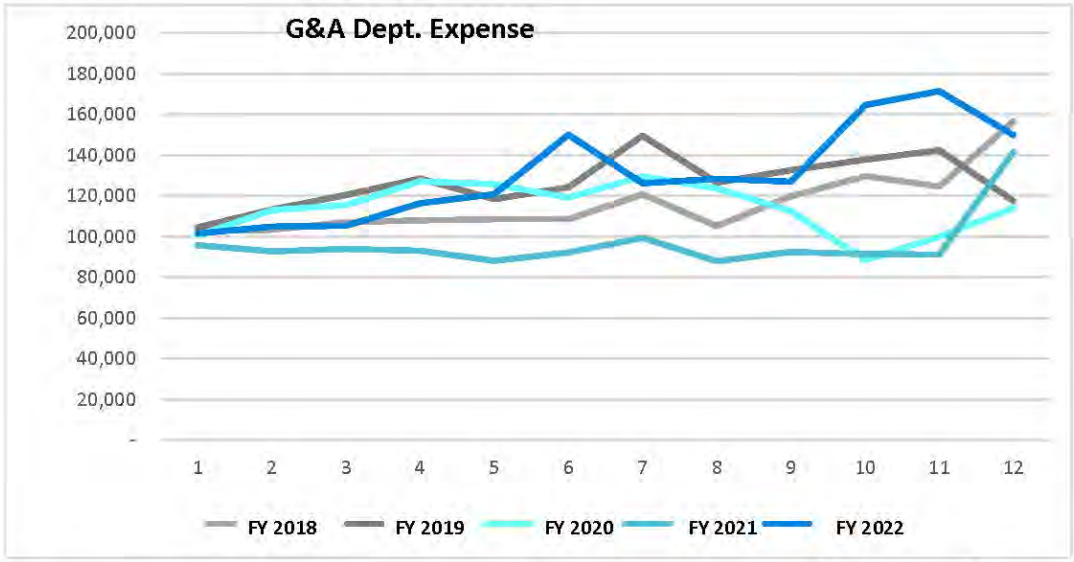
2714 **Total departmental expense, G&A (net)**

	Top Month	
FY 2018	156,547	*June*
FY 2019	149,550	*January*
FY 2020	129,604	*January*
FY 2021	141,565	*June*
FY 2022	171,461	*May*

1198 *Compare to:* **Total revenues**

Note - operating results for 2016 were not collected for this review.

Shown below: G&A Dept. Expense



	Jul 1	Aug 2	Sept 3	Oct 4	Nov 5	Dec 6	Jan 7	Feb 8	Mar 9	Apr 10	May 11	Jun 12	Annual	Annual	%
FY 2017	-	-	-	-	-	-	124,574	105,493	121,266	119,773	108,456	107,471	687,034	4,357,656	
FY 2018	102,560	103,326	107,079	107,903	108,504	108,461	120,722	105,136	119,706	129,674	124,530	156,547	1,394,148	12,960,323	10.8%
FY 2019	104,517	113,255	120,398	128,454	118,347	124,186	149,550	126,503	132,535	137,736	142,411	117,482	1,515,374	14,127,454	10.7%
FY 2020	100,380	112,928	115,435	127,080	125,732	119,081	129,604	123,597	112,579	88,388	99,888	113,969	1,368,660	9,790,847	14.0%
FY 2021	95,744	92,676	93,889	93,007	88,121	92,133	99,380	87,865	92,495	91,280	91,208	141,565	1,159,363	8,918,748	13.0%
FY 2022	101,490	104,854	105,285	116,339	120,811	149,948	126,165	128,417	126,921	164,543	171,461	149,825	1,566,059	15,937,347	9.8%
FY 2023	94,104	135,454	137,445	194,986	-	-	-	-	-	-	-	-	561,989	2,774,148	20.3%

Total departmental expense, G&A (net) - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.1%	15.4%	17.7%	17.4%	15.8%	15.6%	100.0%
2018	7.4%	7.4%	7.7%	7.7%	7.8%	7.8%	8.7%	7.5%	8.6%	9.3%	8.9%	11.2%	100.0%
2019	6.9%	7.5%	7.9%	8.5%	7.8%	8.2%	9.9%	8.3%	8.7%	9.1%	9.4%	7.8%	100.0%
2020	7.3%	8.3%	8.4%	9.3%	9.2%	8.7%	9.5%	9.0%	8.2%	6.5%	7.3%	8.3%	100.0%
2021	8.3%	8.0%	8.1%	8.0%	7.6%	7.9%	8.6%	7.6%	8.0%	7.9%	7.9%	12.2%	100.0%
2022	6.5%	6.7%	6.7%	7.4%	7.7%	9.6%	8.1%	8.2%	8.1%	10.5%	10.9%	9.6%	100.0%

IWGR Building Maintenance Dept

The IWGR clubhouse opened in 2008, a 53,000 square foot venue designed by Douglas Fredrikson Architects. It is a quality facility but could include some design "layering" to encourage its role as a central gathering place at the resort – at this time it is bit austere for a fun place of informal gathering.

Note - Insert "new" energy efficiency, solar, new HVAC, lighting etc. review.

The exhibit on the following page summarizes Building Maintenance expense, compared to Golf Rounds revenue.

The exhibit includes monthly information and fiscal year totals for the period of FY 2018 through 2022, as well as partial years for FY 2017 and FY 2023 to-date. Our information collection started with the 2017 calendar year.



Shown above, a view of the south elevation of the IWGR clubhouse.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

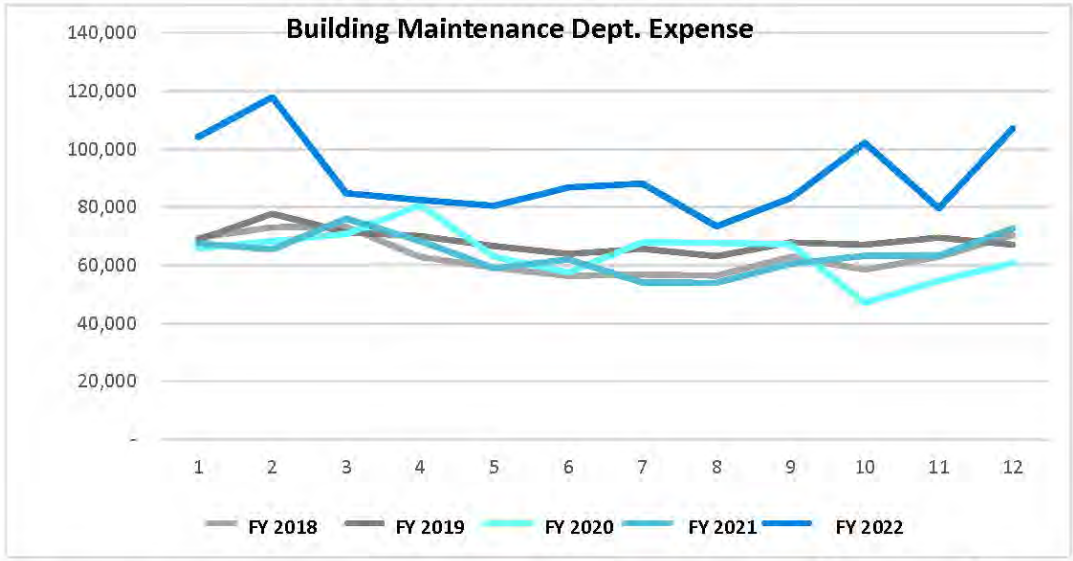
2786 **Total departmental expense, building maintenance**

		Top Month
FY 2018	73,251	*September*
FY 2019	77,768	*August*
FY 2020	80,747	*October*
FY 2021	76,064	*September*
FY 2022	117,931	*August*

1198 *Compare to:* **Total revenues**

Note - operating results for 2016 were not collected for this review.

Shown below: Building Maintenance Dept. Expense



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Annual	Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	62,802	61,366	63,886	60,548	61,426	59,089	369,117	4,357,656	
FY 2018	**69,443**	**73,055**	**73,251**	**62,840**	**59,198**	**56,338**	**56,818**	**56,423**	**62,893**	**58,552**	**62,931**	**70,416**	**762,158**	12,960,323	5.9%
FY 2019	**68,766**	**77,768**	**71,304**	**70,087**	**66,604**	**63,935**	**65,690**	**63,144**	**67,861**	**67,109**	**69,527**	**67,111**	**818,906**	14,127,454	5.8%
FY 2020	**65,839**	**68,318**	**70,761**	**80,747**	**62,903**	**57,505**	**67,986**	**67,700**	**67,192**	**47,076**	**54,671**	**60,774**	**771,471**	9,790,847	7.9%
FY 2021	**67,517**	**65,476**	**76,064**	**68,338**	**58,998**	**62,039**	**54,004**	**53,974**	**60,507**	**63,274**	**63,332**	**72,710**	**766,233**	8,918,748	8.6%
FY 2022	**104,168**	**117,931**	**84,758**	**82,473**	**80,507**	**86,837**	**88,131**	**73,392**	**83,113**	**102,122**	**79,601**	**107,105**	**1,090,138**	15,937,347	6.8%
FY 2023	80,119	83,689	91,390	85,605			-	-	-	-	-	-	340,803	2,774,148	12.3%

Total departmental expense, building maintenance - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.0%	16.6%	17.3%	16.4%	16.6%	16.0%	100.0%
2018	9.1%	9.6%	9.6%	8.2%	7.8%	7.4%	7.5%	7.4%	8.3%	7.7%	8.3%	9.2%	100.0%
2019	8.4%	9.5%	8.7%	8.6%	8.1%	7.8%	8.0%	7.7%	8.3%	8.2%	8.5%	8.2%	100.0%
2020	8.5%	8.9%	9.2%	10.5%	8.2%	7.5%	8.8%	8.8%	8.7%	6.1%	7.1%	7.9%	100.0%
2021	8.8%	8.5%	9.9%	8.9%	7.7%	8.1%	7.0%	7.0%	7.9%	8.3%	8.3%	9.5%	100.0%
2022	9.6%	10.8%	7.8%	7.6%	7.4%	8.0%	8.1%	6.7%	7.6%	9.4%	7.3%	9.8%	100.0%

GOLF MARKET

In this section, we review the Coachella Valley marketplace focusing on the competitive set of properties that IWGR competes with.

The relative market performance of Indian Wells Golf Resort (rounds played) is compared here to the market performance of a competitive set of area golf facilities (the "Competitive Set"). Exhibit 24 on the subsequent following page provides a review of IWGR's actual rounds played, as compared to a calculated fair share of "competitive set" rounds.

The competitive set is listed on the next page – with IWGR making up 15.4% of 234 total golf holes in the group.

For FY 2022, IWGR achieved a greater than fair share of rounds played, as compared to the competitive set. During FY 2022, IWGR achieved 76,500 rounds played versus a fair share 68,522 rounds.

This is an improvement of fair share rounds played over recent years, where IWGR generally captured more in the range of 90% (excepting the 83% in FY 2021).

For green fee revenue, IWGR earned 18.2% of estimated Competitive Set green fee revenue, a greater than fair-share capture given IWGR's 15.4% of Competitive Set golf holes.

Coachella Valley Golf Market

We believe the three most directly competitive properties to IWGR (within the competitive set) are Desert Willow (owned by City of Palm Desert), Silver Rock (owned by City of La Quinta) and PGA West in La Quinta.

While holding at about the current level Resident play (with guests), we believe there are ways to increase rounds played at IWGR. The enhanced driving range now operating at IWGR will help with IWGR's notoriety and word-of-mouth. There is capacity in shoulder seasons as an example, to target additional 9-hole play perhaps as part of new sales packages (see The Academy promotion ideas in the Enhancement section).

We should note though that since FY 2017, the number of rounds played at IWGR has remained consistent, including the Resident play portion.

Some background about the three direct competitors, according to Golf Property Analysts, a part of the SCP team on this assignment:

- Desert Willow (DW) reported annual rounds of 97,000 (36 holes) which significantly exceeds IWGR's volume of rounds.
- At Desert Willow only 15,000 rounds (15.5%) were discounted resident rounds, as compared to compared to IWGR which has a larger share of rounds attributed to resident play (not including resident guests).
- Desert Willow DW achieves about 127% of its "fair" market share.
- Desert Willow also does about $2 million in Food & Beverage revenue and a gross revenue of $12 million ($123.71 per round).
- Silver Rock (18 holes) did 45,000 rounds in 2019 and 34,182 in 2020. Gross revenue was $3.4 million in 2019 ($75.56/rd.) and $2.4 million in 2020 ($70.21).
- PGA West in 2020 (having been closed from March 15 to April 30) did 75,000 rounds on the Stadium and Nicklaus courses, therefore it can be presumed that they, too are exceeding their market share. Guest green fees are competitive with those at IWGR, but Silver Rock also does fewer resident rounds than IWGR (at about 20% of total).

COMPETITIVE SET

Desert Willow	36 holes
JW Marriott	36 holes
La Quinta	36 holes
Marriott's Shadow Ridge	18 holes
PGA West	54 holes
Silver Rock	18 holes
Indian Wells Golf Resort	36 holes



Shown above, Desert Willow Golf Course (Palm Desert), managed by Kemper Sports.

Playing the Competitive Set

- **Desert Willow Golf Resort** (Firecliff and Mountain View course)- desert willow courses are generally considered among the favorites with desert golf enthusiasts. The Mountain View course is slightly easier than the Firecliff. Like all other luxury golf resorts in the area it has a big, beautiful clubhouse and excellent practice facilities. both courses are very popular and do just under 100,000 rounds per year. Currently both courses are also very playable for all level golfers and in very good condition all around.

- **PGA West-** (Stadium, Nicklaus, and Norman courses)- very popular courses, but challenging. The Stadium course is the most well known, but also the toughest by far. It is not a course you would like to play regularly, but fun to test yourself. The Nicklaus and Norman courses are more friendly, but still require more skill than most resort courses.

- **JW Marriott Desert Springs Resort** - (Palm and Valley Courses)- Both courses work well in the resort classification. It offers something for more casual guest who simply want to enjoy a relaxing round on a beautiful course, while at the same time, offering enough challenge and risk reward options for more serious players.

- **La Quinta Resort**- (Mountain and Dunes courses)-both courses are enjoyable to play. The Mountain course is more popular because of its setting against the desert hills and mountains. Course conditions can vary throughout the year, but more playable for most.

- **Marriott Shadow Ridge** - a Nick Faldo design. Fun course for all level of golfers with a variety of holes. The fairways are typically generous, but bunkering makes the course more challenging. Course is usually in great shape with fast, smooth greens.

- **Silver Rock Resort-**is set against the Santa Rosa mountains in La Quinta. Water comes into play on more than half the holes requiring quality ball striking. Silver Rock is very scenic, but not very playable for the average player.

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

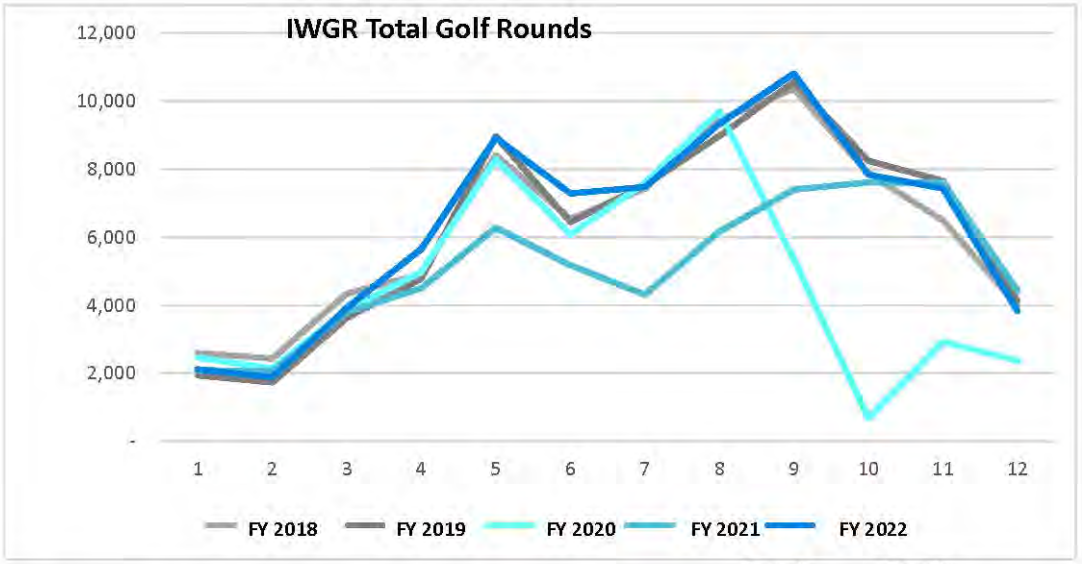
1562 **Golf rounds, IWGR total**

	Top Month	
FY 2018	10,368	*March*
FY 2019	10,563	*March*
FY 2020	9,701	*February*
FY 2021	7,612	*April*
FY 2022	10,813	*March*

1118 *Compare to:* **Fair share rounds, comp set per 36 holes**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Total Golf Rounds



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Rounds Annual	Rounds Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	6,682	9,415	10,351	8,294	6,602	4,049	45,393	-	
FY 2018	**2,599**	**2,430**	**4,337**	**4,907**	**8,412**	**6,544**	**7,425**	**9,445**	**10,368**	**7,877**	**6,492**	**3,992**	**74,828**	49,680	150.6%
FY 2019	**1,936**	**1,732**	**3,629**	**4,777**	**8,966**	**6,444**	**7,526**	**8,975**	**10,563**	**8,245**	**7,653**	**4,143**	**74,589**	80,752	92.4%
FY 2020	**2,460**	**2,141**	**3,856**	**4,976**	**8,279**	**6,079**	**7,589**	**9,701**	**5,350**	**679**	**2,936**	**2,356**	**56,402**	61,204	92.2%
FY 2021	**2,093**	**2,060**	**3,793**	**4,500**	**6,280**	**5,177**	**4,312**	**6,166**	**7,398**	**7,612**	**7,603**	**4,436**	**61,430**	74,147	82.8%
FY 2022	**2,119**	**1,883**	**3,918**	**5,653**	**8,917**	**7,288**	**7,472**	**9,334**	**10,813**	**7,838**	**7,432**	**3,833**	**76,500**	68,562	111.6%
FY 2023	2,548	2,114	3,565	5,328	-	-	-	-	-	-	-	-	13,555	9,406	144.1%

Golf rounds, IWGR total - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.7%	20.7%	22.8%	18.3%	14.5%	8.9%	100.0%
2018	3.5%	3.2%	5.8%	6.6%	11.2%	8.7%	9.9%	12.6%	13.9%	10.5%	8.7%	5.3%	100.0%
2019	2.6%	2.3%	4.9%	6.4%	12.0%	8.6%	10.1%	12.0%	14.2%	11.1%	10.3%	5.6%	100.0%
2020	4.4%	3.8%	6.8%	8.8%	14.7%	10.8%	13.5%	17.2%	9.5%	1.2%	5.2%	4.2%	100.0%
2021	3.4%	3.4%	6.2%	7.3%	10.2%	8.4%	7.0%	10.0%	12.0%	12.4%	12.4%	7.2%	100.0%
2022	2.8%	2.5%	5.1%	7.4%	11.7%	9.5%	9.8%	12.2%	14.1%	10.2%	9.7%	5.0%	100.0%

Fiscal Impact

Exhibit 25

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

SCP line item:

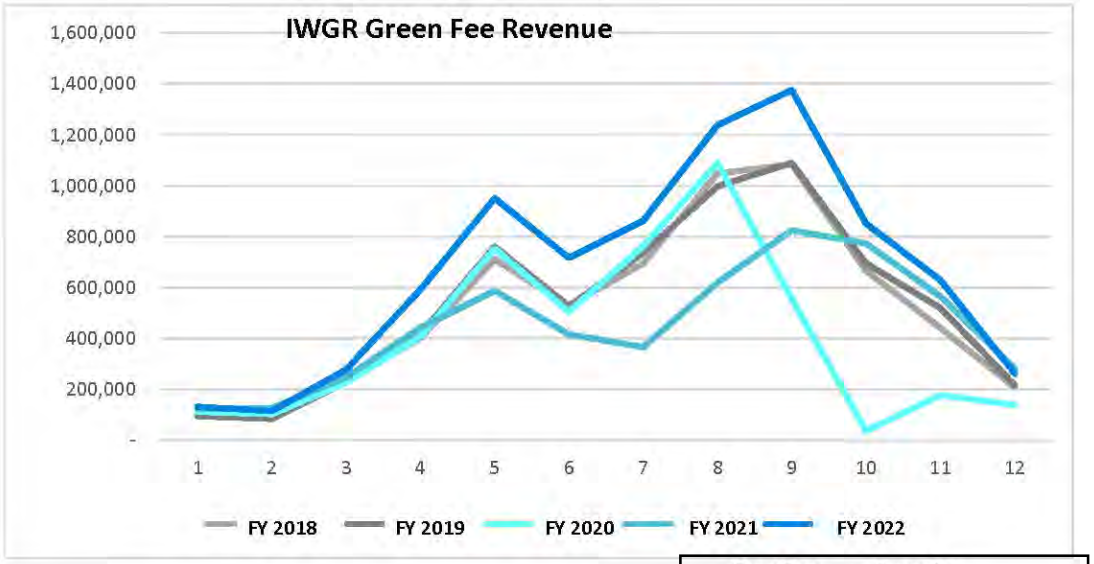
1698 **Total golf revenue, b/4 resident amenity**

	Top Month	
FY 2018	1,083,817	*March*
FY 2019	1,089,803	*March*
FY 2020	1,089,708	*February*
FY 2021	824,414	*March*
FY 2022	1,375,653	*March*

1112 *Compare to:* **Green / cart fees, comp set**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Green Fee Revenue



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Dept Rev Annual	Comp Set Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	590,096	1,000,148	1,004,556	678,888	469,512	212,417	3,955,617	-	
FY 2018	118,285	110,287	236,492	401,203	710,281	528,815	695,539	1,047,805	1,083,817	666,062	440,931	208,633	6,248,152	25,033,515	25.0%
FY 2019	94,682	83,813	230,392	416,429	760,619	525,760	736,264	998,028	1,089,803	694,583	519,355	217,233	6,366,961	38,897,149	16.4%
FY 2020	112,217	102,969	226,432	406,924	753,126	505,077	762,699	1,089,708	555,822	36,677	177,748	138,796	4,868,197	29,637,343	16.4%
FY 2021	124,616	125,792	246,858	442,109	587,317	415,491	365,906	619,106	824,414	773,249	565,410	282,553	5,372,821	39,407,571	13.6%
FY 2022	131,437	114,874	277,796	591,959	950,600	716,343	862,362	1,238,152	1,375,653	850,726	629,135	262,512	8,001,549	44,066,806	18.2%
FY 2023	178,060	133,169	295,964	643,321	-	-	-	-	-	-	-	-	1,250,514	3,740,838	33.4%

Total golf revenue, b/4 resident amenity - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.9%	25.3%	25.4%	17.2%	11.9%	5.4%	100.0%
2018	1.9%	1.8%	3.8%	6.4%	11.4%	8.5%	11.1%	16.8%	17.3%	10.7%	7.1%	3.3%	100.0%
2019	1.5%	1.3%	3.6%	6.5%	11.9%	8.3%	11.6%	15.7%	17.1%	10.9%	8.2%	3.4%	100.0%
2020	2.3%	2.1%	4.7%	8.4%	15.5%	10.4%	15.7%	22.4%	11.4%	0.8%	3.7%	2.9%	100.0%
2021	2.3%	2.3%	4.6%	8.2%	10.9%	7.7%	6.8%	11.5%	15.3%	14.4%	10.5%	5.3%	100.0%
2022	1.6%	1.4%	3.5%	7.4%	11.9%	9.0%	10.8%	15.5%	17.2%	10.6%	7.9%	3.3%	100.0%

Municipal Golf in the Region

There are a many municipally owned golf courses throughout the U.S. Among these, there are some that offer golf experiences equaling and/or exceeding the best privately-owned golf facilities. IWGR is one of those places.

Within the Trade Area, and elsewhere in California there are several municipal courses of note:

- **SilverRock Resort** – Owned by the City of La Quinta and managed by Landmark Golf Management.
- **Desert Willow Golf Resort** - Developed and owned by the City of Palm Desert, Desert Willow Golf Resort is operated by Kemper Sports Management.
- **Tahquitz Creek Golf Resort (Palm Springs)** - Oswit Land Trust has been trying to purchase for environmental purposes. Tahquitz Creek consists of two 18-holes golf courses, the Legends Course that was bought by the city as it was being built in 1959, and the Resort Course that was built with city bond money and opened in 1995. There is also a clubhouse and parking lot and a driving range. The Legend Course runs through a residential neighborhood, often with houses on both sides of a hole. The Resort Course runs east and west through the Tahquitz Canyon wash and has no homes along the fairways.
- The **City of San Diego Parks & Recreation Department** operates three municipal golf courses. Torrey Pines, Balboa Park, and Mission Bay Golf Course and Practice Center. The adjacent Lodge at Torrey Pines is owned and operated by Evans Hotels (San Diego).

The table at right identifies more top municipal course owners and their facilities, in the U.S. Indian Wells Golf Resort is certainly among such top facilities, as noted. The table is sorted by year established and is not intended as an ordered ranking.

- The **San Francisco Recreation and Park Department** maintains six public golf courses, each with a unique identify and mission. Gleneagles is considered one of the most challenging nine holes of golf in the U.S. TPC Harding Park is a championship caliber venue. In 2020, TPC Harding Park hosted the PGA Championship, elevating the course as just the fifth municipal course ever to host a Major Championship.

Municipal Owners of Golf Facilities

	Municipality	Market	Holes	Top Facility / Holes	Est.
1	City of El Paso	South Texas	18	Butterfield Trail (18)	2007
2	City of Indian Wells	Coachella Valley	36	Indian Wells Golf Resort (36)	2007
3	Pierce County, WA	Seattle metro	36	Chambers Bay (18)	2007
4	Town of Bloomfield, CN	Hartford metro	18	Wintonbury (18)	2005
5	Illinois Int'l Port District	Chicago metro	36	Harborside International (36)	1995
6	City of Farmington, NM	Farmington	27	Piñon Hills (18)	1989
7	City of Bremerton, WA	Seattle metro	36	Golf Mountain (36)	1971
7	City of Phoenix	Phoeniex metro	117	Papago (18)	1963
8	Martin County, FL	South Florida		Sailfish Sands (36)	1963
9	City/County of San Francisco	SF Bay Area	81	Harding Park (18)	1961
10	Kaua'i County	Island of Kaua'i	18	Waliua Municipal (18)	1961
11	City of San Diego	San Diego metro	54	Torrey Pines (18)	1957
12	New York State Parks	Long Island	405	Bethpage Golf (90)	1936
13	City of Providence, RI	Providence		Triggs Memorial (18)	1932
14	City of Charleston, SC	Carolinas coastal	18	Charleston Municipal (18)	1929
15	City of Alamada, CA	SF Bay Area	45	Corica Park (27)	1927
16	City of Hartford, CN	Hartford metro	45	Keney Park (18)	1927
17	Village of Palm Beach	South Florida	18	North Palm Beach CC (18)	1926
18	City of Wilmington, NC	Carolinas coastal	18	Wilmington Municipal (18)	1926
19	Cleveland Metroparks	Cleveland metro	144	Sleepy Hollow (18)	1924
20	City of San Antonio	South Texas	144	Brackenridge Park (18)	1916
21	City of Chicago	Chicago metro	63	Jackson Park (18)	1899
22	St Andrews Links Trust	Scotland	126		1754

The Future of Golf

We believe that the golf industry will enjoy a prosperous future in the U.S. However, we also believe that the industry will continue with an even more active period of reinvention to meet the leisure-time expectations of up-and-coming generations.

- We note that he fundamentals of golf economics still have challenges. Golf is still largely a white, male activity. For long-term sustainable growth golf needs to promote to, and experience success, in recruiting millennials, minorities, and moms (women), a group that noted golf consultant Larry Hirsch describes as "the 3 M's." Over the years, the 3 M's have not been embraced by the golf industry. The Millennials and Gen-Z generations seek activities with diversity, so as with the 3 M's, golf needs to make meaningful efforts at diversity, equity, and inclusion.

- In resort settings, traditional golf courses will continue to adapt to modern sensibilities. Such factors as easy (if not quick) access, shorter play, increased entertainment value, palpable technology, will combine in different ways to meet today's consumer.

- There is a reason "golf entertainment" is currently among the hot (albeit niche) asset classes. TopGolf-type driving ranges, next-generation miniature golf, social venues with mini-golf, are products of interest. Many cite the similarity with such "golf entertainment" to the enduring acceptance (and reinvention) of bowling.

- Golf is not unusual in its need to innovate. All major sports have adapted to modern sensibilities in one way or another. The NFL rules protect quarterbacks to increase scoring. NBA basketball games are a produced live event, with music bumpers and light show. Snowboards are now covered in prime during the Winter Olympics. Golf maybe more than any other sport, has remained as a traditional offering.

- At resorts, younger adults have largely different leisure-time interests. There are more options than decades ago when golf and tennis ruled resorts. An afternoon at the pool with smartphone in hand, with selfies a top priority, is "the point" for many. For some, the smartphone has replaced the social intersection of a tennis game, or a round of golf.

Covid-19 and its Impact

The two years following the introduction of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) and resulting Covid-19 disease in early 2020, is among the most difficult periods we have experienced. The virus has impacted all of us at all levels: personally, as families, as employees and employers, and as communities.

While we can be hopeful that the worst of the impacts are behind us, there are lingering worries of next variants, supply chain issues, vaccine efficacy, and similar matters.

Over the course of the Pandemic, the golf industry as an outdoor "safe" activity has been somewhat a refuge for many. With all the protocols for safety and social distancing, golf has not required much adjustment. After years of declining golf play nationwide, rounds have increased. A portion of increased rounds have been from players new to the sport. Many golf courses have been (at least temporarily) saved from closure by this phenomenon.

Given the COVID surge, the cost of golf play has increased significantly in some places, and such increased prices could feel downward pressure should rounds and membership experience a decline that could occur as people go back to the office, have less time for golf, and feel the bite of inflationary pressures and increasing interest rates.

Whether the increased interest in golf, and increased play will continue, is an open question. We can't know the future of course, there are too many offsetting variables right now.. For sure, some folks will stick with golf and those who continue to work from home will play more frequently than before, but it is also reasonable to assume that some who took up golf during COVID will return to their pre-COVID activities.

There are countervailing trends including changing leisure-time preferences and the looming possibility for economic recession, among other factors that may make the Pandemic upturn short-lived.

All the above is important. But we note that in preparing a Strategic Asset Plan for IWGR, the focus should be on the long-term, at least ten years in the future and perhaps beyond.

MARKETING & PROMOTIONS

IWGR Customer Acquisition / Retention

It is helpful to think about customer acquisition and return in terms of the customer touchpoints, in all the formal and informal ways that each occurs.

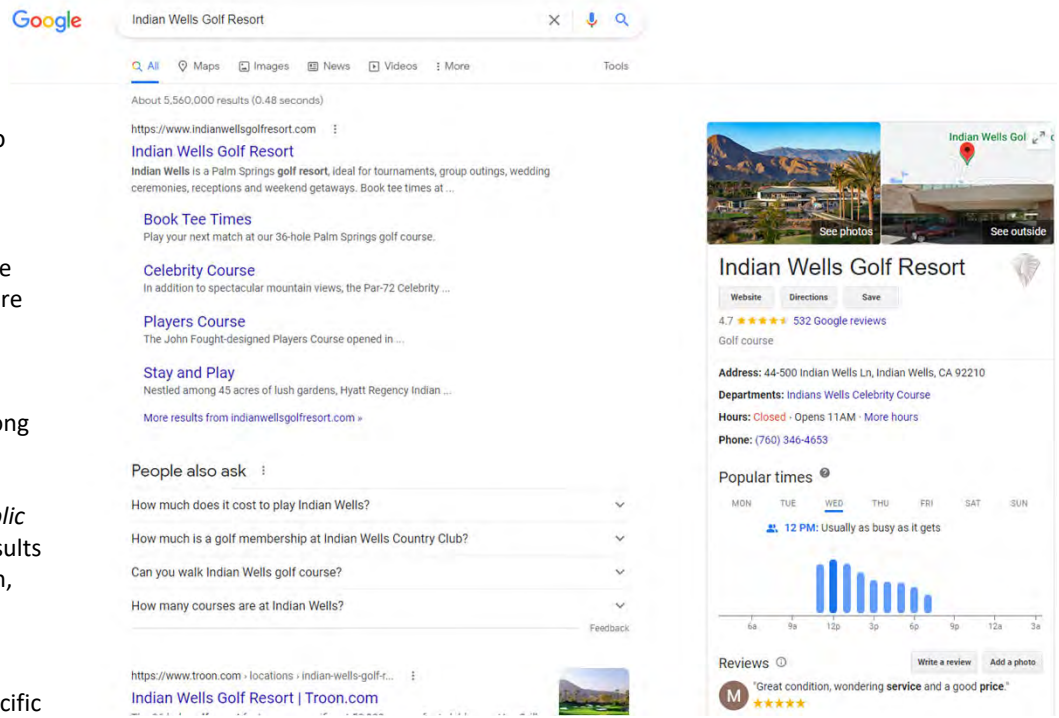
IWGR's current customers derive from these core segments:

- Golfers staying overnight at a Partner Hotel
- Other visiting golfers
- Residents, sometimes with guests
- Tournament play
- Special program participants, wholesalers, and the like
- Troon Rewards – Troon's loyalty program is a complete one, allowing rewards members to earn free rounds of golf, status at facilities, merchandise discounts, Troon's e-magazine, and other benefits, at Troon facilities.

INSERT HISTORICAL ROUNDS / CUSTOMER SEGMENTS

Online Search Results

On a direct search with Google, IWGR shows up easily as first result, with the prominent screen-right display (see screenshot at right). Direct search refers to typing in Indian Wells Golf Resort, without quotes.



- In the direct search result, the four prominent items displayed include "Book Tee Times," "Celebrity Course," "Players Course," and "Shots in the Night." These are efficient and helpful results to display for a golf facility search. The "People also ask" section of results also shows helpful information.
- On an indirect search for "*best golf courses in Palm Springs*," IWGR appears among the first nine (9) facilities featured at the top of search results (with photo).
- On an indirect search for "*best place to play golf in Palm Springs*," and "*best public golf course in Palm Springs*," IWGR does not appear among the first featured results (with photo) but does appear as part of results at websites such as GolfPass.com, 10best.com, and similar sites.
- Indirect search results refer to instances where a user does not know they are searching for IWGR but simply see IWGR identified as part of searching with specific search terms or phrases. Essentially, indirect search is about being found when a user does not initially know to find you. Indirect search results from various likely user search terms, as improved through quality SEO (search engine optimization) tactics, are the most important of results.
- Most golfers will look for courses and play recommendations, by clicking on well-known course rating websites. On most of the rating websites we reviewed, IWGR appears among the listings when we used the most common initial web search terms and phrases.
- The Google search engine maintains a 60%+ share in the U.S., making it the first search engine to check for website search results. We did not review search results through other search engines.

Online Reviews - Facility and Customer Service

We reviewed a sampling of online review about IWGR, the VUE, the five Partner Hotels, and Indian Wells generally. We found nothing out of the ordinary – simply a mix of those ecstatic who are pleased with IWGR or The Vue, or those claiming to be very disappointed about their experiences. Online reviews are always at least a little suspect.

Negative and online reviews should always be responded to by a facility's management, as quickly as possible. It is often more cost effective to hire a 3rd-party to monitor online search and a facility's various online channels, and to collaborate with Facility staff to provide responses.

Branding, Marketing and Sales

Indian Wells Golf Resort is well known in the U.S. golf industry, with an established brand equity extending back many years. IWGR is joined by the additional co-brand offered by its facility manager, Troon Golf, and its five City Hotel Partners.

The logos IWGR and its co-branding partners are noted at right.



Drone aerial photography by Golf Property Analysts.

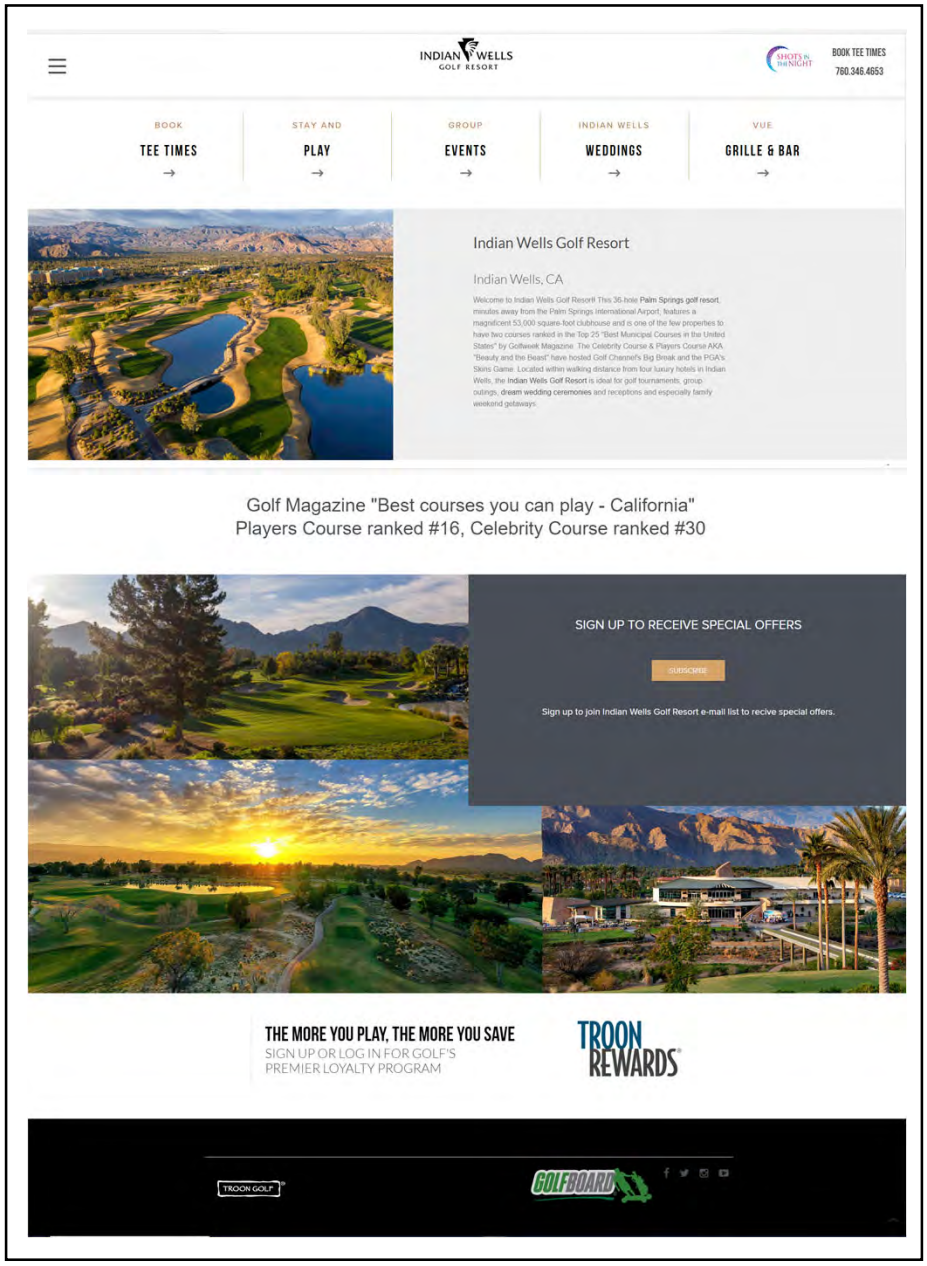
IWGR Website

We like the aesthetics of the IWGR website landing page, with its attractive graphics and autostart full-screen video at the top of the page.

Some comments:

- The IWGR website is located at www.indianwellsgolfresort.com.
- The site loads quickly and on first look the facility's smartphone app is promoted.
- The full-screen video that plays on the landing page is well done and appears well optimized for play.
- The main landing page navigation options at the top of the page, are easy to view and the click-throughs are quick.
- The link and landing on the Booking page work well. The Booking portal and engine are quickly responsive.
- We notice that as the app promote displays on-screen, the background behind the promotional placard goes black. This may be specific to our desktop/browser combination (PC/Brave, Microsoft Edge).

Here is a screenshot (at right) of the IWGR landing page. The top 3rd- appears on most browsers upon initial landing, and from there the user scrolls down to view the rest of the landing page.



IWGR Website – Landing Page Promotion

We like the way the forced promotional placard appears on the IWGR website but is not difficult to click "Close" and avoid.

Some comments:

- We like the design for the Winterfest logo. The font makes sense, the various graphic symbols are fun, and it seems appropriate that this is offered as an Indian Wells event, versus indicating IWGR as part of the event logo.
- A small point but we suggest making the "Close" button a more visible bold color such as dark black or blue (to go with color scheme). While the Close button is not as difficult as some promotional placards are, the moment to find a way to exit the pop-up is always an irritant on so many websites. Intentionally so in many cases. We think its good to make it truly obvious for the quick exit if that is the desire.
- We notice that the promotional placard does not appear on all IWGR sub-landing pages such as Booking. We did not check every possibility arrival to the website from various SEO search and clicks, from Google. We suggest the placard appear on most landing pages to get the best value from whatever promotion is active at the time.



Shown above, the pop-up promotional placard that presents itself on the IWGR landing page. Shown at left, a higher resolution version of IW's Winterfest promotion.



Shots in the Night

We appreciate the current version of the "Shots in the Night" logo. It has an elegance to it that the prior logo did not. We think the treatment of the "O" is clever and makes for a true piece of graphic design work.

The new program for the driving range will significantly change the gravitas of the night-time offering. We have included a discussion about the improvements in the Enhancements section of this report.



Shown above, the "Shots in the Night" logo as it appears in current promotions.

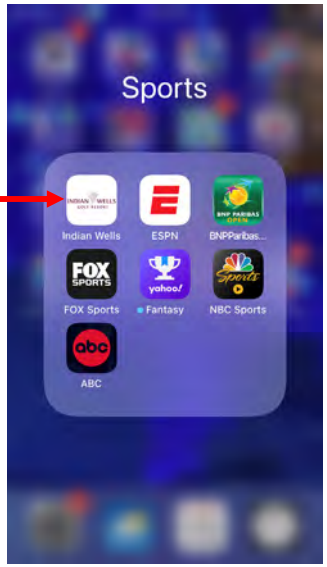
Shown below, the prior SITN logo that we have previously indicated did not match the quality of the IWGR facility.

IWGR App

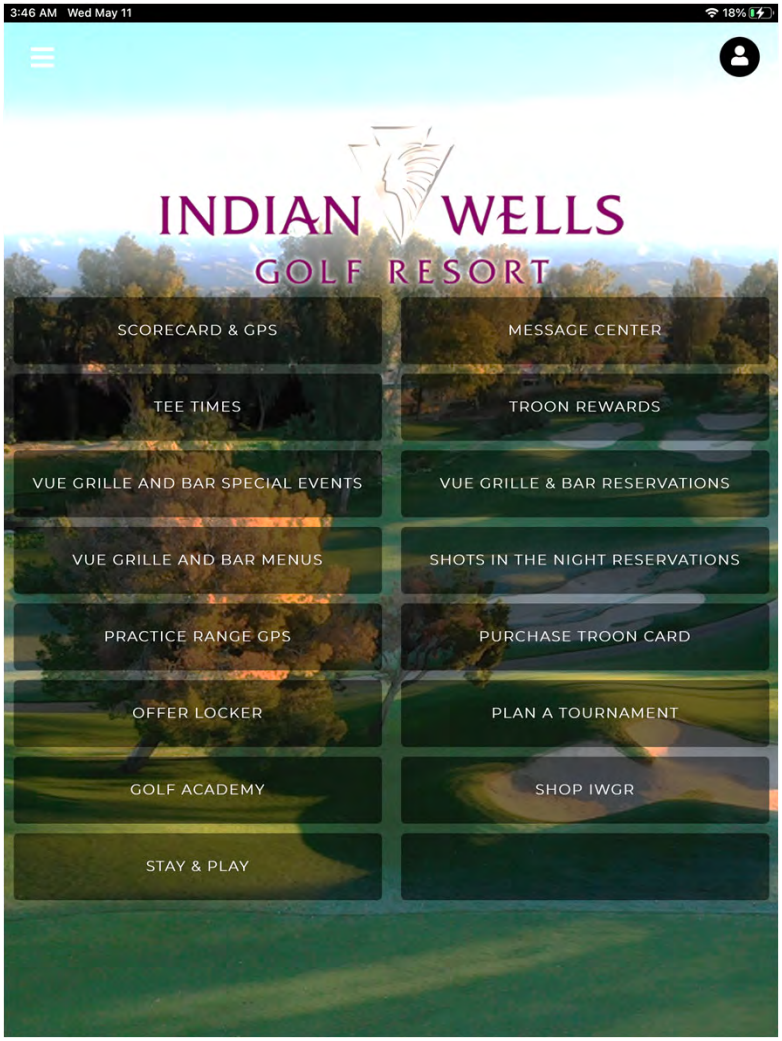
We like the aesthetics of the IWGR App, as it appears on an iPhone and iPad. We did not review its appearance on other maker's tablets.

- Troon maintains a smartphone app, with the technical support of SwitchCase Group LLC / Gallus Golf. The app is offered on the IWGR website landing page, requiring a click to close.
- The app's look and feel is attractive and provides easy navigation.
- We suggest a redesign of the app icon button – while the app itself has nice color the app icon (button) itself is all-white and is lost among all other app icons on a typical user's smartphone or iPad screen. A screenshot of the white app button is included below.

IWGR App button







Shown above, the IWGR App as it appears on an iPad. Shown at far left are the App button among other Apps on a smartphone, and at near left, the smartphone App main landing page.

Partner Hotel Websites

The City's Five Partner Hotels, in general, do not feature IWGR on their websites. IWGR is not a primary navigation option on these websites, except for the Miramonte. Only as viewed from these hotel websites, IWGR is an incidental amenity the promotion of these hotels. Images of the landing pages of four of the five City Hotel Partner websites, is provided on the next page.

Miramonte Indian Wells www.miramonteresort.com

- IWGR is a primary navigation option, at top of landing page.
- Golf link on landing page does click to specific page of IWGR golf.
- Headline text on the golf page: "It's Game On In Palm Springs." Miramonte Resort & Spa is surrounded by world-class golfing opportunities – next door and in the surrounding Palm Springs area."
- Direct contact information for IWGR golf concierge services.
- Direct link to IWGR website "Book Tee times" page.
- Instagram tagline: *"A unique desert resort reminiscent of a classic Mediterranean estate located in Greater Palm Springs."*

Indian Wells Resort Hotel www.indianwellsresort.com

- IWGR not a primary navigation option.
- IWGR is a landing page highlight, does link to golf page that includes IWGR and Indian Wells Country Club information.
- The golf page features this top-of-page description about IWGR: "*The only 36-hole facility in California with both courses ranked in the Top 20 "Best Courses You Can Play" in California by Golf Week Magazine and ranked number 11 in Conde Nast Travelers' "Top 15 California Golf Resorts.*"
- The golf page has two images of a hotel room (errata) to depict the two IWGR courses.

IWGR should consider the creation of a City Hotel Partner program with an attractive logo and selling points and seek placement of program button on each Hotel Partners' website landing page.

Renaissance Esmeralda www.marriott.com/en-us/hotels/pspsr-renaissance-esmeralda-resort-and-spa-indian-wells/

- IWGR not a primary navigation option.
- IWGR is a landing page highlight, once scrolled down, but links to an activities page.
- Landing page tagline: "*Relax and revive at our Indian Wells golf and spa resort.*"
- Instagram tagline: "*Awaken the sense of wonder at #RenEsmeralda featuring stylish guest rooms, acclaimed restaurants, and much more."*

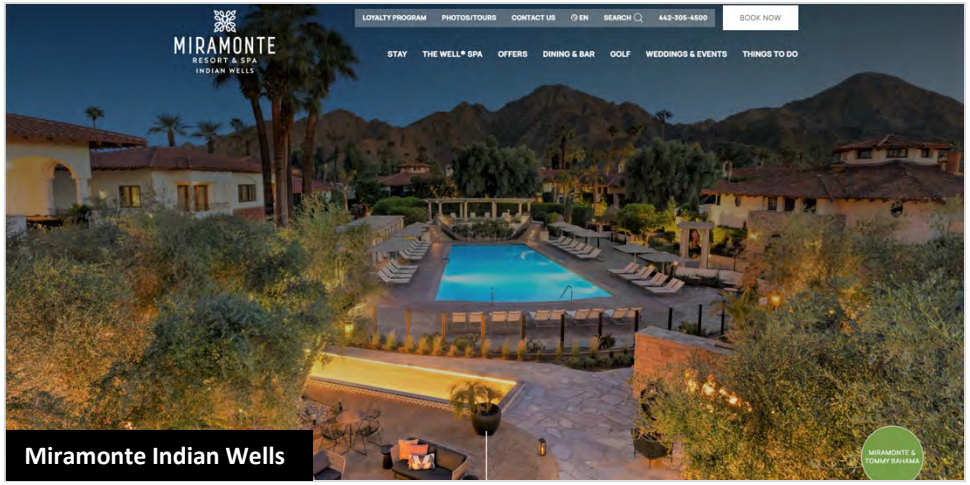
Sands Hotel & Spa www.sandshotelandspa.com

- IWGR not mentioned on hotel's landing page.
- Very much a boutique without reference to golf.
- Instagram tagline: *"Luxury boutique hotel in Indian Wells, California. Designed by Martyn Lawrence Bullard."*

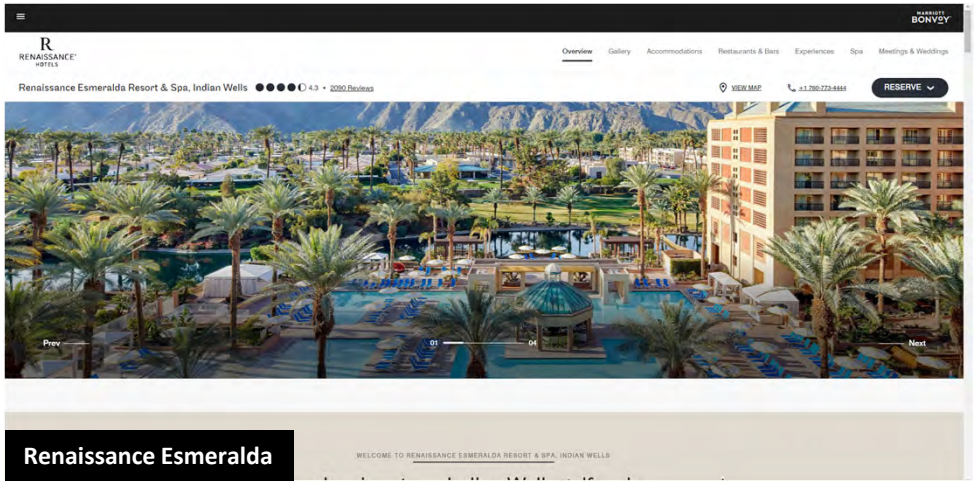
Hyatt Regency Indian Wells www.hyatt.com/en-US/hotel/california/hyatt-regency-indian-wells-resort-and-spa/champ

- IWGR not a primary navigation option.
- No direct link to IWGR page on landing page.
- No mention of golf on landing page except for golf symbol as part of hotel amenities, but no details or links.
- "Indian Wells Golf Resort's Shots in the Night" is featured among area attractions on the Area Attractions page.
- No choice golf photos on the resort's Photos + Reviews page.
- Instagram tagline: "*Retreat to our 45-acre desert oasis with the largest waterpark in Greater Palm Springs."*

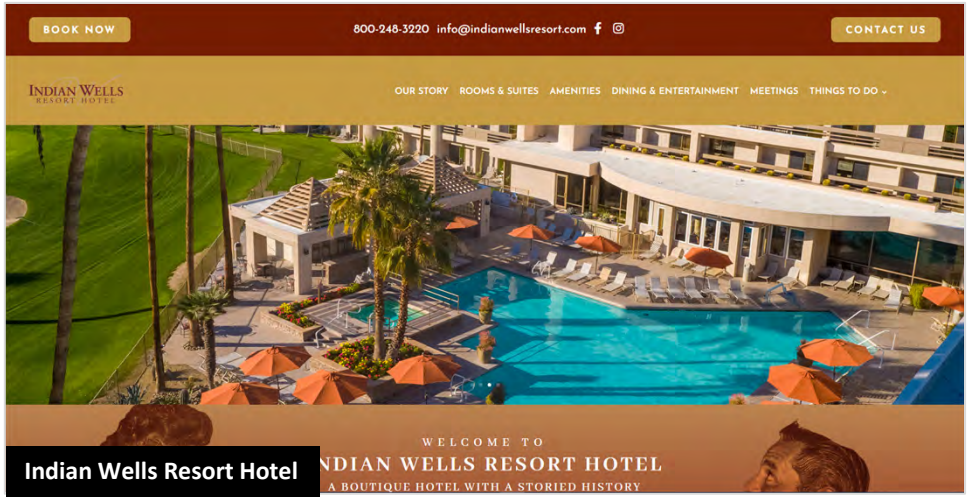
Partner Hotel Websites



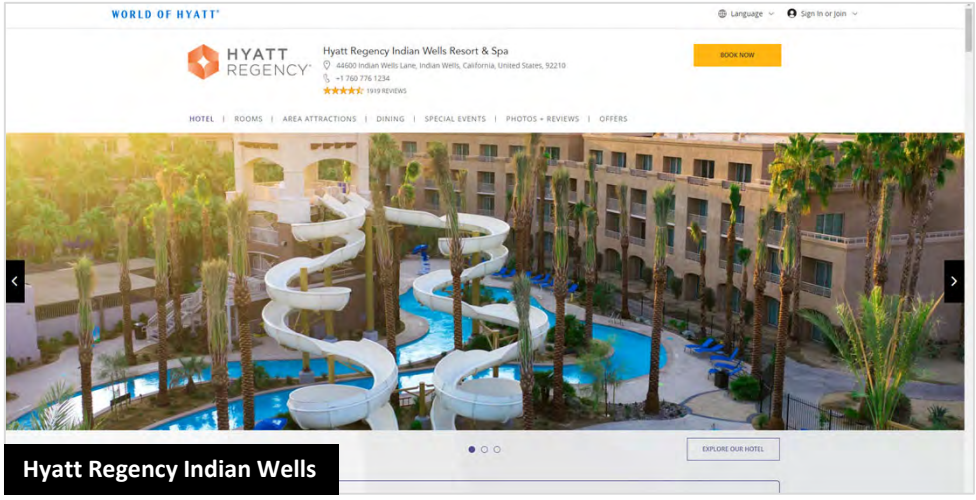
Miramonte Indian Wells



Renaissance Esmeralda



Indian Wells Resort Hotel



Hyatt Regency Indian Wells

Note – the Sands Hotel & Spa is not shown in this sampling of the City's Hotel Partner website landing pages.

Experiential Customer Touchpoints

Our field visit team found the golf experience at IWGR acceptable, as compared to comparable priced golf experiences in a resort setting.

Touchpoints, the series of interactions (moments) with customers, are essential to every customer-facing business. The combined results of the various touchpoints along the way in each customer experiential "journey" influences satisfaction.

For golf facilities it is no different, and with some complexity since there are different journeys and touchpoints for each player segment, trip motivation, and skill level. And not all touchpoints are of equal importance, and some have more of an impact on dissatisfaction than more positive contributors. A relatively recent study undertaken by the United States Golf Association ("USGA") indicated that there are more than 1,000 touchpoints that golfers can contact throughout their golf experience. This is too many touchpoints to manage but the point is made.

Our team has visited IWGR on numerous occasions, playing the courses, taking meals at the restaurant, enjoying the clubhouse ambiance and people flow, and seeing the facility in the evening with '*Shots in the Night*' in operation. We have also received all manner of comments from Stakeholders, on these customer touchpoints.

In general, the customer to staff golf experience is well received and routinely complimented. There are comments, questions, and ideas focused on course maintenance. The Vue clubhouse restaurant was in most cases the attractor of negative comments. Many cited the difference between the positive customer-staff interaction on the course, and that in the restaurant.

Our checklist in experiencing these touchpoints is included at right.

PRE **Prior to arriving**	▪ Word of mouth ▪ Internet and social media ▪ Phone queries ▪ Golf influencers? "Golf geek" vlogs ▪ Website and App ▪ Hotel lobby activation / promote ▪ Reservations	▪ **Limited** ▪ **Good** ▪ **N/A** ▪ **N/A** ▪ **Good** ▪ **N/A** ▪ **N/A**
On arriving	▪ Greeting / club drop / parking ▪ Locker room ▪ Pro shop ▪ Practice facilities / driving range	• **Typical** • **Avg** • **Good (had to rent clubs)** • **Fair**
On the course	▪ Starter ▪ Overall challenge of the course ▪ Overall fairways, roughs, and bunkers ▪ Overall tees and greens ▪ Pace of other players; and corrective actions ▪ On-course staff ▪ Overall "vibe and ambiance"	• **N/A** • **Good, Players tough** • **Good** • **Quite good** • **Didn't experience slowness** • **Didn't experience** • **Good**
After the round	▪ Clubs etc. clean-up ▪ Locker room ▪ Promote lessons (more lessons creases return players) ▪ Pro shop ▪ Restaurant ▪ Overall "vibe and ambiance"	• **Avg.** • **Avg.** • **Didn't Experience** • **Good** • **Avg.** • **Avg.**
	▪ Thanks, and survey ▪ App ▪ Promote return	• **N/A** • **N/A** • **N/A**
POST **Until next time**	▪ App ▪ Email ▪ Social media ▪ Golf influencers? Golf Geek vlog ▪ Lobby activation recognition	• **Didn't use** • **Didn't use** • **Didn't use** • **N/A** • **Limited**

Golf Industry in Social Media

Social Media – the Canary in the Coal Mine?

Generations that grew up with Arnold Palmer and Jack Nicklaus are aging out of the golf industry. Even Tiger Woods is nearing that age of near retirement, with young consumers.

Millennials follow their sports heroes through their favorite social media channels, and the term "sports hero" is going through a transition. A sports hero can simply be a social media influence that has created a niche following, for one reason or another.

Social media audiences are a direct window onto our young consumers, with their new and changed interests.

Simply as an example, we have collected the top Instagram accounts, as measured by followers. We included top sports figures such as Ronaldo, Messi, and LeBron James, along with the top celebrities including Beyonce and Gigi Hadid. The NFL's heroes, the MLB, and some select eSports celebrities and teams are also included. The notable aspect of the list is the relatively minimal followers for the top pro golfers today, even Tiger Woods.

Major Social Media (Instagram) Accounts – Spring 2022

				Instagram	
	Person / Organizaiton	Self-Described	Accouunt	Posts	Followers
1	Cristiano Ronaldo	Football (soccer)	cristiano	3,277	421,000,000
2	Kylie Jenner	Model	kyliejenner		320,230,000
3	Lionel Messi	Football (soccer)	leomessi		284,000,000
4	Beyoncé	Singer, songwriter	beyonce	2,019	247,000,000
5	Neymar Jr	Football (soccer)	neymarjr		171,640,000
6	LeBron James	Basketball	kinggames		117,000,000
7	Real Madrid CF	Football (soccer)	realmadrid		113,000,000
8	Gigi Hadid	Model	gigihadid		73,200,000
9	David Beckham	Football (soccer)	davidbeckham		71,900,000
10	NBA	Basketball	nba	47,752	65,800,000
11	Stephen Curry	Basketball	stephencurry30		41,100,000
12	NFL (National Football Leagu	American football	nfl	21,260,456	24,100,000
13	PewDiePie	Gamer	pewdiepie	-	21,800,000
14	Russell Westbrook	Basketball	russwest44		19,300,000
15	Ye (Kanye West)	Singer, songwriter	kanyewest	-	15,900,000
16	Odell Beckham Jr	American football	obj	142	15,800,000
17	Tyler Blevins	Gaming influencer	ninja	1,252	13,200,000
18	FaZe Clan	eSports team	fazeclan	4,597	11,800,000
19	MLB	Baseball	mlb	34,483	8,300,000
20	Tom Brady	American football	tombrady		8,200,000
21	Myth	Gaming influencer	tsm_myth	859	6,400,000
22	Turney Tenney	eSports	Tfue		5,500,000
23	Patrick Mahomes	American football	patrickmahomes		4,900,000
24	Imane Anys	eSports, female	pokimane		4,900,000
25	Russell Wilson	American football	dangerusswilson		4,900,000
26	Kyle Jackson	eSports	Mongraal		3,500,000
27	PGA Tour	Golf	pgatour	22,925	3,400,000
28	Kyle Giersdorf	eSports	bugha		3,300,000
29	Paige Spiranac	Former pro golfer	_paige.renee	474	3,200,000
30	Team Solomio	eSports team			2,900,000
31	Tiger Woods	Pro golfer	tigerwoods	-	2,900,000
32	Rory McIlroy	Pro golfer	rorymcilroy	544	2,200,000
33	Rickie Fowler	Athlete	rickiefowler	1,739	1,800,000
34	NASCAR	Motorsports league	nascar	-	1,600,000
35	Jordan Spieth	Pro golfer	jordanspieth	297	1,600,000
36	Phil Mickelson	Athlete	philmickelson	204	1,300,000
37	The Masters	Golf tournament	themasters		1,000,000

SWOT EVALUATION

This SWOT evaluation is based in part on Stakeholder comments, as well as SCP research and thoughts as to IWGR's strengths, weaknesses, opportunities, and threats ("SWOT"), relative to competitive facilities. SWOT is the long-accepted means for evaluating a property's situation within its current and future competitive environment.

We note that aspects of new versions of SWOT, such as the SOLR method in development at Tamaya Ventures, is integrated with this work. Some of SOLR is like the SWOT method but with a focus on implementation (the "R" in SOLR). SOLR is an acronym for strengths, opportunities, liabilities, and results.

Indian Wells' focused (and successful) strategy to create a resort complex with municipal golf, is relatively rare, at least among top-rated municipal courses.

And the City is among the few municipalities that has pursued golf course development investment on its own account, as part of a large-scale transient occupancy tax creation strategy.

The Stakeholders might be envied for present circumstances concerning IWGR. The preparation of a strategic asset plan is often undertaken to reposition, repurpose, and even sell assets, to solve a perilous financial situation. The City of Indian Wells is in a far different position from this: the City has the opportunity to consider changes, enhancements, and opportunities to what has been a successful municipal investment. An enviable position.

SWOT Evaluation

SWOT Strengths

- IWGR is among the top-rated municipally-owned golf complexes in the U.S. IWGR's Players course is consistently ranked among the very best of such municipal golf courses. The city and its facility manager Troon have succeeded in operating a municipal course in a way that rivals many of the best private golf clubs.
- The overall "origin" strategy for IWGR has worked well. The golf complex created a desirable location for major resort hotels to be developed, each of which contribute significant Transient Occupancy Taxes to the City. In fact, the IWGR municipal strategy that creates TOT provides most of the revenue to the City's budget.
- The City's Hotel Partners are experienced hotel owners, with an interest in investing to enhance the value of their properties. In 2019, the Renaissance Esmeralda underwent a $25 million renovation to celebrate the hotel's 30th anniversary. The Hyatt Regency added their $8 million HyTides Plunge Waterpark and Desert Twist Lazy River as part $21 million worth of renovations in 2020-2021.
- In addition to the large Partner Hotels, PRG Hospitality Group fully repurposed and re-opened the Sands Hotel & Spa in 2018, providing the city with its first (small) boutique hotel. The presence of a quality boutique lodging operation adds a helpful niche accommodation offering that had not existed.
- Although the large Renaissance Esmeralda and Hyatt Regency resorts may consider further adaptation to post Pandemic travel sensibilities, the Miramonte and Sands hotels at their scale and amenities, would seem to be relatively well-positioned for the new era in travel.
- The facility manager provides a quality golf experience, managing various customer touchpoints in an acceptable manner (see following page).
- The Facilities Manager has shown an ability to manage operating expenses for golf and F&B with great ability. F&B margin, has been consistently better than benchmark facilities, even while reacting to the Pandemic and post Pandemic operating conditions.
- Having two "core courses" is a significant advantage, that is, courses with hole-by-hole routing that does not include residential or other development along both sides of fairways. The placement of the two courses in their present configuration provides substantial flexibility should any repurposing be desired in the future.
- The physical setting including views offered by Indian Wells Golf Resort is spectacular, for golfers on either of the courses and for guests to the IWGR event pavilion. For non-golf guests staying at the Hyatt Regency and the Renaissance Esmerelda, the beautiful landscaping and views provide a serene and beautiful backdrop to their stay.
- The location of the property is along Highway 111, which is the main thoroughfare through the region, making the property easily accessible to residents and visitors alike.



Drone aerial photography by Golf Property Analysts.

SWOT Weaknesses

- The existing golf envelop is physically constrained by the Wash (also known as the Whitewater River channel). The Wash divides the IWGR property into north and south sections.
- The clubhouse is underutilized, the menu has not been popular, and most residents do not consider the restaurant as a place to bring visiting friends and relatives.
- Most repurposing options have challenges with parking availability, the Wash bridge, and tight "development envelopes" as defined in the 1985 Easement Agreement.
- There is limited parking convenient to the clubhouse for special events, and golfers on busy days.



Shown above, an aerial view of the complicated central area of Indian Wells Golf Resort. The master plan solved for primary ingress/egress, access to each of the hotel entrances, access to the clubhouse, parking, and in particular, paths from Players and Celebrity course's 18th greens to clubhouse.

- IWGR was master planned without a central gathering place or "resort village," as is common with many destination resorts. While the clubhouse and grounds might have taken this role, as configured these facilities are not such an amenity.
- Walkable access to the IWGR clubhouse from the two Hyatt and Renaissance, is not inviting and without a compelling "payoff" for making the effort.
- IWGR does not have "veracity" as a general commercial destination; that is, as a place for regional residents and visitors, to come for dining or entertainment. This is due to IWGR's lack of street presence on the approach, the "read" of the entry road, and no commercial read emanating from the clubhouse exterior.
- Indian Wells Golf Resort itself, has operated at a loss over the years, where a break-even result may be the desired objective.
- In the original Easement Agreement and its subsequent amendments, upon which IWGR now operates, there was no inflation index included in reference to resident (as defined) green fees. This provided a vesting for this pricing which is unusual.
- The practice facility is mediocre as compared to other golf courses of this caliber.
- The Players Course is considered by many to be too difficult, and modifications could be considered to ease the difficulty of play.

SWOT Opportunities

- Three of the City's Hotel Partners are relatively new owners, each of which are considering their own go-forward business plans. This is an excellent time to explore enhancements with such potential collaborators. The Hyatt Regency is now owned by affiliates of Trinity Real Estate Investments LLC Oaktree Capital Management, L.P. (2022) The Miramonte Hotel is now owned/managed by Lowe/CoralTree Hospitality (2020).

- The Indian Wells Tennis Garden is a major first-class facility and potential co-anchor to any consolidated "districting" of the City's recreation assets. It is unusual to have a partnership facility of such world-class caliber.

- Changed leisure-time choices have favored outdoor recreation including golf, following the Covid-19 pandemic. It is helpful that participation in outdoor recreation has increased since the worst of the Pandemic, and any additional offerings at IWGR could be welcomed by consumers.

- Additional amenities at IWGR that assist the Hotel Partners in attracting guests, particularly in the shoulder seasons, can help to fill the large amount of unsold available room-nights. The five Partner Hotels in the City include just over 1,500 rooms, which operated on average at a 54.1% occupancy in 2019. For 2021, the hotels averaged an estimated 37.5% for 2021.

- Troon Golf has additional experience outside of traditional golf, with the new "golf entertainment" formats that are increasingly popular with consumers. This expertise may be quite helpful in considering strategic alternatives for IWGR.

- So-called "golf entertainment" venues are of high interest right now, among consumers and with investors. These new concepts are golf derivatives but at the same time are more about trending location-based entertainment ("LBE") sensibilities, than simply the golf. The best of new LBE place-products have wider customer audiences than golf.

- Enhancing the practice facilities is a great opportunity to attract serious golfers.

- The resort does not seem to be aggressively marketed as a golf destination. The Palm Springs Area is widely known but IWGR seems to take a back seat to some of its better-known neighbors (PGA West, for instance) in the visitor market.

- The 2nd level of the clubhouse, with its outside terrace facing south towards Highway 111, could be a place of perceived "busy energy" if activated. Even more so if combined with additional activities at or about the clubhouse.

- The means of asset managing IWGR can be streamlined and made more effective, with a new organizational approach that more closely resembles a private-sector approach (see Asset Management section herein for details).

- See the Enhancements section of this report for projects and ideas of interest to Stakeholders. The appendix includes other opportunities that were not of interest to Stakeholders for further study.

SWOT Threats

- The future of the traditional golf industry is an open question as to whether Pandemic-induced new play is the "new future" or if play will return to its declining trendline.
- The travel / resort business has changed since the 2020 Pandemic; the facilities design for the Hyatt Regency and Renaissance Esmeralda may require adaptation to meet evolving consumer travel trends. Of course, this is also an opportunity for IWGR if the facility can adapt and enhance the competitiveness of Partner Hotels. And it is also true that ways of conducting business, of business travel, and leisure-travel, were evolving before the onset of the 2020 Pandemic.
- The Partner Hotels at IWGR generally send less golfers than in the past. Golf is not the compelling anchor resort activity that it was at the time of initial IWGR development. The City's Hotel have their own financial objectives in packaging profitable guest activities, and keeping guests at their properties is important, whether at the pool, bar, spa, or gathering places.
- Of course, what may seem to be a threat can be an opportunity given that the IWGR clubhouse is situated in proximity to Partner Hotels. Some IWGR program repurposing may allow for IWGR to offer activities of interest to the Hotel Partners.
- While good for employees, for employers the post Pandemic staffing issues have been further exacerbated with the state minimum wage increased to $15 per hour (effective January 1, 2022). This has been an issue of both available workforce and its associated expense.
- Overall golf rounds played at IWGR are down from their historic high some years back.
- There is the continuing prospect for the return of Covid-19, its variants, and continuing related business impacts. This includes government-mandated responses to Pandemic matters and managing compliance to such mandates.
- Golf courses have, in generally, experienced increased play since the Pandemic. But no one knows how sustainable the current surge is. This is a good time for IWGR to review how best to adapt if golf participation declines return to pre-Pandemic trends.
- The State Legislature has been reviewing various potential modifications to local land use regulations, including placement of affordable housing in neighborhoods zoned for single family residential and at golf course properties.
- The continuing draught in the Western U.S. is a continuing concern for golf course owners; golf could be considered a non-essential business if the draught leads to increased rationing. Over the past decade, communities and water districts in Southern California have enforced limitations on residential water use.

TRADE AREA

Drive-times and Resident Population

Drive-time populations are helpful to know, since some IWGR facilities and activities including special events, draw support from local and regional residents.

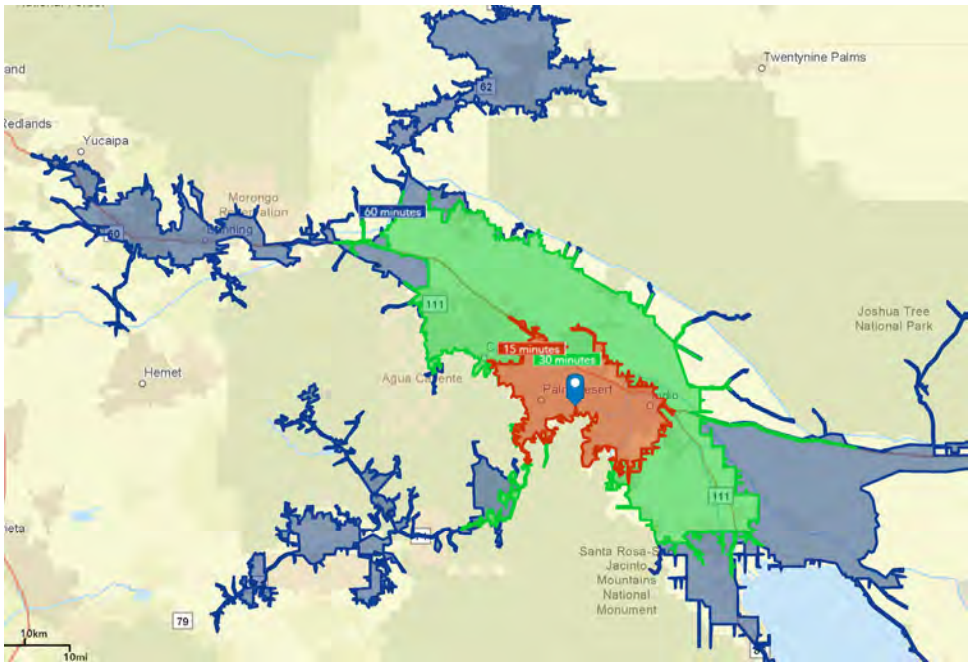
The total population residing with a 60-minute drive-time is estimated to reach 637,521 by 2026. The close-in population within a 15-minute drive time is included in the overall total and is separately estimated at 201,596 (2026).

It is interesting to review the demographic differences between the residents of Indian Wells, and those residents within 15-, 30- and 60-minute drivetimes of the IWGR clubhouse.

Population and Median Age

	2010	2021	2026
Indian Wells population	4,958	5,672	5,948
Indian Wells median age	66.8	66.4	68.0
Population within 15-minutes	179,307	192,459	201,596
15-Minute median age	43.5	46.4	46.9
Population, 15-30 minutes	210,649	232,156	245,302
30-Minute median age	37.4	39.0	39.7
Population 30-60 minutes	158,335	180,577	190,623
60-Minute median age	36.9	39.0	39.8
Population total, 60-minute	548,291	605,126	637,521

Source: ESRI ArcGis, StoneCreek Partners LLC



Shown above, Regional Drive-time Reach - The drive-time map above illustrates drive-times of 15 minutes (in red), 30 minutes (in green), and 60-minutes (in blue), from IWGR. To the west, the 60-minute drive-time reaches beyond Yucaipa, and almost to Redlands. To the east, the 60-minute drive-time reaches to shores of the Salton Sea, and beyond.

Market Support for Major Events



Source: ESRI ArcGIS, StoneCreek Partners LLC

The Coachella Valley is acknowledged as a place for major special events, with the East Coachella Valley hosting the largest of such gatherings.

- **Established Major Event Traditions** - Events such as Coachella at the Empire Polo Grounds (Indio) attract about 125,000 guests each day, over a 5-day festival. The polo grounds are just a 17-minute drive from IWGR, so an interesting comparable for what's possible in Indian Wells.
- Indian Wells is already a host community for major events. Just before the Pandemic the BNP Paribas Open attracted a record attendance of 475,372 (2019) during the event's two-week run.
- **4-Hour Drive Population** - There is a resident population of 26.5 million (2021), living within a four-hour drive-time of Indian Wells.
- By 2026, ESRI estimates this 4-hour drive-time population will have increased to 27.3 million, in more than 9 million households. This drive-time population extends along the coast to Santa Barbara and south into Mexico, and to the east to include a significant portion of the metro Phoenix area.
- The closer-in 2-hour drive-time population is still a large base for special events, estimated to be 7.8 million residents by 2026, in 2. 4 million households.

Trade Area Overview

Indian Wells Partner Hotels

There are 1,506 hotel rooms within five hotels, in Indian Wells. Four of the hotels are within IWGR or are adjacent to the IWGR resort property. The Sands Hotel & Spa is located a short distance away. All can be considered Partner Hotels.

- We commissioned an STR report for just Indian Wells hotels, and the summary results are provided in the table at below right. We note that the Indian Wells Resort Hotel does not participate in reporting to STR. STR is the former Smith Travel Research company that itself was once a service of Laventhol & Horwath.
- For the 2019 operating year, just before the Pandemic impacts began, the average daily rate among these hotels was reported at $209.46. The occupancy was 54.1%.
- It is difficult to draw any conclusion from operating performance for 2020 and 2021, since hotels were either closed by public health order, or operating partially with safety protocols in place.
- It is helpful to note that in a variety of studies of the market, hotel consultant HVS has described hotel demand in the Coachella Valley as primarily dependent on FIT-related leisure demand, at about 65% of the accommodated lodging market. This is separately confirmed by information tracked by the Palm Springs Convention Bureau.
- The balance of accommodated hotel demand includes demand from commercial and group segments, at about 15% and 20%, respectively.



ADR & Occupancy – Partner Hotels

	2018	2019	2020	2021	2022 January
Average Daily Rate	n/a	$209.46	n/a	$257.23	$253.92
Occupancy	n/a	54.1%	n/a	37.5%	36.8%
Room-nights Supply	n/a	549,690	n/a	549,690	46,686
Rooms Count	n/a	1,506	n/a	1,506	1,506

Notes – There were not enough hotels reporting to STR in 2018, to allow a trade area report. Areawide operating results for 2019 may have been negatively impacted by the construction of the water park at the Hyatt Regency which opened in 2020. Participating hotels include Hyatt Regency, Renaissance Esmeralda, Miramonte Indian Wells, and the Sands Hotel & Spa. Indian Wells Resort Hotel has not participated in reporting to STR.

Source: STR, Inc., StoneCreek Partners, LLC

Short-Term Rentals

A particular phenomenon of the Coachella Valley - short-term rentals have always been a factor in the area but the slate of major events that now occur the region has encouraged this alternative use for private residences.

- Airbnb is the major booking portal for short-term rentals, but Expedia Group (Vrbo / HomeAway Group), Tripping.com, Onefinestay.com, and Marriott's Home & Villas, are among other booking agents.
- The Marriott offerings include Marriott guarantees along with its loyalty rewards program. Onefinestay.com is just now penetrating the greater Los Angeles area market.

Shown at right is a comparison of active short-rentals, rates, and occupancies, as of November 1, 2021, according to AirDNA. The availability of short-term rentals changes significantly throughout the year.

Short-Term Rentals

Area	Housing Units	Housing Vacancy %	Active Rentals	Rental % of HU's	Occ %	ADR
Cathedral City	51,840	27.9%	716	1.4%	69%	$355
Coachella	42,158	7.6%	504	1.2%	50%	$555
Desert Hot Springs	32,569	18.6%	716	2.2%	67%	$241
Indian Wells	4,762	43.6%	192	4.0%	67%	$298
Indio	89,137	17.5%	2,326	2.6%	59%	$568
La Quinta	37,860	35.1%	2,224	5.9%	68%	$451
Palm Desert	50.889	36.6%	2,730	5.4%	74%	$311
Palm Springs	44,397	33.1%	4,446	10.0%	73%	$497
Rancho Mirage	16,804	36.7%	596	3.5%	67%	$359
CV All-Cities Average	319,578	23.6%	14,530	4.5%		
California	14,420,313	7.9%				

Source: AirDNA, State of California, Department of Finance, StoneCreek Partners LLC

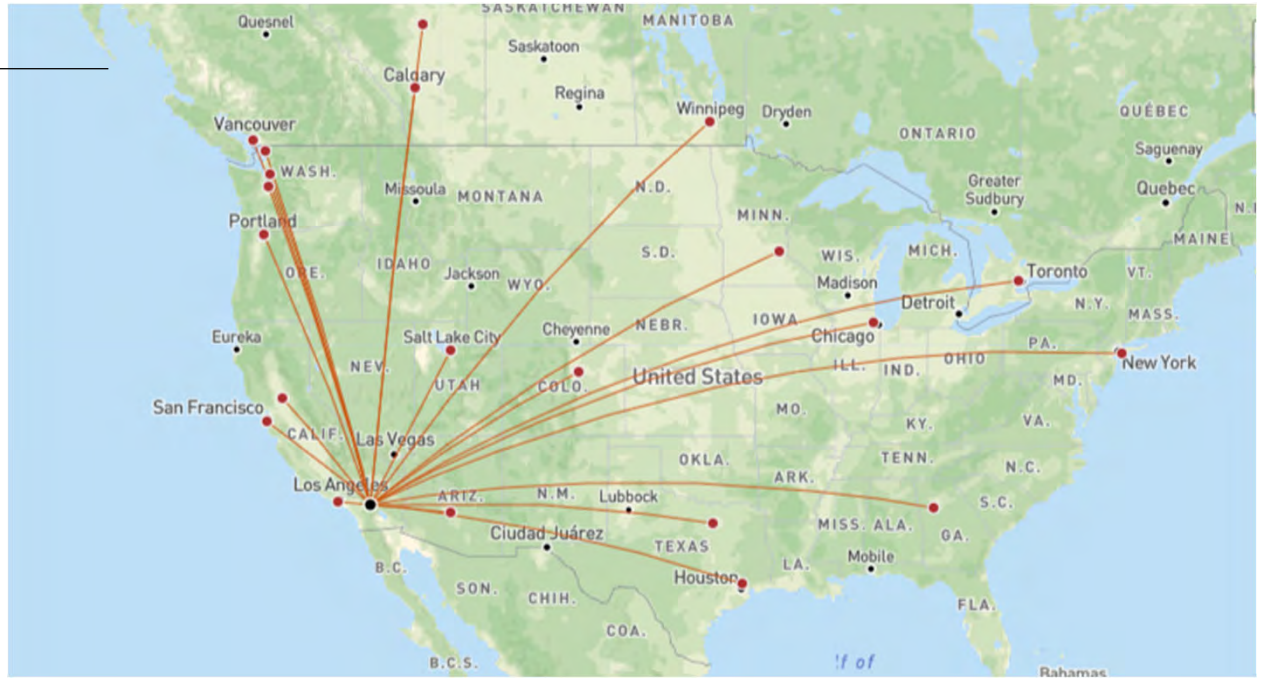
Airport Activity

Thirteen airlines serve Palm Springs International Airport with nonstop flights to more than 30 airports and offer one-stop travel possibilities to over 500 cities worldwide. Compared to other airports in the region, the Palm Springs Airport experienced the best recovery in 2021 activity, as compared to 2019. In 2021, Palm Springs Airport completed a $43 million renovation and expansion of the airport's ticket lobby, installation of a new baggage handling system, and replacement of passenger boarding bridges.

In June 2021 Southwest Airlines announced its' continued growth in Palm Springs with four new routes. The new routes included daily year-round service to Sacramento, seasonal daily service to Dallas Love Field and Chicago Midway, and Saturday seasonal service to Portland. Southwest Airlines first expanded its flight schedule to serve Palm Springs in 2020.

Of importance, according to DK Shifflet & Associates, approximately 85% of Palm Springs visitors arrive by car, while 15% arrive by plane (from "2011 Visitor Transportation Study" by TNS, DK Shifflet & Associates).

The following table shows Palm Springs International Airport passenger activity (total deplanements / enplanements) for the 2018 through 2021 period.



Shown above, flights coming in and out of Palm Springs

Annual Total Passengers, 2018-2021

Airport	2018	2019	2020	2021	2021 as % of 2019
Palm Springs International Airport	2,327,018	2,563,955	1,252,094	2,092,943	81.6 %
Ontario International Airport	5,115,894	5,583,732	2,538,482	4,496,592	80.5 %
John Wayne Airport	10,664,038	10,656,986	3,794,850	7,700,489	72.3 %
Los Angeles International Airport	87,533,177	88,068,013	28,779,527	48,000,000	54.5 %

Source: Southern California Association of Governments, StoneCreek Partners LLC

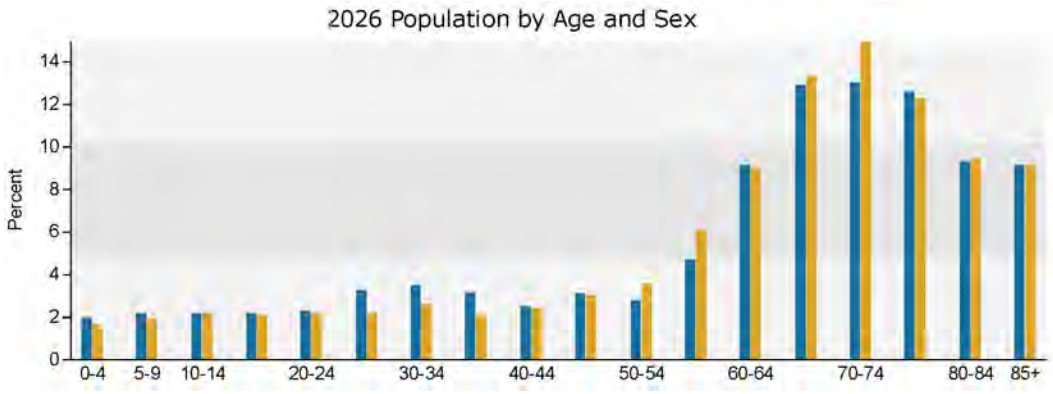
Age Distribution in Indian Wells

As noted, by 2026 the median age of Indian Wells' population is estimated to be 68.0 years. Average household size is projected to be 1.81 in the same year, on average just under 2.0 persons per household.

In the surrounding region the median age is estimated for the same year at 46.9, 39.7, and 39.8 years, for residents in the separate drive-time bands 15-, 30-, and 60-minutes from the IWGR clubhouse.

By 2026, just under 84% of Indian Wells' population is expected to be 55+ years of age. In that same year, the population is estimated to consist of 2,494 females and 2,011 males.

The graphic below shows this age distribution information by age groupings.



Source: ESRI ArcGIS, StoneCreek Partners LLC

Population by Age and Sex | City of Indian Wells

Sources: ESRI ArcGIS, StoneCreek Partners LLC

	2021		2026	
Male Population	**Number**	**% of 50+**	**Number**	**% of 50+**
Total (50+)	1,938	100.0%	2,011	100.0%
50-54	101	5.2%	77	3.8%
55-59	190	9.8%	128	6.4%
60-64	261	13.5%	250	12.4%
65-69	302	15.6%	353	17.6%
70-74	336	17.3%	357	17.8%
75-79	299	15.4%	344	17.1%
80-84	242	12.5%	254	12.6%
85+	207	10.7%	248	12.3%
	2021		**2026**	
Female Populatio	**Number**	**% of 50+**	**Number**	**% of 50+**
Total (50+)	2,346	100.0%	2,494	100.0%
50-54	148	6.3%	116	4.7%
55-59	219	9.3%	195	7.8%
60-64	330	14.1%	289	11.6%
65-69	419	17.9%	427	17.1%
70-74	392	16.7%	479	19.2%
75-79	351	15.0%	396	15.9%
80-84	257	11.0%	301	12.1%
85+	230	9.8%	291	11.7%

Live Entertainment

Live music performance, from intimate to major festivals, are part of the charm of the Coachella Valley. The region's temperate evening weather during much of year makes outdoor events particularly compelling. Within Indian Wells, there are ways to offer live entertainment, if of interest to IWGR as an event producer.

The Indian Wells Tennis Garden has obvious potential for large-audience live music events.

The table below highlights existing live event facilities in the Coachella Valley.



Live Entertainment & Sports Venues, Coachella Valley

	Facility	City	Type	Capacity	Facility Description
1	Cathedral City Community Amphitheatre	Cathedral City	Outdoor	2,909	A 2.5-acre community park, lawn seating.
2	Empire Polo Club	Indio	Outdoor	90,000	Major venue; hosts Stagecoach, Coachella.
3	Indian Wells Tennis Garden	Indian Wells	Outdoor	16,100	Tennis club; hosts BNP Paribas Open.
4	Ramona Bowl Amphitheatre	Hemet	Outdoor	5,400	Seating in tiered concrete benches.
5	The Rock Yard at Fantasy Springs Resort	Indio	Outdoor	1,500	Outdoor venue
6	Acrisure Arena	Thousand Palms	Indoor	11,000	Opening 2022, home of the CV Firebirds (AHL)
7	Annenberg Theater, Palm Springs Art Museum	Palm Springs	Indoor	430	Capacity for 430 patrons
8	Coachella Valley Repertory	Cathedral City	Indoor	206	Performing arts theater, seating capacity.
9	Indian Wells Theater / CSUB	Palm Desert	Indoor	394	Theater seating capacity.
10	Indio Performing Arts Center	Indio	Indoor	500	Capacity for the exhibition/ concert hall.
11	McCallum Theatre	Palm Desert	Indoor	1,125	Capacity for 1,125
12	Palm Canyon Theatre	Palm Springs	Indoor	230	230-seat theater
13	The Show at Agua Caliente Resort	Rancho Mirage	Indoor	2,057	Capacity for 2,057 patrons
14	Yucca Valley Visual & Performing Arts Center	Yucca Valley	Indoor	291	Includes a multi-purpose theater, capacity for 291

Coachella Valley Restaurants

One of the reasons for visiting the Coachella Valley is enjoying the variety of restaurants and fine dining experiences offered.

Many dining establishments are founded by, or feature noted local chefs and experienced restauranteurs, each with their own followings.

In such a market, there could be a strategy for bringing in a noted chef from a market such as Los Angeles.

Shown below, part of the outside patio at La Quinta Cliffhouse.



Select Coachella Valley Restaurants

	Facility	Cuisine/Chef/Owner/Concept	Street Address
1	1501 Uptown	Chad Gardner and Willie Rhine	1501 N Palm Canyon Drive
2	4 Saints		100 W Tahquitz Canyon Way
3	Bar Cecil	Farm to table bistro; Gabe Woo	1555 S. Palm Canyon Drive
4	Birba Palm Springs	Farm-to-table fare, and pizza	622 N. Palm Canyon Drive
5	Boozehounds Palm Springs	Asian-influenced menu; dogs encouraged	2080 N. Palm Canyon Drive
6	Cactus Jack's		74450 CA-111
7	Cheeky's		622 N Palm Canyon Drive
8	Counter Reformation at the Parker Hotel	Wine bar; Jonathan Adler	4200 E. Palm Canyon Drive
9	Del Rey at the Villa Royale	Spanish	1620 S. Indian Trail
10	Don Diego's of Indian Wells	Mexican; known for green corn tamales	74969 Us Highway 111
11	El Jefe at the Saguaro Hotel	Mexican tequila bar and restaurant	1800 E. Palm Canyon Drive
12	Eureka!	Burgers	74985 Highway 111
13	Farm	French inspired bistro; Liz and Mark Ostoich	6 La Plaza
14	French Miso Café	French café; owners Tomoko Jones and Eric Bovy	19 L:a Plaza
15	Gabino's Creperie	Poultry "craft crepes"; chef-owner Marcel Ramirez	170 E. Palm Canyon Drive, #4
16	King's Highway at the Ace Hotel	Roadside diner	701 E Palm Canyon Drive
17	La Quinta Cliffhouse	Classic American	78250 CA-111, La Quinta, CA 9225:
18	Lantana at the Hyatt Regency IW		44600 Indian Wells Lane
19	Mr. Lyons	Steakhouse	233 E Palm Canyon Drive
20	Rooster and the Pig	Vietnamese-American; chef-owner Tai Spendley	356 S. Indian Canyon Drive
21	Sandfish Sushi and Whiskey	Sushi and maki rolls; chef Engin Onural	1556 N Palm Canyon Drive
22	Tac/Quila	Mexican; with innovative margaritas	415 N Palm Canyon Drive
23	The Colony Club		572 N Indian Canyon Drive
24	The Heyday	Burgers	400 E Tahquitz Canyon Way
25	The Pantry at Holiday House	Chef Sebastian Lowrey	171-199 S. Belardo Road
26	The Pink Cabana at the Sands Hotel	Mediterranean, with Moroccan influence	44-985 Province Way
27	The Tropicale Palm Springs	Old Havana supper club vibe	330 E Amado Road
28	Truss & Twine	Michael Beckman	800 N Palm Canyon Drive
29	Willie's Modern Fare		69830 CA-111
30	Workshop Kitchen + Bar	Michael Beckman	800 N Palm Canyon Drive

Source: StoneCreek Partners

Meetings, Conventions, and Events

The meetings industry was devasted during Covid-19 and its aftermath, with numerous event clients converting to online videoconferencing.

One result of the Pandemic has been a review of in-person meetings versus the efficiency of online gatherings. While the industry finds its new level, there is optimism that in-person meetings have returned.

The exhibit at right summarizes the major event facilities in the Coachella Valley and their respective indoor meeting space, and largest spaces.

Convention Facilities

	Facility	City	Indoor SF	Largest Space Sq. Ft.	Largest Space Name	Rooms
1	Palm Springs Convention Center	Palm Springs	133,082	112,651	Oasis /Primrose	n/a
2	Fantasy Springs Resort	Indio	62,926	44,460	Exhibit Hall	250
3	JW Marriott Desert Springs Resort & Spa	Palm Desert	73,316	24,816	Sinatra	884
4	IWGR - Hyatt Regency Indian Wells	Indian Wells	37,626	20,000	Indian Wells	530
5	Margaritaville Resort Palm Springs	Palm Springs	39,000	19,670	Compass Rose	398
6	IWGR - Renaissance Esmeralda Resort	Indian Wells	53,291	18,392	Esmeralda	560
7	Westin Rancho Mirage Golf Resort & Spa	Rancho Mirage	44,922	17,325	Celebrity	512
8	La Quinta Resort & Club	La Quinta	43,600	17,176	Salon de la Fiesta	781
9	Omni Rancho Las Palmas	Rancho Mirage	28,523	12,900	Las Palmas	444
10	Renaissance Palm Springs Hotel	Palm Springs	26,025	12,636	Grand	410
11	Morongo Casino Resort	Cabazon	26,564	12,000	The Ballroom	272
12	Hotel Zoso	Palm Springs	14,482	9,504	Woodstock	163
13	Ritz-Carlton Rancho Mirage	Rancho Mirage	23,448	8,400	Ritz-Carlton	244
14	DoubleTree by Hilton Hotel Golf Resort	Cathedral City	23,000	7,400	Mesquite	289
15	Embassy Suites by Hilton Palm Desert	Palm Desert	11,973	6,656	Ballroom	198
16	IWGR - Miramonte Resort & Spa	Indian Wells	15,983	6,000	Mesquite	215
17	IWGR - Indian Wells Golf Resort	Indian Wells	9,802	5,600	Pavilion	n/a
18	Hilton Palm Springs	Palm Springs	16,070	5,418	Horizon	257
19	Embassy Suites La Quinta - Hotel & Spa	La Quinta	8,671	5,292	Santa Rosa	158
20	IWGR - Indian Wells Resort Hotel	Indian Wells	6,120	4,800	Grand	155
21	Shadow Mountain Resort & Club	Palm Desert	4,480	4,000	Wimbledon	125
22	Parker Palm Springs	Palm Springs	7,013	3,700	Grand	144
23	Agua Caliente Resort Casino	Rancho Mirage	5,491	3,688	Foyer N	340
24	The Saguaro Palm Springs	Palm Springs	5,728	3,039	Sago Palm	244
25	Hyatt Palm Springs	Palm Springs	10,160	2,370	Grand	197
26	The Rowan Palm Springs (Kimpton)	Palm Springs	3,850	2,319	Sky	153
27	Homewood Suites by Hilton	La Quinta	1,808	1,421	--	129

Source: StoneCreek Partners LLC

Guest-Trip Motivation

GUEST-TRIP MOTIVATION

Out-of-home (or hotel room) trip motivation is important in the design of destination places and activities. Should the City proceed with repurposing the IWGR Core as suggested herein, "guest trip motivation" considerations can be helpful in design.

To illustrate this approach, consider the five Partner Hotels of IWGR. Each has a different accommodated guest mix with each kind of guest having its specific preferences for hotel facilities, amenities, and activities during their stay. Desired activities among guests at the Partner Hotels, and other area visitors to IWGR may include such motivations as:

- A special activity with a partner, spouse or significant other.
- An activity with the kids.
- An activity associated with a commemorative occasion.
- A desire for enrichment or learning a new skills.
- And/or numerous other motivations.

In exploring potential opportunities either suggested by Stakeholders or our own team, "trip motivation" is always an integral part of the program consideration.

We referenced our use of guest-trip motivation in our proposed Scope of Work for this assignment. For additional information on the subject, we refer to:

https://adventure-entertainment.com/guest-shopper-trip-motivation/

APPENDIX

Scope of Work Index

The **Scope of Work** items included here, are as set forth in StoneCreek Partners' agreement with the City of Indian Wells. See the Agreement for further details.

Phase 1 – Strategic Asset Planning

Scope of Work items included the following:

Initial Fieldwork
SWOT Evaluation
Research and Analytics:
- Analysis of the Coachella Valley Golf Marketplace.
- Evaluation of the Facility's Golf Play Experience.
- Evaluation of Facility Food and Beverage.
- Evaluation of Facility Maintenance and Irrigation.
- Explanation of Golf Industry Experiential Trends and Products Ideas.
- Analysis of Facility Fiscal Impact to City.
- Evaluation of the Coachella Visitor Industry.
- Evaluation of Coachella Recreation and Entertainment Offerings.
- Analysis of Seasonality and Out-of-Home Trip Motivations.
- Facility Strategic Marketing Considerations.

Best Practices Review:
- The golf experience itself.
- Sustainability issues re course design and resort maintenance.
- Food and beverage.
- All guest experience touchpoints and "mystery shopper" visits.

Opportunities:
- Possibly reconfiguring golf play towards a new playing style.
- Evaluate golf layout for diversification of golf offering.
- Evaluation of well-used golf practice components.
- Repurposing parts of the facility towards a higher earnings / markets.
- Soft programming for four-wall produced events, teambuilding, etc.
- Placemaking-related means to improve gathering place potential.
- Strategic marketing.
- Consideration of visitor and rental pool transients.
- Consideration of the physical aspects of the facility, vs. competitors.
- Additional opportunities as may be envisioned.

Phase 1 – Strategic Asset Planning (continued)

Scope of Work items included the following:

1 **Deliverables:**
1 Project meeting notes.
1 Strategic Asset Plan Report:
1 Highest-and-best-use analysis, considering each of the four tests.
1 Explanation, analytics, and rationale for all recommendations.
1 Explanation of new facility operated departments.
1 Financial projections by department and bottom-line EBITDA.
1 Capital plan, including alternative funding opportunities.
1 Best practices for facilities management.
1 Best practices for branding, sales, and marketing.
1 Best practices for customer acquisition, retention, etc.
1 Benchmarks and metrics for performance monitoring.

Phase 2 – Community / Stakeholders Engagement

The Phase 2 Stakeholders workshops were conducted and sequenced in coordination with City staff.

Individual Council Members
Golf Committee
Residents
Hotel Partners
Tennis Partners
The Greater Palm Springs Convention & Visitors Bureau
Planning and Event partners

INFORMATION SOURCES

Appendix A-2

Stakeholder Input

SCP Simultaneous Phase 2

Several types of stakeholders were interviewed and/or attended workshops, including the stakeholder groups listed below. This community engagement effort was conducted at the same time as overall SCP analysis proceeded.

Stakeholder groups included:

- City of Indian Wells residents, including Resident Golfers and those residents who do not golf;
- IWGR hotels and their end-users (the guests) (referred to herein as "Partner Hotels" and "Hotel Partners") – which we have considered as the City's five hotels, recognizing that two of these hotels are party to the 1985 Easement Agreement (as amended),
- City Council members, interviewed individually;
- The IWGR Golf Resort Advisory Committee (the "Golf Committee"), interviewed individually; and
- A representative of Visit Greater Palm Springs.

Representative comments from various stakeholder sessions are included in following pages. Stakeholder sessions occurred during Fall, Winter, and Spring of 2021-2022. The discussion at each session was informally directed along SWOT and SOLR subjects, to encourage but not inhibit what stakeholders wanted to say.

Interviews were conducted confidentially with comments not attributable to those interviewees making the comments. As well, comments made in public meetings were noted but not attributed to those speaking.



Stakeholders offered their thoughts specific to perceived strengths, weaknesses, opportunities, and threats, pertaining to Indian Wells Golf Resort.

Representative Comments:

Golf Courses

- Focus on enhancing the golf experience we have with this facility, and not on new business ideas that are not related to this experiences.
- I love the golf courses.
- The courses themselves are real fun to play because they're different.
- The bunkers slow play on the courses – remove some of them.
- Redesign Players course for less holes and faster play.
- We appreciate the golf staff attitude and guest service.
- Going from hole 16 to 17 (of the Players course) is unpleasant because of the route one must take to get there.
- Golf course maintenance could be better; was better before the Pandemic.
- Don't like the resident subsidy.
- Our hotel guests might come over if there was something to do besides golf.
- Our (hotel) customers "hang out" at bars, and the pool, and go to concerts when they are in town.
- The City is giving away too much in subsidies (resident green fees).
- A small group of residents is abusing the reservation system.

The Vue Restaurant

- The view from the outdoor patio(s) is tremendous, I love sitting up there.
- The menu at The Venue is not good.
- The Vue has no identity – it looks like a sports bar. Or is it an upscale restaurant?
- There is inconsistent service at the Vue.
- I wouldn't bring my relatives, or visiting friends, to the Vue.
- $30+ hamburgers?
- Bring in a 3rd-party to manage the restaurant.
- The Vue doesn't have the ambiance required to attract diners. It feels like a personal restaurant for the residents
- Ruth's Chris Steakhouse and La Quinta Cliffhouse are packed during happy hours, why not the Vue?
- The food truck diminishes the prestige of IWGR.
- We don't eat at The Vue anymore, quality not good.
- Over the years, a lot of different menus have been attempted at the Vue, without much success.
- Entrance has a private club feel, too intimidating for a public course and restaurant.

Additional Representative Comments:

- The facility should aspire to be like Pebble Beach.
- Do something like Pebble Beach's "Clam Bake."
- Don't turn IWGR into Disneyland.
- Lack of parking is a real problem, especially when weddings and events are underway.
- Add programs and venues that the hotels could use to bring conventions.
- Add outdoor concerts and festivals to bring more business.
- Put the waterfall to better use.
- Top Golf because it is a destination which Shots in the Dark is not.
- We could use something new and cool for our hotel guests, that would be of interest.
- The course designers decided the number of bunkers; don't touch their design intent.
- Things like Ziplines wouldn't match the prestige of IWGR.
- Golf Committee is dysfunctional and power hungry. Leave the job to Troon.
- "Shots in the Night" is a great idea.
- "Shots in the Night" hurts our prestige.
- Create more meeting space at IWGR. Group business is key to success in the valley.
- There is a lot of wasted lobby space in the clubhouse, it should be better utilized.
- Don't put lights on the course(s) for night golf.
- Create something like Tempe Town Lakes in Arizona
- Can we add Bocce Ball; can we add Pickleball courts?
- Bike paths would be great.
- We love our logo, don't change it.
- Pro shop is well run.
- With Southwest Airlines now flying to Palm Springs, the area may become attractive to SMERF groups (social, military, education, religious, and fraternal) which meet during summer months.
- Whatever the plan, make sure the community's prestige and property values are maintained.

Information Sources

Documents

SCP conducted original research and evaluations for this work and used published and online GIS information available from third-parties.

In addition, various documents were provided by the City of Indian Wells, Troon Golf, and Visit Greater Palm Springs, among other sources.

This information includes (but was not limited to) the source documents listed in the following. Some documents were not dated for their release date; in those cases, we note the "created date" recorded as file information.

Information Sources

- "Agronomy memo to Jonas", Brian Hampson, Troon Golf, November 10, 2020.
- "Agronomy memo to Jonas", Brian Hampson, Troon Golf, February 17, 2021.
- Airbnb and Vrbo Short-Term Rental Activity, Indian Wells, AirDNA
- "Background Report for Infrastructure Analysis for the City of Indian Wells," De Novo Planning Group, memorandum of January 18, 2021
- "Capital Spreadsheet," IWGR FY2021 and prior years, Troon (Brandon Kary)
- "Case Study, Event Pavilion, Indian Wells Golf Resort," Structureflex
- "City of Indian Wells General Plan," City Resolution No. 96-9, adopted February 1, 1996, as amended.
- "City of Indian Wells General Plan Update: Demographic, Economic, and Real Estate Profile," Economic & Planning Systems, September 2020.
- "City of Indian Wells Highway 111 Specific Plan," approved February 18, 1993.
- "City of Indian Wells Town Center Specific Plan," Keisker & Wiggle Architects, Inc., January 31, 2013
- Clubhouse Design Drawings, Douglas Fredrikson Architects, August 31, 2008
- "Construct a Banquet Event Center and Enhance Restaurant and Bar to increase profitability," Troon Golf, July 11, 2013.
- "Covid-19 Operations, Indian Wells Golf Resort," March 17 – present
- "CVWD permits for golf course improvements in wash and water drop structures," memorandum by Stephen P. Deitsch (Best Best & Krieger), October 8, 2015.
- "Destination Experience Plan," Indian Wells, MMGY NextFactor, March 4, 2021.
- "Easement Agreement" with accompanying exhibits, effective April 8, 1985.
- "Event Calendar, 2018-2021" Michael Tebbetts, IWGR
- "Facility Enhancement Ideas," Troon, June 29, 2021
- "Facility Enhancement Ideas," Troon, September 2021
- "Fairway Grill + Comfort Station, Site Improvement Plans," Golf Resort at Indian Wells, April 17, 2007, PDF
- "Flash Reports," IWGR, monthly 2021
- "Food Truck/Entertainment Zone Proposal," Troon, April 2018
- GIS-based demographics and economic analytics, various, ESRI ArcGIS
- "*Golf Course Management Agreement*," between City of Indian Wells and Troon Golf, L.L.C., June 1, 2009.
- "*Golf Course Management Agreement - Addendum*," between City of Indian Wells and Troon Golf, L.L.C., May 1, 2012.
- "*Golf Course Management Agreement – Second Addendum*," between City of Indian Wells and Troon Golf, L.L.C., March 21, 2013.
- "*Golf Course Management Agreement – Third Addendum*," between City of Indian Wells and Troon Golf, L.L.C., January 1, 2014.
- "*Golf Course Management Agreement – Fourth Addendum*," between City of Indian Wells and Troon Golf, L.L.C., January 1, 2019.
- "*Golf Course Management Agreement – Fifth Addendum*," between City of Indian Wells and Troon Golf, L.L.C., May _, 2020.

Information Sources

- "Highway 111 Specific Plan, City of Indian Wells," Johnson Fain and Pereira Associates, November 4, 1991.
- "History of Indian Wells," City website
- "Indian Wells Golf Resort Strategic Plan," City Staff memorandum of June 18-19, 2013, PDF
- "Indian Wells Golf Resort Strategic Planning," Greenskeeper.org, 2016
- "Indian Wells Golf Resort Valuation Report," City Staff report of July 1, 2013, PDF
- "IWGR 5-Year Capital Plan by Category," through FY 2025/26
- "Job Positions by Department, IWGR, Troon (Cathy Oshann)
- "Marketing Budget, 2019-2020," Troon (Brandon Kary)
- "Monthly Financial Update," IWGR, Troon, 2018 through June 2021.
- Placer Labs, various visitor mobile tracking, 2019 to 2021
- "POI Cross-Visitation IW Golf Resort," City of Indian Wells, May through November 2021
- Resolution No. 2018-43, A resolution of the City Council of the City of Indian Wells, California, rescinding resolution No. 2013-58 and reestablishing the Golf Resort Advisory Committee, effective October 18, 2018.
- "Schedule of Positions FY 20-21, IWGR" City of Indian Wells, June 4, 2020.
- "Shots in the Night," financials, December 2019
- "*Special Council Meeting Handout*," City of Indian Wells, February 1, 2017.
- "Strategic Guidance for Proposed New Golf Entertainment Amenity," National Golf Foundation Consulting, Inc., January 2017
- "Town Center Specific Plan," City of Indian Wells, Keisker & Wiggle Architects, Inc., May 15, 2008.
- "Town Center Specific Plan," City of Indian Wells Specific Plan No. 2007-01 Amendment One, Keisker & Wiggle Architects, Inc., January 31, 2013.
- "Trend Report, Indian Wells Hotels," STR, February 2022.
- "VUE Kitchen Renovation," May 16, 2019, PPT
- "Zero Based Staffing,"



Drone aerial photography by Golf Property Analysts.

OPPORTUNITIES NOT OF INTEREST

Appendix A-3

Opportunities Not of Interest

Opportunities Not of Interest

We include in this appendix, various repurposing and/or enhancing opportunities that have been initially explored but were not of interest to the majority of Stakeholders.

Such opportunities are included here simply to provide a full reference of this work. Pursuant to our agreement with the City, we placed a large emphasis on opportunities. These included many different things, included some based on the research and analytics while other ideas arose during our best practices review.

Some of the starting points in exploring such repurposing included:

- Possibly reconfiguring golf play towards a new playing style, freeing up property for other uses or to provide a kind of golf experience in higher demand than is now accommodated.
- Evaluating golf layout at IWGR to determine opportunities for diversification of golf offering by re-routing or re-purposing of one of the 18-hole courses, such as development of a par-3 and/or executive length layout that caters to less accomplished players or beginners.
- Evaluation of well-used golf practice components to determine opportunities for expansion or improvement.
- Repurposing parts of the facility towards a higher earning or deeper market opportunity. Special events, recreation, and entertainment offerings are sometimes possible with repurposing.

Natural Grass Putting Course

Putting courses are also more popular these days, after many years of underutilization. For golfers that have played, or will play an 18-hole round, a putting course is an easy extension of the day's golf experience.

For golfers of all skill levels, a putting course can be more about the social interaction than the golf – particularly in a resort setting and if F&B access is easy.

We considered a natural grass putting course as part of larger repurposing options at IWGR. An "easy play" golf format with ample food and beverage offerings, we believe would be popular with IWGR's hotel guests as well as residents and visitors to the region.



Shown above, The Punchbowl putting course at Brandon Dunes Golf Resort.

Some examples of modern natural grass putting courses include:

- **Cascade Putting Course at Gamble Sands** – The 100,000 SF Cascade Putting Course in Brewster (Washington) is a wildly shaped, pure fescue putting course inspired by the ancient and famed Himalayas Putting Course at St Andrews. Designed by golf architect David McLay Kidd. In 2021, Forbes Magazine columnist Erik Matuszewski speculated that this putting course might be the best in the U.S. www.gamblesands.com
- **HillTop Putting Course at Forest Dunes** – Nearly a 2-acre, 18-hole routing. Large groups may book the putting course exclusively for special events. www.forestdunesgolf.com
- **Tom Watson Putting Course at Big Cedar / Mountain Top Golf Course** – A 9-hole routing on about an acre; part of the Big Cedar Lodge golf complex in Ridgedale, Missouri. www.bigcedar.com
- **The Greens at JW Marriott Desert Springs** – The putting course combines all aspects of a full-length course, sand bunkers, water hazards, strategically placed trees and rolling "fairways" all played with a putter. www.marriott.com
- **The Punchbowl at Brandon Dunes Golf Resort** - a 100,000 SF putting course designed by Tom Doak, with Jim Urbina. www.brandondunesgolf.com
- **Thistle Dhu Putting Course at Pinehurst** – This 18-hole putting course has a history dating to 1916, when James Barber, owner of the Barber Steamship Lines of New York, built an 18-hole "Lilliputian" golf course on the grounds of his home in Pinehurst, NC. It would be the first miniature golf course in America. www.pinehurst.com
- **Himalayas Putting Course at The Old Course in St Andrews** – According to reports, on a busy day it takes 45 minutes to play the 18-hole course, made difficult by its extreme terrain. www.standrewsputtingclub.com

Opportunities Not of Interest

Golf Short Course

Short-play golf courses have gained some attention in the golf industry. Short courses offer a limited course length with a golf experience of a shorter time duration. The courses allow for less of a playing time commitment, meaning more available, interested players at any time.

These courses are considered more welcoming to the next generation of new golfers, less focused on the traditions and history of the game and being more about the fun and camaraderie involved.

Well known golf pros have given these short courses some additional notoriety. One example was Bass Pro Shops founder Johnny Morris teaming up with golf legend Gary Player to create a world-class 13-hole short course at Big Cedar Lodge (Ridgedale, Missouri).



Shown above, the No. 2 hole at Bandon Preserve, a 13-hole par-3 course at Bandon Dunes Golf Resort (Bandon, Oregon)

Venues / Location

Ben Brown's Golf Course	Laguna Beach
Goat Hill Park	Oceanside
Hawk's Landing Golf Club	Yucca Valley
Hickory at Hamilton Farm	Gladstone
Horse Course at The Prairie Club	Valentine
Lake Estes Golf Course	Estes Park
L'il Wick at Wickenburg Ranch Golf Club	Wickenburg
Palm Beach Par 3	Palm Beach
Palm Royale Country Club	La Quinta
Shadow Hills Golf Club	Indio
Short Course at Kukio Golf & Beach Club	Kailua, Big Island
Sweetens Cove Golf Course	South Pittsburg
The Bad Little Nine at Scottsdale National Golf Club	Scottsdale
The Challenge Course at Monarch Dunes Resort	Nipomo
The Cliffs Course at The Olympic Club	San Francisco
The Cloud 9 at Angel Park Golf Club	Las Vegas
The Cradle—Pinehurst Resort	Pinehurst
The Hay at Pebble Beach (new)	Monterey
The Lights at Indio	Indio
The Links at Terranea Golf Club	Rancho Palos Verdes
The Nine Hole Course at Augusta National	Augusta
The Pebble Course at Cimarron Golf Resort	Cathedral City
The Preserve at Bandon Dunes Golf Resort	Bandon
The Sandbox - Sand Valley	Neekosa
The Short Course at Grand National Resort	Opelika
The Short Course at Magnolia Grove Golf Club	Mobile
The Short Course at Mountain Shadows	Paradise Valley
The Short Course at Pine Valley Golf Club	Clementon
Threetops—Treetops Resort	Gaylord
Top of the Rock—Big Cedar Lodge	Branson

Source: StoneCreek Partners LLC

Opportunities / No Interest

Golf-Entertainment Concepts for Clubhouse

So-called "golf entertainment" has been gaining investor attention in recent years. The interest derives from the familiarity and enjoyment of the traditional golf experience, as well as a familiarity with the larger slate of offerings in location-based entertainment.

- These new golf entertainment concepts are generally about enhanced driving range experiences or enhanced mini-golf experiences.
- Food and beverage is often an essential part of the guest experience.
- Most are designed with more multi-faceted secondary guest offerings (such as simulators, other sport video games, party rooms, and the like).
- Technology and an updated take on the social experience of these places, is the focus of design.
- As with food and beverage, the social interaction and "gathering place" appeal of these concepts is also an essential thing for the best of these concepts. People enjoy places to be with friends, to see and be seen, to be in those places that placemaking professionals refer to as those with "gather and stare" opportunities.

The exhibit at right describes a selection of these new golf- entertainment venues, either well established in the marketplace or getting started with their respective roll-outs.

Golf Entertainment

	Venue	Background
1	**BigShots Golf** ClubCorp Holdings, Inc.	A Topgolf knock-off with similar design,
2	**Drive Shack** Drive Shack Inc., (Dallas)	A Topgolf knock-off with similar design and different ball tracking technology.
3	**Great Shots** Sanford Health / Managed by Troon Golf	Like Topgolf, located at Sanford Sports Complex in Sioux Falls (South Dakota).
4	**Lounge by Topgolf** Callaway Golf Company	Features Topgolf Swing Suite technology, virtual games, craft cocktails, local F&B.
5	**OnCore Buffalo** OnCore Golf Technology, Inc.	The concept includes a hotel at the facility's podium. First Unit scheduled for Buffalo in 2023.
6	**ZSTRICT by Golfzon** Managed by Troon Golf	First Unit for ZSTRICT opened in 2019 at Chelsea Piers. Golfzon is a leader in the golf simulator space, with 65 million rounds played worldwide on its products (2020).
7	**T-Shotz** Managed by Troon Golf	First Unit opened in Kansas City.
8	**PopStroke** Tiger Woods Ventures / PopStroke Entertainment	Features a 36-hole mini-golf putting course, and foosball, ping pong, F&B offerings.
9	**Puttery** Drive Shack Inc. (Dallas)	A new more social take on miniature golf.
10	**Puttshack** Steve and Dave Jolliffe, with Adam Breeden	A new more social take on miniature golf.
11	**Suite Shots** Paul Cownie / Kevin Christianson	A Topgolf knock-off, designed for smaller trade areas than Topgolf may prefer.
12	**Topgolf** Callaway Golf Company	The leader in technology-fused driving range entertainment experiences.
12	**Topgolf Swing Suite** Callaway Golf Company	An indoor, luxury sport simulator, not limited to golf.
14	Other Golf Simulators and Golf Video Games	

Source: StoneCreek Partners LLC

Opportunities Not of Interest

9-Hole Night Golf

There is a limited choice in night-time entertainment in the Coachella Valley. A 9-hole "night golf" experience at IWGR would likely achieve significant participation if offered. Night golf at Indian Wells Golf Resort has some advantages not necessarily typical to a possible night golf experience:

- A daily population and turnover of hotel guests at two large hotels, and additional guests at three other City hotels.
- There is capacity at IWGR for additional golf, particularly during June, July, August, and September – see following page for capacities review.
- The Coachella Valley is a notable golfer's destination, without a quality night golf offering. We are aware of three facilities that extend operations into the night-time: Golf Center at Palm Desert, The Greens at Indio Golf Center, and College Golf Center (Palm Desert).
- There are no residents adjacent to the Front 9 of the Celebrity course.
- The Coachella Valley offers a comfortable evening temperature through much of the year.
- The City of Indian Wells could create a night golf ordinance suitable for IWGR and its resident golfers.
- Additional night-time activity adds a day-part of use to IWGR using existing facility capacity.

In general, Night Golf is a difficult proposition given several factors:

- It is expensive to install the floodlights. There are some ideas for playing golf with "glow balls" and illuminated flagsticks. Without redesign of the 9-holes to an executive short course the time spent walking in the dark after a glow ball does not seem entertaining.
- It is expensive to operate floodlights.
- Staff costs increase with the hours of night operation.



EMIRATES GOLF CLUB DUBAI

Shown above, The Faldo Course at Emirates Golf Club (Night Golf), featuring 18 holes of golf under LED floodlights.



Shown at left, The Lights at Indio GC www.indiogolf.com

Opportunities Not of Interest

Exhibit 26

Scenario:

Night Golf Installed, Celebrity Front 9	FY 2022	FY 2022 %	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
REVENUE							
Golf rounds	$ 8,001,549	49.9%	$ 8,161,580	8,324,812	8,491,308	8,661,134	8,834,357
Night lit 9-hole golf	-	0.0%	194,126	198,009	201,969	206,008	210,129
Other golf - range, lessons, group services	8,551,833		561,289	572,515	583,965	595,645	607,558
Pro shop / merchandise	1,544,595	9.6%	1,575,487	1,606,997	1,639,137	1,671,920	1,705,358
Food and beverage - VUE	2,257,686	14.1%	2,302,840	2,348,897	2,395,875	2,443,792	2,492,668
Food and beverage - L2 tenant	-		-	-	-	-	-
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	623,141	3.9%	635,604	648,316	661,282	674,508	687,998
Food and beverage - food truck	445,224	2.8%	454,128	463,211	472,475	481,924	491,563
Banquets	2,449,751	15.3%	2,449,751	2,449,751	2,449,751	2,449,751	2,449,751
Other income (plug)	178,150	1.1%	178,150	178,150	178,150	178,150	178,150
Total operating revenue	$ 16,050,380	100.0%	$ 16,512,956	16,790,657	17,073,912	17,362,832	17,657,531
DEPARTMENTAL EXPENSES / COGS:							
Golf operations	2,067,779	25.8%	$ 2,109,135	2,151,318	2,194,344	2,238,231	2,282,996
Night lit 9-hole golf	-		97,063	99,004	100,985	103,004	105,064
Golf academy	228,691	140.8%	233,265	237,931	242,689	247,543	252,494
Golf maintenance	3,611,177	45.1%	3,683,401	3,757,069	3,832,210	3,908,854	3,987,031
Pro shop / merchandise	1,044,307	67.6%	1,065,193	1,086,497	1,108,227	1,130,391	1,152,999
Food and beverage - VUE	2,791,108	123.6%	2,846,930	2,903,869	2,961,946	3,021,185	3,081,609
Food and beverage - L1 golf grill	-	0.0%	-	-	-	-	-
Food and beverage - fairway grill	-	0.0%	-	-	-	-	-
Food and beverage - beverage cart	371,172	59.6%	378,595	386,167	393,891	401,768	409,804
Food and beverage - food truck	289,727	65.1%	295,522	301,432	307,461	313,610	319,882
Banquets	1,611,135	65.8%	1,643,358	1,676,225	1,709,749	1,743,944	1,778,823
Other expenses (plug)	(23,048)	0.0%	(23,509)	(23,979)	(24,459)	(24,948)	(25,447)
Total departmental expenses	$ 11,992,049	74.7%	$ 12,328,953	12,575,532	12,827,043	13,083,584	13,345,255
UNDISTRIBUTED EXPENSES							
General & administrative	$ 1,566,059	9.8%	$ 1,597,380	1,629,328	1,661,914	1,695,153	1,729,056
Marketing and promotions	371,074	2.3%	381,768	388,189	394,737	401,417	408,230
Building expenses	1,090,138	6.8%	1,111,941	1,134,180	1,156,863	1,180,000	1,203,601
Facility manager's fee	277,838	1.7%	324,755	331,251	337,876	344,633	351,526
Total undistributed expenses	$ 3,305,109	20.6%	$ 3,415,845	3,482,946	3,551,390	3,621,203	3,692,412
NET OPERATING CASH FLOW	$ 753,222	4.7%	$ 768,158	732,178	695,479	658,046	619,864
Inflation index - revenues			1.020	1.040	1.061	1.082	1.104
Inflation index - expenses			1.020	1.040	1.061	1.082	1.104
Golf rounds played, total	76,500		76,500	76,500	76,500	76,500	76,500

Opportunities Not of Interest

Exhibit 27

FISCAL YEAR RESULTS for FY 2018 through 2022

Indian Wells Golf Resort

Night Golf Available Capacity

SCP line item:

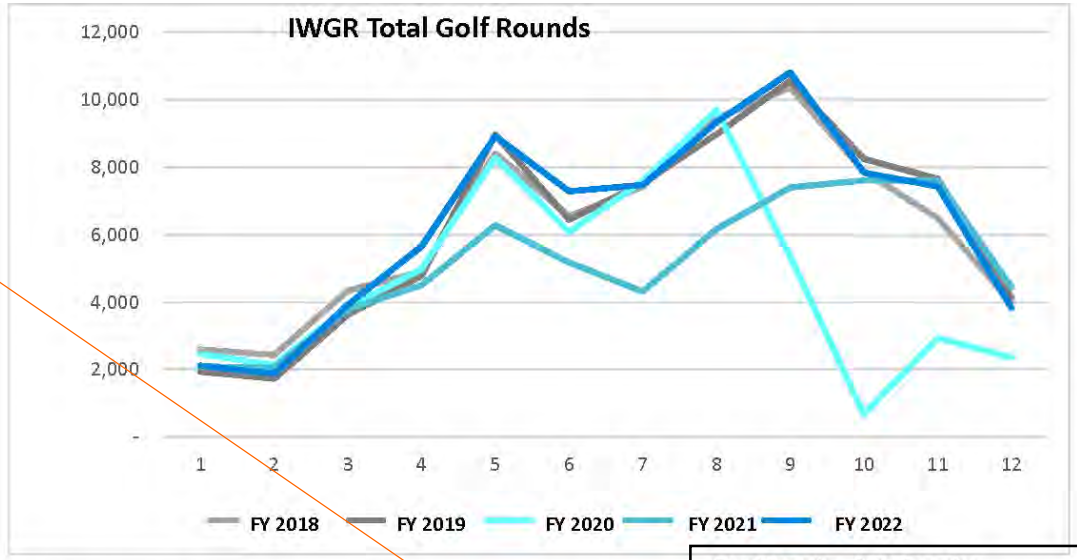
1758 **Total golf rounds played**

	Top Month	
FY 2018	10,368	*March*
FY 2019	10,563	*March*
FY 2020	9,701	*February*
FY 2021	7,612	*April*
FY 2022	10,813	*March*

1,502 *Compare to:* **Total available tee times**

Note - operating results for 2016 were not collected for this review.

Shown below: IWGR Total Golf Rounds



	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Rounds Annual	Rnds Capacity Annual	%
	1	2	3	4	5	6	7	8	9	10	11	12			
FY 2017	-	-	-	-	-	-	6,682	9,415	10,351	8,294	6,602	4,049	45,393	63,612	
FY 2018	2,599	2,430	4,337	4,907	8,412	6,544	7,425	9,445	10,368	7,877	6,492	3,992	74,828	117,398	63.7%
FY 2019	1,936	1,732	3,629	4,777	8,966	6,444	7,526	8,975	10,563	8,245	7,653	4,143	74,589	117,398	63.5%
FY 2020	2,460	2,141	3,856	4,976	8,279	6,079	7,589	9,701	5,350	679	2,936	2,356	56,402	103,927	54.3%
FY 2021	2,093	2,060	3,793	4,500	6,280	5,177	4,312	6,166	7,398	7,612	7,603	4,436	61,430	99,774	61.6%
FY 2022	2,119	1,883	3,918	5,653	8,917	7,288	7,472	9,334	10,813	7,838	7,432	3,833	76,500	93,207	82.1%
FY 2023	2,548	2,114	3,565	5,328	-	-	-	-	-	-	-	-	13,555	17,952	75.5%

Total golf rounds played - Historic Monthly Pattern %:

2017	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	14.7%	20.7%	22.8%	18.3%	14.5%	8.9%	100.0%
2018	3.5%	3.2%	5.8%	6.6%	11.2%	8.7%	9.9%	12.6%	13.9%	10.5%	8.7%	5.3%	100.0%
2019	2.6%	2.3%	4.9%	6.4%	12.0%	8.6%	10.1%	12.0%	14.2%	11.1%	10.3%	5.6%	100.0%
2020	4.4%	3.8%	6.8%	8.8%	14.7%	10.8%	13.5%	17.2%	9.5%	1.2%	5.2%	4.2%	100.0%
2021	3.4%	3.4%	6.2%	7.3%	10.2%	8.4%	7.0%	10.0%	12.0%	12.4%	12.4%	7.2%	100.0%
2022	2.8%	2.5%	5.1%	7.4%	11.7%	9.5%	9.8%	12.2%	14.1%	10.2%	9.7%	5.0%	100.0%

Shown above: Rounds Played versus Rounds Capacity

Opportunities Not of Interest

IWGR Resort Village

Some Stakeholders expressed an interest in IWGR providing additional amenities and activities in addition to the current golf program.

Indian Wells Golf Resort, along with the more than 1,500 hotel rooms in five Partner Hotels operate without a common gathering place, a "resort village" as an amenity for guests.

As an example, Whaler's Village in Lahaina at the Ka'anapali (Island of Maui) master-planned resort is the town center for a huge resort destination with numerous resort hotels. Because of its scale there is retail, a museum, entertainment programming, and restaurants – all more than envisioned for IWGR – but the example is relevant.



Resort Village "Lite"

Should the City consider the interest by Renaissance Esmerelda's ownership, in repurposing the 17th and/or 18th holes as part of a redevelopment of their facility, the site / building envelope of IWGR at or about the clubhouse might be achieved.

The objective would remain to insert a central resort hub feeling to the IWGR clubhouse area, with increased access, activities, and busy energy, in the central area.

An example of an additional enhancement that might work with this concept, the placement of a Clubhouse Express C-store at this resort Village. Each of the IWGR Partner Hotels has limited sundry and snack food offerings – the Clubhouse would be an easy place to walk over and purchase such items. IWGR resort guests are already visiting area convenience stores, why not provide greater convenience with such an express offering?

A Full Redevelopment Approach – The North Village Concept

Were the driving range relocated from its present location, the combination of clubhouse and adjacent development area could become the location of a resort village at IWGR.

In renegotiating the 1985 Easement Agreement with the Renaissance Esmeralda, some portion of the adjacent hotel parking might also be recovered or collaboratively redeveloped with the hotel to achieve a joint vision for the resort village.

The clubhouse itself would find new value in this resort village concept, since it would become one anchor to a larger destination, and 3rd-parties would find the clubhouse (an in particularly the 2nd floor) less risky with a greater critical mass of activities in the new village. Attracting a 3rd-party tenant / operator for the 2nd Level would gain greater traction among prospects.

IWGR Resort Village



Shown here, a concept exploration for scaling purposes, of what could be included in a resort village with enhancement community and resort guest offerings Pickleball, a community amphitheater, and some other activities shown here were among suggestions by Stakeholders. The mix of offerings are compatible with the Stonehaus concept offered for the 1st floor golfer's grill / restaurant. The combination of Resort Village and existing Clubhouse activities and amenities, are akin to the Smash Park concept now in roll-out in the U.S.

Disc Golf in the Wash

Some low-cost activities can be added to create a larger critical mass of offerings offered from the clubhouse and grounds, creating additional busy energy in the lobby.

An activity such as disc golf could be set up in the Wash. Disc Golf is a flying disc (Frisbee®) sport in which players throw a disc at a target and is played using rules like the rules of traditional golf. Disc golf is often played on a course of 9 or 18 holes, but other formats are also common. Most discs used are made from polypropylene plastic (e.g., polypropene).

- The sport was formalized in the 1970s and shares with golf the object of completing each hole in the fewest strokes (or, in the case of disc golf, fewest throws).
- A golf disc is thrown from a tee area to a target, which is the "hole." The hole can be one of several disc golf targets; the most common is an elevated metal basket. As a player progresses down the fairway, he or she must make each consecutive throw from the spot where the previous throw landed. The trees, shrubs, and terrain changes located in and around the fairways provide challenging obstacles for the golfer. Finally, the "putt" lands in the basket and the hole is completed.
- A large 27-hole course would cover approximately 27-35 acres, depending on course routing. This size venue would fit within the Wash, in the area between Eldorado Drive and Miles Avenue. The rough rule of thumb for total space needed is about one acre per hole.
- A significant advantage of disc golf is its ability to utilize areas that are not very desirable or usable for other activities such as the Wash – even the use of slopes is acceptable. In addition, a disc golf course need not be an exclusive use area -- it can co-exist amicably with other active and passive recreation uses. The relative portability of baskets and signs allows the relocation or closure of the course without undue difficulty.





A drone-level view of IWGR's east-west wash area.

TopGolf Possibilities in the Vicinity of IWGR

Some Stakeholders asked about the viability of TopGolf at IWGR. We explored the potential for TopGolf at IWGR and elsewhere in the City of Indian Wells. Without significant golf envelop repurposing and the choice of TopGolf versus a traditional golf driving range, there appears to be no practical opportunity for a TopGolf venue at IWGR.

Some information about TopGolf and its unique technology:

- A unique and highly visual "real" golf experience played on a 250-yard landing area
- Full-service restaurant with corporate event facilities
- Patent-protected technology gaming system that allows players to compete in friendly scoring competitions for players of all ages and skill levels
- Immediate, "Real-time" shot yardage feedback
- "Tour quality" golf balls embedded with microchips that personalize each ball
- TopGolf was made possible by the invention of the proprietary and patented I.D. Ball System.
- Each TopGolf ball contains an embedded programmable RFID silicon microchip which is coded and assigned to an individual player.
- The chip does not affect the weight or flight performance of the golf ball.
- The ball coding combined with sensors in outfield targets provide instant and precise yardage and location feedback. This feedback is translated into points, allowing players to compete against one another in various games and more serious golfers to practice and hone their skills and compete at a higher level.





Shown above, 3D rendering and driving bays at TopGolf. At below right, golf driving bays at a TopGolf facility in use.

Opportunities Not of Interest

Teambuilding Programs

IWGR could provide enhanced teambuilding capabilities to group clients, possibly in association with a well-known travel company or university with such a specialty.

Enhanced teambuilding offerings at IWGR could consist of program overlays of existing facilities, and/or the addition of some dedicated facilities for such purpose.

Providing additional kinds of teambuilding at golf facilities is logical expansion of services. Teambuilding is one of the primary reasons for businesses, organizations, and groups to organize a team stay and/or excursion. All manner of hotels and recreation facilities offer support to teambuilding, in one way or another. Golf has been a popular format for teambuilding events, including at IWGR.



Shown above, an event plan for a fun-focused corporate Olympics (a type of teambuilding "event").

About Teambuilding

For reference here, some background about the different types and reasons for teambuilding are provided here:

- **Organizational Enculturation** - In today's far-flung global business environment and the many work-from home employees, organizations still wish to instill organizational values and a sense of team. Bringing together employees for an experience that instills and sustains the "culture" can be vital to organization effectiveness. Employees brought together for enculturation can include just the new hires, those recently promoted, and/or those reaching a certain employment anniversary date. Many companies also value periodic socialization for all their employees and find team building one step up from the enrichment that once came from picnic-styled event.

- **Decision Support Environments** - Some companies seek a very specific result beyond just the general sense of "building the team." Senior managements, corporate or association boards, or other corporate groups may wish a means to foster group decision-making. Or, a merger, a new company program, a new product, or some company issue may be on the horizon where an off-site dynamic session may be helpful.

- **Celebratory / Commemorative Milestones** - Organizations as well as individuals, sometimes just have a need to celebrate, to commemorate achievement, meeting a milestone, or recognizing a significant corporate event. Bringing together groups of employees for a celebratory event can be a valuable means of heightening the sense of corporate teamwork.

- **Competition / Corporate Olympics** - For many employees, competing in an Olympic-style corporate competition can be an exhilarating personal experience. For the companies involved, bringing together groups of employees in a structured competitive environment is a fine way to create interaction among employees that may not otherwise have much reason for personal interface.

- **For Fun's Sake** - And then there is simply the team-building event for fun's sake. Many companies recognize that corporate environments cannot be all about the work. To retain employees, creating a work environment with perceived benefits over other companies, becomes quite useful.

Opportunities Not of Interest

Common Master Plan w / Tennis Garden

As the IWGR Strategic Asset Plan is discussed and confirmed, some attention could be devoted to the potential for a common master plan to include IWGR and the Indian Well Tennis Garden, and other private-owned properties in this "district."

The combined existing and future facilities that could make up this district, could achieve a compelling regional destination status – the center of recreation activities for the east Coachella Valley.

- The scale of a common master plan – almost a 700-acre district, would support the offer of an event calendar with signature events and festivals throughout the year. The district could carry a common destination brand to propel event promotion.
- As a comparison, the nearby Empire Polo Club states that it encompasses 250 acres; significantly smaller in scale than a combined IWGR + Tennis Garden district.
- An important aspect of the common master plan would be in connecting the two anchors, IWGR to Indian Wells Tennis Garden. If this physical connection were simply a walking, hiking, jogging trail along the wash, the "trail" would become a significant amenity for the City's Hotel Partner guests, and residents.
- The amount of business possible from major events such as those hosted at the Tennis Garden, is compelling. The hundreds of thousands of daily visitors at these events over a calendar year, is a major economic development engine for Indian Wells. Recent major events have included the fall BNP Paribas Open (combined) ATP Masters 1000 and WTA 1000 event in October 2021, the Margaritaville USA Pickleball National Championships in December 2021, and the BNP Paribas Open in March 2022.



Shown at top above, IWGR and the Indian Wells Tennis Garden, along with select additional properties in the general area. Shown above, a linear multi-modal path along the Wash connecting the tennis and golf facilities, providing an amenity for residents and IWGR resort visitors.

Glamping

Glamping was explored as a program element should more significant repurposing occur within the IWGR golf envelop.

Glamping is a hybrid of glamour and camping where resort-style services and amenities are offered, in a way not usually associated with "traditional" camping. In some instances, glamping is part of an eco-resort and/or eco-tourism experience.

We envisioned glamping placed at a new IWGR North "resort focal point" with new operator, or, as an extension of existing Hotel Partner operations either on their existing Easement property or on repurposed IWGR land adjacent to either of the Hotel Partner properties.

There is a broad definition for this industry as well as for which accommodations that fit into a definition of glamping and eco-resorts.

- The allure certainly begins with a unique place to stay, in a beautiful natural setting, with some level of services, amenities, and food (and beverage) services, to make the stay just a bit comfortable.
- Sometimes with sufficient comfort for those travelers that more typically enjoy luxury hotel stays.
- Guest units at glamping and eco-resorts venues can take on almost any format, the only limitation being the creativity of the facility operator. Common formats for these overnight accommodations include canvas tents on platforms, yurts, treehouses, cabins, and customized recreational vehicles ("RV's").
- In the U.S. sometimes Native American teepees (or tipi) or settler's covered wagons (of the American West) are among the offerings. Then there are the uncommon offerings provided by glamping and eco-resort operators, such as prefabricated pods, geodesic domes, even open-air platforms with the "dark sky" as your roof.
- Glamping can also be about eclectic offerings, where guests can stay overnight in a setting truly unique to be the point of being a "one-off."
- As with regular campsites, a glamping enclave of several (or more) accommodations can be situated as a standalone venue, or as part of a hotel, resort, RV campground, or other related business.
- And with those accommodations offered in an eco-resort setting, there is also the "go green" sensibility at work.

In recent years, the assortment of small-scale "mom and pop" glamping owner-operators around the world, has been joined by national companies seeking scale and market share in this industry.

In the U.S., these new operators include AutoCamp (2013), Collective Retreats (2015), and Under Canvas (2009), among others. These companies are successfully integrating the desire for eco-tourism and eco-resorts, known for their unique destination settings, with glamping which is known for its unique range of accommodation types.

We expect these companies to do quite well in the post Covid-19 pandemic era, as they achieve greater scale and brand recognition.



Glamping can appeal to the retro and hipster sensibilities of today's younger travelers. Unique but with hotel-type services, are in demand.

Opportunities Not of Interest

IWGR North Village

There is an interesting opportunity to create what might be called, "IWGR North Village," that can mitigate some longstanding IWGR issues and increase revenue opportunities for IWGR and its Partner Hotels.

- IWGR North Village would be situated off the northwest corner of the Event Pavilion and include an enhanced Event Pavilion.
- The program for North Village would include, but not be limited to, an all-new practice range, an amphitheater at a scale perhaps 2/3rd that of the Cathedral City amphitheater, and new parking dedicated to North Village.
- A new road for ingress/egress can be developed, from Fred Waring Drive south to a point at or about the IWGR Event Pavilion. The road may best meet Fred Waring Drive opposite where California Drive meets the road at its north side.
- The existing Event Pavilion would remain, but with the new road would adequately allow delivery trucks, vans, emergency vehicles if/when needed. With this new access road and parking, brides and their wedding parties would no longer make the difficult trek from parking lot, to bridge crossing, to event venue. We believe this new setting for the Event Pavilion would directly increase its attractiveness for group events, particularly social gatherings such as weddings.
- The relocation of the existing driving range would allow redevelopment of land east of the IWGR clubhouse for greater purpose (Resort Village concept), along with increased parking at that location.
- A direct benefit of a "world class" practice facility, would be in attracting all potential golfers living in or visiting the Coachella Valley, and promoting their play at IWGR golf courses.

Repurposing of Golf North of Wash

Options for Repurposed Players and Celebrity courses

Working within what we believe is legally permissible pursuant to the intent of the Easement Agreement, explored how golf "north of the Wash" might be repurposed.

We explored this as part of IWGR North Village concept, with its additional repurposing benefits.

As well, this exploration was prompted by the possibility of a Players course purposing that would bring Players' 17th and 18th holes north of the Wash.

Shorter play courses, natural grass putting courses (many inspired by the Himalayas Putting Course at St Andrews), and "golf entertainment" venues are seeing great popularity these days. These non-traditional golf experiences are suited to resort golfers interested in a shorter time commitment, new players, and groups looking as much for the entertaining camaraderie of a golf outing than the golf itself.

Opportunities Not of Interest

Repurposing of Golf North of Wash



Shown above, an exploration of a relocated driving range, and repurposing of the front 9 of the Celebrity course, the addition of an 18-hole putting course, access road, and parking lot.

Source: Mungeam Golf, in collaboration with John Robinson.

PROPOSED SCORE CARD

Hole	Blue	White	Gold	Red	Par
1	340	210	270	240	4
2	150	130	100	70	3
3	440	370	306	290	4
4	160	139	110	85	3
5	380	340	300	270	4
6	155	139	110	93	3
7	333	273	253	193	4
8	327	307	240	220	4
9	160	140	125	100	3
out	2445	2048	1814	1561	32

Opportunities Not of Interest

East Valley Convention Center

Stakeholders familiar with the convention business cite a need for a convention facility in the east Coachella Valley, given the limitations and distance to the Palm Springs Convention Center.

There could be demand for a major unique meetings and exhibition hall as part of Indian Wells Golf Resort, if viewed with a planning horizon well beyond the Pandemic. While there are competitive meeting and convention facilities in the Coachella Valley, there is minimal large indoor exhibit space.

The table below highlights some of the larger event facilities in the area. The new Acrisure Arena will like serve some part of the convention center and special events business, once opened. A possible site (with issues) is shown at below right).

Major Coachella Valley Event Facilities

	Facility		Indoor SF	Largest Space	Rooms
1	Palm Springs Convention Center	Palm Springs	133,082	92,545	n/a
2	JW Marriott Desert Springs Resort & Spa	Palm Desert	73,316	-	884
3	Fantasy Springs Resort	Indio	62,926	-	250
4	IWGR - Renaissance Esmeralda Resort	Indian Wells	53,291	-	560
5	Westin Mission Hills Golf Resort & Spa	Rancho Mirage	44,922	-	512
6	La Quinta Resort & Club	La Quinta	43,600	-	781
7	Margaritaville Resort Palm Springs	Palm Springs	39,000	-	398
8	IWGR - Hyatt Regency Indian Wells	Indian Wells	37,626	-	530
9	Omni Rancho Las Palmas	Rancho Mirage	30,000	12,900	444
10	Renaissance Palm Springs Hotel	Palm Springs	26,025	-	410
11	DoubleTree by Hilton Hotel Golf Resort	Palm Springs	23,000	7,400	289

Source: StoneCreek Partners LLC, Cvent.com, and hotel websites.

- The five City Hotel Partners operate almost 114,000 SF of indoor (4 wall) meeting space, not including pre-function foyers, terraces, and lawns. The largest space among the five hotels is 20,000 SF at the Hyatt Regency. This is not a large space for accommodating conventions and trade shows.
- IWGR could add a convention center at IWGR, to help propel business at the five Partner Hotels and area restaurants. The essential feature of such an IWGR Convention Center would be a large clear-span event space larger than 20,000 SF. Such a facility could, for example, include a 60,000 SF exhibit space, divisible into three parts (with retractable elephant doors) when needed.
- The Palm Springs Convention Center is a large exhibit hall at 92,454 SF, a ballroom and various ancillary meeting spaces for a total of 133,082 of indoor space. That's about it over 30,000 SF, except for casinos.
- Among the largest of area meeting, event, and convention facilities, the largest facilities don't exceed about 73,000 SF of various indoor spaces (this, the Palm Springs Convention Center space can be configured somewhat larger with a contiguous adjacent space) and it is difficult to find venues with column-free spaces exceeding 20,000 SF.



Drone aerial photography by Golf Property Analysts.

Additional Options Explored / Not of Interest

Additional repurposing and enhancement ideas included those listed here:

- **Archery in the Wash** – shown at above right, target archery has remained a popular niche activity both for expert competitive archers and novices.
- **Community Amphitheater**, with outdoor live entertainment – similar in scale to the 2.5-acre facility located in Cathedral City.
- **Sports Performance and/or Wellness** tenant. Along with an obstacle run in the Wash.
- **Event Calendar**, with local, seasonal and signature annual events. In coordination with the IW Tennis Garden, Hotel Partners, and using a community amphitheater if pursued.
- **Destination Spa** commonly owned by City Hotel Partners.
- **Destination Evening Entertainment Club –** An evening supper club / entertainment venue with an offbeat sensibility. Perhaps offer the space to a consortium of retro/hip groups like Postmodern Jukebox (know for "today's hits yesterday").
- **Point-source Sound & Light Show** – on the Wash North bank, visible from the clubhouse, grounds, and IWGR resorts.
- **eSports Lounge**, to cater to a younger traveler "missing their gaming fix" on holiday. Perhaps with an Entros (Seattle) edge and sponsored by Twitch.
- **Recreation Adventure Center (Park)** – as a major new attractor.
- **Repurposing of Celebrity to two Golf short courses**, with natural grass putting venue.
- The **Beach Club at IWGR Resort Village** – inspired by several Stakeholder suggestions as a major attraction, whether permanent or as a seasonal pop-up. DSRT | Surf (Palm Desert) at Desert Willow a precedent reference.
- A **boutique (small) lodging venue** on repurposed IWGR golf envelop land - The 46-room Sands Hotel & Spa, Indian Wells' boutique hotel, sits on about a 2.7-acre parcel, excluding the adjacent restaurant pad, The Nest. Or on adjacent privately-owned parcel.



Drone aerial photography by Golf Property Analysts.

The Wash Bridge Experience



We have reviewed the possibilities for making the Wash bridge more of an experiential element to a golf or group event guest. There are various means to signature the Bridge, so it is a net add to the IWGR experience versus an annoyance of sorts. At the minimum is should take on a scenic quality. As part of "area development" district considerations in placemaking it could be much more.

Highest-and-Best Use

It is helpful to reflect upon the idea of highest-and-best-use ("HBU"), when considering the strategic options for a facility (asset), whether privately- or publicly-owned. It is always a fair question as to whether an asset is held and earning as it should, in the best interest of owners, shareholders, stakeholders, or other concerned constituencies.

According to common U.S. appraisal industry practice, there are four tests for "highest and best use" of a real property. In appraisal, highest-and-best use applies to a property as improved as well as to new development, redevelopment, and/or repurposing.

Highest-and-best-use is that use which is:

- Legally permissible;
- Physically possible;
- Financially feasible; and
- Most profitable

For IWGR, the "legally permissible" use is based on the Easement Agreement in place. Based on Stakeholder Input, we believe that Resident Stakeholders are unlikely to want for any significant change to this agreement (see discussion at right for Easement Agreement background).

Within the proscribed legal use of the IWGR property, there are possible physical, customer service, and financially feasible enhancements that can be made. Such enhancements are described in this report.

About the Easement Agreement

The Easement Agreement that became the foundation for developing IWGR was executed on April 8, 1985. Parties to the Easement Agreement included Daon Corporation, Stouffer Investment Corporation, Desert Horizons, Inc, GSH Limited, and the Redevelopment Agency of the City of Indian Wells. The Renaissance Esmeralda Resort was developed on the Daon and Stouffer (Exhibit A) parcel. The Hyatt Regency Indian Wells was developed on the Horizons (Exhibit B) parcel.

The Easement Agreement and associated municipal resolutions, the beneficiaries thereof, and modification thereof that all parties of interest may agree to, provide the bounds for legally permissible use. In general, residents that participated in Stakeholder Sessions during this study, would expect that IWGR remain in golf use either substantially similar to or enhanced compared to the facility's existing land use.

In addition to existing land use, the Easement Agreement effectively restricts IWGR to public play including specified resident privileges. This operating condition will remain in effect unless and/or until the Easement Agreement is amended. Such potential amendment would not be considered in a highest-and-best-use consideration. Particularly since options for repurposing for some parts of IWGR were raised with Stakeholders as part of this study with little or no expressed interest.



Drone aerial photography by Golf Property Analysts.

ABOUT STONECREEK PARTNERS & TEAM

Appendix A-4

About the Assignment Team

StoneCreek Partners supplemented its team for this assignment to include professionals with additional golf industry experience, including course design, maintenance, and operations, as well as professional with wide-ranging food and beverage backgrounds.

StoneCreek Partners, LLC ("SCP") – SCP is a consulting, master planning, and development advisory firm, in business since 1984. The firm is led by Donald Bredberg who has held executive positions with such companies as NBCUniversal, The Irvine Company, Newfield Enterprises International (family office), and Phillips Brandt Reddick. SCP has worked with clients throughout the U.S. and select global regions. The firms' golf experience includes development of Falcon's Fire Golf Club (Orlando area), and master planning (in collaboration with golf architects) of such communities as Coto de Caza (Orange County, Robert Trent Jones Jr), Conway Farms Lake Forest (Illinois, Tom Fazio), Kukio Beach Big Island (Tom Fazio). The firm's hotel experience includes the asset management and direct management of luxury and first-class resort hotels in the U.S. and several international locations.

Mungeam Golf Design - Much of the work of Mungeam Golf Design involves the sympathetic renovation of existing courses but Mungeam also has a nationally recognized reputation for the sensitive restoration of classic layouts. He is adept at injecting new life and visual appeal into tired or unexciting course designs. Mungeam is a full member of the American Society of Golf Course Architects ("ASGCA"), since 1994. He recently spent six years on the Membership Committee, serving as Chair in 2013-2014. He also was formerly a member of the Board of Governors (2002-2005) and served on the Environmental Committee. In addition to the ASGCA, Mungeam is also a member of the National Golf Course Owners Association ("NGCOA") and the Golf Course Superintendents Association of New England. Mark Mungeam's notable course designs include Shaker Hills & Cyprian Keyes in Massachusetts and The Links at Hiawatha Landing in New York. In 1999 Mungeam oversaw the renovation of Olympia Fields Country Club in Chicago in preparation for the 2003 U.S. Open. Mark has been assisted in this assignment by John Robinson, the President of John F. Robinson Golf Advisors and John F. Robinson Golf Course Design, Inc. (Huntsville, Ontario, Canada).

Golf Property Analysts - Larry Hirsh's Golf Property Analysts brings an extensive geographical reach to its practice, having completed assignments in most areas of the U.S., as well as Canada, The Caribbean, Central America, and the UK. From its base in the Philadelphia area, Larry Hirsh and his firm have served clients in 45 states with vast experience in all types of golf properties, including private, semi-private, daily-fee, resort, and municipal facilities. Over his professional career, he has completed more than 3,500 golf property assignments and has developed a golf course and consulted on several new development projects. Mr. Hirsh has been a competitive amateur golfer for much of his life, including local, state, national, and international competitions. Among his industry credentials, Hirsh is a member of The National Golf Foundation, National Golf Course Owners Association and Golf Course Superintendents Association of America. Mr. Hirsh is a certified general appraiser in 13 states. Mr. Hirsh is premiere member of the Golfweek "America's Best" course ranking panel. He has authored and is a lecturer for his award winning "Golf Property Analysis & Valuation - A Modern Approach" for the Appraisal Institute.

Craig Gladstone – Gladstone is an independent food and beverage consultant. His background includes roles as General Manager and Head of Operations for such companies as Coolhaus (Los Angeles), Carluccio's (London), Hula Hut (Carmel), and All-Star Lanes (London). For Coolhaus he became extremely familiar with operating food trucks, operating food trucks in Los Angeles, New York and oversaw a franchise in Dallas. Mr. Gladstone lived until recently in the Coachella Valley, and as a restauranteur is familiar with the restaurant, club, and food and beverage offerings in the region. He understands the nature of retirees in the marketplace and the seasonal nature of the visitor and resident population. He would note that if trends continue following Covid-19, there may be some additional diversity and year-round population in place.

SCP Peer Reviewers – Mark Taylor, a golf pro based in Southern California, and Tim Brown, an independent food and beverage consultant and President of Soundvue Development (Connecticut), acted as peer reviewers to SCP during this assignment. SCP peer reviewers assigned to the team were changed during the contract award and mobilization period, due to schedule availability.

This page intentionally left blank.

ATTACHMENT #2

GOLF COURSE MANAGEMENT AGREEMENT

between

CITY OF INDIAN WELLS,
a California Municipal Corporation

and

TROON GOLF, L.L.C.
a Delaware limited liability company

TABLE OF CONTENTS

INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT

ARTICLE I DEFINITIONS 1

1.1 DEFINED TERMS 1
1.2 ACCOUNTING TERMS 5

ARTICLE II RETENTION OF TROON 5

2.1 AGREEMENT TO MANAGE 5
2.2 STANDARDS OF PERFORMANCE; RELATIONSHIP BETWEEN CITY AND TROON 5

ARTICLE III DUTIES AND OBLIGATIONS OF TROON 6

3.1 LEADERSHIP 6
3.2 OPERATIONS 6
3.3 MARKETING 8
3.4 ANNUAL PLAN 10
3.5 HUMAN RESOURCES 11
3.6 MANAGEMENT SERVICES GENERALLY 12
3.7 MEETINGS 14
3.8 GOLF SHOP INVENTORY 14
3.9 SPECIFIC OPERATING PROCEDURES 14
3.10 CENTRALIZED SERVICES AND COSTS 18
3.11 EQUIPMENT AND SUPPLIES 20

ARTICLE IV RESTRICTED ACTIVITIES OF TROON 21

ARTICLE V EMPLOYEES 22

ARTICLE VI TERM 22

6.1 TERM 22
6.2 TERMINATION BY CITY UPON THE OCCURRENCE OF CERTAIN EVENTS 22
6.3 TRANSITION TO NEW MANAGEMENT COMPANY OR OPERATOR 23

ARTICLE VII MANAGEMENT FEES 23

7.1 ANNUAL BASE FEE 23
7.2 ANNUAL INCENTIVE FEE 23

ARTICLE VIII ACCOUNTS; WORKING FUNDS; DISBURSEMENT OF FUNDS; RECORDS AND REPORTS 24

8.1 ACCOUNTS 24
8.2 WORKING CAPITAL FUNDS AND WORKING CAPITAL SHORTFALLS 25
8.3 DISBURSEMENTS 25
8.4 NET INCOME TO CITY 25
8.5 BOOKS AND RECORDS 25
8.6 REPORTS TO CITY 26
8.7 INSPECTION 27

ARTICLE XIX INSURANCE 27

9.1 INSURANCE TO BE MAINTAINED BY TROON 27
9.2 INSURANCE TO BE MAINTAINED ON BEHALF OF GOLF RESORT 28
9.2 INSURANCE TO BE MAINTAINED ON BEHALF OF GOLF RESORT 29

ARTICLE X - DAMAGE OR DESTRUCTION; EMINENT DOMAIN,; FORCE MAJEURE EVENTS 30

10.1 DAMAGE OR DESTRUCTION 30
10.2 EMINENT DOMAIN 31
10.3 FORCE MAJEURE EVENTS 31

ARTICLE XI - INDEMNIFICATION 31

11.1 TROON'S INDEMNITY 31
11.2 CITY'S INDEMNITY 32
11.3 NATURE OF INDEMNITY 32

ARTICLE XII DEFAULT 33

12.1 EVENTS OF DEFAULT 33

ARTICLE XIII REPRESENTATIONS AND WARRANTIES 33

13.1 TROON'S REPRESENTATIONS 33
13.2 CITY'S REPRESENTATIONS 34

ARTICLE XIX TRANSFER AND ASSIGNMENTS 34

14.1 LIMITATION ON TROON 34
14.2 LIMITATION ON CITY 34

ARTICLE XV INTELLECTUAL PROPERTY 34

15.1 INTELLECTUAL PROPERTY 34

ARTICLE XV MISCELLANEOUS 36

16.1 WAIVER 36
16.2 ENTIRE AGREEMENT 36
16.3 NOTICES 36
16.4 CITY BONDS 37
16.5 INTEREST 37
16.6 SUCCESSORS AND ASSIGNS 37
16.7 PERSONS INDEMNIFIED 37
16.8 APPLICABLE LAW 37
16.9 CUMULATIVE RIGHTS 38
16.10 SAVINGS CLAUSE 38
16.11 ATTORNEY'S FEES 38
16.12 FURTHER ASSURANCES 38
16.13 INTENTIONALLY OMITTED 38
16.14 EASEMENTS 38
16.15 PUBLICITY 38
16.16 POSSESSORY INTEREST 38
16.17 CONFLICT OF INTEREST 39
16.18 NO THIRD-PARTY BENEFICIARIES 39
16.19 TIME 39
16.20 MEDIATION, ARBITRATION AND DISPUTE RESOLUTION 39

INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT

THIS INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Agreement**") is executed as of June 1, 2009, by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City is responsible for the operation of the Golf Resort at Indian Wells, located at 44-500 Indian Wells Lane, City of Indian Wells, Riverside County, California, consisting of two eighteen (18) hole championship length golf courses (individually, a "**Golf Course**" and collectively, the "**Golf Courses**"), a driving range, clubhouse complex, golf shop, maintenance facility and Callaway Golf Center (collectively, the "**Golf Resort**").

B. The City desires to utilize the services and experience of Troon in connection with the management and operation of the Golf Resort and Troon desires to render such services, upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

ARTICLE I
Definitions

1.1 Defined Terms. When used in this Agreement, the following terms shall have the meaning ascribed to them in this Article I, unless the context clearly indicates a contrary intent:

"Affiliate" shall mean, with respect to any entity, **(a)** officers, directors, members, managers or employees of, or general partner in such entity, and **(b)** any individual, corporation, limited liability company, partner, partnership, trust or other entity which owns or controls, or is owned or controlled by, or is under common ownership or control with such entity. As used herein the term "control" shall mean the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of partnership interests or voting securities, by contract, by appointment to a managerial position, or otherwise.

"Affiliated Facilities" shall mean all golf course facilities managed or operated by Troon throughout the world (including, without limitation, if designated as such by Troon, golf facilities operated by an Affiliate of Troon).

"Annual Base Fee" shall have the meaning ascribed to that term in Section 7.1 of this Agreement.

"Annual Incentive Fee" shall have the meaning ascribed to that term in Section 7.2 of this Agreement.

"Annual Plan" shall have the meaning ascribed to that term in Section 3.4 of this Agreement.

"City" shall mean the City of Indian Wells, a California Municipal corporation.

"City Hotels" shall mean the Renaissance Esmeralda, the Hyatt Grand Champions Hotel, the Indian Wells Resort Hotel and the Miramonte Resort and Spa.

"City Manager" shall mean the person holding the position of City Manager of the City of Indian Wells.

"City Representative" shall mean the individual designated by City to whom Troon shall report.

"Compensation" shall mean the direct salaries and wages (excluding bonus and incentive payments unless authorized in advance by the City) paid to or accruing for the benefit of the management staff and all other persons employed by Troon at the Golf Resort, excluding persons employed in food and beverage service, together with all fringe benefits payable to or accruing for the benefit of such employees, including employer's contribution under the Federal Insurance Contributions Act ("**FICA**"), unemployment compensation, or other employment taxes, pension fund contributions, worker's compensation, group life and accident and health insurance premiums, retirement, disability and other similar benefits, but excluding severance benefits unless approved in advance by the City.

"Easement Agreement" shall mean that certain Easement Agreement by and between the Redevelopment Agency of the City of Indian Wells and certain property owners, recorded as document number 117222, in the office of the County Recorder of the County of Riverside, California. The Easement Agreement is incorporated herein by reference as though fully set forth herein.

"Equipment and Supplies" shall mean all equipment and supplies used or useful at the Golf Resort, including, without limitation, the Golf Shop Inventory, golf course maintenance vehicles and equipment, driving range pickers and pullers, golf carts, rental golf clubs and bags, green flags, janitorial equipment and supplies, office supplies, and all furniture, furnishings, fixtures, equipment, and supplies used in accordance with this Agreement.

"Executive Employees" shall mean the Golf Resort's General Manager, Director of Golf, Golf Course Superintendent and Controller.

"First-Class" shall mean an operational standard of quality and excellence similar to that found at luxury high end resort golf facilities in the Western United States, including but not limited to optimum agronomic, maintenance and playing conditions, exceptional customer

service, professional staff and efficient operations. First-Class shall further be defined as performance standards which are consistent with the Troon Golf Quality Standards.

"Golf Committee" shall mean the group consisting of two (2) City Council members, the City Manager or his or her designee, the General Manager of the Golf Resort, and the general managers of the City Hotels. The composition of the Golf Committee may, from time to time, be altered in size of membership by the City Council.

"Golf Courses" shall have the meaning ascribed to that term in Recital A, above.

"Golf Resort" shall have the meaning ascribed to that term in Recital A, above.

"Golf Resort Expenses" shall mean all costs and expenses incurred in the operation, management, and maintenance of the Golf Resort (excluding the expenses related to food and beverage operations), including **(a)** all expenditures incurred by Troon in the performance of its obligations under this Agreement or expenditures incurred by City for the benefit of the Golf Resort; **(b)** the total fees paid to Troon pursuant to Article VII of this Agreement; **(c)** all expenses specifically identified as "Golf Resort Expenses" in this Agreement; and **(d)** all other expenses agreed to by the City.

"Golf Shop Inventory" shall mean the merchandise usually sold at golf shops at First-Class private and public golf course facilities, including without limitation, clubs, bags, balls, clothes, shoes, gloves, hats, and other golf apparel and accessories.

"Gross Revenues" shall mean, for the Operational Year, all revenues generated from the operation of the Golf Resort, and or its various components, determined on an accrual basis in accordance with generally accepted accounting principals consistently applied, including without limitation, greens fees, cart fees, rental fees, driving range revenue, golf shop revenue, lesson fees (payable to the Golf Resort), merchandise sales, frequent player card revenue, and any other revenue relating to the Golf Resort. Specifically excluded from the calculation of Gross Revenues are:

(a) Food and beverage revenues;

(b) Sales taxes, excise taxes, gross receipts and similar taxes now or later imposed upon the sale of food, beverages, merchandise or services;

(c) That portion of any lesson fees charged by a golf professional which are not paid to the Golf Resort;

(d) The amount of any gratuities paid or given by a customer to Golf Resort employees or service charges added to customer billings which represent gratuities to Golf Resort employees;

(e) Gross receipts received by licensees, vending companies, pay phone operators or concessionaires, except to the extent such proceeds are compensation for amounts that would otherwise constitute Gross Revenue hereunder; and

(f) Interest income and revenues from sale or mortgage of all or any part of the Golf Resort, revenues received on account of any casualty or condemnation, insurance proceeds (other than business interruption insurance), loan or financing proceeds, and any other revenues from any capital transaction.

"Gross Food and Beverage Revenues" shall mean, for the Operational Year, all revenues generated from the sale of food and beverages at the Golf Resort, determined on an accrual basis in accordance with generally accepted accounting principals consistently applied. Specifically excluded from the calculation of Gross Revenues are:

(a) Sales taxes, excise taxes, gross receipts and similar taxes now or later imposed upon the sale of food and beverages; and

(b) The amount of any gratuities paid or given by a customer to Golf Resort employees or service charges added to customer billings which represent gratuities to Golf Resort employees.

"Improvements" shall mean the Golf Resort clubhouse and all other buildings, structures and improvements now located or hereafter constructed on the land encompassing the Golf Courses (the "**Site**") and all fixtures and equipment attached to, forming a part of and necessary or desirable for the operation of such clubhouse and other buildings, structures or improvements (including, without limitation, heating, lighting, plumbing, sanitary system, air-conditioning, refrigeration, kitchen, elevators and similar items) and such **(i)** restaurants, bars and banquet, meeting and other public areas, **(ii)** commercial space, including concessions and shops, **(iii)** garage and parking space, **(iv)** storage and service areas, **(v)** recreational facilities and areas, **(vi)** public grounds and gardens, **(vii)** permanently affixed signage and (viii) other facilities and appurtenances, all as presently exist on the Site or are hereafter added thereon during the Term.

"Legal Requirements" shall mean any and all laws, statutes, ordinances, codes, orders, rules, regulations, permits, licenses, authorizations, entitlements, official orders and requirements of, or conditions imposed by, all federal, state and local governmental regulatory agencies and authorities which are as of the date hereof or hereafter become applicable to the Golf Resort, including, without limitation, any of the foregoing relating in any way to hazardous materials or hazardous waste.

"Management Fee" shall mean the combination of the Annual Base Fee and the Annual Incentive Fee.

"Operating Contracts" shall mean all contracts now or hereafter entered into for the management, maintenance and operation of the Golf Resort, including, without limitation, all such contracts for utilities to be provided for the Golf Resort and all such contracts for Equipment and Supplies.

"Operational Year" shall mean July 1 to June 30 of each year during the Term of this Agreement.

"Restaurant Lease Agreement" shall mean that certain Restaurant Lease Agreement of even date herewith between Troon and City with respect to the operation of all food and beverage operations at the Golf Resort.

"Term" shall mean the period of time commencing June 1, 2009, and continuing until the date upon which this Agreement is terminated in accordance with the terms hereof. See particularly Articles VI (Term) and Article XI (Default) hereinafter.

"Troon" shall mean Troon Golf, L.L.C.

"Troon Golf Quality Standards" shall mean a level of service which is suitable to a First-Class golf resort and which is above average in customer response, quality of service, compassion and warmth, all in accordance with the service level criteria and performance standards set forth in the Troon Golf Quality Standards Manuals on Agronomy, Food and Beverage, and Golf Operations as amended from time to time. The current Troon Golf Quality Standards have been reviewed and approved by City and any amendment to such standards that will be implemented at the Facility shall require the approval of City, which approval shall not be unreasonably withheld provided that a comparable standard of service is maintained.

1.2 Accounting Terms. For purpose of this Agreement, all accounting terms not otherwise defined herein, in the Recitals, or in any exhibit shall have the meanings ascribed to them in conformity with generally accepted accounting principles ("**GAAP**") consistently applied.

ARTICLE II
Retention of Troon

2.1 Agreement to Manage. City hereby appoints and retains Troon, and Troon hereby accepts such appointment and retention to act as consultant to City and as manager of the Golf Resort during the Term with full power and authority to carry out all responsibilities of Troon under this Agreement, and otherwise upon the terms and subject to the conditions hereinafter set forth.

2.2 Standards of Performance; Relationship Between City and Troon. Troon accepts the relationship of trust and confidence established between Troon and City by the terms of this Agreement. Troon shall report to City Manager or City Representative concerning the management and operation of the Golf Resort as a First-Class Golf Resort. Troon covenants with City to furnish its best skill and judgment in performing its obligations hereunder, and shall at all times provide such consulting and managerial services in a manner which maintains the good name and business reputation of City and the Golf Resort. Troon shall perform its duties and obligations under this Agreement in an efficient, expeditious, prudent and economical manner, consistent with the best interests of City, in accordance with the standards followed by Troon in its role as course manager of similarly situated First-Class golf facilities operated by Troon, in accordance with the Troon Golf Quality Standards, and in such manner so as to maximize all Gross Revenues and minimize all Golf Resort Expenses, both as set forth in this Agreement and otherwise in connection with operation and maintenance of the Golf Resort.

Troon is entering into this Agreement as an independent contractor to provide the services set forth in this Agreement. Troon acknowledges that it is acquiring no rights whatsoever in the Golf Resort, or any portion thereof (including the Golf Courses and any trade names, trademarks, logos, emblems and similar identifying materials of either the City or the Golf Resort) or the Equipment and Supplies, except a nonexclusive and revocable license, during the Term, to enter upon the Golf Resort and use the Equipment and Supplies if, and to the extent reasonably necessary, to carry out its obligations pursuant to this Agreement. In acknowledging that Troon is acquiring no rights whatsoever in the Golf Resort (including any trade names, trademarks, logos, emblems and similar identifying materials) or the Equipment and Supplies, Troon further agrees that it will not assert, in any legal action or otherwise, any right or interest in the Golf Resort, or any portion thereof. In no event shall Troon alter or improve any portion of the Golf Resort except as directed by the City or as expressly permitted under this Agreement.

ARTICLE III
Duties and obligations of Troon

In Troon's role as manager of the Golf Resort, Troon shall perform and assume the following duties and obligations subject to the payment obligations of the City with respect to Golf Course Expenses:

3.1 Leadership.

(a) Troon will provide a comprehensive analysis of all aspects of the existing goals in place for maintenance, operations and marketing of the Golf Resort. Troon will work closely with City in defining the ongoing goals and visions for the Golf Resort and will provide a new Annual Plan (as defined in Section 3.4 hereinafter) based upon these conclusions.

(b) Troon will maintain a copy of the Troon Golf Quality Standards at the Golf Resort at all times during the Term.

(c) Troon will provide consistent guidance and vision to the Golf Resort and take proactive steps to successfully operate the Golf Resort and adhere to annual operating expectations.

(d) Troon will develop, support and implement a culture of excellence within the Golf Resort based upon pride, respect, quality of service, and creating an exceptional experience for all patrons of the Golf Resort, including residents, hotel guests, and others.

3.2 Operations.

(a) Troon will implement a First-Class maintenance program in accordance with the Troon Golf Quality Standards for the Golf Resort which will result in optimum agronomic, turf and playing conditions on a year round basis taking into consideration the Annual Plan approved by the City. Troon will perform a detailed analysis of the existing

programs in place and, together with the on-site Golf Course Superintendent, create a specific maintenance program for the Golf Resort as part of the Annual Plan. Troon's goals for Golf Course maintenance, as outlined in the maintenance manual will be:

(i) Optimize the finest year round agronomic conditions and achieve such conditions at the lowest possible cost.

(ii) Maximize Troon's national account buying power to save on Equipment and Supplies, including golf carts used in the operation of the Golf Resort.

(iii) Maximize playability while featuring the design strategy.

(iv) Maximize presentation of the Golf Course in keeping with the overall theme of the Golf Resort.

(b) Troon will provide First-Class golf shop operations, including, but not limited to:

(i) Effective tee sheet management utilizing its experience combined with modern point of sale systems, internet support and reservation systems. Subject to technological availability, assist with the development of an extended tee time reservation system at all City Hotels allowing full integration between such hotels and the Golf Resort.

(ii) Focus staff priority on making the overall experience at the Golf Resort exceptional and memorable for all customers and to properly identify opportunities to sell services and products to such customers.

(c) Troon will implement a premier outside services program which recognizes that the front-line employees will usually have the most interaction with the customer. Troon will build upon the existing theme presented by the staff.

(d) Troon will provide a premier and comprehensive employee training program for all employees at the Golf Resort embodying the Troon Golf Quality Standards philosophy. This training program shall provide all staff with such on-going and additional training as is necessary to maintain the level of quality set forth in the Troon Golf Quality Standards and the Annual Plan.

(e) Troon will provide First-Class and effective golf shop merchandising programs including:

(i) Coordinating the quality and volume controls of the Golf Shop Inventory.

(ii) Pursuant to Section 3.11, taking advantage of Troon's national accounts with Troon vendors. Merchandise and inventory buyers at the Golf Resort will not be restricted to using Troon's national accounts exclusively.

(iii) Pursuing regional and national awards and recognition for the Golf Resort, including awards specific to the golf shop.

(iv) Implementing carefully monitored plans that maximize gross profit and optimize Golf Shop Inventory levels.

3.3 Marketing.

Troon shall work closely with the City Manager or his/her designee to implement the following marketing and brand management program, which shall be approved by the City Manager or his/her designee (the "**Marketing and Brand Management Program**"). The Marketing and Brand Management Program shall require approval of the City Manager or his/her Designee.

(a) Troon will assist with the preparation of a progressive and specially tailored marketing campaign maximizing all promotional opportunities, including utilization of marketing strategies used at other Affiliated Facilities.

(b) Troon will develop a comprehensive sales and marketing plan to effectively promote and increase the awareness and use of the Golf Resort. The sales and marketing plan will address group outings, special events, promoting use of the Golf Resort by City residents, marketing to the City Hotels and their guests, and increasing the profile of the Golf Resort locally and nationally through effective public relations and advertising programs.

(i) Troon will develop and maintain close working relationships with the City Hotels, promoting mutual marketing, sales and guest service, Troon will promote open and productive lines of communication with each City Hotel's General Manager, Director of Sales, and all City Hotels' sales support staff.

(ii) Troon's sales and marketing staff will routinely meet with City Hotels' staff to discuss marketing and sales, stay and play packages, and to develop new ideas and strategies.

(c) Troon will retain a sales and marketing director to support the Golf Resort. The sales and marketing director will oversee sales associates and will assign tasks to appropriate members of the existing golf operations staff. If needed to ensure a viable sales and marketing plan, Troon will recruit and hire additional sales staff as authorized in the Annual Plan.

(d) Troon will review existing advertising programs and develop an effective strategy for future advertising programs. With its national buying power, Troon will take advantage of frequency discounts with major magazines and other advertising venues.

(e) Troon will coordinate the preparation of creative advertisement concepts, whether for print, radio, direct mail, internet, etc., working when necessary with a designated graphic artist or ad firm agreed upon by the City and Troon.

(f) Troon will coordinate all public relations endeavors working with the on-site staff and a designated PR firm when necessary. Troon will provide its expertise in developing well-written and well-timed press releases, make available its regional and national media lists, and will supervise the coordination of this process.

(g) In cooperation with the City, Troon will be responsible for the development of all necessary marketing collateral pieces such as brochures, promotional fliers, scorecards, yardage books, etc. Troon will work with a designated graphic artist or ad firm in the development of these materials.

(h) Troon will coordinate all website, internet or e-mail marketing efforts. Troon will examine the effectiveness and cost of existing programs and make recommendations for ongoing improvements.

(i) Troon will make recommendations for competitive events which would bring exposure and prestige to the Golf Resort at a reasonable cost. Troon will also consider TV events or other innovative promotional concepts which may achieve the same goals.

(j) Troon will review and make recommendations for resident involvement programs and socials, community related affiliations, charity involvement, support of local golf programs, junior golf promotions and other public relations considerations.

(k) Troon will prepare customized programs for the local residents of City, which programs may include privileges or preferences for residents which are reasonably requested by City, and solicit corporate group outings of all sizes.

(l) Troon shall work with City to develop a loyalty program (e.g. similar to the Troon Advantage program) whereby eligible customers of the Golf Resort may receive certain privileges at other participating Affiliated Facilities, subject to terms and conditions reasonably acceptable to Troon.

(m) Troon will extensively network with area resorts, travel agencies, airlines, golf holiday packages, golf wholesalers and other assorted promotional agencies generating interest and awareness for the Golf Resort.

As part of the Marketing and Brand Management Program, Troon shall provide cooperative sales and marketing services (the "**Cooperative Sales and Marketing Services**") to the Golf Resort which shall include:

(i) system-wide sales and marketing activities for the Golf Resort and all golf facilities managed by Troon and its Affiliates, including national and international advertising, group sales promotion, public relations and direct selling efforts for the benefit of the Golf Resort and the collective business development at all golf facilities managed by Troon;

(ii) participation in the Troon central reservation system which provides a regional, national and international toll-free system for inquiries regarding customer

bookings and for making, changing and canceling reservations at the Golf Resort and/or Affiliated Facilities;

(iii) representation at golf industry sales and trade shows;

(iv) inclusion on, and a hyperlink from, the Troon world wide web site to the Golf Resort world wide web site; and

(v) such other additional sales and marketing services as Troon may determine may benefit the Golf Resort and the Affiliated Facilities or develop and promote further the Golf Resort or the Troon brand.

The Golf Resort shall pay, as a Golf Resort Expense, a reasonable monthly assessment in exchange for Troon's provision, and/or arranging for the provision, of the Cooperative Sales and Marketing Services. City shall pay the first (1st) assessment on the date of this Agreement (pro-rated for any partial month), and thereafter on the first (1st) day of each calendar month during the Term. The amount of the assessment shall be included in the Annual Plan. City acknowledges that the Golf Resort shall also be responsible to pay, in addition to the amount of the assessment, any third party charges or costs associated with the Cooperative Sales and Marketing Services, which shall be provided without mark-up or profit by Troon and shall be a Golf Resort Expense.

3.4 Annual Plan

(a) On or before April 15 of each Operational Year, Troon shall prepare and submit to the City for its prior written approval a proposed budget for the Golf Resort for the next Operational Year, such proposed budget, as approved by the City in accordance with the terms of this Agreement, referred to hereafter as the "**Annual Plan**". The Annual Plan shall include an operating budget containing estimates of all Gross Revenues and Golf Resort Expenses for the next Operational Year, including detailed expenditures for **(i)** property operation and maintenance, **(ii)** annual tree trimming and over seeding plan, **(iii)** repairs, replacements, and alterations which do not constitute Capital Improvements, **(iv)** Equipment and Supplies, **(v)** the Marketing and Brand Management Program and the Cooperative Sales and Marketing Services, and **(vi)** a capital improvement program for the next Operational Year. The Annual Plan shall also include the Golf Course maintenance plan and the marketing and business plan for the Golf Resort for the next Operational Year.

(b) The City shall discuss the Annual Plan at one or more public meetings. The City shall adopt the Annual Plan prior to July 1 of each year. In the event the Annual Plan are not adopted by July 1, pending its adoption, Troon shall continue to manage and operate the Golf Resort in accordance with the standards set forth in this Agreement, at a level of expenditures comparable to those contained in the Annual Plan for the preceding Operational Year, until the City Council adopts an Annual Plan.

(c) Troon shall comply, to the extent reasonably and commercially practical, with the applicable Annual Plan. Without the prior written consent of the City, the actual

amount expended by Troon for Golf Resort Expenses shall not exceed the amount set forth in the Annual Plan. Transfers of budgeted line item expenditures shall be approved by the City's Finance Director. Notwithstanding the above, Troon shall be permitted to make additional expenditures not authorized under the then applicable Annual Plan to the extent necessary to respond to an emergency situation which threatens public health and safety or an imminent threat of substantial damage to the Golf Resort. In the event of an emergency which does not threaten public health and safety or an imminent threat to the Golf Resort, but which materially impairs the ability of Troon to operate the Golf Resort in a normal manner or is necessary to comply with any applicable insurance requirements, Troon shall submit an emergency funding request to the City's Finance Director or his or her designee and the City's Finance Director shall take prompt action to respond to such request.

(d) The parties acknowledge and agree that all capital improvement projects are in the City's sole control and discretion, and all costs and expenses of capital improvement projects shall be paid from the City funds, and not considered Golf Resort Expenses.

(e) The City Finance Director and Troon shall meet quarterly to discuss the operating and financial performance of the Golf Resort, and in connection therewith, any amendments or modifications to the Annual Plan to take into consideration variables, circumstances, or events that did not exist, or could not be anticipated by Troon or the City at the time the then current Annual Plan was approved. Any material amendments or revisions to the Annual Plan shall be approved by the City Council.

3.5 Human Resources.

(a) Troon will coordinate all human resource issues, legal issues and matters regarding Golf Resort employees, and offer its advice on improvements and direction.

(b) Troon shall employ all Golf Resort employees, the number of which shall be no more than reasonably necessary to efficiently operate the Golf Resort as contemplated in the Annual Plan. Troon shall recruit, hire, train, discharge, promote and supervise the Executive Employees, and through the Executive Employees, supervise the recruiting, hiring, training, discharge, promotion and work of all other employees of the Golf Resort. The Compensation to be paid all Golf Resort employees, including the management staff working at the Golf Resort, shall be a Golf Resort Expense to be paid as provided in Section 8.2 hereof. Subject to reimbursement as a Golf Resort Expense, Troon shall be solely responsible for the payment of all payroll taxes and the required withholding of taxes for Golf Resort employees, provided, however, that any failure to pay such taxes or withholding and any related fines and penalties shall be paid by Troon without reimbursement from City unless the failure to pay was the result of the failure by City to provide funds as required pursuant to Article VIII. Troon shall provide City with a schedule of the cost of having Golf Resort employees participate in the benefits offered by Troon to employees of Affiliated Facilities, which the City shall approve in its sole discretion. With respect to those benefits approved by City, Troon shall make available such benefits to eligible employees of the Golf Resort, and the allocable share of such employee benefits accruing while working at the Golf Resort shall be a Golf Resort Expense. .

(c) The General Manager of the Golf Resort shall be responsible for the day-to-day management and operation of the Golf Resort. The Golf Course Superintendent shall be a current Class A member of the Golf Course Superintendents Association, and the Director of Golf shall be a current Class A member of the Professional Golf Association or the Ladies Professional Golf Association. Troon shall not change the General Manager, Golf Course Superintendent, or Director of Golf without the City's prior written consent; provided, however, such consent shall not be necessary if **(i)** such employee voluntarily terminates his/her employment, or **(ii)** Troon terminates such employee for violations of law, fraud or acts involving moral turpitude; and provided further, that Troon promptly thereafter provides written notice to City stating the reasons therefore. City shall have the right to approve in advance any individual Troon intends to hire for these positions, which approval shall not be unreasonably withheld.

3.6 Management Services Generally.

(a) In performing the services set forth in Sections 3.1 to 3.5 above, Troon shall oversee and implement every aspect of the day-to-day management of the Golf Resort and, in connection therewith, will:

(i) Comply with all Legal Requirements, all governmental and other land use requirements, approvals and agreements affecting the Golf Resort, any tee time reservation policy established by the City, and any applicable regulatory agreements, declarations of covenants, conditions and restrictions, agreements with the community, and similar documents (including but not limited to the Easement Agreement). Notwithstanding the foregoing, City shall provide Troon with a copy of any and all applicable documents related to regulatory agreements, community agreements and/or recorded covenants applicable to the operation of the Golf Resort.

(ii) In consultation with the City's Finance Director, Troon will coordinate the accounting and financial reporting functions of the Golf Resort. Troon will create a detailed cost analysis for each department which will be reflected in the Annual Plan.

(iii) Supervise all sales, marketing, advertising, promotion and publicity developed by or on behalf of City relating to the Golf Resort. Such promotion shall include providing complimentary golf privileges to those individuals deemed appropriate by City in connection with the marketing and promotion of the Golf Resort.

(iv) Maintain in full force and effect all Operating Contracts (other than such Operating Contracts as may be replaced by a new Operating Contract) necessary or appropriate for the ongoing management, maintenance and operation of the Golf Resort in accordance with this Agreement.

(v) Coordinate all sales, marketing and promotional efforts with the City Hotels including an expansion of the existing business with the hotel guests at the Golf Resort.

(vi) Institute incentive and bonus programs for all Golf Resort employees as approved by the City and as adopted as part of the Annual Plan by the City. Any bonus and incentive programs will be established annually as a part of the Annual Plan based upon goals set by the City. Payment of any and all bonus or incentives requires written approval of the City.

(vii) Develop and provide employee job descriptions, and operational and procedural manuals.

(viii) Subject to prior written approval of City, establish fee schedules for the Golf Courses and related services.

(ix) Supervise the management of play on the Golf Courses and the operation of the golf shop, bag room, locker rooms, driving range and golf carts.

(x) Diligently pursue the collection of all sums due and owing to City from all purchasers of goods and/or services relating to the Golf Resort. Subject to technological availability, develop point of sale charging system integrated with all City Hotels which allows hotel guests to charge for services and merchandise at the Golf Resort.

(xi) Subject to the Annual Plan, pay when due, all Golf Resort Expenses.

(xii) Coordinate golf activities and programs with community groups and outside agencies, and generally, represent the Golf Resort within and without the community as necessary to ensure maximum use and play.

(xiii) Maintain in full force and effect, as a Golf Resort Expense, all permits, licenses, franchises, authorizations, approvals, consents and variances, whether regulatory, governmental, quasi-governmental or otherwise, designated by City or necessary or appropriate for the Golf Resort. All such permits, licenses, franchises, authorizations, approvals, consents and variances shall be the sole and exclusive property of the City.

(xiv) Immediately advise City of any discovery by Troon of any hazardous waste in, on or about the Golf Resort and, promptly following such discovery, jointly determine with City the actions which should be taken to ensure that the presence of such hazardous waste in, on or about the Golf Resort will not constitute a violation of any Legal Requirement, and upon approval by City of any action recommended by Troon promptly take, or cause to be taken, such actions.

(xv) Comply with all federal, state and local laws and regulations pertaining to the storage, use and disposal of "hazardous or toxic wastes, substances, or materials" as defined by applicable law.

(xvi) Immediately advise the City of any discovery by Troon of any condition or event which may have a material adverse affect upon the Golf Resort or its operations.

(xvii) Make recommendations to the City from time to time concerning improvements and modifications to the Golf Resort.

3.7 Meetings.

(a) Troon shall be available to meet with the City Manager or the City Representative either personally or by telephone conference call on an as frequent as needed basis to assure the successful performance of Troon's duties hereunder, and of the operations of the Golf Resort. The parties shall meet not less than quarterly for a formal review of the Golf Resort operations. Both parties will be available for telephonic meetings upon reasonable notice to the other.

(b) The General Manager of the Golf Resort and other Golf Resort and City employees, as determined by the City Manager, shall make himself/herself available to meet quarterly with the directors of sales and golf of participating hotels in Indian Wells. The purpose of the quarterly meetings shall be to discuss guest services and operational issues relating to the Golf Resort and the hotels.

3.8 Golf Shop Inventory. For the purpose of merchandise sales in the golf shop, Troon agrees to keep Golf Shop Inventory on hand at an amount contemplated in the Annual Plan. This inventory amount will be exclusive of any gifts or prizes ordered for specific groups or tournaments.

3.9 Specific Operating Procedures. In addition to the more general responsibilities of Troon as manager and operator of the Golf Resort as provided in this Article III, Troon shall operate and manage the Golf Resort in accordance with the following specific operating procedures:

(a) Golf Resort Hours of Operation. The Golf Resort shall be operated on a daily basis all year and shall not be closed on holidays. Notwithstanding the foregoing, with the consent of City, the Golf Resort may be closed to play by the general public for special events such as the "skins game". The Golf Courses and driving range shall be kept fully open from dawn to dusk to adequately serve the public utilizing the Golf Resort, except for instances in which normal maintenance requires temporary closure. After prior notice to the City and the general managers of the City Hotels, one Golf Course and the driving range may be closed at the same time for winter over seeding and the second Golf Course may be closed for winter over seeding after the first Golf Course has reopened.

(b) Fees and Charges. The City shall approve in writing all fees and charges for use of the Golf Courses, golf carts, bag storage, club rental and driving range, pursuant to Section 28.4 of the Easement Agreement. Such fees and charges shall be comparative and competitive with other First-Class golf resorts in the Coachella Valley. All other fees, charges,

and prices for services at the Golf Resort shall be set by Troon and shall be comparative and competitive with other First Class golf resorts in the Coachella Valley.

(c) Reservation of Golf Rounds. Troon shall comply with Sections 28.1, 28.2 and 28.3 of the Easement Agreement regarding the reservation of golf tee times.

(d) Dress Code. With the approval of City, Troon shall adopt and enforce a dress code for play and for the food and beverage venues which is consistent with other First Class golf facilities and resorts. This dress code shall apply to all visitors, golfers, and employees.

(e) Club Policy. Troon shall not allow the formation of formal men's or women's clubs or any other type of club membership in conjunction with the Golf Resort without the consent of City.

(f) Handicap Service. During the Term, City may desire to implement at the Golf Resort a United States Golf Association golf handicap service to both men and women resident golfers who patronize the Golf Resort. Upon the request of the City, Troon shall make the necessary arrangements to implement such handicap system. The fee charged to golfers by Troon for such handicap service shall be an annual fee and shall not exceed two (2) times the fee charged to the Golf Resort by the Southern California Golf Association or the United States Golf Association, as the case may be, for providing the handicap service. If the golf handicap service is implemented at the Golf Resort, Troon shall not collect annual fees for the handicap service for any annual period that commences after the expiration of the Term. The handicap service shall not include as part of its benefits any privileges to use the Golf Courses, other than the privileges otherwise available to the public.

(g) Starter Service and Marshals. Starter services shall be provided in the golf shop and shall include the assignment of tee times and carts and the collection of fees. While the Golf Courses are open for play, marshals shall closely monitor and control the speed of play and assist the slower golfers in order to maintain golf play at acceptable levels.

(h) Valet Parking and Golf Club Pick-Up. Premier valet parking services shall be provided at the Golf Resort year round. Valet services will exemplify the Troon Golf Quality Standards experience and Troon shall train and review all valet staff to ensure that Troon Golf Quality Standards are continually provided to all patrons and customers of the Golf Resort. Pick-up and delivery of golf clubs and bags to and from the clubhouse entrance (or to and from the golfer's car when valet parking is available) shall be provided at all times. There shall be no charge to the Golf Resort customers for valet parking services or golf club pick-up and delivery. Appropriate Golf Resort employees may accept gratuities from customers for such services.

(i) Club Cleaning. Golf club cleaning services shall be provided to golfers prior to and immediately upon their completion of golf play. There shall be no charge to the golfers for golf club cleaning services. Appropriate Golf Resort employees may accept gratuities from customers for such services.

(j) Tee Times. The tee times for each Golf Course shall be as determined by the City from time to time. "Starter" tee times shall not be reserved, and the starter shall not work in groups if it will result in not remaining "on schedule" throughout the day.

(k) Fivesome Play. No more than two (2) fivesomes per hour on each Golf Course shall be allowed. The play of all fivesomes shall be closely monitored, and the Golf Course marshals shall enforce playing time requirements to maintain a standard playing pace of not more than 2 hours and 15 minutes per nine (9) holes.

(l) Tournaments. Consecutive tee times, shotgun starting formats, and modified shotgun starting formats shall be acceptable forms of reservations for tournaments. During the appropriate seasons and provided the weather conditions permit such an arrangement, when a full shotgun (use of all 18 holes) starting procedure is used, it shall be timed in such manner so as to potentially accommodate two (2) full shotguns per day - one in the morning and one in the afternoon. In order to schedule a full shotgun tournament, a minimum of 100 green fees and cart fees must be reserved. In preparation for a tournament, Troon shall, if necessary, prepare tee settings, spectator areas, and tents for judges and players and shall mark hazards and damaged turf areas. Troon shall provide player identification cards for golf carts, and if necessary provide "closest to the pin" and "longest drive" markers and scoring forms. If requested, Troon shall arrange for food and beverage services including box lunches and beverage carts. Troon may charge a separate fee (but shall not make this fee mandatory as part of the tournament package) if the tournament group wants any of the following services: bag handling, merchandise, food and beverage services, scoring, shuttle service between hotels and the Golf Resort, videotaping, portraits, shoe cleaning services, or club cleaning services.

(m) Golf Shop. The golf shop shall be open from dawn to dusk every day that the Golf Courses are open for play. Troon shall employ a qualified merchandise manager for the golf shop, who will be responsible for promoting and increasing sales at the golf shop. Troon shall also employ merchandise sales personnel to work in the golf shop between 7:30 a.m. and 5:00 p.m., or such later hour as agreed upon by the City Manager and the General Manager of the Golf Resort, each day that the Golf Courses are open for play. Space shall be provided in the golf shop for merchandise that the City may develop as part of its marketing and public relations programs, including such items as T-shirts, polo shirts, sun visors, license plate frames, coffee cups, and golf balls.

(n) Golf Instruction. Troon shall either employ or retain as independent contractors, golf instructors to provide golf lessons and golf instruction at the Golf Resort. All golf instructors must be certified Professional Golf Association or Ladies Professional Golf Association golf professionals or apprentices, and shall be approved by the Director of Golf at the Golf Resort. All golf instruction fees shall be handled as a cash register transaction and reported in the same manner as green fees. Troon shall develop a golf instructional program that will offer individual and group lessons, video instruction, golf clinics, junior golf clinics, and golf schools. This golf instructional program shall be used to complement golf package promotions offered by local hotels. A golf professional shall only be allowed to conduct golf lessons at the Golf Resort if he or she has first obtained the approval to do so by Troon; such

approval may be conditioned on payment of an appropriate fee.

(o) Golf Driving Range. The driving range shall be open from dawn to dusk every day that the Golf Courses are open for play. Driving range balls shall be of the highest quality, and all cracked and worn range balls shall be removed daily. A driving range fee, if any, shall be charged as set by the City in the Annual Plan.

(p) Golf Club Rentals and Bag Storage. Quality rental golf clubs and bags shall be available for customers of the Golf Resort. Storage space for golf bags shall be made available, and bag tags shall be placed on all golf bags stored at the Golf Resort with the name of the hotel guest printed on the bag tag. The fee for golf bag storage shall be set by the City.

(q) Golf Carts. Golf cart rentals shall be required for all golfers on the Golf Courses. Troon shall not permit the use of private golf carts on the Golf Courses. A minimum of 160 electrically powered golf carts shall be maintained at the Golf Resort. Golf carts shall be new when acquired and shall be manufactured by a reputable firm. The entire golf cart fleet shall be replaced with new units at least every five (5) years. All golf carts shall be 4-wheel vehicles, and shall be equipped with canopies, windshields, coolers and sand containers and holders. Troon shall employ a full time on-site cart mechanic who is qualified to repair and maintain the golf carts.

(r) Sale of Alcoholic Beverages. The City and Troon acknowledge that the sale of all food and beverage, including alcoholic beverages, at the Golf Resort, and all revenues, expenses and income related thereto, shall be subject to the terms of the Restaurant Lease Agreement and any agreements entered into between City and Troon in connection therewith.

(s) Office Operations. Troon shall employ an administrative staff at the Golf Resort. The Golf Resort shall be equipped with all necessary equipment to allow for the efficient administration of the Golf Resort business. The General Manager of the Golf Resort shall represent the Golf Resort as a member of the Indian Wells Golf Committee. Upon the City's written request, Troon shall provide the City with a written job description for each management position at the Golf Resort. The City shall keep these job descriptions in strict confidence, subject to applicable public records disclosure laws. Troon shall maintain at the Golf Resort or its corporate office (e.g. human resource and personnel records) copies of all Troon corporate policies and procedures, as such may be changed from time to time.

(t) Safety and Security. The Golf Resort shall comply with all safety regulations of federal, state and local governmental agencies, including without limitation any requirements imposed by California Labor Code Section 1720 et. seq. and 6300 et. seq. and regulations promulgated with respect thereto, and applicable federal occupational, health, and safety laws and regulations. Troon shall take all reasonable actions to protect the safety of all Golf Resort employees and customers. The Golf Resort shall contain appropriate security systems, including video monitoring of cash operations, security alarm systems, motion detection sensors for after hours control, and locks for the maintenance yard and perimeter gates. The alarm system at the Golf Resort shall be tied into an offsite monitoring station. Troon shall keep

for seven (7) days computer back-up tapes for all accounts payable and accounts receivable information. All records at the Golf Resort shall be kept in fireproof files.

(u) Customer Forms. Forms shall be visible and readily available to customers of the Golf Resort to present their comments or complaints regarding the Golf Resort. Completed forms shall be made available to the City upon request.

(v) Troon Golf Quality Standards Training Program. Prior to the commencement of each golf season at the Golf Resort, which is anticipated to commence on or about November 1st of each Operational Year during the Term, Troon shall implement a Troon Golf Quality Standards training program for all employees of Troon who come into contact with guests at the Golf Resort. Additionally, Troon shall train and review on an ongoing and continual basis all valet staff to ensure that the Troon Golf Quality Standards experience is provided to all patrons and customers of the Golf Resort. Troon shall also make its employees available to attend the City's Exceptional Service Training Program as directed by the City.

(w) Whitewater River. Troon shall maintain the landscaping within the Whitewater River area between Eldorado Drive and Fred Waring Drive. Troon shall provide the City an annual budget in connection therewith. Based upon the annual agreed upon budget, the Golf Resort shall invoice the City monthly for the cost to maintain the landscaping.

3.10 Centralized Services and Costs.

(a) Troon shall cause to be furnished to the Golf Resort certain services ("**Centralized Services**") which are furnished generally on a central or regional basis to other Affiliated Facilities. Centralized Services shall include the following categories of services:

(i) "Payroll Administration", which includes processing of bi-weekly payroll, including check printing and distribution; remittance of state and federal taxes, administration and processing of garnishments, issuance of W-2's, and other procedures related to the maintenance of payroll records;

(ii) "Employee and Benefits Administration", which includes administration of employee benefits, such as medical and flexible spending programs, monitoring of vacation and sick leave balances, COBRA notification, new hire paperwork, maintenance of personnel records, FMLA leave, 401(k) audit fees, and termination issues;

(iii) "Human Resources Compliance", which includes the provision of Troon's standardized materials for conducting compliance training (e.g. standards implementation, safety (including OSHA compliance), and harassment prevention), recruitment, and administration of employee reward and recognition programs;

(iv) "Internal Audit", which includes periodic oversight, through Troon's centralized internal audit function, of the Golf Resort's operational and accounting control procedures;

(v) "Technology Oversight", which includes access to a computer application "help desk", access controls (user ID administration), systems design/engineering, systems management methodologies, management of enterprise applications, and enterprise connectivity, as well as assistance from a regional technology manager to coordinate the implementation of new and upgraded technologies, oversight of hardware/software procurement, establishment of strategic technology goals, and monitoring service satisfaction; and

(vi) "EPL/Fraud Insurance", which includes the cost of insurance for the Employers Practices Liability insurance and the Crime Coverage Policy.

Troon's provision of the Technology Oversight services described above does not contemplate Troon acting as the provider of installation or training services to the Golf Resort; rather, it involves Troon acting in an engineering, managerial, and planning capacity in support of the Golf Resort's information systems. Services supplied to or on behalf of the Golf Resort for technology or information systems support will be provided by a third party support vendor, under the supervision of Troon, and the costs for such services will be a Golf Resort Expense.

Troon may from time to time propose that additional central or regional services be furnished and included as part of Centralized Services for the benefit of the Affiliated Facilities or in substitution for services now performed at individual facilities which may be more efficiently performed on a group basis. Any modification to the foregoing list of Centralized Services shall be made by Troon in conjunction with the Annual Plan.

(b) Centralized Services costs and expenses shall consist of the actual cost of the services without mark-up or profit to Troon or any Affiliate of Troon, but shall include salary and employee benefit costs, cost of equipment used in performing such services, and overhead costs of the home office or any regional or other local office providing such services; provided, however, that costs attributed to corporate office accounting for Troon or any Affiliate of Troon shall not be included.

(c) Costs and expenses incurred in providing Centralized Services for Affiliated Facilities shall be allocated by Troon at all times on a fair and equitable basis, consistently applied among all Affiliated Facilities receiving such services, with such allocations to be adjusted to reflect the timing of the commencement or cessation of receipt of such services by any Affiliated Facility. As of the date hereof, Centralized Services are allocated to the Golf Resort in accordance with the following respective allocation methods:

(i) "Payroll Administration" costs shall be allocated among Affiliated Facilities on a per Affiliated Facility basis according to the number of employees (full-time or part-time) at each Affiliated Facility.

(ii) "Employee and Benefits Administration" costs shall be allocated among Affiliated Facilities on a per Affiliated Facility basis according to the number of employees (full- time or part-time) at each Affiliated Facility.

(iii) "Human Resources Compliance" costs shall be allocated among Affiliated Facilities on a per Affiliated Facility basis according to the number of 18-hole golf

courses at each Affiliated Facility.

(iv) "Internal Audit" costs shall be allocated among Affiliated Facilities on a per Affiliated Facility basis according to the number of 18-hole golf courses at each Affiliated Facility.

(v) "Technology Oversight" costs shall be allocated among Affiliated Facilities on a per Affiliated Facility basis according to the number of 18-hole golf courses at each Affiliated Facility.

(vi) "EPL/Fraud Insurance" costs shall be allocated among Affiliated Facilities, with respect to EPL Insurance, on a per Affiliated Facility basis according to the number of employees (full-time or part-time) at each Affiliated Facility, and with respect to Fraud Insurance, on a per Affiliated Facility basis according to the number of 18-hole golf courses at each Affiliated Facility.

Such allocation methodology may be amended in an equitable fashion from time to time by Troon.

(d) Costs of Centralized Services shall be payable monthly a Golf Resort Expenses and shall be included in the Annual Plan. City may at any reasonable time review the records of Troon pertaining to such charges. In addition, if equipment is installed and maintained at the Golf Resort in connection with the rendering of any Centralized Services, all costs thereof shall be charged to the operation of the Golf Resort either as a current expense or capitalized over a period of years..

3.11 Equipment and Supplies. Subject to the approval of expenditures in the Annual Plan, in carrying out its duties hereunder, Troon shall arrange, on City's behalf, for procurement as a Golf Resort Expense, of all Equipment and Supplies and other goods and services that Troon deems necessary for the normal and ordinary course of operation of the Golf Resort and to operate the Golf Resort in accordance with the Troon Golf Quality Standards. In arranging for the purchase of such goods and services, Troon may utilize its purchasing procurement and/or other group buying programs involving other Affiliated Facilities. In connection therewith, City shall be entitled to receive any and all price discounts or credits that are available under such programs for the specific item or service provided to the Golf Resort; provided that Troon may receive and retain a fee or other compensation from vendors and service providers that is not based on the price of the specific item or service but that is made available to Troon based on the aggregate purchases of such items or services during a specific time period for their services in making the benefit of volume purchases available to the Golf Resort or negotiating and implementing the arrangements with such vendors or service providers. In any and all events, the cost of any item and/or service purchased by the Golf Resort through such programs shall be competitive with that which would be charged by non-affiliated third party vendors in an arms-length transaction.

ARTICLE IV
Restricted Activities of Troon

Without the prior written consent of the City, which consent may be granted or withheld in the City's sole discretion, Troon shall not do, or cause or permit to be done, any of the following throughout the Term:

(a) Borrow or lend money in the name of the Golf Resort or the City.

(b) Except for the Operating Contracts which are approved by the City or the Annual Plan, enter into any agreement relating, directly or indirectly, to the Golf Resort.

(c) Assign, transfer, pledge, compromise or release any of the claims of or debts due the City, except upon payment in full, or, arbitrate or consent to the arbitration or settlement of any claim of or against the City or any other dispute or controversy involving the City.

(d) Make, execute or deliver in the name of the City, or with respect to any of the assets of the City or the Golf Resort, any assignment for the benefit of creditors or any bond, confession of judgment, chattel mortgage, security instrument, deed, guarantee, indemnity bond or surety bond.

(e) In the name of or on behalf of the City, endorse any note, or become a surety, guarantor, or accommodation party to any obligation.

(f) Violate any Legal Requirement or applicable rule, regulation or order of any local board of fire underwriters or similar body, subject to notification by City of local requirements as set forth in Section 3.6(a)(i).

(g) Commence or maintain in the name of or on behalf of the City any action or proceeding, whether judicial, administrative or otherwise.

(h) Make any deletion, addition, modification, improvement or other alteration to the Golf Resort other than as expressly authorized hereunder or as contemplated in the applicable Annual Plan.

(i) Expend any funds, except as expressly contemplated in the then current Annual Plan or this Agreement, or as otherwise agreed upon by the City.

(j) Make any amendments or alterations to, or fail to comply with, any reservation policy approved by the City.

(k) Use any trade names, trademarks, logos, emblems or similar identifying matters of the City or the Golf Resort except in connection with the operation and promotion of the Golf Resort.

(l) Hire anyone as a Golf Resort employee at Compensation in excess of that agreed to by the City in the then-current Annual Plan, unless approved in advance by the City prior to the hiring of such individual.

ARTICLE V
Employees

Troon shall use established procedures, techniques and programs to hire and evaluate qualified employees. Subject to the obligation of Troon to observe applicable laws regarding such matters, the Annual Plan, and the City's right (as set forth in this Agreement) to approve the hiring or termination of any Executive Employee, and other terms of this Agreement, Troon shall have the authority to hire, establish Compensation and benefits for, promote, discharge, and supervise all employees in accordance with guidelines and employment policies (which shall include, without limitation, policies regarding safety in the workplace, equal employment opportunities, and job discrimination) proposed by Troon and agreed to by the City. Troon acknowledges and agrees that the City approval of policies and procedures is intended to ensure Troon Golf Quality Standards and compliance with Troon's obligations pursuant to this Agreement and that Troon remains responsible for Golf Resort employees. As set forth with particularity elsewhere in this Agreement, including the Annual Plan, City shall be responsible for the payment of all costs and expenses incurred in connection with or relating to Golf Resort employees which are provided by Troon in accordance with the terms of this Agreement.

Troon shall be responsible for any employment related liability, fine, penalty or award (including the cost of defense and attorney fees) with respect to claims, demands, arbitration or litigation brought by an employee or employees of Troon at the Golf Resort resulting from violations by (a) Troon's corporate office, (b) an Executive Employees, and/or (c) Golf Resort supervisory staff, of federal, state or local laws, ordinances or regulations governing the employment or working conditions of the employees at the Golf Resort ("Damages"). Except for the proceeds of any insurance coverage described in Section 9.1, Troon shall not be entitled to any reimbursement by City for such Damages unless such Damages were (a) the result of a policy or procedure which was required in writing by the City, or (b) the result of working conditions at the Golf Resort which were identified in writing as non-compliant by Troon and City failed to provide the requisite funding to remedy such conditions after written notice to City.

ARTICLE VI
Term

6.1 Term. Subject to such earlier termination as set forth in Section 6.2, this Agreement shall terminate on May 31, 2012. This Agreement may extend for an additional term of three (3) years to and including May 31, 2015, subject to negotiation and approval by both parties.

6.2 Termination by City Upon the Occurrence of Certain Events.

The City may terminate this Agreement immediately and without additional notice and without any additional compensation owing to Troon hereunder, in the event that **(i)**

Troon has committed an Event of Default which has not been cured in accordance with the terms of Section 12.1 hereof, **(ii)** Troon engages in conduct which materially impacts adversely the reputation of the Golf Resort after written notice from the City specifying in detail the conduct of Troon in that regard, and an opportunity to cure, or **(iii)** Troon files a petition of any type in bankruptcy, is declared bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, or goes into liquidation or receivership.

6.3 Transition to New Management Company or Operator. Subsequent to Troon receiving written notification of the termination or expiration of this Agreement pursuant to Sections 6.1 and 6.2 above, Troon shall cooperate reasonably with the City in the transition of management responsibility to a new management company or operator. In connection therewith, Troon agrees to provide all requested documents and information in its possession relating to the Golf Resort (other than Troon's proprietary information), and shall provide reasonable training, assistance, and direction to the new management company or operator, and shall in good faith, endeavor to facilitate a smooth, seamless and efficient transition of management responsibility. Troon's failure to comply with this Section 6.3 shall be a material default under Section 6.2 (ii) of this Agreement.

ARTICLE VII
Management Fees

7.1 Annual Base Fee. The City shall pay to Troon a base fee (the "**Annual Base Fee**") equal to Two Hundred Sixty Thousand Dollars ($260,000) per full Operational Year (pro-rated for any partial Operational Year). The Annual Base Fee shall be paid in equal monthly installments of $21,667 each with such payments to be made in advance on the first (1st) day of each month during the Term, beginning on June 1, 2009. The Annual Base Fee shall be comprehensive of all of Troon's administrative expenses. Except as expressly set forth herein (e.g. Section 3.10 regarding Centralized Services), in the Annual Plan, or as otherwise approved by City, no administrative expenses or additional overhead or other direct or indirect costs of Troon shall be billed directly or indirectly to the Golf Resort.

7.2 Annual Incentive Fee. In addition to the Annual Base Fee, the City shall pay to Troon for each Operational Year during the Term an annual incentive fee (the "**Annual Incentive Fee**"); provided, however, in no event shall the Annual Incentive Fee exceed one hundred percent (100%) of the Annual Base Fee in any Operational Year. The Annual Incentive Fee shall be calculated separately for each Operational Year. The Annual Incentive Fee shall be calculated based upon three and one-half percent (3.5%) of the Gross Revenues generated at the Golf Resort above an agreed minimum revenue base for both Gross Golf Revenues as described in Section 1.1 of this Agreement (i.e. Gross Revenues related to the Golf Resort other than those derived from food and beverage sales) and Gross Food & Beverage Revenues (the "**Gross Revenue Minimum**"). The annual Gross Revenue Minimum for Gross Revenues pursuant to this Agreement (i.e. golf Gross Revenues) is $9,000,000. The annual Gross Revenue Minimum for Food & Beverage Revenues pursuant to this Agreement is $4,000,000. The Gross Revenue Minimum for both Gross Revenues and Food & Beverage Revenues shall not increase over the Term. The Annual Incentive Fee shall be calculated separately and independently respective to both Gross Revenues and Food & Beverage Revenues.

No Annual Incentive Fee will be payable in any Operational Year with respect to Gross Revenues if: **(i)** the net income (determined in accordance with GAAP and consistently applied) of the Golf Resort (i.e. excluding income from the Food & Beverage operations) is less than zero dollars ($0.00); **(ii)** payment of the Annual Incentive Fee results in net income of the Golf Resort (i.e. excluding the Food & Beverage operations) to be less than zero dollars ($0.00); or **(iii)** Troon is in material breach of its obligations to comply with and meet the Troon Golf Quality Standards after written notice and an opportunity to cure as provided in Section 6.2(ii) above. No Annual Incentive Fee will be payable in any Operational Year with respect to the Food & Beverage Revenues if: **(w)** the net income (determined in accordance with GAAP and consistently applied) from the Food & Beverage operations is less than zero dollars ($0.00); **(x)** payment of the Annual Incentive Fee results in net income from the Food & Beverage operations to be less than zero dollars ($0.00); **(y)** Troon is in material breach of its obligations to comply with and meet the Troon Golf Quality Standards after written notice and an opportunity to cure as provided in Section 6.2(ii) above; or **(z)** City exercises its right to terminate Troon as the provider of Food and Beverage operations pursuant to the terms of the Restaurant Lease Agreement. The parties acknowledge that Troon's ability to earn an Annual Incentive Fee with respect to either the Golf Resort operations or the Food & Beverage operations shall operate independently, such that failing to earn an Annual Incentive Fee with respect to one of such operations will not impact whether Troon earns an Annual Incentive Fee with respect to the other operation.

ARTICLE VIII
Accounts; Working Funds; Disbursement Of Funds; Records And Reports

8.1 Accounts.

(a) Troon shall establish a bank account for the Golf Resort at a banking institution or institutions reasonably approved by the City (which banking institution or institutions shall have branches located in close proximity to the Golf Resort), such account to be in Troon's name (the "**Operating Account**"). Troon will deposit in the Operating Account all monies received from the operation of the Golf Resort and all monies furnished by the City as working funds under this Agreement. The funds in the Operating Account shall be disbursed by Troon for the purposes set forth in Subsections 8.2, 8.4 and 8.5 below. Notwithstanding the provisions of the foregoing sentence, Troon shall be entitled to maintain funds in reasonable amounts in "cash register banks" or in petty cash funds at the Golf Resort.

(b) In addition to the Operating Account, a payroll account shall be established by Troon which shall be under the sole ownership and control of Troon or its designee. Amounts disbursed or to be disbursed by Troon from its payroll account shall be paid to, and transferred by, Troon from the Operating Account. Such payment and transfer of funds may occur at such time (whether prior or subsequent to the release by Troon of checks drawn on its payroll account) as Troon determines is necessary to assure that it will have sufficient funds from Gross Revenues to satisfy its liabilities to the employees of the Golf Resort. Notwithstanding the foregoing, as continuing security for City's obligation to pay the payroll and related costs for the Golf Resort employees, City shall, on or before June 1, 2009, deposit into Troon's account, and

thereafter maintain throughout the Term, an amount equal to at least one (1) bi-weekly payroll period's total payroll and payroll-related costs (calculated based upon the average annual bi-weekly payroll and payroll-related costs, as determined using the then current Annual Plan, which amount shall be adjusted in January of each Operational Year based upon such Operational Year's Annual Plan). City agrees to replenish any deficiency in such funds within ten (10) calendar days following Troon's request therefor.

8.2 Working Capital Funds and Working Capital Shortfalls. City agrees to provide all funds as shall be necessary to pay for all Golf Resort Expenses relating to the Golf Resort, and to perform and satisfy City's covenants and responsibilities under this Agreement. The performance of all activities by Troon hereunder shall be for, and on the account of, City. As approved in the Annual Plan or as otherwise provided in accordance with the terms of this Agreement, Troon shall be entitled to be reimbursed for all costs and expenses incurred by Troon as a result of Troon's performance under this Agreement. Within five (5) days after Troon's request, the City shall provide funds to be deposited in the Operating Account sufficient at all times to assure the uninterrupted and efficient operation of the Golf Resort. The intent of this provision is to insure that any shortfall is made up, if necessary, on a month-by-month basis after review and projection of an individual month's operating results. If Troon is unable to perform any of its obligations under this Agreement because of the failure on the part of City to provide the funds in accordance with this Article VIII, such failure of performance on the part of Troon shall not be deemed a default on the part of Troon and shall not give rise to any right to termination, damages or any other remedy against Troon.

8.3 Disbursements. From the Operating Account (or, if appropriate from "cash register banks" or petty cash funds available at the Golf Course), Troon is authorized to pay the following:

(i) the Management Fee; and

(ii) all Golf Resort Expenses when incurred.

All payments made by Troon hereunder shall be made from the Operating Account and petty cash funds. Troon shall not be required to make any advance or payment to or for the account of City or the Golf Resort except out of such funds, and Troon shall not be obligated to incur any liability or obligation for City's or the Golf Resort's account without assurances that City shall provide all necessary funds for the discharge thereof.

8.4 Net Income to City. If after payment of the Management Fee and all Golf Resort Expenses, and provided there are sufficient funds available in the Operating Account to satisfy the daily working capital needs of the Golf Resort, then any excess funds in the Operating Account shall be disbursed by Troon to the City. Troon shall maintain at all times, in its reasonable judgment, sufficient funds in the Operating Account to satisfy the daily working capital needs of the Golf Resort for the thirty (30) days following the disbursement. Upon the expiration or earlier termination of this Agreement, all funds remaining in the Operating Account after payment of the Golf Resort Expenses and the Management Fee shall be disbursed by Troon to the City.

8.5 Books and Records. Troon shall keep full and accurate books of account and

such other records as are necessary to reflect the results of the operation of the Golf Resort. For this purpose, Troon agrees it will make available to the City, or to the City Representative, all books and records in Troon's possession relating to the Golf Resort, including contract documents, invoices and construction records. All books and records for the Golf Resort shall be located either at the Golf Resort or at Troon's corporate office. All accounting records shall be maintained in accordance with generally accepted accounting principles and shall be maintained in an accrual format for each Operating Year. All such books, records, and reports shall be maintained separately from other facilities operated by Troon. Troon agrees to maintain reasonable and necessary accounting, operating, and administrative controls relating to the financial aspects of the Golf Resort, and such controls shall provide checks and balances designed to protect the Golf Resort, Troon, and the City. The cash registers used by Troon shall be approved by the City. Troon shall deliver to City all of the financial and accounting books and records of the Golf Resort upon the expiration or earlier termination of this Agreement, and the City shall have the right to inspect and audit such books and records during such period as provided in Section 8.7 below.

8.6 Reports to City. Troon shall deliver to the City the following financial statements, in a form reasonably acceptable to the City:

(a) Within twenty (20) days after the end of each calendar month, a profit and loss statement, balance sheet, cash flow statement, and budget variance report showing the results of operation of the Golf Resort for such month and for the Operational Year to date, which statement shall include sufficient detail to reflect all Gross Revenues and Golf Resort Expenses; specifically including:

(i) all revenues or other funds received, expenses and disbursements made, by relevant category of the Annual Plan and, in the case of unbudgeted revenues, receipts, expenses and disbursements, an itemized list;

(ii) a comparison of the amounts received and expended with the estimated receipts and expenses set forth in the Annual Plan, both for the preceding month and year-to-date;

(iii) a statement of all delinquent receivables and other charges for the use of the Golf Resort; and

(iv) include bank reconciliations.

(b) Within thirty (30) days after the end of each Operational Year, a profit and loss statement showing the result of operation of the Golf Resort for such Operational Year which statement shall include sufficient detail to reflect all Gross Revenues and Golf Resort Expenses, including Management Fee. If requested by the City, and at the sole expense of the City, these financial statements shall be certified by an independent certified public accountant acceptable to the City.

In addition to the foregoing, all Golf Resort department heads will prepare a monthly variance report for their respective departments as compared to the Annual Plan to be reviewed by the City and Troon. Troon shall hold weekly departmental staff meetings in order to closely monitor all Golf Resort Expenses.

8.7 Inspection. Upon seven (7) days' prior written notice to Troon, which notice shall set forth the date and time that the City desires to inspect the books and records, the City or its authorized agents, auditors, or representatives shall have the right during normal business hours to review, inspect, audit, and copy the books, records, deposit receipts, canceled checks, and other accounting and financial information maintained by Troon in connection with the operation of the Golf Resort. All such books and records shall be made available to the City at the Golf Resort, unless the City and Troon agree upon another location. The City, at its own expense, shall have the right to retain an independent accounting firm to audit the books and records of the Golf Resort on an annual basis. The inspection right of City under this Section 8.7 shall remain in effect for a period of one (1) year following the termination or expiration of this Agreement.

ARTICLE IX
Insurance

9.1 Insurance Requirements.

(a) Unless otherwise agreed in writing, the parties' obligations with respect to the procurement and maintenance of property, commercial general liability and other insurance coverage for the Golf Resort throughout the Term (or at such other times during the Term as shall be appropriate depending upon the type of insurance required to be procured), shall be as set forth in this Article IX.

(b) Except as set forth in Section 9.3, all insurance provided for under this Article IX shall be effected by policies issued by insurance companies that have sound financial strength and maintain a rating of A:VII in Am Best's Key rating guide, or equivalent. If agreed to in writing by City and Troon, such insurance may be carried under Troon's comprehensive country club insurance program covering the Golf Resort and other locations provided the policies within such program otherwise comply with all of the requirements set forth in this Article IX.

(c) Certificates of insurance shall be delivered to City or Troon, as applicable, on or before the date of this Agreement and all insurance policies shall be renewed (or replaced, as applicable) prior to their respective expiration dates.

(d) All applicable insurance policies described in this Article IX shall be written in the name of Troon or City, with the other named as an additional insured thereon (as its interests may appear), except for worker's compensation insurance and any other insurance with respect to which it is impractical or inappropriate to name City, or any other parties as a named insured or an additional insured.

(e) All property insurance policies shall be endorsed specifically to the effect that the proceeds of any building, contents or business interruption losses shall be made payable to City (except for the proceeds of any business interruption insurance which shall be payable to Troon as set forth herein). All such policies of insurance shall also be endorsed specifically to the effect that such policies shall not be canceled or materially changed without at least thirty (30) calendar days' prior written notice to City and Troon.

(f) So long as this Agreement remains effective, Troon and the City shall have no rights of subrogation and respectively waive **(i)** any right to enforce any remedy which the other now has or hereafter may have hereunder or otherwise under applicable law, and **(ii)** any benefit of, and any right to participate in, any security interest(s) the other may now or hereafter hold in relation to such remedies. Neither City nor Troon shall have any claim against the other with respect to the failure of any insurance carrier to provide the coverage or protection placed with such carrier as contemplated by this Agreement.

(g) Certificates of insurance shall be sent to City and/or Troon, as applicable, at the addresses shown in Section 15.3 below.

(h) City and Troon shall review all coverage limits and deductible amounts set forth in this Article IX from time to time for the purpose of determining the coverage limits and deductible amounts then appropriate for properties similar in type and construction to the Golf Resort and for the nature of the business being conducted.

9.2 Insurance to be Maintained by Troon on Behalf of Golf Resort. At all times during the Term, Troon shall procure and maintain, as a Golf Resort Expense, the following insurance coverages:

(a) Comprehensive or commercial general liability insurance written on an "occurrence" basis against claims for personal property (including bodily injury and death) and property damage, with a combined single limit for bodily injury and property damage of at least Two Million Dollars ($2,000,000) per occurrence;

(b) Fidelity bonds, with reasonable limits and deductibles approved by City, covering employees at the Golf Resort in job classifications normally bonded in the other Affiliated Facilities, or as otherwise required by law, and comprehensive crime insurance;

(c) Owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Troon and Troon's employees in connection with this Agreement with a combined single limit for bodily injury and property damage of at least One Million Dollars ($1,000,000) per occurrence;

(d) Employment practices liability coverage with a combined single limit of at least Two Million Dollars ($2,000,000.00) to cover any Golf Resort employees on Troon's payroll and the Troon Executive Employees;

(e) Workers' compensation and employer's liability insurance as may be required under applicable laws covering all of Troon and its Affiliates' employees employed at the Golf Resort;

(f) Umbrella or excess liability coverage with a limit of not less than Ten Million Dollars ($10,000,000.00), which limit is applicable only to the Golf Resort and not shared with other facilities managed by Troon;

(g) Intentionally omitted;

(h) Intentionally omitted;

(i) Pollution insurance policy (not limited to Herbicide and Pesticide coverage) with a limit of not less than One Million Dollars ($1,000,000) per single occurrence, including coverage for on-site and off-site clean up as well as third party coverage for on-site and off-site third party claims for bodily injury and property damage;

(j) As of the date of this Agreement, liquor liability insurance having coverage terms at least as broad as those found in standard ISO forms. Such policy shall have an aggregate limit of at least One Million Dollars ($1,000,000) per single occurrence and in the aggregate. Troon shall be entitled, from time to time, to designate such higher limits as it deems reasonably necessary (or as required under any loan and/or plan documents). In the event that Troon, or Troon's Affiliate, holds the liquor license for the Golf Resort, Troon shall be the named insured (and City shall be an additional insured) with respect to the foregoing insurance coverage; and

(k) Such other insurance in amounts as Troon and City, in their reasonable judgment, deem advisable for protection against claims, liabilities and losses arising out of or in connection with the operation of the Golf Resort.

9.3 Insurance to be Maintained by City for the Golf Resort.

(a) At all times during the Term, City shall procure and maintain "all-risk" property insurance for the full replacement value covering physical loss or damage to all buildings and improvements now existing or hereafter erected at the Golf Resort, which shall include extended coverage against such perils of fire, lightning, windstorm, collapse, and sprinkler leakage. Such policy shall also provide **(i)** comprehensive boiler and machinery coverage, including pressure vessels, air tanks, boilers, machinery pressure piping, heating, air conditioning, **(ii)** earthquake coverage, if applicable and available at commercially reasonable rates in the region where the Golf Resort is located, **(iii)** flood coverage in an amount not to exceed $1,000,000 if the Golf Resort is not in a special flood hazard zone, and, if the Golf Resort is in a special flood hazard zone, flood coverage in an amount available at commercially reasonable rates through the applicable governmental agency, and **(iv)** business interruption insurance providing coverage against the loss of Gross Revenues of the Golf Resort in an amount no less than $[TBD]. Such policy shall also cover all equipment, fixtures, motors, machinery, furnishings and furniture installed and owned or leased by City and used in connection with the Golf Resort or with the buildings and improvements upon or above the Site, including all

alterations, rebuilding, replacements and additions thereto (as hereinafter defined) at the option of City. If any insurer, or any governmental agency or authority having jurisdiction over the Golf Resort, shall at any time require that the foundations be insured in order to relieve the insured from the responsibility as a co-insurer or for any other purpose, the obligations with respect to insurance herein shall henceforth be increased to the extent so required.

(b) To the extent not excluded under the insurance described in Section 9.3(c), the City shall provide comprehensive or commercial general liability insurance against claims for personal property (including bodily injury and death) and property damage, provided, however, that such coverage shall be secondary to the insurance policy described in Section 9.2(a).

(c) City shall provide the insurance described in Section 9.3(a) pursuant to its self insured retention program administered by the California Joint Powers Insurance Authority ("**JPIA**"), a third party administrator that handles claims against the City. The City also maintains excess liability coverage for claims in excess of $5,000,000. City shall keep in full force and effect during the Term its existing self insured retention program or similar coverage with limits of insurance and coverages as required by this Section 9.3. City agrees to provide Troon, upon reasonably request, pertinent information regarding its coverage. For purposes of this Agreement: **(i)** Troon shall be included and/or treated as if it were an additional named insured under any self insurance program maintained by the City, or any excess liability coverage, and **(ii)** in connection with any self insurance program maintained by the City, the City shall be deemed to have undertaken all duties, liabilities and obligations which a reputable and recognized insurer would have had if insurance had been maintained instead of the self insurance program.

ARTICLE X
Damage or Destruction; Eminent Domain; Force Majeure Events

10.1 Damage or Destruction. Should the Golf Resort be destroyed or substantially damaged by fire, flood, acts of God, or other casualty, the City, by written notice to Troon given within sixty (60) days following the occurrence of such event, shall have the right to terminate this Agreement on the basis that the City does not choose to rebuild or restore the Golf Resort, and in such event neither party shall have any further obligation to the other party under this Agreement, except with respect to liabilities accruing, or based upon events occurring, prior to the effective date of such termination. For the purpose of this Section 10.1, the Golf Resort shall be deemed to have been substantially damaged if the estimated length of time required to restore the Golf Resort substantially to its condition and character just prior to the occurrence of such casualty shall be in excess of six (6) months, as indicated by an architect's certificate or other evidence reasonably satisfactory to Troon. If this Agreement is not terminated in the event of damage to the Golf Resort either because **(i)** the damage does not amount to substantial damage as described above, or **(ii)** notwithstanding destruction of or substantial damage to the Golf Resort, the City elects to restore the Golf Resort, then the City shall proceed, at the City's own expense, with all due diligence to commence and complete restoration of the Golf Resort to its condition and character just prior to the occurrence of such casualty. If as a result of any damage or destruction to the Golf Resort as provided in this Section 10.1, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good

faith appropriate modifications to this Agreement including the Management Fees.

10.2 Eminent Domain. If all of the Golf Resort (or such a substantial portion of the Golf Resort so to make it unfeasible, in the reasonable opinion of the City, to restore and continue to operate the remaining portion of the Golf Resort for the purposes contemplated in this Agreement) shall be taken through the exercise (or by agreement in lieu of the exercise) of the power of eminent domain, then upon the date that the City shall be required to surrender possession of the Golf Resort or of that substantial portion of the Golf Resort, this Agreement shall terminate and neither party shall have any further obligation to the other party under this Agreement except with respect to liabilities accruing, or based upon events occurring, prior to the effective date of such termination. If such taking of a portion of the Golf Resort shall not make it unfeasible, in the reasonable opinion of the City, to restore and continue to operate the remaining portion of the Golf Resort for the purposes contemplated in this Agreement, then this Agreement shall not terminate, and the City shall proceed, at the City's own expense, with all due diligence to alter or modify the Golf Resort so as to render it a complete architectural unit which can be operated as a golf resort of substantially the same type and character as before. If as a result of any alteration or modification of the Golf Resort as provided in this Section 10.2, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Management Fees.

10.3 Force Majeure Events. As used in this Agreement, the term "**Force Majeure Event**" means declared or undeclared war, acts of terrorism, sabotage, riot or acts of civil disobedience, acts or omissions of governmental agencies, accidents, fires, explosions, floods, earthquakes, or other acts of God, strikes, labor disputes, shortages of materials, or any other event not within the control of Troon and not caused by the gross negligence or intentional wrongful conduct of Troon. For purposes of this Agreement, any disruption to the operation of the Golf Resort caused by a capital improvement project shall also constitute a Force Majeure Event. If as a result of the occurrence of a Force Majeure Event, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Management Fees.

ARTICLE XI
Indemnification

11.1 Troon's Indemnity. Troon agrees to indemnify and hold harmless the City and its officials, officers, employees, agents and volunteers from and against any and all claims, demands, actions, lawsuits, proceedings, damages liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses;

(a) which result from any act or omission constituting active or passive negligence (including acts or omissions that do not meet industry standards), gross negligence, fraud or willful misconduct by an Executive Employee, employment claims arising out of the improper acts or omissions of an Executive Employee, or the failure of an Executive Employee to properly supervise the Golf Resort employees or properly administer employment practices in accordance with the Golf Resort employment manual approved by the City; or

(b) which result from any action taken by Troon or an Executive Employee relating to the Golf Resort **(i)** that is expressly prohibited by this Agreement, or **(ii)** that is not within the scope of Troon's duties under this Agreement, or **(iii)** that is not within Troon's delegated authority under this Agreement; or

(c) subject to Article V above, which result from Troon's material breach of any covenant or obligation contained in this Agreement. For purposes of this Section, the term "material" shall mean any breach resulting in liability in excess of $5,000.00.

Troon's indemnity obligations under this Section 11.1 shall not apply to any acts taken (or omissions not taken) either at the written direction of the City or with the approval of the City, provided, however, that the approval of the Annual Plan, or any other general operating policy or procedure by the City shall not be interpreted as "direction" or "approval" of a specific act or omission unless such act or omission is clearly and unambiguously contemplated thereby. The act or omission of a Golf Resort employee who is not an Executive Employee shall constitute an act or omission of Troon under this Section 11.1 only if Troon's home office or regional staff, or an Executive Employee, acted with negligence or gross negligence in employing, training, supervising and/or continuing the employment of such employee.

11.2 City's Indemnity. The City agrees to indemnify and hold harmless Troon and its owners, officers, directors, employees, members and managers from and against any and all claims, demands, actions, lawsuits, proceedings, damages, liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses:

(a) which result from any act or omission by Troon in connection with the management and operation of the Golf Resort **(i)** that is expressly authorized by this Agreement, or **(ii)** that is within the scope of Troon's duties under this Agreement, or **(iii)** that is within Troon's delegated authority under this Agreement, or **(iv)** that was either at the direction of the City or with the written approval of the City unless, in each case, such act or omission would be an event for which Troon is required to indemnify the City under Section 11.1 above; or

(b) which result from the City's breach of this Agreement or any act or omission constituting active or passive negligence, gross negligence or willful misconduct by the City or any officer, director, employee, or agent of the City; or

(c) which otherwise arise from the operation or condition of the Golf Course or any activity occurring thereon unless, in each case, such matter would be an event for which Troon is required to indemnify the City under Section 11.1 above.

11.3 Nature of Indemnity. The indemnity obligations of Troon and the City set forth in this Article XI shall be offset to the extent of any applicable insurance proceeds paid to the indemnified party or on its behalf.

ARTICLE XII
Default

12.1 Events of Default. The occurrence of any one or more of the following events which is not cured in the time permitted shall constitute a default under this Agreement ("**Event of Default**"):

(a) Failure to Pay Sums Due. Either party's failure to pay any sums payable under this Agreement when due and such failure shall continue for a period of ten (10) days after written notice to the defaulting party specifying the item not paid.

(b) Failure to Comply. Either party's failure to comply with any of the material covenants, agreements, terms, or conditions of this Agreement or such failure shall continue for a period of thirty (30) days after written notice to the defaulting party specifying in detail the nature of such failure. Notwithstanding the foregoing, in the event any failure cannot with due diligence be cured within such thirty (30) day period, if the defaulting party proceeds promptly and diligently to cure the same and thereafter diligently prosecutes the curing of such failure, the time within which the failure may be cured shall be extended for such period as may be reasonably necessary for the defaulting party to cure the failure.

(c) Breach of Restaurant Lease Agreement. The occurrence of an Event of Default under the Restaurant Lease Agreement.

ARTICLE XIII
Representations and Warranties

13.1 Troon's Representations. As a material inducement to the City to enter into this Agreement, Troon represents and warrants the following:

(a) Troon is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware; that it is duly qualified to do business and is in good standing in the State of California; that it has all necessary power and authority to enter into this Agreement and to carry out the transactions contemplated herein; and that the execution and delivery hereof and the performance by Troon of Troon's obligations hereunder will not violate or constitute a default under the terms and provisions of any agreement, law or court order to which Troon is a party or by which Troon is bound.

(b) All actions required to be taken by or on behalf of Troon to authorize it to execute, deliver and perform its obligations under this Agreement have been taken, and that this Agreement is a valid and binding obligation of Troon enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) The person(s) executing this Agreement on behalf of Troon have full power and authority to bind Troon to the terms hereof.

13.2 City's Representations. As a material inducement to Troon to enter into this Agreement, the City represents and warrants the following:

(a) The City is a California municipal corporation, validly existing and in good standing under the laws of the State of California; that it is duly qualified to do business and is in good standing in the State of California; that it has all necessary power and authority to enter into this Agreement and to carry out the transactions contemplated herein; and that the execution and delivery hereof and the performance by the City of City's obligations hereunder will not violate or constitute a default under the terms and provisions of any agreement, law or court order to which the City is a party or by which the City is bound.

(b) All actions required to be taken by or on behalf of the City to authorize it to execute, deliver and perform its obligations under this Agreement have been taken, and that this Agreement is a valid and binding obligation of the City enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) The persons executing this Agreement on behalf of the City have full power and authority to bind the City to the terms hereof.

ARTICLE XIV
Transfers and Assignments

14.1 Limitation on Troon. Troon shall not sell, convey, assign, transfer, hypothecate, pledge, or otherwise dispose of (or agree to do any of the foregoing) all or any part of its interest, if any, in this Agreement, or any contractual rights or obligations related hereto (except for Troon's rights to receive payments hereunder), without the prior written consent of the City; provided, however, Troon may assign this Agreement to an entity that is similarly engaged in the golf management business and that employs the principal members of the current Troon management team.

14.2 Limitation on City. The City may assign or transfer this Agreement to a governmental agency related to the City or to the Agency. The City may also assign and transfer its rights under this Agreement to a purchaser or new owner of the Golf Resort that assumes the obligation of City hereunder. Otherwise, the City may not assign or transfer its rights hereunder.

ARTICLE XV
Intellectual Property

15.1 Intellectual Property

(a) During the Term, the Golf Resort shall be known by such tradename as may from time to time be determined by City (the "**Golf Resort Tradename**"). Troon acknowledges that the Golf Resort Tradename, together with any other names, service marks,

trademarks, slogans, logos, designs or the like owned by City or created by City during the Term that are now or hereafter used in the ownership or operation of the Golf Resort (together with the Golf Resort Tradename, the "**City Marks**") are and shall continue to be the property of City. Troon shall not contest City's unrestricted and exclusive ownership of the City Marks or its right to grant others licenses to use the City Marks. During the Term, City grants to Troon a non-exclusive license to identify the Golf Resort as a golf facility managed by Troon on its website or in connection with advertising or other marketing materials used in connection with the promotion of the Golf Resort or in connection with marketing programs with Affiliates, which license shall expire upon the termination or expiration of this Agreement. Notwithstanding the foregoing, any use of the City Marks in advertising, promotional or marketing materials shall be subject to approval of City, which approval shall not be unreasonably withheld. Except as permitted above, Troon shall not use the Troon Marks (as defined below) in connection with the operation of the Golf Resort and shall not sell or place any items or equipment branded with the Troon Marks at the Golf Resort without the prior written consent of City.

(b) City acknowledges that the trademarks and/or service marks "Troon®", "Troon Golf®" and "Prive®" are and shall continue to be the sole property of Troon, together with any other names, service marks, trademarks, slogans, logos, designs or the like owned by Troon or its Affiliates or created by Troon or its Affiliates that are now or hereafter used in Troon's management business (collectively, the "**Troon Marks**"). During the Term, as directed by the City, Troon may, subject to the prior written approval of City on a case by case basis, display the Troon Marks at the Golf Resort in designated locations and on specified inventory, supplies, amenities, etc. City shall not contest Troon's unrestricted and exclusive ownership of the Troon Marks or its right to grant others licenses to use the Troon Marks.

(c) City shall have the sole right and responsibility to handle disputes with third parties concerning the use of all or any part of the City Marks, and Troon shall, at City's reasonable expense, cooperate with City in all such matters. City need not initiate suit against imitators or infringers and may settle any dispute by grant of a license or otherwise. Troon shall not initiate any suit or proceeding to enforce or protect the City Marks. Both parties shall make every effort consistent with the foregoing to protect, maintain, and promote the City Marks and their distinguishing characteristics as standing for the Golf Resort.

(d) Troon shall have the sole right and responsibility to handle disputes with third parties concerning the use of all or any part of the Troon Marks, and City shall, at Troon's reasonable expense, cooperate with Troon in all such matters. Troon need not initiate suit against imitators or infringers and may settle any dispute by grant of a license or otherwise. City shall not initiate any suit or proceeding to enforce or protect the Troon Marks. Both parties shall make every effort consistent with the foregoing to protect, maintain, and promote the Troon Marks and their distinguishing characteristics as standing for golf facilities being operated or developed by, or by authorization from, Troon under the Troon Marks.

(e) Upon any termination or expiration of this Agreement for any reason whatsoever, unless Troon, in its sole discretion, authorizes City in writing to continue to use the Troon Marks, City shall cease all use of the Troon Marks. Upon any termination or expiration of this Agreement for any reason whatsoever, unless City, in its sole discretion, authorizes Troon in

writing to continue to use the City Marks, Troon shall immediately cease all use of the City Marks. In addition, Troon shall cease all use of the Troon Marks at the Golf Resort and shall remove from the Golf Resort any signs or FF&E, operating equipment, operating supplies, inventory, amenities, supplies or any other items containing the Troon Marks, or any similar designation on or prior to the termination date. Troon shall use reasonable efforts to minimize interruption to Golf Resort operations by reason of such removal. Notwithstanding the foregoing, after termination of this Agreement, City and any successor operator of the Golf Resort may continue to use any property with the Troon Marks which has been paid for by City until it is consumed unless Troon elects to purchase such property at its book value.

ARTICLE XVI
Miscellaneous

16.1 Waiver. The waiver by either the City or Troon of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. No covenant, term or condition of this Agreement shall be deemed to have been waived by City or Troon, unless such waiver is in writing signed by the party against whom such waiver is asserted.

16.2 Entire Agreement. This Agreement sets forth all the covenants, promises, agreements, conditions and understandings between the City and Troon, oral or written, relating to the subject matter of this Agreement. The City has made no representations or promises not expressly contained herein. No subsequent alterations, amendment, change or addition to this Agreement shall be binding upon the City and Troon unless reduced to writing and signed by them.

16.3 Notices. Notices, statements and other communications to be given under the terms of this Agreement shall be delivered in a timely fashion (and in any event within any time limits established elsewhere in this Agreement) and shall be in writing and delivered by hand (including pre-paid courier) or sent by a reputable overnight delivery service such as Federal Express and addressed as follows:

If to City:

City of Indian Wells
44-950 Eldorado Drive
Indian Wells, California 92210
Attention: City Manager
Phone: 760-346-2489
Fascimile: 760-346-0407

If to Troon:

Troon Golf, L.L.C.
15044 N. Scottsdale Road, Suite 300

Scottsdale, Arizona 85254
Attention: Legal Department
Phone: 480-606-1000
Facsimile: 480-606-1010

or at such other address as from time to time designated by the party receiving the notice in accordance with this Section 16.3. The date of service of such notices shall be the date such notices are delivered to the party to whom the notice is given.

16.4 City Bonds. In connection with the City's issuance or refunding of any bonds or certificates of participation, Troon shall have the right to approve, which approval shall not be unreasonably withheld, any description of Troon or any description of this Agreement or of the City's relationship with Troon under this Agreement, which description is contained in any prospectus or similar materials delivered in connection with such bonds or certificates of participation. The City agrees to furnish to Troon copies of all such materials for such purpose not less than twenty (20) days prior to the delivery of such materials to the addresses set forth in Section 15.3 above.

16.5 Interest. Interest shall accrue on any sums owed by either party hereto to the other party starting from the first date of delinquency and continuing until the full amount, including such interest is paid. Such interest shall accrue at a rate equal to the lesser of (a) the maximum rate of interest allowed by applicable law, or (b) the rate of interest announced by Bank of America National Trust and Savings Association or its successors, as of such date of delinquency, as its "prime" or "reference" rate, plus two percent (2%).

16.6 Successors and Assigns. This Agreement is personal to the City and Troon and except as otherwise provided herein, Troon shall have no right, power or authority to assign this Agreement, or any portion hereof or any monies due or to become due hereunder, or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily or by operation of law, without the prior written approval of the City. Except as otherwise provided herein, Troon shall not have any right, power or authority to subcontract its services, or any portion thereof, without the prior written approval of the City. Any approval by the City of any subcontract of Troon's services or any part thereof shall not be construed to make the City a party to such subcontract or to expose the City to any claims or liabilities arising thereunder. Without waiver of the foregoing provisions, all of the rights, benefits, duties, liabilities and obligations of the parties hereto shall inure to the benefit of and be binding upon their respective successors and assigns.

16.7 Persons Indemnified. All agreements by either Troon or the City to indemnify or hold the other harmless contained in this Agreement shall inure to the benefit not only of the respective indemnitee but also to that of its and their subsidiaries and Affiliates, and shall also inure to the benefit of the elected officials, directors, officers, members, managers, employees and agents of any of the foregoing.

16.8 Applicable Law. This Agreement and all provisions thereof, irrespective of the place of execution or performance, shall be construed and enforced in accordance with the laws

of the State of California. Venue for any action arising out of this Agreement shall be Riverside County.

16.9 Cumulative Rights. The rights and remedies conferred upon both the City and Troon in this Agreement and by law are cumulative.

16.10 Savings Clause. If any provisions of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder or substantially increase the burden on any party hereto, shall be held to be invalid or unenforceable to any extent, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

16.11 Attorney's Fees. If any party fails to perform any of its obligations under this Agreement or if any dispute arises between the parties concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by any other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorney's fees and disbursements. Any such attorney's fees and other expenses incurred by any party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorney's fee obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

16.12 Further Assurances. Troon and the City each agree to execute and deliver from time to time, promptly following any reasonable request therefore by the other party, any and all instruments, agreements and documents, and promptly shall take such other actions as may be necessary or appropriate in the reasonable determination of the other party, to carry out the transaction described in this Agreement.

16.13 Intentionally Omitted.

16.14 Easements. Troon shall recognize and comply with all easements of record affecting the Golf Resort.

16.15 Publicity. Any commercial advertisements, press releases, articles, or other media information using the City's name shall be subject to the prior approval of the City which approval shall not be unreasonably withheld.

16.16 Possessory Interest. Pursuant to California Revenue and Taxation Code Section 107.6, the City hereby informs Troon that this Agreement may create a possessory interest subject to property taxation, and in such event Troon may be subject to the payment of property taxes levied on such interest. The parties agree that in the event possessory interest property taxes are levied against Troon in connection with this Agreement, such taxes shall be considered a Golf Resort Expense and shall be paid from the Operating Account.

16.17 Conflict of Interest. The parties hereto hereby covenant that during the term of this Agreement they will not employ any person to administer any portion of this Agreement that has an interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

16.18 No Third-Party Beneficiaries. This Agreement is not intended and shall not be deemed or construed to convey any rights, powers or privileges on any person, firm, partnership, corporation or other entity not a party hereto except as may be expressly provided herein to the contrary.

16.19 Time. Time is of the essence of this Agreement and each provision hereof of which time is an element.

16.20 Mediation, Arbitration and Dispute Resolution.

(a) Resolution by the Parties. The parties hereto desire, pursuant to the provision of this Section 15.20, to establish procedures to facilitate the informal an inexpensive resolution of any disputes arising out of or relating to this Agreement by mutual cooperation and without resort to litigation. To accomplish this objective, the City and Troon agree to follow the procedures set forth below. If a dispute arises under this Agreement, the complaining party shall write a description of the alleged breach of contract or complaint and send it to the other party by certified or registered mail. This letter shall explain the nature of the complaint and refer to the relevant sections of the Agreement upon which the complaint is based. The complaining party shall also set forth a proposed solution to the problem, including a reasonably specific time frame within which the parties must act. The party receiving the letter must respond in writing within ten (10) days with an explanation, including references to the relevant parts of the Agreement and a response to the proposed solution. Within ten (10) days of receipt of this response, the parties must meet and discuss options for resolving the dispute. The complaining party must initiate the scheduling of this resolution meeting.

(b) Arbitration. If the dispute is not settled by the parties pursuant to the procedure set forth in Subsection (a) above, the parties agree to submit the dispute to binding arbitration with Judicial Arbitration & Mediation Services, Inc. ("**JAMS**") or the American Arbitration Association ("**AAA**"), if JAMS does not have an office in Riverside County, California. Arbitration shall be held in Riverside County, California. The aggrieved party may initiate arbitration by sending written notice of an intention to arbitrate by registered mail or certified mail to all parties and to JAMS or AAA. The notice must contain a description of the dispute, the amount involved, and the remedy sought. Either party may seek equitable relief from the arbitration in addition to monetary damages. The parties may agree on a retired judge from the JAMS or AAA panel. If they are unable to agree, JAMS or AAA will provide a list of three (3) available judges and each party may strike one. The remaining judge will serve as the arbitrator at the settlement conference. The arbitration shall be held in accordance with the provision of California law, except as specifically provided herein.

IN WITNESS WHEREOF, the City and Troon have executed this Agreement as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

By: _____
Name: Greg Johnson
Its: City Manager

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By: _____
Name: TIMOTHY S. SCHANTZ
Its: EVP

Approved as to form:

By: Stephen P. Deitsch
Stephen P. Deitsch, City Attorney

ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT

THIS ADDENDUM TO INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Addendum**") is executed as of May 1, 2012, by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**").

B. City and Troon desire to extend the term of the Agreement and the Lease in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Extension of Term.

The initial Term of the Agreement and Lease expire on May 31, 2012. Pursuant to Section 6.1 of the Agreement and Section 1.1 of the Lease, the Term of the Agreement and the Lease is hereby extended to May 31, 2014 ("Extension Term").

2. Change in Scope of IT Services

During the initial Term, the City provided the services of a City employee as IT manager for the oversight of information technology at the Golf Resort. Troon and the City have agreed that during the Extension Term, Troon shall provide such IT management services in addition to the Technology Oversight which is already provided by Troon pursuant to Section 3.10(v) of the Agreement. Such additional services may be provided by Troon through a third party vendor. The City has agreed to provide additional funding of $22,000 for such services in the Annual Plan for the Operational Year commencing July 1, 2012.

3. No Other Changes

Except as set forth in this Addendum, all terms and conditions of the Agreement and the Lease shall remain in full force and effect during the Extension Term.

IN WITNESS WHEREOF, the City and Troon have executed this Addendum as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

By: _____
Name: Rodenick J. Wood
Its: City Manager

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By: _____
Name: DANA R. GARMANY
Its: PRESIDENT & CEO

Approved as to form:

By: _____
Stephen P. Deitsch, City Attorney

ATTEST:

_____
Chief Deputy City Clerk

SECOND ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT

THIS SECOND ADDENDUM TO INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Second Addendum**") is executed as of March 21, 2013, by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**").

B. On May 1, 2012, City and Troon entered into an Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2014.

C City and Troon desire to further extend the term of the Agreement and the Lease in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Extension of Term.

Pursuant to Section 6.1 of the Agreement and Section 1.1 of the Lease, the Extension Term of the Agreement and the Lease is hereby extended from May 31, 2014 to May 31, 2015.

2. No Other Changes

Except as set forth in this Second Addendum, all terms and conditions of the Agreement and the Lease shall remain in full force and effect during the Extension Term.

[signature page follows]

IN WITNESS WHEREOF, the City and Troon have executed this Addendum as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

By: Wade G. McKinney
Name: Klade G. McKinney
Its: City Manager

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By:
Name: TIM SCHANTZ
Its: EVP

Approved as to form:

By:
Stephen P. Deitsch, City Attorney

ATTEST:

Chief Deputy City Clerk

THIRD ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT

THIS THIRD ADDENDUM TO INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Third Addendum**") is executed as of January 1, 2014, by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**").

B. On May 1, 2012, City and Troon entered into that certain First Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2014. On March 21, 2013, City and Troon entered into that certain Second Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2015.

B. City and Troon desire to extend the term of the Agreement and the Lease and make other revisions to the Agreement in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by this reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Effective Date. The Effective Date of this Third Addendum shall be January 1, 2014.

3. Definition of Management Fee. The definition of "Management Fee" in Section 1.1 is hereby deleted and shall hereafter mean the Annual Base Fee.

4. Extension of Term. The Term of the Agreement and Lease (pursuant to the Second Addendum) expires on May 31, 2015. Section 6.1 of the Agreement and Section 1.1 of the Lease (as amended) shall be amended by deleting the reference to "May 31, 2015" as the termination date and inserting "June 30, 2019" as the termination date in its place. The Agreement may extend for an additional term of three (3) years to and including June 30, 2022 upon mutual agreement of City and Troon. Troon shall provide written notice to City on or about

June 30, 2018 regarding the June 30, 2019 expiration date of the Agreement and Lease and thereafter, City shall respond to Troon's written notice on or before September 30, 2018, notifying Troon of its intent to renew or not renew the Agreement and Lease. In the event the term is extended to June 30, 2022, the Agreement and Lease may be extended for additional successive terms of three years each by complying with the process described above. Specifically, Troon shall provide City with written notice approximately one year in advance of the expiration date of the extended term and City shall respond to such notice on or before ninety days after receipt of the written notice from Troon.

5. Annual Base Fee. Section 7.1 of the Agreement shall be deleted in its entirety and replaced with the following:

> "Commencing on January 1, 2014, City shall pay to Troon a base fee (the "**Annual Base Fee**") equal to Two Hundred Eighty Five Thousand Dollars ($285,000) per full Operational Year (pro-rated for any partial Operational Year). The Annual Base Fee shall be paid in equal monthly installments of $23,750 each, with such payments to be made in advance on the first (1st) day of each month during the Term. The Annual Base Fee shall be comprehensive of all of Troon's administrative expenses. Except as expressly set forth herein (e.g. Section 3.10 regarding Centralized Services), in the Annual Plan, or as otherwise approved by City, no administrative expenses or additional overhead or other direct or indirect costs of Troon shall be billed directly or indirectly to the Golf Resort. Beginning on January 1, 2016 and on each January 1 thereafter, the Annual Base Fee amount for the immediately preceding Operational Year shall be increased by the lesser of (a) three percent (3%), or (b) the amount of the percentage increase, if any, in the CPI for the immediately preceding Operational Year. For purposes hereof, "**CPI**" means the Consumer Price Index for All Urban Consumers (1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics. If such index shall be discontinued, then it shall mean such substitute index as shall be designated by Troon, and approved by Owner, which approval shall not be unreasonably withheld."

6. Annual Incentive Fee. Section 7.2 of the Agreement shall be deleted in its entirety. No Annual Incentive Fee shall be payable to Troon for the 2013-2014 Operational Year or any year thereafter.

7. Employees. Article V of the Agreement shall be deleted in its entirety and replaced with the following:

> "5.1 Golf Resort Employees. Troon shall use established procedures, techniques and programs to hire and evaluate qualified employees. Subject to the obligation of Troon to observe applicable laws regarding such matters, the Annual Plan, and the City's right (as set forth in this Agreement) to approve the hiring or termination of any Executive Employee, and other terms of this Agreement, Troon shall have the authority to hire, establish Compensation and benefits for, promote, discharge, and supervise all employees in accordance with guidelines and employment policies (which shall include, without limitation, policies

regarding safety in the workplace, equal employment opportunities, and job discrimination) proposed by Troon and agreed to by the City. Troon acknowledges and agrees that the City approval of policies and procedures is intended to ensure Troon Golf Quality Standards and compliance with Troon's obligations pursuant to this Agreement and that Troon remains responsible for Golf Resort employees. As set forth with particularity elsewhere in this Agreement, including the Annual Plan, City shall be responsible for the payment of all costs and expenses incurred in connection with or relating to Golf Resort employees which are provided by Troon in accordance with the terms of this Agreement.

5.2 Liability for Golf Resort Employees; Indemnity. Troon shall be solely responsible for any employment related liability, fine, penalty or award (including the cost of defense and attorney fees) with respect to claims, demands, arbitration or litigation brought by an employee or employees of Troon at the Golf Resort for any reason, including without limitation, **(a)** employment claims arising out of the improper acts or omissions of a Troon employee; **(b)** the failure of an Executive Employee to properly supervise the Golf Resort employees or properly administer employment practices in accordance with the Golf Resort employment manual approved by City; or **(c)** the violation of federal, state or local laws, ordinances or regulations governing the employment or working conditions of the employees at the Golf Resort (collectively, "**Claims**"). Troon agrees to indemnify, defend and hold harmless City and its officials, officers, employees, agents and volunteers from and against any and all Claims. Except for the proceeds of any insurance coverage described in Section 9.1, Troon shall not be entitled to any reimbursement by City for Claims. As consideration for Troon's assumption of increased liability for its employees as set forth herein, Troon and City agree that City will pay to Troon an amount equal to Fifteen Thousand Dollars ($15,000) per full Operational Year for insurance deductible funding. The annual insurance deductible funding expense shall be a Golf Resort Expense as defined in the Agreement.

5.3 Exclusions. In no event shall Troon be required to implement any policy or procedure with respect to operation of the Golf Resort which Troon reasonably believes would result in employee liability or a violation of applicable labor laws provided that Troon provides written notification of such objection in writing. Furthermore, Troon shall not be responsible for any Damages to the extent that such Damages are the result of working conditions at the Golf Resort which were identified in writing as non-compliant by Troon and the City failed to provide the requisite funding to remedy such conditions after written notice to City which clearly identifies that Troon disclaims liability pursuant to this Article V.

5.4 Restaurant Lease. Troon acknowledges that the obligations of Troon pursuant to this Article V shall apply to all employees who are engaged in F/B Operations pursuant to the Restaurant Lease Agreement between the City and Troon."

8 Troon's Indemnity. Section 11.1 of the Agreement shall be deleted in its entirety and replaced with the following:

"11.1 Troon's Indemnity. Troon agrees to indemnify and hold harmless City and its officials, officers, employees, agents and volunteers from and against any and all claims, demands, actions, lawsuits, proceedings, damages liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses;

(a) which result from any act or omission constituting active or passive negligence (including acts or omissions that do not meet industry standards), gross negligence, fraud or willful misconduct by a Troon employee; or

(b) which result from any action taken by Troon or a Troon employee relating to the Golf Resort **(i)** that is expressly prohibited by this Agreement, or **(ii)** that is not within the scope of Troon's duties under this Agreement, or **(iii)** that is not within Troon's delegated authority under this Agreement; or

(c) subject to Article V above, which result from Troon's material breach of any covenant or obligation contained in this Agreement. For purposes of this Section, the term "material" shall mean any breach resulting in liability in excess of $5,000.00.

Troon's indemnity obligations under this Section 11.1 shall not apply to Claims which are covered by the indemnity in Section 5.2 or to any acts taken (or omissions not taken) either at the written direction of City or with the approval of City, provided, however, that the approval of the Annual Plan, or any other general operating policy or procedure by City shall not be interpreted as "direction" or "approval" of a specific act or omission unless such act or omission is clearly and unambiguously contemplated thereby."

9. Competitive Pricing. The following provision shall be inserted in the Agreement as follows:

"16.13 Competitive Pricing. Beginning on January 1, 2014 and continuing throughout the remaining Term of this Agreement, should Troon and/or its Affiliates, without the prior written consent of City, enter into, amend or renew any agreement to manage any other daily fee/resort golf facility within the continental United States that **(i)** has annual gross revenues greater than Ten Million Dollars ($10,000,000) and **(ii)** the ratio (expressed as a percentage) of the annual base management and incentive fee under such agreement to the annual gross revenues (determined in a manner consistent with Gross Revenues) of such other facility is less than the ratio (expressed as a percentage) of the annual Management Fee under this Agreement to the annual Gross Revenues of the Facility (the "**Facility Percentage**") then City will have its Management Fee reduced to such lower fee for the remainder of the Term. Troon shall warrant annually that it has complied with this undertaking. For example, if, at the applicable time of determination, the annual Base Management Fee under this

Agreement is $285,000 and the annual Gross Revenues of the Facility are $13,000,000, then the Facility Percentage would be two percent (2%) [i.e., 285,000/13,000,000]. If Troon were presented with the opportunity to manage another daily fee/resort golf facility within the continental United States with annual gross revenues equal to or greater than Ten Million Dollars ($10,000,000) and the negotiated Facility Percentage was lower than 2% (2% is used for purposes of this example only) for such facility, Troon would be required to adjust City's fees to the lower applicable percentage as of the date of entering into the agreement with the other party."

10. No Other Changes

Except as set forth in this Third Addendum, all terms and conditions of the Agreement and the Lease shall remain in full force and effect during the Term.

IN WITNESS WHEREOF, the City and Troon have executed this Third Addendum as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

By: Wade G. McKinney
Name: Wade G. McKinney
Its: City Manager

Approved as to form:

By: Stephen P. Deitsch
Stephen P. Deitsch, City Attorney

Attest:

By:
Anna Grandys, Chief Deputy City Clerk

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By:
Name: Tim Schantz
Its: Executive Vice President/
Global Development Officer

FOURTH ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT

THIS FOURTH ADDENDUM TO INDIAN WELLS RESORT GOLF COURSE MANAGEMENT AGREEMENT (the "**Fourth Addendum**") is executed as of January 1, 2019, by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**").

B. On May 1, 2012, City and Troon entered into that certain First Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2014. On March 21, 2013, City and Troon entered into that certain Second Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2015. On June 1, 2014, City and Troon entered into that certain Third Addendum to the Agreement extending the term of the Agreement and the Lease to June 1, 2019.

B. City and Troon desire to extend the term of the Agreement and the Lease and make other revisions to the Agreement in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by this reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Effective Date. The Effective Date of this Third Addendum shall be June 1, 2019.

3. Extension of Term. The Term of the Agreement and Lease (pursuant to the Second Addendum) expire on June 1, 2019. Section 6.1 of the Agreement and Section 1.1 of the Lease (as amended) shall be amended by deleting the reference to "June 1, 2019" as the termination date and inserting "June 1, 2022" as the termination date in its place. The Agreement may extend for an additional term of three (3) years to and including June 1, 2025 upon mutual agreement of City and Troon. Troon shall provide written notice to City on or about June 1, 2021 regarding the June 1, 2022 expiration date of the Agreement and Lease and thereafter, City shall respond to Troon's written notice on or before September 1, 2021, notifying Troon of its intent to renew or not renew the Agreement and Lease. In the event the term is extended to June 1, 2025, the Agreement and

Lease may be extended for additional successive terms of three years each by complying with the process described above. Specifically, Troon shall provide City with written notice approximately one year in advance of the expiration date of the extended term and City shall respond to such notice on or before ninety days after receipt of the written notice from Troon.

4. No Other Changes

Except as set forth in this Fourth Addendum, all terms and conditions of the Agreement and the Lease shall remain in full force and effect during the Term.

IN WITNESS WHEREOF, the City and Troon have executed this Fourth Addendum as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

By: _____
Name: _____
Its: _____

Approved:

By: _____
Wade McKinney, City Manager

Approved as to form:

By: _____
Stephen P. Deitsch, City Attorney

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By: _____
Name: _____
Its: _____

FIFTH ADDENDUM
TO
GOLF COURSE MANAGEMENT AGREEMENT

THIS FIFTH ADDENDUM TO INDIAN WELLS GOLF RESORT MANAGEMENT AGREEMENT (the "**Fifth Addendum**") is executed as of May 5, 2020 by and between the **CITY OF INDIAN WELLS,** a California municipal corporation (the "**City**"), whose address is 44-950 Eldorado Drive, Indian Wells, California 92210, and **TROON GOLF, L.L.C.**, a Delaware limited liability company ("**Troon**"), whose address is 15044 N. Scottsdale Road, Suite 300, Scottsdale, Arizona, 85254, with respect to the following recitals:

RECITALS

A. City and Troon are parties to that certain Indian Wells Resort Golf Course Management Agreement dated as of June 1, 2009 ("**Agreement**") and that certain Restaurant Lease Agreement dated as of June 1, 2009 ("**Lease**") regarding the Golf Resort at Indian Wells (the "**Golf Resort**")

B. On May 1, 2012, City and Troon entered into that certain First Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2014. On March 21, 2013, City and Troon entered into that certain Second Addendum to the Agreement extending the term of the Agreement and the Lease to May 31, 2015. On January 1, 2014, City and Troon entered into that certain Third Addendum to the Agreement extending the term of the Agreement and the Lease to June 30, 2019 along with other modifications described in the Third Addendum. On January 1, 2019, City and Troon entered into that certain Fourth Addendum to the Agreement extending the term of the Agreement and the Lease to June 1, 2022

C. City and Troon desire to and make other revisions to the Agreement to extend the Term and to mitigate potential financial impacts on the Golf Resort resulting from the current health and economic crisis associated with COVID-19 in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Troon agree as follows:

1. Recitals. The foregoing recitals are incorporated herein by this reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Effective Date. The Effective Date of this Fifth Addendum shall be the date set forth above.

3. Extension of Term. The Term of the Agreement and Lease (pursuant to the Fourth Addendum) expire on June 1, 2022. Section 6.1 of the Agreement and Section 1.1 of the Lease (as amended) shall be amended by deleting the reference to "June 1, 2022" as the termination date

and inserting "June 1, 2024" as the termination date in its place. The Agreement may extend for an additional term of three (3) years to and including June 1, 2027 upon mutual agreement of City and Troon. Troon shall provide written notice to City on or about June 1, 2023 regarding the June 1, 2024 expiration date of the Agreement and Lease and thereafter, City shall respond to Troon's written notice on or before September 1, 2024, notifying Troon of its intent to renew or not renew the Agreement and Lease. In the event Troon and City desire to further extend the Term, Troon and City shall enter into an addendum describing the details of the extension.

4. Annual Base Fee. Notwithstanding anything to the contrary contained in the Agreement, beginning on the Effective Date and continuing through the remainder of the Term, Troon shall defer the Annual Base Fee payments pursuant to Article 7.1 of the Agreement for the months of June through September of each Fiscal Year. The regular monthly payments pursuant to the Management Agreement shall resume on October 1 and the deferred Annual Base Fee amount for each Fiscal Year shall be paid in eight equal payments during the months of October through the following May. For the avoidance of doubt, the concept is to defer the monthly payments for the period beginning June 1 of each Fiscal Year through September 30 of each Fiscal Year and have the deferred Annual Base Fee paid over an eight month period beginning on October 1 and continuing through the following May 31 in addition to the regular monthly Annual Base Fee amount.

5. Waiver of CPI. Notwithstanding anything to the contrary contained in the Agreement, Troon shall waive any CPI increase in the Annual Base Fee described in Article 7.1 for the 2021 Fiscal Year. The CPI increase shall resume on January 1, 2022.

IN WITNESS WHEREOF, the City and Troon have executed this Fifth Addendum as of the date first above written.

"CITY"

CITY OF INDIAN WELLS,
a California Municipal Corporation

K.M.

By: E-SIGNED by Christopher Freeland on 2020-05-08 23:00:19 GMT
Name: Christopher J. Freeland
Its: City Manager

Approved as to form:

By: E-SIGNED by Jeffrey S. Ballinger on 2020-05-08 22:37:18 GMT
Jeffrey S. Ballinger, City Attorney

"TROON"

TROON GOLF, L.L.C.,
a Delaware limited liability company

By: E-SIGNED by Jeff Hansen on 2020-05-08 22:33:36 GMT
Name: Jeff Hansen
Its: Senior Vice President

RESTAURANT LEASE AGREEMENT

THIS RESTAURANT LEASE AGREEMENT (the "**Agreement**") is made and entered into effective June 1, 2009, by and between **CITY OF INDIAN WELLS,** a California Municipal corporation, (hereinafter referred to as "**City**"), and **TROON RESTAURANT HOLDINGS, LLC**, a Delaware limited liability company (hereinafter referred to as "**Troon**"), as follows:

RECITALS:

A. City is the owner of the Golf Resort at Indian Wells, located at 44-500 Indian Wells Lane, City of Indian Wells, Riverside County, California, consisting of two eighteen (18) hole championship length golf courses, a driving range, clubhouse complex, golf shop, maintenance facility and Callaway Golf Center (collectively, the "**Golf Resort**").

B. City and Troon Golf, L.L.C., a Delaware limited liability company ("**Troon Golf**") have entered into a Golf Course Management Agreement of even date herewith under which Troon Golf will manage the Golf Resort for the City (the "**Management Agreement**").

C. City and Troon Golf now desire to provide for Troon to operate and manage the food and beverage services at the Golf Resort, including the sale of alcoholic beverages for onsite consumption at the Golf Resort (the "**F/B Operations**"), pursuant to a lease of the F/B Premises (as defined below) of the Golf Resort to Troon upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, City and Troon hereby agree as follows:

ARTICLE 1
TERM

1.1 **Term**. The term of this Agreement shall begin on June 1, 2009 and shall terminate on May 31, 2012, unless sooner terminated according to the provisions hereof (the "**Term**"). This Agreement may extend for an additional term of three (3) years to and including May 31, 2015, subject to negotiation and approval by both parties.

ARTICLE 2
DEFINITIONS

"Affiliate" shall mean, with respect to any entity, **(a)** officers, directors, members, managers or employees of, or general partner in such entity, and **(b)** any individual, corporation, limited liability company, partner, partnership, trust or other entity which owns or controls, or is owned or controlled by, or is under common ownership or control with such entity. As used herein the term "control" shall mean the power to direct or cause the direction of the

management and policies of an entity, whether through the ownership of partnership interests or voting securities, by contract, by appointment to a managerial position, or otherwise.

"Agency" shall mean the Indian Wells Redevelopment Agency.

"City Manager" shall mean the person holding the position of City Manager of the City of Indian Wells.

"Easement Agreement" shall mean that certain Easement Agreement by and between the Redevelopment Agency of the City of Indian Wells and certain property owners, recorded as document number 11722, in the office of the County Recorder of the County of Riverside, California. The Easement Agreement is incorporated herein by reference as though fully set forth herein.

"Equipment and Supplies" shall mean all equipment and supplies used or useful in the F/B Operations, including, without limitation, the equipment described in Section 3.1 below.

"Executive Employees" shall mean the Chef, Director of Food & Beverage, and Banquet Manager.

"First Class" shall have the meaning set forth in the Management Agreement.

"Golf Resort" shall have the meaning ascribed to that term in Recital A, above.

"F/B Premises" shall have the meaning ascribed to that term in Section 3.1 below.

"Operational Standards" shall mean the standards developed by Troon Golf in connection with its food and beverage management business, a copy of which have been provided to City. City has approved such Operational Standards and any modification or amendment of such standards shall be subject to City approval, which approval shall not be unreasonably withheld provided that a comparable level of quality is maintained.

"Operational Year" shall mean June 1 to May 31 of each year during the Term of this Agreement.

ARTICLE 3
LEASE OF F/B OPERATIONS

3.1 **Lease of the Golf Resort Food and Beverage Premises and Operations**. City hereby leases to Troon and Troon leases from City that portion of the Golf Resort necessary to conduct the F/B Operations (the "**F/B Premises**"). The F/B Premises shall include the restaurant, bar, kitchen, equipment, and related facilities and any areas contiguous thereto where food and beverage is to be served at the Golf Resort. Troon shall also have the right to enter upon and traverse the Golf Resort to dispense food and beverage from the food and beverage service golf cart, provided that at all times Troon shall comply with all laws, ordinances, rules, regulations, orders, requirements and demands of all duly constituted authorities, including, without limitation, any applicable prohibition on the sale or dispensing of liquor within regulated

distances of a church or a primary or secondary school building or yard. "**Equipment**" shall mean the service golf cart and all other equipment used or useful in the operation of the restaurant, bar, kitchen, and service cart, including without limitation refrigerators, freezers, cooking utensils, dishwashers, cutlery, dishes, silverware, cutting boards, linens, tables, chairs, stoves, microwave ovens, heat lamps, bar utensils and glassware.

3.2 **Possession and Use of the F/B Premises**. Troon's right to possession of the F/B Premises and its obligations hereunder shall commence June 1, 2009.

ARTICLE 4
TROON SERVICES

4.1 **Standards of Performance**. Troon acknowledges that the quality and reliability of the F/B Operations is important to the Golf Resort, and covenants with City to operate and manage the food and beverage operations of the Golf Resort in accordance with the Operational Standards.

4.2 **Revenues; Expenses**. Troon shall pay all costs and expenses relating to the F/B Operations and shall maintain an appropriate number of food and beverage service employees and an appropriate level of inventory. Troon will collect for its account all revenues from the sale of food and beverages on the F/B Premises. City shall have no interest or claim to income from the sale of food and beverages on the F/B Premises or from F/B Operations. City shall pay the costs for all utilities (including but not limited to electric, gas, telephone and cable), maintenance, taxes, insurance and other similar expenses associated with the Golf Resort and the F/B Premises as provided in the Management Agreement.

4.3 **Repairs and Maintenance.** City shall pay all costs associated with the repair and maintenance to the Equipment, the Golf Resort and the F/B Premises, including, but not limited to the heating, air conditioning, plumbing and electrical units, provided, however, that in no event shall City be obligated to make any capital improvements with respect to the Equipment, the Golf Resort and the F/B Premises unless otherwise agreed pursuant to the Management Agreement.

4.4 **Employees**. Troon shall **(i)** determine manpower requirements, recruitment schedules, and compensation levels, **(ii)** furnish Troon descriptions, performance appraisal procedures, employee benefit programs, and operational and procedural manuals for all personnel, and **(iii)** establish forms and procedures for employee compensation and incentive programs. Troon shall hire, promote, discharge, and supervise all operating personnel, department heads, and ancillary and supportive employees performing services in any manner related to the F/B Operations. All such employees shall be employees of Troon Golf. Upon being hired, such employees shall be subject to such health regulations and examinations as any applicable governmental authority may require in connection with their employment. Troon shall further comply with the requirements of Article V of the Management Agreement with respect to all employees of Troon Golf who are working in F/B Operations.

4.5 **Quarterly Meetings**. City has designated the City Manager as the individual who is responsible for administering this Agreement on behalf of the City. A designated

representative of Troon shall meet with the City Manager or the City Manager's designee on a quarterly basis for a formal review of F/B Operations. Troon shall also, as frequently as is reasonably requested by City, report to City concerning F/B Operations and the performance of Troon's obligations hereunder.

4.6 **Licenses, Permits, and Accreditations**. Troon (or its affiliate) shall apply for and use its best reasonable efforts to obtain and maintain, in Troon's (or its affiliate's) name, all licenses, permits, and accreditations required in connection with the management and operation of the F/B Operations. City will cooperate with Troon in applying for, obtaining, and maintaining such licenses, permits, and accreditations.

4.7 **Food and Beverages**. Troon shall develop food and beverage operating concepts (including operational plans, menus, wine lists, and food and beverage control systems) and maintain the master recipe files. All such matters shall be subject to the City's prior approval, which approval shall not be unreasonably withheld. All food and beverages purchased to be sold or distributed at the Golf Resort and all F/B operations shall be of first-rate quality, in accordance with the Operational Standards.

4.8 **Compliance with Law**. Troon shall not use or permit the use of the F/B Premises for any purpose prohibited by law and shall comply with all laws, ordinances, rules, regulations, orders, requirements and demands of all duly constituted authorities with respect to the condition, use and occupancy of the F/B Premises as such may be applicable from time to time during the term of this Agreement.

4.9 **Expenditures Required for Compliance with Law**. In the event, at any time during the Term of this Agreement, repairs, additions, changes, or corrections in the F/B Premises of any nature shall be required by reason of any laws, ordinances, rules, or governmental regulations now or hereafter in force, or by order of any governmental or municipal power, department, agency, authority, or officer, Troon shall consult with City with respect to such repairs pursuant to Section 3.4 of the Management Agreement and any repairs of an emergency nature shall be handled in accordance with Section 3.4(c) of the Management Agreement.

4.10 **Specific Operating Procedures.** Troon shall operate and manage the F/B Operations in accordance with the following operating procedures:

4.12.1 **Hours of Operation.** Food and beverage services at the Golf Resort shall be available on a daily basis all year and shall not be closed on holidays. The operating hours of the various food and beverage venues within the Golf Resort shall be proposed by Troon and approved by City. Both inside and outside food and beverage services at the Golf Resort clubhouse shall be open all year, except as otherwise approved by City. The hours of food and beverage services in the clubhouse restaurant shall be subject to the approval of the City Manager.

4.12.2 **Dress Code.** With the approval of City, Troon shall adopt and enforce a dress code for play and for the food and beverage venues which is consistent with other First

Class golf facilities and resorts. This dress code shall apply to all visitors, golfers, and employees.

4.12.3 **Operations**. Temporary food stands shall not be installed on the golf courses except for special events. Troon shall comply with all requirements of state and local law governing the sale and distribution of alcoholic beverages. Troon shall obtain and maintain all permits from the County of Riverside Department of Health for all food and beverage services at the Golf Resort. Troon shall comply with all regulations of the County of Riverside Department of Health and all other present and future health laws and regulations as may be established by the federal, state, county, and city governmental agencies. All food service employees shall possess valid food handler cards, and a copy of these cards shall be maintained in the administrative office at the Golf Resort. Troon shall comply with City's municipal code as it relates to tuberculosis testing, and other health and disease testing as now or hereafter required by applicable law, for all food and beverage employees. The parties acknowledge and agree that the food and beverage services at the Golf Resort shall be consistent with the Easement Agreement. Prices of food and beverage services at the Golf Resort shall be comparable to prices charged at other First Class golf resorts in the Coachella Valley.

4.12.4 **Safety and Security**. The F/B Operations shall comply with all safety regulations of federal, state, and local governmental agencies, including without limitation any requirements imposed by California Labor Code Sections 1720 et. seq. and 6300 et. seq. and regulations promulgated with respect thereto, and applicable federal occupational, health, and safety laws and regulations. Troon shall take all reasonable actions to protect the safety of all food and beverage service employees and customers. Troon shall provide appropriate security systems, including video monitoring of cash operations, security alarm systems, motion detection sensors for after hours control, and locks for the maintenance yard and perimeter gates. The alarm system at the F/B Premises shall be tied into an offsite monitoring station. Troon shall keep for seven (7) days computer back-up tapes for all accounts payable and accounts receivable information. All records of F/B Operations at the Golf Resort shall be kept in fireproof files.

4.13 **Alterations to Buildings**. Except as provided for in Section 4.11 above, Troon shall not make any alterations, additions, or changes to the appearance or the structural nature of the clubhouse without the prior approval of the City Council.

4.14 **Limitations**. Troon shall use the F/B Premises in the manner described herein and not for any other purpose or purposes whatsoever. All trade names, trademarks, logos, emblems and similar identifying matters related to or used in connection with the Golf Resort and F/B Premises shall be the sole and exclusive property of City, and all use of such marks shall be subject to City's approval in its sole judgment.

ARTICLE 5
RENT

5.1 **Rent**. Troon shall pay to City as rent during the Term hereof monthly installments in advance on the first day of each month of the Term in accordance with the

Schedule attached hereto as Exhibit A, which shall remain in effect for the first year of the Term. No later than each anniversary of the Term, Troon and City shall agree on a revised rent schedule for the next year, which schedule shall adjust monthly rent payments to take into account the difference in Troon cash flow due to the seasonal nature of business at the Golf Resort. Rent for any period during the Term hereof which is for less than one (1) month shall be a pro-rata portion of the monthly installment. Rent shall be payable without notice on demand and without any deduction, offset, or abatement, at the address stated herein, or to such other persons or at such other places as City may designate in writing.

ARTICLE 6
BOOKS AND RECORDS

6.1 **Books and Records**. Troon shall keep full and accurate books of account and such other records as are necessary to reflect the results of the F/B Operations. Troon will make available to City, or to the City Manager, all books and records in Troon's possession relating to the F/B Operations. All books and records for the F/B Operations shall be located either at the Golf Resort or at Troon's corporate office. All accounting records shall be maintained in accordance with generally accepted accounting principles and shall be maintained in an accrual format. All such books, records, and reports shall be maintained separately from other facilities operated by Troon. Troon agrees to maintain reasonable and necessary accounting, operating, and administrative controls relating to the financial aspects of the F/B Operations, and such controls shall provide checks and balances designed to protect the Golf Resort, Troon, and City. The cash registers used by Troon shall be approved by City. Troon shall maintain all financial and accounting books and records for a period of at least three (3) years after the expiration or earlier termination of this Agreement, and City shall have the right to inspect and audit such books and records during such period as provided in Section 6.3 below.

6.2 **Reports to City**. Troon shall deliver to City the following financial statements, in a form acceptable to City:

(a) Within twenty (20) days after the end of each calendar month, a profit and loss statement, balance sheet, cash flow statement, and budget variance report showing the results of the F/B Operations for such month and for the Operational Year to date, which statement shall include sufficient detail to reflect all gross revenues and expenses of the F/B Operations; and

(b) Within thirty (30) days after the end of each Operational Year, a profit and loss statement showing the result of the F/B Operations for such Operational Year which statement shall include sufficient detail to reflect all gross revenues and expenses. If requested by the City, and at the sole expense of City, these financial statements shall be certified by an independent certified public accountant acceptable to City.

6.3 **Inspection**. Upon seven (7) days prior written notice to Troon, which notice shall set forth the date and time that City desires to inspect the books and records, the City or its

authorized agents, auditors, or representatives shall have the right during normal business hours to review, inspect, audit, and copy the books, records, deposit receipts, canceled checks, and other accounting and financial information maintained by Troon in connection with the F/B Operations. All such books and records shall be made available to the City at the Golf Resort, unless the City and Troon agree upon another location. The City, at its own expense, shall have the right to retain an independent accounting firm to audit the books and records of the F/B Operations on an annual basis. City's rights under this Section shall continue after termination of this Agreement.

ARTICLE 7
QUIET ENJOYMENT; NONDISTURBANCE

7.1 **Quiet Enjoyment**. City covenants that so long as there is not existing an Event of Default by Troon under this Agreement, Troon shall, to the extent necessary to manage the F/B Operations and all sales and service related thereto, quietly hold, occupy, possess and enjoy the F/B Premises throughout the Term of this Agreement, free from hindrance, ejection, removal, prohibition, or disturbance by City or any other party claiming under, through, or by right of City.

7.2 **Inspection**. Notwithstanding the foregoing, City and its duly authorized agents, employees and representatives shall have the right to enter upon and inspect the F/B Premises at all reasonable times.

ARTICLE 8
EVENTS OF DEFAULT

8.1 **Events of Default**. The occurrence of any one or more of the following events which is not cured in the time permitted shall constitute a default under this Agreement (hereinafter referred to as an "**Event of Default**"):

8.1.1 **Failure to Pay Sums Due**. Either party's failure to pay any sums payable under this Agreement when and as the same shall become due and payable and such failure shall continue for a period of fifteen (15) days after written notice (specifying the item not paid) thereof from the other party to the defaulting party.

8.1.2 **Failure to Comply**. Either party's failure to comply with any of the other covenants, agreements, terms, or conditions contained in this Agreement and such failure shall continue for a period of thirty (30) days after written notice thereof from the other party to the defaulting party specifying in detail the nature of such failure. Notwithstanding the foregoing, in the event any failure cannot with due diligence be cured within such 30 day period, if the defaulting party proceeds promptly and diligently to cure the same and thereafter diligently prosecutes the curing of such failure, the time within which the failure may be cured shall be extended for such period as may be reasonably necessary for the defaulting party to cure the failure.

8.1.3 **Liquor License**. If Troon (or its affiliate, as applicable) fails to maintain in good standing any and all liquor and other licenses required under California law to conduct the F/B Operations on the F/B Premises.

8.1.4 **Default under Management Agreement**. The occurrence of an Event of Default under the Golf Course Management Agreement.

ARTICLE 9
TERMINATION

9.1 **Events of Termination**. The Term of this Agreement shall terminate on the occurrence of any of the events set forth below:

9.1.1 Both parties agree in writing to terminate this Agreement;

9.1.2 Upon the expiration or termination of the City's right to possession of the Golf Resort;

9.1.3 Upon the expiration or termination of the Management Agreement;

9.1.4 Upon the expiration or termination of this Agreement according to its terms; or

9.1.5 Upon ninety (90) days written notice from City that City has determined to either take over F/B Operations or transition F/B Operations to a third party.

9.1.6 Immediately upon the occurrence of an Event of Default.

9.2 **Effect of Termination**. Upon termination, **(i)** Troon shall surrender the F/B Premises, all Equipment and anything used in the F/B Operations to City, **(ii)** Troon shall cooperate with City in the transfer of Troon's liquor license(s) to City or its designee, and **(iii)** Troon shall cooperate with City to ensure the uninterrupted sale of alcoholic beverages at the F/B Premises until the transfer is completed.

9.3 **Payment of Sums Owed**. Upon termination, all sums owed by either party to the other shall be paid within thirty (30) days of the effective date of such termination.

ARTICLE X
INSURANCE

10.1 **Insurance**. Insurance for the Golf Resort, F/B Operations and the F/B Premises shall be provided in accordance with Article IX of the Management Agreement.

ARTICLE XI
DAMAGE OR DESTRUCTION; EMINENT DOMAIN; FORCE MAJEURE EVENTS

11.1 **Damage or Destruction**. Should the F/B Premises be destroyed or substantially damaged by fire, flood, acts of God, or other casualty, City, by written notice to Troon given within sixty (60) days following the occurrence of such event, shall have the right to terminate this Agreement on the basis that City does not choose to rebuild or restore the F/B Premises, and in such event neither party shall have any further obligation to the other party under this Agreement, except with respect to liabilities accruing, or based upon events occurring, prior to the effective date of such termination. For the purpose of this Section 11.1, the F/B Premises shall be deemed to have been substantially damaged if the estimated length of time required to restore the F/B Premises substantially to its condition and character just prior to the occurrence of such casualty shall be in excess of six (6) months, as indicated by an architect's certificate or other evidence reasonably satisfactory to Troon. If this Agreement is not terminated in the event of damage to the F/B Premises either because **(i)** the damage does not amount to substantial damage as described above, or **(ii)** notwithstanding destruction of or substantial damage to the F/B Premises, City elects to restore the F/B Premises, then City shall proceed, at City's own expense, with all due diligence to commence and complete restoration of the F/B Premises to its condition and character just prior to the occurrence of such casualty. If as a result of any damage or destruction to the F/B Premises as provided in this Section 11.1, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Management Fees.

11.2 **Eminent Domain**. If all of the F/B Premises (or such a substantial portion of the F/B Premises so to make it unfeasible, in the reasonable opinion of City, to restore and continue to operate the remaining portion of the F/B Premises for the purposes contemplated in this Agreement) shall be taken through the exercise (or by agreement in lieu of the exercise) of the power of eminent domain, then upon the date that City shall be required to surrender possession of the F/B Premises or of that substantial portion of the F/B Premises, this Agreement shall terminate and neither party shall have any further obligation to the other party under this Agreement except with respect to liabilities accruing, or based upon events occurring, prior to the effective date of such termination. If such taking of a portion of the F/B Premises shall not make it unfeasible, in the reasonable opinion of City, to restore and continue to operate the remaining portion of the F/B Premises for the purposes contemplated in this Agreement, then this Agreement shall not terminate, and City shall proceed, at City's own expense, with all due diligence to alter or modify the F/B Premises so as to render it a complete architectural unit which can be operated as a golf resort of substantially the same type and character as before. If as a result of any alteration or modification of the F/B Premises as provided in this Section 11.2, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Management Fees.

11.3 **Force Majeure Events**. As used in this Agreement, the term "**Force Majeure Event**" means declared or undeclared war, sabotage, riot or acts of civil disobedience, acts or omissions of governmental agencies, accidents, fires, explosions, floods, earthquakes, or other

acts of God, strikes, labor disputes, shortages of materials, or any other event not within the control of Troon and not caused by the gross negligence or intentional wrongful conduct of Troon. For purposes of this Agreement, any disruption to the operation of the Golf Resort or the F/B Premises caused by a capital improvement project shall also constitute a Force Majeure Event. If as a result of the occurrence of a Force Majeure Event, the responsibilities of Troon under this Agreement are substantially changed, then the parties shall meet and discuss in good faith appropriate modifications to this Agreement including the Management Fees.

ARTICLE XII
INDEMNIFICATION

12.1 **Troon's Indemnity**. Troon agrees to indemnify and hold harmless the City and its officials, officers, employees, agents and volunteers from and against any and all claims, demands, actions, lawsuits, proceedings, damages liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses;

(a) which result from any act or omission constituting active or passive negligence (including acts or omissions that do not meet industry standards), gross negligence, fraud or willful misconduct by an Executive Employee, employment claims arising out of the improper acts or omissions of an Executive Employee, or the failure of an Executive Employee to properly supervise the Golf Resort employees or properly administer employment practices in accordance with the Golf Resort employment manual approved by the City; or

(b) which result from any action taken by Troon or an Executive Employee relating to the Golf Resort **(i)** that is expressly prohibited by this Agreement, or **(ii)** that is not within the scope of Troon's duties under this Agreement, or **(iii)** that is not within Troon's delegated authority under this Agreement; or

(c) which result from Troon's material breach of any covenant or obligation contained in this Agreement. For purposes of this Section, the term "material" shall mean any breach resulting in liability in excess of $5,000.00.

Troon's indemnity obligations under this Section 12.1 shall not apply to any acts taken (or omissions not taken) either at the written direction of the City or with the approval of the City, provided, however, that the approval of the Annual Plan, or any other general operating policy or procedure by the City shall not be interpreted as "direction" or "approval" of a specific act or omission unless such act or omission is clearly and unambiguously contemplated thereby. The act or omission of a Golf Resort employee who is not an Executive Employee shall constitute an act or omission of Troon under this Section 12.1 only if Troon's home office or regional staff, or an Executive Employee, acted with negligence or gross negligence in employing, training, supervising and/or continuing the employment of such employee.

12.2 **City's Indemnity**. The City agrees to indemnify and hold harmless Troon and its owners, officers, directors, employees, members and managers from and against any and

all claims, demands, actions, lawsuits, proceedings, damages, liabilities, judgments, penalties, fines, attorneys' fees, costs, and expenses:

(a) which result from any act or omission by Troon in connection with the management and operation of the Golf Resort **(i)** that is expressly authorized by this Agreement, or **(ii)** that is within the scope of Troon's duties under this Agreement, or **(iii)** that is within Troon's delegated authority under this Agreement, or **(iv)** that was either at the direction of the City or with the written approval of the City unless, in each case, such act or omission would be an event for which Troon is required to indemnify the City under Section 12.1 above; or

(b) which result from the City's breach of this Agreement or any act or omission constituting active or passive negligence, gross negligence or willful misconduct by the City or any officer, director, employee, or agent of the City; or

(c) which otherwise arise from the operation or condition of the Golf Course or any activity occurring thereon unless, in each case, such matter would be an event for which Troon is required to indemnify the City under Section 12.1 above.

12.3 **Nature of Indemnity**. The indemnity obligations of Troon and the City set forth in this Article XII shall be offset to the extent of any applicable insurance proceeds paid to the indemnified party or on its behalf.

ARTICLE XIII
REPRESENTATIONS AND WARRANTIES

13.1 **Troon's Representations**. As a material inducement to City to enter into this Agreement, Troon represents and warrants the following:

(a) Troon is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware; that it is duly qualified to do business and is in good standing in the State of California; that it has all necessary power and authority to enter into this Agreement and to carry out the transactions contemplated herein; and that the execution and delivery hereof and the performance by Troon of Troon's obligations hereunder will not violate or constitute a default under the terms and provisions of any agreement, law or court order to which Troon is a party or by which Troon is bound.

(b) All actions required to be taken by or on behalf of Troon to authorize it to execute, deliver and perform its obligations under this Agreement have been taken, and that this Agreement is a valid and binding obligation of Troon enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) The person(s) executing this Agreement on behalf of Troon have full power and authority to bind Troon to the terms hereof.

13.2 **City's Representations**. As a material inducement to Troon to enter into this Agreement, City represents and warrants the following:

(a) City is a California Municipal corporation, validly existing and in good standing under the laws of the State of California; that it is duly qualified to do business and is in good standing in the State of California; that it has all necessary power and authority to enter into this Agreement and to carry out the transactions contemplated herein; and that the execution and delivery hereof and the performance by City of City's obligations hereunder will not violate or constitute a default under the terms and provisions of any agreement, law or court order to which City is a party or by which City is bound.

(b) All actions required to be taken by or on behalf of City to authorize it to execute, deliver and perform its obligations under this Agreement have been taken, and that this Agreement is a valid and binding obligation of City enforceable in accordance with its terms, except as the same may be affected by bankruptcy, insolvency, moratorium or similar laws, or by legal or equitable principles relating to or limiting the rights of contracting parties generally.

(c) The persons executing this Agreement on behalf of City have full power and authority to bind City to the terms hereof.

ARTICLE XIV
TRANSFERS AND ASSIGNMENTS

14.1 **Limitation on Troon**. Troon may assign or transfer this Agreement to an Affiliate, however Troon shall not sell, convey, assign, transfer, hypothecate, pledge, or otherwise dispose of (or agree to do any of the foregoing) all or any part of its interest, if any, in this Agreement, or any contractual rights or obligations related hereto (except for Troon's right to receive payments), other than to an Affiliate, without the prior written consent of City. Provided, however, Troon may assign this Agreement to an entity that is similarly engaged in food and beverage operations and that employs the principal members of the current Troon management team.

14.2 **Limitation on City**. City may assign or transfer this Agreement to a governmental agency related to the City or to the Agency. City may also assign and transfer its rights under this Agreement to a purchaser or new owner of the Golf Resort that assumes the obligation of City hereunder. Otherwise, City may not assign or transfer its rights hereunder.

ARTICLE XV
MISCELLANEOUS

15.1 **Waiver**. The waiver by either City or Troon of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained. No covenant, term or condition of this Agreement shall be deemed to have been waived by City or Troon, unless such waiver is in writing signed by the party against whom such waiver is asserted.

15.2 **Entire Agreement**. This Agreement sets forth all the covenants, promises, agreements, conditions and understandings between City and Troon, oral or written, relating to the subject matter of this Agreement. City has made no representations or promises not expressly contained herein. No subsequent alterations, amendment, change or addition to this Agreement shall be binding upon City and Troon unless reduced to a writing and signed by them.

15.3 **Notices**. Notices, statements and other communications to be given under the terms of this Agreement shall be delivered in a timely fashion (and in any event within any time limits established elsewhere in this Agreement) and shall be in writing and delivered by hand (including pre-paid courier) or sent by certified or registered mail, postage prepaid, return receipt requested, or by telex, telegram, facsimile or other telegraphic means and addressed as follows:

If to City:

City of Indian Wells
44-950 Eldorado Drive
Indian Wells, California 92210
Attention: City Manager

If to Troon:

Troon Restaurant Holdings, LLC
15044 North Scottsdale Road, Suite 300
Scottsdale, Arizona 85254
Attention: Legal Department

or at such other address as from time to time designated by the party receiving the notice in accordance with this Section 15.3. The date of service of such notices shall be the date such notices are delivered to the party to whom the notice is given.

15.4 **City Bonds**. In connection with City's issuance or refunding of any bonds or certificates of participation, Troon shall have the right to approve, which approval shall not be unreasonably withheld, any description of Troon or any description of this Agreement or of City's relationship with Troon under this Agreement, which description is contained in any prospectus or similar materials delivered in connection with such bonds or certificates of participation. City agrees to furnish to Troon copies of all such materials for such purpose not less than twenty (20) days prior to the delivery of such materials to the addresses set forth in Section 15.3 above.

15.5 **Interest**. Interest shall accrue on any sums owed by either party hereto to the other party starting from the first date of delinquency and continuing until the full amount, including such interest is paid. Such interest shall accrue at a rate equal to the lesser of **(a)** the maximum rate of interest allowed by applicable law, or **(b)** the rate of interest announced by Bank of America National Trust and Savings Association or its successors, as of such date of delinquency, as its "prime" or "reference" rate, plus two percent (2%).

15.6 **Successors and Assigns**. This Agreement is personal to City and Troon and except as otherwise provided herein, neither party shall have the right, power or authority to assign this Agreement, or any portion hereof or any monies due or to become due hereunder, or to delegate any duties or obligations arising hereunder, either voluntarily, involuntarily or by operation of law, without the prior written approval of the other party. Except as otherwise provided herein, Troon shall not have any right, power or authority to subcontract its services, or any portion thereof, without the prior written approval of City. Any approval by City of any subcontract of Troon's services or any part thereof shall not be construed to make City a party to such subcontract or to expose City to any claims or liabilities arising thereunder. Without waiver of the foregoing provisions, all of the rights, benefits, duties, liabilities and obligations of the parties hereto shall inure to the benefit of and be binding upon their respective successors and assigns.

15.7 **Persons Indemnified**. All agreements by either Troon or City to indemnify or hold the other harmless contained in this Agreement shall inure to the benefit not only of the respective indemnitee but also to that of its and their subsidiaries and Affiliates, and shall also inure to the benefit of the directors, officers, members, managers, employees and agents of any of the foregoing.

15.8 **Applicable Law**. This Agreement and all provisions thereof, irrespective of the place of execution or performance, shall be construed and enforced in accordance with the laws of the State of California. Venue for any action arising out of this Agreement shall be Riverside County.

15.9 **Cumulative Rights**. The rights and remedies conferred upon both City and Troon in this Agreement and by law are cumulative.

15.10 **Savings Clause**. If any provisions of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder or substantially increase the burden on any party hereto, shall be held to be invalid or unenforceable to any extent, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

15.11 **Attorneys' Fees**. If any party fails to perform any of its obligations under this Agreement or if any dispute arises between the parties concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by any other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorney's fees and disbursements. Any such attorney's fees and other expenses incurred by any party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorney's fee obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.

15.12 **Further Assurances**. Troon and City each agree to execute and deliver from time to time, promptly following any reasonable request therefor by the other party, any and all instruments, agreements and documents, and promptly shall take such other actions as may be necessary or appropriate in the reasonable determination of the other party, to carry out the transaction described in this Agreement.

15.13 **Trade Names, Royalties and Patents**. All trade names, trademarks, logos, emblems and similar identifying matters related to or used in connection with the Golf Resort, the F/B Operations, and F/B Premises shall be the sole and exclusive property of City, and all matters relating to their use shall be subject to City's approval in its sole judgment. All trade names, trademarks, logos, emblems and similar identifying matters related to Troon and Troon's Affiliates shall be the sole and exclusive property of Troon, and all matters relating to their use shall be subject to Troon's approval in its sole judgment.

15.14 **Easements**. Troon shall recognize all easements of record affecting the Golf Resort.

15.15 **Publicity**. Any commercial advertisements, press releases, articles, or other media information using City's name shall be subject to the prior approval of City which approval shall not be unreasonably withheld. Any commercial advertisements, press releases, articles, or other media information using Troon's name or marks shall be subject to the prior approval of Troon which approval shall not be unreasonably withheld.

15.16 **Reserved**.

15.17 **Conflict of Interest**. The parties hereto hereby covenant that during the term of this Agreement they will not employ any person to administer any portion of this Agreement that has an interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement.

15.18 **No Third-Party Beneficiaries**. This Agreement is not intended and shall not be deemed or construed to convey any rights, powers or privileges on any person, firm, partnership, corporation or other entity not a party hereto except as may be expressly provided herein to the contrary.

15.19 **Time**. Time is of the essence of this Agreement and each provision hereof of which time is an element.

15.20 **Mediation, Arbitration and Dispute Resolution**.

(a) **Resolution by the Parties**. The parties hereto desire, pursuant to the provisions of this Section 15.20, to establish procedures to facilitate the informal an inexpensive resolution of any disputes arising out of or relating to this Agreement by mutual cooperation and without resort to litigation. To accomplish this objective, City and Troon agree to follow the procedures set forth below if a dispute arises under this Agreement: the complaining party shall write a description of the alleged breach of contract or complaint and send it to the other party by certified or registered mail. This letter shall explain the nature of the complaint and refer to the relevant sections of the Agreement upon which the complaint is based. The complaining party shall also set forth a proposed solution to the problem, including a reasonably specific time frame within which the parties must act. The party receiving the letter must respond in writing within ten (10) days with an explanation, including references to the relevant parts of the Agreement and a response to the proposed solution. Within ten (10) days of receipt of this response, the parties must meet and discuss options for resolving the dispute. The complaining party must initiate the scheduling of this resolution meeting.

(b) **Arbitration**. If the dispute is not settled by the parties pursuant to the procedure set forth in Subsection (a) above, the parties agree to submit the dispute to JAMS or AAA for binding arbitration. The aggrieved party may initiate arbitration by sending written notice of an intention to arbitrate by registered mail or certified mail to all parties and to JAMS or AAA. The notice must contain a description of the dispute, the amount involved, and the remedy sought. Either party may seek equitable relief from the arbitration in addition to monetary damages. The parties may agree on a retired judge from the JAMS or AAA panel. If they are unable to agree, JAMS or AAA will provide a list of three (3) available judges and each party may strike one. The remaining judge will serve as the arbitrator at the settlement conference. The arbitration shall be held in accordance with the provisions of California law, except as specifically provided herein.

In Witness Whereof, City and Troon have executed this Agreement as of the date first above written.

"CITY"

CITY OF INDIAN WELLS, a
California Municipal corporation

By: _____
Name: Greg Johnson
Its: City Manager

"TROON"

TROON RESTAURANT HOLDINGS, LLC,
a Delaware limited liability company

By: _____
Name: TIMOTHY E. SCHANTZ
Its: EVP

APPROVED AS TO FORM

Stephen P. Deitsch
City Attorney

EXHIBIT A

RENT

June

July

August

September

October

November

December

January

February

March

April

May