

**Agreement Between
the Rancho Santa Fe Association and the Rancho Santa Fe Golf Club
for Sharing Responsibilities and Authority
for Food and Beverage Operations**

In recognition of the fact that the food and beverage operations at the Rancho Santa Fe Golf Club (the "RSFGC") Ranch Clubhouse and Snack Bar provide restaurant, catering, and event services for the entire Rancho Santa Fe Community, the RSFGC and the Rancho Santa Fe Association (the "RSFA") are entering into this agreement to define an equitable allocation of the respective responsibilities and authority regarding those food and beverage operations (such operations, together with the buildings housing the operations and the other property used therein, being herein called the "Food and Beverage Operations").

The parties hereby agree that:

1. Day-to-day management of the Food and Beverage Operations shall be the responsibility of the RSFGC General Manager. This responsibility includes financial performance, staffing, and maintaining outstanding quality and consistency of the food and beverage product and service.
2. Oversight of the Food and Beverage Operations shall be delegated to the Food and Beverage Operations Joint Committee (the "Committee"), consisting of:
 - a. Three representatives each appointed by the Presidents of the RSFA and the RSFGC (the "Presidents"), respectively, at least two of which shall be current members of each of the Board of Directors of the RSFA and the Board of Governors of the RSFGC (collectively, the "Boards").
 - b. The RSFA Manager and RSFGC General Manager.

Neither the Committee nor either Board or any other committee thereof shall interfere with the day-to-day management of the Food and Beverage Operations. The Committee shall not be vested with the powers of either Board.

3. All policy and strategic decisions regarding the Food and Beverage Operations shall be reviewed by the Committee and approved by both Boards. These include, without limitation, the mission and vision for the Food and Beverage Operations (including such things as name, design, brand, days and hours of operation (including policy as to closures that limit member access), menu concepts, pricing parameters, and service standards); major capital expenditures; and the hiring, firing, or change in material responsibilities of the Executive Chef or Food and Beverage Manager.
4. The operating budget for the Food and Beverage Operations for fiscal 2019-2020 is attached hereto as Exhibit A and it is based on the allocation of certain costs as between the Food and Beverage Operations and the other operations

of the RSFGC as noted thereon. In connection with the annual budget for the RSFA for each future fiscal year, the RSFGC General Manager and the RSFA CFO shall prepare an operating budget for the Food and Beverage Operations containing substantially the same line items as shown on Exhibit A and based on substantially the same method of allocation as noted thereon. The actual costs, line items, and allocations are subject to periodic review with the understanding that adjustments may be made to assure that the ultimate sharing arrangement remains fair and equitable. Each month, the Committee shall receive such financial reports as it shall reasonably request, such reports to be prepared by the RSFGC General Manager and the RSFA CFO and to include a statement of operations for the Food and Beverage Operations for such month and the year to date, prepared on a basis substantially consistent with the budget for the fiscal year in which such month occurs. The Committee shall meet monthly or at such other intervals as shall be specified by both Boards.

5. It is the intent of the Boards that the net loss or profit, if any, of the Food and Beverage Operations calculated in the same manner as the budget shown as Exhibit A be ultimately shared equally by the RSFA and the RSFGC. Notwithstanding the foregoing, the RSFA's share of the net loss for any fiscal year shall be limited to a fixed annual amount, which shall be mutually agreed upon, based on the proposed budget for the Food and Beverage Operations for that fiscal year. In the case of fiscal year 2019-2020 it shall be \$300,000. It is likewise the intent of the Boards that all use of the Food and Beverage Operations by the RSFA or RSFGC (whether at the Ranch Clubhouse, the Snack Bar, the Players' Clubhouse, the Tennis Club, or other venues) shall be charged at retail catering or room-use rates unless otherwise agreed to by both Boards.
6. Major capital improvements to the Food and Beverage Operations shall be the joint responsibility of the RSFA and RSFGC. It is suggested that the development, planning, and implementation of these improvements be managed by the Committee or a joint committee similar to the Committee (which may have one or more of the same members as the Committee), all as the Presidents may mutually determine based upon the skill sets of the members of the Committee at the time. Capital costs for major capital improvements shall be shared equally.
7. This agreement supersedes Resolution 2017-XXX, Resolution Regarding the Managerial, Operational and Financial Responsibility for the Golf Facilities by the Rancho Santa Fe Golf Club, to the extent, and solely to the extent, it is inconsistent therewith. This agreement may be amended at any time with the approval of both Boards. Either Board may terminate this agreement at any time and without cause by providing at least 90 days written notice to the other Board.