

REVIEWED
LEGAL COUNSEL

For Recording Stamp Only

**DOCUMENT NO. 2025-944
AMENDING DESCHUTES COUNTY CONTRACT NO. 2023-020**

THAT CERTAIN AGREEMENT, Deschutes County Contract No. 2023-020 dated January 1, 2023, by and between DESCHUTES COUNTY, a political subdivision of the State of Oregon ("County") and Oregon Beverage Services ("Contractor"), is amended, effective upon signing of all parties, as set forth below. Except as provided herein, all other provisions of the contract remain the same and in full force.

County's performance hereunder is conditioned upon Contractor's compliance with provisions of ORS 279B.220, 279B.225, 279B.230, and 279B.235, which are hereby incorporated by reference. In addition Standard Contract Provisions contained in Deschutes County Code Section 2.37.150 are hereby incorporated by reference. Contractor certifies that the representations, warranties and certifications contained in the original Contract are true and correct as of the effective date of this Amendment and with the same effect as though made at the time of this Amendment.

The above listed contract is amended as follows:

- 1. Section 2.2 is deleted and replaced in its entirety as follows:
The expiration date of this Agreement is 12-31-2026, with the possibility of one (1) additional year upon mutual written agreement between both parties from January 1, 2027 - December 31, 2027, unless otherwise amended pursuant to Section 5.5 below.
- 2. Exhibit B is attached and incorporated herein to the Agreement.

CONTRACTOR NAME:

Authorized Signature

Dated this 20th of NOVEMBER, 2025.

COUNTY:
Dated this _____ of _____, 20__

BOARD OF COUNTY COMMISSIONERS

ANTHONY DeBONE, CHAIR

PATTI ADAIR, VICE CHAIR

PHIL CHANG, COMMISSIONER

ATTEST:

Recording Secretary

EXHIBIT B
DESCHUTES COUNTY SERVICES CONTRACT
Contract No. 2023-20
OPERATIONAL PROCEDURES

ALCOHOL ORDERING, SALES, DEPOSITS, AND SETTLEMENT PROCEDURES

The following procedures govern alcoholic beverage procurement, inventory, sales, deposits, reporting, and settlements for events held at Deschutes County Fair & Expo (DCFE). These procedures are intended for inclusion in the Agreement between Oregon Beverage Services, the Alcohol Management Company (the “Contractor”) and the host facility, DCFE (the OLCC license holder). *This procedural summary is intended to be incorporated into the Agreement and read in conjunction with the Agreement’s definitions, term, insurance, indemnity, and compliance provisions. Where a conflict exists, the Agreement controls.*

1. Ordering and Delivery

1. Contractor shall place all alcohol product orders required for DCFE events.
2. Upon delivery, Contractor shall accept the shipment and ensure DCFE receives a complete copy of the distributor invoice for each order at or before delivery.

2. Distributor Invoicing and Payment (OLCC License Holder)

1. DCFE, as the OLCC Liquor License holder, shall issue payment directly to the alcohol distributors for alcohol product orders upon receipt of the corresponding invoices.
2. DCFE shall provide the Contractor with confirmation of each payment upon request.

3. Reimbursement to DCFE; Transfer of Product Ownership; Inventory Control

1. Contractor shall reimburse DCFE for the full cost of each alcohol purchase paid by DCFE.
2. Upon DCFE’s receipt of such reimbursement, Contractor becomes the owner of the alcohol product and assumes all responsibility and liability for product.

3. Contractor shall maintain accurate records of product consumption for events held at DCFE (purchases, receipts, sales, returns, and depletions) and make such records available to DCFE upon request.

4. Event Sales and Revenue Collection

1. Contractor shall conduct all alcohol sales to event attendees and collect all corresponding revenue at point-of-sale.
2. Contractor may accept cash and credit/debit card tenders. Credit/debit card processing shall occur via Contractor's Square account unless otherwise agreed in writing.

5. Deposits, Remittances, and Revenue Reporting

- Cash Tender:
 1. Contractor shall deposit all cash revenue to the designated Deschutes County bank account assigned by DCFE.
 2. Contractor shall transmit a copy of the bank deposit slip to DCFE for revenue recording promptly after deposit.
- Credit Card Tender:
 1. Credit/debit card proceeds shall settle to the Contractor's bank account via its Square account.
 2. Contractor shall provide DCFE with a full revenue report for each event that identifies total gross revenue and the cash and credit/debit card tender amounts, in addition to billed amounts to the event.
 3. Contractor shall remit to DCFE the full amount of the credit/debit card tender reflected in the revenue report, thereby completing deposit of total event revenue into the Deschutes County bank account.
- Consolidated Reporting:
 1. For each event, Contractor shall deliver to DCFE: (a) deposit slip copy for cash deposit, (b) credit/debit card settlement detail from Square, and (c) an event revenue report reconciling cash and card tenders to total gross sales. Additional location reporting to be provided upon request.

6. Reconciliation

1. DCFE shall record revenue based on the deposit slip(s) and remittances received.

2. Contractor and DCFE shall reconcile any discrepancies between reported revenue, deposits, and card settlements and resolve variances through mutual verification of source documents (cash count sheets, POS summaries, Square reports, deposit receipts, and product depletions during events at DCFE).

7. Contractor Compensation

1. Following each event, Contractor shall issue an invoice to DCFE for an amount equal to sixty-two percent (62%) of Gross Sales (as defined in the Agreement).
2. The Contractor's invoice shall itemize the allocation included within the 62% for: labor expense, alcohol expense, and management expense.
3. DCFE shall process payment of the Contractor's invoice through its standard accounts payable procedures.

8. Records, Access, and Retention

1. Contractor shall retain all event-related financial records and product consumption records (including invoices, deposit slips, POS summaries, Square settlement reports, and depletion reports) and make such records available to DCFE for inspection and audit upon reasonable notice.
2. Records shall be retained for the minimum period required by applicable law, OLCC rules, and DCFE/Deschutes County records retention schedules.

9. Compliance

1. Contractor shall conduct all ordering, storage, service, and sales of alcohol in compliance with OLCC requirements and DCFE policies, including server permitting, age verification, service limits, and hours of sale.
2. Nothing in these procedures alters DCFE's obligations as the OLCC license holder or the Contractor's obligations to comply with OLCC rules while acting under DCFE's license privileges.

10. Communications and Notice

1. All documents referenced herein (invoices, deposit slips, revenue reports, reimbursements, and remittance confirmations) shall be transmitted to DCFE in the format and to the contacts designated by DCFE.
2. The parties shall promptly notify each other of any material issues affecting ordering, delivery, deposits, credit card settlements, or reconciliation.



**DESCHUTES COUNTY FAIR & EXPO
STANDARD AGREEMENT**

THIS AGREEMENT, made and entered into this 12/16/2022 is by and between the Deschutes County Fair & Expo Center (“DCFE”) and Oregon Beverage Services

Name:
Oregon Beverage Services, Inc

Contact:
Carroll Unruh

Address:
2713 19th St SE,

City, state, postal:
Salem, OR 97302

Phone:
[\(503\) 362-3391](tel:5033623391)

Email:
carroll@oregonbeverage.com

(“Contractor”) (collectively, the “Parties”). The Parties, in consideration of the mutual promises, terms and consideration provided herein, agree to the following:

SECTION 1 – PURPOSE AND STANDARDS OF SERVICES

- 1.1 This Agreement sets forth the responsibilities and clarifies the relationship between DCFE and Contractor.
- 1.2 This document is a standardized form utilized by DCFE to ensure all agreements comply with state statutes, local county code provisions, and DCFE policies. This document includes and incorporates additional attachments, specified in Section 3 below.

SECTION 2 – CONTRACT TERM

- 2.1 The effective date of this Amendment is: 1-01-2023, or upon signature by both parties, whichever is later.
- 2.2 The expiration date of this Amendment is 12-31-2025, with the possibility of two (2) additional years upon mutual written agreement between both parties from January 1, 2026 – December 31, 2027, unless otherwise amended pursuant to Section 5.5 below.
- 2.3 Passage of the contract expiration date shall not extinguish or prejudice DCFE’s right to enforce this contract with respect to any default or defect in performance that has not been cured.

SECTION 3 – ADDITIONAL DOCUMENTS AND ATTACHMENTS

- 3.1 The following documents are incorporated into this Agreement (check all that apply):

- Attachment “A” – Statement of Work/Schedule/Payment Terms
- Attachment “B” – Contract and Agreement
- Attachment ___ – Rodeo Stock and Production Services
- Attachment ___ – Contractor Status Form
- Attachment ___ - Additional Terms and Conditions, Food Concessions
- Attachment ___ - Additional Terms and Conditions, Entertainment
- Attachment ___ - Rules and Regulations of the Fair
- Attachment ___ - Modifications to General Contract Terms and
Conditions (Section 5)

- 3.2 To be enforceable, any rider or other written requirements shall be attached to this Agreement and specifically annotated in this Section 3. It is understood and agreed that all of the terms and provision as set forth in above-listed attachments are incorporated herein by reference as though fully set forth herein, and breach or other violation by Contractor of said incorporated terms and provision shall constitute a breach of this Agreement.
- 3.3 In the event there is a conflict between the documents comprising this Agreement, the following order of precedence shall apply: “Modification to General Contract Terms and Conditions” (if applicable); the terms and conditions in the body of this Agreement; “Statement of Work / Schedule / Payment of Terms;” “Additional Terms and Conditions, Food Concessions” (if applicable); “Additional Terms and Conditions, Entertainment” (if applicable); “Entertainment Proposal” (if applicable); “Entertainment Contract Rider / Requirements” (if applicable); any other incorporated document.

SECTION 4 – DCFE CONTRACT ADMINISTRATOR; NOTICES

- 4.1 Any notice, request, demand, instruction, or any other communication having material effect on this Agreement to be given to any party hereunder shall be in writing, sent by registered or certified mail as follows:

To DCFE: Geoff R. Hinds
3800 SW Airport Way
Redmond, OR 97756

To Contractor: Address set forth on Page 1 of this Agreement.

SECTION 5 – GENERAL CONTRACT TERMS AND CONDITIONS

- 5.1 **MODIFICATIONS.** Unless a “Modification to General Contract Terms and Conditions” attachment is incorporated to this Agreement pursuant to Section 3.1 above, the terms and conditions contained in this Section 5 shall apply.
- 5.2 **ENTIRE AGREEMENT.** This Agreement (including the attachments annotated in Section 3) is the complete and exclusive statement of the agreement between the Parties and supersedes all prior agreements, oral or written, and all other communication between the Parties relating to the subject matter of this Agreement.
- 5.3 **HEADINGS.** The headings used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the agreement nor the extent of any provision thereof.
- 5.4 **AUTHORSHIP.** This Agreement has been submitted to the scrutiny of all Parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel.
- 5.5 **AMENDMENTS.** This Agreement shall only be amended in writing, executed by both Parties.
- 5.6 **GOVERNING LAW/VENUE/ATTORNEY FEE/WAIVER.** The laws of the State of Oregon shall govern this Agreement without regard to principles of conflicts of law. Any action commenced in connection with this Agreement shall be in the Circuit Court of Deschutes County; provided however, if an action is brought in a federal forum, then it shall be brought and conducted solely within the United States District Court for the District of Oregon. Each party shall be responsible for its own costs and attorney fees for any claim, action, suit or proceeding, including any appeal. All rights and remedies of DCFE shall be cumulative and may be exercised successively or concurrently. The foregoing is without limitation to or waiver of any other rights or remedies of DCFE according to law.
- 5.7 **COMPLIANCE WITH LAWS.** Contractor shall comply with all applicable Federal, State, and local laws, rules, and regulations. The provisions of ORS 279A, 279B, 279C and DCC Chapter 2.37 are incorporated herein to the extent applicable.
- 5.8 **SEVERABILITY.** If any provision of this Agreement as applied to either party or to any circumstances shall be adjudged by a court to be void or unenforceable, the same shall in no way affect any other provision of this Agreement or the validity or enforceability of the Agreement.

5.9 ASSUMPTION OF RESPONSIBILITY. Contractor expressly assumes full responsibility for all persons connected with Contractor pursuant to this Agreement, including but not limited to, including all its employees, agents, vendors, exhibitors, members, invitees and contractors. Contractor shall ensure all aforementioned persons comply will all provisions of this Agreement and attachments hereto.

“Employees” includes but is not limited to bar managers, bartenders, bar-backs, cocktail servers and other employees who are dedicated to the Liquor Operations. The employees are, and at all times during the term of this Agreement will be, employees of the Contractor. Compensation, including, but not limited to, salary, bonuses, benefits, PTO, insurance and taxes for any employees shall be the responsibility of Contractor.

5.10 INDEPENDENT CONTRACTOR. Contractor, in carrying out the services to be provided under this Agreement, is acting as an “independent contractor” and is not an employee of DCFE, Deschutes County, or the Deschutes County Fair Board, and, as such, accepts full responsibility for taxes or other obligations associated with any payment for services rendered to Contractor under this Agreement. As an “independent contractor,” Contractor will not receive any benefits normally accruing to Deschutes County employees.

5.11 INDEMNIFICATION. To the fullest extent authorized by law, Contractor shall defend, indemnify, and hold harmless, Deschutes County, its officers (including the Deschutes County Fair Board), elected officials, employees, agents, and volunteers from any and all claims, damages, losses, and expenses including but not limited to reasonable attorney’s fees arising out of or resulting from Contractor’s, including its employees and agents, actions or failure to act pursuant to this Agreement.

5.12 INSURANCE REQUIREMENTS.

5.12.1 Contractor shall purchase and maintain, at Contractor’s expense the following insurance:

- a. Comprehensive general liability insurance covering personal injury and property damage with at least \$3,000,000 limit per occurrence and \$5,000,000 in aggregate. This insurance shall include contractual liability coverage for the indemnity provided under this Agreement;
- b. Liquor liability insurance with at least \$3,000,000 limit per occurrence and \$5,000,000 in aggregate. This insurance shall include contractual liability coverage for the indemnity provided under this Agreement; and,
- c. Automobile liability insurance with combined single limit coverage of not less than \$1,000,000 each claim, incident, or occurrence.

5.12.2 Deschutes County, its officers (including the Deschutes County Fair Board), elected officials, employees, agents, and volunteers must be named as additional insureds with respect to any work or activity commenced by Contractor in connection with this Agreement. All liability insurance policies, with the exception of professional and/or workers compensation policies, must be endorsed to show this additional

coverage.

5.12.3 Contractor shall deliver to DCFE, prior to the commencement of any work or activity commenced in connection with this Agreement, a certificate of insurance evidencing all policies required by this Agreement including additional insured provisions afforded by the policy. This requirement can be satisfied by providing a copy of the coverage form and/or the endorsement(s).

5.12.4 Contractor shall advise DCFE within two (2) business days of any substantive change of any insurance policy or endorsement set out herein, and failure to do so shall be construed to be a breach of this Agreement.

5.13 **WORKERS COMPENSATION.** Contractor shall comply with ORS 656.017 for all employees who work in the State of Oregon. Unless otherwise exempt, Contractor shall provide DCFE with certification of Worker's Compensation Insurance, with the employer's liability in the minimum amount of \$1,000,000.

5.14 **NONDISCRIMINATION.** No person shall be denied or subjected to discrimination in receipt of the benefits of any services or activities or activities made possible by or resulting from this Agreement on the grounds of race, color, religion, gender, sexual orientation, national origin, disability, age, or marital status. Any violation of this provision shall be considered a material defect of the Agreement and shall be grounds for cancellation, termination, or suspension in whole or in part by DCFE.

5.15 **TERMINATION.** This Agreement may be terminated under the following conditions: a) by written mutual agreement of both parties, b) upon thirty (30) calendar days' written notice by either party to the other of intent to terminate, c) immediately upon breach of the Agreement by Contractor or d) as outlined in Exhibit A pursuant to specific conditions.

5.16 **SUBCONTRACTING/NONASSIGNMENT.** No portion of this Agreement may be contracted or assigned to any other individual, firm, or entity without the express and prior written approval of DCFE.

5.17 **HAZARDOUS SUBSTANCES.** Contractor and all persons and entities associated with Contractor, including exhibitors, invitees, customers or participants, shall not bring any hazardous substance into or onto any DCFE facilities. "Hazardous Substance" has the meaning provided in ORS 465.200(16). If any governmental entity or other third party demands that a cleanup plan be prepared and that a cleanup be undertaken because of any release of hazardous substance that occurs as a result of Contractor and all persons and entities associated with Contractor, it shall be at the expense of the Contractor to prepare and submit the required plan and all related bonds and other financial assurances, and Contractor shall carry out all such cleanup plans at its own expense.

5.18 **SURVIVAL.** The terms, conditions, representations, and all warranties contained in this Agreement shall survive the termination or expiration of this contract.

5.19 **STANDARD OF SERVICES.** Contractor agrees to perform its services with that

standard of care, skill and diligence normally provided by a professional individual in the performance of similar services.

5.20 **TIME OF ESSENCE.** Time is of the essence for this Agreement.

5.21 **FORCE MAJEURE.** Neither DCFE nor Contractor shall be held responsible for delay or default in performing an obligation under this Agreement that is due to any of the following causes, to the extent beyond the Parties' reasonable control: acts of God, accident, riots, war, terrorist act, epidemic, pandemic, quarantine, civil commotion, breakdown of communication facilities, natural catastrophes, governments acts or omissions, changes in laws or regulations, national strike, fire, explosions, generalized lack of availability of raw materials or energy. The Parties shall make all reasonable efforts to remove or eliminate such a cause of delay and shall diligently pursue performance under this Agreement. The Parties agree that this provision shall not excuse a delay or default due to Contractor's financial distress nor the inability of Contractor to make a profit or avoid a financial loss, changes in market prices or conditions, or Contractor's financial inability to perform its obligations hereunder.

5.22 **DCFE PRIORITIES.** Contractor shall comply promptly with any requests by DCFE relating to the emphasis or relative emphasis to be placed on various aspects of the work or activity commenced by Contractor in connection with this Agreement, or to such other matters pertaining to said work or activity.

5.23 **TAX COMPLIANCE.** Contractor represents and warrants that Contractor has complied with the tax laws of this state, and where applicable, the laws of Deschutes County, including but not limited to ORS 305.620 and ORS chapters 316, 317 and 318. Contractor covenants to continue to comply with the tax laws of this state, and where applicable, the laws of Deschutes County, during the term of this Agreement. Contractor acknowledges that failure by Contractor to comply with the tax laws of this state, and where applicable, the laws of Deschutes County, at any time before Contractor has executed the Agreement or during the term of the Agreement is and will be deemed a default for which DCFE may terminate this Agreement contract and seek damages and/or other relief available under the terms of the Agreement or under applicable law.

5.24 **THIRD PARTY BENEFICIARIES.** DCFE and Contractor are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives any benefit or right to third persons unless such third persons are individually identified by name herein and are expressly described as intended beneficiaries of the terms of this Agreement.

5.25 **COUNTY FAIR STANDARDS.** To the extent this Agreement pertains to the Deschutes County Fair or other similar event held at the Deschutes County Fair and Expo Center, the Contractor is reminded that the County Fair and the Fair and Expo Center are intended to be family-friendly environments, and Contractor shall thereby commence any work or activity in connection with this Agreement in a manner that furthers that family-friendly standard.

5.26 **NON-DISCRIMINATION.** Contractor agrees to not discriminate against any employee or applicant for employment because of age, creed, ancestry, sexual



orientation, disability, color, sex, marital status, religion, or national origin, and further agrees not to discriminate for the same aforementioned reasons against any person or persons in connection with admission, services or privileges offered to or enjoyed by the general public.

- 5.27 COPYRIGHT. Contractor shall be solely responsible for the payment of any and all royalty fees payable as a result of any performance commenced in connection with this Agreement of any copyrighted music or matters. Contractor shall pay said royalty fees pursuant to the copyright laws of the United States, and will hold harmless and indemnify DCFE from any claims therefrom.
5.28 GUESTS/PETS. Contractor shall not be accompanied by guests or pets unless approved as part of this Agreement as specified in Attachment A.
5.29 AUTHORITY: Each of the persons signing below on behalf of any party hereby represents and warrant that said person is signing with the full and complete authority to being that party to each and every term of this Agreement, including all attachments.

SIGNATURES

CONTRACTOR:

Carroll Unruh

12/29/2022

Oregon Beverage Service
Carroll Unruh
2713 19th St SE
Salem, OR 97302
(503) 362-3391

DCFE:

[Handwritten signature]

Digitally signed by Geoff Hinds
Date: 2022.12.29 16:05:58 -08'00'

Geoff R. Hinds
Director
Deschutes County Fair & Expo
3800 SW Airport Way Redmond,
OR 9776
(541) 548-271

DESCHUTES COUNTY SIGNATURE

Dated this 10th of Jan., 2023

BOARD OF COUNTY COMMISSIONERS

[Handwritten signature]
ANTHONY DeBONE, CHAIR

[Handwritten signature]
PATTI ADAIR, VICE-CHAIR

[Handwritten signature]
PHIL CHANG, COMMISSIONER

EXHIBIT A
DESCHUTES COUNTY SERVICES CONTRACT
Contract No. 2023-20
STATEMENT OF WORK, COMPENSATION
PAYMENT TERMS and SCHEDULE

1. STATEMENT OF WORK AND GENERAL CONDITIONS OF OPERATIONS

Oregon Beverage Services would be designated by the DCFE as DCFE's Alcohol Management Team with DCFE's full backing and support. Oregon Beverage Services would:

- Work directly with the DCFE Senior Management and Staff to develop policies and procedures regarding all aspects of alcohol service at the DCFE on an annual basis.
- Develop a beverage menu that consists of beer, malt beverages, wine, and spirits, of brands to be determined based on potential sponsorship opportunities.
- Develop and designate a senior staff as the site supervisor to oversee all alcohol sales during events and serve as a liaison at DCFE.
- Consult with the DCFE Management to develop pricing for drinks that maintains fair market value and maximizes profit potential for DCFE and Oregon Beverage Services.
- Produce all furnishings, signage, and permits needed for events with alcoholic services held at DCFE.
- Manage installation and maintenance of any temporary sales locations included but not limited to tents, trailers, and other items mutually agreed upon.
- Work directly with DCFE to guarantee a positive fan experience and also ensure that sponsor goals are met.
- Work with DCFE on the development of future programs to increase alcohol sales in a safe and responsible manner.
- Provide scheduling and oversight of labor and be responsible for all hiring of OLCC certified servers, with the understanding that DCFE has the right to request the removal of a staff member for any reason.
- Provide all employees with company branded attire that they would be required to wear at all times while on duty.
- Maintain the bar area to the highest standards and ensure an orderly operation, with particular attention to cleanliness and preserving a sanitary environment.
- Be directly responsible for DCFE's entire alcohol operations within the event center which includes:
 - Cash handling and deposits.
 - Provide Liquor Liability Insurance to the levels required by the contract.
 - Work directly with all suppliers/distributors and the contracted security company.
- Accept all responsibility and risk management of DCFE's alcohol program.

Schedule of Performance or Delivery

- DCFE will be guaranteed 38% of the gross alcohol sales.
- Oregon Beverage Services will retain, not to exceed, 62% of gross sales.
- Oregon Beverage Services would be responsible for the payment of; Labor, Cost of Goods, any costs for equipment used for the business, and a management fee.
- All sales to be verified through reporting methods mutually agreed upon by DCFE and Oregon Beverage Services. It is also understood that the records, reports, and payment methods required by DCFE are acceptable by Oregon Beverage Services. Collection of all fees and revenues from the sales of products will be deposited into accounts of DCFE as mutually agreed between both parties.

A. Engagement of Operator. DCFE hereby engages Contractor to be year-round Alcoholic Beverage Sales Management Services, with responsibility, control and discretion in the operation, direction, management and supervision of Liquor Operations, and Contractor hereby agrees to be so engaged by DCFE, subject to the agreements, terms and conditions contained herein.

B. Liquor Operations. DCFE hereby grants Contractor the right and authority to (a) manage, be responsible for and conduct the sale of liquor at DCFE and (b) engage in all activities necessary or incidental thereto (collectively, the "Liquor Operations"). Without limiting the generality of any term herein, Contractor shall perform the Liquor Operations in a good faith and highly professional manner and shall at all times act with the standard of skill, care and expertise that would be customary and reasonably expected from a prudent manager of comparable Liquor Operations, all at a level consistent with the reasonable requirements of any unaffiliated third Person lenders to DCFE and consistent with the Standards. All duties to be performed by Contractor under this Agreement shall be for and on behalf of DCFE, in the name of DCFE. Without limiting Contractor's exclusive right and authority to conduct the Liquor Operations, in providing its services hereunder, Contractor shall without limitation:

- (i) Use commercially reasonable efforts to maximize liquor sales;
- (ii) Generally promote liquor sales, including, without limitation, developing, updating and implementing advertising, marketing, publicity, public relations, special events and sales which advertising, marketing, publicity, public relations, special events and sales shall be subject to DCFE's prior written consent, which consent shall not be unreasonably withheld or delayed;
- (iii) Arrange for the purchase of liquor, beverages, operating supplies, merchandise, furnishings, fixtures and equipment, and all other supplies necessary for the Liquor Operations;
- (iv) Obtain and maintain all approvals;
- (v) Establish accounting systems and internal controls as approved by DCFE, Deschutes County Finance, and as may be required by Applicable Laws; and
- (vi) Engage in such other activities as shall be deemed necessary and agreed to by and between Contractor and DCFE.

C. Inspection of Liquor Operations. DCFE, and their respective representatives may, at all reasonable times, enter in and upon the areas in which the Liquor Operations are being conducted to examine the condition thereof and to observe the Liquor Operations and to inspect the books and records of the Liquor Operations.

D. Restrictions. Notwithstanding anything contained in this Agreement to the contrary, Contractor will obtain DCFE's prior written approval with respect to any variance of such provisions in connection with the Liquor Operations.

E. Contractor to Obtain All Required Approvals. On or before the Effective Date, Contractor shall submit any applications, filings and other submissions required by any national, state, local and other governmental, regulatory and administrative authorities, agencies, boards and officials responsible for or involved in the regulation of liquor sales and/or service in any jurisdiction and, within the State of Oregon, specifically, the Oregon Liquor Control Commission (collectively, "Liquor Authorities") to obtain all approvals, consents, licenses, permits, authorizations, registrations, declarations, concessions, orders, filings, notices, findings of suitability, franchises, entitlements, waivers, exemptions, variances and certificates of occupancy that are necessary to conduct the Liquor Operations during the Term (collectively, the "Approvals"). Contractor shall respond to any requests from the Liquor Authorities and promptly file any additional information required in connection with such filings as soon as practicable after receipt of requests therefor. Contractor shall timely pay all application fees and investigative fees and costs required by the Liquor Authorities. Contractor shall keep DCFE promptly and regularly apprised of the status of any communications (including, without limitation, providing copies to DCFE of same) with, and any inquiries or requests for additional information from, the Liquor Authorities and shall comply promptly with any such inquiry or request. Notwithstanding anything herein to the contrary, in the event DCFE determines, in its reasonable discretion, that Contractor is not complying with its obligations under this Section 1(E), then DCFE may terminate this Agreement if Contractor fails to cure such noncompliance to DCFE's reasonable satisfaction within ten days from DCFE's written notice to Contractor thereof. Separately, on or before the Effective Date, DCFE will also apply to the Liquor Authorities for the Approvals.

DCFE shall reimburse Contractor any fees, charges, or other expenses incurred by the Contractor in connection with obtaining or maintaining any Approvals.

E. Compliance with Applicable Laws. Contractor shall comply with and abide by all Applicable Laws, and the reasonable requirements of insurance companies covering any of the risks against which the Property is insured.

F. Liquor Authorities. DCFE and Contractor agree that notwithstanding any of the provisions herein, if at any time during the Term, the Liquor Authorities require or prohibit any act on the part of DCFE or Contractor, DCFE or Contractor, as applicable, shall comply

with such requirement or prohibition as the case may be, and any such compliance shall not be deemed a breach of this Agreement.

G. Transition Cooperation. Upon the termination or expiration of this Agreement, Contractor will take reasonable steps for the orderly transition of management of the Liquor Operations to DCFE or its designee(s) pursuant to a transition plan mutually agreed upon by DCFE and Contractor. With respect to any termination of this Agreement, DCFE and Contractor will negotiate towards a transition plan in good faith and in a manner that is reasonable in light of the circumstances of such termination and which provides for the continuance of Liquor Operations at the Property. The transition plan shall be implemented for period that is reasonable in light of the circumstances of such termination, provided however in no event will any transition period last beyond 180 days without Contractor's consent. At DCFE's election, as part of the transition, Contractor shall be required, to the extent permitted by applicable laws, to assign and transfer Approvals to DCFE or its designee and/or permit the temporary use by DCFE or its designee of the Approvals.

2. COMPENSATION

A. Liquor Revenue and Expenses. Within Seventy Two (72) Hours of the Conclusion of any event or Events held at DCFE, Contractor shall provide to DCFE a complete sales report or reports, AND one hundred percent {100%} of gross sales receipts for any/all sales of "Liquor Revenue" conducted on DCFE property.

Contractor shall invoice DCFE an amount not to exceed sixty-two percent (62%) of gross sales receipts for approved Liquor Operations expense including; Labor, including management, bar service staff, and support staff, Product/Supplies, Management fee. At no time shall the total sum of expenses exceed sixty-two percent

(62%) of gross sales receipts. DCFE shall make payments in a prompt and timely manner, in accordance with Deschutes County payment policies.

B. Reimbursement. DCFE shall reimburse Contractor for any excise or similar tax that may be imposed upon DCFE with respect to the fulfillment of Contractor's duties as outlined in Exhibit A (1) (provided, however, that in no event is the foregoing to be interpreted as a requirement to reimburse DCFE for amounts constituting income tax of DCFE). Any such reimbursements shall be for the amount of the actual cost of the expense, without premium or markup. The Contractor shall submit an invoice to DCFE on a monthly basis setting forth the expenses incurred by the Contractor and reimbursable pursuant to this Section. With respect to such reimbursable expenses, the invoice shall include an itemized account of such expenses, together with reasonable and appropriate documentation and receipts verifying the amounts of the expenses. DCFE will pay the invoices submitted by the Contractor within thirty (30) calendar days of receipt by DCFE.