

shall be made in accordance with the schedule as outlined in enclosure #3.

TERMINATION

EITHER PARTY SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT BY NOTICE TO THE OTHER, UPON THE COMPLETION OF PHASE I OF THE DESIGN. IN THE EVENT OF SUCH TERMINATION, WE SHALL BE ENTITLED TO THE FEE OR THE FEE APPLICABLE TO THE SERVICES COMPLETED IN ACCORDANCE WITH THE SCHEDULE SET FORTH IN ENCLOSURE NO. 3.

I - either party
AFTER THE COMPLETION OF PHASE I, WE SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT BY NOTICE TO THE OTHER, UPON THE COMPLETION OF PHASE I OF THE DESIGN. IN THE EVENT OF SUCH TERMINATION, WE SHALL BE ENTITLED TO COMPENSATION FOR ALL COMPLETED PHASE I SERVICES IN ACCORDANCE WITH ENCLOSURE NO. 3, AND TO AN ADDITIONAL FEE OF ONE PER CENT FOR ANY INCOMPLETED PHASE I SERVICES.

VARIOUS PROVISIONS:

THIS AGREEMENT SHALL ALSO INCLUDE THE VARIOUS PROVISIONS SET FORTH IN ENCLOSURE NO. 4.

ASSOCIATED ARCHITECTS:

William F. Gruen, Architect
WILLIAM F. GRUEN, ARCHITECT, 1111 PINE STREET, SPRINGFIELD, CALIFORNIA, WILL BE THE KEY MAN FOR THE PROJECT. HE IS RESPONSIBLE TO OWNERS. HOWEVER, VICTOR GRUEN ASSOCIATES SHALL BE RESPONSIBLE FOR TECHNICAL PERFORMANCE.

PHASE I:

WE SHALL PREPARE AND SUBMIT GENERAL CONCEPTS, ANY PRELIMINARY ARCHITECTURAL MORE PARTICULARLY DESCRIBED UNDER PHASE I OF THE DESIGN. WE SHALL ALSO COMPLETE EXPLORATORY STUDIES.

WE SHALL PREPARE AND SUBMIT COMPREHENSIVE PRELIMINARY ARCHITECTURAL SPECIFICATIONS FOR THE HATH-RESEAR CENTER, PHASE I, HEREIN PARTIALLY DESCRIBED UNDER PHASE I OF ENCLOSURE NO. 2.

WE SHALL PREPARE AND SUBMIT WORKS, DRAWINGS AND SPECIFICATIONS FOR THE HOUSE, MORE PARTICULARLY DESCRIBED UNDER PHASE I OF ENCLOSURE NO. 2.

Insert Yellow
Krenig

A.I.A.

will be the key man
as project design
By Jan 19-59

* APPROX. within 2.5 mo. of written approval of the phase I by the Owner's agent

As soon as drawings * we

By April 6

1/1

PALM SPRINGS SPA, INC.

Page 3

DECEMBER 1, 1958

VICTOR GRUEN ASSOCIATES

AGREEMENT NO. 150140

IF YOU AGREE, PLEASE SIGN IN THE SPACE PROVIDED AND RETURN THE ENCLOSED COPY OF THIS LETTER. THIS LETTER AND ITS ENCLOSURES SHALL THEN CONSTITUTE OUR ENTIRE AGREEMENT.

VERY TRULY YOURS,

~~VICTOR GRUEN ASSOCIATES~~

W&H, Inc.

BY:

THE FOREGOING AGREEMENT IS
HEREBY ACCEPTED:

PALM SPRINGS SPA, INC.

BY: _____

TITLE: _____

DATE ACCEPTED: _____

- ENCLOSURE NO. 1 - DESCRIPTION OF PROJECT
- ENCLOSURE NO. 2 - SCOPE OF SERVICES
- ENCLOSURE NO. 3 - FEE PAYMENTS
- ENCLOSURE NO. 4 - REIMBURSABLE EXPENSES
- ENCLOSURE NO. 5 - INFORMATION
- ENCLOSURE NO. 6 - MISCELLANEOUS PROVISIONS

WG:BB

THE PROJECT FOR WHICH THE SERVICES SHALL BE RENDERED IS DESCRIBED AS FOLLOWS:

1. LOCATION: INDIAN AVENUE AND TANQUITZ DRIVE, PALM SPRINGS, CALIFORNIA.
2. DIMENSIONS OF SITE: APPROXIMATELY EIGHT ACRES BOUNDED BY INDIAN AVENUE, TANQUITZ DRIVE, ENCELIA AVENUE AND ANDREAS ROAD.

THIS PROPERTY IS DIVIDED INTO TWO PARCELS, PARCEL A WHICH IS A RECTANGLE HAVING 315 FEET OF FRONTAGE ON INDIAN AVENUE AND 300 FEET OF FRONTAGE ON TANQUITZ DRIVE. PARCEL B IS THE REMAINDER OF THE PROPERTY.

TYPE: ~~RESORT HOTEL, BATHHOUSE, SHOPS, STORES, RESTAURANT AND COCKTAIL LOUNGE~~ *and immersion pool*

4. DESCRIPTION: THE SCOPE OF SERVICES AS DESCRIBED IN ENCLOSURE NO. 2, WILL BE LIMITED TO SITE PLANNING ~~AND~~ FOR THE ~~ENTIRE~~ DEVELOPMENT OF THE PROPERTY AS A WHOLE, ~~FOR THE FOLLOWING:~~

- 1) A BATHHOUSE OR SPA, OF APPROXIMATELY 15,000 SQ. FT.
- 2) RETAIL SHOPS AND STORES.
- 3) RESORT HOTEL OF NOT LESS THAN 100 UNITS.
- 4) A RESTAURANT AND COCKTAIL LOUNGE.
- 5) POSSIBLE ADDITIONAL USES AND PARKING FACILITIES.

THE BATHHOUSE WILL INCLUDE LOCKER ROOMS, MASSAGE ROOMS, NATURAL HOT SPRINGS POOL, OFFICE AREA, LAUNDRY, COOLING ROOMS, STEAM ROOM, SEMI-SLEEPING ROOMS, AND OTHER RELATED FACILITIES. THE UNDERGROUND WATER COLLECTION SYSTEM WILL BE CLOSELY COORDINATED WITH THE BATHHOUSE. ~~THE BATHHOUSE WILL INCLUDE ALL PHASES AS DESCRIBED IN ENCLOSURE NO. 2.~~ THE SCOPE OF SERVICES FOR THE BATHHOUSE WILL INCLUDE ALL PHASES AS DESCRIBED IN ENCLOSURE NO. 2.

THE SERVICES SHALL BE RENDERED IN THE FOLLOWING PHASES:

- PHASE I - ~~EXPLORATORY STUDIES~~ ^{(A) SITE DEVELOPMENT & ground development}
 PHASE II - ~~COMPREHENSIVE PRELIMINARY PLANS, DESIGNS, AND OUTLINE SPECIFICATIONS OF BATHHOUSE & POOL~~ ^{(B) Comprehensive Preliminary Plans, Designs, and Outline Specifications of Bathhouse & Pool}
 PHASE III - ~~COMPLETE WORKING DRAWINGS AND SPECIFICATIONS~~ ^{of Bathhouse & Pool}
 PHASE IV - ~~SUPERVISION OF CONSTRUCTION~~ ^{Phase A site development}

AND SHALL CONSIST OF THE FOLLOWING:

PHASE I - ~~EXPLORATORY STUDIES~~ ^{(A) SITE DEVELOPMENT}

- CONFERENCES WITH YOU.
- EXAMINATION OF SITE AND SURROUNDING AREAS.
- STUDY OF PERTINENT CODES AND ORDINANCES.
- DEVELOPMENT OF TENTATIVE BASIC SCHEME.

BASED UPON THE FOREGOING, WE WILL PREPARE AND FURNISH TO YOU A BASIC SCHEME FOR THE PROJECT CONSISTING OF TYPICAL ~~FLOOR PLANS~~ AS REQUIRED IN GROUND LEASE. ~~THIS~~ MATERIAL WILL INVESTIGATE THE FEASIBILITY OF THE PROJECT AND PRESENT TO YOU IN SCHEMATIC FORM THE RECOMMENDED SOLUTION.

~~PHASE II - COMPREHENSIVE PRELIMINARY PLANS, DESIGNS, AND OUTLINE SPECIFICATIONS OF BATHHOUSE & POOL~~ ^{(B) Comprehensive Preliminary Plans, Designs, and Outline Specifications of Bathhouse & Pool}

- DEVELOPMENT OF APPROPRIATE CONSTRUCTION TYPE.
- DEVELOPMENT OF BASIC STRUCTURAL SCHEME.
- DEVELOPMENT OF MECHANICAL AND ELECTRICAL SYSTEMS.
- DEVELOPMENT OF ARCHITECTURAL TREATMENT OF EXTERIOR.
- SELECTION OF BASIC MATERIALS.

BASED UPON THE FOREGOING, WE WILL PREPARE AND FURNISH TO YOU A SET OF COMPREHENSIVE PRELIMINARY PLANS CONSISTING OF: SITE PLAN, FLOOR PLAN OF EACH OF THE BUILDING LEVELS, TYPICAL ELEVATIONS AND CROSS SECTIONS, SKETCHES INDICATING ARCHITECTURAL TREATMENT OF SIGNIFICANT DETAILS. IN ADDITION, WE WILL PREPARE OUTLINE SPECIFICATIONS AND TENTATIVE COST ESTIMATE FOR THE PROJECT. THIS MATERIAL WILL SUBSTANTIALLY DEFINE THE PROJECT AND WILL ENABLE YOU TO GIVE US ALL THE APPROVALS REQUESTED BY US PRIOR TO THE BEGINNING OF THE FOLLOWING PHASE.

PHASE II - WORKING DRAWINGS AND SPECIFICATIONS

- A. - DEVELOPMENT OF DETAIL DESIGN OF ALL ELEMENTS OF THE BUILDING.
- COORDINATION AND INTEGRATION OF ARCHITECTURAL DESIGN WITH STRUCTURAL, MECHANICAL, ELECTRICAL AND CIVIL ENGINEERING DESIGN.
- DEVELOPMENT OF DETAILED LAYOUT OF MECHANICAL AND ELECTRICAL INSTALLATIONS.
- ESTABLISHMENT OF FINAL GRADES AND UTILITY CONNECTIONS.

BASED ON THE FOREGOING, WE WILL PREPARE AND FURNISH TO YOU A SET OF COMPLETE WORKING DRAWINGS CONSISTING OF PLANS, ELEVATIONS, SECTIONS AND DETAILS COVERING ARCHITECTURAL, STRUCTURAL, MECHANICAL AND ELECTRICAL, ~~AND CIVIL ENGINEERING TRADES FOR THE PROJECT DESCRIBED IN ENCLOSURE NO. 1.~~

- B. - SELECTION OF MATERIALS, EQUIPMENT AND FINISHES.
- ESTABLISHING OF STANDARDS OF PERFORMANCE.

BASED ON THE FOREGOING, WE WILL PREPARE AND FURNISH TO YOU PROJECT SPECIFICATIONS PROPERLY DIVIDED INTO TECHNICAL TRADE SECTIONS, FOR THE PROJECT DESCRIBED IN ENCLOSURE NO. 1.

PHASE III - SUPERVISION OF CONSTRUCTION

- ASSISTANCE IN PRESENTATION OF PLANS TO BUILDING DEPARTMENT FOR PURPOSE OF SECURING OF BUILDING PERMIT.
- ASSISTANCE TO YOU IN INVITING BIDS.
- ISSUANCE OF CLARIFYING BULLETINS DURING BIDDING PERIOD IF REQUESTED BY CONTRACTORS.
- ASSISTANCE IN AWARDING OF CONTRACT.
- CHECKING OF SHOP DRAWINGS FOR ARCHITECTURAL, STRUCTURAL AND MECHANICAL TRADES.
- GENERAL SUPERVISION DURING CONSTRUCTION.
- SELECTION AND COORDINATION OF COLORS AND FINISH MATERIALS.
- ADVICE ON SELECTION OF PLANTING MATERIAL FOR INCIDENTAL LANDSCAPING.

THE PURPOSE OF OUR GENERAL SUPERVISION IS TO ENDEAVOR, WITHIN THE LIMITS OF SUCH SUPERVISION, TO GUARD YOU AGAINST DEFECTS AND DEFICIENCIES IN THE WORK OF CONTRACTORS; WE, HOWEVER, DO NOT GUARANTEE PERFORMANCE BY A CONTRACTOR. OUR GENERAL SUPERVISION IS TO BE DISTINGUISHED FROM THE CONTINUOUS ON-SITE INSPECTION OF A CLERK-OF-THE-WORKS. IF REQUESTED BY YOU, WE WILL, ACTING ON YOUR BEHALF, ENGAGE A CLERK-OF-THE-WORKS ACCEPTABLE TO YOU AND TO US AT A SALARY SATISFACTORY TO YOU. SALARIES AND EXPENDITURES IN CONNECTION WITH SUCH ENGAGEMENT, IF ADVANCED BY US, SHALL BE CONSIDERED AS REIMBURSABLE EXPENSES AS SET FORTH IN ENCLOSURE NO. 4. OUR SERVICES DURING THIS PHASE WILL BE LIMITED TO THE CONSTRUCTION WORK PERFORMED UNDER A SINGLE GENERAL CONTRACT.

DELAYS

IT IS CONTEMPLATED THAT THE SERVICES HEREIN DESCRIBED WILL BE RENDERED OVER A PERIOD NOT EXCEEDING ~~THIRTEEN~~ *FOURTEEN* MONTHS FROM THE DATE OF THIS AGREEMENT. IF THE SERVICES ARE RENDERED OVER A LONGER PERIOD (WHETHER OR NOT RENDERED CONTINUOUSLY) AT YOUR REQUEST, OR AS A RESULT OF DELAYS BEYOND OUR CONTROL, OUR FEE WILL BE INCREASED BY A REASONABLE AMOUNT.

ENCLOSURE NO. 3
COMPENSATION BASIS

*2000 due when 50% compl.
none at completion*

*{ Retainer - 5000 - due at signing of contract
Ph I - 5000 - due at completion of phase I
Ph II - 15000 - paid in 3 payments
5000 start while phase I
5000 50% complete
5000 upon completion of
PH. III - 5000*

OUR COMPENSATION SHALL BE AS FOLLOWS:

PHASE I	PRELIMINARY PLANNING & DESIGN
PHASE II	CONSTRUCTION & INSTALLATION
PHASE III	OPERATION & MAINTENANCE
PHASE IV	SUPERVISION OF CONSTRUCTION

5,000.00
3,000.00
13,000.00
5,000.00

IN ACCORDANCE WITH THE FOLLOWING SCHEDULE, PROGRESS PAYMENTS DURING EACH PHASE WILL BE DUE MONTHLY UPON BEGINNING OF SERVICES FOR SUCH PHASE, BUT SHALL NOT EXCEED 50% OF THE PORTION APPLICABLE UNTIL SUCH PHASE IS SUBSTANTIALLY COMPLETED, WHEN ENTIRE PORTION WILL BE DUE. SUCH PAYMENTS TO COMMENCE UPON THE FIRST DAY OF THE MONTH FOLLOWING THE COMMENCEMENT OF SUCH SERVICES.

RETAINER	\$ 5,000.00	(UPON SIGNING OF AGREEMENT)
PHASE I	\$ 3,000.00	PER MONTH
PHASE II	\$ 3,000.00	PER MONTH
PHASE III	\$ 3,000.00	PER MONTH
PHASE IV	\$ 1,000.00	PER MONTH

ADDITIONAL SERVICES

OUR SERVICES UNDER THIS AGREEMENT ARE EXCLUSIVELY LIMITED TO THOSE DESCRIBED IN ENCLOSURE NO. 2.

IF YOU REQUEST OR REQUIRE US TO RENDER ADDITIONAL SERVICES, WE WILL BE ENTITLED TO AN ADDITIONAL FEE COMPUTED AT THE RATE OF TWO AND ONE-HALF TIMES THE WAGES AND SALARIES OF THE PRODUCTION PERSONNEL FOR THE TIME SPENT RENDERING SUCH SERVICES, PROVIDED YOU ARE ADVISED IN ADVANCE BY LETTER THAT SUCH SERVICES REQUESTED ARE BEYOND THE SCOPE OF THE CONTRACT. ADDITIONAL SERVICES INCLUDE THE FOLLOWING:

- (1) SERVICES RENDERED BY US AT YOUR REQUEST WHICH ARE BEYOND THE SCOPE OF THE PROJECT AS DEFINED IN ENCLOSURE NO. 1, OR BEYOND THE SCOPE OF THE SERVICES AS DESCRIBED IN ENCLOSURE NO. 2.
- (2) SERVICES RENDERED IN CONNECTION WITH ANY DUPLICATION, CHANGE OR REVISION OF WORK ALREADY PERFORMED BY US, IF OCCASIONED BY YOUR REQUEST AFTER PRIOR APPROVAL OF SUCH WORK, OR BY OTHER CIRCUMSTANCES BEYOND OUR CONTROL.

Working drawings as commenced

Working drawings & Agreements

PALM SPRINGS SPA, INC.

VICTOR GRUEN ASSOCIATES

AGREEMENT NO. LS2LAS7110

ENCLOSURE NO. 4
REIMBURSABLE EXPENSES

EXPENSES FOR WHICH WE ARE TO BE REIMBURSED INCLUDE, FOR EXAMPLE, THOSE MENTIONED BELOW:

THE SUMS PAID TO SPECIALIZED CONSULTANTS ENGAGED WITH YOUR APPROVAL, ~~THESE EXPENSES INCLUDE:~~

~~THE COST OF TRANSPORTATION AND TRAVEL EXPENSES INCURRED BY
OUR PERSONNEL WHILE TRAVELING IN CONNECTION WITH THE SERVICES
IF REIMBURSED BY YOU.~~

Renderings and

THE COST OF ~~RENDERING~~ MODEL-BUILDING, ETC., WHEN PERFORMED BY INDEPENDENT FIRMS OR INDIVIDUALS.

and mimeographs

THE COST OF BLUEPRINTING AND PHOTOGRAPHIC SERVICES *FOR FINAL ISSUANCE*
OF working Drawings.

~~EXPENSES FOR FEES IN CONNECTION WITH APPROVALS OR PERMITS.~~

[Signature]
BLUEPRINT AND PHOTOGRAPHIC SERVICES, IF DONE BY US OR ANY AFFILIATE, SHALL BE CHARGED TO YOU AS COST AT THE RATES GENERALLY PREVALENT.

THE FOLLOWING INFORMATION HAS BEEN FURNISHED BY YOU TO US AT YOUR EXPENSES:

- ✓ 1. SURVEYOR'S DESCRIPTION OF THE PROPERTY INDICATING MONUMENTS, TOPOGRAPHY, ETC.
- ✓ 2. SOIL TEST ANALYSES OF SITE WITH RELATED BORING INFORMATION.
- ✓ 3. LISTING OF THE FACILITIES AND THE APPROXIMATE AREAS OF EACH TO BE INCORPORATED IN THE PROJECT.
- ✓ 4. EXCERPTS FROM THE LEASES, DEEDS, ETC., LISTING ANY RESTRICTIONS APPLICABLE TO THE SITE.
- ✓ 5. REPORTS OF GEOLOGISTS AND/OR HYDROLOGISTS RELATED TO THE FEASIBILITY OF DEVELOPMENT AND UTILIZATION OF PRESENT NATURAL SPRINGS AND RECOMMENDATIONS RELATED TO THE FEASIBILITY OF CONSTRUCTION ADJACENT TO THE WATER-BEARING SANDS. WE HAVE SPECIFICALLY EXCLUDED ANY ACTIVITY ON OUR PART RELATED TO THESE NATURAL SPRINGS.

ADDITIONAL INFORMATION, AS MAY FROM TIME TO TIME BE REQUIRED FOR THE PROGRESS OF THE PROJECT, SHALL BE FURNISHED BY YOU PROMPTLY SO AS NOT TO DELAY OR INTERRUPT OUR WORK.

THE FOLLOWING MISCELLANEOUS PROVISIONS ARE HEREBY MADE A PART OF THE FOREGOING LETTER AGREEMENT:

X 1. PROFESSIONAL SERVICES

ALL SERVICES REQUIRED BY LAW TO BE RENDERED BY OR UNDER THE DIRECTION OF A DULY REGISTERED ARCHITECT OR ENGINEER SHALL BE RENDERED IN COMPLIANCE WITH LAW.

X 2. OUR AFFILIATED COMPANIES

WE MAY ASSIGN THE AGREEMENT OR SUBCONTRACT ANY OR ALL OF THE SERVICES TO QUALIFIED INDIVIDUALS, CORPORATIONS OR FIRMS AFFILIATED WITH US, WITHOUT, HOWEVER, RELIEVING US OF ANY OBLIGATIONS HEREUNDER. IN SUCH EVENT WE SHALL BE COMPENSATED AS THOUGH SUCH SERVICES HAD BEEN RENDERED BY US.

3. OWNERSHIP OF DOCUMENTS

DRAWINGS AND SPECIFICATIONS, BEING INSTRUMENTS OF SERVICE, SHALL BE ~~our~~ PROPERTY, WHETHER THE WORK FOR WHICH THEY ARE MADE IS EXECUTED OR NOT. NO PART OF THE DRAWINGS AND SPECIFICATIONS MAY BE USED IN CONNECTION WITH OTHER WORK EXCEPT BY OUR WRITTEN AGREEMENT *of all parties*

4. ESTIMATES

WE WILL USE OUR BEST REASONABLE EFFORTS IN FURNISHING ESTIMATES, INCLUDING ESTIMATES OF COST OR OF PROGRESS, BUT WE SHALL HAVE NO OTHER RESPONSIBILITY WITH RESPECT TO ESTIMATES.

5. ARBITRATION

ANY CONTROVERSY RELATING TO THIS AGREEMENT SHALL BE SETTLED BY ARBITRATION IN ACCORDANCE WITH THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AND JUDGMENT UPON ANY AWARD RENDERED MAY BE ENTERED IN ANY COURT HAVING JURISDICTION.

6. NOTICES

ANY NOTICES HEREUNDER TO THE RESPECTIVE PARTIES INDICATED SHALL BE SUFFICIENT IF GIVEN IN WRITING, MAILED VIA REGISTERED MAIL, POSTAGE PREPAID, ADDRESSED AS RESPECTIVELY INDICATED OR AT SUCH OTHER PLACE AS THE APPLICABLE PARTY MAY FROM TIME TO TIME DESIGNATE BY WRITTEN NOTICE:

A. TO US, ADDRESSED TO:

B. TO YOU, ADDRESSED TO:

VICTOR GRUEN ASSOCIATES
11111 WILSON BLVD.
BEVERLY HILLS, CALIFORNIA
PALM SPRINGS SPA, INC.
C/O J. W. SANDWIT
CITY NATIONAL BANK BUILDING
BEVERLY HILLS, CALIFORNIA

*W & H
P.K.
WFC.*