

LESSOR'S RECOGNITION AGREEMENT AND ESTOPPEL CERTIFICATE

This **LESSOR'S RECOGNITION AGREEMENT AND ESTOPPEL CERTIFICATE** (this "Agreement"), dated as of _____, 2025, is made by and between the **CITY OF GLENDALE**, an Arizona municipal corporation ("**Lessor**") and **BJG GLENDALE LLC**, a Texas limited liability company ("**Tenant**") for the benefit of **GR FUNDING LLC**, a Delaware limited liability company, as administrative agent (in such capacity, together with its successors and/or assigns in such capacity, "**Agent**") for **GR FUNDING LLC**, a Delaware limited liability company, as initial lender (in such capacity, together with its participants, successors and assigns, the "**Initial Lender**") and such other lenders as may exist from time to time with respect to the Loan (as hereinafter defined) (together with Initial Lender and their respective participants, successors and assigns, individually and collectively, "**Lender**").

WITNESSETH

WHEREAS, **PAR GOLF, L.L.C.**, an Arizona limited liability company ("**Original Tenant**") and Lessor entered into that certain Lease Agreement for Development and Operation of Public Golf Course (the "**Original Lease**"), dated as of April 22, 1997, and recorded on April 28, 1997, under Recording No. 97-0277560 in the official records of Maricopa County, Arizona (the "**Public Records**"), as amended by that certain Amendment to Original Lease, dated as of November 6, 1997, which was recorded on November 28, 1997, under Recording No. 97-0840452 in the Public Records (the "**First Amendment**"), and as further amended by that certain Partial Termination of Lease, dated as of April 2, 2002 and recorded on May 21, 2002, under Recording No. 20020519919 in the Public Records (the "**Partial Lease Termination**");

WHEREAS, Original Tenant's interest in the Lease (the "**Tenant's Leasehold Estate**") was transferred to Stearns Bank NA ("**Foreclosing Lender**") by Trustee's Deed, dated as of November 4, 2011, and recorded on November 28, 2011, under Recording No. 20110980196 in the Public Records ("**Foreclosure Assignment**");

WHEREAS, pursuant to that certain Assignment and Assumption of Lease, dated as of September 4, 2012 and recorded on September 4, 2012, under Recording No. 20120794047 in the Public Records (the "**First Assignment and Assumption**"), Foreclosing Lender transferred the Tenant's Leasehold Estate to Ready Golf, Inc., an Arizona corporation ("**Prior Tenant**");

WHEREAS, pursuant to that certain Assignment and Assumption of Lease, dated on or around the date hereof (the "**Second Assignment and Assumption**"; and the Original Lease, as amended, modified and/or assigned by the First Amendment, the Partial Lease Termination, the Foreclosure Assignment, the First Assignment and Assumption and the Second Assignment and Assumption, collectively, the "**Lease**") and to be recorded in the Public Records, Prior Tenant assigned the Tenant's Leasehold Estate to Tenant;

WHEREAS, pursuant to the Lease, Tenant leases from Lessor that certain parcel of real property located near 87th Avenue and Maryland Avenue in the City of Glendale, which real property is more particularly described in the Lease (the "**Premises**");

WHEREAS, **BLUE JEANS GOLF LLC**, a Texas limited liability company ("**Sole Member**") seeks to obtain from Lender a loan in the original principal amount of up to [\$23,250,000.00] (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Loan**") secured by, among other things, that certain Pledge and Security Agreement, made by Sole Member, the sole member of Tenant, in favor of Agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the

“**Senior Pledge Agreement**”) encumbering one hundred percent (100%) of the limited liability company and membership interests in and of Tenant (the “**Tenant Equity Interests Pledged Collateral**”);

WHEREAS, as a condition to making the Loan, Agent is requiring (x) Tenant to enter into and deliver, among other things, that certain **Subsidiary Guaranty** by Tenant and other subsidiaries of Sole Member in favor of Agent for the benefit of Lender, which obligations thereunder are secured by, among other things, (i) that certain **Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing** by Tenant as security for the Loan (as may be amended, restated, supplemented or otherwise modified from time to time, the “**Deed of Trust**”), and (ii) that certain **Leasehold Assignment of Leases and Rents** by Tenant for the benefit of Agent (as may be amended, restated, supplemented or otherwise modified from time to time, the “**Assignment of Leases**”), and (y) **BJG PLEDGOR LLC**, a Delaware limited liability company, the sole member of Sole Member (“**BJG Pledgor**”) to enter into and deliver that certain **Sole Member Guaranty**, by BJJ Pledgor in favor of Agent for the benefit of Lender, which obligations thereunder are secured by, among other things, that certain **Pledge and Security Agreement** made by BJJ Pledgor (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Junior Pledge Agreement**”; together with the **Senior Pledge Agreement**, collectively, the “**Pledge Agreement**”), encumbering one hundred percent (100%) of the limited liability company and membership interests in and of Sole Member (the “**Sole Member Equity Interests Pledged Collateral**”; together with the **Tenant Equity Interests Pledged Collateral**, collectively, the “**Pledged Collateral**”); and

WHEREAS, the execution and delivery of this Agreement is a condition precedent to the Lender’s obligation to make the Loan.

NOW, THEREFORE, with the understanding that the Agent and Lender will rely on this Agreement in making the Loan, each of Lessor and Tenant hereby represents, warrants and covenants to Agent and Lender that:

1. Attached hereto as **Exhibit A** is a true, correct and complete copy of the Lease, including all exhibits and other attachments thereto and all amendments and assignments thereto and modifications thereof, which Lease is in full force and effect and has not been amended, assigned, supplemented or otherwise modified except as set forth above.

2. The Lease commenced on April 22, 1997 and expires on April 21, 2032, subject to Tenant’s right to extend pursuant to **Section 2** of the Lease. Tenant has two (2) options to unilaterally extend the term of the Lease, each such term extension option is for an additional period of ten (10) years.

3. The monthly rent currently payable by Tenant to Lessor under the Lease is an amount equal to 5% of Tenant’s Gross Revenues (the “**Rent**”). The Rent and all other amounts due under the Lease from Tenant (and any predecessor-in-interest) have been paid through and including the first day of the month as of which this Agreement is dated.

4. Lessor is holding a \$25,000.00 performance bound for Tenant’s obligations under the Lease.

5. All construction of any improvements (including, without limitation, Lessee’s Improvements) and any other construction work, in each case, which Tenant is obligated to perform or pay for pursuant to the terms of the Lease (including, without limitation, **Section 6** and **Section 6.5** of the Lease) has been fully completed and paid for in accordance with the Lease, and Lessor has provided all approvals required from Lessor under the Lease in connection with the full and complete satisfaction of any such obligations by Tenant under the Lease. Tenant has no obligation to perform any additional construction

work pursuant to the terms of the Lease (including, without limitation, Section 6 and Section 6.5 of the Lease) and has otherwise satisfied all of Tenant's obligations under Section 6 and Section 6.5 of the Lease.

6. To the knowledge of Lessor, all obligations of any person under Section 6.5, Section 7 and Section 8 of the Lease have been fully performed and no outstanding obligations remain under such sections of the Lease.

7. No default exists under the Lease.

8. To the knowledge of Lessor, there does not exist any set-offs or defenses to the enforcement of the Lease by any party thereto.

9. The insurance maintained by the Tenant for the Premises satisfies the requirements of the Lease.

10. As of the date hereof, there are no outstanding Blue Valley Claims. Tenant has the right to (i) enforce Section 20(B) of the Lease against Lessor and (ii) receive all benefits granted to Tenant pursuant to Section 20(B) of the Lease.

11. There are currently no deeds of trust, mortgages or other financing instruments encumbering the Premises (including, without limitation, the fee estate and any leasehold estate created by the Lease). Lessor has received no written notice of any pending or threatened eminent domain proceedings with respect to the Premises.

12. Notwithstanding anything to the contrary contained in the Lease (including, without limitation Section 14 and Section 16 of the Lease), Lessor consents to: (a) the recording of each of the Deed of Trust, Assignment of Leases and the other Loan Documents in the applicable public records; (b) the assignment, transfer, and hypothecation by Tenant of the leasehold interest created by the Lease as security for the Loan pursuant to the Deed of Trust and the pledge of the Pledged Collateral pursuant to the Pledge Agreement and (c) upon the existence of an Event of Default (as defined in the Loan Agreement (as defined in the Deed of Trust)), and whether or not a default then exists under the Lease, to any transfer or assignment of Tenant's interest in the Lease or the Pledged Collateral under the Deed of Trust, the Pledge Agreement or any other Loan Documents (as defined in the Loan Agreement) to Lender, Agent or a SRE Affiliate. Neither the Deed of Trust, nor the Assignment of Leases, nor the Pledge Agreement nor any other Loan Documents, nor the exercise of Agent's and/or Lender's remedies thereunder (including, without limitation, the appointment of a receiver), shall require Lessor's consent or constitute an assignment or transfer restricted by the Lease.

13. Lessor acknowledges that a copy of any default notice under the Lease that is sent to the Tenant shall simultaneously be sent to Agent as follows:

GR Funding LLC
c/o Sculptor Real Estate
9 West 57th Street, 40th Floor
New York, New York 10019
Attention: Steven Orbuch
Email: srenotices@sculptor.com

With a copy to: GR Funding LLC
c/o Sculptor Real Estate
9 West 57th Street, 40th Floor

New York, New York 10019
Attention: Real Estate Asset Management
Email: sreassetmgmt@sculptor.com

With a copy to: Adler & Stachenfeld LLP
555 Madison Avenue, 6th Floor
New York, New York 10022
Attention: Ilya Leyvi, Esq.
File No. 4086.0016
Email: ileyvi@adstach.com

14. Lessor hereby agrees that it will provide Agent a copy of (x) any written notice of default by Tenant under the Lease (a "Tenant Default Notice") at the address set forth in Section 13 above concurrently with the delivery of such notice to Tenant. If the Tenant Default Notice relates to (A) a default that can be cured solely by the payment of money to Lessor, Agent will have fourteen (14) business days after the later of (i) delivery of the applicable Tenant Default Notice to Agent and (ii) the expiration of any applicable cure period available to Tenant with respect to such default, to cure the applicable default or (B) a default that cannot be cured solely by the payment of money to Lessor and such default is capable of cure by Agent, then Agent will have thirty (30) days after the later of (i) delivery of the applicable Tenant Default Notice to Agent and (ii) the expiration of any applicable cure period available to Tenant with respect to such default, to cure such default, provided that if such cure cannot be completed within such thirty (30) day period, Agent will have such reasonable period as is necessary to complete such cure if (x) Agent will have timely cured (or will be pursuing such cure(s) in accordance with this Agreement) all other Tenant events of default under the Lease that are capable of cure by Agent and (y) Agent will have notified Lessor in writing of Agent's intention to cure such non-monetary default (together with a reasonably detailed explanation of the reason that the cure cannot be completed within such period) and commenced such cure within such thirty (30) day period and thereafter diligently pursues such cure to completion. Lessor shall provide reasonable access to the Premises to Agent, its designee, its employees, agents and representatives, to the extent necessary to perform such cure. Notwithstanding the foregoing, neither Agent nor any Lender shall be obligated to cure any such default and no curing of any such default or event giving rise to a termination right under the Lease shall be construed as an assumption by Agent or Lender (or a designee thereof) of any of the obligations, covenants or agreements of Tenant under the Lease except to the extent (a) of a written agreement to assume the same by Agent or Lender (or a designee thereof) or (b) Agent or Lender (or a SRE Affiliate (as hereinafter defined)) or a Successor Tenant (as hereinafter defined) obtains title to the leasehold estate in the Premises following a Foreclosure Event. Notwithstanding anything to the contrary contained herein, neither Agent nor any Lender shall have any obligation to cure any defaults that are personal to Tenant or are otherwise not susceptible of cure by Agent.

15. Agent and/or Lender (or Sculptor Real Estate Advisors LP, a Delaware limited partnership ("SRE") or any entity that is directly, or indirectly through one or more intermediaries, controlled by SRE (any such entity, an "SRE Subsidiary"; and each of SRE and any SRE Subsidiary are each referred to herein as a "SRE Affiliate") may, upon acquiring Tenant's interest in the Lease or the Pledged Collateral (whether through foreclosure, assignment in lieu or in aid of foreclosure or otherwise) (each of the foregoing is referred to herein as a "Foreclosure Event"), sell and assign the Lease to an assignee (a "Successor Tenant") and thereafter be relieved of all obligations under the Lease, whereupon such assignee shall be bound by all of the terms and provisions of the Lease and shall be entitled to all of the rights and interests of the Tenant under the Lease. A Successor Tenant shall be subject to Lessor approval, which approval shall not be unreasonably withheld.

16. If (x) Agent or Lender fails to cure any default under the Lease prior to the expiration of the applicable cure period pursuant to Section 14 above (a "Cure Expiration") or (y) Agent sends written notice

of an Event of Default under the Loan and an acceleration of the Maturity Date (as defined in the Loan Agreement) to Tenant (a "Loan EOD"), then Agent shall have the right, in its sole discretion, to send written notice, within sixty (60) days of the earlier to occur of a Cure Expiration or a Loan EOD, to Lessor of Agent's election to enter into a Replacement Lease (as hereinafter defined). Within thirty (30) days of Lessor's receipt of such written notice, Lessor agrees to simultaneously terminate the Lease and to enter into a new lease with Agent, Lender, or a SRE Affiliate, as tenant, on the same form and terms as the Lease (the "Replacement Lease"). The Replacement Lease shall be prepared by Lessor, and Agent shall be responsible for reimbursement of Lessor's reasonable out-of-pocket costs and expenses actually incurred by Lessor in connection with the same and the transactions contemplated by this Section 16. Notwithstanding anything to the contrary, Lessor shall not terminate the Lease prior to the expiration of the cure periods granted under Section 14 and the exercise of all of Agent's and Lender's rights pursuant to this Section 16.

17. Neither Agent, nor Lender (nor a SRE Affiliate), nor any Successor Tenant nor any Successor Tenant's assignee shall be required to pay any default interest or any other penalty in connection with exercising any of their rights to cure defaults and/or Events of Default under the Lease and all such amounts shall be deemed waived.

18. Each of Lessor and Tenant hereby covenants and agrees that Agent and Lender or a SRE Affiliate (and any Successor Tenant or assignee approved by the Lessor) shall have the right to exercise (i) any rights of Tenant under the Lease and (ii) any options afforded to the Tenant under the Lease if the Tenant shall fail to exercise any such option.

19. Lessor agrees not to disturb the possession of any subtenants (now or hereafter existing) under subleases, so long as such subtenants do not violate any terms of the Lease. Notwithstanding anything to the contrary, following a Foreclosure Event, Agent or Lender (or a SRE Affiliate) or a Successor Tenant (or its assignee), as applicable, may sublet its interest in the leasehold estate only with Lessor's consent (not to be unreasonably withheld, conditioned or delayed).

20. Lessor has not and shall not assign, convey, transfer, sell, encumber or mortgage Lessor's interest in the Lease or the Premises or grant any third party an option or preferential right to purchase any portion of the Premises or any of Lessor's interest in the Lease; provided, however, Lessor shall have the right to grant a mortgage secured by the Premises to any third party lender unaffiliated with Tenant (any such lender, a "Landlord Lender"); provided, that, as a condition precedent to granting any such mortgage or deed of trust, each of Landlord Lender, Lessor and Tenant shall enter into and deliver to Agent a "non-disturbance agreement", in form and substance reasonably acceptable to Agent, which, among other things, includes an agreement that as long as no default exists under the Lease, the Lease will not be terminated if such Landlord Lender acquires title to the Premises by reason of foreclosure proceedings, acceptance of a deed-in-lieu of foreclosure or otherwise.

21. Tenant has received all approvals (including, without limitation, any approvals required under the Lease) necessary for Tenant to operate the Premises as a golf course and driving range.

22. This Agreement and the representations and agreements made herein shall inure to the benefit of Agent and Lender and their respective successors and assigns, and shall be binding on Lessor and Tenant, and Lessor's and Tenant's respective heirs, legal representatives, successors and assigns.

23. In the event of a conflict between the terms and provisions of this Agreement and the terms and provisions of the Lease, the terms and provisions of this Agreement shall control. To the extent that this Agreement modifies the terms and provisions of the Lease, such modification shall be deemed to be an amendment of the Lease and the parties hereto shall be estopped from denying the effectiveness of the modifications effected hereby.

24. This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Arizona, without giving effect to its internal principles of conflicts of law. The parties hereto waive a trial by jury of any and all issues arising in any action or proceeding between them or their successors or assigns under or in connection with this Agreement or any of its provisions, or any negotiations in connection therewith.

25. Lessor acknowledges that Agent and Lender will rely on this Agreement in making the Loan. The individual who has executed this Agreement on behalf of Lessor hereby respectively certifies that he or she is duly authorized to sign, acknowledge and deliver this Agreement on behalf of such party.

26. Tenant acknowledges that Agent and the Lender will rely on this Agreement in making the Loan. The individual who has executed this Agreement on behalf of Tenant hereby respectively certifies that he or she is duly authorized to sign, acknowledge and deliver this Agreement on behalf of such party.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date first set forth above.

LESSOR:

CITY OF GLENDALE, an Arizona municipal corporation

By:

Name: Kevin R. Phelps
Title: City Manager

STATE OF ARIZONA)
) ss.:
COUNTY OF MARICOPA)

On the ____ day of _____ in the year 2025 before me, the undersigned, personally appeared [] personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.¹

Notary Public

ATTEST:

Julie K. Bower, (SEAL)
City Clerk

APPROVED AS TO FORM:

Michael D. Bailey,
City Attorney


[SIGNATURES CONTINUE ON FOLLOWING PAGE]

¹ **NTD:** To be conformed for Arizona acknowledgment requirements.

TENANT:

BJG GLENDALE LLC, a Texas limited liability company

By:


Name: Michael Canfield
Title: President - CFO

STATE OF TEXAS)

COUNTY OF [Harris])

) ss.:
)

On the 27th day of May in the year 2025 before me, the undersigned, personally appeared [Michael Canfield] personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

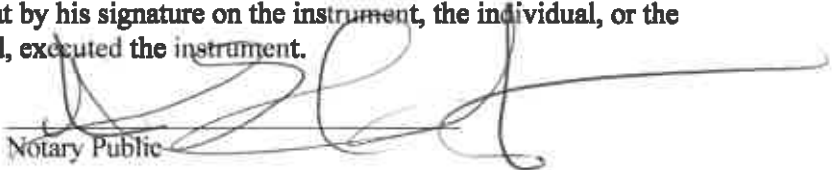

MOHINDER S. GULATI
Notary Public, State of New York
No. 01GU4659357
Qualified in New York County
Commission Expires Nov. 30, 2026

EXHIBIT A
COPY OF LEASE
(Attached hereto)

EXHIBIT A



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

C-3569

WHEN RECORDED, PLEASE RETURN TO:

97-0277560 04/28/97 12:03

CHRISTINA 3 OF 3

City Clerk
City of Glendale
5850 West Glendale Avenue
Glendale, AZ 85301

LEASE AGREEMENT FOR DEVELOPMENT AND OPERATION OF PUBLIC GOLF COURSE

This Lease Agreement (this "Agreement") is executed to be effective the 22nd day of April, 1997, between the City of Glendale, an Arizona municipal corporation (the "City") and Par Golf, L.L.C., an Arizona limited liability company("Lessee").

WHEREAS, the City is the owner of seven adjacent parcels of real property located near 87th Avenue and Maryland Avenue in the City, which are more particularly described in Exhibits A-G attached hereto. (Hereinafter, the five parcels described in Exhibits A, C, E, F and G will be referred to collectively as the "Property" and the two parcels described in Exhibits B and D will be referred to collectively as the "Right-of-Way"); and

WHEREAS, the Salt River Project ("S.R.P.") or its customers presently own or operate, or claim to have the right to own or operate, the following real property or improvements thereon which affect the use of the Property:

1. One underground drainage pipe and water delivery gate located near the middle of the Property;
2. One dirt-lined, crosscut lateral used for irrigation and/or drainage purposes;
3. One dirt-lined tailwater ditch used for drainage and/or irrigation purposes; and
4. Two concrete-lined delivery ditches used for purposes of irrigation and/or drainage.

Hereinafter, said drainage pipe, water delivery gate, crosscut lateral, tailwater ditch and delivery ditches will be referred to collectively as the "S.R.P. Improvements"; and

WHEREAS, Lessee desires to lease the Property for purposes of constructing and operating a nine-hole golf course and driving range open to the public; and

WHEREAS, the City is willing to lease the Property to Lessee on the terms and conditions set forth below.

THEREFORE, in consideration of the premises and the following mutual covenants and conditions, the parties agree as follows:

1. LEASE OF THE PROPERTY; RESTRICTIONS.

The City hereby leases the Property to Lessee for its use solely as a nine-hole golf course and driving range open to the public, to be known as "Desert Mirage Golf Course". In addition, the City leases a portion of the Right-of-Way to Lessee for its use solely as a part of the Desert Mirage Golf Course, such property to consist of any portion of the Right-of-Way which is located to the north of the fence to be constructed on the south of the Desert Mirage Golf Course as a part of the City's Improvements (defined below). As a part of its operations, Lessee shall, at its own cost, design, construct, maintain and operate such golf course and driving range and shall offer or provide to the public golf lessons from a qualified professional, a clubhouse and pro shop, food and beverages, and other services customary to a nine-hole metropolitan public golf course. Lessee may provide food and beverages from a snack bar and shall not be required to operate a sit-down restaurant on the Property. Lessee shall not use any portion of the Property or the Right-of-Way for any purpose other than as a public golf course and driving range, except to the extent the S.R.P. Improvements may be used by S.R.P. or S.R.P's customers for irrigation and drainage purposes and that portions of the golf course are used for drainage and water retention areas pursuant to Section 6(D). Lessee shall not change the name of the golf course from Desert Mirage Golf Course without the written consent of the City. Lessee shall not provide or knowingly allow any alcoholic beverages on the Property or the Right-of-Way except as allowed by law and in accordance with a liquor license issued by the State.

2. TERM.

- A. The term of this Agreement shall be for a period of 35 years, commencing on April 22, 1997 and expiring on April 21, 2032, unless sooner terminated pursuant to the provisions contained herein.

- B. The City grants to Lessee options to extend this Agreement for two successive 10-year periods, subject to the same terms and conditions as are contained in this Agreement, provided that Lessee is not in default of any of its obligations under this Agreement at the time of each extension. Lessee may exercise said options by providing the City with written notice of its intention to do so at least 120 days prior to the expiration of the original term of this Agreement or, if applicable, the first 10-year extension period.

3. RENT.

- A. As rent for its right to use the Property, Lessee shall pay, without notice and free from all claims, deductions or set-offs against the City except for such credits as may be allowed under Section 27, the following amounts:
1. From the effective date of this Agreement through December 31, 2003, no rent shall be due;
 2. From January 1, 2004 through December 31, 2008, 3% of Lessee's Gross Revenues;
 3. From January 1, 2009 through December 31, 2013, 4% of Lessee's Gross Revenues;
 4. From January 1, 2014 through the end of this Agreement, including any option years, 5% of Lessee's Gross Revenues.
- B. No later than the 20th day of each month, Lessee shall furnish the City with a written statement stating Lessee's Gross Revenues for the preceding calendar month. Such reports shall include such information as the City deems reasonably necessary and shall be accompanied by Lessee's payment in full of any rent due for the preceding month based on the percentages specified in Section 3(A). No later than 30 days after the end of each calendar year, Lessee shall furnish the City with an annual statement of Gross Revenues as defined in Section 3(C), prepared in accordance with generally accepted accounting principles, and an audit report on the statement from an independent certified public accountant.

- C. For purposes of this Agreement, the term "Gross Revenues" shall mean all amounts actually received from all of Lessee's operations on or from the Property, including all greens fees, tournament fees, league fees, cart fees (electric, gas or pull), driving range fees, club-rental fees, sales of food and beverages, and sales from the pro shop (whether for goods or services), whether made by Lessee or any of its agents, representatives or affiliates and regardless of: (1) when or where the orders therefor are received; and (2) whether such sales are paid for with money, by barter or through any other form of property or consideration actually received by Lessee. For any non-cash sales, the reasonable value of the consideration received shall be deemed to be the sale price. The following shall be excluded or deducted from Lessee's Gross Revenues:
1. All transaction privilege taxes, excise taxes or similar taxes collected by Lessee from its customers;
 2. All fees received by Lessee's qualified golf professionals for golf lessons, provided that such fees are deemed to be solely the income of such golf professionals as between the golf professionals and Lessee and are not remitted, in whole or in part, by the golf professionals to Lessee;
 3. Receipts from any sale for which Lessee issues a partial or total refund to the extent of the refund actually made, whether by cash or credit; provided that Lessee shall not be allowed to claim any exclusion or deduction from Gross Revenues resulting from any arrangements for a hidden rebate, kickback or credit given or allowed to any customer;
 4. Receipts attributable to discount coupons, but Gross Revenues shall include any consideration received for goods and services in excess of the amounts of the coupons;
 5. Receipts attributable to exchanges of merchandise, but Gross Revenues shall include any additional consideration received by Lessee in connection with exchanges;
 6. Non-retail sales of equipment, fixtures and other items of property that are not part of Lessee's normal stock in trade;

7. Deposits made by customers to the extent such deposits are returned to the customers;
 8. Receipts from credit card sales which are attributable to service charges payable to credit card companies;
 9. Insurance proceeds.
- D. If Lessee fails to pay any rent in full on or before the due date, Lessee shall be responsible for interest on the unpaid principal balance at the rate of 10% per annum from the due date until payment in full is made.
- E. The acceptance by the City of any monies paid by Lessee as percentage rent pursuant to this Agreement shall not be an admission of the accuracy of Lessee's figures or of the sufficiency of the amount of such payment. The City reserves all of its rights set forth herein to question the accuracy of Lessee's statements and the sufficiency of Lessee's payments.
4. BOOKS AND RECORDS.
- A. At all times during the term of this Agreement and until all claims by the City for payments hereunder have been fully ascertained and paid, Lessee shall keep, in accordance with generally accepted accounting principles, separate and accurate records of Lessee's Gross Revenues, showing in detail all business transacted on or from the Property. Lessee shall enter all receipts arising from such business in regular books of account, and all entries in such records shall be made at or about the time of the underlying transactions.
- B. The City shall have the right to inspect, audit and copy the books and records of Lessee with respect to Lessee's operations under this Agreement at any time during normal business hours. Information acquired by the City concerning Lessee's financial records shall not be made public except as required by law. Lessee shall maintain all such books and records at a mutually agreeable location in the metropolitan Phoenix area. Within the Examination Period defined in Section 4(D), the City may employ, at its sole cost, a certified public accountant to examine Lessee's books and records. If, pursuant to such audit, a discrepancy of more than a 2% deficiency exists between the rent reported and paid to the City and the rent actually due, Lessee shall reimburse the City for the costs of the City's audit and any resulting deficiencies within thirty (30) days of

billing by the City. The City's billing shall be accompanied by a complete copy of the auditor's report. If the audit reveals an overpayment of rent, any overpayment shall be deducted from future rents due after a credit memorandum from the City is issued. If no future rents will be due, the overpayment shall be promptly refunded to Lessee.

- C. Lessee shall provide the City with a written description of Lessee's cash and sales record system and shall install such system, including equipment upon which Lessee shall record each transaction made on or from the Property. Each cash register shall have locking totals and shall be accessible to and subject to inspection by the City.
- D. Records relevant to Lessee's Gross Revenues for any particular calendar year shall be kept by Lessee and made available to the City for a period of at least three (3) years after the end of such calendar year. For purposes of this Agreement, the term "Examination Period" shall mean the period during which Lessee is required to keep records pursuant to this subsection.

5. UTILITIES.

Lessee shall pay before delinquency all charges for all utilities used in its operations on the Property, including all charges for telephones, water, sewer, gas, electricity and cable television services.

6. LESSEE'S IMPROVEMENTS.

- A. Lessee shall make no improvements or modifications to the Property or the Right-of-Way without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. Before commencing any improvements or modifications, Lessee shall submit detailed construction plans and specifications of the work as completed. Prior to the start of any construction of improvements or modifications to the Property or Right-of-Way, Lessee shall secure all applicable building permits and approvals from the City, which shall not be unreasonably withheld or delayed. Lessee shall furnish any additional information concerning any proposed improvements or modifications which the City may reasonably deem necessary.
- B. Lessee shall pay all site development costs and development impact fees, including water and sewer development fees, as Lessee's construction of

Lessee's Improvements, as defined below, proceeds. At such time as the golf course and driving range are open for public play on a permanent basis, the City shall rebate to Lessee all of Lessee's building permit fees, inspection fees, development review fees, plan check fees and development impact fees for the construction of the golf course, except that the rebates shall not include any portion of the water and sewer development fees paid in connection with the development of the Property. Lessee shall bill the City for all fees included in the fee rebates required by this subsection, and the City's payment of such fee rebates shall be due within 30 days after the City receives such billing.

- C. Lessee shall, at its own cost, design and construct the following improvements ("Lessee's Improvements") on the Property and the Right-of-Way: A golf course comprising nine holes and lighted driving range, constructed in substantial conformity to the conceptual routing plan contained in Exhibit H attached hereto, including a paved parking lot for automobiles; a clubhouse comprising a pro shop, restaurant and/or snack bar at least 3000 sq. ft in size and with an appearance consistent with said design plans (the City acknowledges that the clubhouse may be a modular structure); any necessary maintenance buildings and structures for Lessee's operations on the Property; lakes or retention basins with at least 15 acre feet of storage capacity for drainage and water retention from properties located to the north of the Property, as are approved by the City Engineer; and an irrigation system for the golf course and driving range as is approved by the City.
- D. As a part of constructing Lessee's Improvements, Lessee shall provide for pipe in Maryland Avenue for S.R.P. water to be delivered to the Property from the turnout structure east of the intersection of Maryland Avenue and 85th Avenue. Such construction shall be deemed to be a part of Lessee's Improvements, provided that the City shall reimburse Lessee for the costs of constructing such pipe at such time as the golf course and driving range are open for public play on a permanent basis. Lessee shall bill the City for such costs and provide the City with such documentation as is reasonably necessary to verify the amount of such costs. The City's payment of such costs shall be due within 30 days after the City receives such billing.
- E. All improvements to the Property and the Right-of-Way shall be constructed pursuant to the plans and specifications which have been approved by the City, which approval shall not be unreasonably withheld or delayed. All

improvements and modifications made by Lessee shall be constructed in a good workmanlike manner.

- F. Prior to the commencement of any construction on the Property or the Right-of-Way, Lessee shall provide the City with payment and performance bonds in amounts equal to the full amount of the written construction contract pursuant to which such construction is to be done. The payment bond shall be solely for the protection of claimants supplying labor or materials for the required construction work, and the performance bond shall be solely for the protection of the City, conditioned upon the faithful performance of the required construction work. Each bond shall include a provision allowing the prevailing party in a suit on such bond to recover as a part of its judgment such reasonable attorney's fees as may be fixed by the court. Each bond shall be executed by a surety company duly authorized to do business in Arizona and acceptable to the City. Each bond shall be filed with the City Clerk immediately upon execution thereof.
- G. Lessee shall keep the Property and all improvements thereon (excluding the S.R.P. Improvements) free of any mechanic's or materialmen's liens or liens of any kind or nature for any work done, labor performed or materials furnished on or to the Property. If any such lien is filed, Lessee shall, at its own cost, either: (1) initiate necessary action to remove such lien from the Property within thirty days of notice thereof, and diligently proceed with such action until the lien is removed; or (2) provide the City with security that such lien will not be foreclosed, which security must be acceptable to the City.
- H. Lessee shall begin construction of any improvements and modifications to the Property and the Right-of-Way within a reasonable period of time following the approval of the City and the issuance of building permits, if necessary, for the construction. Lessee shall diligently pursue construction of the improvements or modifications and shall complete construction in accordance with the schedule for completion to be agreed upon by the City. Except as set forth in Section 24 below, all improvements and modifications made by Lessee which become fixtures to the Property or the Right-of-Way shall become the property of the City, at no cost to the City, upon the expiration or termination of this Agreement, free of any security interest or claims of any kind from or through Lessee.

- I. Lessee shall complete Lessee's Improvements and open the golf course and driving range on a permanent basis for public play no later than December 31, 1998. Notwithstanding anything herein to the contrary, however, if Lessee is delayed in completing Lessee's Improvements by December 31, 1998 as a result of circumstances beyond Lessee's control or the negligence, misconduct or unreasonable withholding of consent(s) by the City, Lessee shall complete Lessee's Improvements and open the golf course and driving range for public play as expeditiously as possible under the circumstances.

6.5 MODIFICATIONS TO S.R.P. IMPROVEMENTS.

- A. The parties acknowledge that certain modifications to the S.R.P. Improvements will be required and/or may be desired as a part of the construction of the golf course. The parties further acknowledge that such modifications require the approval of S.R.P., that certain modifications will have to be done by S.R.P. in order to qualify for the use of S.R.P. "aesthetic funds," and that other modifications may be done by Lessee as a part of its construction of the golf course. The parties shall cooperate in good faith in seeking to obtain any necessary approvals from S.R.P. for any changes to the S.R.P. Improvements which the City and Lessee deem to be beneficial to the design of the golf course.
- B. S.R.P. shall be responsible for piping the crosscut lateral underneath the driving range on the Property and for constructing a new delivery structure at or near the west end of the Property. The City shall be responsible for all costs of such modifications to the S.R.P. Improvements.
- C. Except for the piping specified in Section 6.5(B), Lessee shall be responsible for all costs of relocating the crosscut lateral, if Lessee desires such relocation and S.R.P. approves of the same. The City shall, if necessary, cooperate with Lessee in relocating the crosscut lateral by granting S.R.P. an easement across the Property for such relocation, provided that the City does not incur any out-of-pocket costs in granting such easement.
- D. All other proposed modifications to the S.R.P. Improvements which may affect the Property are subject to the written approval of the City and Lessee.

7. CITY'S IMPROVEMENTS.

- A. The City shall, at its own cost, design and construct the following improvements (the "City's Improvements") on the Right-of-Way and/or the Property:
1. A fence at least six (6) feet high on a portion of the Right-of-Way on the south side of the golf course from 85th Avenue to 87th Avenue, excluding the entry ways to the golf course;
 2. A sidewalk on a portion of the Right-of-Way south of the fence required by Section 7(A)(1);
 3. Finishing all improvements to Maryland Avenue in the Right-of-Way.
- B. The City will submit to Lessee detailed construction plans and specifications for the City's Improvements as completed and shall cooperate with Lessee to ensure that the City's Improvements are within the same overall design and engineering framework as Lessee's Improvements. The City's Improvements shall be constructed in a good and workmanlike manner.
- C. The City shall diligently pursue construction of the City's Improvements so that the City's Improvements are completed on or before the date on which the golf course and driving range are open to the public. Notwithstanding anything herein to the contrary, however, if the City is delayed in completing the City's Improvements by the date on which the golf course and driving range are open to the public as a result of circumstances beyond the City's control or the negligence or misconduct of Lessee, the City shall complete the City's Improvements as expeditiously as possible under the circumstances.

8. PERFORMANCE BOND.

In addition to any other bond required by this Agreement, Lessee shall, on or before the date on which the golf course or driving range opens for public play, provide the City with a performance bond in the amount of \$25,000. The performance bond shall be conditioned upon Lessee's faithful performance of all of its obligations under this Agreement. The bond shall include a provision allowing the prevailing party in any litigation or arbitration on such bond to recover as part of its judgment an award of such party's reasonable attorney's fees incurred in the litigation or arbitration. The bond shall be executed by a surety company duly authorized to do business in Arizona and acceptable to the City's Risk Manager.

9. ACCEPTANCE; MAINTENANCE; REPAIRS.

- A. Lessee acknowledges that it has inspected the Property and, except as expressly provided otherwise herein, accepts possession of the same "as is" in its present condition. Except as may otherwise be specifically provided for herein, the City shall not be required to maintain or to make any improvements, repairs or modifications to the Property, or any improvements thereon. Under no circumstances shall the City have any obligation to repair, maintain or restore any improvements placed upon the Property by Lessee.
- B. The City shall provide Lessee with a current Phase I environmental assessment of the Property and the Right-of-Way and a current archeological assessment of the Property and the Right-of-Way (hereafter, such environmental and archeological assessments will be referred to collectively as the "Assessments"). The City shall order the Assessments within 15 days of the effective date of this Agreement and proceed diligently to obtain the Assessments and provide the same to Lessee. Lessee shall have 15 days from its receipt of the last of the two Assessments (the "Assessment Review Period") within which to object in writing to any matters shown on the Assessments and related documents (the "Assessment Objections"). If Lessee makes any Assessment Objections within the Assessment Review Period, the City shall attempt in good faith and using due diligence to remove the Assessment Objections within 20 days after notice thereof. If despite such attempt, the Assessment Objections cannot be removed, Lessee shall, in its sole discretion, elect to: (1) waive in writing the curing of the Assessment Objections which the City could not cure; or (2) terminate this Agreement by written notice to the City, whereupon neither the City nor Lessee shall have any further liability or obligation to each other under this Agreement. Lessee's failure to give either such a written waiver or notice of termination shall be deemed an election by Lessee to waive such uncured Assessment Objections.
- C. Lessee shall be solely responsible, at its own cost, for all repairs and maintenance whatsoever on the Property and shall maintain all improvements thereon in a good, workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise. Lessee shall, without limiting the generality hereof:

1. Keep at all times in a clean and orderly condition and appearance, the Property, all improvements thereon, and all of Lessee's fixtures, equipment and personal property;
 2. Be responsible for the maintenance and repair of all utility service lines placed on the Property and used exclusively by Lessee;
 3. Repair any damage to the Property caused by Lessee or its agents, employees or invitees;
 4. At a minimum, maintain the Property according to the standards set forth in Exhibit I attached hereto.
- D. After the completion of the City's Improvements to the Right-of-Way, Lessee shall be responsible, at its own cost, for maintaining all landscaped areas on the portion of the Right-of-Way leased to Lessee. Lessee shall have no other maintenance or repair obligations concerning the Right-of-Way. The City shall be responsible, at its own cost, for all other repairs and maintenance whatsoever on the Right-of-Way and, except for the landscaped areas on the portion of the Right-of-Way leased to Lessee, shall maintain the Right-of-Way and all improvements thereon, including the fence to be constructed by the City, in a clean, orderly appearance and condition and in a good and workmanlike manner, whether such repair or maintenance be ordinary or extraordinary, structural or otherwise.
- E. Lessee's on-site manager shall meet at least monthly with the Parks and Recreation Director to review the condition of the Property. If the Parks and Recreation Director determines that Lessee is not maintaining the Property according to objective standards for the maintenance of municipal golf courses in the metropolitan Phoenix area established by the Arizona Association of Greenskeepers, Lessee shall promptly cure any defaults in its maintenance responsibilities. If Lessee fails to initiate necessary action to maintain, clean, repair, resurface, replace, rebuild or repaint, within 30 days after written notice from the City to do any necessary maintenance or repairs, and to diligently proceed with such action until completion, the City may terminate this Agreement or, at its option, enter the Property, without such entering causing or constituting a termination of this Agreement or any interference with the possession of the Property, and repair, replace, rebuild, resurface, repaint or otherwise maintain any part of the Property or the improvements thereon, and

do all things reasonably necessary to accomplish the work required, and all costs thereof shall be payable to the City by Lessee on demand. If in the reasonable opinion of the City, Lessee's failure to perform any such maintenance endangers the safety of the public, the employees or the property of the City or others, and the City so states in its notice to Lessee, the City may, in its sole discretion, elect to perform such maintenance at any time after the giving of such notice, and Lessee shall pay to the City all costs of such work on demand. If the City or any of its elected or appointed officials, employees, or agents undertake any work hereunder, Lessee hereby waives any claims for damages, consequential or otherwise, resulting therefrom except for claims for damages arising from the sole negligence or fault of the City or its employees, agents or contractors.

10. HOURS OF OPERATION; USE OF FACILITIES.

- A. Unless otherwise agreed to in writing by the City and except for closures, interruptions or delays resulting from natural disasters, fires, water shortages, riot, war, the negligence or fault of the City or its employees, agents or contractors, or other events or circumstances beyond Lessee's reasonable control, Lessee shall keep the golf course and driving range open for business each and every day during daylight hours; provided that Lessee may, in its discretion, close the golf course and driving range for up to thirty (30) days each fall for purposes of overseeding the Property. Lessee shall not operate the driving range between the hours of 10:00 p.m. and sunrise without the written consent of the City, which the City may withhold in its sole discretion.
- B. The golf course and driving range shall be used for tournaments, leagues and lessons in such a manner as to provide the general public with a substantial opportunity to use the same.

11. GOLF CARTS.

Lessee shall not require any golfer to use or rent golf carts (electrical, gas or pull) in order to use the golf course. At all times that the golf course is open for play, Lessee shall maintain at least 15 riding golf carts available for rental to the public.

12. FEES.

Lessee shall have the right to set all fees charged to customers of the golf course and driving range, which fees may be comparable to or more than those fees charged by competing

metropolitan Phoenix-area public golf courses and driving ranges providing similar services. Lessee shall not increase any greens fees, cart fees, driving range fees or club-rental fees without first giving the City 30 days written notice of such increases, but such increases shall not require the approval of the City. Notwithstanding any provision herein to the contrary, Lessee may, in its discretion, offer discounts to junior or senior golfers and/or to Glendale residents using the golf course or driving range.

13. ADDITIONAL OPERATIONAL OBLIGATIONS.

- A. Lessee shall operate and manage the golf course and driving range in a safe and first-class manner comparable to other publicly owned golf courses providing similar facilities and services. Lessee shall maintain a high standard of service at least equal to that of other competing public golf courses in the metropolitan Phoenix area.
- B. Lessee shall operate a restaurant or snack bar from its clubhouse, offering coffee and a reasonable selection of soft drinks and snacks. At a minimum, such restaurant or snack bar shall be open to sell beverages during all hours that the golf course is open for play from April 1 through October 31 of each year. Lessee shall at all times maintain the proper Maricopa County Health Department inspection ratings required for its food and beverage sales.
- C. Lessee shall perform all of the following services, at its own cost, in connection with its operations on the Property:
 - 1. Provide and maintain all equipment and machinery necessary for the proper maintenance of the Property.
 - 2. Accept telephone and walk-in reservations for tee times in a manner and number which Lessee determines will maximize the use and enjoyment of the golf course.
 - 3. Supervise and control all play on and use of the Property.
 - 4. Provide the services of an adult on-site manager at all times that the golf course or driving range is open for play.
 - 5. Provide golf lessons and instruction to persons of all skill levels wanting them.

6. Render the customary and usual services of a golf professional in the promotion and conduct of tournaments, exhibitions and clinics.
7. Represent the golf course and driving range in accordance with standards accepted by golf professionals.
8. Provide an adequate supply of golf clubs and pull carts for rental to the public.
9. Use its best reasonable efforts to control the conduct and demeanor of Lessee's employees, agents and invitees and, upon objection from the City concerning the conduct or demeanor of any such person, immediately take all lawful steps necessary to remove the cause of the objection.
10. Use its best reasonable efforts to conduct its operations in an orderly and proper manner so as not to unreasonably annoy, disturb, endanger or be offensive to others.
11. Use generally accepted security procedures.
12. Do nothing which may result in the commission of a nuisance, waste or injury on the Property.

14. ASSIGNMENT.

- A. Subject to subsection (B), Lessee shall not assign or sublease any of its interest under this Agreement without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed. The City may, as a condition of assignment approval, require that any potential assignee submit such biographical and financial information to the City as the City reasonably deems necessary.
- B. Lessee may mortgage, encumber or assign any portion of its right, title and interest in the leasehold estate created by this Agreement to lenders for purposes of financing the capital improvements required by this Agreement. Any such mortgage, encumbrance or assignment shall be subject to all of Lessee's obligations under this Agreement. No person or entity shall have the right to place any mortgage, deed of trust, lien or encumbrance of any nature on the

City's title to the Property, nor shall any permitted assignment result in a subordination, in whole or in part, of the City's rights under this Agreement.

15. ADVERTISING SIGNS.

Lessee may install on the Property, subject to the City's sign ordinance, signs identifying its business. The number, general type, size and location of signs must be approved in writing by the City prior to installation.

16. DEFAULT; TERMINATION BY CITY.

- A. The City may terminate this Agreement by giving Lessee 30 days written notice after the happening of any of the following events:
1. The failure of Lessee to materially perform any of its obligations under this Agreement, if Lessee fails to cure its default within said 30-day notice period; or if a cure is not reasonably possible within 30 days and such default has not been caused by Lessee's gross negligence or intentional misconduct, the failure of Lessee to initiate action necessary to cure the default and to diligently proceed with such action until the default is cured.
 2. The taking of possession for a period of 10 days or more of substantially all of the personal property used on the Property belonging to Lessee by or pursuant to lawful authority of any legislative act, resolution, rule, order or decree, or any act, resolution, rule, order or decree of any court or governmental board, agency, officer, receiver, trustee or liquidator.
 3. The filing of any lien against the Property because of any act or omission of Lessee which is not discharged within 30 days of receipt of actual notice by Lessee, unless Lessee initiates necessary action to remove such lien within 30 days and diligently proceeds with such action until the lien is removed.
- B. The City may place Lessee in default of this Agreement by giving Lessee 10 days written notice of Lessee's failure to timely pay the rent provided for in this Agreement or any other charges required to be paid by Lessee pursuant to this Agreement. During said 10-day notice period, Lessee shall cure said default, otherwise the City may elect to terminate this Agreement, exercise the

“Remedies of Landlord” as set forth in Arizona Revised Statutes, Title 33, or exercise any other remedy allowed by law or equity.

- C. The City may terminate this Agreement immediately, upon written notice to Lessee, if Lessee abandons its operations on the Property. For purposes of this Agreement, Lessee shall be conclusively deemed to have abandoned its operations at any time that Lessee fails to offer or provide the services required by this Agreement for a period of thirty (30) consecutive days without the written consent of the City, unless such failure is because of circumstances beyond Lessee’s control such as, but not limited to, weather, infestation of or fungus in the grass, or lack of water.
- D. If Lessee at any time fails to maintain any insurance required by this Agreement through any fault or negligence of its own, the City shall have the right, upon written notice to Lessee, to immediately terminate this Agreement or to secure the required insurance at Lessee’s expense.
- E. Upon termination of this Agreement for any reason, all rights of Lessee shall terminate including all rights of Lessee’s creditors, trustees and assigns and all others similarly situated as to the Property.
- F. Failure by the City to take any authorized action upon default by Lessee of any of its obligations hereunder shall not constitute a waiver of said default nor of any subsequent default by Lessee.

17. TERMINATION BY LESSEE.

Lessee may terminate this Agreement at any time that it is not in default in its obligations by giving the City 30 days written notice after the happening of any of the following events:

- A. The failure of the City to materially perform any of its obligations under this Agreement, if the City fails to cure its default within said 30-day notice period; or if a cure is not reasonably possible within 30 days and such default has not been caused by the City’s gross negligence or intentional misconduct, the failure of the City to initiate necessary action to cure the default and to diligently proceed with such action until the default is cured.

- B. Issuance by a court of competent jurisdiction of an injunction in any way preventing or restraining Lessee's use of any substantial portion of the Property and the remaining in force of such injunction for a period of 30 consecutive days.
- C. The inability of Lessee to use any substantial portion of the Property for a period of 30 consecutive days, due to the enactment or enforcement of any law or regulation or because of fire, earthquake or similar casualty, or Acts of God or the public enemy.
- D. The material breach of any of the City's representations and warranties set forth in this Agreement.

18. INDEMNIFICATION BY LESSEE.

Subject to Section 20, to the extent permitted by law, Lessee shall defend, indemnify and hold the City harmless from and against all fines, claims, damages, obligations, liabilities and suits of every description, including attorney's fees and court costs, arising from any negligence or fault on the part of Lessee, its employees, subcontractors or agents in the use of the Property or the portion of the Right-of-Way leased to Lessee, whether caused in part by any act, mistake, error or omission of the City or anyone for whose acts, mistakes, errors or omissions the City may be liable, and regardless of whether it is caused in part by the City, or from any failure to fully, faithfully and timely comply with all of Lessee's obligations under this Agreement. This Section applies, without limitation, to claims of personal injury, bodily injury, property damage including without limitation loss of use, or other claims, liability, harm or damages which may arise out of any use of the Property or the portion of the Right-of-Way leased to Lessee. Lessee's indemnification obligations shall include all claims resulting from errant golf balls or equipment leaving the Property. This indemnity does not apply to claims arising from the sole negligence or fault of the City. The City shall give Lessee prompt notice of any claim made or suit instituted which may subject Lessee to liability under this Section, and Lessee shall have the right to compromise and defend the same to the extent of its own interests. Lessee's obligations hereunder shall survive any termination of this Agreement or Lessee's activities on the Property.

19. INSURANCE.

Unless such insurance is not commercially available, Lessee shall procure and at all times maintain the following types and amounts of insurance for their operations on the Property:

- A. Commercial general liability insurance in the amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence. Such insurance must include broad form contractual coverage, broad form property damage and personal injury coverage, products liability and food service coverage, premises operations coverage, independent contractors and subcontractors coverage and, if applicable, liquor liability coverage.
- B. Comprehensive automobile liability insurance for all owned, leased and hired vehicles in the amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence.
- C. Fire and extended casualty coverage for all improvements and fixtures on the Property, in an amount not less than the full replacement value thereof, to the extent such coverage is available to Lessee.
- E. Worker's compensation and employer's liability coverage in the amounts required by law.
- F. Such other types and amounts of insurance as the City's Risk Manager may reasonably determine to be necessary for Lessee's operations.

Such insurance shall be in a form satisfactory to and from a company acceptable to the City's Risk Manager, shall name the City as an additional insured and shall require 30 days written notice to the City before modification or termination. The insurance must also include contractual liability coverage for the obligation of indemnity assumed in this Agreement.

20. REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION BY CITY.

- A. The City hereby warrants and represents (with the understanding that Lessee is relying on said warranties and representations) that:
 - 1. The transactions contemplated by this Agreement and the execution and delivery of all documents required herein and their performance hereunder have been duly authorized. The execution and delivery of this Agreement and any other document required herein and the consummation of the transactions contemplated hereby and thereby will not result in any violations of or default under any term or provision of any agreement, instrument, mortgage, loan or similar documents to which the City is a party or by which it is bound.

2. Except as set forth in Section 20(B), there is no litigation, investigation or proceeding pending or to its knowledge contemplated or threatened against the City, the Property or the Right-of-Way which would impair or adversely affect the City's ability to perform its obligations under this Agreement or under any contract, instrument or document related hereto.
3. To its knowledge, there is no existing, pending or anticipated condemnation or similar proceeding against or involving the Property or the Right-of-Way.
4. The City has not entered into any leases, options, contracts or rights of first refusal, recorded or unrecorded, affecting the Property or the Right-of-Way which have not been disclosed to Lessee in writing, in the Title Report (defined below), or otherwise.
5. To its knowledge, there are no uncured violations of any federal, state or local laws, rules, regulations, ordinances, codes, covenants, conditions, restrictions or agreements applicable to the Property or the Right-of-Way. The City has not received any notices from insurance companies, governmental agencies or any other parties with respect to any such violations or alleged violations or other matters affecting the Property.
6. The individuals executing this Agreement on behalf of the City are authorized and empowered to enter into this Agreement.
7. To its knowledge, the City is not prohibited from consummating the transaction contemplated in this Agreement by any law, regulation, agreement, instrument, restriction, order or judgment.
8. No work has been performed or is in progress at or on the Property or the Right-of-Way and no materials have been furnished to the Property or the Right-of-Way which might give rise to mechanic's, materialman's or other liens against the Property or the Right-of-Way or any portion thereof.
9. Neither the City, nor to its knowledge, any other person has ever caused or permitted any Hazardous Material, as defined below, to be placed, held, located or disposed of on, under or at the Property or the Right-of-Way or any portion thereof or from the Property or the Right-of-Way or any portion thereof into the atmosphere or any watercourse, body of water or

wetlands. To the City's knowledge, neither the Property nor the Right-of-Way or any portion thereof have ever been used as a treatment, storage or disposal site for any Hazardous Material. For purposes of this Agreement, the term "Hazardous Material" shall mean any petroleum product and any hazardous substance or any pollutant or contaminant defined as such in (or for purposes of) in any existing federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material (collectively referred to as "Environmental Law"). To the City's knowledge, the Property does not contain and never has contained any underground tanks and is not now used and never has been used as a landfill. The City shall defend, indemnify and hold Lessee, its successors and assigns, their respective directors, officers, members, shareholders, employees, agents, contractors, sub-contractors and invitees harmless from and against all claims, judgments, damages, losses, penalties, fines, liabilities, costs and expenses of whatever kind or nature, including without limitation reasonable attorney's fees, any of which are incurred at any time as a result of the existence of Hazardous Materials upon, about or beneath the Property prior to the effective date of this Agreement.

10. To the City's knowledge, neither the Property nor the Right-of-Way or any portion thereof constitute an archeological or cemetery site.
- B. The City acknowledges that claims could be made to the Property by the stockholders of Blue Valley Mortgage, Inc., a defunct Arizona corporation (the "Blue Valley Claims"). The City shall defend, indemnify and hold harmless Lessee and its employees, agents, representatives, lenders and joint venture partners (hereinafter referred to collectively as "Lessee" in this subsection) from all losses, damages or claims of whatever nature, including attorney's fees, expert witness fees and costs of litigation, which arise out of or in connection with the Blue Valley Claims. Lessee shall give the City prompt notice of any actual claim made or suit instituted which may subject the City to liability under this subsection. The City's obligations hereunder shall survive any termination of this Agreement or Lessee's activities on the Property.
 - C. As used in this Section, "to the knowledge of" and like phrases shall mean actual knowledge and the knowledge which a prudent business person would have obtained in the management of his, her or its business affairs. All of the

representations and warranties contained in this Section will be true and correct as of the effective date of this Agreement and shall survive any termination of this Agreement or Lessee's activities on the Property.

21. TITLE INSURANCE.

- A. The City shall deliver to Lessee within fifteen (15) days from the effective date of this Agreement a current preliminary title report or commitment (including matters revealed by an inspection of the Property) issued by Transnation Title Insurance Company (the "Title Company") leading to the issuance of an ALTA leasehold policy of title insurance with respect to the Property and the Right-of-Way (the "Title Report"). The Title Report shall be accompanied by readable copies of all instruments of record referred to therein.
- B. Lessee shall have fifteen (15) days from its receipt of the Title Report (the "Title Review Period") within which to object, in writing, to the legal description, any matters affecting title shown on the Title Report and related documents (except for the Blue Valley Claims), or matters that would be disclosed by an inspection of the Property or the Right-of-Way (collectively referred to as the "Title Objections"). The transaction contemplated herein is based upon free and clear title subject to: (a) the usual printed exceptions contained in an ALTA Leasehold Title Insurance Policy; (b) all matters which could reasonably be disclosed by an inspection of the Property and the Right-of-Way and not objected to within the Title Review Period; (c) the Blue Valley Claims; and (d) such other exceptions to title as may be approved by Lessee in its sole and absolute discretion.
- C. If Lessee makes any Title Objections within the Title Review Period, the City shall attempt, in good faith and using due diligence, to remove the Title Objections within twenty (20) days after notice thereof. If despite such attempts, the Title Objections cannot be removed, Lessee shall, in its sole discretion, elect: (1) to waive in writing the curing of the Title Objections which the City could not cure; or (2) to terminate this Agreement by written notice to the City whereupon neither party shall have any further liability or obligations to the other party under this Agreement. Lessee's failure either to give such a written waiver or notice of termination shall be deemed an election by Lessee to waive such uncured Title Objections.

- D. Lessee's obligations under this Agreement are conditioned upon the commitment of the Title Company to issue to Lessee, promptly following Lessee's acceptance of the title as set forth in this Section, an ALTA leasehold policy insuring title to the Property and the Right-of-Way in the City in the amount of the loan for the golf course development (the "Policy"). The Policy shall be subject only to the usual printed exceptions, conditions and stipulations in the form of policy, matters affecting title shown on the Title Report not objected to by Lessee in accordance with the procedures set forth in this Section, and the Blue Valley Claims. The City shall bear the cost of the Title Policy. Both parties shall comply with all reasonable requirements imposed by the title insurer as a condition to issuance of the Policy.

22. QUIET ENJOYMENT.

So long as Lessee shall perform all of its obligations under this Agreement, Lessee shall peaceably have and enjoy the exclusive use of the Property.

23. SURRENDER OF POSSESSION.

Upon the expiration or termination of this Agreement, Lessee's right to occupy the Property and exercise the privileges and rights herein granted shall cease, and Lessee shall surrender the same, and leave the Property in good condition, normal wear and tear excepted. Unless otherwise provided herein, all trade fixtures, equipment and other personal property installed or placed by Lessee on the Property shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Agreement, and for an additional period of twenty (20) days after its expiration, to remove the same from the Property; provided that Lessee is not in default of any of its obligations hereunder, that Lessee repairs at its sole cost any damage caused by such removal, and that under no circumstances shall Lessee remove any of the capital improvements required hereunder. Any property not removed by Lessee within said 20-day period shall become a part of the Property and ownership thereto shall vest in the City.

24. CONDEMNATION.

In the event any portion of the Property, the portion of the Right-of-Way leased to Lessee or any property affixed thereto is condemned by the City or by any other entity pursuant to lawful authority, Lessee shall receive the fair market value of Lessee's interest in the Desert Mirage Golf Course, or portion thereof, as constituted under the terms of this Agreement. Such fair market value shall be determined in the same way that fair market value would be

determined in a condemnation action affecting the Property by an unrelated condemnor possessing and having in all ways properly exercised proper condemnation powers. Determination of fair market value shall take into account all interests which any person, including the City, owns or may own in the Property.

25. NOTICE.

All notices required or permitted to be given under this Agreement may be personally delivered or mailed by certified mail, return receipt requested, postage prepaid, to the following addresses:

TO THE CITY: City of Glendale
Attention: Parks and Recreation Director
5850 West Glendale Avenue
Glendale, Arizona 85301

WITH A COPY TO: City of Glendale
Attention: City Attorney
5850 West Glendale Avenue
Glendale, Arizona 85301

TO LESSEE: Par Golf, L.L.C.
Attention: Sid White
7539 East Indian School Road
Scottsdale, Arizona 85251

WITH A COPY TO: Stephen L. West
Udall, Shumway, Blackhurst, Allen
& Lyons, P.C.
30 West First Street
Mesa, Arizona 85201-6695

Any notice given by certified mail shall be deemed to be received on the next business day after the date of mailing. Either party may designate in writing a different address for notice purposes pursuant to this Section.

26. SEVERABILITY.

Should any provision of this Agreement be declared to be invalid by a court of competent jurisdiction, the remaining terms shall remain effective, provided that elimination of the invalid provision does not materially prejudice any party with regard to its respective rights and obligations.

27. TAXES AND LICENSES.

- A. Lessee shall pay any leasehold tax, possessory interest tax, sales tax, property tax, transaction privilege tax or other exaction assessed or assessable as a result of its occupancy of the Property, or its conduct of business on the Property under authority of this Agreement, including any tax assessable on the City; provided that Lessee shall be entitled to a credit against any accruing rent payments for all taxes which are assessable on the City and are paid by Lessee pursuant to this subsection.
- B. Lessee acknowledges that it may be a "prime lessee," as defined in A.R.S. § 42-1901, and that it may be subject to excise tax liability under this Agreement pursuant to A.R.S., Title 42, Chapter 13 as a prime lessee of a government property improvement. Lessee further acknowledges that any failure by Lessee to pay taxes due under A.R.S. Title 42, Chapter 13 after notice and an opportunity to cure shall constitute a default that could result in divesting Lessee of any interest in or right to occupancy of the Property.
- C. Lessee shall, at its own cost, obtain and maintain in full force and effect during the term of this Agreement all licenses and permits required for the operations authorized by this Agreement; provided that if such operating licenses and permits are issued by the City, Lessee shall be entitled to a credit against any accruing rent payments for all fees for such licenses and permits.

28. COMPLIANCE WITH LAWS.

Lessee shall at all times comply with all federal, state and local laws, rules and regulations which are applicable to its operations on the Property, including all laws, rules and regulations adopted after the effective date of this Agreement.

29. DISCRIMINATION PROHIBITED.

Lessee shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, disability, political affiliation or national origin. Lessee shall at all times operate the golf course, driving range and related facilities as public facilities and shall not, on grounds of race, color, religion, sex, age, disability, political affiliation or national origin, deny any services, furnish any benefit which is different from that provided to others, subject any person to segregated or separate treatment in any facility, or in any manner or process related to receipt of any service or benefit, restrict the enjoyment of any privilege enjoyed by others receiving such service or benefit.

30. LITIGATION.

This Agreement shall be governed by the laws of the State of Arizona. In the event of any litigation or arbitration between the City and Lessee arising under this Agreement, the successful party shall be entitled to recover its own attorney's fees (whether in-house or outside counsel is used), expert witness fees and other costs incurred in connection with such litigation or arbitration. Both parties hereby waive any right to a jury trial which they may otherwise have in the event of litigation arising under this Agreement and hereby consent to a trial to the court.

31. RIGHT OF ENTRY RESERVED.

The City shall have the right at all reasonable times to enter upon the Property for any lawful purpose, provided that such action does not unreasonably interfere with Lessee's use, occupancy or security of the Property.

32. REMEDIES TO BE NONEXCLUSIVE.

All remedies provided in this Agreement shall be deemed to be cumulative and additional, not in lieu of or exclusive of each other, or of any other remedy available to the City or Lessee at law or in equity, and the exercise of any remedy, or the existence herein of other remedies, shall not prevent the exercise of any other remedy.

33. TIME IS OF THE ESSENCE.

Time is of the essence with regard to the performance of all of the parties' obligations under this Agreement.

34. MISCELLANEOUS.


This Agreement constitutes the entire agreement between the parties concerning the matters contained herein and supersedes all prior negotiations, understandings and agreements concerning such matters. This Agreement shall be interpreted and enforced according to the fair meaning of its terms and shall not be construed strictly in favor of or against either party, regardless of which party may have drafted any of its provisions. No provision of this Agreement may be waived or modified except by a writing signed by the party against whom such waiver or modification is sought to be enforced. The terms of this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.

35. SHORT FORM MEMORANDUM.

Upon the request of either party, the parties shall execute, acknowledge and deliver a short form or memorandum of this Agreement in recordable form. Such memorandum shall state that this Agreement expires automatically at the end of the term set forth in this Agreement, and the recorder of such memorandum shall pay the cost of recordation.

EXECUTED to be effective on the date specified above.


CITY OF GLENDALE

By: 
Its: Deputy City Mgr KEN MARTIN
Public Works

ATTEST:


City Clerk

APPROVED AS TO FORM:


City Attorney

LESSEE

By: [Signature]
Its: MANAGING MEMBER

STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 23 day of April, 1997, by Ken Martin, in his or her capacity as Deputy City Manager of the City of Glendale, an Arizona municipal corporation.

[Signature]
Notary Public

My Commission Expires:



STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this 10th day of April, 1997, by Bob White, in his or her capacity as Managing Member of Par Golf, L.L.C., an Arizona limited liability company.

[Signature]
Notary Public

My Commission Expires:



PARCEL NO. 1

That portion of the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the Northwest corner of the North half of the Southeast quarter, from which the East quarter corner bears North 89 degrees 49 minutes 58 seconds East;

Thence South 00 degrees 04 minutes 30 seconds East, a distance of 839.15 feet to a point on a non-tangent curve, from which the radius point of said curve bears North 00 degrees 04 minutes 30 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 1092.09 feet, a central angle of 20 degrees 14 minutes 52 seconds, and an arc length of 385.93 feet, to a point of compound curvature from which the radius points bear North 20 degrees 19 minutes 22 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 1875.41 feet, a central angle of 18 degrees 16 minutes 07 seconds, and an arc length of 597.97 feet, to a point on the East line of the West 896.80 feet of the North half of the Southeast quarter;

Thence North 00 degrees 04 minutes 30 seconds West, along the East line of the West 896.80 feet of the North half of the Southeast quarter, a distance of 480.97 feet to a point on the North line of the North half of the Southeast quarter;

Thence South 89 degrees 49 minutes 58 seconds West, a distance of 896.80 feet to the POINT OF BEGINNING;

EXCEPT that portion lying within that certain ditch known as sub-lateral to Lateral 20 of the Arizona Canal as the said sub-lateral is located and constructed as of October 22, 1915, thru, over and across the South half of the Northeast quarter and the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, the centerline of the said sub-lateral described as follows:

BEGINNING at the East quarter corner of said Section 10 and using as a base the East and West mid-section line of said Section, (the said East and West mid-section line having a bearing of North 89 degrees 58 minutes West, based on a magnetic bearing of South 75 degrees 40 minutes West);

970277560
DESCRIPTION CONTINUED FOR PARCEL NO. 1

Thence North 0 degrees 02 minutes East a distance of 15.5 feet;

Thence North 89 degrees 58 minutes West, a distance of 10.5 feet to the TRUE POINT OF BEGINNING;

Thence North 89 degrees 58 minutes West, a distance of 704.5 feet;

Thence South 0 degrees 02 minutes West, a distance of 11.5 feet;

Thence North 89 degrees 58 minutes West, a distance of 560 feet;

Thence South 0 degrees 02 minutes West, a distance of 10.5 feet;

Thence North 89 degrees 50 minutes West, a distance of 1375.3 feet to a point in the North and South mid-section line of the said Section 10, from which point the mid-section corner of the said Section bears North 0 degrees 02 minutes East, a distance of 3 feet.

PARCEL NO. 2

That portion of the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Northwest corner of the North half of the Southeast quarter, from which the East quarter corner bears North 89 degrees 49 minutes 58 seconds East;

Thence South 00 degrees 04 minutes 30 seconds East, a distance of 839.15 feet to the POINT OF BEGINNING, said point being on a nontangent curve, from which the radius point of said curve bears North 00 degrees 04 minutes 30 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 1092.09 feet, a central angle of 20 degrees 14 minutes 52 seconds, an arc length of 385.93 feet, to a point of compound curvature from which the radius points bear North 20 degrees 19 minutes 22 seconds West;

Thence, Northeasterly along said curve, concave to the Northwest, having a radius of 1875.41 feet, a central angle of 18 degrees 16 minutes 07 seconds, and an arc length of 597.97 feet, to a point on the East line of the West 896.80 feet of the North half of the Southeast quarter;

Thence South 00 degrees 04 minutes 30 seconds East, along the East line of the West 896.80 feet of the North half of the Southeast quarter, a distance of 50.79 feet, to a point on a non-tangent curve, from which the radius point of said curve bears North 37 degrees 38 minutes 43 seconds West;

Thence Southwesterly along said curve, concave to the Northwest, having a radius of 1915.41 feet, a central angle of 17 degrees 19 minutes 21 seconds, and an arc length of 579.10 feet, to a point of compound curvature from which the radius points bear North 20 degrees 19 minutes 22 seconds West;

Thence Southwesterly along said curve, concave to the Northwest, having a radius of 1132.09 feet, a central angle of 20 degrees 14 minutes 52 seconds, and an arc length of 400.07 feet, to a point on the West line of the North half of the Southeast quarter;

Thence North 00 degrees 04 minutes 30 seconds West, along the West line of the North half of the Southeast quarter, a distance of 40.009 feet, to the POINT OF BEGINNING.

PARCEL NO. 3

That portion of the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

BEGINNING at the Northeast corner of the West 896.80 feet of the North half of the Southeast quarter from which the East quarter corner bears North 89 degrees 49 minutes 58 seconds East;

Thence South 00 degrees 04 minutes 30 seconds East along the East line of the West 896.80 feet of the North half of the Southeast quarter, a distance of 480.97 feet, to a point on a non-tangent curve, from which the radius point of said curve bears North 38 degrees 35 minutes 29 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 1875.41 feet, a central angle of 05 degrees 59 minutes 12 seconds, and an arc length of 195.96 feet, to a point of compound curvature from which the radius points bear North 44 degrees 34 minutes 41 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 491.91 feet, a central angle of 45 degrees 35 minutes 21 seconds, and an arc length of 391.40 feet, to a point on the North line of the North half of the Southeast quarter;

Thence South 89 degrees 49 minutes 58 seconds West, along the North line of the North half of the Southeast quarter, a distance of 293.68 feet, to the POINT OF BEGINNING.

EXCEPT that portion lying within that certain ditch known as sub-lateral to Lateral 20 of the Arizona Canal as the said sub-lateral is located and constructed as of October 22, 1915, thru, over and across the South half of the Northeast quarter and the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, the centerline of the said sub-lateral described as follows:

BEGINNING at the East quarter corner of said Section 10 and using as a base the East and West mid-section line of said section, (the said East and West mid-section line having a bearing of North 89 degrees 58 minutes West, based on a magnetic bearing of South 75 degrees 40 minutes West);

970277560

DESCRIPTION CONTINUED FOR PARCEL NO. 3

Thence North 0 degrees 02 minutes East a distance of 15.5 feet;

Thence North 89 degrees 58 minutes West, a distance of 10.5 feet to the TRUE POINT OF BEGINNING;

Thence North 89 degrees 58 minutes West, a distance of 704.5 feet;

Thence South 0 degrees 02 minutes West, a distance of 11.5 feet;

Thence North 89 degrees 58 minutes West, a distance of 560 feet;

Thence South 0 degrees 02 minutes West, a distance of 10.5 feet;

Thence North 89 degrees 50 minutes West, a distance of 1375.3 feet to a point in the North and South mid-section line of the said Section 10, from which point the mid-section corner of the said Section bears North 0 degrees 02 minutes East, a distance of 3 feet.

EXHIBIT D
(RIGHT-OF-WAY)

970277560

PARCEL NO. 4

That portion of the North half of the Southeast quarter of Section 10, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

COMMENCING at the Northeast corner of the West 896.80 feet of the North half of the Southeast quarter, from which the East quarter corner bears North 89 degrees 49 minutes 58 seconds East;

Thence South 00 degrees 04 minutes 30 seconds East, along the East line of the West 896.80 feet of the North half of the Southeast quarter, a distance of 480.97 feet, to the POINT OF BEGINNING, said point being on a non-tangent curve, from which the radius point of said curve bears North 38 degrees 35 minutes 29 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 1875.41 feet; a central angle of 05 degrees 59 minutes 12 seconds, and an arc length of 195.96 feet; to a point of compound curvature from which the radius points bear North 44 degrees 34 minutes 41 seconds West;

Thence Northeasterly along said curve, concave to the Northwest, having a radius of 491.91 feet, a central angle of 45 degrees 35 minutes 21 seconds, and an arc length of 391.40 feet; to a point on the North line of the North half of the Southeast quarter;

Thence North 89 degrees 49 minutes 58 seconds East, along the North line of the North half of the Southeast quarter, a distance of 40.00 feet, to a point on a non-tangent curve, from which the radius point bears South 89 degrees 49 minutes 58 seconds West;

Thence Southwesterly along said curve, concave to the Northwest, having a radius of 531.91 feet; a central angle of 45 degrees 35 minutes 21 seconds, and an arc length of 423.23 feet, to a point of compound curvature from which the radius points bear North 44 degrees 34 minutes 41 seconds West;

Thence Southwesterly along said curve, concave to the Northwest, having a radius of 1915.41 feet, a central angle of 06 degrees 55 minutes 58 seconds, and an arc length of 231.76 feet, to a point on the East line of the West 896.80 feet of the North half of the Southeast quarter;

970277560
DESCRIPTION CONTINUED FOR PARCEL NO. 4

Thence North 00 degrees 04 minutes 30 seconds West, along the East line of the West 896.80 feet of the North half of the Southeast quarter, a distance of 50.79 feet to the POINT OF BEGINNING.

970277560

EXHIBIT E
(Golf Course Property)

Tract "A", AMENDED PLAT OF WEST PLAZA 31 and 32, according to Book 297 of Maps, page 34, amended in Book 313 of Maps, page 22 and in Book 317 of Maps, page 13 and Affidavit of Correction recorded May 23, 1988, in Document No. 88247176, records of Maricopa County, Arizona.

970277560

EXHIBIT F
(Golf Course Property)

Tract "A", LA BUENA VIDA PHASE I, according to Book 313
of Maps, page 32, records of Maricopa County, Arizona.

EXHIBIT G
(Golf Course Property)

That portion of Section 10, Township 2 North, Range 1 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Westerly most corner of TRACT "A", LA BUENA VIDA PHASE I, as recorded in Book 313, of Maps, page 32, Records of Maricopa County, Arizona, said corner being on the East-West mid-section line of said Section 10, and from which the center of said Section 10 bears North 89 degrees 50 minutes 00 seconds East, a distance of 959.41 feet;

THENCE Northwesterly, along a curve concave to the Southwest, having a radius of 790.00 feet, a central angle of 04 degrees 32 minutes 15 seconds, and an arc length of 62.56 feet, said curve being a Northwesterly projection of the curved Southwesterly boundary of said TRACT "A", LA BUENA VIDA PHASE I, to a point on the Southerly projection of the Easterly line of LOT 589, WEST PLAZA 31 & 32, as recorded in Book 297 of Maps, page 34, records of Maricopa County, Arizona;

THENCE North 10 degrees 05 minutes 36 seconds East, along said projection, a distance of 5.85 feet, to the Southeasterly corner of said LOT 589;

THENCE Southeasterly, along a curve concave to the Southwest, having a radius of 1065.00 feet, a central angle of 05 degrees 30 minutes 49 seconds, and an arc length of 102.10 feet, said curve being a Southwesterly boundary of TRACT "A", of said WEST PLAZA 31 & 32, to a point on the East-West mid-section line of said Section 10, and from which the center of said Section 10 bears North 89 degrees 50 minutes 00 seconds East, a distance of 918.65 feet, said point being on the South line of said TRACT "A", WEST PLAZA 31 & 32, and said point also being on the North line of said TRACT "A", LA BUENA VIDA PHASE I;

THENCE South 89 degrees 50 minutes 00 seconds West, along the East-West mid-section line of said Section 10, a distance of 40.76 feet, to the POINT OF BEGINNING.

970277560

EXHIBIT H
(Conceptual Routing Plan of Golf Course)

CITY OF GLENDALE
**Desert Mirage
 Golf Course**

**PRELIMINARY
 GOLF COURSE
 ROUTING PLAN**

970277550

PHIL WELLS

PAR FIVE THE COURSE

Sid White
 President

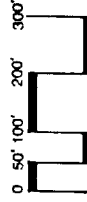
(602) 994-5700

7530 East Indian School Road, Scottsdale, AZ 85051

SCORECARD	HOLES	YARDS	PAR
1	128	345	4
2	128	345	3
3	150	345	3
4	308	345	4
5	140	345	3
6	313	345	4
7	136	345	3
8	100	345	3
9	343	345	4
TOTAL	1989		31

LEGEND

- GREENS
- TEES
- SAND BUNKERS
- GRASS BUNKERS
- LAKE

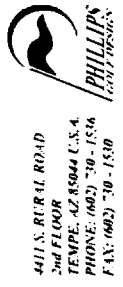
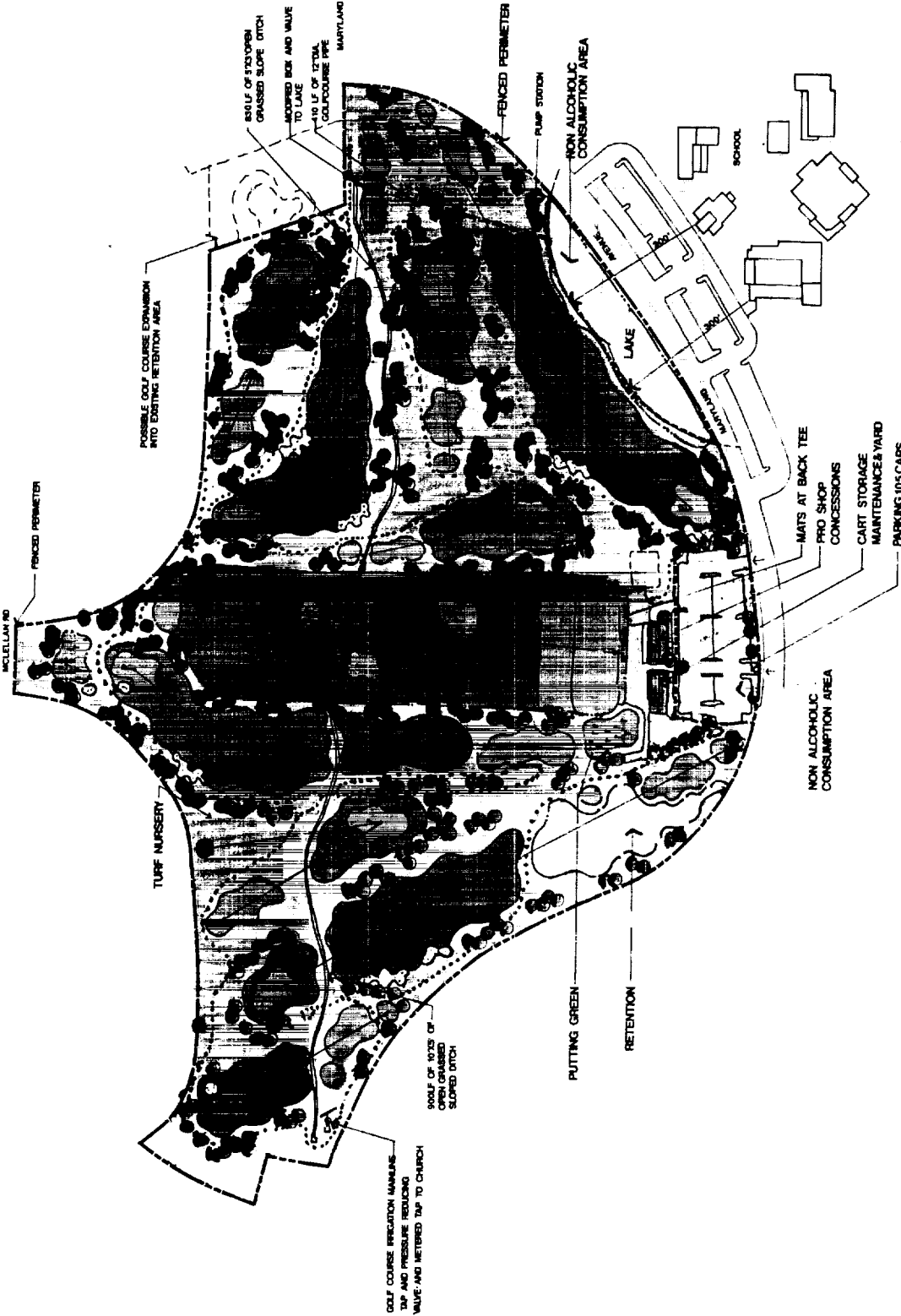


SCALE: 1"=100'

DATE: 2-9-87

3-11-87

3-25-87



4411 N. RURAL ROAD
 2nd FLOOR
 TEMPE, AZ 85044 U.S.A.
 PHONE: (602) 710-1516
 FAX: (602) 710-1510

THIS DESIGN MAY NOT BE USED WITHOUT PERMISSION OF PHILLIPS GOLF DESIGN

EXHIBIT I

Maintenance Standards

In entering into this Agreement, the City and Lessee have foremost in mind providing public access to enjoyable first-class golf course services and facilities of the highest quality. To accomplish this end, Lessee shall maintain and operate the Desert Mirage Golf Course (the "Course") according to standards equal to or higher than those maintained at other similar facilities in Maricopa County, Arizona all as reasonably determined by the City. For purposes of this Agreement, the golf courses listed below (the "Comparison Courses") shall be deemed to be similar facilities. The City shall have the right by written notice from time to time in its reasonable discretion to designate other comparable public golf courses in Maricopa County as additional or new Comparison Courses. Without limitation, Lessee shall operate the Course in a first-class manner; shall furnish prompt and courteous service; and shall keep the Course attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to the reasonable satisfaction of the City. Lessee shall not employ any person in or about the Course who shall fail to be courteous, efficient and neat in appearance or who shall use improper, obnoxious or rude language or act in a loud or boisterous or otherwise improper manner. No nudity or adult entertainment of any sort is permitted at the Course.

Comparison Courses

<u>Name</u>	<u>Address</u>
Glen Lakes Municipal Golf Course	5450 W. Northern Avenue, Glendale, AZ
Rolling Hills Golf Course	1415 N. Mill Avenue, Tempe, AZ
Villa De Paz Golf Course	4220 N. 103rd Avenue, Phoenix, AZ