

LEASE AGREEMENT
LEASE OF BELLEVIEW BILTMORE/PELICAN GOLF COURSE
TO
GREEN GOLF PARTNERS, LLC

SYNOPSIS OF MAJOR TERMS

1. **TERM.** 10 years commencing January 1, 2014, subject to early termination by Town in the event of sale of golf course. Lease can be extended for additional term by mutual agreement of the parties but no option to renew is granted.

2. **RENT.** Base rent of \$40,000 payable quarterly in arrears plus percentage rent of 6.5% of annual gross revenues in excess of \$1,600,000 payable annually in arrears. Any real estate tax that may be assessed against the property will also be payable by tenant as additional rent. Example: If gross revenues are \$2,600,000 total rent will be \$220,000 (\$160,000 base rent + \$60,000 percentage rent). The Town will have audit rights to verify annual gross revenues.

3. **GOLF/CLUBHOUSE MANAGEMENT.** Tenant GGP will continue to be responsible for all management and maintenance of the golf course and payment of all operating expenses. Town will remain obligated to make structural repairs to the property. Tenant must maintain course and clubhouse in condition to comparable golf courses (Bardmoor CC identified as specific comparable), and in any event in no worse condition than existing at time of lease commencement.

4. **CAPITAL IMPROVEMENTS.** In addition to payment of all operating expenses and repairs to property that are tenant's obligation, tenant will expend a minimum of \$500,000 in capital improvements to the golf course over the lease term. The town will reimburse tenant a prorated amount of capital expenditures made less than 5 years before termination of the lease. For example, if a \$100,000 capital improvement is made in year 4 and the lease is terminated in year 7, the town would pay tenant 2/5 of \$100,000 or \$40,000. No reimbursement will be made if lease continues for 5 years after the expenditure. Green Golf Partners has identified the following planned capital improvements with their estimated cost:

2014

- Renovations to the clubhouse including but not limited to the men's and women's restroom
 - \$25,000
- Leveling and re-sodding of numerous tees on the golf course
 - \$10,000
- Drainage work on the golf course
 - \$7,000
- Large area sod work on the golf course
 - \$5,000
- Install ball machine at driving range
 - \$8,000

Total Estimated for 2014 = \$55,000

2015

- Wall to wall cart paths
 - \$300,000
- Large Area sod work in conjunction with the cart path install
 - \$10,000

Total Estimated for 2015 = \$310,000

2016

- Leveling and re-sodding of numerous tees on the golf course
 - \$10,000
- Renovations to sand bunkers including drainage, sand and sod
 - \$50,000

Total Estimated for 2016 = \$60,000

2017

- TBD
 - \$25,000

2018 – 2023

- TBD
 - \$50,000

Total expenditures of \$500,000

5. REPAIRS AND REPLACEMENTS (still under discussion) Tenant will be responsible for all repairs and replacement to golf course and clubhouse property except Town will be responsible for building structural repairs, parking areas, and systems serving the buildings such as water and sewer lines. In the event is necessary for tenant to replace any equipment with a cost in excess of \$10,000, the excess will be treated as a capital improvement subject to prorated reimbursement as described in Section 4 above.

6. GOLF CARTS AND GROUNDS EQUIPMENT. As a condition to the lease, tenant will assume the Town's lease agreement from prior owners for lease of golf cart fleet and grounds maintenance equipment. Tenant will be responsible for the purchase or lease of golf carts and course equipment over the lease term.

7. INSURANCE. The Town will continue to provide fire and casualty insurance for the improvements under its umbrella policy. Tenant will be responsible to provide general liability

insurance (\$2,000,000 minimum limit), automobile liability insurance, workers compensation insurance and casualty insurance for any of tenants personal property.

8. ASSIGNMENT AND SUBLETTING. Tenant may not assign the lease or sublet the property without the Town's consent. A change of ownership control of the tenant will be deemed an assignment of the lease.

9. TOWN'S RESERVED RIGHTS. The Town will have right of access to property to make inspections, conduct public works projects and maintain storm water management systems. Tenant expressly acknowledges that Town intends to implement permanent land use restrictions that will limit property to recreational open space land use, but which will not interfere with use of property as a golf course.

10. EARLY TERMINATION. The Town or tenant will have the right to terminate the lease at any time in the event of sale, condemnation or destruction of the golf course. If termination is due to sale of the golf course, tenant will receive an early termination fee equal to 1.5 times the average audited net operating revenues for the two years prior to termination.