

GROUND LEASE

THIS GROUND LEASE (the "Lease") is made and entered into, and effective as of this 23rd day of March, 2006 ("Effective Date") by and between the City of Indian Wells, a charter city duly organized under the Constitution and laws of the State of California ("Landlord"), and Garden of Champions LLC, a California limited liability company ("Tenant").

WITNESSETH:

A. Landlord is the owner of certain real property consisting of the land identified as Assessor's Parcel Number 633-360-023 consisting of approximately twelve and sixty four tenths (12.64) acres of land situated in the City of Indian Wells, County of Riverside, State of California, as more particularly described on **Exhibit A** attached hereto and by this reference incorporated herein ("**Land**"), and including the parking lot improvements now or hereafter located thereon and all other improvements located thereon (collectively, the "**Improvements**") as well as all privileges, entitlements, easements, rights and appurtenances thereto (together with the Land and Improvements, collectively, the "**Premises**").

B. The Premises are located adjacent to Ford Elementary School and are near the Indian Wells Tennis Garden located at 78-200 Miles Avenue, Indian Wells, CA 92210 ("**IWTG**"), the site of the Pacific Life Open, an annual international tennis tournament involving members of both the Association of Tennis Professionals and the Women's Tennis Association.

C. Pursuant to that certain Purchase and Sale Agreement and Joint Escrow Instructions ("**Purchase Agreement**") by and between Landlord, as Buyer, and Tenant, as Seller, to assist Tenant in reducing the debt encumbering the IWTG, Landlord and Tenant agreed that (i) Landlord would purchase from Tenant certain real property located in the City of Indian Wells, County of Riverside, State of California, and (ii) Landlord would lease to Tenant the Premises for use as a parking lot for the IWTG.

D. Subject to the terms and conditions set forth in this Lease, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord the Premises.

E. Landlord has been authorized by all requisite action of the City Council of the City of Indian Wells pursuant to the applicable sections of the Indian Wells Municipal Code, to directly negotiate with Tenant on the terms and conditions of the lease of the Premises.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

Lease of Premises

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, pursuant to the terms and conditions hereof, the Premises.

ARTICLE II

Term

The term (the "**Term**") of this Lease shall commence on the date hereof (the "**Effective Date**") and shall terminate on the earlier of the date (a) which is twenty (20) years following the Effective Date, (b) on which Landlord gives Tenant notice of termination in accordance with Section 14.2 hereof, (c) on which Tenant defaults and all applicable cure periods have expired under that certain Agreement Regarding Tournaments ("**Agreement Regarding Tournaments**") dated concurrently herewith by Landlord, Tenant and Desert Champions LLC, a California limited liability company ("**DC**"), or the Sponsorship Agreement, dated as of October 28, 1998 by and among PM Sports Management Corporation, a California corporation, International Merchandising Corporation, an Ohio corporation, DC, Tenant and Landlord, including any and all amendments thereto ("**Sponsorship Agreement**"), or any other material agreement which Tenant has executed for the benefit of Landlord (collectively, the "**Tenant Agreements**"), or (d) on which the IWTG is encumbered with more than Twenty-Five Million Dollars (\$25,000,000) in debt or the equivalent.

ARTICLE III

Rent

Tenant shall pay to Landlord as rent ("**Rent**") the sum of one dollar (\$1.00) for each full or partial calendar year of the Term. Landlord acknowledges that Tenant has paid in advance the full amount of the Rent due for the first calendar year of the Term.

ARTICLE IV

Representations, Warranties and Covenants of Landlord

4.1 Representations and Warranties of Landlord. Landlord hereby represents and warrants to Tenant that, as of the date of this Lease:

(a) Landlord possesses full power and authority to lease the Premises pursuant to this Lease and consummate the transactions provided for herein, and no other party has any right or option thereto or in connection therewith;

(b) this Lease and the consummation of the transaction contemplated herein are the valid and binding obligations of Landlord and do not constitute a default (or an event which, with the giving of notice or the passage of time, or both, would constitute a default)

under, nor are they inconsistent with, any contract to which Landlord is party or by which it is bound; and

(c) On or prior to the later to occur of (i) May 31, 2006, or (ii) the date that is ten (10) business days after the Closing Date (as defined in the Purchase Agreement), Tenant and Landlord shall have in reasonable good faith agreed to a plan for improvement of the Premises in a manner that will accommodate parking for approximately 1,632 vehicles (collectively, the "Work"). By no later than March 1, 2007, Landlord shall, at its sole cost and expense, have completed the Work and shall have the Premises ready for Tenant's use and occupancy in accordance with this Lease.

4.2 Covenants of Landlord. Landlord hereby covenants to Tenant that, during the Term, subject to the concurrent rights in favor of Landlord and other third parties specified in Article 7, Tenant shall peaceably and quietly hold and enjoy the full and exclusive possession and use of the Premises.

ARTICLE V

Operation, Maintenance and Repair of Premises

5.1 In General. Tenant shall be required to operate, maintain, and repair the Premises as set forth in this Article 5 (collectively, the "Maintenance Obligations"). Except as otherwise expressly provided in this Lease, Tenant shall be solely responsible for the payment of all expenses relating to the Maintenance Obligations and all other aspects of the Premises, including, without limitation, all expenses arising from or related to maintenance, repairs, insurance, property taxes, and operating expenses (such as, utilities, event personnel, security and similar expenses).

5.2 Landlord's Rights and Obligations. Landlord shall have no obligation to operate, maintain or repair any portion of the Premises, unless such damage is caused by Landlord or Landlord's permittees, provided, however, that if Tenant fails to perform any of the Maintenance Obligations and such failure continues for a period of fifteen (15) business days after written notice from Landlord or, if such Maintenance Obligations cannot reasonably be completed within said time period, Tenant fails to commence such Maintenance Obligations within said time period and thereafter diligently prosecute such Maintenance Obligations to completion, then Landlord, in addition to whatever remedy it may have at law or equity, shall have the right, but not the obligation, to perform or cause to be performed all such acts and work necessary to complete the Maintenance Obligations. All of Landlord's direct, reasonable costs to complete the Maintenance Obligations as well as an administrative charge in an amount equal to fifteen percent (15%) thereof shall be immediately due and payable by Tenant and, in addition, Tenant shall be required to pay to Landlord interest on Landlord's reimbursable costs under this Section 5.2 at the rate of ten percent (10%) per annum or the maximum legal rate, whichever is less, from the date Landlord incurs such costs through the date reimbursement is made. If Landlord or Landlord's permittees damage the Premises, Landlord shall be obligated to repair such damage. If Landlord fails to repair such damage and such failure continues for a period of fifteen (15) business days after written notice from Tenant or, if such damage cannot reasonably be repaired within said time period, if Landlord fails to commence such repair within said time period and thereafter diligently prosecute such repair to completion, then Tenant, in addition to whatever remedy it may have at

In the event that any of the repair work to be performed by Tenant requires the issuance of building, excavation, or other permits, Tenant shall obtain all such required permits at its sole cost and expense. Landlord agrees to cooperate with Tenant in the processing of any permit applications and to provide such information as may be in Landlord's knowledge and possession relating thereto; provided, however, that Landlord does not warrant or represent that any permit will be issued which requires the exercise of discretion.

5.4 Operation, Security Program. Tenant shall manage and operate the Premises in conformance with applicable industry standards, including (without limitation) providing (i) adequate lighting during hours of operation, and (ii) security services comparable to those provided from time to time with respect to the other parking lots located within the vicinity of the Premises. Subject to the foregoing, Tenant may establish and modify hours of operation and establish areas limited to valet parking, handicap parking, compact cars and similar types of restrictions on use.

5.5 Alterations and Additions. Without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion, Tenant shall not (i) make any structural or other alterations to the improvements comprising the Premises, or (ii) build on or otherwise make any additions to the Premises.

ARTICLE VI

Utilities

Following Landlord's completion of the Work, Tenant shall contract or otherwise arrange for the provision of all water, gas, electric, telephone and other utility services required in furtherance of Tenant's use of the Premises. During the Term, Tenant shall be solely responsible for and shall promptly pay all charges and expenses for all utilities used or consumed on the Premises, provided, however, that Tenant shall have the right to recover from third parties that use all or any portion of the Premises that portion of such charges and expenses that is attributable such parties' prorata usage of the Premises for the period to which the charges and expenses apply. If any such charges are not paid when due, Landlord may pay the same, and any amount so paid by Landlord shall become immediately due to Landlord by Tenant.

ARTICLE VII

Use and Revenue

7.1 In General. The Premises may be used by Tenant solely for use as a parking lot and parking related purposes for the benefit of IWTG. Tenant shall, in the conduct of its business, comply with the requirements of all public laws, ordinances and regulations from time to time applicable to the business conducted upon the Premises. Landlord acknowledges and agrees that, as part of Tenant's use of the Premises, Tenant may demand, collect and retain revenue from any party that parks on the Premises other than the invitees, guests or other parties that park on the Premises pursuant to the concurrent rights of possession, use and enjoyment of the Premises described in this Section 7.1. Tenant acknowledges and agrees that its possession, use and enjoyment of the Premises is subject to the concurrent right of possession, use and enjoyment of Landlord and that Landlord shall have the right to possess, use and enjoy the Premises in any

law or equity, shall have the right, but not the obligation, to perform or cause to be performed such repair and to seek recovery thereof from Landlord.

5.3 Maintenance and Repair. With the exception of maintenance or repair required as a direct result of use of the Premises by Landlord or its permittees, during the entire Term, Tenant, at its sole cost and expense, shall be responsible for keeping and maintaining the Premises and all structures and improvements, fixtures, equipment, and personal property located within or appurtenant thereto, including without limitation all signage, utilities and lighting fixtures, in good order and condition, quality, and repair (and, as to landscaping, in a healthy condition), and in accordance with all applicable laws, rules, ordinances, orders, and regulations of all federal, state, county, municipal, and other governmental agencies having jurisdiction. As used herein, the term "repair" shall include replacements, repair of damage, and restorations, when necessary, and all such repairs made by Tenant shall be at least equal in quality and class to the Work. Tenant's maintenance and repair obligations shall include, but not be limited to, the following:

- (i) sweeping and removal of trash, debris, rubbish, and waste material;
- (ii) maintaining, repainting and restriping of surface areas and immediate removal of graffiti;
- (iii) repair and replacement of paved surfaces using the same type of material as originally installed, to the end that such paving is at all times kept in a level and smooth condition;
- (iv) adequate marking and striping of all parking areas, including handicapped and compact spaces;
- (v) maintenance of all utilities and facilities, including without limitation the lighting, electrical, and security systems, in good operating condition;
- (vi) maintenance of drainage and irrigation systems in good operating condition;
- (vii) maintenance and repair of signage; and
- (viii) irrigation, fertilization, pruning, and care of all shrubbery, plants, and other landscaping, and replacement of dead and diseased plants and landscaping with comparable materials.

Tenant shall employ at its own expense all personnel required for the satisfactory performance of any and all tasks and services set forth herein. Tenant covenants that all personnel engaged in such work shall have valid licenses, if required by law, and shall be fully qualified, authorized, and permitted under applicable laws, ordinances, and regulations to perform such tasks and services. In performing its services hereunder, Tenant shall cooperate and consult with Landlord's designated representative, either individual or committee, who shall have the principal responsibility for liaison and who may, but shall not be obligated to, review Tenant's performance hereunder.

manner that does not unreasonably interfere with Tenant's right to use and enjoy the Premises in accordance with the terms and provisions of this Lease. In addition, Tenant and Landlord each acknowledge that following the date of this Lease, each of Ford Elementary School and Southwest Community Church may acquire certain concurrent nonexclusive rights of use with respect to the Premises, provided, however, that (i) neither the Ford Elementary School nor Southwest Community Church shall have any such rights with respect to the Premises or otherwise be entitled to use any portion of the Premises unless and until a nonexclusive license agreement with respect to the Premises, the form and content of which has been approved by Landlord and Tenant in their reasonable good faith discretion, has been executed by Tenant, Landlord and Ford Elementary School or Southwest Community Church, as applicable, and (ii) unless Tenant agrees to the contrary, the rights of use of Ford Elementary School and Southwest Community Church, as applicable, shall be subordinate and subject to the rights of use and enjoyment directly granted to Tenant pursuant hereto. Landlord reserves the right to prepare and adopt reasonable rules and regulations that govern the use and enjoyment of the Premises, provided, however, that any rules and regulations that are adopted shall not impede or otherwise interfere with the rights of use and enjoyment directly granted to Tenant pursuant hereto.

7.2 Revenue. Tenant may receive the revenue from the use and operation of the Premises and all facilities (such as pay phones, advertising panels, vending machines and like) installed thereon with the permission of Landlord pursuant to Section 5.5.

ARTICLE VIII

Assignment and Sublease

With the exception of a Permitted Transfer, Tenant shall have no right to assign, sublease, mortgage, pledge or otherwise encumber this Lease, the Premises (or any portion thereof) or the leasehold estate created hereby, in whole or in part, at any time without first obtaining Landlord's consent, which may be withheld in Landlord's sole and absolute discretion. As used herein, the term "Permitted Transfer" shall mean and refer to (i) any transfer made by Tenant in conjunction with a Leasehold Mortgage (as defined in Section 13.1), and (ii) any transfer made by Tenant to an entity that (a) has a minimum of five (5) years of experience in the ownership and management of sporting events comparable to the Tournament and facilities comparable to the Premises, and (b) has provided to Landlord audited financial statements for the last two (2) years that demonstrate that the transferee has sufficient financial capability to undertake and fulfill the obligations of Tenant pursuant this Lease. Any transfer pursuant to subsection (ii) in the foregoing sentence shall not be effective unless and until Tenant has provided to Landlord a written document executed by Tenant and transferee evidencing such transfer. Notwithstanding anything herein the contrary, Tenant shall have no right to assign, sublease, mortgage, pledge or otherwise encumber this Lease, the Premises (or any portion thereof) or the leasehold estate created hereby, in whole or in part, regardless of whether the same is a Permitted Transfer, as long as an uncured Event of Default exists hereunder. Notwithstanding the foregoing, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent to any legal entity which controls, is controlled by or is under common control with Tenant, provided that (1) the assignee or sublessee assumes, in full, the obligations of Tenant under this Lease, (2) Tenant remains fully liable under this Lease, and (iii) the use of the Premises hereunder remains unchanged.

ARTICLE IX

Taxes

9.1 Payment by Tenant. Subject to the provisions of Section 9.2, in addition to the Rent, Tenant shall pay and discharge prior to delinquency, all real estate taxes and assessments, general and special, and all other governmental impositions in the nature of property taxes, ordinary and extraordinary (collectively, "**Real Property Taxes**"), which during the Term may be levied or assessed against the Land

9.2 Right to Contest Taxes. Tenant shall have the right to contest any such taxes, assessments or other impositions in its own name; provided that any such contest undertaken by Tenant shall be at Tenant's sole cost and expense, and that, if there is an imminent forfeiture of title to the Premises or any portion thereof due to such contest, Tenant shall either pay any contested amount or post a bond or other security sufficient to forestall such forfeiture. Landlord shall have the right to contest any such taxes, assessments or other impositions; provided that any such contest undertaken by Landlord shall be at Landlord's sole cost and expense, and that, if there is an imminent forfeiture of title to the Premises or any portion thereof due to such contest, Landlord shall either pay any contested amount or post a bond or other security sufficient to forestall such forfeiture.

ARTICLE X

Environmental Matters

10.1 Compliance with Law. In their respective use of the Premises, Tenant and Landlord shall comply with all laws, rules, orders, ordinances, directions, regulations, and requirements ("**Laws**") of all governmental agencies, offices, departments, bureaus and boards ("**Governmental Authority**") having jurisdiction over the Premises. Without limiting the foregoing, Tenant and Landlord shall each comply with all police, fire, and sanitary regulations imposed by any Governmental Authority, and shall observe and obey all other requirements governing the conduct of any business conducted by them on the Premises. Notwithstanding the foregoing, Tenant's obligations pursuant to this Section 10.1 shall not pertain to compliance required in conjunction with Landlord's performance of the Work.

10.2 Liens. Neither Landlord nor Tenant shall permit the Premises to become subject to any mechanics', laborers' or materialmen's lien on account of labor or material furnished to Landlord or Tenant, respectively, or claimed to have been furnished to Landlord or Tenant, respectively, in connection with work of any character performed or claimed to have been performed on the Land by or at the direction or sufferance of Landlord or Tenant, respectively, provided, however, Tenant shall have the right to contest in good faith and with reasonable diligence the validity of any such lien or claimed lien and on final determination of the lien or claim for lien, Landlord or Tenant, as applicable, will promptly pay any final judgment rendered with all proper costs and charges, and will, at its own expense, have the lien released and any judgment satisfied.

10.3 Hazardous and Toxic Substances.

(a) Certain Definitions. As used in this Lease, the following terms shall have the definitions set forth below whenever used with initial capital letters:

(i) **“Hazardous Substance”** shall mean any substance, material or waste which is or becomes (i) regulated by any local or regional governmental authority the State of California or the United States Government as a hazardous waste; (ii) is defined as a “solid waste,” “sludge,” “hazardous waste,” “extremely hazardous waste,” “restricted hazardous waste,” “Non-RCRA hazardous waste,” “RCRA hazardous waste,” or “recyclable material,” under any federal, state or local statute, regulation, or ordinance, including, without limitation, Sections 25115, 25117, 25117.9, 25120.2, 25120.5 or 25122.7, 25140, 25141 of the California Health and Safety Code; (iii) defined as a “Hazardous Substance” under Section 25316 of the California Health and Safety Code; (iv) defined as a “Hazardous Material,” “Hazardous Substance” or “Hazardous Waste” under Section 25501 of the California Health and Safety Code; (v) defined as a “Hazardous Substance” under Section 25281 of the California Health and Safety Code; (vi) asbestos; (vii) petroleum products, including, without limitation, petroleum, gasoline, used oil, crude oil, waste oil, and any fraction thereof, natural gas, natural gas liquefied, methane gas, natural gas, or synthetic fuels, (viii) materials defined as hazardous or extremely hazardous pursuant to the California Code of Regulations; (ix) pesticides, herbicides and fungicides; (x) polychlorinated biphenyls; (xi) defined as a “Hazardous Substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.); (xii) defined as a “Hazardous Waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; (xiii) defined as a “Hazardous Substance” or “Mixed Waste” pursuant to Section 101 of the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., and regulations promulgated thereunder; (xiv) defined as a “Hazardous Substance” pursuant to Section 401.15 of the Clean Water Act, 40 C.F.R. 116; (xv) defined as an “Extremely Hazardous Substance” pursuant to Section 302 of the Superfund Amendments and Reauthorizations Act of 1986, 42 U.S.C. Section 11002 et seq.; or (xvi) defined as “medical waste” pursuant to Section 25023.2 of the California Health and Safety Code, Chapter 6.1 (Medical Waste Management Act).

(ii) **“Environmental Law”** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 1801 et seq., the Water Pollution Prevention and Control Act, 33 U.S.C. Sections 1251 et seq., the Oil Pollution Act of 1990, Pub. L. 101-380, August 18, 1990, as said Laws may be supplemented or amended from time to time, the regulations promulgated pursuant to said Laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, cleanup, transportation or release or threatened release into the environment of Hazardous Substance.

(iii) **“Environmental Problem”** shall mean (A) any release or discharge, of a Hazardous Substance in, on, under, from or about the Land, any portion thereof, and/or any improvement thereon in violation of any Environmental Law, or (B) any violation of

any Environmental Law, whether or not intentional, in, on, under, from or about the Land, any portion thereof, and/or any improvement thereon.

(iv) **“Tenant Related Environmental Problem”** shall mean any Environmental Problem resulting from or related to (A) any act or omission of Tenant, its directors, officers, shareholders, partners, employees, agents, contractors, subtenants, subcontractors, successors and assigns (collectively, **“Tenant’s Representatives”**) with respect to the Land or any portion thereof, or (B) Tenant’s use of the Land. However, Tenant Related Environmental Problems exclude any Environmental Problem resulting from or related to Hazardous Materials present on, under or within the Land prior to the date of this Lease or arising from Landlord’s performance of the Work or the use of the Premises by Landlord or its permittees.

(v) **“Landlord Related Environmental Problem”** shall mean any Environmental Problem resulting from or related to (A) any act or omission of Landlord, its officials, employees, agents, contractors, subtenants, subcontractors, successors and assigns (collectively, **“Landlord’s Representatives”**) with respect to the Land or any portion thereof (including, without limitation, the Work), (B) Landlord’s direct use of the Land, or (C) the presence of Hazardous Materials on, under or within the Land prior to the date of this Lease. However, Landlord Environmental Problems exclude any Environmental Problem resulting from or related to Hazardous Materials arising from the use of the Premises by Tenant or its permittees.

(vi) **“Environmental Cleanup Work”** shall mean any work, cleanup, removal, repair, construction, alteration, remediation, demolition, renovation or installation required in order to comply with any Environmental Law.

(b) Prohibition. Neither Tenant nor Landlord shall cause or permit the manufacture, generation, storage, use, transportation, treatment, incineration, disposal, discharge, threatened discharge, release or threatened release of any Hazardous Substance (such activities by Landlord or Tenant are hereinafter referred to as **“Environmental Activities”**) in, on, under, from or about the Land except in accordance with all Environmental Laws and the reporting requirements, if any, in this Section 10.3. Landlord and Tenant shall store and use all Hazardous Substances in a manner which minimizes the threat of any spill or release of such Hazardous Substances into or onto the Land, or into the environment surrounding the Land, and shall promptly and with reasonable care, with prior or concurrent notice to Landlord or Tenant, as applicable, clean up any such spill or release in accordance with all Environmental Laws.

(c) Compliance with Laws. Tenant and Tenant’s Representatives, at Tenant’s sole cost and expense, and Landlord and Landlord’s Representatives, at Landlord’s sole cost and expense, shall comply in all respects with any and all Environmental Laws applicable to (i) their respective uses of the Land, and (ii) Tenant’s Environmental Activities and Landlord’s Environmental Activities, as applicable. Without limiting the generality of the foregoing, Tenant and Landlord shall give all warnings required by Environmental Laws with respect to any exposures occurring on the Land or as a result of Tenant’s or Landlord’s use of the Land, as applicable. Tenant shall provide to Landlord and Landlord shall provide to Tenant copies of all

documents which Tenant or Landlord, as applicable, is required to provide to any Governmental Authority pursuant to any Environmental Laws with respect to the Premises.

(d) Tenant Related Environmental Problems. Tenant shall exercise reasonable care to avoid the occurrence of any Tenant Related Environmental Problem. If Tenant causes, permits or learns of any Tenant Related Environmental Problem, Tenant shall promptly notify Landlord. Tenant shall give any and all notices of any Tenant Related Environmental Problem required by applicable Environmental Laws, including, without limitation, any notice required by Section 103 of CERCLA and any notice required by Sections 13271 and 13272 of the California Water Code, as amended from time to time and shall provide copies of the same to Landlord. Tenant shall promptly give Landlord notice of any governmental investigation or any governmental or regulatory action, proceeding, order or decree relating to any Tenant Related Environmental Problem or notice of any third party claim, and, at Tenant's expense, shall comply in all respects with any such order or decree within the time period allowed thereby for compliance, unless Tenant notifies Landlord within ten (10) days after Tenant's decision to contest such order or decree that Tenant intends to contest and does contest such order or decree promptly and in accordance with the time periods set forth in the applicable Environmental Laws. Prior to commencing any corrective or remedial action with respect to any Tenant Related Environmental Problem, Tenant shall obtain the consent of all governmental or regulatory authorities having the jurisdiction thereof, if required.

(e) Landlord Related Environmental Problems. Landlord shall exercise reasonable care to avoid the occurrence of any Landlord Related Environmental Problem. If Landlord causes, permits or learns of any Landlord Related Environmental Problem, Landlord shall promptly notify Tenant. Landlord shall give any and all notices of any Landlord Related Environmental Problem required by applicable Environmental Laws, including, without limitation, any notice required by Section 103 of CERCLA and any notice required by Sections 13271 and 13272 of the California Water Code, as amended from time to time and shall provide copies of the same to Tenant. Landlord shall promptly give Tenant notice of any governmental investigation or any governmental or regulatory action, proceeding, order or decree relating to any Landlord Related Environmental Problem or notice of any third party claim, and, at Landlord's expense, shall comply in all respects with any such order or decree within the time period allowed thereby for compliance, unless Landlord notifies Tenant within ten (10) days after Landlord's decision to contest such order or decree that Landlord intends to contest and does contest such order or decree promptly and in accordance with the time periods set forth in the applicable Environmental Laws. Prior to commencing any corrective or remedial action with respect to any Landlord Related Environmental Problem, Landlord shall obtain the consent of all governmental or regulatory authorities having the jurisdiction thereof, if required.

(f) Indemnity by Tenant. Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Representatives against any and all claims, demands, liabilities, costs and expenses incurred by Landlord or to which Landlord may be exposed by reasons of any of the following (a "Tenant Environmental Default"): (i) Tenant's violation of any of the provisions of this Section 10.3; or (ii) any Tenant Related Environmental Problem. Without limiting the generality of the foregoing, Tenant shall reimburse Landlord upon demand for (I) any reasonable investigative, consulting, legal, response, remedial or cleanup costs incurred by Landlord (whether or not in response to any governmental or judicial action, decree or order)

resulting from any Tenant Environmental Default; (II) any reasonable investigative, consulting or legal costs (including the costs allocable to internal legal counsel) incurred by Landlord in defending against any regulatory or judicial order or decree, or satisfying any judgment or the terms of any settlement or consent decree, resulting from any Tenant Environmental Default; (III) personal injury claims resulting from any Tenant Environmental Default; (IV) the payment of liens resulting from any Tenant Environmental Default; or (V) sums paid in settlement of claims resulting from any Tenant Environmental Default. Tenant shall not be responsible for: (A) any reduction in the residual value of the Premises or any part thereof as a result of any Tenant Environmental Default, or (B) damages for the loss or restriction on use of the Premises.

(g) Indemnity by Landlord. Landlord shall indemnify, defend and hold harmless Tenant and Tenant's Representatives against any and all claims, demands, liabilities, costs and expenses incurred by Landlord or to which Tenant may be exposed by reasons of any of the following (a "**Landlord Environmental Default**"): (i) Landlord's violation of any of the provisions of this Section 10.3; or (ii) any Landlord Related Environmental Problem. Without limiting the generality of the foregoing, Landlord shall reimburse Tenant upon demand for (I) any reasonable investigative, consulting, legal, response, remedial or cleanup costs incurred by Tenant (whether or not in response to any governmental or judicial action, decree or order) resulting from any Landlord Environmental Default; (II) any reasonable investigative, consulting or legal costs (including the costs allocable to internal legal counsel) incurred by Tenant in defending against any regulatory or judicial order or decree, or satisfying any judgment or the terms of any settlement or consent decree, resulting from any Landlord Environmental Default; (III) personal injury claims resulting from any Landlord Environmental Default; (IV) the payment of liens resulting from any Landlord Environmental Default; or (V) sums paid in settlement of claims resulting from any Landlord Environmental Default. Landlord shall not be responsible for: (A) any reduction in the residual value of the Premises or any part thereof as a result of any Landlord Environmental Default, or (B) damages for the loss or restriction on use of the Premises.

ARTICLE XI

Insurance; Indemnification

11.1 Tenant's Insurance. Tenant shall procure and maintain, and pay all premiums, fees and charges for the purpose of procuring and maintaining continuously throughout the Term, insurance that complies with the requirements described on **Exhibit B** attached hereto and made a part hereof.

11.2 Landlord's Insurance. Throughout the Term Landlord shall either (i) cause the Premises to be included in the program of self-insurance available to Landlord through the California Joint Powers Insurance Authority, or (ii) procure and maintain, and pay all premiums, fees and charges for the purpose of procuring and maintaining continuously throughout the Term, insurance that is substantially similar to the coverage afforded by the program of self-insurance available to Landlord through the California Joint Powers Insurance Authority.

11.3 Tenant Indemnification. Tenant hereby agrees to indemnify Landlord and Landlord's Representatives against and save Landlord and Landlord's Representatives harmless

from any and all losses, costs, damages, charges, liabilities, obligations, fines, penalties, claims, demands, or judgments and any and all expenses, including, without limitation, attorneys' fees and expenses, court costs, costs of appeal and costs of settlement, to the extent caused by: (i) Tenant's or Tenant's Representatives' use of the Premises; (ii) the conduct of Tenant's business or any activity, work or thing done, permitted or suffered by Tenant in, on or about the Land; and (iii) any negligence of Tenant or of Tenant's Representatives. If any action or proceeding is brought against Landlord by reason of clauses (i) through (iii) inclusive of this Section 11.3, Tenant shall, at the request of Landlord, assume the defense of the same at Tenant's sole cost with counsel reasonably satisfactory to Landlord.

11.4 Landlord Indemnification. Landlord hereby agrees to indemnify Tenant and Tenant's Representatives against and save Tenant and Tenant's Representatives harmless from any and all losses, costs, damages, charges, liabilities, obligations, fines, penalties, claims, demands, or judgments and any and all expenses, including, without limitation, attorneys' fees and expenses, court costs, costs of appeal and costs of settlement, to the extent caused by: (i) Landlord's or Landlord's Representatives' use of the Premises; (ii) the conduct of Landlord's business or any activity, work or thing done, permitted or suffered by Landlord in, on or about the Land; and (iii) any negligence of Landlord or of Landlord's Representatives. If any action or proceeding is brought against Tenant by reason of clauses (i) through (iii) inclusive of this Section 11.4, Landlord shall, at the request of Tenant, assume the defense of the same at Landlord's sole cost with counsel reasonably satisfactory to Tenant.

ARTICLE XII

Condemnation

12.1 Termination of Lease. If all or any portion of the Premises shall be acquired for any public or quasi-public use through taking by condemnation, eminent domain or any like proceeding, or purchase in lieu thereof (a "Taking") (a) this Lease shall terminate as to the portion so taken; (b) any awards payable on account of such Taking shall be paid to Landlord as provided in Section 12.2 hereinbelow; and (c) this Lease shall remain in full force and effect as to the portion of the Premises not taken, with no reduction in Rent.

12.2 Apportionment of Award. If there is a Taking, whether whole or partial, of any portion of the Premises, Landlord shall be entitled to receive and retain all of such award and Tenant hereby waives, disclaims and assigns to Landlord any right to receive the same.

12.3 Early Transfer of Possession by Tenant. Tenant may continue to use and enjoy the Premises unless and until the condemning authority takes physical possession thereof.

12.4 Landlord Condemnation. Landlord acknowledges and agrees that it shall not exercise or encourage any other entity to exercise the power of eminent domain with respect to the Premises or any portion thereof unless, in conjunction therewith, Landlord provides to Tenant, on terms and conditions comparable to those set forth in this Lease, replacement premises in a location and including improvements that are acceptable to Tenant in its reasonable good faith discretion..

ARTICLE XIII

Liens and Encumbrances

13.1 Right to Encumber. Nothing in this Lease shall restrict Tenant from encumbering, and Tenant shall have the right to encumber, this Lease, Tenant's leasehold estate in the Premises, any improvements constructed by Tenant, and any equipment, fixtures, and personal property that may be located thereon, by one or more mortgages, deeds of trust, deeds to secure debt or other appropriate instrument (a "**Leasehold Mortgage**") to a Lienholder (defined below). Landlord agrees at no cost or expense to Landlord to execute any document required by Tenant's lender consenting to a mortgage on the Premises and an assignment of this Lease for security purposes.

13.2 Lienholder Defined. As used in this Lease, the term "**Lienholder**" shall mean any lender which is now or in the future the holder and owner of the debt secured by a Leasehold Mortgage.

13.3 Consent of Lienholder. This Lease may not be terminated, surrendered or amended, nor may any provisions hereof be waived or deferred, without the prior written consent of each Lienholder that has requested notice in accordance with Section 13.4.

13.4 Notice to Lienholder. Landlord shall send to each Lienholder (but to no more than five (5) parties in the aggregate) a copy of all notices sent by Landlord to Tenant, or received by Landlord from Tenant, with respect to any default hereunder by Landlord or Tenant or any event which, with the passage of time, or the giving of notice, or both, could constitute a default by Landlord or Tenant. No such notice from Landlord to Tenant shall be effective unless a copy thereof has been delivered to each Lienholder in the manner provided in Section 16.1. However, Landlord shall have no duty to send a copy of any notice to any Lienholder which does not by written notice to Landlord request such notice and specify the address to which copies of same are to be sent pursuant to this Section 13.4. Any Lienholder's address for receipt of notices may be changed by written notice to Landlord.

13.5 Landlord's Remedies. Notwithstanding anything to the contrary in this Lease, Landlord may exercise any remedy available to Landlord only if (A) Tenant has not cured or commenced cure of the default within ninety (90) days after its receipt of notice thereof from Landlord, (B) Landlord sends each Lienholder written notice specifying such default, and (C) all Lienholders fail to cure the default and fail to commence curing the default as provided in Section 13.5.1 of Section 13.5.2 below.

(a) If such default is a failure by Tenant to pay any monies to Landlord or to any other party as required hereunder, any Lienholder shall have the right, but not the obligation to cure such default within thirty (30) days after the expiration of Tenant's cure period; provided, however, in no event shall any Lienholder be required to pay an amount greater than one (1) month's worth of the charges imposed with respect to the Land to cure any single default due hereunder from Tenant to Landlord or to any other party to cure defaults in the payment of charges for periods prior to the date of Landlord's initial notice to any such Lienholder hereunder. The foregoing one-month period shall serve solely as a measurement period and as a partial limitation of Landlord's rights against any Lienholder to recover monetary damages if no

notice of a monetary default is given for a period in excess of one (1) months from the date of such default.

(b) If such default is an act or omission other than Tenant's failure to pay monies to Landlord or to any other party as required hereunder, Landlord shall not have any right to exercise any remedy if (i) within thirty (30) days after the expiration of Tenant's cure period or thirty (30) days after Lienholder receives written notice that Tenant is not diligently proceeding to cure the same, any Lienholder commences the work of curing such default and proceeds diligently and in good faith to cure the default until completion; or (ii) if such default is not susceptible to being cured by any Lienholder without such Lienholder obtaining possession of the Premises or title to Tenant's leasehold estate created hereby, the Lienholder commences and thereafter diligently pursuing to completion proceedings to obtain possession and/or to foreclose the Leasehold Mortgage held by such Lienholder, or diligently proceeds to obtain title to Tenant's leasehold estate created hereby by deed or assignment in lieu of foreclosure, provided that such Lienholder shall commence within thirty (30) days after obtaining such possession or such title the curing of such default and proceed diligently and in good faith to cure the default until completion. A Lienholder shall have no obligation to (I) cure any default by Tenant which is personal to Tenant, or (II) discharge any lien on the Premises which is subordinate to its Leasehold Mortgage, so long as the Lienholder is proceeding to obtain Tenant's leasehold interest under clause (ii) above.

13.6 Right to Cure. Any Lienholder shall have the right, but not the obligation, to cure any default under this Lease within the applicable cure period, and Landlord shall accept such performance by or at the insistence of any such Lienholder as if the same had been made by Tenant.

13.7 New Lease. If this Lease shall terminate prior to the expiration of the Term except as a result of a Lienholder not electing or failing to cure a default as provided in Section 13.5, for any reason whatsoever, including, but not limited to, operation of law or the rejection of this Lease by Tenant as debtor in possession or any trustee of Tenant in any bankruptcy, reorganization, arrangement or similar proceeding, Landlord shall give prompt notice thereof to any Lienholder and shall enter into a new lease (the "**New Lease**") in recordable form with any such Lienholder who demands such New Lease within sixty (60) days after the termination of this Lease, and who executes and delivers a New Lease to Landlord. The New Lease shall have the same priority as this Lease and shall contain the same terms and provisions as contained herein, including but not limited to the same provisions and rights in favor of and for the benefit of any Lienholder as are contained in this Lease and the right to obtain an additional new lease if said New Lease is terminated, and the right to receive notices of default, and to cure the same, in the same manner as provided in this Lease; provided, however, Landlord shall not be required to remove any encumbrances which could adversely affect the priority of this Lease unless required to remove the same pursuant to another provision of this Lease. The following terms and provisions shall apply to the New Lease:

(a) The New Lease shall be effective as of the date of termination of this Lease (the "**New Lease Effective Date**"), and shall be effective for the remainder of the Term at the rent and upon all of the terms and provisions hereof. Upon the execution of a New Lease, the tenant thereunder shall pay to Landlord, subject to the adjustments required below, any and all

rent and all other sums payable to Landlord by such tenant pursuant to the New Lease which accrued during the period from the New Lease Effective Date to the date of execution and delivery of the New Lease (the "New Lease Execution Date"), plus all arrearages under this Lease for the period prior to the New Lease Effective Date, less the net amount of all sums received by Landlord from any sublessees in occupancy of any part or parts of the Premises up to the date of this Lease (and not used to pay operating expenses and carrying charges of the Premises, as described in Section 13.9), but not any late charges or interest on any such sums, and shall commence and diligently proceed to cure any default by Tenant. If Rent or any other amount has been prepaid under this Lease, such Rent and payments shall be credited towards the Rent and payments which otherwise would be due under the New Lease.

(b) Following the termination of this Lease and until each Lienholder has failed within sixty (60) days thereafter to demand a New Lease, Landlord shall not alter or in any way demolish any improvements on the Premises. Landlord during the same period shall not remove, replace or change any furniture, furnishings, fixtures or equipment located on the Premises.

13.8 Survival. The provisions of this Section 13.8 and of Sections 13.7 and 13.9 shall survive the termination, rejection or disaffirmance of this Lease for a period of ninety (90) days and shall continue in full force and effect thereafter to the same extent as if Sections 13.7, 13.8 and 13.9 were a separate and independent contract made by Landlord and any Lienholder, and, from the effective date of such termination, rejection or disaffirmance of this Lease to the New Lease Execution Date, any such Lienholder executing the same may use and enjoy said Premises without hindrance by Landlord or any person claiming by, through or under Landlord.

13.9 Subleases and Rents. After the termination of this Lease and during the period thereafter during which any Lienholder shall be entitled to enter into a New Lease, Landlord will not terminate any sublease or the rights of the subtenant under such a sublease unless such subtenant shall be in default under such sublease. During such period, Landlord shall receive all base rent and other payments due from subtenants as agent of any such Lienholder, but may withdraw such sums, from time to time, to pay necessary operating expenses and carrying charges of the Premises, and, upon the execution and delivery of a New Lease, shall credit the tenant under the New Lease with the balance, if any, of the base rent, additional rents and other payments made under said subleases, to be applied against the Rent and other sums due the Landlord under the New Lease (or, to the extent in excess of such Rent and other sums, paid over to the tenant under the New Lease). If the Lienholder does not enter into a New Lease, Landlord shall be entitled to retain any and all such monies.

13.10 Obligations of Lienholder in Possession. No Lienholder shall have any personal liability for performance of Tenant's obligations under this Lease unless and until such Lienholder acquires title to Tenant's leasehold estate or assumes possession of the Premises; provided, however, the foregoing shall not be construed to relieve the Lienholder and/or Tenant to pay Rent and all other sums due hereunder in order to preserve Tenant's leasehold estate.

13.11 Designees and Nominees. All references in this Lease to a Lienholder shall be construed to also refer to any such Lienholder's designee or nominee.

13.12 Cooperation. Landlord and Tenant shall cooperate by incorporating into this Lease, by suitable amendment from time to time, any provision which may reasonably be requested by any proposed Lienholder for the purpose of implementing the leasehold mortgagee protection provisions contained in this Lease and allowing such Lienholder reasonable means to protect or preserve the lien of a Leasehold Mortgage upon the occurrence of a default under the terms of this Lease; provided, however, that any such amendment shall not in any way affect the term or rent under this Lease or otherwise, in any material respect, adversely affect any rights of Landlord under this Lease. Landlord and Tenant each agree to execute and deliver any agreement necessary to effect any such amendment (and to execute a short form memorandum thereof, if necessary, for recording purposes).

13.13 Third Party Beneficiary. Any Lienholder shall be deemed to be a third party beneficiary of this Article 14.

ARTICLE XIV

Default by Tenant

14.1 Events of Default. The occurrence of any of the following events (each an “**Event of Default**”) shall constitute a default by Tenant:

(a) failure to pay any taxes required to be paid by Tenant pursuant to this Lease and such failure continues for a period of thirty (30) days after Tenant and each Lienholder receive written notice thereof from Landlord;

(b) Tenant’s failure to comply with the use restrictions set forth in Article 7 or perform any other material obligation under this Lease and such failure continues for a period of thirty (30) days after Tenant and each Lienholder receive written notice thereof from Landlord; provided that if such obligation cannot reasonably be cured within said thirty (30) day period, it shall not be an Event of Default if the cure is commenced within such thirty (30) day period and the cure is diligently and continuously pursued thereafter;

(c) Tenant’s default and the expiration of all applicable cure periods under any of the Tenant Agreements; and

(d) At any time during the Term of this Lease the IWTG is encumbered with more than Twenty Five Million Dollars (\$25,000,000) in debt or the equivalent thereof.

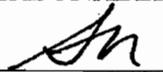
14.2 Landlord’s Remedies. UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, LANDLORD MAY ELECT, IN ITS SOLE AND ABSOLUTE DISCRETION, TO EITHER (I) CURE THE DEFAULT AT TENANT’S COST WITHOUT RELEASING TENANT IN WHOLE OR IN PART FROM TENANT’S OBLIGATION TO PERFORM ANY AND ALL COVENANTS, CONDITIONS AND AGREEMENTS TO BE PERFORMED BY TENANT HEREUNDER, OR (II) BY WRITTEN NOTICE TO TENANT, TERMINATE THIS LEASE AND RECOVER FROM TENANT THE ACTUAL DAMAGES (WHICH SHALL NOT INCLUDE PUNITIVE, SPECULATIVE OR CONSEQUENTIAL DAMAGES, SUCH AS LOSS OF BUSINESS OPPORTUNITIES OR PROFIT) SUFFERED BY LANDLORD AS A RESULT OF THE EVENT OF DEFAULT, PROVIDED, HOWEVER, THE IF SUCH EVENT OF

DEFAULT IS CAUSED AS A RESULT OF A DEFAULT PURSUANT TO THE AGREEMENT REGARDING TOURNAMENTS, THEN LANDLORD'S RECOVERY HEREUNDER SHALL BE REDUCED, ON A DOLLAR FOR DOLLAR BASIS, BY THE AMOUNT, IF ANY, THAT LANDLORD ACTUALLY RECOVERS PURSUANT TO THE AGREEMENT REGARDING TOURNAMENTS.

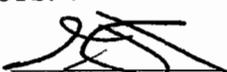
14.3 Landlord Default. If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such failure (or if such failure cannot reasonably be cured within thirty (30) days, if Landlord does not commence to cure the failure within that thirty (30) day period), then such failure shall constitute a default hereunder and Tenant shall have all remedies that are available at law and in equity, provided, however, that Landlord shall have no liability hereunder for any punitive, speculative or consequential damages, such as loss of business opportunities or profit.

14.4 Notices. Notices given under this Article 14 shall specify the alleged or actual Event of Default and the applicable Lease provisions, and, as applicable, shall either specify that the Lease is being terminated or demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease.

14.5 NOTHING CONTAINED IN THIS ARTICLE 14 SHALL WAIVE OR OTHERWISE LIMIT (I) LANDLORD'S REMEDIES OR DAMAGES FOR CLAIMS OF LANDLORD AGAINST TENANT ARISING OUT OF TENANT'S INDEMNIFICATION OBLIGATIONS HEREUNDER, (II) LANDLORD'S RIGHTS TO OBTAIN FROM TENANT ALL COSTS AND EXPENSES OF ENFORCING THIS REMEDIES PROVISION, INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COSTS, (III) TENANT'S REMEDIES OR DAMAGES FOR CLAIMS OF TENANT AGAINST LANDLORD ARISING OUT OF LANDLORD'S INDEMNIFICATION OBLIGATIONS HEREUNDER, OR (IV) TENANT'S RIGHTS TO OBTAIN FROM LANDLORD ALL COSTS AND EXPENSES OF ENFORCING THIS REMEDIES PROVISION, INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COSTS. .



Tenant's Initials



Landlord's Initials

ARTICLE XV

Miscellaneous

15.1 Address for Notice and Rental Payments. Any notice, consent, demand or other communication to be delivered to a party hereunder shall be deemed delivered and received when made in writing and transmitted to the applicable party either by receipted courier service, or by the United States Postal Service, first class registered or certified mail, postage prepaid, return receipt requested, or by electronic facsimile transmission ("Fax"), at the address or addresses

indicated for such party below (and/or to such other address as such party may from time to time by written notice designate to the other):

If to Tenant:

78-200 Miles Avenue
Indian Wells, CA 92210
Attn: Raymond J. Moore
Tel: (760) 200-8403
Fax: (760) 200-8441

With copy to:

Waikoa Holdings LLC
11100 Santa Monica Boulevard
Suite 600
Los Angeles, CA 90025
Attn: Mike Sultan
Tel: (310) 966-8182
Fax: (310) 478-7257

If to Landlord:

City of Indian Wells
Attn. Greg Johnson, City Manager
44-950 Eldorado Drive
Indian Wells, CA 92210
Telephone: 760-346-2489 x 241
Facsimile: 760-346-0407
E-mail: gjohnson@cityofindianwells.org

With a copy to:

Manatt, Phelps & Phillips, LLP
11355 West Olympic Boulevard
Los Angeles, CA 90064-1614
Attn: Timi Anyon Hallem, Esq.
Telephone: 310-312-4217
Facsimile: 310-312-4224
E-mail: thallem@manatt.com

and shall be deemed delivered and received (A) if delivered or transmitted before 5:00 pm recipient's local time on a business day, or if delivery is unsuccessfully attempted between the hours of 9:00 am and 5:00 pm recipient's local time on a business day, then on the date of actual delivery or transmittal or of such attempted delivery, and (B) otherwise on the next business day following actual delivery or transmittal. For purposes of this notice provision, the date and time of delivery or attempted delivery shall be established by postal or courier receipt and of facsimile transmittal by a transmittal confirmation log sheet generated by the sending machine. To be effective, any delivery by Fax must be confirmed within three business days by duplicate notice delivered as otherwise provided herein.

15.2 Commissions. Each party hereto represents and warrants to the other that there are no fees, commissions or other payments due for bringing about the execution and delivery of this Lease. If such representation and warranty is breached, each party hereby indemnifies, defends and holds harmless the other of and from each and every claim for fees, commissions or other payments made against such other party, which claim is based on the agreement or undertaking of the indemnifying party.

15.3 Cumulative Remedies. Except as provided in Section 14.2, no remedy herein or otherwise conferred upon or reserved hereunder shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised, from time to time, as often as occasion therefor may arise or as may be deemed expedient. However, Landlord waives all existing and future rights to terminate this Lease under any circumstances. No delay or omission by either party to exercise any right or

power arising from any breach by the other of any term or condition of this Lease, and no acceptance of full or partial rent during the continuance of any such breach, shall impair any such right or power or shall be construed to be a waiver of any such breach or an acquiescence therein; nor shall the exercise, delay or nonexercise of any such right or remedy impair the rights granted hereunder or be construed as a waiver of such right or remedy or as a waiver, acquiescence in or consent to any further or succeeding breach of the same or any other covenant. Landlord acknowledges that Tenant does not have an adequate remedy at law if Landlord breaches its obligations hereunder, and therefore, Tenant will be entitled to pursue injunctive relief, specific performance and other equitable remedies, in addition to remedies at law.

15.4 Governing Law; Venue. The terms of this Lease shall be governed by and construed in accordance with the laws of the State of California. Any litigation concerning this Lease shall be conducted in Riverside County, California.

15.5 Construction. All provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each section hereof. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed. This Lease has been the subject of negotiations between the parties, and the interpretation hereof shall not be based upon any party being the draftsman hereof.

15.6 Entire Agreement. All negotiations, considerations, representations and understandings between the parties relating to this Lease are merged herein and may be modified or altered only by an agreement in writing between the parties hereto.

15.7 Captions. The headings of the several articles and sections contained herein are for convenience of reference only and do not define, limit or construe the contents of such articles and sections.

15.8 Partial Invalidity. If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

15.9 Covenants Running with the Land. This Lease and each and every covenant, agreement, condition and undertaking shall be deemed to be running with the land during the Term of this Lease and shall be binding upon and inure to the benefit of the respective parties hereto, their legal representatives, heirs, executors, administrators, successors and assigns.

15.10 Not a Partnership. Nothing herein contained shall be construed as creating a partnership, joint venture or any other relationship between Landlord and Tenant, other than that of landlord and tenant.

15.11 Merger. If both Landlord's and Tenant's estates in and to the Premises become vested in the same owner, this Lease shall not be destroyed by application of the doctrine of merger except by the Tenant's express election and upon the consent of any Lienholder.

15.12 Force Majeure. The time for performance by Landlord or Tenant of any term or provision of this Lease, other than the payment of monies, shall be deemed extended by time lost due to delays resulting from acts of god, strikes, civil riots, floods, unavailability of material or labor, restrictions by governmental authorities and any other causes not within the reasonable control of Landlord or Tenant, as the case may be.

15.13 Facilitation. Each party agrees to perform such further acts and to execute and deliver such further documents as may be reasonably necessary to carry out the provisions of this Lease and are consistent therewith.

15.14 Waiver. No waiver of any of the terms or conditions of this Lease shall be binding or effective unless expressed in writing and signed by the party giving such waiver.

15.15 Statements by Landlord and Tenant. Each of the parties hereby agrees at any time and from time to time, upon not less than ten (10) days' prior written notice, to execute, acknowledge and deliver to the other party, a prospective purchaser, assignee or lender, including, but not limited to, a Lienholder, a statement in writing certifying that (a) this Lease is unmodified and in full force and effect (or, if there have been modifications, a statement that this Lease is in full force and effect as modified and stating the modifications), (b) the dates to which the Rent and any other sums payable hereunder have been paid, (c) whether or not, to the knowledge of such party, there are then existing any defaults under this Lease or any events which, with the giving of notice or the passage of time, or both, would constitute a default hereunder (and, if so, specifying the same), and (d) such other information as the other party or any Lienholder or a prospective purchaser or assignee may reasonably require. Each party represents and warrants that such statement may be relied upon by the other party hereto or any third party. Neither Landlord nor Tenant shall be required to deliver more than three (3) statements under this Section 15.15 within any twelve (12) month period.

15.16 Attorneys' Fees. If either party hereto brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs of suit, including the costs allocable to internal legal counsel.

15.17 No Subordination. Landlord shall not subordinate its interest in the Land to any financing obtained by Tenant. Tenant's interest in the Premises under this Lease is not, and shall not be hereafter, subordinate to any deed of trust, mortgage deed, mortgage, deed to secure debt or to any other lien, encumbrance, condition, restriction, covenant or agreement affecting the Premises. Landlord shall not execute, or consent to the execution of, any instrument which could adversely affect the priority of this Lease or the deed of trust in favor of the lender financing Tenant's ownership of the Premises as more fully described in Section 13.1 hereof.

15.18 Interest. Wherever in this Lease a party is entitled to interest on sums it has expended, such amount shall bear interest from the date of expenditure until the date of repayment at an annual rate ("**Default Rate**") equal to three percent (3%) above the prime rate of interest from time to time announced by Bank of America, but not greater than the highest non-usurious rate then permitted by law. Notwithstanding anything in this Lease to the contrary, unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the Default Rate.

15.19 Waiver of Landlord's Lien. Landlord, within ten (10) days after demand from Tenant, shall execute and deliver any document required by Tenant pursuant to which document Landlord waives any rights it may have or acquire with respect to the Improvements, or any of Tenant's personal property of fixtures contained within the Improvements or on the Land. Anything in this Lease to the contrary notwithstanding, Landlord hereby waives its right, if any, to distrain upon or to secure a lien against the any property of Tenant for Tenant's nonpayment of rent or other default under this Lease, or otherwise. The waiver provided for in the preceding sentence is intended to be, and is, automatic and self-operating; provided, however, Landlord agrees that upon Tenant's request Landlord shall execute such additional instruments as are requested by Tenant to further evidence and confirm the same.

15.20 Attornment. If Landlord's interest in the Premises is sold or conveyed, (a) at the election of the new owner, Tenant will attorn to and recognize the new owner as Tenant's landlord under this Lease and Tenant will confirm such attornment and new lease in writing within ten (10) days after request (Tenant's failure to do so will constitute an Event of Default); and (b) the new owner shall not be liable for any act or omission of Landlord under this Lease occurring prior to such sale or conveyance.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

Landlord:

City of Indian Wells, a charter city duly organized under the Constitution and laws of the State of California

By: 
Name: Greg Johnson
Title: City Manager

Tenant:

Garden of Champions LLC, a California limited liability company
BY INDIAN WELLS TENNIS TOURNAMENT, LLC, MEMBER
BY WAI KOA HOLDINGS, LLC, MEMBER

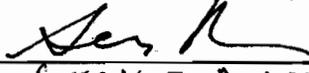
By: 
Name: GEORGE MACKIN
Title: MEMBER

EXHIBIT A

Legal Description of Land

Parcel 6 in the City of Indian Wells, County of Riverside, State of California, as shown on Parcel Map No. 28833 recorded in Book 195, Pages 10 through 15, of Parcel Maps, Records of Riverside County, California.

EXHIBIT B

INSURANCE REQUIREMENTS

- (A) Commercial General Liability Insurance on an occurrence basis, without claims-made features, with general liability coverage in an amount equal to \$1,000,000 each occurrence and general aggregate coverage in an amount equal to \$2,500,000; and such insurance shall include coverage for bodily injury, property damage and advertising/personal injury arising from premises, operations, independent contractors, and liability assumed under an insured contract both oral and written.
- (B) All insurance required to be carried by Tenant hereunder:
- (1) Shall be issued by insurance carriers authorized to do business in the state in which the Premises are located, and with carriers rated, at a minimum, "A-VIII" by A.M. Best's Key Rating Guide.
 - (2) Shall be endorsed to provide for at least 10 days' advance written notice to Landlord of cancellation due to non-payment and at least 30 days' advance written notice to Landlord of material modification or cancellation for any reason other than non-payment.
 - (3) Shall be endorsed to stipulate that coverage afforded under such policy are primary insurance as respects Landlord and that any other insurance maintained by Landlord is excess and non-contributing with the insurance required hereunder.
 - (4) Shall be in form, include such endorsements and be provided by a company acceptable to Landlord, and shall insure Landlord and each other person designated by Landlord (altogether, the "**Designated Parties**") as additional insureds.
 - (5) Shall not be modified to reduce the extent of coverage or limits required herein without the prior written consent of Landlord, which Landlord may withhold or condition in its sole and absolute discretion.
 - (6) SHALL BE IN STRICT CONFORMITY WITH THE REQUIREMENTS OF THE LEASE AND NO ENDORSEMENT LIMITING OR EXCLUDING A COVERAGE SHALL BE PERMITTED. LANDLORD'S ACCEPTANCE AT ANY TIME OF INSURANCE THAT DOES NOT CONFORM WITH THE REQUIREMENTS OF THE LEASE SHALL NOT WAIVE LANDLORD'S RIGHT TO REQUIRE CONFORMITY IN THE FUTURE.
- (C) If Tenant fails to furnish and maintain the insurance described in this Exhibit, Landlord may (but is not required to) purchase such insurance on behalf of Tenant, and the Tenant shall pay the cost thereof to Landlord upon demand and shall furnish to Tenant any information needed to obtain such insurance.

Exhibit B