

CITY OF INDIAN WELLS

SPONSORSHIP AGREEMENT

This Sponsorship Agreement ("Agreement") is made and entered into as of October 1998 by and among PM Sports Management Corporation, a California corporation ("PM Sports"); Desert Champions LLC, a California limited liability company ("Desert Champions "); Garden of Champions LLC, a California limited liability company ("Garden of Champions"); International Merchandising Corporation, an Ohio corporation ("IMC"); and collectively the above entities are herein named "Tennis Entities" and the City of Indian Wells, a municipal corporation of the State of California ("City").

R E C I T A L S

A. PM Sports owns an ATP men's professional tennis tournament and IMC owns a WTA women's professional tennis tournament and these events are held concurrently and conducted annually each February or March by PM Sports and IMC at the Hyatt Grand Champions Resort in Indian Wells, California. These events are currently known as the "Newsweek Champions Cup" and the "Evert Cup", respectively (collectively, the "Tournament").

B. Tennis Entities have entered into agreements to own, develop, construct and manage a tennis facility (the "Tennis Facility") where the Tournament will be conducted beginning with the year 2000 event. The Tennis

SPONSORSHIP AGREEMENT

Facility will be constructed on a portion (the "Tennis Facility Land") of approximately 148 acres of land (the "Land") located in a part of the County of Riverside that is within City's sphere of influence. The balance of the Land will be developed by Tennis Entities and/or others for commercial and residential uses in accordance with zoning and land use entitlements currently being processed through the County of Riverside.

C. One or more of the Tennis Entities will acquire the Land, develop, construct, own and operate the Tennis Facility, own and operate the Tournament, manage the Tennis Facility, and promote other events at the Tennis Facility. PM Sports will have the specific responsibility for conducting the Tournament and for managing the Tennis Facility under a management agreement between PM Sports and one of those entities, Desert Champions.

D. Tennis Entities are currently completing financial arrangements for the funding of the acquisition of the Land and the development, construction and furnishing of the Tennis Facility. This Agreement is essential to the successful completion of those financial arrangements.

E. Concurrently with funding of the financing for the construction of the Tennis Facility, or earlier if required for acquisition of the Land or by those providing the construction financing, Tennis Entities will assign their rights and obligations under this Agreement to Desert Champions and Desert Champions will assume the obligations under this Agreement as provided in Section 13.2.

F. Tennis Entities believe it is in the best interests of the Tournament and the Tennis Facility that the Land be annexed into the City of Indian Wells. City has

SPONSORSHIP AGREEMENT

already begun the annexation process.

G. The parties believe that having the Tournament conducted in and associated with the City of Indian Wells creates substantial positive, long term benefits for each of them. The Tournament through the years has enhanced and expanded the economic vitality and image of City. Furthermore, by becoming a sponsor of the Tennis Facility and the Tournament, City will gain valuable domestic and international exposure.

H. Tennis Entities have agreed to grant City a sponsorship which will include the rights and benefits set forth below and City has agreed to accept such sponsorship and the rights and obligations attaching thereto.

NOW, THEREFORE, for and in consideration of the promises and mutual covenants herein set forth and for other good and valuable consideration, it is agreed as follows:

1. Sponsorship.

PM Sports, IMC and City agree that City shall be a sponsor of the Tennis Facility and the Tournament in accordance with the terms of this Agreement. As used herein, "Tennis Facility" shall mean that certain tennis facility to be constructed on the Tennis Facility Land, which will be owned by Garden of Champions, an entity jointly owned by PM Sports and IMC, and which will be used for various sports, athletic, entertainment, business, concerts, exhibits, conventions, meetings and events, including the Tournament, as more particularly described and shown on Exhibit 'A,' including any improvements or additions which are subsequently made part

SPONSORSHIP AGREEMENT

of the Tennis Facility.

2. Term of Agreement. This Agreement's term (the "Term") will consist of the "Initial Term" and any extension term as provided below.

2.1 Initial Term. This Agreement shall be effective upon its execution by all parties and payment by City of the Sponsorship Fee specified in Section 3.1 and shall conclude on December 31, 2009 (the "Initial Term") unless terminated sooner in accordance with the terms hereof.

2.2 Extension of Term.

(a) This Agreement shall be extended for an additional 10 year period (the "First Extension Term") unless City notifies Tennis Entities in writing on or before January 1, 2009 of its election not to extend the Initial Term. This Agreement shall be extended for another 10 year period (the "Second Extension Term") unless City notifies Tennis Entities in writing on or before January 1, 2019 of its election not to extend the First Extension Term.

(b) The extension or extensions of this Agreement are subject to City's compliance with its obligations under this Agreement. City may exercise its rights respecting the Second Extension Term only if it has exercised its rights respecting the First Extension Term and has complied with all the requirements pertaining to such extension.

3. Sponsorship Fee.

(a) In consideration for the rights and benefits granted to City under this Agreement, and as a condition to City's exercise of those rights and

SPONSORSHIP AGREEMENT

benefits, City shall pay a sponsorship fee (the "Sponsorship Fee") as described below.

(b) As an inducement to the construction and operation of one or more hotels on the Land (each a "Qualifying Hotel"), the Sponsorship Fee will be increased for the First and Second Extension Terms in the manner described in Sections 3.1 (b), (c) and (d). These increases will be based on the aggregate number of hotel rooms within Qualifying Hotels for which certificates of occupancy are issued (collectively, the "Qualifying Hotel Rooms"). However, the number of Qualifying Hotel Rooms will not be reduced by a subsequent reduction in the number of rooms within a Qualifying Hotel, the revocation or partial revocation of a certificate of occupancy for a Qualifying Hotel, or the cessation of a Qualifying Hotel's operation as a hotel.

3.1 Payments. The Sponsorship Fee shall be as follows:

(a) For the Initial Term, a Sponsorship Fee of \$2,500,000 is due and payable upon execution of this Agreement by all parties.

(b) For the First Extension Term, a Sponsorship Fee of \$2,500,000 is due and payable on or before expiration of the Initial Term; provided, the Sponsorship Fee will be increased by an additional \$250,000 if at the time of payment the Land has been annexed to the City and if there are at least 350 Qualifying Hotel Rooms. An increase in the Sponsorship Fee after payment or commencement of the First Extension Term is covered in Section

SPONSORSHIP AGREEMENT

3.1 (d).

(c) For the Second Extension Term, a Sponsorship Fee of \$2,500,000 is due and payable on or before expiration of the First Extension Term; provided, the Sponsorship Fee will be increased by an additional \$250,000 if at the time of payment the Land has been annexed to the City and if there are at least 350 Qualifying Hotel Rooms and will be increased another \$250,000 if at the time of payment the Land has been annexed to the City and if there are at least 500 Qualifying Hotel Rooms. Increases in the Sponsorship Fee after payment or commencement of the Second Extension Term are covered in Section 3.1(d).

(d) If after payment of the Sponsorship Fee or commencement of an extension term, whichever is sooner, the Land has been annexed to the City and if the number of Qualifying Hotel Rooms reaches the level required for an increase of the Sponsorship Fee under Sections 3.1 (b) or 3.1 (c), as applicable, the increased amount (calculated in the manner described below) will be due and payable by City within 30 days after the requisite number of Qualifying Hotel Rooms is reached. The amount of the increase will be calculated by multiplying the scheduled increase applicable to that number of Qualifying Hotel Rooms by a fraction whose numerator is the number of Tournaments remaining to be conducted during that extension term and whose denominator is 10. For example, if the number of Qualifying Hotel

SPONSORSHIP AGREEMENT

Rooms reaches 350 after two Tournaments have been completed during the First Extension Term, the amount payable by City will be \$200,000. This is calculated as follows:

$$\$250,000 \times \frac{8}{10} = \$200,000$$

(e) Sponsorship Fee payments are payable in U.S. dollars and are to be made as directed by Tennis Entities.

4. Sponsorship Benefits. As a sponsor of the Tennis Facility and the Tournament, City will receive the following benefits during the Term of this Agreement:

4.1 Tennis Facility Naming Rights. City will have exclusive naming rights to the Tennis Facility, including the main tennis stadium as shown on Exhibit "A" (the "Stadium"), subject to the names (the "City Names") being mutually acceptable to PM Sports, IMC and City; provided, however, the name will begin with "Indian Wells."

(a) Tennis Entities shall, at their sole cost and expense, install or cause to be installed any and all City Name signs at the Tennis Facility and the Stadium, including street or directional signs within the Tennis Facility.

(b) All promotional materials shall refer to the Stadium or Tennis Facility solely by using the City Names. As used herein promotional materials ("Promotional Materials") includes all press releases, publicity, media announcements, interviews, web sites, advertising, tickets,

SPONSORSHIP AGREEMENT

pamphlets, maps, brochures, informational materials, in any form whether written, video taped, audio taped, electronic, spoken in public venues or spoken to media persons.

(c) Tennis Entities shall also require, as part of any future agreements for the use and occupancy of the Tennis Facility or the Stadium ("Future Agreements"), that Promotional Materials for any future users or tenants ("Future Tenants") refer to the Stadium or Tennis Facility solely by the City Names.

(d) All forms of media, including, without limitation, television and radio, will be requested to refer to the Tennis Facility or the Stadium solely by the City Names.

(e) Subject to the rules and regulations of CALTRANS or other applicable public entities, at Tennis Entities's sole cost and expense, all directional and informational signs (including, without limitation, all entrance signs) which refer to the Tennis Facility or the Stadium or any variation thereof, located in the public right-of-way, streets and highways shall refer thereto solely by reference to the City Names.

4.2. Signage for the Tennis Facility and Stadium.

(a) The location and number of City Name signs for the Tennis Facility and Stadium shall be subject to the joint approval of the City and Tennis Entities.

(b) Prior to the first use of the Tennis Facility or the Stadium, Tennis Entities shall install the City Name signs at locations identified

SPONSORSHIP AGREEMENT

as follows:

- (i) At the entrances to the Stadium; and
- (ii) At the public entrances to the Tennis Facility; and
- (iii) At other locations within the Stadium; and
- (iv) Within the Press Rooms at the Tennis Facility; and
- (v) Additional City Name signs to assure television and

spectator coverage consistent with this Agreement and with the display needs of Tournament sponsors.

(c) On or before July 1, 1999, City and Tennis Entities shall meet and confer in good faith and mutually agree on a City Name signage plan for the Stadium, the Tennis Facility and the remainder of the Land which is intended to assure television and spectator coverage consistent with this Agreement and the display needs of Tournament sponsors. The City Name signage plan will address the exact size, design and location of City Name signs identifying the Tennis Facility and the Stadium. The jointly approved City Name signage plan will be initialed by the parties hereto and attached as Exhibit "B." If City and Tennis Entities are unable to agree to such matters within the time period referenced above, then City may terminate this Agreement at its sole discretion and option notwithstanding any other provision herein. Following such termination but not more than 60 days later, Tennis Entities shall repay to City all sums plus Interest (as defined in Section 11.3) paid by City to Tennis Entities or any of them under this

SPONSORSHIP AGREEMENT

Agreement.

(d) Prior to the installation of any signage covered by the Agreement, Tennis Entities shall present full color renderings, including dimensions to City for its written approval, which shall not be unreasonably delayed or withheld.

(e) Tennis Entities shall maintain all such signs within the Tennis Facility and the Stadium bearing City Names in a first class condition and shall effectuate any and all repairs needed for these signs.

(f) Notwithstanding the above, City shall reimburse Tennis Entities for installing City Name signs up to a maximum reimbursement of Twenty-Five Thousand Dollars (\$25,000.00). The maximum reimbursement is not intended as a limitation of Tennis Entities' cost of installing City Name signs.

4.3 Tournament. Subject to Section 9.1, City will receive the following non-exclusive benefits commencing with the year 2000 Tournament at the Tennis Facility:

(a) City will receive name recognition on all advertising and promotional material printed by the Tournament; and

(b) City will receive name recognition within the Stadium on a courtside banner at a location or locations designated by Tennis Entities; and

(c) City will receive one panel on the Tournament's official ticket brochure to promote the City of Indian Wells. The content of the

SPONSORSHIP AGREEMENT

panel will be subject to the prior approval of Tennis Entities; and

(d) A standard promotion booth in the village; and

(e) In Stadium promotional announcements during the Tournament at times designated by Tennis Entities; and

(f) Tennis Entities will cooperate with City in the development of an international marketing program that markets Indian Wells (all costs associated with the development of such marketing program will be City's sole responsibility); and

(g) Grant City the privilege of promoting Indian Wells, its Golf Resort and its hotels on the Tournament Web site, if there is one. A minimum of 10 mega bytes of space will be offered to City for such purposes. City shall pay all development and production costs to add links or load information onto the Tournament Web site to accommodate the City's use.

4.4 City Usage of Tennis Facility. Subject to completion of the Tennis Facility, City may utilize the Tennis Facility for City sponsored events for a total of up to four days each calendar year without payment of any facility rental fee. Usage dates are subject to availability as determined in the reasonable discretion of Tennis Entities and usage will be subject to all other terms and conditions (other than any facility rental fee) applicable to third party users of the Tennis Facility. Charges to City for services, such as ticket sales, cleanups, parking, etc. shall be at Tennis Entities' cost. A partial day's use will count as a full day's usage and unused days may not be carried over to following calendar

SPONSORSHIP AGREEMENT

years. Respecting the last calendar year in which this Agreement is in effect, the City's rights under this section will survive expiration or termination of this Agreement.

4.5 Tennis Memberships. Tennis Entities intend to establish a tennis club at the Tennis Facility and to create and sell tennis memberships to the public. Once the tennis club is established and for so long as this Agreement is in effect, residents and employees of the City of Indian Wells will receive a 50 percent discount off the prevailing initiation fee and a 25 percent discount off the prevailing monthly dues. PM Sports, IMC and City will establish reasonable procedures for identifying residents and employees of the City of Indian Wells for purposes of this program. Tennis Entities will have complete discretion in establishing the initiation fees, monthly dues, and the rules and regulations for operation of the tennis club.

4.6 Indian Wells Resident's Programs. For so long as this Agreement is in effect, Tennis Entities will annually offer Indian Wells residents special tennis programs and clinics free of charge.

5. Tournament Logo and City Name. During this Agreement's Term, City shall have a nonexclusive license to use the Tournament logo in conjunction with City's own name, subject to the prior approval of Tennis Entities, and the right to identify itself as the "Official Sponsor" of the Tennis Facility and an "Official Sponsor" of the Tournament in all City advertising and promotional materials. As between the City, on the one hand, and Tennis Entities on the other hand, Tennis Entities will collectively have all right title and interest to the Tournament logo

SPONSORSHIP AGREEMENT

subject to the City's non-exclusive license provided herein. As between the City on the one hand and Tennis Entities on the other hand, City will have all right title and interest to the name "City of Indian Wells" or "Indian Wells" subject to the Tennis Entities' non-exclusive license to use those names in conjunction with the Tournament Logo and the Tennis Facility Logo (described below in Section 6) during this Agreement's Term provided herein.

6. Tennis Facility Logo. Tennis Entities shall have the exclusive right to create, subject to City's prior approval of the design and content, one or more logos (the "Tennis Facility Logo") that incorporate the name of the Tennis Facility. During the Term of this Agreement, PM Sports, IMC and City may use the Tennis Facility Logo for commercial purposes provided that all such use is subject to the prior written approval of Tennis Entities, it being the parties' intent that Tennis Entities be responsible for maintaining the integrity and prestige of the Tennis Facility and the name used therefor. Each party's use of the Tennis Facility Logo will cease upon expiration or termination of this Agreement; provided, however, that each party may sell or use its then existing inventory of products and items bearing the Tennis Facility Logo during the next 120 days, after which all sales and use of the remaining inventory must cease.

7. Television Coverage. The Tournament receives domestic and international broadcast coverage. During the Term of this Agreement, City may purchase advertising time on the Tournament's television broadcasts directly from the broadcaster or broadcasters on a space available basis.

8. Redesignation of Tournament. The Tournament currently receives

SPONSORSHIP AGREEMENT

sanctions from the ATP and the WTA. During the Term of this Agreement, events within and without the tennis world may affect the issuance of those sanctions, the existence of the ATP and/or the WTA, or the desirability of conducting a tennis event under sanctions from those governing bodies or under sanctions from any other governing body. Accordingly, the parties agree that this Agreement will remain in effect during its Term (subject to the force majeure provisions of Section 9 and the termination provisions herein) so long as the Tournament is conducted as a sanctioned event of the ATP and the WTA or is conducted as an independent event combining men and women tennis professionals (or a partially independent event if it operates with a sanction from either the ATP or the WTA), which is recognized as a major international event of a stature comparable to the 1998 Tournament and which receives domestic and international broadcast coverage comparable to the 1998 Tournament. Should the redesignated Tournament fall below the above high standard, then City at its option may terminate this Agreement. In such event, City shall be reimbursed a pro rata share of its Sponsorship Fee as provided in Section 11.3.

8.1 Warranties. Tennis Entities represent and warrant that they:

- (a) Own the right to name the Tennis Facility and Stadium; and
- (b) Have secured binding options to acquire the Tennis Facility Land; and
- (c) Have or will have by December 31, 1998 a signed construction contract to build the Tennis Facility; and
- (d) Own separately the current sanctions (as indicated in

SPONSORSHIP AGREEMENT

Recital A) for the Tournament.

9. Force Majeure.

9.1 Construction Delay. This Agreement will apply to the year 2000 Tournament so long as it is conducted in the Stadium regardless whether or not the entire Tennis Facility is complete at that time. If the Stadium is not used for the year 2000 Tournament, then City's sponsorship will apply beginning with the first Tournament in which the Stadium is used and all times and time periods will be extended accordingly to reflect the delay. However, to the extent reasonably practicable, Tennis Entities will provide to City during the year 2000 Tournament (and subsequent Tournaments until the first Tournament in which the Stadium is used) the benefits specified in Section 4.3 and 4.4.

9.2 Non-Staging of Tournament. The parties agree that if the year 2000 Tournament is not staged as scheduled at the Tennis Facility due to circumstances beyond the reasonable control of Tennis Entities, including but not limited to an act of God, state of war, strikes or other concerted work stoppages, loss of any necessary utility, governmental restriction or damage to the Tennis Facility, it is the mutual intention of the parties that all terms and conditions of this Agreement shall remain in full force and effect. If for any reason one or more scheduled Tournaments are not staged in the Tennis Facility, all times and time periods will be extended until such time as 10 Tournaments have been conducted during the applicable Term.

9.3 The force majeure provisions found in Sections 9.1 and 9.2 are subject to City's termination rights under Sections 11. 1 (a), (b), (c), (d), (e), (f) and

SPONSORSHIP AGREEMENT

(i).

10. Notices. All notices or deliveries hereunder must be sent via recognized private delivery service (i.e., Federal Express) or via Certified Mail, Return Receipt Requested, to the parties at the following addresses:

City of Indian Wells

City Manager
City of Indian Wells
44-950 Eldorado Drive
Indian Wells, CA 92210
Fax No. (760) 346-0407

PM Sports

Charles M. Pasarell, Jr.
PM Sports Management Corporation
44-650 Indian Wells Lane
Indian Wells, CA 92210
Fax No. (760) 341-9379

Desert Champions LLC

Desert Champions LLC
44-650 Indian Wells Lane
Indian Wells, CA 92210
Fax No. (760) 341-9379

Garden of Champions LLC

Garden of Champions LLC
44-650 Indian Wells Lane
Indian Wells, CA 92210
Fax No. (760) 341-9379

IMC

Robert D. Kain
International Merchandising Corporation
IMG Center
1360 E. Ninth Street, Suite 100
Cleveland, Ohio 44114-1782
Fax No. (216) 522-1145

Termination.

11.1 Termination by City. City may terminate this Agreement upon

SPONSORSHIP AGREEMENT

the occurrence of any of the following events:

(a) If the Tennis Facility Land is not acquired and construction of the Tennis Facility does not commence by December 31, 1998. For purposes of this clause, construction commencement is deemed to have occurred if ground has been broken; or

(b) If Tennis Entities do not certify to Indian Wells that any or all of them have secured financing for all costs associated with the construction of the Tennis Facility by December 31, 1998; or

(c) If construction is not diligently prosecuted to completion; or

(d) If the foundation for the Stadium is not completed by October 1, 1999; or

(e) If the Architect supervising the Tennis Facility construction does not certify to City 50% completion of the Stadium by November 1, 1999; or

(f) If the year 2001 Tournament is not held at the Tennis Facility, due to construction delays or the fault of Tennis Entities; or

(g) If the Tournament does not maintain the requisite stature as specified in Section 8; or

(h) If the Tournament is canceled and is not replaced with an event satisfying the requirements of Section 8; or

(i) If the Tennis Facility is damaged and unusable by the Tournament and is not rebuilt and reinstated for use within the scheduled date for the second Tournament after the damage occurs;

SPONSORSHIP AGREEMENT

or

(j) If the Tournament is not held in the Stadium for two consecutive years after the year 2000 Tournament; or

(k) If after the first Tournament at the Tennis Facility, the Tournament is moved to another location for any reason other than that the Tennis Facility is damaged and unusable; or

(l) If Tennis Entities or any of them do not provide to City the City Deed of Trust on the Tennis Facility Land (as defined and described in Section 13.2(c)) below by December 31, 1998; or

(m) If Tennis Entities default under any material provision of this Agreement and the default is not cured within 60 days after written notice of such default is given by City to Tennis Entities. City's termination of this Agreement hereunder will be effective 30 days after it gives written notice of termination to Tennis Entities. In that event and if the default is not cured within said 30 day period, this Agreement and the parties' respective rights and obligations will terminate.

11.2 Termination by Tennis Entities. Tennis Entities may terminate this Agreement upon the occurrence of any of the following events:

(a) If City fails to timely pay the Sponsorship Fee.

(b) If City defaults under any other material provision of this Agreement and the default is not cured within 60 days after written notice of such default is given by Tennis Entities to City.

SPONSORSHIP AGREEMENT

Tennis Entities' termination of this Agreement hereunder will be effective 30 days after they give notice of termination to City. In that event and if City fails to cure the default within said 30 day period, this Agreement and the parties' respective rights and obligations will terminate.

11.3 Damages. If City terminates this Agreement, the sole legal remedy shall be as set forth in this Section 11.3. If City terminates this Agreement, its Sponsorship Fee will be prorated based on the number of Tournaments completed during the term (i.e., Initial, First Extension or Second Extension) in which the termination occurs and the balance (calculated in the manner described below) will be repaid to City by Tennis Entities with interest within 60 days after termination. Wherever applicable in this Agreement, interest shall be computed on the balance at the published prime rate, from time to time, of Bank of America ("Interest"). Interest shall be paid for the period beginning on the date the applicable Sponsorship Fee is paid by City and ending on the date the balance is fully repaid. Tennis Entities shall be relieved of their obligation to pay interest if this Agreement is terminated by City pursuant to Section 8 or Section 11.1(g), (h) and (i) or for any reason that was beyond the control of Tennis Entities. The balance to be repaid will be calculated by multiplying the amount of the Sponsorship Fee paid by City by a fraction whose numerator is the remainder of 10 minus the number of Tournaments completed and whose denominator is 10. For example, if City terminates this Agreement during the Initial Term after five Tournaments have been completed, the portion of the Sponsorship Fee to be

SPONSORSHIP AGREEMENT

repaid to City will be \$1,250,000. This is calculated as follows:

$$\frac{\$2,500,000 \times (10-5)}{10} = \$1,250,000$$

11.4 Equitable Relief. Nothing herein shall prevent City from seeking specific performance and/or other equitable relief arising out of a Tournament that is held at the Tennis Facility should there be a material breach or prospective material breach by Tennis Entities of the rights and benefits granted to City under Sections 4.1, 4.2, 4.3, 4.4 or 5.

12. Waiver. The failure of any party at any time or times to demand strict performance by the other of any of the terms, covenants, or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof, and either party may at any time demand strict and complete performance by the other of said terms, covenants and conditions.

12.5 Indemnification. Tennis Entities shall defend, indemnify and hold City harmless from and against any and all claims, damages, losses, causes of action, costs, and expenses, including reasonable attorney's fees and costs, arising or resulting from:

(a) Any injuries to persons or damages to property arising out of or alleged to arise out of the use of, or attendance at any event at the Tennis Facility or the Stadium, including without limitation any tennis tournaments, games, or any special events, except as to any such claims, damages, losses, causes of action, costs, or expenses to the extent arising out of the conduct of CITY, its officers, employees, guests or agents.

SPONSORSHIP AGREEMENT

13. Assignment.

13.1 Assignment by City. City may not grant sublicenses or assign, transfer, alienate, encumber, or hypothecate any of its rights or obligations under this Agreement without the prior written consent of Tennis Entities.

13.2 Assignment by PM Sports, IMC and Garden of Champions.

(a) Initial Assignment. PM Sports, IMC and Garden of Champions at any time may collectively assign their rights and obligations under this Agreement to Desert Champions (the "Initial Assignment"). Upon City's receipt of written notice of

(i) the Initial Assignment; and

(ii) Desert Champions' written assumption of the rights and obligations of PM Sports, IMC and Garden of Champions under this Agreement, PM Sports, IMC and Garden of Champions' only liability to City arising under this Agreement shall be as provided in Section 13.2 (c), below and the Repayment Guaranty and Agreement of even date among Tennis Entities and City ("Repayment Guaranty").

(b) Other Assignments. In addition to the Initial Assignment, PM Sports, IMC and Garden of Champions, or Desert Champions if the Initial Assignment is made, may at any time sell, assign or transfer all or a part of their respective right, title and interest in and to the Tournament and/or the Tennis Facility to any person or entity subject to the following conditions:

(i) This Agreement continues in full force and effect after

SPONSORSHIP AGREEMENT

such sale, assignment or transfer; and

(ii) The transferee assumes in writing the obligations of PM Sports, IMC and Garden of Champions, or Desert Champions, as applicable, under this Agreement; and

(iii) City is given written notice of transferee's assumption of the obligations of PM Sports, IMC and Garden of Champions, or Desert Champions, as applicable, under this Agreement; and

(iv) The transferee has comparable financial resources and comparable tennis tournament management skills; and

(v) PM Sports, IMC and Garden of Champions or Desert Champions, as applicable, are not in default under this Agreement.

If these conditions are satisfied, PM Sports, IMC and Garden of Champions', or Desert Champions', as applicable, only liability to City arising under this Agreement, shall be as provided in Section 13.2(c), below and the Repayment Guaranty.

(c) Repayment Guaranty. Notwithstanding an assignment by PM Sports, IMC and Garden of Champions under Sections 13.2 (a) or (b), or by Desert Champions under Section 13.2 (b), PM Sports, Garden of Champions and Desert Champions will each remain jointly and severally liable to City as a guarantor of the repayment obligations under Section 11.3 in accordance with the Repayment Guaranty. The repayment pursuant to the Repayment Guaranty shall be made within 60 days after written notice by the City. As additional security for the repayment obligations under Section 11.3, the

SPONSORSHIP AGREEMENT

Tennis Facility Land will be encumbered by a deed of trust in favor of City, as beneficiary, in a form mutually agreeable to City and Tennis Entities, securing the repayment obligations under Section 11.3 (the "City Deed of Trust"). The City Deed of Trust will hold a second priority position on the Tennis Facility Land, junior only to a deed of trust or deeds of trust in favor of those providing financing for the acquisition of the Tennis Facility Land and/or construction of the Tennis Facility. City will reconvey the City Deed of Trust to the trustor thereunder upon expiration of the Initial Term.

14. Governing Laws. The laws of the State of California will govern the validity, construction and effect of this Agreement.

15. Arbitration. If a dispute arises under this Agreement for which the City does not assert a right to equitably enforce the agreement and which is not resolved within thirty days, such dispute shall be submitted to arbitration which shall be the exclusive means of resolution except as provided below and resolved by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The arbitration shall take place in Riverside County, California or such other place as the parties may agree. Each party is entitled to conduct such discovery as the arbitrator deems appropriate. The award or decision rendered by the arbitrator shall be final, binding and conclusive and judgment may be entered upon such award by any court. Each party will bear its own expenses in respect of the arbitration.

16. Significance of Headings: Incorporation of Recitals. Section and paragraph headings contained hereunder are solely for the purpose of aiding in

SPONSORSHIP AGREEMENT

speedy location of subject matter and are not in any sense to be given weight in the construction of this Agreement. Accordingly, in case of any question with respect to the construction of this Agreement, it is to be construed as though such section or paragraph heading has been omitted. The recitals are hereby incorporated by reference in and form a part of this Agreement.

17. Survival. Any provision of this Agreement which imposes an obligation or right after termination or expiration of this Agreement shall survive such termination or expiration and be binding on the respective parties.

18. Time of Essence. Time is of the essence in the performance of this Agreement.

19. Relationship. Nothing herein shall be construed as creating a joint venture, partnership, or agency relationship among the parties. City shall not be considered an organizer, operator, promoter or producer of the Tennis Facility or the Tournament.

20. Entire Agreement. This Agreement constitutes the entire understanding among the parties and cannot be altered or modified except by a writing signed by all parties. When executed, regarding the subject matter thereof, this Agreement shall supersede all prior agreements and shall thereupon render said prior agreements null and void and without further legal effect.

21. Company Authority.

(a) Tennis Entities shall each deliver to City on execution of this Agreement a certified copy of a resolution and or minute order of their respective Board of Directors or appropriate governing body authorizing the

SPONSORSHIP AGREEMENT

execution of this Agreement and naming the officers that are authorized to execute this Agreement on its behalf. Each individual executing this Agreement on behalf of his or her respective company or entity shall represent and warrant that:

(i) The individual is authorized to execute and deliver this Agreement on behalf of that company or entity in accordance with a duly adopted resolution of the company's board of directors or appropriate governing body and in accordance with that company's or entity's articles of incorporation or charter and bylaws or applicable formation documents; and

(ii) This Agreement is binding on that company or entity in accordance with its terms; and

(iii) The company or entity is a duly organized and legally existing company or entity in good standing; and

(iv) The execution and delivery of this Agreement by that company or entity shall not result in any breach of or constitute a default under any mortgage, deed of trust, loan agreement, credit agreement, partnership agreement, or other contract or instrument to which that company or entity is party or by which that company or entity may be bound.

22. Execution in Counterparts.

This Agreement and any amendment may be signed in one or more counterparts which taken together shall constitute an original of this Agreement.

SPONSORSHIP AGREEMENT

This Agreement will be effective when the respective attorneys for the parties each have in their possession (either the original, a copy or by fax) counterparts which together bear the dated signatures of all parties and their attorneys.

23. Jointly Drafted.

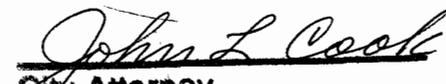
It is agreed among the parties that this Agreement was jointly negotiated and jointly drafted by the parties and their respective attorneys, and that it shall not be interpreted or construed in favor or against any party on the ground that such party drafted the Agreement. Even if it should be determined that it was prepared, in whole or in part, by any one party or its attorney, this Agreement shall not be construed against such party, but shall be construed as if all parties jointly prepared it, and any uncertainty or ambiguity or incompleteness shall not be interpreted, construed or applied against any one party on the ground that its attorney prepared it. It is also agreed and represented by all parties that this Agreement was the result of extended negotiations between the parties and their respective counsel, and that such parties were of equal or relatively equally bargaining power. In no way whatsoever will the parties hereto claim that this Agreement is a contract of adhesion or is unreasonable or unconscionable.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

City of Indian Wells

By: 
Title: Mayor

APPROVED AS TO FORM


City Attorney

Date: October 28, 1998



**CITY OF INDIAN WELLS
44-950 ELDORADO DRIVE
INDIAN WELLS, CA 92210**

State of California
County of Riverside
City of Indian Wells

On October 28, 1998, before me, Carole M. Johnson-Boddin, Deputy City Clerk, and in the City of Indian Wells, personally appeared Michael D. Landes, personally known to me to be the Mayor of the City of Indian Wells representing the City of Indian Wells, and the person whose name is subscribed to the Sponsorship Agreement between the City of Indian Wells and PM Sports Management Corporation, Desert Champions LLC, Garden of Champions LLC, and International Merchandising Corporation, dated October 28, 1998.

WITNESS my hand and official seal of the City of Indian Wells.

Carole M. Johnson-Boddin
Deputy City Clerk

Description of Attached Document:

Sponsorship Agreement between the City of Indian Wells and PM Sports Management Corporation, Desert Champions LLC, Garden of Champions LLC, International Merchandising Corporation, dated October 28, 1998. 31 Pages.



SPONSORSHIP AGREEMENT

PM Sports Management Corporation, a California Corporation

By: Raymond J. Moore
Title: PRESIDENT
Date: 10/28/98

Desert Champions LLC, a California limited liability company

By: _____
Title: _____
Date: _____

Garden of Champions LLC, a California limited liability company

By: _____
Title: _____
Date: _____

International Merchandising Corporation, an Ohio corporation

By: _____
Title: _____
Date: _____

SPONSORSHIP AGREEMENT

PM Sports Management Corporation, a California Corporation

By: _____

Title: _____

Date: _____

Desert Champions LLC, a California limited liability company

By: INTERNATIONAL MERCHANDISING CORPORATION, member

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

Garden of Champions LLC, a California limited liability company

By: INTERNATIONAL MERCHANDISING CORPORATION, member

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

International Merchandising Corporation, an Ohio corporation

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

**APPROVED AS TO
LEGAL FOR:**

pg 5

SPONSORSHIP AGREEMENT

PM Sports Management Corporation, a California Corporation

By: Raymond J. Moore.
Title: PRESIDENT
Date: 10/28/98

Desert Champions LLC, a California limited liability company

By: _____
Title: _____
Date: _____

BY PM SPORTS TOURNAMENT, LLC, MEMBER
BY ATHLONE, LLC, MEMBER
BY: Raymond J. Moore.
RAYMOND J. MOORE, MANAGER
DATE: 10/28/98

Garden of Champions LLC, a California limited liability company

By: _____
Title: _____
Date: _____

BY PM SPORTS LAND, LLC, MEMBER
BY AMKAY, LLC, MEMBER
BY: Raymond J. Moore.
RAYMOND J. MOORE, MANAGER
DATE: 10/28/98

International Merchandising Corporation, an Ohio corporation

By: _____
Title: _____
Date: _____

SPONSORSHIP AGREEMENT

PM Sports Management Corporation, a California Corporation

By: _____

Title: _____

Date: _____

Desert Champions LLC, a California limited liability company

By: INTERNATIONAL MERCHANDISING CORPORATION, member

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

Garden of Champions LLC, a California limited liability company

By: INTERNATIONAL MERCHANDISING CORPORATION, member

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

International Merchandising Corporation, an Ohio corporation

By: _____

Arthur J. Lafave, Jr.

Title: Senior Group Vice President and Secretary

Date: October 28, 1998

**APPROVED AS TO
LEGAL FORM**

pg 5

EXHIBIT "A"

