

LEASE AGREEMENT

THIS LEASE entered into this 2nd day of May, 1985, by and between Burns Industries, Inc., a Wyoming corporation, hereafter referred to as "Lessor" and Big Horn Polo Club, Inc., a Wyoming nonprofit corporation, hereafter referred to as "Lessee."

In consideration of the mutually binding terms, covenants and conditions of this Agreement, the parties agree:

1.

Premises. Lessor hereby leases to Lessee approximately 100 acres, more or less, together with the rights of ingress and egress thereto which shall include a minimum thirty (30) foot wide nonexclusive easement to the leased premises. The leased premises and the easement are located generally in the W $\frac{1}{2}$  of Section 14, Township 54 North, Range 84 West, Sheridan County, Wyoming. Lessee shall, at its expense, survey the premises agreed upon and provide a metes and bounds legal description. The parties agree to execute an additional document confirming the legal description of the premises subject to this lease.

Lessee shall, at Lessee's sole expense, maintain the access road on the easement in at least as good a condition as it is upon the execution of this lease.

2.

Term. The initial term of this lease shall be for twenty (20) years from the date this lease is executed through and including the same date twenty (20) years later. Either party may cancel the lease in the first two years of the lease term if, and only if, the Lessee shall find the property unsuitable for the development of a regional polo center or, if it shall be determined that Lessee's use of

this property for the purposes provided in this lease has in fact unreasonably interfered with Lessor's present uses of its adjacent lands for agricultural purposes.

3.

Lease Payment. Lessee agrees to pay the Lessor the sum of \$1,500.00 the first year and \$3,000.00 annually thereafter as the rental for the leased premises subject to the adjustments provided below. The first payment of \$1,500.00 shall be due and payable to Lessor on the date this lease is signed, the receipt and sufficiency of which is hereby acknowledged. All other lease payments shall be made on or before November 1 of each year commencing with the year 1986.

The annual rental set forth above shall be subject to being increased or decreased every five years in accordance with changes in the consumer price index (referred to herein as the "price index"). The annual rental shall be adjusted in accordance with the following provisions:

A. Rental shall be adjusted commencing November 1, 1990. The price index for November of 1985 shall be designated as the base price index.

B. As of November 1 of each year in which a rental adjustment is to be made (1990, 1995, and 2000), the annual rental shall be adjusted upward or downward by multiplying such annual rental which is then in effect by a fraction, the numerator of which is the price index for October of the year in which the adjustment is made, and the denominator of which is the base price index.

C. As used herein consumer price index refers to the consumer price index for all urban consumers (CPI-U) as published by the Bureau of Labor Statistics, United States Department of Labor, Washington, D. C.

4.

Use of Leased Premises. The Lessee shall use the premises solely for the purposes of polo and other equestrian activities, and the Lessee may use the premises for other athletic activities upon the approval by the Lessor of such other athletic activities. Lessee shall not have the right to make any commercial use of the premises inconsistent with the purposes or uses of a nonprofit corporation; provided, however, Lessee shall have the right to any concessions run on the property in connection with the above-described permitted activities. The Lessee shall not have the right to make any residential use of the premises; provided that the Lessee's employees, caretaker or manager, and visiting polo players may reside there during polo season where such residence is related to maintenance or security of the facility or horses. Lessee will maintain premises in a clean and sanitary condition and will surrender the same at the end of the term in a clean and sanitary condition.

5.

Utilities. Lessee shall have the right to extend and erect all utilities to the premises including but not limited to electricity and telephone service; provided, however, that the Lessee shall pay all costs associated with such utilities and make all arrangements necessary for putting the utilities in the Lessee's name, and all such utilities shall be placed and located to the Lessor's satisfaction. All utilities shall be placed underground to the extent practical. Lessee agrees to indemnify the Lessor from any liability incurred by Lessor for failure of the Lessee to secure proper arrangements for the utilities. Lessor reserves the right to connect to any power lines installed on the premises for any purpose which Lessor desires. Lessor shall have the right to enter upon the leased premises at

any time for the purposes of connecting to the power lines; provided, however, Lessor's use of power from the line shall be metered separately, and Lessor shall install such meter at Lessor's expense, and the Lessor's entry upon the premises or connection shall not damage the surface or otherwise interfere with the Lessee's use of the premises.

6.

Lessee's Right to Alter and Improve Property.

The Lessee may, at its own expense, make such alterations, additions and improvements to the premises to enable the full use of the premises for the uses provided in this agreement including the erection and construction of paddocks, barns, corrals, tie racks, polo fields, utilities, roads, fences and all other facilities for equestrian activities. All such construction and improvements shall be subject to Lessor's approval, which approval will not be unreasonably withheld. The Lessee shall also have the right to erect portable or permanent restroom facilities. All additions, alterations and improvements made in or to the leased premises by either the Lessor or Lessee shall become the property of the Lessor and be surrendered with the premises at the termination of this lease. The Lessee shall have the right to remove or replace its removable fixtures, provided, however, Lessee shall repair all damage caused by such removal to the Lessor's satisfaction. The failure of Lessee to remove its fixtures from any of the property within ninety (90) days of the expiration of this lease shall cause the property to become the sole property of the Lessor. The location of all improvements and fixtures to be placed upon the above-described land must be consented to by the Lessor. The Lessor will not unreasonably withhold its consent to the location of such improvements.

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7.

Boundary Fences. Lessee may, at its expense, construct any fence which it deems necessary to fence livestock off the leased premises; provided, however, that the Lessee is not obligated to construct any fence to any particular specification and may use temporary electrical fence or other materials as it may select as suitable.

8.

Water and Use of Sprinkler System. To the extent permitted by applicable law, the Lessor shall allow the Lessee to irrigate the leased premises with direct flow and reservoir water rights of the Lessor to the extent necessary to irrigate and maintain the polo fields throughout the months when irrigation in the fields is necessary. Among the water rights that Lessee shall be entitled to use is one-half of the entire amount of reservoir water in Kearney Lake which the Lessor shall be entitled to use on the execution of this lease. As additional consideration for this lease the Lessee shall pay one-half of the assessment on the Kearney Lake Land & Reservoir Co. stock held by the Lessor presently for operation and maintenance; provided that the portion of the assessment to be paid by the Lessee shall not be increased by any assessment for capital improvements such as the rebuilding of dam structures or water works.

The Lessor shall also make available to Lessee the two side roll sprinkler systems now on the leased premises for the purposes of irrigation; provided, however, if the side roll sprinkler systems now in use on the land become inoperable or in need of repair and maintenance, the Lessor shall have no obligation to repair or maintain the sprinkler systems or to provide a replacement. Lessee may, however, at its expense repair such system and continue to use the

system for irrigation of the property. Lessee will irrigate the lands in a timely fashion so as not to subject Lessor's water rights to abandonment or forfeiture.

9.

Indemnity. Lessor shall not be liable for any damage or injury to Lessee, or any other person or to any property, occurring on the premises or any part thereof, and Lessee agrees to hold Lessor harmless from any and all claims for damage or injury to Lessee or to any other person or to any property arising out of the use of the leased premises, no matter how such damage or injury is caused. Lessee shall also hold Lessor harmless from any and all claims made against Lessor by any person for damage or injury arising out of the use of the leased premises. Lessee shall carry liability insurance in an amount exceeding \$500,000 protecting Lessor and Lessee. Proof of such insurance shall be provided to Lessor.

10.

Taxes. Lessee shall pay all real property taxes attributable to the leased premises.

11.

Ordinances and Statutes; Discharge of Firearms. Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force or which may hereafter be in force pertaining to the use of the premises. Lessee shall acquire all permits required for their use of the premises. Lessee shall not permit the discharge of any firearms on the premises.

12.

Inspection and Use by Lessor. Lessor may enter the premises at reasonable times to inspect the premises or to show the premises to prospective tenants, purchasers, or representatives of lending institutions.

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13.

Termination - Default. In the event of Lessee's default or nonperformance of any term of this Agreement, the Lessor shall give the Lessee sixty (60) days written notice in which to cure the default. If the default is not cured within such time, the Lessor may, at its option, exercise the following rights and remedies:

A. Lessor may continue this lease in effect and enforce all of its rights and remedies under the lease, including the right to recover the rent as it becomes due, or

B. Lessor may reenter the property and relet the premises or any part thereof without terminating the lease, at the rent and on the terms as Lessor may choose. In that event, Lessor shall apply the rent received from reletting the premises to reduce Lessee's indebtedness to Lessor under the lease, or

C. Lessor may terminate all of Lessee's rights hereunder.

If Lessee defaults under this agreement, the Lessee shall pay all costs and expenses, including a reasonable attorney's fee, which may be incurred by Lessor in enforcing this agreement, whether the remedy is pursued by filing suit or otherwise.

Upon the termination of the lease, all improvements on the property shall become the property of Lessor as provided under the terms of this agreement.

14.

Assignment. Lessee shall not transfer or sublet, assign or grant a security interest in all or any portion of the leased premises without the prior written consent of the Lessor; provided, however, Lessee may assign the lease to another nonprofit corporation which may be qualified under

Section 501 of the Internal Revenue Code subject to the prior written approval of Lessor, which approval will not be unreasonably withheld.

15.

Binding Effect. This agreement is binding upon the heirs, personal representatives and assigns of the parties hereto.

Dated this 2 day of May

BURNS INDUSTRIES, INC.

By: St. Bruce Burns

Title: Chairman

Attest:

Charlotte McKenney  
Witness

BIG HORN POLO CLUB, INC.

By: William L. King

Title: President

Attest:

Charlotte McKenney  
Witness



STATE OF WYOMING     )  
                               ) ss.  
 County of Sheridan    )

The foregoing instrument was acknowledged before  
 me this 2nd day of May, 1985, by           
D. Bruce Burns who is the Chairman  
 of Burns Industries, Inc., the Lessor.

Witness my hand and official seal.



Charlotte McKinney  
 Notary Public

My Commission expires: May 26, 1986.

STATE OF WYOMING     )  
                               ) ss.  
 County of Sheridan    )

The foregoing instrument was acknowledged before  
 me this 2nd day of May, 1985, by           
William L. King who is the President  
 of Big Horn Polo Club, Inc., the Lessee.

Witness my hand and official seal.



Charlotte McKinney  
 Notary Public

My Commission expires: 5/26/86.

EXHIBIT A

WYOMING LS 2615  
MONTANA LS 5640S  
UTAH LS 6168  
IDAHO LS 4486



POST OFFICE BOX 3082  
SHERIDAN, WYOMING 82801  
(307) 674-7085

## LEGAL DESCRIPTION

for

BIRD FARM FLAT POLO FIELD LEASE

A tract of land lying in the West Half of Section 14, T54N R84W, 6th P.M., Sheridan County, Wyoming; said parcel described as follows:

Beginning at a point on the west line of said Section 14, said point being  $N0^{\circ}43'47''W$ , 1303.05 feet from the southwest corner of said Section 14; thence  $N72^{\circ}26'38''E$ , 1388.31 feet to a point; thence  $N08^{\circ}58'04''E$ , 1558.18 feet to a point; thence  $N02^{\circ}10'33''W$ , 245.62 feet to a point; thence  $N40^{\circ}58'09''W$ , 203.38 feet to a point; thence  $N02^{\circ}06'11''E$ , 226.42 feet to a point on a fenceline; thence  $S82^{\circ}24'39''W$ , 437.89 feet along said fenceline to the southeast corner of a tract per Book 97 of Deeds, Page 315; thence  $N68^{\circ}20'53''W$ , 865.40 feet along said deed line to the southwest corner of said tract; thence  $S88^{\circ}37'13''W$ , 230.00 feet to a point on the west line of said Section 14; thence  $S0^{\circ}43'47''E$ , 2839.34 feet to the point of beginning.

Said tract contains 82.82 acres more or less.

ALSO including an easement 30 feet wide for ingress and egress, the north line of said easement described as follows:

Beginning at a fence corner on the west right-of-way line of the Paynes Ranch County Road; said point being  $N23^{\circ}47'21''E$ , 4394.77 feet from the southwest corner of said Section 14; thence  $S63^{\circ}58'37''W$ , 275.38 feet along a fenceline to a fence corner; thence  $S82^{\circ}29'55''W$ , 110.65 feet along said fenceline to a point; said point being  $S20^{\circ}00'53''W$ , 4135.91 feet from said southwest corner of Section 14.

BASIS OF BEARINGS: Wyoming State Plane