

**SEVENTH AMENDMENT
TO CITY OF ROCHESTER HILLS/GOLF CONCEPTS, INC.
GOLF COURSE LEASE AGREEMENT**

THIS AGREEMENT, dated _____, 2010, is the Seventh Amendment to the Lease dated June 27, 1986, by and between the City of Rochester Hills, a Michigan municipal corporation, with offices located at 1000 Rochester Hills Drive, Rochester Hills, Michigan 48309 (hereinafter referred to as "CITY"), and Golf Concepts, Inc., a Michigan corporation, whose address is 3600 Pine Trace Blvd., Rochester Hills, Michigan 48309 (hereinafter referred to as "LESSEE").

WHEREAS, the CITY and LESSEE previously entered into a Golf Course Lease Agreement dated June 27, 1986, as amended by a First Amendment dated August 13, 1986, a Second Amendment dated September 11, 1987, a Third Amendment dated November 8, 1988, a Fourth Amendment dated October 13, 1989, a Fifth Amendment dated December 16, 1991, and a Sixth Amendment dated September 4, 1996 (the Lease and Amendments are hereinafter collectively referred to as the "LEASE"); and

WHEREAS, the CITY and LESSEE desire to further amend the LEASE to re-specify the financial information to be provided by LESSEE to the CITY for purpose of determining adjustments to the percentage rents payable; to provide for minimum hours of operation, standards of service and City oversight of golf course operations; and to express the parties' intent that LESSEE's use of the leased premises shall be regarded as a concession under Michigan law, especially for purposes of the Lessee-User Tax Act, MCL 211.181 et seq.

THEREFORE, the CITY and LESSEE, in consideration of the rents to be paid by LESSEE, the operation and maintenance of the golf course and related facilities in accordance with the LEASE, as amended, and other good and valuable consideration, agree:

1. Section 5.1 of the LEASE, as amended by the Second Amendment to the LEASE, shall be further amended in its entirety to read:

Section 5.1 Annual Consideration:

A. Fixed and Percentage Rent: As consideration for the use of the leased premises on which the golf course facilities will be constructed, operated and maintained during the term of this Lease, LESSEE shall pay to the CITY fixed rental payments in Lease Years 1 through 10, and thereafter, the greater of (i) a percentage of gross receipts including, but not limited to, green fees, cart rentals, driving range, winter use fees, pro shop sales, and food and non-alcoholic refreshment sales, or (ii) the Minimum Payment as provided in the rent schedule below. LESSEE agrees to pay yearly to the City the following fixed payments in Lease Years 1 through 10, and the greater of (i) the following percentages, or (ii) the Minimum Payment as provided in the rent schedule below over the balance of the Lease for Lease Years 11 through 39:

<u>Lease Year</u>	<u>Calendar Year</u>	<u>% of Gross</u>	<u>Fixed Payment</u>	<u>Minimum Payment</u>
1	1987		5,000	
2	1988		5,000	
3	1989		5,000	
4	1990		5,000	
5	1991		5,000	
6	1992		5,000	
7	1993		5,000	
8	1994		5,000	
9	1995		5,000	
10	1996		5,000	
11	1997	1%		5,000
12	1998	1%		5,000
13	1999	1%		5,000
14	2000	1%		5,000
15	2001	1%		5,000
16	2002	2%		15,000
17	2003	2%		15,000
18	2004	2%		15,000
19	2005	3%		20,000
20	2006	3%		25,000
21	2007	3%		25,000
22	2008	5%		45,000
23	2009	8%		65,000
24	2010	8%		75,000
25	2011	8%		85,000
26	2012	8%		90,000
27	2013	10%		95,000
28	2014	10%		100,000

29	2015	10%	105,000
30	2016	10%	110,000
31	2017	10%	115,000
32	2018	10%	120,000
33	2019	10%	125,000
34	2020	10%	130,000
35	2021	10%	135,000
36	2022	10%	140,000
37	2023	10%	145,000
38	2024	10%	150,000
39	2025	10%	155,000

The minimum payment made by LESSEE to the CITY in December of 1986, has been applied by the CITY to Lease Year 1, 1987. The Minimum payment of \$5,000.00 for Lease Year 2, 1988 shall be paid by LESSEE on or before December 31, 1988. The payments for 1987 and 1988 will be used by the CITY to pay any and all costs it has incurred or will incur for its golf course consultant.

B. Additional Rent: In addition to the rents payable under subsection A, above, LESSEE shall, starting in calendar year 2011, annually pay to the CITY the amount of \$8,000 as Additional Rent.

2. Section 5.2 of the LEASE, as amended by the Second Amendment and Sixth

Amendment to the LEASE, shall be further amended in its entirety to read:

Section 5.2 Payments Due Yearly:

All fixed rental payments due the CITY in Lease Years 1 through 10, and all Additional Rent payments starting in calendar year 2011, shall be made in each lease year by December 31st. Percentage rental payments due the CITY beginning in Lease Year 11, and thereafter, shall be payable on or before April 15, June 15, July 15, August 15, September 15, and November 15 of each year, and shall be based on gross receipts from all sales transactions made by the LESSEE, exclusive of State of Michigan sales taxes and exclusive of alcoholic beverage sales as provided in Section 5.7 of the Lease, and shall be accompanied by a schedule (an example of which is attached) showing gross revenues. Gross revenues or receipts shall not include pro shop merchandise returned for credit or income derived from the sale of personal property. Every such payment shall cover the ensuing month(s) since the last percentage rent due date, and in every year, the April 15 payment shall include and reflect any adjustments to the percentage rents payable for the prior calendar year based on an audit of gross receipts by a certified public accountant to be completed for such prior calendar year. LESSEE shall annually provide the City with a copy of such audit of gross receipts. All books and records of LESSEE shall be kept and maintained in accordance with generally accepted accounting principles.

3. Section 5.4 of the LEASE shall be amended in its entirety to read:

Section 5.4 Accounting:

The LESSEE shall permit inspection of said books and records by the CITY at reasonable times and as necessary in the reasonable opinion of the CITY. Beginning no sooner than calendar year 2020, LESSEE shall also submit at the end of each year, or less frequently if not required by the CITY, an audited and itemized statement of maintenance expenditures for operations under the lease agreement, in a form prepared by a Certified Public Accountant approved by the CITY.

4. Section 5.5 of the LEASE shall be amended in its entirety to read:

Section 5.5 Taxes:

The leased premises are owned by the CITY and are exempt from property taxation. The parties have intentionally restructured this agreement as a concession/lease agreement under Michigan law, and the parties intend, and are of the opinion, the LESSEE's use of the leased premises, going forward, is as a concession that is exempt from real property taxation pursuant to MCL 211.181(2)(b). However, it is contemplated that LESSEE shall be subject to taxation upon all personal property owned by LESSEE and used on or in connection with the leased premises, other than any interest of LESSEE in buildings constructed by LESSEE or leasehold improvements to the land/real property made by LESSEE. LESSEE covenants to pay such taxes as may be lawfully assessed against such personal property. Any improvements to the premises made by the CITY shall not impose any additional personal property taxes on the LESSEE.

5. Sections 7.3, 7.4 and 7.5 shall be added to read:

Section 7.3 Days and Hours of Operation:

LESSEE shall operate the golf course and related facilities during the regular and customary hours for a public golf course business in the vicinity. The golf course shall be opened for play on or before April 1 of each year and shall not close for the season before November 1 of each year, and shall be open for play, weather permitting, every day during the golf season from one hour after dawn until dusk.

Section 7.4 Standard of Service:

LESSEE shall operate the golf course and related facilities as a superior municipal golf course that is constructed, operated and maintained in a manner that fosters community pride and will not require the expenditure of City funds.

Section 7.5 City Oversight:

LESSEE shall be responsible for the operation of the leased premises in accordance with this Article. At the parties' annual meeting pursuant to Section 2.5, the parties will review the golf course operation and discuss any changes, goals and objectives for the following year. In case of disagreement over the requirements and standards for operation of the premises, the CITY shall advise LESSEE in writing of the claimed deficiency. The CITY and LESSEE shall make a good faith effort to resolve the CITY's objection to LESSEE's operation of the premises within Thirty (30) days. If the parties are not able to agree on a satisfactory resolution within that time period, the matter shall be referred to arbitration, and the provisions of Section 4.3 of the LEASE shall govern.

6. Wherever the term "lease" is used in the LEASE or any amendment thereto, including this amendment, "lease" shall be deemed to mean "lease/concession". All other terms and conditions of the LEASE, as previously amended, shall remain in full force and effect.

WITNESSES:

CITY OF ROCHESTER HILLS, a
Michigan Municipal Corporation

By: _____
BRYAN K. BARNETT, MAYOR

GOLF CONCEPTS, INC., a
Michigan Corporation

By: _____
MICHAEL S. BYLEN, PRESIDENT

STATE OF MICHIGAN
COUNTY OF OAKLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 2010, by Bryan K. Barnett, Mayor, of the City of Rochester Hills, a municipal corporation, on behalf of the City.

, Notary Public
My Commission Expires: _____

STATE OF MCHIGAN
COUNTY OF OAKLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 2010, by Michael S. Bylen, President, of Golf Concepts, Inc., a Michigan corporation, on behalf of the corporation.

, Notary Public
My Commission Expires: _____