

**MEMORANDUM****TO:** Board of Trustees**THROUGH:** Karen Crocker, Acting General Manager / Director of Parks and Recreation**FROM:** Mike Bandelin, Diamond Peak Ski Resort General Manager**SUBJECT:** Review, discuss and possibly authorize the District's Acting General Manager to extend the lease agreement between the Hyatt Corporation and the Incline Village General Improvement District, and Approve the Seventh Amendment Document. (Requesting Staff Member: Diamond Peak Ski General Manager Mike Bandelin)

**RELATED STRATEGIC PLAN BUDGET INITIATIVE(S):** Long Range Principle #1 – Service – The District will provide superior quality service through responsible stewardship of District resources and assets with an emphasis on the parcel owner and customer experience.

**DATE:** September 11, 2024**I. RECOMMENDATION**

That the Board of Trustees makes a motion to;

1. Authorize the District's Acting General Manager to extend the lease agreement between the Hyatt Corporation and the Incline Village General Improvement District and Approve the Seventh Amendment document for a term extending through May 31, 2025, at a lease payment structure of 10% of gross sales each calendar month throughout the term of the lease.

**II. BACKGROUND**

The District has been operating the Sport Shop located in the Hyatt Regency Lake Tahoe through a lease agreement beginning in September 2010. The lease agreement, including amendments, had been previously approved by the Board of Trustees at regularly scheduled meetings during the following dates: September 2010, May 2012, May 2016 and May 22, 2019 (Item H.1). The Board of Trustees reviewed and approved the fifth amendment to the lease agreement for a one-year term at your meeting on December 14, 2022 (Item G.3) and the

sixth amendment on November 8, 2023 (Item F.2).

The Sport Shop provides services and sales, including ski lift ticket products, equipment rental and ski/snowboard lesson products. Staff will note that all products sold at the location are rack rate and there are no discounts afforded or applied to guests of the Hyatt Regency Lake Tahoe.

In accordance with Board Policy 3.1.0., 0.15 Consent Calendar, this item is included on the Consent Calendar as it is routine business of the District and within the currently approved District Budget.

### **III. BID RESULTS**

Not Applicable

### **IV. FINANCIAL IMPACT AND BUDGET**

The Ski Fund Fiscal Year 2024/25 approved operating budget provides revenue and expense appropriations for the operating period within GL 30343496. Included in the staff report is a revenue and expense financial comparison for FY2023/24 and budget appropriations for FY2024/25.

### **V. ALTERNATIVES**

The Board of Trustees could not approve the proposed one-year term lease agreement.

### **VI. COMMENTS**

No comments are provided.

### **VII. BUSINESS IMPACT/BENEFIT**

This item is not a "rule" within the meaning of Nevada Revised Statutes, Chapter 237, and does not require a Business Impact Statement.

### **VIII. ATTACHMENTS**

1. Seventh Amendment to IVGID Hyatt Lease Agreement
2. Hyatt Lease Agreement and Amendments
3. FY2024 Budget Comparison and FY2025 Budget

### **IX. DECISION POINTS NEEDED FROM THE BOARD OF TRUSTEES**

There are no decision points needed from the Board of Trustees other than the review and possible approval of the recommendation provided in the report.

## SEVENTH AMENDMENT TO LEASE

THIS SEVENTH AMENDMENT TO LEASE AGREEMENT (this “Agreement”) is dated August 28, 2024 but deemed effective as of June 1, 2024 (the “Effective Date”) by and between Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort (“Lessee”), and HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company (or its predecessors-in-interest), d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino (“Lessor”).

### WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Agreement, effective as of June 1, 2010, (the “Agreement”), as amended by that certain First Amendment, dated May 18, 2016 (the “First Amendment”), that certain Second Amendment, dated May 30, 2019 (the “Second Amendment”), that certain Third Amendment, dated June 17, 2020 (noted in error as “Second Amendment”), that certain Fourth Amendment, dated September 16, 2020 (the “Fourth Amendment”), that certain Fifth Amendment, dated December 15, 2022 (the “Fifth Amendment”), and that certain Sixth Amendment, dated November 7, 2023, which provides for Lessee to lease space in the Hotel for the operation of a first class sport shop (the “Lease”) at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the “Hotel”); and

WHEREAS, the parties desire to amend the Agreement and extend the term.

### AGREEMENTS:

NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

1. Term. The term of the Lease will be extended through and including May 31, 2025.
2. Effect of this Agreement. Except as specifically amended by the provisions of this Agreement, all of the terms and provisions in the Lease are ratified and shall continue to govern the rights and obligations of the parties thereunder, and all provisions and covenants of the Lease shall remain in full force and effect as stated therein. This Agreement and the Lease shall be construed as one instrument. In the event of any conflict between this Agreement and the Lease, the terms and provisions of this Agreement shall control and shall be paramount, and the Lease shall be construed accordingly. The terms, provisions and covenants of this Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective successors in interest and assigns. The terms and conditions of this Agreement may not be modified, amended, altered or otherwise affected except by instrument in writing executed by Lessee and Lessor. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN LESSEE AND LESSOR WITH RESPECT TO THE TERMS AND CONDITIONS OF THIS INSTRUMENT, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR.

3. Miscellaneous.

- (a) This Agreement shall be construed according to the laws of the State of Nevada.
- (b) Each of Lessee and Lessor represents, warrants and agrees that all recitals set forth above in this Agreement are true and correct, and all such recitals are ratified, adopted and restated as part of the instrument which is evidenced by and effected by this Agreement.
- (c) Each of Lessee and Lessor warrants to the other that all consents and/or approvals required (including from all of its members to the extent applicable) for its execution, delivery and performance of this Agreement have been obtained and that it has the right and authority to enter into and perform its covenants contained in this Agreement and in the Lease.
- (d) If any term or provision of this Agreement, or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each provision of this Agreement shall be valid and shall be enforceable to the extent permitted by law.
- (e) This Agreement may be executed in multiple counterparts, each of which for all purposes is deemed an original, and all of which constitute collectively but one instrument.

**[SIGNATURES APPEAR ON FOLLOWING PAGE(S)]**

IN WITNESS WHEREOF, Lessee and Lessor have executed this Agreement effective as of the date first set forth above.

**LESSEE:**

Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**LESSOR:**

HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company, d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

LEASE

THIS LEASE made and entered into this 1<sup>st</sup> day of ~~August~~<sup>September</sup>, 2010, but effective as of June 1, 2010, by and between Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company, d/b/a Hyatt Regency Lake Tahoe, Resort & Spa (hereinafter called "Lessor") and Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort (hereinafter called "Lessee"):

**WITNESSETH**

WHEREAS, Lessor operates a hotel (herein called the "Hotel"), known as the Hyatt Regency Lake Tahoe, Resort & Spa, located at 1111 Country Club Drive, Incline Village, Nevada 89451.

WHEREAS, Lessee has an address of 893 Southwood Blvd., Incline Village 89451, and;

WHEREAS, Lessor desires to lease, and Lessee desires to hire, space in the Hotel for the operation of a first-class sport shop for the term and upon the terms herein provided;

NOW, THEREFORE, Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor, those premises within the Hotel comprising 1040 square feet, more or less, located as shown in Exhibit A hereto, which premises, together with any improvements heretofore or hereafter made thereon and thereto and any appurtenances thereunto belonging, are herein referred to as the "Premises." The roof and perimeter walls of the Premises and the area above, outside and between the same are not demised hereunder and the use thereof, together with the right to install, maintain, use, repair and replace pipes, ducts, conduits, wires and structural elements leading through the Premises are hereby reserved unto Lessor.

TO HAVE AND TO HOLD the Premises for the term, at the rentals and upon the terms, covenants and conditions hereinafter set forth:

1. Exhibits.

There is attached hereto and hereby made a part hereof a Plot Plan, marked Exhibit A, showing the location of the Premises.

2. Term.

2. Term.

(a) The original term of this Lease shall commence on June 1, 2010 (the "Commencement Date") and shall terminate on May 31, 2013 (the "Original Expiration Date").

(b) The term "lease year" refers to any twelve (12) month period within the term hereof, commencing on June 1, 2010 and ending on May 31, 2013 (the "Term") provided, that, in the event of an early termination of this Lease, the last lease year shall end on the date of such termination and commence on the immediately preceding May 31, 2013.

(c) Provided that Lessee is not then, or has not been, in default under the terms of this Lease, Lessee shall have the right and option (the "Renewal Option"), by a notice given to Lessor not later than sixty (60) prior to the end of the then current term to extend the term of this Lease for a period three (3) years ending May 31, 2016 (the "Renewal Term") at a rental set forth in a rental agreement executed between the parties not later than sixty (60) days (which date is herein referred to as the "Upset Date") and otherwise upon the terms, covenants and conditions herein contained. In the event that the parties shall have failed by the Upset Date to execute and deliver a rental agreement setting forth the rental payable during the Renewal Term, then the Renewal Option shall forthwith expire and the term hereof shall terminate on the Original Expiration Date with the same force and effect as if such Renewal Option had not been exercised (Renewal Term together with Term referred to as "Term").

3. Use of Premises.

(a) The Premises shall be used for the purpose of operating a first-class sport shop and for no other purpose. Included in the allowed use is advertising, promoting and selling Diamond Peak ski tickets, packages, other related ski services, soft goods, recreation center services, tennis, golf, and, related soft goods and mountain bike rentals (collectively, the "Services") to Lessor's guests and clients, and Lessee accepts and agrees to provide such Services. Lessee shall not be permitted to sell any food or beverages throughout the Term.

(b) Lessee shall not use the Premises or permit the use thereof for any illegal purpose or in a manner conflicting with any applicable law, ordinance, rule or regulation of any governmental authority having jurisdiction, or in any manner which would vitiate the insurance or increase the rate of insurance on the Premises or the Hotel; nor commit or suffer to be committed any waste or nuisance upon the Premises; nor shall Lessee use the Premises, or permit the use thereof, in violation of Lessor's reasonable rules and regulations as such may exist from time to time. Lessee shall conduct business in the Premises in a dignified and orderly manner and shall maintain sufficient staff and high quality of service. In this connection, Lessee agrees that it will not keep in its employ at, in or about the Premises any employee who shall, upon reasonable non-discriminatory grounds, be objected to by Lessor, and to cause its employees to conform to the reasonable rules and regulations of Lessor established from time to time by Lessor for the conduct of, and in relation to, the employees of the tenants of the Hotel.

(c) Prices charged for services rendered on the Premises shall be competitive with prices charged by other first-class sport shops in the area.

(d) Lessee shall permit Hotel guests to charge purchases from the Premises to such guests' Hotel accounts providing the following steps shall have taken place:

(i) Lessee shall examine the guests' Hotel passport.

(ii) Lessee shall receive telephone verification of the guests' registration at the Hotel and authorization from the Front Office Cashier for such guests to charge purchases from the Premises to the guests' Hotel accounts.

(iii) After proper verification and authorization as hereinabove provided, Lessee shall record sales transactions on the Premises' standard sales checks and shall submit copies of such sales checks to the Hotel Front Desk on a same-day basis as such sales transactions take place. Lessee's standard sales checks shall include the name and room number of the Hotel guest and the total amount of all purchases.



(iv) Once a month during the term of the Lease, Lessee shall submit to Lessor a statement describing all purchases made by Lessor's guests which are charged to such guests' Hotel accounts for the preceding month.

(v) It is understood and agreed between the parties that any amounts disputed by the Hotel guest or amounts deemed by the Hotel Controller to be uncollectible shall be deducted by Lessor from the payment to Lessee for the following month or months. Lessor agrees to pursue the collection of all unpaid amounts (except disputed amounts) in accordance with the Hotel's usual and normal collection procedures and any amounts thus collected shall be applied to Lessor and Lessee's outstanding balances on a prorated basis.

(e) If any governmental license or permit including, without limitation, any use permit and/or certificate of occupancy for Lessee's lease of the Premises, shall be required for the proper and lawful conduct of Lessee's business or other activity carried on in the Premises or if a failure to procure such a license or permit might or would in any way affect the operations of the Hotel, then Lessee, at its expense, shall duly procure and thereafter maintain such license or permit and submit the same to inspection by Lessor. Lessee, at its sole cost and expense, shall at all times comply with the requirements of each such license or permit.

4. Condition of Premises.

Lessee's taking possession of the Premises shall be conclusive evidence of Lessee's acceptance thereof in good order and satisfactory condition. Lessee agrees that no representations respecting the condition of the Premises, and that no promises to decorate, alter, repair or improve the Premises, either before or after the execution hereof, have been made by Lessor or its agent to Lessee unless the same are contained herein and made a part hereof.

5. Rent.

(a) In respect of each month during the term hereof, Lessee agrees to pay to Lessor, without demand and without deduction or set-off of any amount for any reason whatsoever, at the times and in the manner hereinafter provided, rent for the Premises as follows: Lessee shall pay in advance, on or before the first day of each calendar month included in the term hereof, a guaranteed minimum rental per month in the "applicable amount" hereinafter in this subparagraph (a) provided. If this Lease shall commence on a day other than the first day of the month or terminate on a day other than the last day of the month, as appropriate, then the guaranteed minimum rental for the first or last partial month, if any, as applicable, shall be equitably prorated. The "applicable amount" shall be equal to ten percent (10%) of Lessee's gross sales (the "Base Amount") for each calendar month throughout the Term.

The following provisions shall apply in respect of such annual percentage rental and the payment thereof:

(1) The term "gross sales" for any period as used herein shall (subject to the exclusions hereinafter set forth) mean the gross amount, determined on the accrual method of accounting, derived by Lessee during such period in respect of all sales made and all services rendered in, upon or from the Premises or in, upon or from the Hotel (including delivery of goods to the Hotel or Hotel guests from outside the Hotel) and, in case of sales made or services rendered on credit, whether or not payment be actually made therefor; the gross amount derived by Lessee during such period from sales made or services rendered pursuant to orders received in the Premises, though filled elsewhere; and the gross amount of any and all other sources of income derived during such period from business conducted upon the Premises, including the gross sales, as herein defined, of sublessees, licensees and concessionaires pursuant to permitted subleases and concessions. The amounts of all sales and excise taxes and any other taxes measured by Lessee's gross sales or gross business receipts which are required to be accounted for and paid by Lessee to any governmental authorities are excluded from Lessee's gross sales (as said term is used herein).

For the purpose of accounting to Lessor there shall be deducted from Lessee's gross sales the following items (but only to the extent the same have been included in such gross sales): (i) the amount of any actual refunds or credits made by Lessee for returned merchandise, the amount whereof had theretofore been included by Lessee in Lessee's gross sales; (ii) the selling price of merchandise returned for an equal amount of merchandise in exchange. No deduction shall be allowed for disputed, uncollected or uncollectible credit accounts.

(2) If Lessee shall at any time cause an audit of its business conducted on the Premises to be made by a public accountant or certified public accountant, it shall furnish Lessor with a copy of such audit without any cost or expense to Lessor. With respect to any lease year or lease years as to which Lessor is entitled to question the sufficiency of any rental payment relating thereto under the provisions of subdivision (5), Lessor may, if it so desires, cause an audit of the business of Lessee conducted on the Premises to be made by a certified public accountant of its own selection, and shall furnish Lessee a copy of such audit. If such audit shall disclose an overpayment or underpayment of the guaranteed minimum rental for such lease year or lease years, proper adjustment shall forthwith be made between Lessor and Lessee to correct any such overpayment or underpayment. Moreover, if, as a result of such audit, the statements of gross sales and receipts for any such lease year previously submitted by Lessee to Lessor shall be found to be less by two percent (2%) or more than the amount of Lessee's gross sales and receipts shown by such audit, Lessee shall pay the cost of such audit; otherwise, the cost of such audit shall be paid by Lessor.

(3) Lessee shall cause to be kept and maintained upon the Premises or elsewhere in the City of Incline Village, Nevada full and complete and proper books, records and accounts (including sales checks and other original sales records, and cash register tapes and reports) of Lessee's gross sales (as defined in subdivision (1) of this subparagraph), both for cash and on credit, and full and complete records and accounts of all authorized exceptions and deductions therefrom. Such books, records and accounts, including any sales tax and excise tax reports which Lessee is required to furnish to any

government or governmental agency, shall, upon reasonable notice to Lessee, be made available during all business hours for inspection in Incline Village by Lessor's duly authorized agents and auditors, at no cost or expense to Lessor, and such books, records and accounts shall be made, kept and maintained in accordance with good accounting practices.

(4) The acceptance by Lessor of any money paid by Lessee as rental for the Premises as shown by any statement furnished by Lessee shall not be an admission of the accuracy of such statement or the sufficiency of such rental payment, and Lessor shall be entitled at any time within one (1) year after the receipt of any such rental payment to question the sufficiency of the amount thereof and/or the accuracy of the statement or statements furnished by Lessee to justify the same. For the purpose of enabling Lessor to check the accuracy of any such statement or statements and the sufficiency of any rental payments made in accordance therewith Lessee shall, for such period of one (1) year, keep safe and intact all of its books, records, accounts and other data (including sales checks and other original sales records and cash register tapes and reports) which in any manner bear upon, or are required to establish in detail, its gross sales and any authorized exceptions and deductions therefrom, and, upon request, shall make the same available to Lessor, its auditors, representatives or agents, for examination at any time during such one (1) year period.

(b) Each payment of or on account of rent to be paid under this Section, as well as any other sums to be paid by Lessee to Lessor hereunder, shall be paid to Lessor at its address then in effect for the receipt of notices hereunder by Lessor, or at such other place as Lessor may from time to time designate in a notice to Lessee.

(c) Rent shall be defined in this Lease as guaranteed minimum rental, which sums shall be payable in the manner provided in this Lease. All other sums of money or charges required to be paid by Lessee under this Lease shall be due and payable ten (10) days after demand, without any deductions or set off whatsoever. Lessee's failure to pay any such amounts or charges when due shall carry

with it the same consequences under Section 22 hereof as Lessee's failure to pay rent. All such amounts or charges shall be payable to Lessor at the place where the guaranteed minimum rental is payable.

(d) If Lessee shall fail to pay, when the same is due and payable, any guaranteed minimum rental or any annual percentage rental or other amounts or charges to be paid to Lessor by Lessee, as provided in this Lease, such unpaid amount shall bear interest from the due date thereof to the date of payment at the rate of eighteen percent (18%) per annum, with respect to corporate or limited partnership Lessees, and at the highest contract rate permitted by law with respect to Lessees who are natural persons.

6. Lessor's Obligations.

(a) Lessor agrees to advertise and promote Diamond Peak in its Stay and Ski Packages or similar packages as well as in its marketing and advertising materials, in connection with Lessor's ski advertising and its regular resort marketing efforts.

(b) Lessor agrees to advertise and promote Championship and Mountain Golf Courses and the Tennis Center in its Stay and Play packages or similar packages as well as in its marketing and advertising materials, in connection with Lessor's seasonal advertising and its regular resort marketing efforts.

(c) Lessor agrees to have Diamond Pete, the Diamond Peak mascot, visit and participate in the Camp Hyatt on select weekends and holidays during the Term, as determined by Lessor.

(d) Hyatt agrees that the Diamond Peak shuttle from the Hotel to Diamond Peak runs every half hour beginning at 8:30 a.m. until 1:00 p.m. Return shuttles from Diamond Peak to the Hotel begin at 2:00 p.m. and continue every half hour thereafter until 5:00 p.m.

(e) Lessor will provide Lessee with an end of the season report on the Stay & Ski packages and Stay and Play packages at the end of each season.

7. Hours of Operation and No Abandonment.

Lessee agrees not to abandon or vacate the Premises during the term hereof, and, except when and to the extent that the Premises are untenable by reason of damage by fire or other casualty, Lessee shall use and continuously operate for retail sales purposes all of the Premises other than such minor portions thereof as are reasonably required for storage and office purposes; to use such storage and office space only in connection with the business conducted by Lessee in the Premises; to furnish and install all trade fixtures which shall at all times be suitable and proper for carrying on Lessee's business; to carry a full and complete stock of seasonable merchandise offered for sale at competitive prices; to maintain adequate trained personnel for efficient service to customers; to open for business and remain open during the entire Lease Term at times mutually agreed upon by Lessor and Lessee and shall be in accordance with the season, i.e. ski, golf, recreation, etc. Keys to the leased premises shall be maintained by representatives authorized by Lessee and Lessor respectively.

8. Common Areas and Facilities.

(a) Lessor shall make available from time to time such areas and facilities of common benefit ("Common Areas") to the tenants and occupants of the Hotel as Lessor shall deem appropriate. Lessor shall operate, manage, equip, light, insure, secure, repair and maintain the Common Areas for their intended purposes in such manner as Lessor shall in its sole discretion determine, and may from time to time change the size, location and nature of any Common Areas and may make installations therein and move and remove such installations.

(b) Lessee and its permitted sublessees, licensees and concessionaires, officers, employees, agents, customers and invitees shall have the nonexclusive right, in common with Lessor and all others to whom Lessor has or may hereafter grant rights, to use the Common Areas as designated from time to time by Lessor to the extent necessary and related to the lease of the Premises, subject to such reasonable regulations as Lessor may from time to time impose including the designation of specific areas in which cars owned by Lessee, its permitted sublessees, licensees and concessionaires, officers, employees, agents,

customers and invitees must be parked. Lessee agrees to abide by such regulations and to use its best efforts to cause its permitted sublessees, licensees and concessionaires, officers, employees, agents, customers and invitees to conform thereto. Lessor may at any time close temporarily any Common Area to make repairs or changes to prevent the acquisition of public rights in such area or to discourage noncustomer parking; and may do such other acts in and to the Common Areas as in its judgment may be desirable to improve the convenience thereof. Lessee shall upon request furnish to Lessor the license numbers and description of the vehicles operated by Lessee and its permitted sublessees, licensees and concessionaires, officers, agents and employees. Lessee shall not at any time interfere with the rights of Lessor and other tenants, its and their permitted sublessees, licensees and concessionaires, officers, employees, agents, customers and invitees, to use any part of the parking areas and other Common Areas.

9. Utilities.

Lessor shall furnish without cost to Lessee the levels of heat, air conditioning and electricity for the Premises as provided to the Common Areas of the Hotel. Lessee shall pay for all water, if any, and all janitorial, scavenger and other services supplied to or for the benefit of the Premises, provided that Lessor may, at its option, supply any such services to Lessee and other tenants of the Hotel, in which case Lessee shall pay its prorata share of the cost of the services so supplied by Lessor. Lessor shall not be liable for any stoppage or interruption in the supply of the aforementioned utilities to the Premises in the event and whenever the same is due to fire or other casualty, strikes, lockouts, riots, breakdown in service, necessary repairs or any other cause beyond the reasonable control of Lessor. Lessor shall at all times maintain such level of heat to the Premises as may be necessary to keep the Premises at a proper temperature, if applicable.

10. Repair.

Lessee, at its sole cost and expense and free from mechanics liens, shall keep and maintain the Premises (including plate glass) and all appurtenances thereto installed by Lessee for the use or use in connection with the Premises, in good sanitary order, condition and repair, ordinary wear and tear, damage by fire, acts of God, or by the elements excepted, Lessee hereby waiving all right to make repairs at the expense of Lessor as provided in any applicable statute now or hereafter in force. Lessee agrees, at its sole cost and expense, and free of mechanics liens, to make any and all improvements, alterations, repairs and changes in, to and upon the Premises required by any and all laws, ordinances, rules or regulations of all governmental authorities and officials having jurisdiction thereof when, and if, required due to the use made of the Premises by Lessee. Lessee further agrees, at all times during the term hereof, to keep and maintain in clean condition and good order and repair all furniture, furnishings, fixtures and equipment (herein collectively called the "Fixtures and Equipment") then required for the operation of the Premises as a first-class sport shop and to make such replacements as shall be required from time to time, such replacements to be of at least equal quality as the items replaced. Lessee agrees to surrender the Premises to Lessor at the expiration or sooner termination of the term hereof in as good condition and repair as when first received, ordinary wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted.

11. Lessee's Improvements; Interior Design, etc.

(a) Lessee shall construct all leasehold improvements and install all furniture, fixtures and equipment, including interior decoration, in the Premises which may be required for the operation of Lessee's business. Lessee shall bear the cost of such construction of leasehold improvements and the installation of furniture, fixtures and equipment, including the interior decoration. All construction and installation of furniture, fixtures and equipment are hereinafter referred to as "Lessee's work." Lessee shall, at its sole cost and expense, promptly prepare, or cause to be prepared by an architect or designer approved by Lessor, and submit to Lessor for its approval, Drawings and Final Drawings and Specifications for



Lessee's work, which Drawings and Final Drawings and Specifications shall conform to Lessor's design criteria for the entire Hotel. Lessor agrees not to withhold unreasonably its approval of Lessee's architect or designer. Lessor, however, reserves the right to withhold its approval of such Drawings and Final Drawings and Specifications submitted by Lessee if, in Lessor's sole opinion, such Drawings and Final Drawings and Specifications do not conform to the design criteria and style of the Hotel as determined by reference to the design, drawings, specifications, construction and decor of the Hotel. Lessee, at its sole cost and expense, shall obtain all permits required for the performance of Lessee's work and shall perform, or cause to be performed, such work in a first-class manner, in accordance with such Final Drawings and Specifications approved by Lessor prior to the commencement of such work; in compliance with Lessor's customary and usual insurance and other requirements therefor; and free from any liens imposed upon the Hotel or any part thereof, and in such manner as to cause no interference with the operations of the Hotel. The Lessee's work shall be completed and the Premises shall be opened for business to the public not later than ninety (90) days from the date when the Premises shall be available to Lessee for the performance of Lessee's work.

Lessee shall have the right to enter the Premises prior to the commencement of the term for the purpose of fixturing and otherwise preparing the Premises for the conduct of Lessee's business therein. Such entry by Lessee on the Premises shall be subject to all the terms, covenants and conditions of this Lease, except, however, the covenants relating to payment of rent and other charges and must be coordinated with Lessor and Lessor's contractors and agents, and all work done by Lessee on the Premises must be done in such a manner as not to unreasonably interfere with Lessor's use of and work on the Hotel.

(b) Any changes or alterations of the interior design, decor, furnishings, trade fixtures, and other decorating of or for the Premises must be first submitted to Lessor for approval, which approval shall not be unreasonably withheld, before installation thereof by Lessee, and such installation shall be at Lessee's expense and shall be completed free of any liens. On written request by Lessor, all parts of the interior of the Premises shall be painted, varnished, or otherwise redecorated at Lessee's own expense at least once during the term hereof.

(c) In the event that during the term of this Lease, a renovation of the Hotel is scheduled, or other similar business reason should occur, the Lessor shall have the right to relocate Lessee to a substantially similar area of the Hotel.

12. Advertising Signs; Solicitation of Business.

All signs are subject to the approval of Lessor, which approval shall not be unreasonably withheld, and Lessee must obtain such approval in writing prior to installation. Lessee shall remove Lessee's signs from the Premises at the expiration or sooner termination of the term hereof. All expenses of installing and removing such signs shall be the sole responsibility of Lessee.

Lessee further agrees not to issue or circulate any advertising matter in the Hotel or transact or solicit business in any part of the Hotel without the prior written consent of Lessor, which consent shall be at Lessor's sole discretion.

13. Removal of Trash.

Lessee, at its expense, shall keep the Premises clean, both inside and outside, and remove all trash, garbage and other refuse from the Premises. Lessee agrees to keep all accumulated rubbish in covered containers and to have the same removed regularly. In the event Lessee fails to keep the Premises in proper condition, Lessor may cause the same to be done for Lessee; and Lessee hereby agrees to pay the expense hereof as additional rent on demand.

14. No Obstruction.

Lessee shall neither encumber nor obstruct the area adjoining the Premises (including the adjoining sidewalks or arcades) nor allow the same to be obstructed or encumbered in any manner, and shall keep said area or any part thereof free of ice, snow, rubbish and dirt. Lessee shall not place, or cause to be placed, any merchandise, vending machines or anything else on said area or said sidewalks, if any, or the exterior of the Premises, without the written consent of the Lessor first obtained.

15. Destruction of Premises.

If, as a result of a casualty, the Premises are totally destroyed or the Hotel shall be damaged or destroyed to the extent of twenty-five percent (25%) of the replacement cost thereof, then this Lease, at the option of Lessor, shall terminate as of the date of such destruction, and rental shall be accounted for as between Lessor and Lessee as of that date. If the Premises are damaged but not wholly destroyed by any such casualty or the Hotel shall be damaged or destroyed to an extent less than that indicated in the preceding sentence, then the guaranteed minimum rental (but not the annual percentage rental, or any installment thereof) shall abate in such proportion as the use of the Premises has been made impossible and Lessor shall, at its option, to the extent practicable and to the extent sufficient insurance proceeds are available, restore the Premises to substantially the same condition as before such damage, whereupon full rental shall resume; further, in such event, Lessee shall, at its expense, and in a timely manner, restore or replace the Fixtures and Equipment and any additions thereto or replacements thereof made prior to such casualty.

16. Indemnification.

Lessee agrees to defend, indemnify and to hold Hyatt Corporation and Hyatt Equities, L.L.C., a Delaware limited liability company and its members and their employees and agents harmless at all times during the term hereof from and against any and all liability, loss, cost, damage or expense (including attorneys' fees) for, or which may arise out of, Lessee's leasing, use, maintenance and operation of the Premises, including, without limitation, (i) any damage to or destruction of any goods, wares, merchandise or personal property of any and all kinds and character in or upon the Premises, however caused or occasioned, excepting the gross negligence or willful misconduct of Lessor, its agents or employees, (ii) any bodily injuries to or the death of any person or persons upon the Premises and Lessee's employees working at the Premises and occupancy of all portions of the Hotel to which such employees are permitted access while in the course of their employment, however caused or occasioned, excepting the gross negligence or willful misconduct of Lessor, its agents or employees, and (iii) any violation by Lessee

or its agents or assigns of any term or provision of this Lease. This Section shall survive the termination or expiration of the Lease.

17. Insurance.

Lessee agrees to maintain during the term hereof, at Lessee's sole expense, with financially responsible insurance carriers authorized to do business in the State of Nevada and approved by Lessor (such approval not to be unreasonably withheld) the following insurance coverages in the respective minimum amounts indicated:

(a) Fire and extended coverage insurance on all Fixtures and Equipment used in connection with the operation of the Premises, Betterments and Improvements and other Personal Property of Lessee including merchandise and stock for the full insurable value thereof existing from time to time.

(b) Comprehensive general and automotive liability insurance against damages and liability (including attorneys' fees) on account of its leasing or use of the Premises, or any property damage, or any injuries to or the death of any persons however occasioned in or about the Premises (and as respects Lessee's employees working at the Premises and occupants of all portions of the Hotel to which said employees are permitted access) in the minimum amount of five million dollars (\$5,000,000.00) for injuries to or the death of any one or more persons in any one accident and/or for damage to property. Such comprehensive general liability and automobile insurance shall be endorsed to include every aspect of Lessee's business operation, including liquor liability, and shall insure the performance by Lessee of the indemnity agreement set forth in Section 15 of this Lease and shall include hazards of premises, operations, independent contractors, contractual liability, products liability and personal injury.

(c) Workers' compensation in statutory amounts and employer's liability or similar insurance as required by law.

(d) Lessee shall observe and comply with the requirements of all policies of insurance of Lessor and Lessee at any time in force with respect to the Premises or any part thereof. All policies required to be carried hereunder (except Workers' Compensation insurance) shall name «insured» and any

other parties as requested by Lessor as additional insureds; such insurance shall be primary and not contributory with Lessor's insurance. All such policies of insurance, to the extent obtainable, shall provide that the same shall not be cancelled or changed without prior written notice thereof to Lessor at least thirty (30) days prior to the effective date of such cancellation or change. Prior to the commencement of the term hereunder, and from time to time during the term hereof, Lessee shall furnish to Lessor certificates of insurance evidencing continuously current compliance with the provisions of this paragraph.

Lessee shall pay all costs, expenses, claims, fines, penalties and damages (including reasonable attorneys' fees) that may in any manner arise out of or be imposed because of the failure of Lessee to comply with the provisions of this Section 16, and in any event agrees to indemnify Lessor against all such liability. Lessee shall promptly give notice to Lessor of any notice of violation received by Lessee.

(e) This Section shall survive the termination or expiration of the Lease.

18. Compliance with Laws.

Lessee understands and agrees that Lessee's performance of any and all services performed pursuant to this agreement shall, at Lessee's expense, fully comply with all federal, state and/or local laws, rules, regulations and ordinances which may govern or regulate such services. Lessee further agrees, at Lessee's own expense, to be solely responsible for compliance with all federal, state, and local laws, rules, regulations, and ordinances that apply to Lessee's employment status or Lessee's employment relationship with others.

19. Condemnation.

If the whole of the Premises, or such portion thereof as shall make the Premises unusable for the purposes herein rented, be condemned by any legally constituted authority for any public use or purpose, then and in either event, the term hereof shall cease from the time when possession thereof is taken by such authority; and rental shall be accounted for as between Lessor and Lessee as of that date. Such termination, however, shall be without prejudice to the rights of either Lessor or Lessee to recover compensation and damage caused by condemnation from the condemnor. It is further understood and

agreed that neither Lessee nor Lessor shall have any rights in any award made to the other by any condemnation authority.

20. Assignment and Subletting.

(a) Lessee shall not, without the prior written consent of Lessor, assign this Lease or any interest therein or sublet the Premises, or any part thereof, or permit the use of the Premises by any party other than Lessee, and in the case of any such assignment or subletting to which Lessor shall have consented, a copy of the instrument of assignment or subletting shall be delivered to Lessor promptly upon the making of such assignment or upon such subletting. The sale, issuance or transfer, at any time, of any voting capital stock of Lessee (if Lessee is then a corporation) which results in a change in the voting control of Lessee shall be deemed to be an assignment of this Lease within the meaning of this Section 19. Consent to any assignment, subrent or sublease shall not be deemed to be a consent to any subsequent assignment, subrent or sublease; and all subsequent assignments, subrentals or subleases shall be made likewise only on the prior written consent of Lessor. If Lessor shall consent to an assignment, the assignee of Lessee shall, in writing, assume the obligations of Lessee hereunder, so as to become directly liable to Lessor for all such obligations. Such assumption shall be incorporated in the instrument of assignment, a copy of which shall be delivered to Lessor. No sublease, subrental or assignment by Lessee shall relieve Lessee of any liability hereunder. In the event that Lessor approves Lessee's assignment or subletting of the Lease, Lessee shall pay to Lessor a fee of five hundred dollars (\$500.00) for the processing by Lessor of the necessary documents.

(b) Without limiting the other instances in which it may be reasonable for Lessor to withhold its consent, Lessor and Lessee acknowledge that it shall be reasonable for Lessor to withhold its consent in the following instances: (i) if, at the time consent is requested or at any time prior to the granting of consent, Lessee is in default under this Lease or would be in default under this Lease but for the pendency of any grace or cure period under Section 21 below; (ii) if, in Lessor's reasonable judgment, the quality or character of the business to be conducted in the Premises is or may be adversely affected during

the term of this Lease as a result of the transaction for which consent is requested; (iii) if, in Lessor's reasonable judgment, the financial worth of a proposed assignee or sublessee does not meet the credit standards applied by Lessor for other tenants under leases with comparable terms, or the experience of the proposed transferee, assignee, sublessee, licensee or concessionaire in the type of business conducted in the Premises is not at least equal to that of Lessee, or its reputation for business integrity and quality of operations is not excellent; and (iv) in the case of a subletting, if the subletting is of less than the entire Premises.

(c) Lessor, at any time, and from time to time, may make an assignment of its interest in this Lease, and, in the event of such assignment and the assumption by the assignee of the covenants and agreements to be performed by Lessor herein, Lessor and its successors and assigns (other than the assignee of this Lease) shall be released from any and all liability hereunder.

21. Removal of Trade Fixtures.

Upon the expiration or sooner termination of the term hereof, Lessee may (if not in default hereunder), and upon written request of Lessor shall, remove all easily removable Fixtures and Equipment and supplies owned by Lessee which Lessee has placed in the Premises, provided Lessee shall restore the Premises to the same condition as when first received, ordinary wear and tear, damage by fire, acts of God, or by the elements excepted. Any personal property of Lessee not removed within five (5) days following such expiration or termination shall, at Lessor's option, become the property of Lessor.

22. Default.

It is mutually agreed that (i) in the event Lessee shall default in the payment of rent herein reserved, when due, and shall fail to cure such default within ten (10) days after written notice thereof from Lessor, or (ii) if Lessee shall be in default in any of the terms or provisions of this Lease, other than the provisions requiring the payment of rent, and shall fail to cure such default within thirty (30) days after the date of receipt of written notice of default from Lessor, or (iii) if Lessee is adjudicated bankrupt, or (iv) if a permanent receiver is appointed for Lessee's property and such receiver is not removed within sixty (60)

days after written notice from Lessor to Lessee to obtain such removal, or (v) if, whether voluntarily or involuntarily, Lessee takes advantage of any debtor relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred, or (vi) if Lessee makes an assignment for the benefit of creditors, or (vii) if Lessee's effects should be levied upon or attached under process against Lessee, and such levy or attachment is not satisfied or dissolved within thirty (30) days after written notice from Lessor to Lessee to satisfy or dissolve the same, then, in any of said events, Lessor (in addition to any and all other rights or remedies of Lessor hereunder or provided by law, all of which shall be cumulative, and no one of which shall be exclusive of any other right or remedy) shall have the immediate right of re-entry, without liability for trespass or forcible entry or detainer, and may remove all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of, Lessee. Should Lessor elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Lessor may either terminate this Lease or may, from time to time, without terminating this Lease, re-let the Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rent and upon such other terms and conditions as Lessor, in Lessor's discretion, may deem advisable; upon each such re-letting Lessee shall be liable to pay to Lessor, in addition to any indebtedness other than rent due hereunder, the amount, if any, by which the minimum annual rentals reserved in this Lease for the period of such re-letting (up to, but not beyond, the term of this Lease) shall exceed the amount agreed to be paid as rent pursuant to such re-letting for the period thereof, which rents received by Lessor from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from Lessee to Lessor; and second, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Lessor and be applied in payment of future rent as the same may become due and payable hereunder. If Lessee has been credited with any rent to be received by such re-letting hereinabove and such rent shall not be promptly paid to Lessor by the new lessee, or if such rents received from such re-letting during any month be less than that to be paid during



such month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the Premises by Lessor shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Lessee or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination, Lessor may at any time thereafter elect to terminate this Lease for such previous breach. Should Lessor at any time terminate this Lease following an Event of Default hereunder, in addition to any other remedy Lessor may have, Lessor may recover from Lessee the amount of the rent and charges equivalent to the rent reserved in this Lease for a period of sixty (60) days following such termination over the amount of rental derived from the operation of the Premises whether Lessor shall or shall not re-let the Premises during such sixty (60) day period.

23. Lessor's Right of Entry.

Lessor may post on the Premises "For Rent" signs on any date preceding the expiration of the term hereof by ninety (90) days or less. Lessor may enter the Premises at reasonable hours to exhibit the same to prospective tenants and to make repairs required of or permitted to be made by Lessor under the terms hereof or to make repairs to the Hotel, or to inspect the Premises for the purpose of determining if Lessee is complying with the requirements of this Lease.

24. Lessor's Right to Collect Rent.

The termination of this Lease at or prior to the expiration of the term hereof, by lapse of time or otherwise, shall not affect Lessor's right to collect rent for the period prior to such termination.

25. Subordination.

Lessee's rights hereunder shall be subject to any bona fide mortgage or deed of trust to secure a debt which now affects or which may subsequently affect the Hotel and shall be subject to the terms and conditions of any lease of the Hotel or portion thereof through which Lessor has derived possessory rights to the Premises and of any other leases or other matters affecting title to which any such lease is subject.

Lessee shall execute and deliver whatever instruments may be required for such purposes, and in the event Lessee fails to do so within ten (10) days after demand in writing by Lessor, Lessee does hereby make, constitute and irrevocably appoint Lessor as its attorney-in-fact and in its name, place and stead so to do. Further, if any financing institution requires any modifications of the terms and provisions of this Lease as a condition to such financing as Lessor may desire, then Lessee shall execute and deliver such modification as may be required for such purposes, and in the event Lessee fails to do so within ten (10) days after demand in writing by Lessor, Lessee does hereby make, constitute and irrevocably appoint Lessor as its attorney-in-fact and in its name, place and stead so to do. Such modification or modifications shall not affect any of the provisions of the Lease relating to the amount of guaranteed minimum rental and percentage rental, if any, reserved, reducing the purposes for which the Premises may be used, the size and/or location of the Premises, the duration and/or Commencement Date of the terms, or reducing the improvements to be made by Lessor to the Premises prior to delivery of possession.

26. No Levy, etc.

This Lease shall create the relationship of lessor and lessee between Lessor and Lessee; no estate shall pass out of Lessor; Lessee's interest in the Premises shall not be subject to levy, sale or other involuntary assignment.

27. Hold Over.

If Lessee remains in possession of the Premises after the expiration of the term hereof without any express agreement of the parties, Lessee shall be a tenant at will at twice the guaranteed minimum rental, and there shall be no renewal of this Lease by operation of law.

28. Attorneys' Fees.

In case suit shall be brought for an unlawful detainer of the Premises, for the recovery of any rent due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of Lessor or Lessee to be kept or performed, the party prevailing in such suit shall be entitled to reasonable attorneys' fees to be paid by the unsuccessful party, which fees shall be fixed by the court.

29. Cumulative Remedies.

All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative and shall be in addition to every other right, power, privilege and remedy existing in law or at equity.

30. Mechanic's Lien.

Lessee shall not suffer any mechanic's lien to be filed against the Premises or the Hotel by reason of any work, labor, services or materials performed at or furnished to the Premises, to Lessee, or to anyone holding the Premises through or under the Lessee. If any such mechanic's lien shall at anytime be filed, Lessee shall forthwith cause the same to be discharged of record by payment, bond, order of a court of competent jurisdiction or otherwise, but Lessee shall have the right to contest any and all such liens, provided security satisfactory to Lessor is deposited with it. If Lessee shall fail to cause such a lien to be discharged within thirty (30) days after being notified of the filing thereof and before judgment or sale thereunder, then, in addition to any other right or remedy of Lessor, Lessor may, but shall not be obligated to, discharge the same by paying the amount claimed to be due or by bonding or other proceeding deemed appropriate by Lessor, and the amount so paid by Lessor and/or all costs and expenses, including reasonable attorneys' fees, incurred by Lessor in procuring the discharge of such lien, shall be deemed to be additional rent together with interest thereon as provided in Section 5(d) and shall be due and payable by Lessee to Lessor on the first day of the next following month.

31. Notice.

All notices, demands, requests or other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if either (i) personally served, or (ii) sent by regular mail, three (3) days after being deposited at the Post Office or sent registered or certified mail, postage prepaid, in any event addressed to the party intended at its address set forth below (or such other address as such party may designate by notice given to the other party in the manner provided in this Section): If to Lessor, at Lessor's office at the Hotel, Attention: General Manager; and if to Lessee, at the Premises, attention: General Manager, 893 Southwood Blvd., Incline Village, NV, 89451.

32. No Waiver.

No failure of Lessor to exercise any power given to Lessor hereunder, or to insist upon strict compliance by Lessee with Lessee's obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Lessor's right to demand exact compliance with the terms hereof.

33. Time of Essence.

Time is of the essence of this Lease.

34. Lessor's Right to Rearrange Hotel.

Lessor shall have the right, from time to time, to make changes, alterations or improvements (including rearrangements of space) in the Hotel or any part thereof, including the Hotel lobby and the Hotel shop area so long as the Premises or the entrances thereto and exits therefrom are not materially and adversely affected thereby. Lessor reserves the right to impose reasonable restrictions as to the loading and unloading of merchandise, supplies or equipment by Lessee.

35. Definitions.

"Lessor," as used in this Lease, shall include the original lessor and its assigns or other successors in interest with respect to the Premises. "Lessee," as used in this Lease, shall include the original lessee, and, if the original lessee's interest in this Lease shall be validly assigned, shall include also lessee's assignees.

36. Entire Agreement.

This Lease contains the entire agreement of the parties hereto; and no representations, inducements, promises or agreements, oral or other, between the parties not embodied herein, shall be of any force or effect except as embodied herein or otherwise set forth in writing and executed by the parties hereto. All terms in this Lease are deemed to be material.

37. Trade Name.

Lessee acknowledges that the names "Hyatt", "Regency", "Park", "Grand" and "Andaz" and the Hyatt crest are the exclusive property of Lessor. Lessee agrees not to use the name "Hyatt", "Regency", "Park", "Grand" or "Andaz" or any name which includes the word "Hyatt", "Regency", "Park", "Grand" or "Andaz" or the Hyatt crest or any logo or design which includes the Hyatt crest without the prior consent, in writing, of Lessor. If Lessor shall have given its consent to the use by Lessee of any such name or any such crest, logo or design, then upon the termination of this Lease, whether by lapse of time or any other reason whatsoever, Lessee shall cease to use, and shall thereafter refrain from using, any such name, crest or design. The provisions of this Section shall survive the expiration or earlier termination of the term hereof.

38. Lessee's Covenants.

Lessee represents, warrants and covenants that (i) it is duly licensed to do business in the State of Nevada, (ii) it has full power and authority to enter into this Lease, and (iii) it has no knowledge of any threatened, pending or ongoing claims or litigation which may materially and adversely affect its ability to perform its obligations under the Lease.

Lessee further covenants, warrants and represents that by executing this Lease and by the operation of the Premises under this Lease, it is not violating, has not violated and will not be violating any restrictive covenant or agreement contained in any other lease or contract affecting the Lessee or any affiliate, associate or any other person or entity with whom or with which Lessee is related or connected financially or otherwise. Lessee hereby covenants and agrees to indemnify and save harmless Lessor, any future owner of the fee or any part thereof, and any mortgagee thereof against and from all liabilities, obligations, damages, penalties, claims, costs and expenses, including attorneys' fees, paid, suffered or incurred by them or any of them as a result of any breach of the foregoing covenant. Lessee's liability under this covenant extends to the acts and omissions of any subtenant, and any agent, servant, employee or licensee of any subtenant of Lessee.

39. Verification.

At any time during the term of this Lease, Lessee shall, at the request of Lessor, acknowledge and deliver to Lessor without charge, a duly executed recordable certificate prepared by Lessor, certifying that this Lease is valid and subsisting and in full force and effect and that Lessor, at the time, is not in default under any of the terms or provisions of this Lease.

40. Brokers.

Lessee covenants, represents and warrants that no realtor, broker or agent was involved in the negotiations leading to the execution of this Lease or brought it about either directly or indirectly except Hyatt Corporation. Lessee agrees to indemnify, defend and hold Hyatt Corporation and Hyatt Equities, L.L.C., a Delaware limited liability company and its member harmless from and against any and all expenses or costs (including, without limitation, attorneys' fees) caused by any broker claiming to have dealt with Lessee.

41. Governing Laws.

The rights and obligations of the parties under this Lease shall be governed by the laws of the State of Nevada.

42. Headings.

The Headings used in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Lease nor the intent of any provision thereof.

43. Meals.

Lessee's employees may use Lessor's cafeteria located in the Hotel for meals, provided that Lessee purchases from Lessor one (1) meal ticket in the amount of five and 00/100 dollars (\$5.00), for every meal provided for each of the Lessee's employees. Lessor maintains the complete discretion as to the food offerings provided in the cafeteria or whether to offer meals at all; furthermore, the cost of the ticket shall be determined solely by Lessor in its reasonable discretion. Lessee and its agents and employees may not otherwise access the Hotel cafeteria without a ticket for each meal served.

44. Discounts.


(a) Lessee shall provide Lessor with four (4) Diamond Peak transferable season passes for use by Lessor's employees and/or Lessor's guest for Term of the Lease. Upon termination of this Lease, Lessor will return the four (4) passes to Diamond Peak.

(b) Lessee agrees that Lessor's employees can ski or snowboard as Diamond Peak for Ten and 00/100 Dollars (\$10.00) Monday through Friday, and Twenty and 00/100 Dollars (\$20.00) Saturday and Sunday with the exception of specified holiday or blackout periods as determined by Lessee. Such employees must be currently employed by Lessor to receive this discount and may only use the discount for themselves. Lessor employees must present a "Hyatt" ID and current pay stub (within 14 days) to receive this discount. This discount does not apply to guests, friends or family of the Lessor employee and each employee is limited to one (1) lift ticket per day. Upon termination of this agreement, Lessor employees will no longer receive this discount.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first hereinabove set forth.

LESSOR:

Hyatt Corporation, as agent of Hyatt Equities, L.L.C.,  
a Delaware limited liability company, d/b/a  
Hyatt Regency Lake Tahoe, Resort & Spa


By:  9/7/10  
Its: General Manager

LESSEE


Incline Village General Improvement District

By: \_\_\_\_\_  
Its: \_\_\_\_\_


Reviewed and approved  
as to form:


  
William B. Horn  
IVGID General Manager

  
Ed Youmans  
Diamond Peak Ski Resort Manager

  
T. Scott Brooke  
IVGID General Counsel

INCLINE VILLAGE GENERAL  
IMPROVEMENT DISTRICT

  
Gene Brockman  
Chairman, Board of Trustees

  
Charles Weinberger  
Secretary, Board of Trustees





June 14, 2012

Hyatt Regency Lake Tahoe  
Country Club Drive  
Incline Village, Nevada 89451

Attention of Mr. Fred Findlen

Subject: Contract Change Approved by the Incline Village General Improvement District Board of Trustees on May 30, 2012

Dear Fred:

Pursuant to the approval made by the Incline Village General Improvement District Board of Trustees, on May 30, 2012, at a regularly scheduled Board of Trustees meeting, I am extending the lease with the Hyatt Equities LLC for a period of three years (extending through May 31, 2016) as prescribed in paragraph 2. Term, subparagraph (c).

If you would kindly execute one copy of this letter, in the space shown below, and return it to my attention, it would be most appreciated.

Thank you very much for your continued support of the Incline Village General Improvement District and we are looking forward to our continued successful partnership.

Sincerely,

William B. Horn  
General Manager



Accepted on behalf of Hyatt Equities, LLC

6/27/12

Fred Findlen  
General Manager, Hyatt Regency Lake Tahoe

ADMINISTRATIVE OFFICES • 99 SOUTHWOOD BOULEVARD • INCLINE VILLAGE, NV 89451  
PH: (775) 832-1100 FX: (775) 832-1122 • WWW.YOURTAHOEPLACE.COM

## FIRST AMENDMENT TO AGREEMENT

THIS FIRST AMENDMENT TO AGREEMENT is made as of the 18th day of May, 2016 by and between Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino (hereinafter called "Hyatt") and Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort (hereinafter called "Lessee").

### WITNESSETH:

WHEREAS, Hyatt and Lessee entered into that certain Agreement, effective as of June 1, 2010 (the "Lease"), which provides for Lessee to Lease space in the Hotel for the operation of a first class sport shop ("Lease") at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the "Hotel"); and.

NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

1. Term. The term of the Lease will be extended to May 31, 2019. Provided that Lessee is not then, or has not been, in default under the terms of this Lease, Lessee shall have the right and option (the "Renewal Option"), by a notice given to Lessor not later than sixty (60) prior to the end of the then current term to extend the term of this Lease for a period three (3) years ending May 31, 2012 (the "Renewal Term").
2. Discounts. Section 44 (b) will be deleted in its entirety.
3. Room Charges. Section 3(d)(ii) will be replaced in its entirety with the following: A list of in-house guests will be provided to the Lessee by the Lessor to verify the guests' hotel registration. A list of guests that do not have room charging privileges will also be provided on a daily basis.

Except as herein expressly modified, the Lease shall remain in full force and effect, subject to all terms and conditions contained therein.

IN WITNESS WHEREOF, this First Amendment has been executed by Hyatt and Lessee as of the day and year first hereinabove set forth.

**Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino**

By: 

Name: Fred Findlen

Title: General Manager

**Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort**

By: 

Name: Steven J. Pinkerton

Title: General Manager

**SECOND AMENDMENT TO LEASE AGREEMENT**

THIS SECOND AMENDMENT TO AGREEMENT is made as of the 30<sup>th</sup> day of May, 2019 by and between Hyatt Corporation, as agent of Hyatt Equities, L.L.C, a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino (hereinafter called "Hyatt") and Incline Village General Improvement district, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort (hereinafter called "Lessee").

**WITNESSETH:**

WHEREAS Hyatt and Lessee entered into a certain Agreement, effective as of June 1, 2010 (the "Lease"), which provides for the Lessee to Lease space in the Hotel for the operation of a first class sport shop ("Lease") at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the "Hotel"); and.

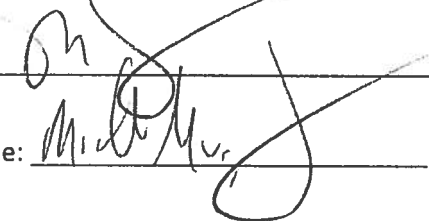
NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

1. Term. The term of the Lease will extend to May 31, 2022.

Except as herein expressly modified, the Lease shall remain in full force and effect, subject to all terms and conditions contained therein.

IN WITNESS WHEREOF, this Second Amendment has been executed by Hyatt and Lessee as of the day and year first hereinabove set forth.

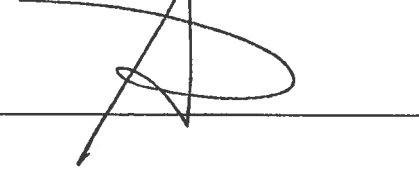
**Hyatt Corporation, as an agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino**

By:   
Name: Michael M...

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Resort**

By:   
Name: Steven J. Pinkerton  
IVGID District General Manager

THIRD AMENDMENT

SECOND AMENDMENT TO AGREEMENT

THIS SECOND AMENDMENT TO AGREEMENT (the "2<sup>nd</sup> Amendment") is made as of the 17 day of June 2020, by and between Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino (hereinafter called "Hyatt") and Incline Village Improvement District, a political division of the state of Nevada, d/b/a Diamond Peak Ski Resort (hereinafter called "Lessee").

WITNESSETH:

WHEREAS, Hyatt and Lessee entered into that certain Agreement, effective as of June 1, 2010, [First Amendment, dated May 18, 2016; as amended] (the "Agreement"), which provides for Lessee to lease space in the Hotel for the operation of a first class sport shop ("Lease") at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the "Hotel"); and

WHEREAS, the parties desire to amend the Agreement to revise the term.

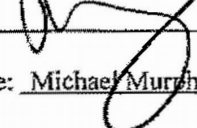
NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

Term: Operations will be suspended for the Summer and Fall 2020 season and lessee will vacate the premise. Lessee shall re-occupy the agreed upon lease location for the Winter 2020/2021 season, no earlier than October 1, 2020 and no later than November 22, 2020.

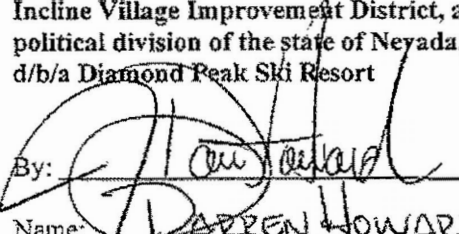
Except as herein expressly modified, the Agreement shall remain in full force and effect, subject to all terms and conditions contained therein.

IN WITNESS WHEREOF, this Second Amendment has been executed by Hyatt and Lessee as of the day and year first hereinabove set forth.

Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino

By:   
Name: Michael Murchy  
Title: General Manager

Incline Village Improvement District, a political division of the state of Nevada, d/b/a Diamond Peak Ski Resort

By:   
Name: DARREN HOWARD  
Title: DIRECTOR OF GOLF & COMMUNITY SERVICES

**FOURTH AMENDMENT TO AGREEMENT**

THIS FOURTH AMENDMENT TO AGREEMENT (the "Fourth Amendment") is made as of the 16 day of September 2020, by and between Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino (hereinafter called "Hyatt") and Incline Village Improvement District, a political division of the state of Nevada, d/b/a Diamond Peak Ski Resort (hereinafter called "Lessee").

**WITNESSETH:**

WHEREAS, Hyatt and Lessee entered into that certain Agreement, effective as of June 1, 2010, (the "Agreement"), as amended by that certain First Amendment, dated May 18, 2016 (the "First Amendment"), that certain Second Amendment, dated May 30, 2019 (the "Second Amendment"), that certain Third Amendment, dated June 17, 2020 (noted in error as "Second Amendment") which provides for Lessee to lease space in the Hotel for the operation of a first class sport shop ("Lease") at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the "Hotel"); and

WHEREAS, the parties desire to amend the Agreement to revise the term.

NOW, THEREFORE, the parties hereto amend Section 2(b) of the Agreement by this instrument as follows:


"(b) During each calendar year of the Term, Lessee's operations will exist for the winter season, November 1<sup>st</sup> through April 30<sup>th</sup>. Lessee will temporarily vacate the Premises May 1<sup>st</sup> through October 31<sup>st</sup> of each calendar year throughout the Term. Lessee shall ensure that the Premises is returned to its prior condition by April 30<sup>th</sup> of each year. Failure to do so shall be a breach of this Lease and subject to all applicable provisions of this Lease, including Section 27."

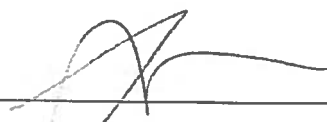
Except as herein expressly modified, the Agreement shall remain in full force and effect, subject to all terms and conditions contained therein.

IN WITNESS WHEREOF, this Fourth Amendment has been executed by Hyatt and Lessee as of the day and year first hereinabove set forth.

**Hyatt Corporation, as agent of Hyatt Equities, L.L.C., a Delaware limited liability company d/b/a Hyatt Regency Lake Tahoe Resort, Spa and Casino**

**Incline Village Improvement District, a political division of the state of Nevada, d/b/a Diamond Peak Ski Resort**

By:   
Name: Michael Murphy  
Title: General Manager

By:  11/14/20  
Name: Indra Winquest  
Title: General Manager

## FIFTH AMENDMENT TO LEASE

THIS FIFTH AMENDMENT TO LEASE AGREEMENT (this “Agreement”) is dated December 15, 2022 but deemed effective as of June 1, 2022 (the “Effective Date”) by and between Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort (“Lessee”), and HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company (or its predecessors-in-interest), d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino (“Lessor”).

### WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Agreement, effective as of June 1, 2010, (the “Agreement”), as amended by that certain First Amendment, dated May 18, 2016 (the “First Amendment”), that certain Second Amendment, dated May 30, 2019 (the “Second Amendment”), that certain Third Amendment, dated June 17, 2020 (noted in error as “Second Amendment”), and that certain Fourth Amendment, dated September 16, 2020 (the “Fourth Amendment”) which provides for Lessee to lease space in the Hotel for the operation of a first class sport shop (the “Lease”) at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the “Hotel”); and

WHEREAS, the parties desire to amend the Agreement and extend the term.

### AGREEMENTS:

NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

1. Term. The term of the Lease will be extended through and including May 31, 2023.
2. Use of Premises. The parties hereto amend Section 3(a) of the Agreement by this instrument as follows:
  - (a) The Premises shall be used for the purpose of operating a first-class sport shop and for no other purpose. Included in the allowed use is advertising, promoting and selling Diamond Peak ski tickets, packages, other related ski services, and soft goods (collectively, the “Services”) to Lessor’s guests and clients, and Lessee accepts and agrees to provide such Services. Lessee shall not be permitted to sell any food or beverages throughout the Term.

3. Effect of this Agreement. Except as specifically amended by the provisions of this Agreement, all of the terms and provisions in the Lease are ratified and shall continue to govern the rights and obligations of the parties thereunder, and all provisions and covenants of the Lease shall remain in full force and effect as stated therein. This Agreement and the Lease shall be construed as one instrument. In the event of any conflict between this Agreement and the Lease, the terms and provisions of this Agreement shall control and shall be paramount, and the Lease shall be construed accordingly. The terms, provisions and covenants of this Agreement shall

Fifth Amendment to Lease Agreement



inure to the benefit of and be binding upon the parties to this Agreement and their respective successors in interest and assigns. The terms and conditions of this Agreement may not be modified, amended, altered or otherwise affected except by instrument in writing executed by Lessee and Lessor. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN LESSEE AND LESSOR WITH RESPECT TO THE TERMS AND CONDITIONS OF THIS INSTRUMENT, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR.

4. Miscellaneous.

- (a) This Agreement shall be construed according to the laws of the State of Nevada.
- (b) Each of Lessee and Lessor represents, warrants and agrees that all recitals set forth above in this Agreement are true and correct, and all such recitals are ratified, adopted and restated as part of the instrument which is evidenced by and effected by this Agreement.
- (c) Each of Lessee and Lessor warrants to the other that all consents and/or approvals required (including from all of its members, to the extent applicable) for its execution, delivery and performance of this Agreement have been obtained and that it has the right and authority to enter into and perform its covenants contained in this Agreement and in the Lease.
- (d) If any term or provision of this Agreement, or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each provision of this Agreement shall be valid and shall be enforceable to the extent permitted by law.
- (e) This Agreement may be executed in multiple counterparts, each of which for all purposes is deemed an original, and all of which constitute collectively but one instrument.

**[SIGNATURES APPEAR ON FOLLOWING PAGE(S)]**

IN WITNESS WHEREOF, Lessee and Lessor have executed this Agreement effective as of the date first set forth above.

**LESSEE:**

Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort

By: Andreas Wingquist  
Name: Andreas Wingquist  
Its: 12/23/2022

**LESSOR:**

HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company, d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino

By: [Signature]  
Name: Michael Murphy  
Its: GM

12/22/22

**SIXTH AMENDMENT TO LEASE**

THIS SIXTH AMENDMENT TO LEASE AGREEMENT (this "Agreement") is dated November 7, 2023 but deemed effective as of June 1, 2023 (the "Effective Date") by and between Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort ("Lessee"), and HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company (or its predecessors-in-interest), d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino ("Lessor").

WITNESSETH:

WHEREAS, Lessor and Lessee are parties to that certain Agreement, effective as of June 1, 2010, (the "Agreement"), as amended by that certain First Amendment, dated May 18, 2016 (the "First Amendment"), that certain Second Amendment, dated May 30, 2019 (the "Second Amendment"), that certain Third Amendment, dated June 17, 2020 (noted in error as "Second Amendment"), that certain Fourth Amendment, dated September 16, 2020 (the "Fourth Amendment"), and that certain Fifth Amendment, dated December 15, 2022 (the "Fifth Amendment"), which provides for Lessee to lease space in the Hotel for the operation of a first class sport shop (the "Lease") at the Hyatt Regency Lake Tahoe Resort, Spa and Casino (the "Hotel"); and

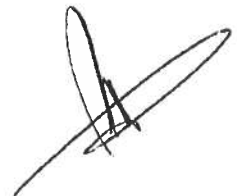
WHEREAS, the parties desire to amend the Agreement and extend the term.

AGREEMENTS:

NOW, THEREFORE, the parties hereto amend the Agreement by this instrument as follows:

1. Term. The term of the Lease will be extended through and including May 31, 2024.
2. Effect of this Agreement. Except as specifically amended by the provisions of this Agreement, all of the terms and provisions in the Lease are ratified and shall continue to govern the rights and obligations of the parties thereunder, and all provisions and covenants of the Lease shall remain in full force and effect as stated therein. This Agreement and the Lease shall be construed as one instrument. In the event of any conflict between this Agreement and the Lease, the terms and provisions of this Agreement shall control and shall be paramount, and the Lease shall be construed accordingly. The terms, provisions and covenants of this Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective successors in interest and assigns. The terms and conditions of this Agreement may not be modified, amended, altered or otherwise affected except by instrument in writing executed by Lessee and Lessor. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN LESSEE AND LESSOR WITH RESPECT TO THE TERMS AND CONDITIONS OF THIS INSTRUMENT, AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG LESSEE AND LESSOR.

Sixth Amendment to Lease Agreement



3. Miscellaneous.

(a) This Agreement shall be construed according to the laws of the State of Nevada.

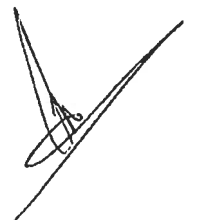
(b) Each of Lessee and Lessor represents, warrants and agrees that all recitals set forth above in this Agreement are true and correct, and all such recitals are ratified, adopted and restated as part of the instrument which is evidenced by and effected by this Agreement.

(c) Each of Lessee and Lessor warrants to the other that all consents and/or approvals required (including from all of its members, to the extent applicable) for its execution, delivery and performance of this Agreement have been obtained and that it has the right and authority to enter into and perform its covenants contained in this Agreement and in the Lease.

(d) If any term or provision of this Agreement, or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby. Each provision of this Agreement shall be valid and shall be enforceable to the extent permitted by law.

(e) This Agreement may be executed in multiple counterparts, each of which for all purposes is deemed an original, and all of which constitute collectively but one instrument.

**[SIGNATURES APPEAR ON FOLLOWING PAGE(S)]**

A handwritten signature in black ink, consisting of a large, stylized 'V' shape with a horizontal line across the middle, and a vertical line extending upwards from the center of the 'V'.

IN WITNESS WHEREOF, Lessee and Lessor have executed this Agreement effective as of the date first set forth above.

**LESSEE:**

Incline Village General Improvement District, a political subdivision of the state of Nevada d/b/a Diamond Peak Ski Resort

By: Mike Barchelin  
Name: Mike Barchelin  
Its: INCLINE GENERAL MANAGER  
11/09/2023

**LESSOR:**

HYATT CORPORATION, as agent of Incline Hotel, LLC, a Delaware limited liability company, d/b/a/ Hyatt Regency Lake Tahoe Resort, Spa & Casino

By: Pascal Dupuis  
Name: PASCAL DUPUIS  
Its: GENERAL MANAGER  
11/07/23

**INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT  
STATEMENT OF OPERATING SOURCES AND USES**

**HYATT SPORTS SHOP - SKI**

**2024 FISCAL YEAR BUDGET COMPARISON AND 2025 FY BUDGET**

	<b>2024 FY Budget</b>	<b>2024 FY Actual</b>	<b>2024 FY Budget Variance</b>	<b>2025 FY Budget</b>
<b>Operating Sources</b>				
Sales and Fees	<u>342,848</u>	<u>312,501</u>	<u>(30,347)</u>	<u>364,250</u>
TOTAL OPERATING SOURCES	342,848	312,501	(30,347)	364,250
<b>Operating Uses</b>				
Wages	66,366	58,648	7,718	57,000
Benefits	<u>11,717</u>	<u>7,938</u>	<u>3,779</u>	<u>10,068</u>
Total Personnel Cost	78,083	66,586	11,497	67,068
Services and Supplies	4,218	(1,109)	5,327	4,600
Rental and Lease	25,000	32,232	(7,232)	25,000
Utilities	<u>900</u>	<u>1,098</u>	<u>(198)</u>	<u>1,100</u>
TOTAL OPERATING USES	108,201	98,806	(2,103)	97,768
OPERATING SOURCES(USES)	234,647	213,694	(20,953)	266,482