

GROUND LEASE AGREEMENT

between

CITY OF RAPID CITY, SOUTH DAKOTA  
as Lessor

and

CIVIC CENTER ASSOCIATES  
as Lessee

Dated as of January 23, 1987

This instrument was drafted by:  
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2200 First Bank Place East  
Minneapolis, Minnesota 55402

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THIS AGREEMENT is made as of January 23, 1987, by and between the CITY OF RAPID CITY, a municipal corporation of the State of South Dakota, as lessor (the "Lessor"), and CIVIC CENTER ASSOCIATES, a South Dakota limited partnership, as lessee (the "Lessee").

R E C I T A L S:

Lessor is authorized by the Constitution and laws of the State to enter into lease agreements in furtherance of its governmental or proprietary purposes. Lessor has determined that it is necessary and desirable to lease the Land to Lessee for use primarily as a hotel and related facilities, including parking.

Lessee desires to lease the Land from Lessor, so that it may construct, operate and maintain thereon the Improvements.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

## ARTICLE 1

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Ground Lease and the Exhibits attached hereto, have the meanings herein specified.

Additional Rent: All amounts which Lessee is required to pay pursuant to this Ground Lease (excluding only Basic Rent, amounts payable to maintain and repair the Leased Premises pursuant to Section 7.2, amounts payable pursuant to Section 7.3, amounts payable for restoration of the Leased Premises pursuant to Article VIII), including but not limited to repayment of advances made by Lessor pursuant to Section 6.8 regardless of the authorized purpose for which they were made, together with every fine, penalty, interest and cost which may be added for non-payment or late payment thereof.

Agreements: The Indenture, the Mortgage, the Loan Agreement, and any other agreement which is entered into by Lessee for the purpose of financing, or securing any obligations issued to finance, the cost of the Improvements, and any duly authorized and executed amendment thereto.

Authorizing Resolution: The resolution finally adopted by Lessor's governing body on November 17, 1986, and any permitted and duly adopted amendment thereto, which resolution authorizes the execution and delivery of this Ground Lease by officers of Lessor and which is hereby incorporated herein by reference.

Basic Rent: The rental payments required to be paid by Lessee on the dates and in the amounts set forth in the attached Exhibit B.

Casualty Occurrence: Any taking or casualty occurrence described in Section 8.2 hereof.

Effective Date: The date upon which this Ground Lease is executed and delivered by Lessee to Lessor.

Event of Default by Lessee: Any one or more of the events described in Section 10.1.

Event of Default by Lessor: Any one or more of the events described in Section 10.7.

Facilities: The buildings, fixtures and improvements at any time located on the Land described in attached Exhibit A, including the Improvements to be constructed thereon.

Fiscal Year: The twelve month fiscal and budgetary period of Lessor which begins on January 1 in each year and ends on December 31 of the same year.

Force Majeure: Acts of God; strikes, lockouts or other labor disturbances; unavailability of labor or materials; acts of public enemies; orders or restraints of any kind of the government of the United States of America or the State or their respective departments, agencies or officials, or any civil or military authority; insurrections, riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of Lessee and not proximately caused by its negligence.

Ground Lease: This Ground Lease Agreement and all duly authorized and executed amendments thereto.

Improvements: The approximately 225-room hotel facility to be constructed by Lessee, and any other fixtures, structures or other facilities acquired or constructed by the Lessee and located on the Land.

Indenture: The Indenture of Trust to be entered into by and between the Lessor and the Trustee, and any duly authorized and executed amendments thereto.

Independent Counsel: An attorney duly admitted to the practice of law before the highest court of the State who is not a fulltime employee of Lessor or Lessee.

Land: The real property described in the attached Exhibit A, but not the Facilities or the Improvements.

Ground Lease Term: The period, commencing on the Effective Date hereof, for which the Ground Lease is to be in effect.

Leased Premises: The Land.

Lessee: Civic Center Associates, a South Dakota limited partnership, and its successors and assigns.

Lessee Representatives: The President of the General Partner of Lessee; or, if none, any person authorized to act on

behalf of Lessee under or with respect to this Ground Lease, as evidenced by a certificate conferring such authority executed by the General Partners of Lessee, given to the Lessor or a Lessor Representative; or, if none, any general partner or officer of Lessee.

Lessor: The City of Rapid City, South Dakota, and any successor entity.

Lessor Representatives: The persons at any time holding the positions of Finance Officer or Chairman of the Rapid City Civic Center Board; or any other person authorized to act on behalf of the Lessee's governing body under or with respect to this Ground Lease, as evidenced by a certificate conferring such authority executed by the Mayor and given to Lessee or a Lessee Representative.

Loan Agreement: The Loan Agreement to be entered into by and between the City of Rapid City and the Lessee, and any duly authorized and executed amendment thereto.

Mortgage: Any mortgage creating a mortgage lien on the leasehold estate created by this Ground Lease and on the Facilities and Improvements.

Mortgagee: The mortgagee under a Mortgage.

Net Proceeds: Any insurance proceeds or condemnation award paid with respect to the Facilities, remaining after payment therefrom of all expenses incurred in the collection thereof; and, if Lessor elects to provide self-insurance under Section 8.2 of the Lease, any monies Lessor is required to pay as lessee under the Lease in the event of a casualty or loss resulting from a risk covered by self-insurance.

Permitted Encumbrances: The encumbrances on the Land described in the attached Exhibit C.

Plans and Specifications: The plans and specifications for construction of the Improvements described in the attached Exhibit D.

Rent or Rental Payments: The Basic Rent and the Additional Rent and all payments of each.

Rental Payment Date: The date on which any payment of Basic Rent is due and payable as specified in Exhibit B.

State: The State of South Dakota.

State and Federal Law(s): The Constitution and any law of the State and any rule or regulation of any agency of the State; and the Constitution and any law of the United States, and any rule or regulation of any federal agency.

Trustee: First Trust Company, Inc., in St. Paul, Minnesota, acting under and pursuant to the Indenture, or any duly appointed successor trustee under the Indenture.

Section 1.2. Exhibits.

The following Exhibits are attached to and by reference made a part of this Lease:

Exhibit A: a legal description of the Land subject to this Ground Lease.

Exhibit B: a schedule showing the dates on which and the amounts in which the payments of Basic Rent are due during the Lease Term.

Exhibit C: a list of Permitted Encumbrances.

Exhibit D: a list of the Plans and Specifications for the Improvements.



## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations of Lessor. Lessor represents, covenants and warrants as follows:

(a) Lessor is a municipal corporation and political subdivision of the State, duly organized and existing under the Constitution and laws of the State.

(b) Lessor is authorized under the constitution and laws of the State to enter into this Ground Lease and the transactions contemplated hereby, and to perform all of its obligations hereunder.

(c) The officers of Lessor executing this Ground Lease have been duly authorized to execute and deliver this Ground Lease under the terms and provisions of the Authorizing Ordinance, or by other appropriate official action.

(d) In authorizing and executing this Ground Lease, Lessor has complied with all applicable State and Federal Laws.

(e) This Ground Lease and the actions required to be taken by Lessor hereunder do not and will not contravene or result in the violation of or constitute a default under any State or Federal Law, or under any agreement or instrument to which the Lessor is a party or by which it or any of its property is bound.

(f) The Land is presently zoned Civic Center under Lessor's zoning ordinance, and may now be used for all uses established for such zoning classifications, including the uses contemplated by this Ground Lease, without need for any variance, special use permit or conditional use permit.

Section 2.2. Representations of Lessee. Lessee represents, covenants and warrants as follows:

(a) Lessee is a limited partnership duly organized, existing and in good standing under the laws of the State and is authorized to do business in the State; has full and complete power to enter into this Ground Lease, and to enter into and carry out the transactions contemplated by, and to carry out its obligations under, this Ground Lease; is possessed of full power to own and hold real and

personal property, and to lease and sell the same; has duly authorized the execution and delivery of this Ground Lease; and has duly executed and delivered this Ground Lease.

(b) Neither the execution and delivery of this Ground Lease, nor the fulfillment of or compliance with the terms and conditions thereof, nor the consummation of the transactions contemplated thereby, conflicts with or results in a breach of the terms, conditions or provisions of Lessee's Certificate of Limited Partnership or Partnership Agreement, or any restriction or any agreement or instrument to which Lessee is now a party or by which Lessee is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any property or assets of Lessee.

(c) Lessee's General Partner is authorized to execute and deliver this Ground Lease on behalf of Lessee.

## ARTICLE III

### LEASE OF LEASED PREMISES

Section 3.1 Lease of Leased Premises; Title and Condition. In consideration of the Rent and covenants herein stipulated to be paid and performed by Lessee and upon the terms and conditions herein specified, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Leased Premises. The Land is leased to Lessee in its present condition, subject only to Permitted Encumbrances.

Section 3.2 Possession, Use and Enjoyment. Lessee shall be entitled to the possession, use and enjoyment of the Leased Premises during the term hereof. The Leased Premises may not be used for other than hotel and incidental related purposes without the prior written approval of Lessor. During the term hereof, Lessor hereby covenants to provide Lessee with the quiet use and enjoyment of the Leased Premises, and Lessee shall peaceably and quietly have, hold and enjoy the Leased Premises, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Ground Lease. Lessor will, at the request of Lessee, at Lessor's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment, to the extent Lessor lawfully may do so. During the term of this Ground Lease, Lessor shall not take any action to change the zoning of the Leased Premises in a manner which would diminish or impair Lessee's quiet use and enjoyment of the Leased Premises in accordance with zoning and other ordinances currently in effect at the time this Ground Lease is executed.

Section 3.3 Lessor's Access. Lessee agrees that Lessor shall have the right, at all reasonable times, to examine and inspect the Leased Premises. Lessee agrees that Lessor shall also have such rights of access to the Leased Premises as may be reasonably necessary to cause the proper maintenance thereof in the event of failure by Lessee to perform its obligations hereunder.

Section 3.4. Public Parking Area Adjacent to Civic Center. Except for the parking that the Lessee shall lease pursuant to this Lease, the Lessor, by and through its Civic Center Board, shall have the right to restrict the Lessee's employees and guests from said public parking area during a major event as determined by the Civic Center Board, even though said public parking will generally be available to the public for automobile parking purposes. Lessor and any person authorized by Lessor, but not Lessee, shall have the right to collect fees for parking in the public parking area.

Section 3.5. Public Parking Area - Floodway Tract  
21. The approximately 500 car parking lot to be constructed on Floodway Tract 21 from and after completion thereof at all times will be available to the general public for automobile parking purposes except that Lessee may restrict by the means of temporary barriers access to the 50 spaces that the Lessee has leased pursuant to this Lease. Lessor and any person authorized by Lessor, but not Lessee, shall have the right to collect fees for parking in the public parking area.

## ARTICLE IV

### GROUND LEASE TERM; EXTENSION; TERMINATION

Section 4.1 Initial Ground Lease Term. This Ground Lease shall be in effect for an initial term commencing on the Effective Date hereof and ending on December 31, 2019, unless terminated prior to said date as provided in Section 4.2.

Section 4.2. Option to Extend Term. Lessee shall have the right and option to extend the Ground Lease term for four (4) renewal terms of ten (10) years each, plus a final five (5) year term. Such option shall be exercised by Lessee giving written notice thereof not less than one (1) year prior to the expiration of the initial term, or the then current extended term as the case may be, time being the essence hereof.

Section 4.3 Termination of Ground Lease Term. The term of this Ground Lease shall expire or terminate only upon the occurrence of the first of the following events:

- (a) expiration of the Ground Lease Term;
- (b) the occurrence of an Event of Default by Lessee and the exercise by Lessor of its right to terminate this Ground Lease pursuant to Section 12.2 or by action at law or in equity; or
- (c) pursuant to Section 6.3 hereof.

Section 4.4 Surrender of Leased Premises. Upon the expiration or termination of the Ground Lease Term, or upon exercise by Lessor of its right to take possession of the Leased Premises under Section 10.2, Lessee shall surrender the Leased Premises and Facilities to Lessor, and shall surrender all equipment regularly used or held for use in the operation and maintenance of the Leased Premises and Facilities. Lessee shall have the right to remove from the Leased Premises and Facilities, at or prior to such expiration or termination, all other personal property located therein which is not owned by Lessor, but Lessee shall repair any damages caused by such removal. Personal property not so removed within 60 days after such expiration or termination shall be deemed abandoned by Lessee and, at Lessor's option, shall become the property of Lessor.

## ARTICLE V

### RENT

Section 5.1 Basic Rent; Amount and Payment. Lessee agrees to pay to Lessor during the Ground Lease Term, Basic Rent in the amounts and on the Rental Payment Dates specified in Exhibit B. All installments of Basic Rent shall be paid in lawful money of the United States at Lessor's address, or at such other place or to such other person as Lessor from time to time may designate by notice to Lessee.

Section 5.2 Additional Rent; Amount and Payment. Lessee shall pay all items of Additional Rent directly to the Lessor or other person or entity to whom owed when due. If Lessee shall fail to pay any item of Additional Rent when due, Lessor shall have all rights, powers and remedies with respect thereto as are provided herein or by law in the case of non-payment of Basic Rent, and shall have the right to pay any overdue Additional Rent on behalf of Lessee.

Section 5.3 Nature of Lessee's Obligation. Except as provided in Sections 5.2 and 5.3 hereof, the obligation of Lessee to make all Rental Payments or any other payments required hereunder shall be absolute and unconditional in all events; and notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due, and shall not withhold any Rental Payment or other payment pending final resolution of such dispute; nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such Rental Payments or other payments required under this Lease except as expressly provided in this Lease with respect to contests of items of Additional Rent. Lessee's obligation to make Rental Payments or other payments shall not be abated through accident or unforeseen circumstances or due to the failure of Lessee to complete the Improvements or any other cause. However, nothing herein shall be construed to release Lessor from the performance of its obligations hereunder; and if Lessor should fail to perform any such obligation, Lessee shall have the rights specified in Section 10.7.

## ARTICLE VI

### CONSTRUCTION AND OPERATION

Section 6.1 Construction of Improvements. Lessee shall, at its sole cost and expense, construct the Improvements in accordance with the Plans and Specifications. No deviation from the Plans and Specifications shall be made unless authorized in writing by one of the Lessor Representatives. Lessee shall commence construction of the Improvements not later than May 1, 1988, shall diligently proceed with construction thereof and, subject to delays caused by Force Majeure, shall complete the same not later than December 1, 1989.

Section 6.2 Operation of Facilities. The Facilities shall at all times be operated either pursuant to a franchise or management agreement (the "Operating Agreement") with a hotel operating firm having substantial experience and expertise in the operation of hotel facilities similar to the Facilities which is reasonably acceptable to the Lessor. Lessee shall not commence construction of the Improvements until a complete Operating Agreement for the initial Ground Lease Term has been entered into by Lessee and the operator and approved by Lessor. If such Operating Agreement has not been entered into and approved by Lessor prior to commencement of operation of the Facilities, then this Ground Lease shall at Lessor's option become null and void and neither party shall have any further rights, interests or obligations hereunder. The Lessee shall, prior to commencing operation have secured a franchise from (1) Radisson; (2) Sheraton; (3) or other nationally recognized franchise approved by the Rushmore Plaza Civic Center Board. Once the franchise is in place, it shall not be amended or substituted without the consent of the Rushmore Plaza Civic Center Board.

Section 6.3 Financing Construction of Improvements. The parties hereto, in entering into this Ground Lease, have done so with the understanding and agreement that the Lessor will facilitate the construction of the Improvements through its issuance of Economic Development Revenue Bonds of the type which will be a "qualified" small issue bond under the provisions of Section 144(a) of the Internal Revenue Code of 1986, in the amount of Nine Million (\$9,000,000) Dollars, that said Economic Development Revenue Bonds have been issued by the City in accordance with Chapter 9-54, South Dakota Codified Laws, as amended; that none of such Economic Development Revenue Bonds will be deemed to constitute a debt or liability of the Lessor or a pledge of the faith and credit of the Lessor, but would be payable solely from the amounts received

by the Lessor under the Loan Agreement; that Lessee will execute and deliver the Loan Agreement under the terms of which it promises to repay to the Lessor the amount of the loan and agreed interest thereon payable in such amounts and on such dates and on such terms as are satisfactory to the Lessee and the Lessor; and that the repayment of the loan under the Loan Agreement will be secured by the Mortgage for the benefit of the Trustee, in form approved by and satisfactory to the Lessor creating a first lien upon Lessee's leasehold interest and estate in the Land created hereby, and all of Lessee's ownership interest in the Facilities and other improvements constructed or to be constructed on the Land, as well as upon any personal property installed therein financed with the proceeds of the loan by the Lessor to Lessee.

Accordingly, Lessee shall have the right at any time or times and from time to time, without the consent of Lessor, to assign or encumber the leasehold interest and estate of Lessee in the Land created hereby, and the Facilities and other improvements constructed or to be constructed on the Land, as well as upon personal property installed thereon, by the Mortgage.

If the Lessee demonstrates, to the reasonable satisfaction of Lessor, that it is unable to obtain permanent financing for the Project, as described in Section 5-2(3)(B) of the Indenture, under the conditions of this Ground Lease, the Lessee may request in writing that this Ground Lease be amended and/or that Lessor subordinate its fee interest to the mortgage granted in connection with such financing. If Lessor is unwilling to grant such amendment or subordination, or if the governing body of Lessor fails to act on such request within 60 days of receipt, then this Ground Lease may be terminated by either party.



## ARTICLE VII

### OTHER OBLIGATIONS OF LESSEE

Section 7.1 Limitations on Use. Lessee shall provide for the exercise of due care in the use, operation and maintenance of the Leased Premises and Facilities. Lessee shall not use, operate or maintain the Leased Premises and Facilities improperly, carelessly, in violation of any State and Federal Law or its ordinances, or for a purpose or in a manner contrary to that contemplated by this Ground Lease, applicable insurance contracts, or the Agreements.

Section 7.2 Maintenance and Repair. Lessee will maintain, or cause to be maintained, the Land, Facilities and Improvements in good repair, appearance and condition, except for ordinary wear and tear and as may be provided in this Ground Lease in event of condemnation or casualty loss. Notwithstanding the foregoing, Lessor shall be solely responsible for maintaining and repairing the Public Parking Area. The Facilities shall be maintained in accordance with the standards established by the franchise referred to in Section 6.2, and failure to meet those standards shall be a default under this Ground Lease.

Section 7.3 Taxes, Assessments and Other Governmental Charges. Except as expressly limited by this Section, Lessee shall pay, or cause to be paid, all taxes and other charges of any kind whatsoever which are at any time lawfully assessed or levied against the Leased Premises, the Facilities or this Lease, or with respect to the use of the Leased Premises or any part thereof, or with respect to the Rental Payments, or which become due during the Ground Lease Term with respect to any of the foregoing, whether assessed against Lessee or Lessor. Lessee shall also pay, or cause to be paid, when due, all gas, water, sewer, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Premises and Facilities, and all special assessments and charges lawfully made by any governmental body for public improvements that may constitute a lien on the Leased Premises; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Ground Lease Term as and when the same become due. Lessee shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax

payable by Lessor, its successors or assigns, unless such tax is made in lieu of, or as a substitute for, any tax, assessment or charge which is the obligation of Lessee under this Section. Lessor may levy special assessments on the Leased Premises with respect to local improvements, but such special assessments shall not exceed the special benefit to the Leased Premises resulting from such local improvements.

Lessee shall file, from time to time, with the appropriate public agencies, including Pennington County, South Dakota, all forms and documents necessary to obtain exemptions permitted by law, of the Leased Premises from real estate and/or possessory interest taxes. Lessor will, at Lessee's request, cooperate with Lessee to obtain such exemptions and will execute such forms and documents as may be reasonably requested by Lessee which are delivered to Lessor by Lessee and are required to be signed by Lessor.

Section 7.4 Liens; Easements; Releases. Except as allowed pursuant to Section 9.1 of this Ground Lease, Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Premises or the Rental Payments, other than the respective rights of Lessor and Lessee as herein provided and the Permitted Encumbrances. Except as expressly provided in Sections 6.3 and 9.1 and this Section, Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. In the event Lessee fails to take reasonable action for this purpose, Lessee shall reimburse Lessor for any expense incurred by Lessor for this purpose. Nothing contained in this Ground Lease shall be construed as constituting the consent or request of Lessor, express or implied, to or for the performance by any contractor, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Leased Premises or any part thereof. Notice is hereby given that Lessor will not be liable for any labor, services or materials furnished or to be furnished to Lessee, or to anyone holding the Leased Premises or any part thereof through or under Lessee, and that no mechanic's or other lien for any such labor, services or materials shall attach to, or affect the interest of, Lessor in and to the Leased Premises.

Section 7.5 Modification of Facilities. Lessee may, in conformity with the provisions of this Ground Lease, make additions, alterations and improvements to the Facilities and the Leased Premises and construct additional improvements

provided that: (a) the market value of the Leased Premises shall not be lessened thereby, and (b) such work shall be expeditiously completed in a good and workmanlike manner and in compliance with all applicable State and Federal Laws and the requirements of all insurance policies required to be maintained by Lessee hereunder.

Section 7.6 Installation of Lessee's Equipment.

Lessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit licensees to install items of equipment in or upon the Leased Premises and Facilities. All such items shall remain the sole property of the Lessee or licensee, as the case may be, in which Lessor shall have no interest, and subject to the provisions of Section 4.3 with respect to Lessee's equipment, may be modified or removed at any time provided that Lessee shall repair and restore any and all damage to the Leased Premises and Facilities resulting from the installation, modification or removal of any such items. Nothing in this Ground Lease shall prevent Lessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease-purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Leased Premises or Facilities.

Section 7.7 Permitted Contests. Lessee shall not be required, nor shall Lessor have the right, to pay, discharge or remove any tax, assessment, levy, fee, rent, charge, lien or encumbrance, or require Lessee to take action, on behalf of Lessor, to comply with any State or Federal Laws applicable to the Leased Premises or the use thereof, as long as Lessee shall contest, or cause to be contested, the existence, amount or validity thereof by appropriate proceedings which shall prevent the collection of, or other realization upon, the tax, assessment, levy, fee, rent, charge, lien or encumbrance so contested, and which also shall prevent the sale, forfeiture or loss of the Leased Premises, Facilities or any Basic Rent, any Additional Rent or any other sum required to be paid by Lessee hereunder to satisfy the same or any State or Federal Law, and which shall not affect the payment of any Basic Rent, any Additional Rent or any other sum required to be paid by Lessee hereunder. Lessee shall give such reasonable security to insure ultimate payment of such tax, assessment, levy, fee, rent, charge, lien, or encumbrance and compliance with applicable laws and to prevent any sale or forfeiture of the Leased Premises, the Facilities, the Basic Rent, any Additional Rent or any other sum required to be paid by Lessee hereunder by reason of such non-payment or noncompliance. The provisions of this Section 6.7 shall not be construed to permit Lessee to

contest the payment of Basic Rent, Additional Rent or any other sums payable by Lessee to Lessor hereunder.

Section 7.8 Advances. Provided Lessor is not then in default of the same obligation under the Lease, and provided Lessor has given Lessee 10 days' notice of its intention to act pursuant to this Section 6.8 if Lessee shall fail to perform any of its obligations under this Article, Lessor may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money. All sums so advanced shall be immediately payable by Lessee to Lessor and shall bear interest from the date of advancement by Lessor until paid by Lessee at the rate of 18% per annum.

## ARTICLE VIII

### INSURANCE AND INDEMNIFICATION

Section 8.1 Insurance Requirement. Lessee shall maintain such insurance coverages as are commonly obtained and carried by owners or managers of property similar to the Leased Premises and Facilities. Lessor shall be an additional named insured on such policies, and Lessee shall provide Lessor with evidence of such insurance at Lessor's request. A Mortgagee shall have the right to be named as an insured in any fire and other hazard insurance policies, pursuant to a standard Mortgagee clause or endorsement, and to receive the originals or certificates of all such policies. While a Mortgage is in effect, insurance proceeds shall be held in accordance with the provisions of such Mortgage, and a Mortgagee shall have the right to participate in any settlement or adjustment of losses. If there is no Mortgage in effect, or if an existing Mortgage does not provide for the disposition of insurance proceeds, all insurance proceeds resulting from a casualty loss shall be paid to, and be the property of, Lessee for disposition or application in Lessee's sole discretion.

Section 8.2 Requirements for all Insurance. All insurance required hereby may be provided by a rider to an existing policy or under a separate policy. All insurance policies (or riders) required hereby shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties and the Trustee, at least 30 days before the cancellation or revision becomes effective; and shall have a loss payable clause in favor of the Trustee while the Loan Agreement is in effect; and, with respect to policies described in Section 7.1, whether or not required to be secured, shall name Lessee and Lessor as insured or additional insured parties. While this Ground Lease is in effect, (i) Lessee shall deposit with Lessor policies (and riders) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect; and (ii) before the expiration of any such policy (or rider), Lessee shall furnish to Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, unless such insurance is no longer obtainable, in which event Lessee shall notify Lessor of this fact.

Section 8.3 Administration of Claims, Etc. Neither Lessor nor the Lessee shall be required to prosecute any claim against, or contest any settlement proposed by, any insurer, but any of them may prosecute any such claim or contest any such settlement. In the event of a contest by Lessee, it shall be at Lessee's expense, and Lessee may bring such claim or contest in the name of Lessor, Lessee, or both; and Lessor will join therein, at Lessee's written request upon the receipt by Lessor of an indemnity from Lessee, against all costs, liabilities and expenses in connection with such claim or contest.

Section 8.4 Indemnification. While this Ground Lease is in effect, Lessee shall assume responsibility for, and agrees to indemnify and reimburse Lessor for, all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature imposed upon, incurred by, or asserted against Lessor that in any way relate to, or arise out of, a claim, suit or proceeding based in whole or in part upon the condition, use, non-use, operation or maintenance of the Leased Premises or Facilities, or that arise out of Lessee's failure to comply with the terms of this Ground Lease or Lessor's interest in the Leased Premises and Facilities.

## ARTICLE IX

### CONDEMNATION AND CASUALTY

Section 9.1 Lessor to Oppose Condemnation. Lessor agrees to use all governmental powers and other legal means at its disposal to oppose the taking of all or any portion of the Leased Premises, or any interest therein, by exercise of the power of eminent domain, by whomever sought to be exercised other than Lessor, unless such opposition is waived by Lessee in writing. Lessor also agrees that it will not, during the Lease Term, unnecessarily exercise its power of eminent domain for the purpose of acquiring any interest of Lessee or the Trustee in the Leased Premises to be used for any of the purposes specified in this Ground Lease. Lessor and Lessee agree that, in addition to all other remedies available to Lessee under this Lease, (a) if, for any reason, notwithstanding the foregoing sentence, Lessor takes action to exercise its power of eminent domain for the purpose of acquiring the Leased Premises or any interest therein and such actions are not enjoined; and (b) if, as a result of the events referred to in clause (a), Lessee or any of its general or limited partners may be required at any time to include all or any part of the damages payable by Lessor for such taking in its gross income for United States or State of South Dakota income tax purposes (irrespective of any election to defer tax payments by reinvestment of condemnation damages), thus requiring the payment at any time of additional taxes or estimated taxes, or a reduction of a net operating or other loss, or an offset against any tax refund or other amount due, or the loss or offset against an amount otherwise available as a credit against any tax previously paid or due; then (c) an amount equal to the current or prospective cost of such additions, reductions or offsets to Lessee and its partners for United States and South Dakota income tax purposes shall be a separate and additional item of damages payable by Lessor to Lessee in such eminent domain proceeding or pursuant to this Ground Lease.

Section 9.2 Condemnation or Casualty; Use of Net Proceeds. Lessor hereby irrevocably assigns to Lessee any award, compensation or insurance payment to which Lessor may become entitled by reason of Lessor's interest in the Leased Premises (a) if the use, occupancy or title of the Leased Premises, or any part thereof, is condemned or is taken, requisitioned or sold in, by or on account of any actual or threatened eminent domain proceeding or other action by any person having the power of eminent domain, or (b) if the Facilities, or any part thereof, are damaged or destroyed by

fire, flood or other casualty. Lessor and Lessee shall appear in any such proceeding or action to negotiate, prosecute and adjust any claim for any award, compensation or insurance payment on account of any such damage, destruction, taking, requisition or sale of their respective interests in the Leased Premises. Lessee shall collect any such award, compensation or insurance payment. Notwithstanding the foregoing, any separate award made to Lessor for its fee title to the Leased Premises shall be paid directly to Lessor. All amounts paid in connection with any such damage, destruction, condemnation, taking or sale shall be applied pursuant to this Article VIII. Lessee shall pay all reasonable costs and expenses in connection with each such proceeding, action, negotiation, prosecution and adjustment, and shall be reimbursed therefor out of any award, compensation or insurance payment received.

Section 9.3. Temporary Taking. In the event of any temporary requisition, condemnation or taking by eminent domain, this Ground Lease shall remain in full effect, and Lessee shall be entitled to receive the Net Proceeds allocable to such temporary requisition, condemnation or taking; except that such portion of the Net Proceeds allocable to the period after the expiration or termination of the Ground Lease Term shall be paid to Lessor.



## ARTICLE X

### ASSIGNMENT AND SUBLEASING

Section 10.1 Assignment and Subleasing. Lessee may not assign, transfer or sell the whole or any part of its interest in this Ground Lease, its interest in the leasehold estate hereby created and the Ground Lease Term hereby demised, or let or sublet the whole or any part of the Leased Premises, without obtaining the prior written approval of Lessor. Lessor will not unreasonably withhold such approval if recommended by the Civic Center Board.

## ARTICLE XI

### EVENTS OF DEFAULT AND REMEDIES

Section 11.1 Events of Default by Lessee Defined.  
The following shall be "Events of Default by Lessee" under this Ground Lease, and the term "Event of Default by Lessee" shall mean, whenever used in this Ground Lease, with respect to the Leased Premises, any one or more of the following:

- (a) the failure by Lessee to pay any Rental Payment or other payment required to be paid under this Lease at the time specified herein and the continuation of said failure for a period of 10 days after written notice given by Lessor that the payment referred to in such notice has not been received;
- (b) the failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraph (a) of this Section, for a period of 30 days after written notice stating it is a "Notice of Default by Lessee" and specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree, in writing, to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot, with reasonable diligence, be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and is diligently pursued until the default is corrected;
- (c) the termination of the Operating Agreement and failure of Lessee to enter into a new Operating Agreement approved by Lessor within 90 days thereafter;
- (d) the cessation of operation of the Facilities and failure of Lessee to resume operation thereof within 30 days after written notice thereof has been given to Lessee by Lessor:

The provisions of paragraphs (b) and (d) of this Section are subject to the following limitation: (1) if, by reason of Force Majeure, Lessee is unable, in whole or in part, to carry out its obligations under this Lease with respect to the Leased Premises, Lessee shall not be deemed in default during the continuance of such inability; and (2) that unlawful acts of persons using the Leased Premises shall not be considered

actions of the Lessee, but Lessee shall make reasonable effort to prevent or control unlawful acts by persons using the Leased Premises.

Section 11.2 Lessor's Remedies on Default. Whenever any Event of Default by Lessee shall have happened and be continuing, Lessor shall have the right, subject to any provisions of South Dakota Codified Laws affording protection to tenants of commercial premises and the Federal Bankruptcy Statute and any State Bankruptcy Statute, if applicable, to take one or both of the following remedial steps as its exclusive remedy or remedies:

(a) Lessor shall have the right to terminate this Ground Lease and re-enter and take possession of the Leased Premises and Facilities by giving Lessee notice of termination specifying the date of termination, which shall be a date not less than 30 days after such notice is served. Unless such Event of Default by Lessee is remedied prior to the specified termination date, this Lease and the estate hereby granted shall expire and terminate on such date as fully and completely and with the same effect as if such date were the date herein fixed for the expiration of this Ground Lease, and all rights of Lessee hereunder shall expire and terminate.

(b) Lessor shall have the immediate right, whether or not this Ground Lease shall have been terminated pursuant to paragraph (a), after following the notice procedure set forth in paragraph (a), to re-enter and repossess the Leased Premises and Facilities by such summary proceedings, ejectment, or other legal action or in any peaceable manner Lessor determines to be necessary or desirable, and the right to remove peaceably all persons and property therefrom, unless such Event of Default by Lessee is remedied before initiation of summary proceedings, ejectment, or other legal action. Lessor shall be under no liability by reason of any such re-entry, repossession or removal. Such re-entry or repossession of the Leased Premises shall be construed as an election by Lessor to terminate this Ground Lease.

(c) Lessor shall have the right to bring action to refrain the violation of any covenant to be performed or observed by Lessee hereunder;

(d) Notwithstanding termination of this Ground Lease, Lessee shall remain liable for all accrued but unpaid Rent due hereunder, and Lessor shall have the right to bring suit to collect the amounts owing.

Section 11.3 Delay; Notice. No delay or omission to exercise any right or power accruing upon any Event of Default by Lessee shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 11.4 Remedies Exclusive. The remedies herein conferred upon or reserved to Lessor are intended to be exclusive and in lieu of all other remedies now or hereafter existing at law or in equity.

Section 11.5 Attorneys' Fees and Expenses. In the event either party to this Ground Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will, to the extent permitted by South Dakota law and upon demand therefor, pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Section 11.6 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Ground Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived, and shall not be deemed to waive any other breach hereunder.

Section 11.7 Default by Lessor; Lessee's Remedies. The following shall be "Events of Default by Lessor" under this Ground Lease, and the term "Event of Default by Lessor" shall mean, whenever used in this Ground Lease with respect to the Leased Premises, any one or more of the following:

(a) the failure by Lessor to provide Lessee with quiet use and enjoyment of the Leased Premises in accordance with Article III of this Ground Lease; and

(b) the failure by Lessor to perform its obligations under this Ground Lease.

In the event of the failure by Lessor to observe and perform any covenant, condition or agreement on its part to be observed or performed, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to Lessor by Lessee, Lessee shall have the right to commence an action, at law or in equity, seeking any one or

more of the following: (a) to compel the specific performance of such covenant, condition or agreement; (b) to compel the payment of damages by Lessor; or (c) to declare Lessor in default and terminate this Ground Lease.

Section 11.8 Rights of Mortgagees and the Trustee. Notwithstanding anything to the contrary in the foregoing provisions of this Article X, a Mortgagee and the Trustee (the "Protected Parties"), shall be entitled to the following rights and protections:

(a) If Lessee shall be in default in the observance or performance of any covenant in this Ground Lease beyond any applicable period of grace referred to herein, Lessor shall send written notice of such default to the Protected Parties at such address as the Protected Parties have designated by notice to Lessor. Each of the Protected Parties shall have 30 days after delivery of such written notice from Lessor within which to cure or remove such default except that, if such default cannot, with diligence, be cured within such 30-day period, the Protected Parties shall have a reasonable time thereafter to effect a cure, provided that such parties, or one of them, proceed promptly to cure the same and thereafter prosecute the curing of such default with diligence. Notwithstanding any other provision of this Ground Lease, Lessor shall not have any right, pursuant to this Ground Lease or otherwise, to terminate this Ground Lease due to such default unless Lessor shall have first given written notice thereof to the Protected Parties and unless the Protected Parties shall have failed to cure or remove, or cause to be cured or removed, such default within the time required by this subparagraph (a).

(b) Lessor shall accept performance by the Protected Parties or any of them of any covenant, agreement or obligation of Lessee contained in this Ground Lease with the same effect as though performed by Lessee.

(c) If this Ground Lease shall be terminated for any reason (other than pursuant to Article VIII), or in the event of the rejection or disaffirmance of this Ground Lease pursuant to Bankruptcy Law or other law affecting creditors' rights, Lessor shall enter into a new lease of the Leased Premises with a Mortgagee, or any party designated by a Mortgagee, not less than 20 nor more than 30 days after the request of a Mortgagee referred to below, for the remainder of the Ground Lease Term, effective as of the date of such termination, rejection or disaffirmance, upon all the terms and provisions contained in this Ground

Lease, provided that such Mortgagee makes a written request to Lessor for such new lease within 90 days after the effective date of such termination, rejection or disaffirmance, as the case may be, and such written request is accompanied by copy of the new lease, prepared at Mortgagee's expense, duly executed and acknowledged by the Mortgagee, or the party designated by the Mortgagee to be the Lessee thereunder, and the Mortgagee cures all defaults under this Ground Lease which can be cured by the Mortgagee or its agent, and pays to Lessor all Basic Rent and Additional Rent which would, at the time of such execution and delivery, be due and payable by Lessee under this Ground Lease but for such rejection, disaffirmance or termination, less net amounts received by Lessor under Section 8.2, if any. If the Mortgagee, or the party so designated by the Mortgagee, shall have entered into a new lease with Lessor pursuant to this subparagraph (c), then any default under this Ground Lease which, because the default is personal to Lessee hereunder (such as bankruptcy), cannot reasonably be cured by such new lessee, shall be deemed cured. Any new lease made pursuant to this subparagraph (c) shall have the same priority of lien as this Ground Lease and shall be accompanied by a conveyance of Lessor's interest, if any, in the Facilities and Improvements (free of any mortgage or other lien, charge or encumbrance created or suffered to be created by Lessor) subject to the provisions of this Ground Lease, including, without limitation, the provisions of Section 12.14. In the event there is no Mortgage, or in the event a Mortgagee elects not to exercise its rights hereunder, the Trustee shall have the rights granted the Mortgagee pursuant to subparagraph (c), which rights shall be exercised, if at all, within the same time periods herein set forth, in the case of no Mortgage, or within 20 days of the date Mortgagee was required to act, in the case there is a Mortgagee which elects not to exercise the rights set forth herein. The provisions of this subparagraph (c) shall survive the termination, rejection or disaffirmance of this Ground Lease, and shall continue in full effect thereafter to the same extent as if this subparagraph (c) were a separate and independent contract made by Lessor, Lessee and a Mortgagee and the Trustee, and from the effective date of such termination, rejection or disaffirmance of this Ground Lease to the date of execution and delivery of such new Lease, a Mortgagee, or the Trustee, as the case may be, may use and enjoy the leasehold estate created by this Ground Lease without hindrance by Lessor.

(d) The rights and remedies afforded under this Section are cumulative and not exclusive.

(e) This Ground Lease shall not be modified or surrendered without the prior written consent of a Mortgagee and the Trustee and any modification or surrender without such consent shall be void and of no effect.

(f) Except where otherwise indicated, the provisions of this Section are for the benefit of the Protected Parties and may be relied upon and shall be enforceable by the Protected Parties and any one of them. Neither a Mortgagee, or any other holder or owner of the indebtedness secured by a Mortgage, nor the Trustee shall be liable upon the covenants, agreements or obligations of Lessee contained in this Ground Lease unless and until a Mortgagee, such holder or owner, or the Trustee becomes the Lessee hereunder.

## ARTICLE XII

### ADMINISTRATIVE PROVISIONS

Section 12.1 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified or registered mail, postage prepaid, with proper address as indicated below. Lessor and Lessee may, by written notice given by each to the other, designate any address or addresses to which notices, certificates or other communications to them shall be given when required as contemplated by this Lease. Until otherwise provided, all notices, certificates and communications to each of them shall be addressed as follows:

To the Lessee:           Civic Center Associates  
                          300 Sherman Parkway  
                          Springfield, Missouri 65806  
                          Attention: John Q. Hammons

To the Lessor:           City of Rapid City  
                          City Hall  
                          22 Main Street  
                          Rapid City, South Dakota 57701  
                          Attention: Finance Officer

A copy of each notice given hereunder shall also be mailed to the Trustee while the Indenture is in effect.

Section 12.2 Applicable Law; Interpretation. This Ground Lease shall be interpreted in accordance with and governed by the laws of the State. The words "herein" and "hereof", and words of similar import, without reference to any particular article, section, paragraph or clause, refer to this Ground Lease as a whole rather than to any particular article, section or subdivision hereof. References in this Ground Lease to any particular article, section, paragraph or clause hereof are to the article, section, paragraph or clause of this Ground Lease as originally executed. The table of contents and the captions or headings of this Lease are for convenience only and in no way define, limit or describe the scope of this Lease, and are not a part of this Ground Lease. Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.



Section 12.3 Lessor and Lessee Representatives. Within thirty (30) days after the execution of this Ground Lease, Lessor and Lessee shall each notify the other of the names, addresses and telephone numbers of the persons serving as Lessor Representatives or Lessee Representatives, respectively. In performing their duties and exercising their rights under this Ground Lease/Lessor and Lessee shall be entitled to rely upon statements, representations or determinations given to them in writing by a Lessee Representative or a Lessor Representative as the case may be.

Section 12.4 Binding Effect. This Ground Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 12.5 Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.6 Amendments, Changes and Modifications. This Ground Lease may be amended or any of its terms modified only by written document duly authorized, executed and delivered by Lessor and Lessee. It is intended that a Lease Addendum will be entered into prior to commencement of construction. Said Addendum shall be as recommended and approved by the Civic Center Board and approved by Lessee.

Section 12.7 Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Premises hereby Leased or intended so to be, and for carrying out the expressed intention of this Ground Lease.

Section 12.8 Estoppel Certificates. Lessor will, from time to time, upon twenty (20) days prior request by Lessee, execute, acknowledge and deliver to Lessee a certificate of Lessor stating that this Ground Lease is unmodified and in full effect (or, if there have been modifications, that this Ground Lease is in full effect as modified, and setting forth such modifications) and the dates to which Basic Rent, Additional Rent and other sums payable hereunder have been paid, and either stating that to the knowledge of the signer of such certificate no default exists hereunder or specifying each such default of which the signer has knowledge. Any such certificate may be relied upon by the

Lessee and the Trustee, and any prospective Mortgagee or purchaser of the Leased Premises.

Section 12.9 Execution in Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.10 Mortgagee Protection. Lessor and Lessee shall cooperate in including in this Ground Lease by suitable amendment from time to time any provision which may reasonably be requested by a Mortgagee for the purpose of implementing any Mortgagee protection provisions contained in this Ground Lease and allowing such Mortgagee reasonable means to protect or preserve the lien of a Mortgage on the occurrence of a default under the terms of this Ground Lease. Lessor and Lessee each agree to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the Ground Lease Term or Rental Payments under this Ground Lease or otherwise in any material respect adversely affect any rights of Lessor under this Ground Lease.

Section 12.11 Interpretation. Except as specifically provided herein, nothing herein is intended to restrict the exercise by Lessor of any of its police powers, or to confer any rights upon any person or entity other than Lessor and Lessee and their lawful successors and assigns.

Section 12.12 Short Form Ground Lease. Either party, at the written request of the other, shall execute a short form or memorandum of Lease in recordable form which shall contain a description of the Land, the length of the term, and incorporate by reference only the provisions of this Ground Lease.

Section 12.13 Title to Facilities and Improvements. All Facilities and Improvements shall be the property of Lessee during the Ground Lease Term, but title to the Facilities and Improvements shall automatically pass to the Lessor upon the expiration or termination thereof, including any such termination following any rejection or disaffirmance of this Ground Lease by Lessee or any trustee or receiver of Lessee pursuant to bankruptcy, upon request of Lessor, law or other law affecting creditors' rights, and Lessee agrees to execute and deliver to Lessor an instrument acknowledging conveyance of the Facilities and Improvements to the Lessor upon such expiration or termination of the Ground Lease Term. All costs of reconveyance, including real estate transfer fees, shall be paid by Lessor.

IN WITNESS WHEREOF, Lessee has caused this Ground Lease to be executed by its General Partner, and Lessor has caused this Ground Lease to be executed in its name by its duly authorized officers and sealed with its corporate seal; as of the date first above written.

CIVIC CENTER ASSOCIATES,  
Lessee

By

  
General Partner

By

JOHN Q. HAMMONS

Its General Partner


CITY OF RAPID CITY,  
SOUTH DAKOTA, Lessor

By

  
Mayor

(Seal)

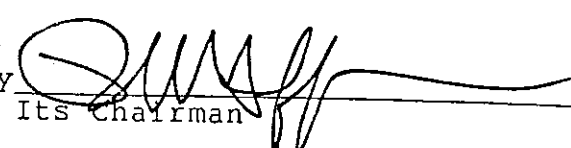
And

  
Finance Officer

The Civic Center Board of the City of Rapid City has approved and accepts the terms of this Ground Lease.

CIVIC CENTER BOARD

By

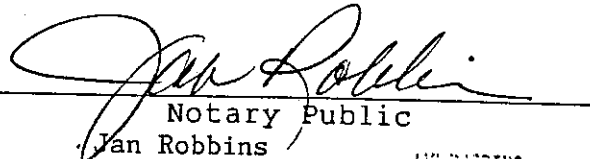
  
Its Chairman

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF GREENE )

On this 2nd day of May, 1987, before me, a Notary Public within and for said County, personally appeared John Q. Hammons to me personally known, who, being by me duly sworn, did say that he ~~is a member of the Board of Directors of~~ is the General Partner of ~~the~~ Civic Center Associates Limited Partnership, a South Dakota ~~limited partnership and a party to the foregoing Ground Lease Agreement; that said Ground Lease Agreement was signed by him on behalf of Civic Center Associates~~ as such General Partner; and he ~~acknowledged said Ground Lease Agreement to be the free act and deed of said General Partner.~~

(Notarial Seal)

My Commission Expires: October 26, 1988.

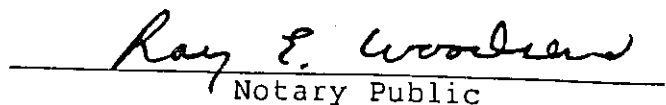
  
Notary Public  
Jan Robbins

JAN ROBBINS  
NOTARY PUBLIC STATE OF MISSOURI  
- 1987 -  
BY COMMISSION EXP. OCT 26, 1988  
ISSUED MISSOURI NOTARY ASSOC.

STATE OF SOUTH DAKOTA )  
 ) ss.  
COUNTY OF PENNINGTON )

On this 1st day of May, 1987, before me, a Notary Public within and for said County, personally appeared Arthur P. LaCroix and Kent Brugger to me personally known, who, being each by me duly sworn, did say that they are respectively the Mayor and the Finance Officer of the City of Rapid City, the municipal corporation of the State of South Dakota which is a party to the foregoing Ground Lease Agreement; that the seal affixed to said Ground Lease Agreement is the corporate seal of the City; that said Ground Lease Agreement was signed and sealed by them on behalf of the City by authority of its Common Council; and said Mayor and the Finance Officer acknowledged said Ground Lease Agreement to be the free act and deed of the City.

(Notarial Seal)

  
Notary Public

Commission expires

3/12/89

STATE OF SOUTH DAKOTA )  
 ) ss.  
COUNTY OF PENNINGTON )

On this 1<sup>st</sup> day of May, 1987, before me, a Notary Public within and for said County, personally appeared Richard HUFFMAN to me personally know, who, being by me duly sworn, did say that he is the Chairman of the Civic Center Board of the City of Rapid City, an agency of the City of Rapid City, and a party to the foregoing Ground Lease Agreement; that said Ground Lease Agreement was signed by him on behalf of the Civic Center Board, and he acknowledged said Ground Lease Agreement to be the free act and deed of the Civic Center Board.

(Notarial Seal)

Ray T. Woodlund  
Notary Public

COMMISSION EXPIRES 3/12/89

## EXHIBIT A

### LEGAL DESCRIPTION

The area to be leased shall be determined with the approval of the Rushmore Plaza Civic Center Board; however, the total area to be leased shall not exceed 3.5 acres. The legal description will be finalized and this Exhibit A amended, prior to commencement of construction of the Improvements but shall generally be located in the easterly portion of Lot ER and shall contain the necessary land for the footprint of the hotel facility, and not to exceed 175 parking spaces, as well as such land as is necessary for access and landscaping.

# EXHIBIT B

<u>Period</u>	<u>BASIC RENT</u>	<u>Guaranteed Annual Rent</u>
(1) Commencing Operation to First December 31st following Completion		\$25,000.00
(2) First January 1st to Second December 31st following Completion		\$27,000.00
(3) Second January 1st to Third December 31st following Completion		\$29,000.00
(4) Third January 1st to Fourth December 31st following Completion		\$31,000.00
(5) Fourth January 1st to Fifth December 31st following Completion		\$33,000.00
(6) Fifth January 1st to Sixth December 31st following Completion		\$35,000.00
(7) Sixth January 1st to Seventh December 31st following Completion		\$41,000.00
(8) Seventh January 1st to Eighth December 31st following Completion		\$41,000.00
(9) Eight January 1st to Ninth December 31st following Completion		\$41,000.00
(10) Ninth January 1st to Tenth December 31st following Completion		\$41,000.00
(11) Tenth January 1st to 30th December 31st following Completion		\$55,000.00

In addition to the guaranteed annual rent, one per cent (1%) of adjusted gross room revenues in excess of Five Million Dollars (\$5,000,000.00) shall be paid for the calendar year. Twenty-five per cent (25%) of the guaranteed annual rent shall be payable on each January 1st, April 1st, July 1st, and October 1st of each year in advance, commencing with the first January following completion. The guaranteed annual rent for the first year shall be prorated on a monthly basis and payable in advance. All adjustments based upon gross room rentals exceeding Five Million Dollars (\$5,000,000.00) per calendar year shall be paid within thirty (30) days following the calendar quarter that the minimums are exceeded.

## EXHIBIT C

### PERMITTED ENCUMBRANCES

Lessor warrants that the leasehold interest granted and conveyed hereby is subject only to Lessor's fee, State mineral reservations and rights, if any; applicable Federal, State and municipal laws and regulations; and to the following additional Permitted Encumbrances:

1. liens for taxes and special assessments which are not then delinquent, or if then delinquent are being contested in accordance with Section 5.04 of the Loan Agreement;
2. utility, access and other easements and rights-of-way, restrictions, restrictive covenants and exceptions that will not interfere with or impair the operation of the Facilities, or if it is not being operated, the operation for which it was designed or last modified;
3. any mechanic's, laborer's, materialman's, supplier's, or vendor's lien or right in respect thereof if payment is not yet due under the contract in question or if such lien is being contested;
4. such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Land and do not materially impair the property affected thereby for the purpose for which it was intended;
5. liens arising in connection with workers' compensation, unemployment insurance, taxes, assessments, statutory obligations or liens, social security legislation, undetermined liens and charges incidental to construction, or other similar charges arising in the ordinary course of operation and not overdue or, if overdue, being contested in a permitted context and such other liens and charges at the time required by law as a condition precedent to the transaction of the activities of the Partnership or the exercise of any privileges or licenses necessary to the Partnership; and
6. this Ground Lease.



## EXHIBIT D

### PLANS AND SPECIFICATIONS

The final plans shall be subject to review by the Rushmore Plaza Civic Center Board and attached hereto prior to construction. Generally, the facility shall consist of an atrium hotel of brick, concrete, steel, concrete block and glass not to exceed eight (8) stories. The materials shall be consistent in color with the Rushmore Plaza Civic Center; the hotel shall contain at least 200 rooms of which at least 20% shall be suites. The hotel shall not contain more than approximately 7,000 square feet of meeting room space, which may be in addition to space for a coffee shop, fine dining, and lounge.