

GROUND LEASE

This Ground Lease (“Ground Lease”) is between Washoe County, a political subdivision of the State of Nevada, as lessor (“Lessor” or “Washoe County”), and the Nevada Indoor Tennis, LLC, a Nevada limited liability company, as lessee (“Lessee” or “TENNIS”).

TENNIS wants to use Washoe County property to develop indoor tennis courts (the “Project”). The property that TENNIS wants to use for the Project is a three-acre parcel created from land in Washoe County’s Washoe Golf Course (the “Property”). Currently, the Property is a part of the Washoe Golf Course. The Property is described and shown in Exhibit A to this Ground Lease. The land from which the three-acre parcel was created is described and shown in Exhibit B to this Ground Lease.

The indoor tennis courts will provide indoor tennis-based recreation to Northern Nevada and neighboring California communities, among other regions.

TENNIS wants to complete the Project in two phases. The Project’s first phase envisions constructing a Six Court Bubble for Indoor Tennis and Club House to include access, parking, and utilities (“Phase One”). If applicable, the Project’s second Phase would involve constructing a Pickle Ball Court (“Phase Two”).

Washoe County is interested in TENNIS using the Property for the Project.

The parties entered into an Indoor Tennis Courts Development Agreement (“Development Agreement”) that provides the Project’s terms. Under the Development Agreement, the parties agreed to enter into a ground lease under NRS 244.286 for TENNIS to complete the Project.

Washoe County wants to lease the Property to TENNIS and TENNIS wants to lease the Property from Washoe County under this Ground Lease’s terms.

TENNIS wants to complete the Project with its own resources and without Washoe County contributing funds to the Project’s costs.

Therefore, Washoe County and TENNIS agree as follows:

I. Lease.

I.1 TENNIS currently plans to complete the indoor tennis courts in two phases and that the cost estimate to complete the first phase is \$1,606,440.

1.2 Washoe County leases the Property to TENNIS and TENNIS leases the Property from Washoe County. On TENNIS paying rent and fulfilling its other obligations under this Ground Lease, TENNIS shall peaceably and quietly have the Property for the Project. Washoe County shall not interfere with TENNIS using the Property as set forth in this Ground Lease.

1.3 Before TENNIS begins the Project's phase-one construction, TENNIS shall demonstrate to Washoe County's reasonable satisfaction that TENNIS has obtained the \$1,606,440 it estimates is necessary to complete the first phase,

2. Term.

2.1 Although effective upon the Effective Date, this Ground Lease's term is 20 years, beginning on the earlier of (1) the date the Project is first open to the public, or (2) one year from the date TENNIS commences construction. The Ground Lease may be terminated earlier according to its terms.

2.2 If TENNIS is not in default under this Ground Lease or the Development Agreement, then any time before this Ground Lease's initial term expires, TENNIS shall have the right to extend the term of this Ground Lease for an additional 20-year period. The parties may enter into additional extensions of the Ground Lease's term. TENNIS's exercise of the option for an additional 20-year term and the extensions of the Ground Lease's term beyond the 20-year option, if any, must be in writing.

2.3 If the Project is dormant for more than six consecutive months after it is constructed, the Development Agreement, this Ground Lease and the leaseback and sublease, which the Development Agreement describes, will become void and TENNIS shall surrender the Property, building, and other improvements on the Property to Washoe County free of liens and encumbrances.

2.4 After the Project is constructed and the Ground Lease, and the option, if it is exercised, and any other extensions to the Ground Lease's term expire, the Property, building, and any other improvements TENNIS constructed on the Property will belong to Washoe County free of liens and encumbrances.

3. Rent. TENNIS agrees to pay to Washoe County \$1 per year for the Property during the Ground Lease's term. Washoe County states that it has received from TENNIS an advanced payment of \$20.00 for rent during this Ground Lease's initial term.

4. Constructing the Indoor Tennis Courts.

4.1 TENNIS may use the Property to complete the Project, including constructing the indoor tennis courts and any necessary appurtenances.

4.2 TENNIS shall provide all planning, architectural, engineering, construction, and supervision services for the Project. Under NRS 244.286, before TENNIS can begin constructing the Project, Washoe County's governing body must adopt the Project specifications for the Indoor Tennis Courts, which TENNIS will submit to describe the Project's requirements ("Project Specifications"). Washoe County will not unreasonably refuse, or delay adopting of, the Project Specifications. After Washoe County's governing body adopts the Project Specifications, the Project Specifications may be changed only with the parties' written consent.

4.3 TENNIS will enter into a construction agreement between TENNIS and a Nevada licensed contractor (the "Construction Agreement"). The Construction Agreement will name TENNIS as owner with the duties and obligations the Construction Agreement sets forth. Under NRS 244.286, the provisions of NRS 338.013 through NRS 338.090 apply to the Construction Agreement and all other agreements about constructing the Project. TENNIS, TENNIS's contractor, and all subcontractors involved in the Project shall pay the Prevailing Wage Rate as required by NRS 244.286 and NRS Chapter 338. TENNIS or its authorized agent shall manage the Project.

4.4 Except as provided in sections 4.5 of this Ground Lease, the Construction Agreement and Project Specifications shall designate and show a haul route for Indoor Tennis Court construction traffic's sole use as ingress and egress to the Property.

4.5 If TENNIS does not designate the haul route described in section 4.4 of this Ground Lease, while the Indoor Tennis Court is being constructed, TENNIS shall maintain to Washoe County's reasonable satisfaction Washoe County roads and parking lots used by Indoor Tennis Court construction traffic. After Indoor Tennis Court construction is complete, TENNIS shall have the Washoe County roads and parking lots used for Indoor Tennis Court construction repaired to Washoe County's reasonable satisfaction.

4.5.1 If TENNIS does not designate the haul route described in section 4.4 of this Ground Lease or Indoor Tennis Court construction traffic uses Washoe County roads or parking lots, the Construction Agreement shall make final payment to TENNIS's contractor contingent on the Washoe County roads and parking lots used by Indoor Tennis Court construction traffic being repaired to Washoe County's reasonable satisfaction.

4.5.2 If TENNIS does not designate the haul route described in section 4.4 of this Ground Lease or Indoor Tennis Court construction traffic uses Washoe County roads or parking lots, before Indoor Tennis Court construction begins, Washoe County shall photograph, video, and take an updated pavement condition index of

the Washoe County roads and parking lots to be used for Indoor Tennis Court construction.

4.6 After TENNIS begins having the Indoor Tennis Court constructed and until it leases the Indoor Tennis Court to Washoe County under the Leaseback set forth in the parties' Development Agreement, TENNIS shall cause the Indoor Tennis Court to be maintained to Washoe County maintenance standards as set forth in Exhibit D to this Ground Lease.

4.7 TENNIS shall submit the Construction Agreement and Project Specifications to Washoe County for its review and approval when the Construction Agreement and Project Specifications are 30 percent complete and, again, when they are 90 percent complete. If the Construction Agreement or Project Specifications are not reasonably satisfactory to Washoe County at each review, TENNIS shall revise the Construction Agreement or Project Specifications to Washoe County's reasonable satisfaction. Washoe County shall not unreasonably withhold or delay its approval of the Construction Agreement and Project Specifications. Unless Washoe County provides TENNIS with a written objection within 14 working days of any such submission, Washoe County shall be deemed to have approved such submission.

4.8 TENNIS shall construct the Indoor Tennis Court as set forth in the Construction Agreement and Project Specifications.

4.9 TENNIS may begin constructing the Indoor Tennis Court after the Ground Lease's Effective Date and the Construction Agreement's and Project Specification's effective dates.

4.10 TENNIS must begin constructing the Indoor Tennis Court within three years of the Ground Lease's Effective Date. TENNIS shall complete constructing the Indoor Tennis Court within two years from the date it begins constructing the Indoor Tennis Court.

4.11 Any time before it begins constructing the Indoor Tennis Court, TENNIS may terminate this Ground Lease.

4.12 TENNIS may provide separate Project Specifications and a separate Construction Agreement for each phase of the Project.

5. Indoor tennis courts Use. TENNIS shall not use the indoor tennis courts contrary to any statute, rule, order, ordinance, requirement, or regulation, or in any way that would substantially diminish the Property's value or usefulness or cause a public nuisance or waste.

6. The Property and Approvals.

6.1 Except for the representations contained in the Development Agreement and Ground Lease, which TENNIS may rely on in constructing the Indoor Tennis Court, Washoe County has not made and does not make any representation as to the Property's condition or the Property's fitness or security for any specific use.

6.2 TENNIS acknowledges that neither it nor Washoe County has obtained a Special Use Permit ("SUP") for the Project, if one is necessary. Washoe County shall use reasonable efforts to assist TENNIS with obtaining the SUP, if one is necessary. "Reasonable efforts" means, with respect to a given obligation, the efforts that a reasonable person in Washoe County's position would use to comply with the obligation as promptly as possible. If obtaining a SUP is not feasible or if TENNIS cannot obtain a SUP within 240 days from this Ground Lease's Effective Date, either party may terminate this Ground Lease. If the Ground Lease is terminated under this section 6.2, this Ground Lease and the Development Agreement shall cease to be of any further effect.

7. Title to the Indoor Tennis Courts and the Property. TENNIS shall own the Indoor Tennis Court. Except for the interest that is the subject of this Ground Lease, TENNIS shall have no title or interest in the Property. TENNIS states that its title to the Indoor Tennis Court building shall be subject to this Ground Lease's terms.

8. Licenses and Insurance During Construction. From the Ground Lease's Effective Date until TENNIS completes the Project, TENNIS shall, and shall cause its contractor to, have the insurance coverages required for TENNIS under this Ground Lease. TENNIS shall furnish Washoe County a copy of all such policies and shall be an additional insured under all policies.

9. Insurance and Indemnification.

9.1 If, before the Project is substantially complete, any building, fixture, or other improvement on the Property, except movable fixtures, furniture, or furnishings, is damaged or destroyed by fire or otherwise, TENNIS shall restore or rebuild the improvement as nearly as possible to the condition it was in before such damage or destruction. TENNIS shall proceed to complete the improvements in accordance with the Project Specifications and Construction Agreement, or build a replacement improvement which, with Washoe County's reasonable approval, is determined to be at least as desirable under the circumstances. TENNIS shall use reasonable efforts to restore or rebuild the improvement as soon as possible. So long as TENNIS complies with this section 9.1's requirements, no damage or destruction of the building or any of the fixtures or other property on the Property shall be grounds to terminate this Ground Lease or relieve TENNIS or Washoe County from any obligation this Ground Lease creates or imposes.

9.2 With respect to any Proceeding brought by someone other than TENNIS or someone other than one or more Washoe County Indemnitees against one or more Washoe County Indemnitees and that arises out of this Ground Lease or TENNIS's use of the Property for the

Project (each, a “Nonparty Claim”), TENNIS shall indemnify those Washoe County Indemnitees against all Indemnifiable Losses arising out of that Proceeding, except to the extent that Washoe County negligently or intentionally caused those Indemnifiable Losses.

9.3 To be entitled to indemnification under this section, a Washoe County Indemnatee subject to any Nonparty Claim must promptly (and in any event no later than ten days after the Washoe County Indemnatee first knows of that Nonparty Claim) notify TENNIS of that Nonparty Claim and deliver to TENNIS a copy of all legal pleadings with respect to the Nonparty Claim. If the Washoe County Indemnatee fails to timely notify TENNIS of a Nonparty Claim, TENNIS will be relieved of its indemnification obligations with respect to that Nonparty Claim to the extent that TENNIS was prejudiced by that failure and TENNIS will not be required to reimburse the Washoe County Indemnatee for any Litigation Expenses the Washoe County Indemnatee incurred during the period in which the Washoe County Indemnatee failed to notify TENNIS.

9.4 TENNIS shall be responsible for Litigation Expenses to the extent provided in the insurance requirements set forth in Exhibit C to this Ground Lease, except that TENNIS shall not be liable for any Litigation Expenses with respect to any period during which the Washoe County Indemnatee fails to timely notify TENNIS of that Nonparty Claim.

9.5 In this Ground Lease, the following definitions apply:

9.5.1 “Washoe County Indemnatee” means Washoe County or any Representative.

9.5.2 “Indemnifiable Losses” means the aggregate of Losses and Litigation Expenses.

9.5.3 “Litigation Expense” means any reasonable out-of-pocket expense incurred in defending a Proceeding or in any related investigation or negotiation, including court filing fees, court costs, arbitration fees, witness fees, and attorneys’ and other professionals’ fees and disbursements.

9.5.4 “Loss” means any amount awarded in, or paid in settlement of, any Proceeding, including any interest but excluding any Litigation Expenses.

9.5.5 “Proceeding” means any judicial, administrative, or arbitration action, suit, claim, investigation, or proceeding.

9.5.6 “Representative” means any of Washoe County’s directors, officers, or employees.

9.6 TENNIS states the following:

9.6.1 That, as the parties' Development Agreement requires, TENNIS has furnished, or prior to any construction will furnish, Washoe County with a completion bond provided by a company or companies reasonably acceptable to Washoe County.

9.6.2 That the completion bond is in an amount equal to the Construction Agreement's sum.

9.6.3 That the completion bond requires that the Project work be performed according to the Development Agreement's, Project Specification's, Construction Agreement's, and Ground Lease's terms.

9.7 If TENNIS enters into a separate Construction Agreement for each phase of the Project and a separate completion bond for each Construction Agreement, its representations in section 9.6 apply to each completion bond.

9.8 The failure to provide Washoe County with a completion bond before Indoor Tennis Court construction begins shall constitute a default under this Development Agreement.

9.9 TENNIS states that maintaining and operating Phase One of the Project is estimated to cost \$170,512 per year. Before Phase One of the Project is complete, TENNIS shall furnish Washoe County with a letter of credit equal to 110 percent of the \$170,512 estimated cost to maintain and operate Phase One for one year, in the event TENNIS defaults under this Ground Lease.

9.10 Before Phase Two of the Project is complete, TENNIS shall furnish Washoe County with a letter of credit equal to 110 percent of the estimated cost to maintain and operate Phase Two for one year, in the event TENNIS defaults under the Ground Lease.

9.11 TENNIS agrees to the additional insurance requirements as set forth in Exhibit C to this Ground Lease.

10. Mechanic's Liens.

10.1 If, as a result of any construction on the Property, the Property or any part of it, at any time during the Ground Lease's term, becomes subject to any vendor's, mechanic's, laborer's, materialman's, or other similar lien based on materials or labor provided to the Project, TENNIS shall cause the lien to be discharged of record with the Washoe County Recorder at TENNIS's sole cost and expense. And, after notice to Washoe County, TENNIS shall by appropriate proceedings that it institutes and prosecutes, contest in good faith the validity or the amount of any such lien. But, if Washoe County shall deliver to TENNIS an opinion of independent counsel to the

effect that, by nonpayment for materials or labor provided to the Project, the interest created by the Ground Lease will be materially affected or the Project or Property will be subject to imminent loss or forfeiture, TENNIS shall promptly cause the lien to be discharged of record. If TENNIS fails to cause any such lien to be discharged of record, Washoe County may cause the lien to be discharged, and TENNIS shall reimburse Washoe County for the amount expended.

10.2 Washoe County shall not be liable for any work performed or to be performed by TENNIS or its contractor on the Property, or in the indoor tennis courts or for any materials furnished or to be furnished at the Property for TENNIS and that no mechanic's or other lien for such work or materials shall attach to the reversionary or other interest, if any, of Washoe County in the building or the Property.

10.3 Washoe County may record a notice of nonresponsibility in accordance with NRS 108.234.

11. Utilities and Taxes. TENNIS shall pay all charges for utilities provided to the Property, including power, water, and telephone. TENNIS shall pay all federal, state, county, or city agency or subdivision tax assessed against the Property or Indoor Tennis Court.

12. Assigns and Successors.

12.1 On written notice to TENNIS, Washoe County may assign its interests under this Ground Lease or sell or convey the Property, provided that no such assignment, sale or conveyance shall relieve Washoe County of its primary liability to TENNIS for Washoe County's obligations under this Ground Lease. On receiving notice of Washoe County assigning this Ground Lease, TENNIS shall recognize the new owner as Lessor under this Ground Lease and will continue to be bound by the Ground Lease's terms and conditions.

12.2 Notwithstanding the foregoing section, Washoe County shall not sell, transfer, convey or otherwise assign its interest in the Property without first giving TENNIS the opportunity to acquire the Property. TENNIS shall have the ongoing right to purchase the Premises upon the same terms and conditions as are contained in any agreement that Washoe County, or its successors and assigns, is inclined to accept. Washoe County shall promptly send to TENNIS a copy of any such agreement within ten days of Washoe County's receipt, and TENNIS shall have 30 days after receipt of that agreement to exercise this right to purchase.

12.3 Any term of this Ground Lease that inures to the benefit of or is binding on Washoe County shall also inure to the benefit of and be binding on Washoe County's successors and assigns. Any term, covenant, or condition of this Ground Lease which inures to the benefit of or is binding on TENNIS shall also inure to the benefit of and be binding on the of TENNIS's successors.

13. Termination.

13.1 Washoe County may terminate this Ground Lease before it expires if TENNIS defaults under this Ground Lease and fails to reasonably cure such default. In addition to the other defaults under this Ground Lease, any of the following is a TENNIS default under this Ground Lease:

(a) TENNIS fails to complete the Project within two years from the date that it begins constructing the Indoor Tennis Court plus any extensions of time the parties agree to in writing;

(b) TENNIS fails to perform its obligations under this Ground Lease or the Development Agreement and TENNIS does not cure its failure within 30 days after written notice from Washoe County specifying the claimed failure(s) and directing TENNIS to take curative action;

(c) A lien of any kind is placed upon the Property, and the lien is not removed within 60 days after Washoe County provides TENNIS with notice of the lien;

(d) There is filed by or against the TENNIS as debtor, a petition under the U. S. Bankruptcy Code and such petition is not dismissed within sixty (60) days after the same is filed or TENNIS proceeds under any similar insolvency laws or proceeds to wind up its affairs;

(e) Washoe County discovers that any TENNIS material statement, representation, or warranty in this Ground Lease, the Development Agreement, or otherwise is false, misleading, or erroneous in any respect material to the Project.

(f) TENNIS fails to remain in good standing in the State of Nevada during the term of this Ground Lease after 30 days' prior written notice.

13.2 If TENNIS defaults under this Ground Lease and fails to cure the default within 30 days after Washoe County provides TENNIS with written notice that it failed to perform, TENNIS shall surrender the Property, building, and other improvements on the Property to Washoe County free of liens and encumbrances.

14. Surrender of the Property and Indoor Tennis Court Building. TENNIS agrees that, when this Ground Lease expires, including the 20-year option, if TENNIS exercises it, and any other extensions of time, TENNIS will surrender the Property, building, and other improvements on the Property to Washoe County, free of liens and encumbrances, except (i) the lien for current taxes, not yet delinquent, (ii) those portions of current assessments not yet due and payable, (iii) anything that affects title to the Project resulting from acts or omissions of Washoe County or consented to in writing by Washoe County, (iv) any liens or encumbrances existing at the commencement of the term of this Ground Lease or placed on the Project during this Ground Lease's term by Washoe County and TENNIS jointly, (v) any defects in title, covenants, conditions,

restrictions, easements, rights-of-way of record, and leases or other tenancy agreements existing at the commencement this Ground Lease's term and shown as Exhibit E to this Ground Lease, and (vi) subleases covering portions of the Project executed by Washoe County during the term of this Ground Lease. TENNIS agrees to execute the instruments and do the things as Washoe County reasonably requests, all at Washoe County's expense, to transfer TENNIS's right, title, and interest in the building to Washoe County or its designee.

15. Defaults and Remedies.

15.1 Washoe County and TENNIS state that in the event TENNIS or Washoe County default in the performance of their respective obligations under this Ground Lease, either may take whatever other actions in law or in equity as might appear desirable to enforce performance and observance of their respective rights under this Ground Lease, including terminating this Ground Lease.

15.2 Despite anything to the contrary provided for in this Ground Lease, the rights of either party, in the event the other party breaches this Ground Lease, may not be exercised until written notice of the breach is given to the other party at the notice addresses provided in this Ground Lease. The breaching party shall have the right to cure the breach. Unless otherwise specified in this Ground Lease, the time to cure any breach shall be as follows: with respect to any breach that can be cured by payment of money within 15 days of receipt of written notice of the breach, or within 30 days thereafter with respect to any other term of this Ground Lease, and, if such breach cannot be remedied within 30 days, the breaching party shall have such additional time (not in excess of 60 days) as is reasonably necessary to cure such breach, provided that it commences the curing of such default within the requisite period and thereafter diligently continues to cure the breach.

16. Notice. Any notice that this Ground Lease requires to be given by either Washoe County or TENNIS to the other shall be in writing and hand delivered or sent by certified mail, return receipt requested, and, unless the Ground Lease otherwise states, if delivered, notice shall be deemed given when delivered and if mailed, notice shall be deemed to be given five business days after being deposited in the United States mail, postage prepaid, addressed to the respective party at their respective addresses as follows:

TENNIS:

Kurtis Mark Richter
4790 Caughlin Parkway, #834
Reno, Nevada 89519

Washoe County:

Washoe County, Nevada
c/o County Manager
1001 E. 9th Street
Reno, Nevada 89512

with a copy to TENNIS' counsel:
Joey Gilbert Law
201 West Liberty Street, Suite 210
Reno, NV 89501

Or, written notice may be given at such other address as one party may give notice of to the other in writing.

17. Headings. The headings of the various sections of this Ground Lease have been inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of this Ground Lease. The singular number and gender of personal pronouns as used throughout this Ground Lease shall be construed to mean such number and gender as the context, circumstances, or its antecedent might require.

18. Entire Agreement. This Ground Lease, the attached exhibits and the Development Agreement constitute the entire agreement between Washoe County and TENNIS with respect of the Ground Lease's subject matter. This Ground Lease may be modified only by a writing signed by both Washoe County and TENNIS.

19. Waiver. No failure by either Washoe County or TENNIS to insist upon the strict performance by the other of a Ground Lease term or to exercise any right or remedy contingent on a breach of this Ground Lease shall constitute a waiver of such term or breach of this Ground Lease and the term shall continue in full force with respect to any then existing or subsequent breach.

20. Computation of Time. The time in which any act provided by this Ground Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday, or legal holiday, and then it is also excluded.

21. Counterparts. This Ground Lease may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

22. Recordings. Washoe County and TENNIS may have a memorandum of this Ground Lease executed in recordable form and recorded in the Official Records of Washoe County, Nevada.

23. Severability. If any provision of this Ground Lease is held to be unenforceable, then that provision is to be construed either by modifying it to the minimum extent necessary to make it enforceable (if permitted by law) or disregarding it (if not). But if modifying or disregarding the unenforceable provision would result in failure of an essential purpose of this Ground Lease, the entire Ground Lease is to be held unenforceable. The parties acknowledge that enforcement of

sections 1, 2.1, 2.2, 4, and 12.2 as written are an essential purpose of this Ground Lease. If an unenforceable provision is modified or disregarded in accordance with this section 24, the rest of the Ground Lease is to remain in effect as written, and the unenforceable provision is to remain as written in any circumstances other than those in which the provision is held to be unenforceable.

24. Governing Law. Nevada law governs this Ground Lease and all adversarial proceedings arising out of this Ground Lease or arising out of planning or constructing the Project. Venue for all adversarial proceedings arising out of this Ground Lease or arising out of planning or constructing the indoor tennis courts shall be in state district court in Washoe County, Nevada.

25. Effective Date. This Ground Lease will become effective when all the parties have signed it (the "Effective Date"). The date this Ground Lease is signed by the last party to sign it (as indicated by the date stated under that party's signature) will be deemed this Ground Lease's date.

TENNIS:

WASHOE:

WASHOE COUNTY

By: _____

By: _____

John Slaughter,

Title: _____

Title: Washoe County Manager

Date: _____

Date: _____

STATE OF NEVADA)
 : ss.
COUNTY OF WASHOE)

On the _____ day of _____, 201____, before me, a notary public in and for the said State, personally appeared _____, personally known to me (or proved to me and the basis of satisfactory evidence) to be the person whose name are subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC