



June 2, 2016

**Kelly Williams
City Clerk
Lake Havasu City
2330 McCulloch Boulevard North
Lake Havasu City, AZ. 86403**

Dear Kelly,

Turf Paradise is hereby requesting a new Off-track Pari-mutuel Wagering license for the Quality Inn & Suites, located at 271 Lake Havasu Ave. S., Lake Havasu City, Arizona, 86403. Turf Paradise's Permit to Operate Additional Wagering Facilities with the Arizona Department of Racing is valid from June 1, 2015 through May 31, 2018. Therefore, we ask that the term of the license/permit for Quality Inn & Suites be valid until that date. Please find enclosed a copy of the agreement between Turf Paradise and Quality Inn & Suites.

**Applicant: David Johnson, Agent
Quality Inn & Suites
271 Lake Havasu Ave. S.
Lake Havasu City, AZ. 86403**

Thank you for your attention to this matter. If you have any questions or concerns please contact me at (602) 375-6431.

David Johnson
Vice President



Turf Paradise

**TURF PARADISE
TELETRACK
WAGERING FACILITY
AGREEMENT**

Date: April 28, 2016

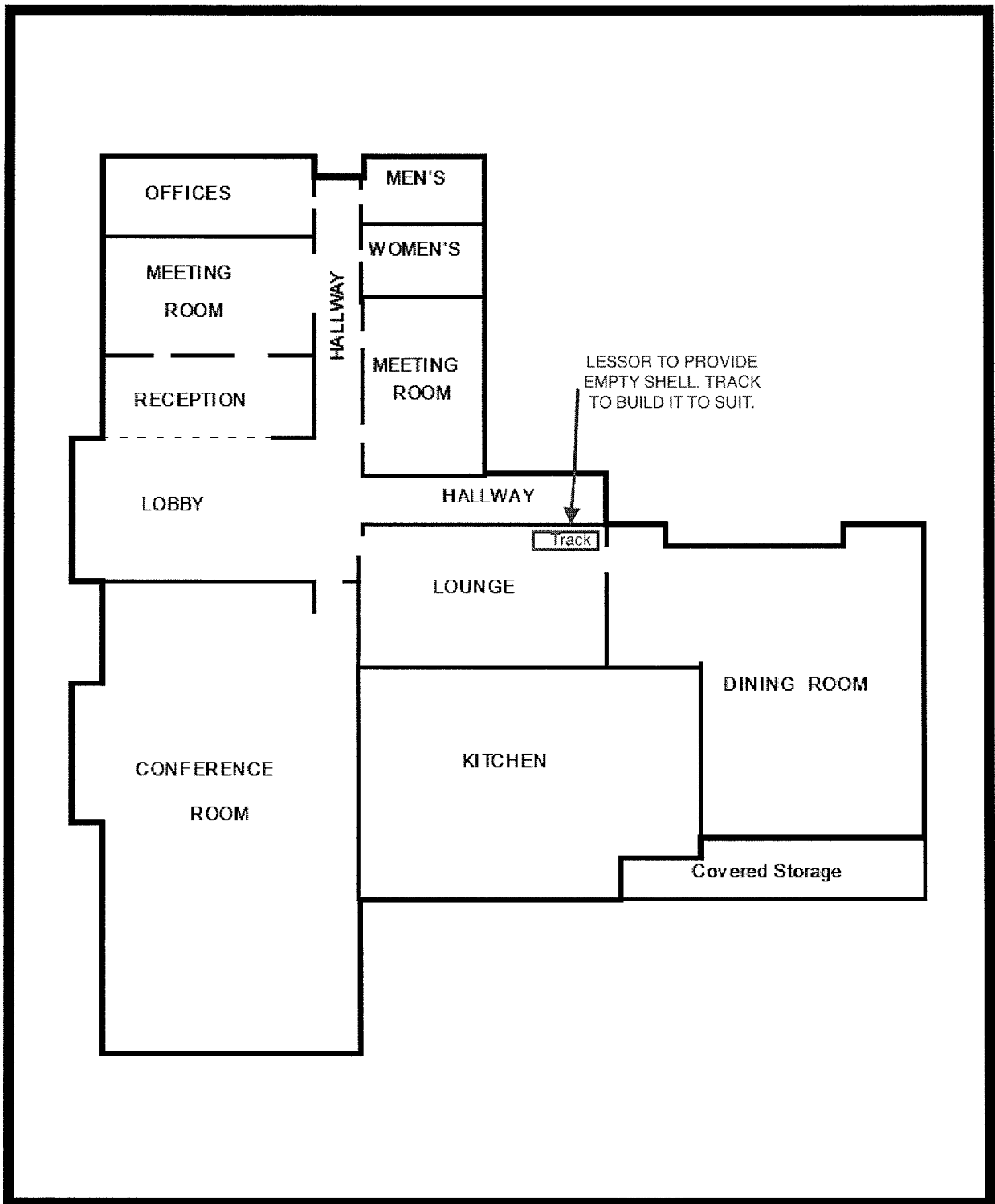
Parties:

1. TP Racing, L.L.P. dba Turf Paradise, an Arizona Limited Liability Limited Partnership, hereinafter referred to as "Track".
2. Lake Havasu City Hotel Partners, LLC
DBA - Quality Inn & Suites. hereinafter referred to as "Lessor".

Terms:

- A. Date of Commencement, April 28, 2016
- B. Date of Termination, May 31, 2018

Premises: A portion of the facility known as Lake Havasu City Hotel Partners, LLC, DBA- Quality Inn & Suites, located at 271 Lake Havasu Ave. S., Lake Havasu City, AZ. 86403 as more fully described in Exhibit A attached hereto.



This Agreement is made by and between TP Racing, L.L.P. dba Turf Paradise, an Arizona Limited Liability Partnership (hereinafter sometimes referred to as "Track") and Lessor, as more fully described on the first page of this Agreement.

WHEREAS, Arizona Revised Statutes 5-111 (A) permit the operation of additional wagering facilities (hereinafter sometimes referred as "Teletrack Wagering Facilities") for wagering on the races composing the racing program of Track; and Track and Lessor desire to establish an additional wagering facility pursuant to the provisions of A.R.S. 5-111 (A) and to memorialize their various rights, duties and obligations by this Agreement; and

WHEREAS, Lessor is the owner of the premises described on the first page of this Agreement (hereinafter sometimes referred to as "the Premises" of which the additional wagering facility is a part; and

WHEREAS, Track is the holder of a permit to conduct a horse racing meeting at Turf Paradise Race Track in the State of Arizona and desires its program to be transmitted to the additional wagering facility for teletrack wagering pursuant to the provisions of A.R.S. 5-111 (A) as more fully set forth in Exhibit A attached hereto; and

WHEREAS, Track desires to lease that certain portion of the premises as more fully described in Exhibit "A" attached hereto and hereinafter referred to as the "Facility" on a non-exclusive basis for the purpose of conducting teletrack wagering.

NOW THEREFORE, it is agreed as follows:

1. **Term and Premises**

(a) **Term**. The term of this Agreement shall be for the period commencing as set forth on the first page of this Agreement or as soon thereafter as is practicable after receiving necessary approvals, permits and licenses pursuant to Section 3(a) and 11(d) of this Agreement, through the termination date and for such additional periods as the parties may from time to time agree in writing.

(b) **Premises**. Lessor, for and in consideration of the mutual covenants and agreements of the parties, hereby leases, on a non-exclusive basis, to Track and Track hereby leases from Lessor those portions of the facility referred to herein as the Additional Wagering Facility more fully described in Exhibit "A" attached hereto. The leased portion of the Premises is limited to the areas specifically designated and described as the leased area, which area shall also be known as the "Facility." The parties acknowledge that the Facility is occupied by Track on a non-exclusive basis and Lessor reserves to itself all other rights of use, occupation and entry of the Facility and the parties agree that all other rights except the right of non-exclusive occupancy and use as provided herein are reserved to Lessor.

2. **Duties and Responsibilities of Lessor.**

(a) **Additional Wagering Facility.** Lessor shall maintain the Premises of which the leased facility is a part, in a manner suitable for the operation of an additional wagering facility and shall open the facility to the public for purposes of teletrack wagering each day that a racing program conducted by Track is transmitted to the facility unless otherwise agreed to by Track and Lessor.

(b) **General Obligations of Lessor.** Lessor shall furnish or maintain or cause to be furnished or maintained, at the teletrack wagering facility, at no expense to Track:

(1) As reasonable physical protection of the teletrack wagering system components installed or present on the Premises of Lessor which are owned by Track or leased by Track from third parties from loss, harm, damage or destruction by any cause whatsoever including, but not limited to, theft, removal, trespass, damage, interference by other person, vandalism or water damage. Lessor agrees to provide a secure space for the betting area. As the facility is staffed hours at the front desk, if any un-desired activity is noticed, the lessor will report to the police. Such protection shall be afforded on a reasonable best efforts basis and shall, among other things, provide such protection from elements and fire extinguishing methods as are reasonably required to protect the same. Lessor further waives any claim or right of ownership, possession or lien against all components, equipment, trade fixtures, materials or supplies owned by Track or placed or installed by Track in or upon the premises or facility. Lessor further agrees that all such components, equipment, trade fixtures, materials and supplies shall remain the property of Track, free of any claim of any kind whatsoever, regardless whether the same are fixed or attached thereto.

(2) Lessor to provide space as in Exhibit "A" and Track to build it to suit. All equipment to be supplied by Track.

(3) Lessor shall permit the officers, directors, employees, agents and authorized representatives of Track access to the teletrack wagering system located at the Premises at all reasonable times for the proper supervision, maintenance, repair or operation of the system and to permit removal by Track or its designated agents or contractor's of the removable parts of the system when not required or necessary for teletrack wagering.

(c) **Admissions.** Lessor shall be responsible for and shall control the admission of the public to the teletrack wagering facility. The cost of labor, materials and supplies associated with maintaining the facility in a clean and orderly manner shall be the sole responsibility of Lessor. Lessor shall be responsible for compliance with and enforcement of laws and regulations of the State of Arizona or any local governmental entity and shall, at all time, maintain safe, orderly Premises and shall be responsible for control of any interfering activities on or about the Premises.

(d) **Parking.** Lessor shall provide for parking space reasonably necessary to accommodate the anticipated patrons at the teletrack wagering facility. The cost of labor, materials and supplies associated with construction, maintenance and operation of parking

facilities shall be the sole responsibility of Lessor. Lessor further agrees not to charge for parking at the teletrack wagering facility.

(e) **Food and Beverage**. Lessor shall maintain and establish appropriate food and beverage service at the teletrack wagering facility. The costs of labor, materials and supplies associated with construction, maintenance and operation of food and beverage service shall be the sole responsibility of Lessor. Lessor shall be solely responsible for compliance with all requirements imposed on the facility in connection with any required beverage or liquor licenses or permits.

(f) **Amenities and Facilities**. Lessor shall be responsible for providing and maintaining a first-class, clean, safe and habitable teletrack wagering facility suitable for public attendance and adequate facilities for patrons to permit handicapping and appropriate seating areas sufficient to accommodate all patrons. Appropriate facilities for handicapped patron access shall also be provided. The facility shall not be used for any other purposes during the time teletrack wagering is being conducted. Lessor shall provide suitable furnishings and fixtures approved by Track for the tellers' stations or positions located in the Premises. Lessor shall be entitled to all revenues from food and beverage services and all other commercial enterprises conducted by Lessor. The cost of labor, materials and supplies associated with construction, maintenance and operation of the facility shall be the sole responsibility of Lessor.

(h) **Utilities**. Lessor shall provide such air conditioning, electrical service, water, heat, telephone service and light as are reasonably necessary to maintain a proper first-class teletrack wagering facility for the comfort of the patrons and for the operation of the facility. The cost of such utility services shall be the sole responsibility of Lessor.

(i) **Maintenance**. Lessor shall be responsible for all janitorial services necessary for the facility and all equipment therein, except the pari-mutuel and other equipment installed by Track.

3. **Duties and Responsibilities of Track**.

(a) **Permits and Licenses**. Track shall apply for and secure at its sole cost and expense all necessary approvals, licenses or permits required by the State of Arizona or any other governmental entity to conduct and operate a teletrack wagering operation under Arizona law and shall maintain such approvals, licenses or permits in good standing at all times during the term of this Agreement, provided however, that Lessor shall be responsible and shall pay for all taxes, fees, impositions or assessments by all such governmental entities as provided in Paragraph 2(b)(5) of this Agreement.

(b) **Receiving and Display Equipment**. The cost of all labor, materials, supplies and services associated with the transmission reception or display of the audio-video signal to Lessor shall be the sole responsibility of Track. Track shall have the absolute right to remove any or all equipment, materials, supplies, fixtures owned by or installed in the teletrack wagering facility by Track during the term of this Agreement and/or for a reasonable period of time after the termination of this Agreement for any reason.

(c) **Pari-mutuel Operations.** Track shall employ and supervise such qualified pari-mutuel operations management and personnel together with such equipment as is reasonably necessary for the proper operation and management of the Teletrack wagering system given the reasonably anticipated attendance and pari-mutuel wagering handle at the Premises. The cost of all materials and supplies associated with the maintenance and operation of the pari-mutuel wagering equipment at the Premises shall be the sole responsibility of Track. The cost of labor to operate pari-mutuel equipment (mutuel clerks) at the Premises shall be the sole responsibility of the Track. Track reserves the right to designate a managing agent, to supervise, operate and manage the pari-mutuel operations at the Teletrack wagering facility on behalf of track. Track shall notify lessor, in writing, of the designation of such managing agent. Track shall be responsible and pay for all pari-mutuel taxes levied or assessed by the state of Arizona on pari-mutuel wagering conducted at the facility.

4. **Programs.** For the purposes of this Agreement, Track shall have the exclusive right to distribute and sell all forms, tip sheets or other written materials for handicapping and the racing programs relating in any way to the teletrack wagering program.

5. **No Commission Fee.** Lessor shall not be entitled to receive any commission fee or payment from Track from or related to the wagers accepted and received at Facility on races which are telecast to the Facility by Track.

6. **Insurance.**

(a) **Track.** Track shall, on request, provide certificates of insurance for, and will maintain, at its expense, insurance coverage with companies having an A.M. Best rating of A, XIII or better as follows:

(1) All risks of physical damage coverage on its operations and facilities subject to normal exclusions;

(2) Workers' Compensation on Track's employees providing statutory benefits and an employer's liability limit of \$1,000,000; and

(3) Comprehensive general liability coverage of not less than \$2,000,000 combined single limit, which shall include extensions of coverage for products, complete operations, personal injury and specified contract coverage.

(4) Track shall also maintain an excess line of comprehensive general liability coverage in such amounts that Track may deem appropriate.

(5) In each and all such policies, save and except the Workers' Compensation policy, Lessor shall be an additional insured.

(b) **Lessor.** Lessor shall, on request, provide certificates of insurance for, and will maintain, at their expense, insurance coverage with insurance companies having an A.M. Best rating of A, XIII or better as follows, or if governmental entities, said entities may, after giving

notice to Track, self-insure some or all of the following coverage's or be covered by an insurance pool, where the risk is born by insurance companies acceptable to Track:

(1) All risks of physical damage coverage on the facility, including the leased Premises, subject to normal exclusions;

(2) Workers' Compensation on Lessor's employees providing statutory benefits and an employer's liability limit of \$1,000,000; and

(3) Comprehensive general liability coverage of not less than \$2,000,000 combined single limit, which shall include extensions of coverage for products, complete operations, personal injury and blanket contract covering the entire facility.

(4) Liquor liability coverage of not less than \$1 million combined single limit.

(5) In each and all such policies, save and except the Workers' Compensation policy, Track shall be an additional insured.

7. **Interruption or Interference with Signal.** Track shall not be liable to Lessor, its agents or employees or third persons claiming through Lessor for any losses occasioned by interruption or loss of the audio-video or pari-mutuel signal or transmission, for whatever duration, except that Track shall save and hold Lessor harmless from and against any claims of patrons or third parties relative to wagers made or claimed to be made and accepted through the pari-mutuel system. Any recovery of commission losses from the contractor or services supplier of Track, incurred as a result of interruption or loss of the audio-video or pari-mutuel signal or transmission, shall be for the sole benefit of Track.

8. **No Competing Teletrack Wagering.** The parties agree that because of the costs incurred by Track in establishing teletrack wagering and implementing this Agreement and the various factors affecting the patrons of pari-mutuel wagering involving horse racing that it shall be a material breach of this Agreement justifying the termination of this Agreement forthwith or the suspension of the audio-video signal to Lessor by Track for all or part of the remaining term of this Agreement in the sole discretion of Track in the event Lessor accepts an audio-video signal for pari-mutuel wagering purposes of any racing program which is not transmitted to Lessor by Track during the time period that Track transmits its signal to Lessor.

9. **Right to Lease.** Lessor represents and warrants that Lessor has the requisite power, authority and right to lease the facility to Track as provided for in this Agreement. In the event that Lessor is not the owner of the Premises of which the facility is a part and is the lessee under a valid lease of the premises, then Lessor shall secure and deliver to Track a consent and approval to sublease the facility as provided in this Agreement duly executed by an authorized agent or officer or the owner of the premises, as the case may be, in a manner and form acceptable to Track and Track's legal counsel, as a condition precedent to Track's obligation under this Agreement.

10. **Termination.** The parties agree that Track and Lessor shall at all times have the right to terminate this Agreement, upon fifteen (15) days written notice to the other party, provided that in the event of the condemnation or destruction of all or any part of the facility which renders the facility unsuitable or unusable in Track's sole opinion, or in the event Lessor shall fail to comply with any or all of the laws, rules or lawful orders of the Arizona Department of Gaming and the Arizona Racing Commission or the State of Arizona or other governmental entity, then Track may, in Track's sole discretion, terminate this Agreement immediately upon written notice to Lessor and Track shall not be responsible for any costs, expenses or damages incurred by Lessor by reason of any such termination under this Paragraph. Lessor acknowledges and agrees that in the event of the sale or transfer of any interest in the business or of any license or permit required to operate the business located in the premises in which the teletrack wagering facility is located or any change in management or control are a violation of the rules of the Arizona Department of Gaming and that all such transfers must be subject of a pre clearance of such transfer by the Department prior to the completion such transfer or of the completion or execution of any agreement providing for such transfer or sale.

11. **Miscellaneous Provisions.**

(a) **Prohibition of Pari-mutuel Wagering.** If at any time during the term of this Agreement pari-mutuel wagering on racing or teletrack wagering or the operation of the teletrack wagering facility contemplated by this Agreement is made, declared, or held to be illegal or prohibited by statute or decision of a court of last resort, which decision has become final, or by any competent public authority whose decision is final and not appealable, or in the event the teletrack race permit issued by the Arizona Department of Gaming is canceled, revoked, not renewed or otherwise terminated for any reason, this Agreement shall thereupon be deemed terminated and the parties hereto shall be released from any and all further liability or obligation hereunder, provided however that such termination shall not relieve Track or Lessor from any obligation or liability that accrued under the terms of this Agreement prior to the date of such termination.

(b) **Third Party Liability.** This agreement is not intended to benefit any third party and no person or entity other than Track and Lessor shall have any right of action arising under any of the terms and provisions of this agreement.

(1) **Track Liability.** Track shall assume responsibility for the defense of, and will indemnify and hold harmless Lessor, its directors, officers, shareholders, employees, representatives and agents from and against any losses, claims, damages, costs, suits, penalties, demands or liabilities, except claims of Lessor's employees for personal injuries arising in the scope of their employment, including reasonable legal counsel fees, occasioned by or arising out of, in whole or in part, any willful or negligent act or omission of Track or any of its officers, directors, contractors, subcontractors, agents, servants or employees, provided that prompt written notice of such claim or suit is given to Track by Lessor, and provided Track is given full control over all negotiations and litigation in connection therewith, including selection of counsel. Track shall not be responsible for settlements made or costs or expenses incurred without its prior written consent.

(2) **Lessor Liability.** Lessor will assume the responsibility for the defense of, and shall indemnify and hold harmless Track, its directors, officers, shareholders, employees, representatives and agents from and against any losses, claims, damages, costs, suits, penalties, demands or liabilities, except claims of Track's employees for personal injuries arising in the scope of their employment, including reasonable legal counsel fees, occasioned by or arising out of, in whole or in part, by any willful or negligent act or omission of Lessor or any of its officers, directors, contractors, subcontractors, agents, servants or employees, and for any and all expenses for injury to or death of any person or loss of or damage to property in or about the Premises or in or about the facility of which the premises is a part that arises out of or in connection with the use or occupancy of the facility, provided that prompt written notice of any such claim or suit shall be given to Lessor by Track and Lessor shall be given full control over all negotiations and litigation in connection therewith including selection of counsel; and Lessor further agrees to indemnify and hold Track harmless from and against all claims, liabilities, losses, damages, fines, penalties or clean-up costs incurred in connection with either the removal or containment of any hazardous or toxic substance in or about the Premises or in or about the facility of which the premises is a part that arises out of or in connection with the use or occupancy of the facility, provided that prompt written notice of such claim or suit shall be given to Lessor by Track, and Lessor shall be given full control over all negotiations and litigation in connection therewith, including selection of counsel. Track shall not be responsible for settlements made or costs or expenses incurred without its prior written consent.

(c) **Independent Contractor.** Track and Lessor each agree that they are not joint ventures or partners and that their status as to one another is, for the purpose of this Agreement, independent contractors and that neither they nor any of their contractors, subcontractors, agents or employees shall, at any time, constitute agents or employees of the other. Neither Track nor Lessor are granted any rights or authority to assume or create any obligation or liability, express or implied, on behalf of each other or to bind each other in any manner or thing whatsoever.

(d) **Approval.** The parties agree that their obligations under this Agreement are subject to the approval of the Arizona Department of Gaming and Arizona Racing Commission and that in the event the Arizona Department of Gaming or the Arizona Racing Commission fails or refuses to approve this Agreement or to authorize Track to conduct teletrack wagering at the teletrack wagering facility contemplated in this Agreement, then this Agreement shall be terminated and neither party shall be entitled to compensation for losses or damages arising out of or as a result of such termination.

(e) **Compliance with Law.** The parties agree that they will comply with any and all applicable laws, rules and regulations of the United States of America, the State of Arizona, the Rules of the Arizona Department of Gaming and the Arizona Racing Commission, all agencies of the State of Arizona, including, without limitation, all applicable anti-discrimination, affirmative action, and conflict of interest provisions. During the term hereof, both Track and Lessor shall at all times be in good standing with the Arizona Department of Gaming and the Arizona Racing Commission.

(f) **Governing Law.** The laws of the State of Arizona and the applicable rules promulgated thereunder by the Arizona Department of Gaming and Arizona Racing Commission

shall govern as to the interpretation, validity and affect of this Agreement. No principle of conflict of laws shall make the substantive law of any other state or jurisdiction applicable hereto. In the event of any further amendments to the Arizona Revised Statutes as they relate to Horse Racing or Pari-mutuel Wagering, or the Rules promulgated by the Arizona Department of Gaming or the Arizona Racing Commission after the date hereof, the parties hereto agree to negotiate in good faith any necessary or advisable modifications to this Agreement.

(g) **Attorneys' Fees**. In the event suit is brought to enforce or interpret any part of this Agreement, the prevailing party shall be entitled to recover as an element of its cost of the suit and not as damages, reasonable attorneys' fees to be fixed by the Court.

(h) **Notices**. All notices required by provisions of this Agreement shall be in writing and sent, postage prepaid, by registered or certified mail, return receipt requested, personal delivery or via telefax.

In the case of Track to:

Turf Paradise
ATTN: Dave Johnson, Assistant General Manager
1501 W. Bell Road
Phoenix, Arizona 85023

With copies to:

Buzz Alston
Jennings & Strouss Attorneys at Law
One Washington Street, Suite 1900
Phoenix, Arizona 85004-2554

In the case of Lessor to:

Shannon Baker
Lake Havasu City Hotel Partners, LLC
DBA - Quality Inn & Suites
271 Lake Havasu Ave., S.
Lake Havasu City, AZ. 86403

With copies to:

JAS SINGH
PO BOX 187, FAIRFIELD, CA 94534

(l) **Entire Agreement.** This Agreement shall be deemed to include and incorporate the entire Agreement between the parties and may be amended, modified or superseded only by an instrument in writing signed by duly authorized officers of both parties.

(j) **Counterparts.** This Agreement may be executed by any number of counterparts, each of which may be deemed an original and all of which shall constitute a single document.

(k) **Titles and Captions.** Section titles, captions and numbers are provided for each section or subsection only as a matter of reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision herein.

12. **Authority.** The persons executing this Agreement on behalf of Track, by their respective signatures hereon, certify and represent that they are the duly authorized and acting corporate officers of Track and that they are authorized and empowered by the Board of Directors of Track to execute this Agreement on behalf of said corporation, and that this Agreement has been duly approved and they are authorized to obligate and to take such other and further action as may be necessary or appropriate to effectuate and carry out this Agreement. The persons executing this Agreement on behalf of Lessor, in the event that Lessor is a sole proprietorship or is a partnership, by their respective signatures certify and represent that they are duly authorized to execute this Agreement on behalf of Lessor and, in the event that Lessor is a corporation, that they are the duly authorized and acting corporate officers of Lessor and that they are authorized and empowered by the Board of Directors, or Managing or General Partner, if a partnership or Limited Liability Company, of Lessor to execute this Agreement on behalf of said corporation, and that this Agreement has been duly approved and they are authorized to obligate the corporation and to take such other and further action as may be necessary or appropriate to effectuate and carry out this Agreement.

WHEREFORE, the parties hereto have set their hand the date first above written.

Quality Inn & Suites



Shannon Baker
General Manager

TP RACING LLLP dba TURF PARADISE



David W. Johnson
Vice President/Assistant General Manager

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WHEREFORE, the parties hereto have set their hand the date first above written.

Quality Inn & Suites

Shannon Baker
General Manager

TP RACING LLLP dba TURF PARADISE



David W. Johnson
Vice President/Assistant General Manager